**State of California Natural Resources Agency**

**Memorandum**

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| **To:** | Dan Stapleton, Executive Officer (acting) | **Date**: May 13, 2025  **Telephone:** (530) 723-3651  **Website**:www.fire.ca.gov |
| **From:** | Stewart McMorrow, Staff Chief, Wildfire Resilience  Peter Leuzinger, Forester III, Deputy Chief Forestry Assistance  **California Department of Forestry and Fire Protection (CAL FIRE)** | |
| **Subject:** | Proposed changes to CFIP Practice Cap Rates for 2025 | |

The California Forest Improvement Program is seeking approval of new cap rates.

The California Forest Improvement Act of 1978 (PRC §4790-4799.05) was created to provide cost-share incentives for California small non-industrial forest landowners to invest in their property for the restoration, improvement and maintenance of forestland. The Act also had further objectives, to promote a healthy forest products industry, and to provide additional benefits including employment opportunities in both rural and urban areas, renewable energy, protection and enhancement of air, water, and soil resources, fish and wildlife habitat, and opportunities for aesthetic and recreational enjoyment.

CAL FIRE’s California Forest Improvement Program (CFIP) has been in operation for over 40 years, providing forest landowner technical assistance, landowner education, and cost-share opportunities for forest health improvement on non-industrial forestland ownerships.

**Fiscal Year 2025 Proposed CFIP Practice Cap Rate Adjustment:**

CFIP reviews the Consumer Price Index (CPI) annually for each fiscal year to determine if rate adjustments are merited.

As per 14 CCR §1530.1:

*By April 15 each fiscal year, the Director shall submit to the Board for its review a schedule of the prevailing costs of performing the practices eligible for cost sharing payments in various regions of the state. The schedule shall apply to all cost sharing agreements signed in the next fiscal year. At any time, the Director may submit amendments in the schedule to the Board for its review; such changes shall become effective upon Board approval or 75 days after submission to the Board unless the Board acts to change such amendments.*

The CPI for California in 2023 was 3.9%. This increase in inflation will affect the cost of labor, fuel, and materials involved with forest improvement projects. The 2024 annual review of CFIP invoices found most practices were completed at the maximum CFIP rate approved with very few below cost. Therefore, a 3.9% increase for every practice cost is proposed.

After applying the 3.9% increase, all rates were rounded to the nearest whole dollar except the cost per acre multiplier for the following four planning practices: California Cooperative Forest Management Plan, Mini-Management Plan, Archaeological Addendum and Other Plan Addendum. These four rates range from $1.45 to $5.20, so rounding to the nearest whole dollar would introduce an excessive rate adjustment.

*As with all CFIP’s rate adjustments, amendments to existing contracts will not be allowed. CFIPs rates are published on our website and are included with each participants contracts, so participants are aware of the rates when they enter into an agreement.*

The Department requests that the attached cost share rates be approved and made effective July 1, 2025.