



# **State of California CDBG-NDR Action Plan Amendment 3**

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Department of Housing and Community Development

## **State of California Non-Substantial Amendment 3: Community and Watershed Resilience Program Under the National Disaster Resilience Competition (NDRC)**



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## I. Summary of Changes

In accordance with Public Law 113-2, HUD announced an allocation of \$1 billion of the \$15.2 billion appropriated for certain declared disasters occurring during the years 2011, 2012 and 2013 for the National Disaster Resilience Competition (NDRC). The State of California was awarded \$70.4 million for the Community and Watershed Resilience Program, which includes three pillars: The Forest and Watershed Health Program (FWHP), the Community Resilience Centers (CRC) and the Biomass Utilization Fund (BUF).

The State of California requests approval, through this non-substantial amendment, to reallocate funds between completed activities and activities that are underway to fully expend the grant award and prepare for grant closeout. In total, \$2,023,528.17 will be reallocated, with \$1,736,643.17 for project and activity delivery costs, and \$286,885.00 will be reallocated between administrative contracts.

## II. Scope of Changes

### 1. Completed Activities

The following activities are complete or substantially complete and are in close out. As a result, HCD will reallocate funds remaining to underway activities.

**Forest & Watershed Health Pillar:** The Forest & Watershed Health Pillar is substantially complete. Unexpended funds will be moved from the following contracts and activities to the Biomass Utilization Fund Pillar:

- The United States Forest Service (USFS) has substantially completed its scope of work and has \$554,921.34 in remaining funds. The activity budget for NDR Forest & Watershed Health USFS will be reduced from \$25,825,726.00 to \$25,270,804.66.
- The California Department of Forestry and Fire Protection (CAL FIRE) has completed its scope of work and has \$175,634.00 in remaining funds. The original plan was for CAL FIRE to complete the fuel break work on private land, while the US Forest Service completed the fuel break work on public lands. Due to workload with active fires, CAL FIRE wound up not having the capacity to complete all the fuel breaks. The US Forest Service offered to complete the rest of the fuel break work on private land since they were set to complete the fuel break on the public lands. Unfortunately, all efforts to secure authority for the US Forest Service to work on private lands were unsuccessful so the funds being deobligated were not used for fuel break work. On the bright side, CAL FIRE has still been committed to completing the needed fuel break work when the time and funding are available. The activity budget for NDR Forest & Watershed Health CAL FIRE will be reduce from \$264,153.00 to \$88,519.00.



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- The Sierra Nevada Conservancy (SNC) has updated projections to complete its program and program management support in service of the Forest & Watershed Health Pillar and will return \$227,000.00 in funds. Since the Forest and Watershed Health Pillar is now complete, these funds represent unneeded budget, which will be moved to where it is needed, in the Biomass Utilization Fund. The activity budget for NDR Forest & Watershed Health SNC will be reduced from \$424,417.00 to \$197,417.00.
- The California Conservation Corps (CCC) has completed its scope of work and has \$83,587.75 in remaining funds. The activity budget for NDR Forest & Watershed Health CCC will be reduced from \$330,000.00 to \$246,412.25.

**Biomass Utilization Fund Pillar:** The Biomass Utilization Fund Pillar is underway but has substantially completed some activities within the pillar. Unexpended funds will be moved from the following contracts and activities to other activities within Biomass Utilization Fund Pillar:

- The Rural Community Assistance Corporation (RCAC) has completed its scope of work for planning and has \$221,502.08 in remaining funds. The activity budget for Planning - Biomass Utilization Fund will be reduced from \$1,000,000.00 to \$778,497.92.
- The CA Attorney General was not required to provide legal support at the scale originally projected. This amendment will release \$500,000.00 and the activity budget for Biomass Utilization Fund will be reduced from \$500,000.00 to zero.
- The Sierra Nevada Conservancy (SNC) has completed its scope of work for planning support and has \$28,993.00 in remaining funds. SNC is finished with assisting RCAC with the required manuals and toolkits that were budgeted withing this activity. With this amendment, HCD is closing out the BUF Planning activity for both SNC and RCAC, and any remaining funds will be moved to RCAC's BUF project and activity delivery budgets. The planning activity budget for NDR Biomass Utilization Fund Facility & Wood Products SNC will be reduced from \$103,100.00 to \$74,107.00.

## 2. Underway Activities

**Biomass Utilization Fund Pillar:** The Biomass Utilization Fund (BUF) Pillar is underway and activity costs have increased. Unexpended funds from complete and substantially complete contracts and activities will be reallocated as follows:

- The Rural Community Assistance Corporation (RCAC) will see a budget increase of \$1,736,643.17 to support increased activity and activity delivery costs for the loan fund. This amount is the total of all unused project funds following the completion of the Community Resilience Centers, the Forest and Watershed Health Pillar, and the ultimately unneeded set aside for attorney's fees for any environmental lawsuit. Because of the complexity of the BUF projects and the layered financing it took to get the projects off the ground, the cost to RCAC for standing up and implementing the BUF was inadvertently underbudgeted. Additionally, between the project costing proposals and today's



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implementation, Covid impacts and inflation have impacted the original budget amounts, so both projects will benefit from additional project funding which will add to their sustainability out of the box. The activity budget for NDR Biomass Utilization Fund will increase from \$19,016,911.00 to \$20,753,554.17.

- The Sierra Nevada Conservancy (SNC) will continue to provide BUF program and project management support and will see a budget increase of \$54,995.00 to sustain the work. The activity budget for NDR Biomass Utilization Fund for SNC will increase from \$107,234.00 to \$162,229.00.

**Grant Administration:** The overall grant administration and management is still underway. As HCD looks to closeout of completed activities, it will reallocate administrative funds as follows:

- HCD will increase its contractor support for grant management and reduce its own Administration budget by \$271,885.00. Activity budget for NDR-Adm-HCD will be reduced from \$1,872,097.18 to \$1,600,212.18.
- The Civix-GCR Inc. will provide additional support to HCD across all pillars and closeout and will see a budget increase of \$286,885.00. The additional funding is necessary for Civix due to the extension of the program deadlines by the federal government, and the longer implementation time the BUF needs for project completion. Global supply chain delays made the equipment ordering lead time longer than anticipated. The added funds provide HCD with full Civix support through the NDR grant closeout with HUD no later than early 2027. The activity budget for NDR-Adm- GCR/Civix will increase from \$772,051.00 to \$1,058,936.00.
- The Sierra Nevada Conservancy responsibilities are focused under specific Pillar activity work and will reduce their administrative budget by \$15,000.00. Activity budget for NDR-Adm-SNC will be reduced from \$479,383.00 to \$464,383.00.

### III. Justification for Non-Substantial Amendment

These changes are in accordance with the 82 FRN 36812 which updated the requirements for substantial amendments.

- The proposed changes to the activity budgets represent less than a 10% reallocation of the grant award and therefore do not require a substantial action plan amendment.
- These budget changes do not present significant change to HCD's capacity to carry out the NDR grant and complete work under the BUF Pillar. HCD will remain responsible for subrecipient oversight and management of the BUF Pillar, along with the Sierra Nevada Conservancy (SNC), and will continue to work with the Rural Community Assistance Corporation (RCAC) to implement the program.



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- The soundness of approach is unchanged, as project eligibility is based on meeting the key goals established by the Phase II Application. In addition, the Most Impacted and Distressed Area (MID), leverage, program benefit, beneficiaries, eligibility criteria, and overall budget will remain the same.