

# BUDGET LETTER

		NUMBER: 18-31
SUBJECT: WILDFIRE COST REPORTING	DATE ISSUED: November 30, 2018	
REFERENCES: GOVERNMENT CODE SECTION 8690.6	SUPERSEDES:	

TO: Agency Secretaries  
Department Directors  
Departmental Budget and Accounting Officers  
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

This BL informs departments of required wildfire-related cost reporting on a monthly basis until otherwise notified of an end date.

<b>Deadlines and Deliverables</b>	
<b>Beginning December 5, 2018, and by the 5<sup>th</sup> of each subsequent month</b>	Report estimated total costs for specified wildfires to your Finance Budget Analyst.

## **Background**

On November 8, 2018, the Governor proclaimed a state of emergency in Butte County due to the effects of the Camp Fire. The Camp Fire is officially the deadliest and most destructive wildfire in California history, taking more than 80 lives and destroying more than 18,000 structures to date. The Camp Fire destroyed the Town of Paradise, which was home to almost 27,000 residents. State departments have been tasked with various response and recovery activities, including resettling tens of thousands of people, many of whom are elderly and with special needs, and providing medical care and other essential services to all of the displaced individuals.

While the Camp Fire was burning portions of Northern California, two other major fires—the Hill Fire and the Woolsey Fire—were active in Los Angeles and Ventura Counties in the south. On November 9, 2018, the Governor proclaimed a state of emergency in Los Angeles and Ventura counties due to the effects of these fires, which took three lives and have burned more than 100,000 acres, destroying hundreds of homes and other structures.

On November 12, 2018, the Governor secured a Presidential Major Disaster Declaration to bolster the ongoing emergency response and help residents recover from the fires in Butte, Los Angeles, and Ventura counties.

## **Disaster Response Emergency Operations Account**

In addition to the usual methods for appropriating funds, under Government Code section 8690.6, the Director of Finance may provide any department with an augmentation from the Special Fund for Economic Uncertainties (i.e., the General Fund "Reserve") through the Disaster Response-Emergency Operations Account, upon notification of the Legislature.

This authority provides for the funding of disaster response costs through two steps.

First, the Director of Finance is authorized to augment the Disaster Response-Emergency Operations Account from the Special Fund for Economic Uncertainties. Second, a continuous appropriation from the Disaster Response-Emergency Operations Account authorizes allocations by the Director of Finance to state agencies for disaster response costs incurred by state agencies as a result of a state of emergency proclamation by the Governor. These allocations may be for emergency protective measures for the preservation of life or property within the state, or for activities necessary for the resumption of regular state and local government operations and services.

Generally, allocations pursuant to Government Code section 8690.6 are made for state operations and local assistance programs. As such, requests for funding of building repairs which do not involve substantial structural work will be treated as a support budget issue.

In the event that funds are accessed pursuant to Government Code section 8690.6, Executive Orders allocating funds from (a) the Special Fund for Economic Uncertainties to the Disaster Response-Emergency Operations Account and (b) from the Disaster Response-Emergency Operations Account to the department, will be prepared by the Department of Finance.

### **Cost Reporting**

Many state departments and agencies have been mission tasked by the Office of Emergency Services to assist in response and recovery activities, which may result in costs that cannot be absorbed within existing budgets. In an effort to track overall state costs, and to make informed financial decisions, the Department of Finance is requesting all state departments provide monthly cost estimates associated with wildfire response and recovery. Attachment I provides the format for the monthly reporting which shall commence **December 5, 2018**, and continue by the **5<sup>th</sup> of each subsequent month** until further notice. While this is relatively high-level reporting, more detailed backup and substantiation should be maintained for potential reporting to the Office of Emergency Services or your Finance Budget Analyst upon request.

Additional points of clarification:

- This financial reporting does not take the place of daily State Operations Center reporting that each department may already provide to the Office of Emergency Services.
- The reporting of costs is not a guarantee of funding and departments are encouraged to work closely with their Finance Budget Analyst for any funding needs or questions.
- Each month should be an estimate of total costs, not an incremental change to the prior month or specific costs for just the month of the report.
- While Attachment I includes a field titled "Absorbable Y/N?" the goal of the reporting is to capture extraordinary costs beyond current budgeted levels. For example, while staff may be spending significant time coordinating or responding to wildfire needs, their normal work hours or salaries would generally be assumed to be absorbable. However, extraordinary levels of overtime that cannot be absorbed within existing resources may fit the criteria for potential additional funding. Additionally, many departments may be required to enter into new contracts for goods or services that cannot be absorbed within existing resources.
- Costs should be reported by the department/agency that will ultimately incur the additional cost.

If you have questions regarding this BL, please contact your assigned Finance Budget Analyst.

/s/ Thomas Todd

Thomas Todd  
Program Budget Manager

Attachment