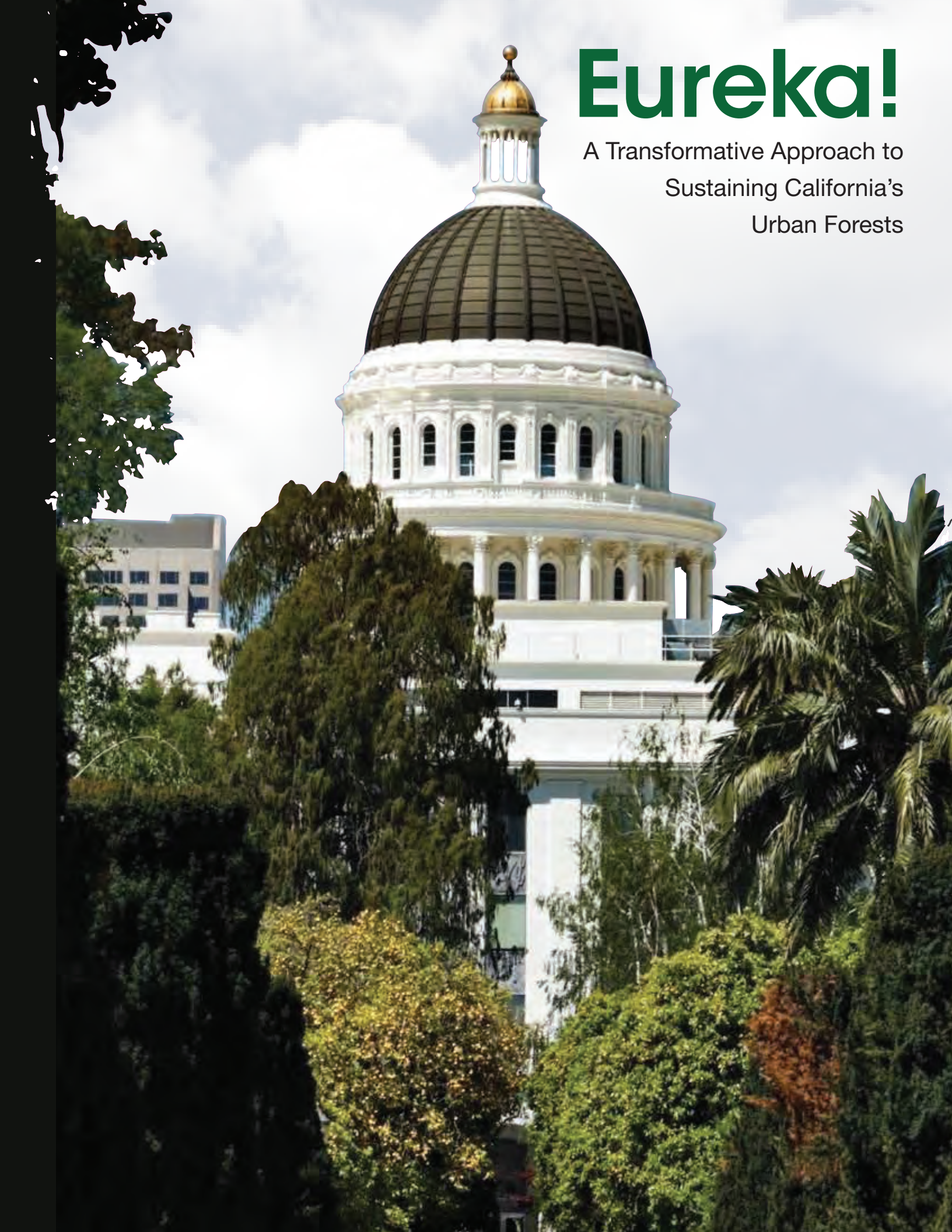

Eureka!

A Transformative Approach to Sustaining California's Urban Forests


CALIFORNIA
ReLEAF
25
YEARS

ACKNOWLEDGEMENTS

A project of this size, scope and ambition does not succeed without partners. Over the course of the last 18 months, California ReLeaf called upon state department staff, board members, nonprofit colleagues, scholars, researchers, consultants, practitioners, friends and family to help us craft a lean but comprehensive analysis of the opportunities before us, and the potential road to success. Without their contributions, there would be no report.

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A FUNNY THING HAPPENED ON THE WAY TO SUSTAINABILITY

In March 2012, California ReLeaf took on the challenge of identifying potential long-term, sustainable funding sources for urban forestry at the statewide level during the most uncertain time in the history of the Urban and Community Forestry Program.

Over the last 35 years, this program, guided by the Urban Forestry Act of 1978, has been an invaluable resource to local governments, nonprofits and practitioners for technical expertise, communications and funding. Since 2000, the Program has received $40 million in bond funds approved by voters in Propositions 12, 40 and 84, complemented with federal funds each year. Most of those state dollars have gone to support local assistance efforts; federal funds were primarily used for staffing, administration and other related purposes.

California received a wake-up call in 2008 that signaled bond dollars were not the long-term way to promote capital outlay projects and programs. In response to the State's budget crisis and the general weakening of the financial markets, California suspended the sale of general obligation bonds. This was followed by the Pooled Money Investment Board issuing a "Stop Work Order" to bond-funded projects statewide and freezing payment of outstanding project invoices for more than a year. The stop work order affected 5,300 projects of all types totaling $18.1 billion across the State and caused hundreds of organizations to suffer by failing to meet payroll and other financial obligations.

The "bond freeze," which reinforced the need to explore other funding alternatives, was followed by the worst economic recession in a generation. Local governments and nonprofits scaled back their urban forestry efforts as the economy struggled. Local assistance grants from the Urban and Community Forestry Program continued until the last of those funds were allocated in 2012.

Adding to the bond funding woes, political gridlock in Washington, D.C. stalled and threatened urban forestry funds at the federal level for several years. One unsuccessful proposal would have eliminated all money for the United States Forest Service (USFS) Urban and Community Forestry Program for the first time in history.

Just when the urban forestry funding picture was dimming to dark , a funny thing happened in the world of public policy that could not be ignored by urban forestry advocates and stakeholders across California: opportunity came knocking.

The first knock came in spring of 2012 when some environmentalists and the timber industry came together to address two major concerns: the lack of funding available for state review of timber harvesting plans and liability for wildfires. A proposal addressing these concerns and creating a dedicated funding source from a small assessment on lumber purchased in California was introduced, passed the Legislature and

signed by the governor on September 11, 2012. This unusual measure included an unlikely shout out for supporting urban forestry. To be more specific, the bill put into state statute an opportunity to fund the Urban and Community Forestry Program with discretionary dollars raised by the new tax. The second knock came as the use of revenues from cap-and-trade auctions was starting to take shape. Two related bills were signed by Governor Jerry Brown in 2012 and suddenly forestry was statutorily recognized as an eligible project under cap-and-trade. Things were looking up. California ReLeaf continued working on this report, but was also subject to sporadic reality checks. And reality was telling us that the 2013-14 legislative session could be game-changing years for urban forestry at the State Capitol. And we were right.

Over the last 15 months we have seen urban forestry move from a conservation footnote to a centerpiece of discussion. We've seen trees become an eligible "energy efficiency" upgrade under Proposition 39, which will govern how the state expends $550 million annually over the next four years. We've seen urban forestry inserted into the Assembly's water bond bill. And we have seen how the risk of losing urban forestry funding helped save the Environmental Enhancement and Mitigation Program.

The true measure of success, though, came with the release of the Governor's proposed 2014-15 state budget, which seeks to provide $18 million in cap-and-trade funds to CAL FIRE's Urban and Community Forestry Program – more than double any single appropriation of state funds ever for this purpose. So how did real-time events influence the conclusions drawn in this report? In a word - HEAVILY.

California ReLeaf left no stone unturned in a search for ways to support urban forestry at the statewide level. We examined what other states are doing to support urban forestry, while also communicating with California state agencies on ways they support urban forestry in their programs. We explored potential opportunities for raising funds through specialty license plates, property taxes and oil severance fees. And we outlined a vision for what a multi-year urban forestry effort could look like at the state level as a primary mechanism to drive investment in tree planting and tree care.

As advocates and political strategists, the strongest possibilities and funding options became obvious to us with each passing month of the 2013-14 Legislative Session, and are clearly reflected in our conclusions and three core statements of fact that governed the vision put forth in this report:

1. OUR TIME IS NOW!
Even as California ReLeaf worked with consultants and partners over the last 18 months to explore areas of opportunity for sustainable funding, we were laying the foundation for what could come next. We were building inroads into transportation, affordable housing and disadvantaged communities ... at the advocacy level. Our connections are groups with ties and influence to decision-makers that are charged with converting good ideas into fully-funded programs. They are helping build the case for urban forestry integration into water, energy conservation and public health. Nonprofits can continue where state-sponsored programs like Health in all Policies and Complete Streets end.

2. WE, TOO, MUST SEE THE FOREST FROM THE TREES.
Decision makers with access to limited funds are being bombarded by visionary proposals to build a new regional park, expand a multi-county coastal trail or preserve a parcel of pristine open space under imminent threat of development. Urban forestry largely stands in the shadows of these conservation projects due mostly to perception and scale. Our urban forestry projects typically plant or maintain a few hundred trees in one city or county. But just as trees grow from seedlings to saplings to towering redwoods, we must move from a few hundred trees to a few hundred thousand. As urban forestry gains prominence in discussions surrounding AB 32 and SB 375 implementation, it is incumbent on us to put forth a visionary proposal. This report speaks directly to that issue.

3. THE FATE OF STATE PUBLIC FUNDING FOR URBAN FORESTRY WILL BE DECIDED IN THE PUBLIC POLICY ARENA.
Bonds can no longer be considered a secure funding source. Attention must shift to a coordinated and strategic effort to secure sustainable funding for urban forestry that will demand a unified voice from CAL FIRE and its stakeholder partners.

Opportunities to sustainably fund urban forestry at the statewide level, and promote a visionary campaign to support these efforts, exist like never before. The new lumber products tax (AB 1492) is projected to have surplus revenues beyond statutory obligations beginning in 2015. An historic state drought has breathed new life into the urgency to put a passable water bond on the ballot with urban forestry in the mix. And cap-and-trade auction revenues, which the Legislative Analyst's Office projects will generate roughly $15 billion through 2020[1], could be a fiscal driver for urban forestry for years to come.

We hope you will be enlightened by the report's findings on where the greatest opportunities exist and inspired to act on the implementation plans included herein.

1 Taylor, Mac; The 2014-15 Budget: Cap-and-Trade Auction Revenue Expenditure Plan. California Legislative Analyst's Office; February, 2014.

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Urban Forestry Is Taken For Granted

Urban forestry is a multi-million dollar industry in California that is simply taken for granted. Discussions at the state level surrounding sustainable communities' strategies, improved infrastructure development, complete streets, public health, energy conservation, active transportation and environmental justice never lead with—and sometimes don't include—urban forestry.

It is assumed that trees will be there. So is it also assumed that an industry that supports nearly 60,000 jobs, and adds annually $3.5 billion in value to the state's economy[1], is self-sufficient?

Such an assertion would need to be weighed against the statewide investment in urban forestry. Within the California Department of Forestry and Fire Protection (CAL FIRE), over $50 million in bond funds and federal dollars have supported staff, administration and local assistance programs for the last 12 years. In 2013, though—at a time when urban forestry gained visibility as an energy efficiency tool, water quality improvement mechanism and as a carbon sequestration driver in urban and disadvantaged communities—the state investment to advance this issue was zero. Federal funds were proposed to be eliminated by the US House of Representatives as well.

California has witnessed firsthand what happens to local governments when the economy goes bad and funding dries up. Bankruptcy, or shifting responsibility for services, including urban forestry care and maintenance, to its citizenry or community groups, are common. California cannot wait and see what happens if the federal funding stream for urban forestry is fragmented or ever zeroed out. The community health benefits and positive economic impacts of these resources are too great to lose.

This report asks the very real and immediate question of how can we sustain urban forestry at the statewide level? In this report, we view sustainable statewide urban forestry as a well-funded, expertly-staffed program, run through a state agency and implemented over time.

Since 1978, this commitment has largely come from CAL FIRE's Urban and Community Forestry Program. The Program has a demonstrated record of success and California's 200 million existing urban trees, and the people that care for them, need the continued support, technical expertise and local assistance resources that have become signature components of CAL FIRE's Urban and Community Forestry Program.

We have several important tasks ahead of us if we want to continue our progress.

First, we must identify real, tangible and politically viable opportunities to create a sustainable funding stream for urban forestry at the statewide level. This report examines successful efforts in other states, explores opportunities in other sectors at the statewide level to forge funding partnerships, and evaluates hypothetical funding streams using existing structures and programs or creating new ones.

Second, we must create a visionary proposal that supports and justifies long-term, large-scale investment in statewide urban forestry. The most obvious and visible proposal could revolve around a multi-year, multi-million tree planting campaign, as proposed by Dr. Greg McPherson in 2009[2]. This report digs deeper into the risks and associated costs with such an endeavor, and how that challenge can be transformed into opportunity while moving in concert with the aforementioned first task.

Finally, these tasks must be guided by an implementation plan examining the necessary steps and resources needed to achieve success with both. Our draft plan is aggressive and encourages immediate action by multiple stakeholders. However, if successful, and carried out over time, it would help ensure that 2013 was the last year urban forestry goes unfunded in California.

METHODOLOGY

California ReLeaf entered into this process by calculating fiscal need derived from several well-informed assumptions. We needed to identify a real, tangible dollar figure that could sustain staffing, operations, local assistance grants and a long-term urban forestry initiative – using CAL FIRE's Urban and Community Forestry Program as a model:

STAFFING AND ADMINISTRATION

CAL FIRE reports that the current Urban and Community Forestry Program is supported by a program manager, analyst and six regional urban foresters whose cumulative costs with benefits and operations factored in equates to approximately $1.2 million annually. CAL FIRE also supports the State's volunteer coordinator for urban forestry at about $250,000 per year. These costs are absorbed primarily through federal funds distributed to California annually through the USFS Urban and Community Forestry Program. This report assumes a full and stable program awarding millions of dollars in grants and local support each year would need some staff augmentations in the form of an additional analyst, two more regional foresters, program managers for both northern and southern California, seasonal help through forestry aides, increased capacity for the volunteer coordinator and a program director. Such an enhanced model would add another $1.3 million in staffing and administration costs, bringing the total to approximately $2.5 million each year.

FIGURE 1. CAL FIRE URBAN AND COMMUNITY FORESTRY PROGRAM STAFFING MODEL (CURRENT)

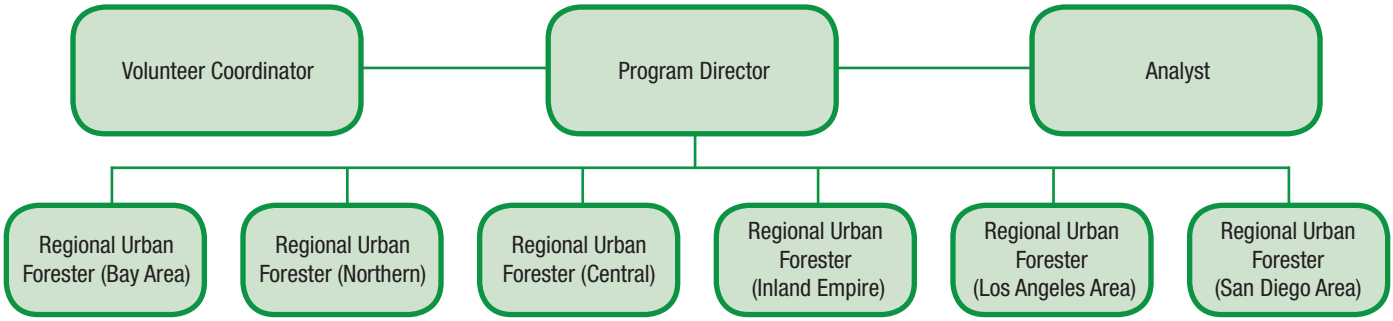
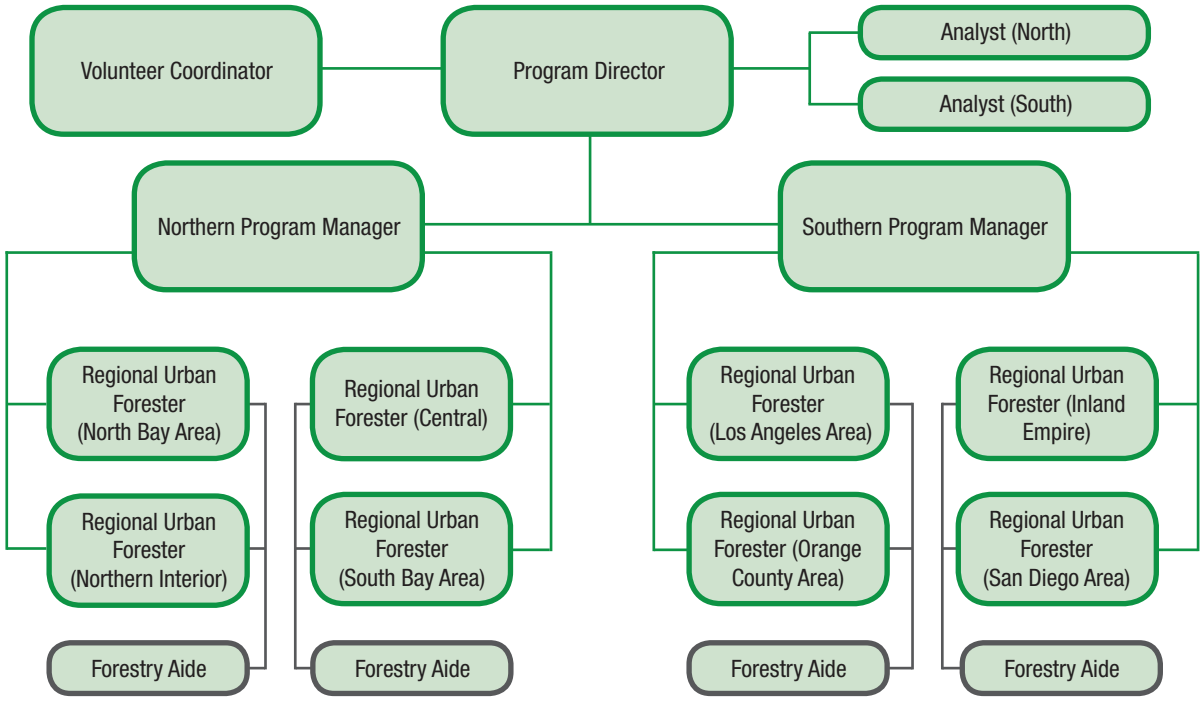


FIGURE 2. CAL FIRE URBAN AND COMMUNITY FORESTRY PROGRAM STAFFING MODEL (POTENTIAL)



LOCAL ASSISTANCE GRANTS

CAL FIRE's Urban and Community Forestry Program has relied primarily on bond funds to support projects at the local level from 2000 to 2012. Annual allocations ranged from $2.1 million in 2012 to $7.2 million in 2007, when demand exceeded $23 million. For this reason, the report makes an assumption that annual allocations near the peak of previous cycles for local assistance grants could easily be distributed each year. The assumption serves as an appropriate baseline.

STATEWIDE URBAN FORESTRY INITIATIVE

This report proposes to introduce a new element into the Urban and Community Forestry Program revolving around a long-term, state-supported urban forestry initiative. The initiative will focus on no net loss of urban canopy cover. As detailed in Section IV, the initiative would rely on data that will become available later in 2014 to inform the overall framework and costs of such a sustained effort. This means it is difficult to predict what annual costs would be, and to what extent local assistance projects would factor into the equation. Given that a focal point would be large-scale tree planting and tree care, conversation begins with a minimum of $10 million each year for these purposes.

California ReLeaf took a two-tiered approach with regard to identifying how and where sustainable funding could be generated to support statewide urban forestry:

OUTREACH TO OTHER CALIFORNIA STATE DEPARTMENTS

Though CAL FIRE is designated in state statute as the lead agency for urban forestry in California, newer agencies such as the Strategic Growth Council have been legislatively empowered to distribute bond dollars for urban greening projects. Other entities such as the Department of Water Resources, State Water Resources Control Board and the Natural Resources Agency have funded local urban forestry projects. California ReLeaf interviewed staff at six state agencies to determine what long-term role, if any, they could play in sustaining urban forestry at the statewide level either independently or in partnership with CAL FIRE.

EVALUATING NEW FEES, TAXES OR OTHER FUNDING SOLUTIONS

The bulk of staff and consultant time was spent evaluating potential new or existing funding sources that could generate enough annual revenue to sustain urban forestry at the statewide level.

Based largely on information provided to us through CAL FIRE, and assumptions made as previously described, the report projects no less than $10 million each year is needed to support a moderately robust urban forestry program through CAL FIRE providing for 17 staff members, augmented support for the state's volunteer coordinator and a local assistance grant program funded at or above 2007 levels . This does not include funding to support an ongoing statewide urban forestry initiative.

Another critical assumption is that reality must rule recommendations. The report explores, in various phases and levels of detail, what sustainable funding could look like through the lens of political feasibility.

Section III starts with 15 proposals that are put to paper, then evaluated based on ability to meet economic need, attainability and political feasibility. In the end, these 15 proposals whittle down to three long-term possibilities and conclude with two immediate opportunities that are fully fleshed out in the suggested implementation plan.

Finally, the report applies the same reason and rationale to determining what a multi-year urban forestry initiative would look like and what resources would be needed.

After interviewing a cross-section of urban forestry professionals at the state and local level in both public and private sector, California ReLeaf arrived at a minimum cost of $200 per tree for planting and three years of care. We also evaluated existing tree stock commercially grown in California and

measured that against the annual number of urban trees planted, based on numbers provided by CAL FIRE and Network members. As the report later details in Section IV, these metrics combine to demonstrate the challenge and opportunity the urban forestry community would face in promoting and funding a long-term urban forestry initiative over 10, 15 or even 20 years.

BACKGROUND

Before exploring funding options within California, we examined a cross-section of resource conservation programs throughout the country and conducted interviews with key stakeholders in other states to gain more insight into how these programs were created and what resources were required.

Creating a permanent funding source for resource conservation purposes is not a novel idea. From Colorado's Conservation Trust Fund to Arizona's Wildlife Conservation Fund, programs exist across the country that have harnessed a portion of revenue streams from state lotteries, tribal gaming, oil severance taxes and real estate fees. These funding sources permanently support conservation activities such as parks protection and habitat preservation.

Sustainable state funding specifically for urban forestry, though, is not common. Some states don't even support urban forestry through existing broad-based conservation programs. Others piecemeal together urban forestry funding through multiple sources or sporadically allocate funds.

In 2009, former Tree Davis Executive Director Ruth Williams surveyed all 50 state foresters to ascertain what urban forestry funding looked like across the country. The final report (Appendix A) presented to the US Forest Service highlights major issues prevalent in most state urban forestry programs:

- Over 75% of states reported annual budgets of less than $500,000.
- Only five states have annual budgets exceeding $1 million, including California.
- 66% of respondents said their programs would collapse without federal funds.
- 88% of respondents said their state funding for urban forestry was unstable.
- Of the six states reporting stable state funding, only two, New Jersey and Wisconsin have budgets over $1 million[3].

So what are New Jersey and Wisconsin doing right?

In Wisconsin, the entire forestry program, which includes urban forestry, is funded through a statewide property tax, currently capped at $17 per $100,000 of property valuation[4]. The property tax was enacted in 1923 and has been a stable funding source since.

In New Jersey, the state forest service tapped into a "no net loss" program. This requires any removal of a half acre of trees or more to be replaced with trees onsite, or compensate the state so there can be no net loss of trees. Established in 1993, the No Net Loss Reforestation Act allows for compensatory funds generated under the law to be utilized by the state forest service for competitive grants, ensuring no net loss of trees.

Both the Wisconsin and New Jersey solutions offer innovative funding models, and certainly represent an uncommon level of sustainability. While other states have implemented some framework to support their urban forestry programs beyond annual federal allocations, the reality is that there are very few funding programs that focus on urban forestry.

CASE STUDY: PENNSYLVANIA

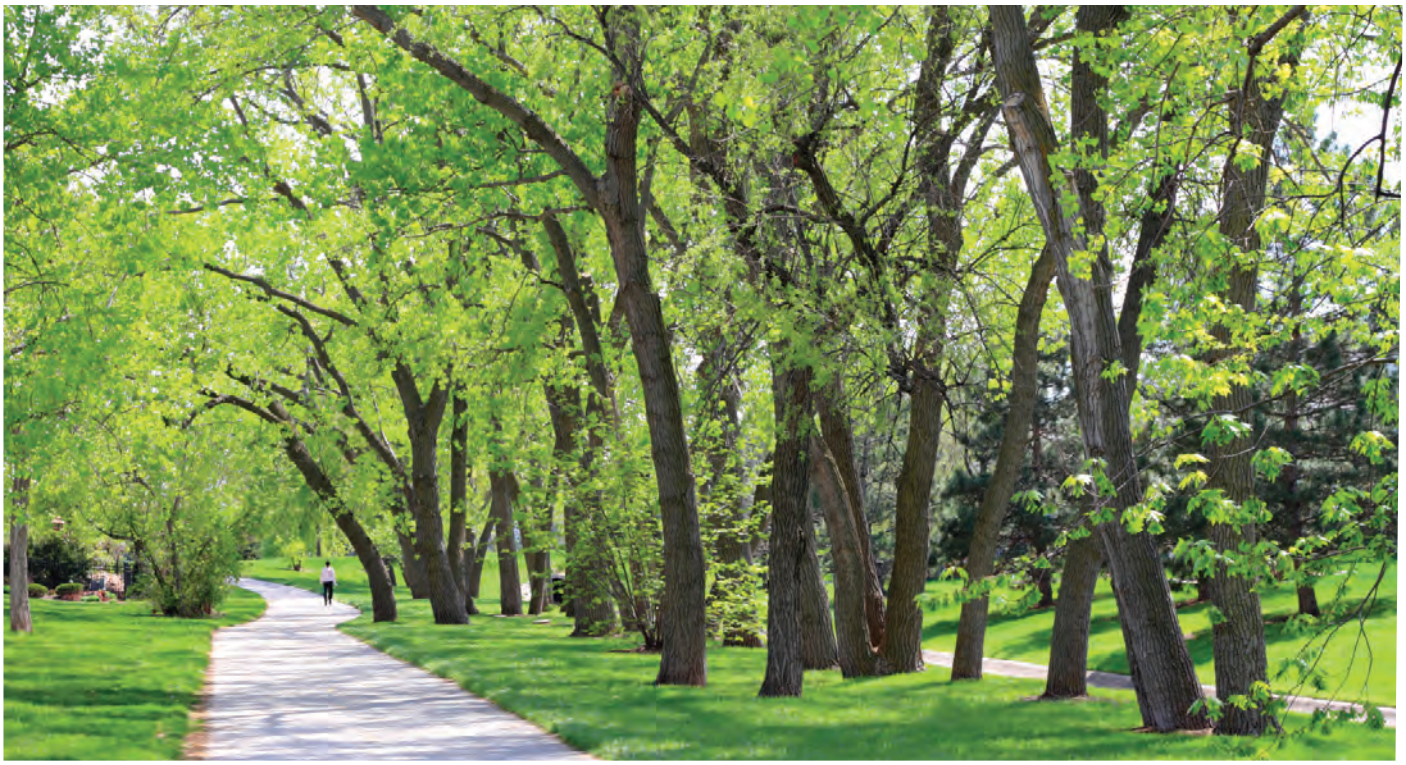
The Williams report produced in 2009 recognized progress made in advancing urban forestry. Over the last 10 years, the State of Pennsylvania has stepped up its commitment to support urban forestry projects with multiple state resources.

A single urban forestry staff position at the Bureau of Forestry is paid for from state general funds and state forest timber sales. Federal money from the Urban and Community Forestry Program funds four urban forestry extension staff positions through Pennsylvania State University to support the State's urban forestry program.

Projects, however, are funded through multiple sources that have changed over the years. Examining these sources provides new insight into large-scale fiscal challenges and opportunities.

GROWING GREENER

Growing Greener began in 1999 when Governor Tom Ridge and legislative leaders agreed to commit $650 million over five years for natural resources. The money was invested in farmland preservation, conservation of open space, restoring and protecting Pennsylvania's streams and rivers, improving and expanding state and local parks and developing new trails and greenways[5].



In 2002, the General Assembly and Governor Mark Schweiker created the Environmental Stewardship Fund to help fulfill the original Growing Greener commitment and establish a permanent funding mechanism to carry the program's success into the future[6]. The Environmental Stewardship Fund was given a dedicated revenue source by increasing the fee charged for dumping trash in Pennsylvania landfills.

In 2005, Governor Ed Rendell and the General Assembly, recognizing the need to accelerate the work of Growing Greener, decided to put a $625 million bond referendum question to the voters. In the 2005 primary election, 60% of voters approved the bond and Growing Greener II was established[7].

Grants through Growing Greener were awarded to the non-profit Pennsylvania Urban and Community Forestry Council to support some urban forestry projects before 2004, but no funding was specifically earmarked for that sole purpose.

In 2004, DCNR Secretary Michael Diberardinis recognized the need for agency leadership in protecting and restoring tree cover in urbanizing areas. The TreeVitalize Program was born in the Philadelphia region as a partnership between DCNR and a well-established non-profit organization in Philadelphia: the Pennsylvania Horticultural Society. Two million dollars of Growing Greener funding was provided over a four-year period for Philadelphia-based urban forestry projects[8].

A challenge emerged with this particular revenue stream with legislation passed in 2005. It contained a provision with an option to pay Growing Greener II debt service from the Environmental Stewardship Fund. Since 2005, budget bills have tapped the Environmental Stewardship Fund to pay debt service, diverting the tens of millions of dollars each year from potential environmental conservation and restoration work the Fund would have otherwise supported[9].

THE KEYSTONE FUND

Established in 1993 with an overwhelmingly approved voter referendum, a 48-0 vote in the Pennsylvania Senate, and a 196-3 vote in the House, the Keystone Fund automatically receives 15% of the State's realty transfer tax (a joint tax paid by both the seller and buyer as a result of a real estate transaction)[10]. From that total, the Pennsylvania Department of Conservation & Natural Resources (DCNR) receives 65 percent for state park and forestry infrastructure, rails-to-trails projects, rivers protection, playgrounds, ballparks and conservation projects[11]. Since the Keystone Fund relies solely on the Realty Transfer Tax, changes in the volume of real estate transactions and real estate values directly impact the amount of revenue dedicated to the Keystone Fund each year.

In 2008, $1 million went to the City of Pittsburgh for an expansion of the TreeVitalize urban forestry program in that major metropolitan area. Another $1 million was distributed to the rest of the state.

The Keystone Fund does not specifically fund—or even cite—urban forestry, but it is a successful model of permanent and sustainable conservation funding. The Pennsylvania Legislature saw that both conservation and parks and recreation needs were pressing and would continue to grow. The legislature responded with a fund that would grow as the real estate market expanded.

UNCONVENTIONAL GAS WELL IMPACT FEE

Signed into law February 14, 2012, Act 13 of 2012 provides for the imposition of an unconventional gas well fee (also called an impact fee) to offset the effect of Marcellus Gas drilling in the state[12]. The Act mandates how the impact fee is disbursed to local and state entities and the purposes for which impact fee funds may be spent.

Act 13 also earmarks about $25.5 million "off the top" for state agencies to offset the statewide impact of drilling on state forest lands. Additionally, for the first 3 years of the program, a fixed amount off the top of the $25.5 million is distributed to the Marcellus Legacy Fund supporting several environmental initiatives[13].

The remaining collected fees are distributed to counties and municipalities to support programs and projects including public infrastructure construction, resource conservation, records management and the delivery of social services. While urban

forestry projects could be supported locally with these funds, there is no requirement for doing so.

In 2012, the Bureau of Forestry awarded $700,000 of its impact fee funding to support urban forestry projects, essentially replacing the Keystone Fund allocation.

Pennsylvania's urban forestry program continues to lack funding stability. It is a textbook example of the challenges we face in sustaining urban forestry funding at the statewide level. The bottom line is that despite the hundreds of millions of dollars that Pennsylvania has flowing into resource conservation from these various sources, urban forestry has only received an average of about $450,000 per year over the last decade.

1 Templeton, Scott R.; Campbell, Wallace; Henry, Mark; Lowdermilk, Jamey; Impacts of Urban Forestry on California's Economy in 2009 and Growth of Impacts during 1992-2009; Clemson University, March 17, 2013.

2 McPherson, Dr. Greg; 50 Million Trees for California: Fighting Climate Change, One Tree at a Time. May 5, 2009.

3 Williams, Ruth; Urban and Community Forestry Funding in the United States. June 2009.

4 Personal communication between Ruth Williams and Dick Rideout on May 12, 2009.

5 Pennsylvania Growing Greener Coalition; History of Growing Greener; http://growinggreener.info/legacy/history.

6 Ibid.

7 Ibid.

8 Interview with Ellen Roane; October, 2013.

9 Pennsylvania Growing Greener Coalition; History of Growing Greener; http://growinggreener.info/legacy/history.

10 www.keystonefund.org.

11 www.keystonefund.org/allocation.

12 Pennsylvania Public Utility Commission; Act 13 of 2012 – The Unconventional Gas Well Impact Fee Frequently Asked Questions; June, 2013.

13 Ibid.

Urban Forestry Opportunities within State Agencies

As urban forestry has gained visibility as a tool to promote water quality, infrastructure mitigation, flood control, sustainable communities strategies and public health, several state agencies in California have funded it in various ways. Funding sources include bonds, federal money and transportation resources from the State Highway Account.

This section explores the potential for state agencies playing a role in supporting sustainable urban forestry by examining select existing agency charters, funding sources and each agency's desire to help with this effort. We concentrated on departments demonstrating active engagement in urban forestry projects through funding, reporting or other methods.

STRATEGIC GROWTH COUNCIL

Senate Bill 732 (Steinberg) established the Strategic Growth Council (SGC) in 2008 as a multi-purpose entity to bring state department operations together. The council's focus is to, "take certain actions with regard to coordinating programs of member state agencies to improve air and water quality, improve natural resource protection, increase the availability of affordable housing, improve transportation, meet the goals of the California Global Warming Solutions Act of 2006, encourage sustainable land use planning and revitalize urban and community centers in a sustainable manner.[1]"

The council's authority includes the ability to allocate Proposition 84 dollars designated for planning grants and urban greening projects. The last of $60 million is now allocated for these programs.

Impacting the SGC's potential to grow are a lack of resources and a strategic plan without a sustainable funding source. However, SGC may soon have a major role in how local governments use their cap-and-trade auction funds. A role for the SGC is identified by several coalitions in their platforms or policy measures put forth in the 2013-14 Legislative Session and in Governor Brown's proposed 2014-15 State Budget.

SGC Executive Director Mike McCoy and Deputy Director Allison Joe said in separate interviews with California ReLeaf that there is a fondness for the Urban Greening Grants Program. However, it seems the SGC is more likely to focus its efforts on finding long-term funds for planning, SB 375 implementation and transit-oriented development. The governor's budget proposal supports this focus. There is no existing public strategy to sustain the Urban Greening Grants Program. We consider it more likely the SGC could include some funding for urban greening as part of its new program utilizing cap-and-trade funds to promote integrated SB 375 projects[2].

CONCLUSION

SGC may be able to sporadically augment urban forestry efforts in California, but it is unlikely it will have the funds, staff or technical expertise to sustain, even partially, urban forestry at the statewide level. The Administration has signaled that SGC should become the lead agency for directing cap-and-trade revenues to sustainable communities strategies projects that emphasize transit, affordable housing and agriculture conservation, not urban greening. The current Administration proposes to fund urban forestry through CAL FIRE instead.

SGC may provide some support to urban forestry through competitive grants if long-term spending plans for cap-and-trade revenue shift, or as water and resource bonds are explored but not likely on a regular basis.

DEPARTMENT OF WATER RESOURCES/STATE WATER RESOURCES CONTROL BOARD

The Department of Water Resources (DWR) and the State Water Resources Control Board (SWRCB) both support competitive grant programs that have funded past urban forestry projects. Though their collective missions concentrate on protecting and conserving the state's water supply and improving the quality of California's water resources, funding under DWR's Urban Streams Program and SWRCB's Storm Water Grant Program does help. Past grants supported urban forestry efforts along the Kern River Channel, in El Cerrito's Poinsett Park and improved storm water treatment in Alameda County.

Realistically, though, tree planting and care receives only a fraction of the overall funding from these programs.

According to staff interviews, urban forestry-related projects were funded as part of larger projects where the main purpose was more in line with the voter-approved funding, programs and missions of the DWR[3] and SWRCB.

For example, urban forestry is part of a 2012 SWRCB-funded Park Avenue pilot project in the City of San Jose. Urban forestry is not the focus, but is part of a project replacing 11,700 square feet of hardscape with permeable surfaces. The project is also building 4,600 square feet of rain gardens, converting 5,600 square feet of travel lanes and other hardscape to surfaces that absorb, rather than reflect, water. It also replaces 1,500 square feet of paved median with permeable pavers.

CONCLUSION

Although the SWRCB's actions to improve water quality may help urban forestry, planting trees is not one of the board's top priorities. Urban forestry is certainly a key element of improving water quality as it relates to storm water; it has also proven effective in urban stream restoration and other water improvement efforts.

Urban Forestry may see some of the $9 million DWR has for its Urban Streams Restoration Grant Program funded by Proposition 84. However, the department is legally required to focus its efforts on water quality, water supply and flood related projects. Since virtually all DWR grant programs are supported through bonds, the likelihood of a sustainable funding stream for urban forestry projects, even through a more favorable Urban Streams Grant Program, seems doubtful right now.

The State Water Resources Control Board also relies heavily on bond dollars and is guided by statute as to how its funds can be used to regulate storm water quality. Urban greening solutions or low impact development are seldom mentioned.

Using natural infrastructure such as trees to improve water quality is making its way into regional discussions. Enhancing watershed management planning to encourage water quality compliance is part of a recent effort by the Los Angeles Regional Water Quality Control Board. Though the board has not singled out urban forestry as a priority solution to reducing storm water pollution, this overall vision suggests opportunity may exist for further integrating urban forestry and funding into the equation. But state-level sustainability through this channel seems unlikely.

DEPARTMENT OF TRANSPORTATION

Transportation infrastructure is one of the primary components of California's top fiscal expenditures, trailing only behind education and health and human services[4]. The last annual budget for the Department of Transportation (Caltrans) was more than $13 billion split roughly down the middle between federal and state funding. Caltrans can only directly spend 25% of its state funding while

the remaining 75 percent goes to metropolitan planning organizations.

Caltrans' state money supports state highways and other public transportation such as bicycle, rail and pedestrian infrastrucuture. The California Environmental Quality Act (CEQA) requires state agencies to identify mitigation measures and alternatives for their projects by preparing an Environmental Impact Report. Caltrans must approve projects with feasible mitigation measures and the environmentally superior alternative, which is where urban forestry can play a role. Urban forestry works as a mitigation tool for Caltrans projects and has before at the regional and state levels. It does, however, come with a unique set of challenges that go far beyond tree planting and care[5], Amy Bailey of Caltrans' Division of Environmental Analysis notes.

Urban forestry support through use of eligible federal aid funds available to Caltrans is now legally restricted through laws passed by Congress in 2012 and by the California Legislature in 2013. An older Federal Highway Administration Transportation Enhancements (TE) Activities Program provided funds to states before October 1, 2012 for expenses relating to, "surface transportation, workforce development, training and education[6]." "Landscaping and other scenic beautification[7]" was among the 12 fundable activities.

In July 2012, President Obama signed the Moving Ahead for Progress in the 21st Century Act, which, among other things, replaces TE with the Transportation Alternatives Program (TAP). TAP does not specify urban forestry as an eligible activity but allows for "infrastructure projects for improving non-driver access to public transportation and enhanced mobility, community improvement activities and environmental mitigation …[8]"

In September 2013, Governor Brown signed Senate Bill 99 sweeping all of the TAP dollars into the new Active Transportation Program (ATP). A proposal to eliminate the Environmental Enhancement and Mitigation Program (EEMP) and to absorb all funding into the ATP was submitted to the Legislature by the California Transportation Agency. This proposal included urban forestry as an eligible expense. However, a compromise was reached retaining $7 million each year within the EEMP to fund resource lands and urban forestry through the Natural Resources Agency. This limits the role of urban forestry in Caltrans' federal funds to tree planting or tree care associated with select ATP projects. A $3 million chunk of the EEMP's former budget now goes to the ATP where previously EEMP-supported parks and trails projects will now compete for funding.

CONCLUSION

Other than projects using urban forestry for mitigation purposes, funding sources for urban forestry at the statewide level through Caltrans are limited.

Caltrans previously supported urban forestry through urban landscape projects, mandatory project mitigation on a case-by-case basis or through administration grants under the EEMP. Much of this money is now in the hands of the California Natural Resources Agency or restricted by funds supporting the ATP.

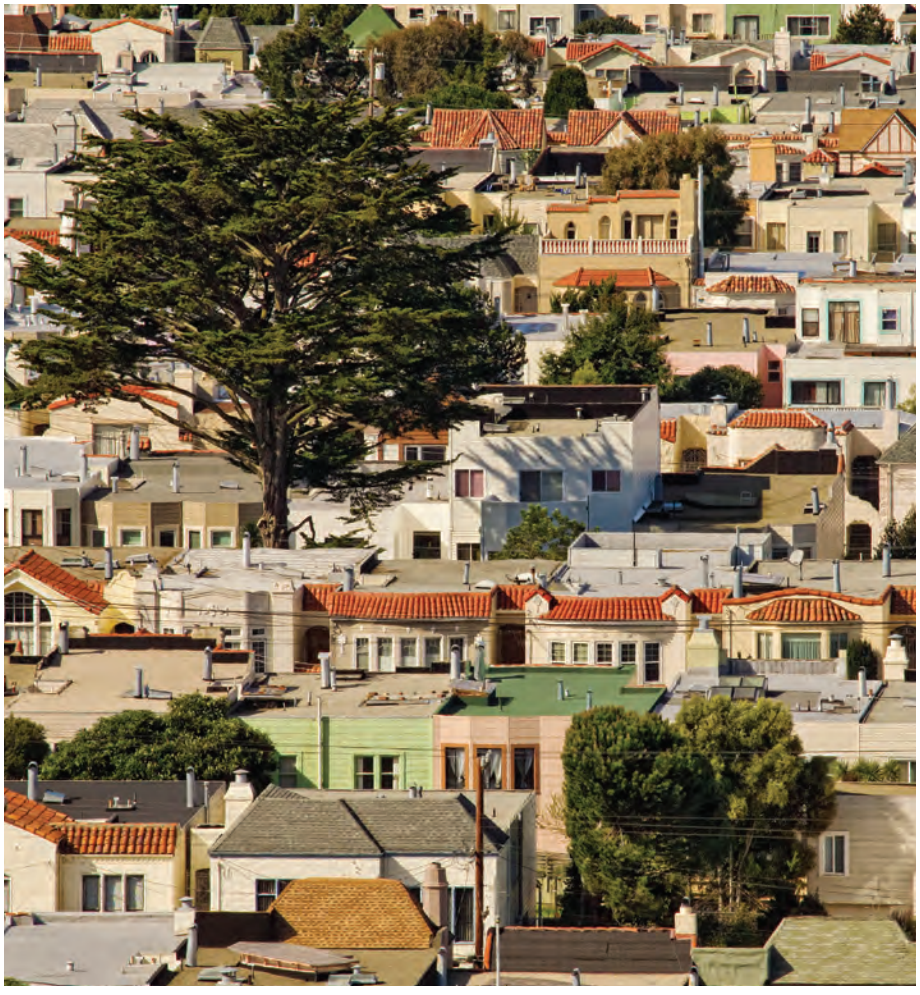
DEPARTMENT OF PUBLIC HEALTH

California's Department of Public Health (CDPH) is "dedicated to optimizing the health and well-being of the people in California.[9]" This obviously includes examining potential health risk prevention methods and ensuring that "all people have full and equal access to opportunities that enable them to lead healthy lives" (HSC Section 131019.5).

The Health in All Policies (HiAP) Task Force created in 2010 by Executive Order S-04-10 is tasked with working cross-agency to improve health by incorporating health consideration into decision-making in all sectors and policy areas. Falling under the Strategic Growth Council, the Task Force is facilitated by staff at the Department of Public Health (DPH) within the Office of Health Equity (OHE). Nineteen state agencies, departments and offices including the Natural Resources Agency, CAL FIRE and State Parks are part of the HiAP.

Among its accomplishments is the 2010 HiAP Task Force Report to the Strategic Growth Council and accompanying implementation plans. Six aspirational goals including efforts to ensure, "All residents have access to places to be active, including parks, green space and healthy tree canopy[10]"govern the report.

The Department of Public Health's link to urban forestry goes beyond HiAP, most notably in comments included in its 2010 Obesity Prevention Plan and in the past through direct funding of urban forestry. Through its Network for a Healthy California Program and the use of Supplemental Nutrition Assistance Program funding (SNAP), DPH provided the Sacramento Tree Foundation (Tree Foundation) with ongoing fiscal support from 2009-2011.



The Tree Foundation provided outreach, physical activity and nutrition education to SNAP-eligible families in conjunction with a Tree Foundation program that distributed fruit trees to these families. SNAP funds providing this support to the Tree Foundation's project were not renewed in 2012 and the recent federal farm bill sent to President Obama reduces SNAP appropriations by $800 million annually over the next decade.

So while no fiscal resources are likely to be forthcoming from CDPH or the HiAP Task Force, the OHE is currently creating a strategic plan for improving health equity in California with input from a diverse Advisory Committee and public feedback. This is one potential opportunity for the urban forest community to play a larger role in integrating urban forestry into the public health debate.

CONCLUSION

Connecting the urban forest to public health in a way that provides clear and tangible evidence that trees are reducing health risks will continue to be one of the urban forest community's foremost endeavors. Recent studies completed by Dr. Anthony Iton and Dr. Bill Sullivan were showcased at the Tree Foundation's 2014 Greenprint Summit. These studies are helping advance the case for including the urban forest in community, regional and state plans to improve population health.

In the meantime, funding from this government sector at the state level is likely to remain scarce. Additional opportunities may exist to further expand using urban forests as part of the dialogue on public health.

WILDLIFE CONSERVATION BOARD

The Wildlife Conservation Board (WCB) is one of California's statewide agencies with domain over forestry and woodlands. Established in 1947, WCB administers a capital outlay program for wildlife conservation and related public recreation. WCB funds three programs that emphasize forests, woodlands and public access to resources:

Forest Conservation Program
The goal of this grant program is to promote the ecological integrity and economic stability of California's diverse native forests. The grants provide public benefits through funding forest conservation, preservation and restoration of productive managed forest lands; forest reserve areas; redwood forests; and other forest types, including the conservation of water resources and natural habitat for native fish and wildlife and plants found on these lands[11].

Oak Woodlands Conservation Program
This program provides funding for projects designed to conserve and restore California's oak woodlands. While the Program is statewide in nature, it provides opportunities to address oak woodland issues on a regional priority basis. It is designed to help local efforts achieve oak woodland protection.

Public Access Development Program
The program provides funding for the development of facilities in cooperation with local agencies for public access to hunting, fishing, or other wildlife-oriented recreation. Financial assistance is available for developments such as fishing piers or floats, access roads, boat launching ramps, trails, boardwalks, interpretive facilities and lake or stream improvements. The State requires a proprietary interest in the land or water on which the improvements are made[12].

WCB Assistant Executive Director Dave Means said that under the Forestry Conservation program, the WCB funds supported many community forest projects. There are other projects, especially under the Public Access Development Program, that crossed over into some urban areas recently. These areas include Rio de Los Angeles State Park in Los Angeles and the Cosumnes River near Sacramento.

While most WCB programs place an emphasis on resource protection, they can allow public access compatible with resource protection[13], Means said. Under the Public Access Development Program, for example, there is more latitude in terms of allowing development of public uses with less emphasis on acquiring resource lands used to support urban communities.

CONCLUSION

WCB has an undeniable connection to forestry that occasionally integrates with urban forestry. The WCB Public Access Program could be used to help support urban forestry on a limited basis through either Wildlife Restoration Funds or new sources of funding. The WCB Forest Conservation Program can likewise help support funding for community forest projects by using of some of its remaining Proposition 84 money.

Some of its other programs supported in part by the Habitat Conservation Fund advanced numerous trails, parks and parkway projects over the last 23 years with a direct connection to urban forestry.

The recurring theme is the Board's "limited" ability to support urban forestry. Like numerous other resource agencies and conservancies, WCB is almost completely dependent on bond funds. These funds are nearly exhausted.

Though the Public Access Program is supported by other means, it receives about $1 million annually from the Wildlife Restoration Fund. This money supports

numerous projects not connected to urban forestry.

CAL FIRE and WCB often partner on traditional forestry projects supported through CAL FIRE's Forest Legacy Program. There may be an opportunity in the future to build an urban forestry partnership between these two agencies. Currently, though, WCB is not well-positioned to support urban forestry in any sustainable way.

CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CAL FIRE)

CAL FIRE's mission emphasizes the management and protection of California's natural resources. Its Resource Management Program is an integral part of that responsibility. Within the Resource Management Program is CAL FIRE's Urban and Community Forestry Program, which, "works to expand and improve the management of trees and related vegetation in communities throughout California."[14]

The Program receives almost all of its financial support for staff and administration from the Federal government. Six local assistance grant programs under CAL FIRE distributing urban forestry awards on a competitive basis each year have been primarily funded through a series of park and water bonds. Since 2000, these bonds have collectively supplied $40 million in grants (see Table 1 below).

The Urban and Community Forestry Program has supported hundreds of projects throughout the last 35 years that advance the development of sustainable urban and community forests in California.

CONCLUSION

The Urban Forestry Act of 1978 is very explicit in designating CAL FIRE as the primary state agency responsible for leading urban forestry efforts in California. It states, "The department shall be the agent of the state and shall have full power to cooperate with those agencies of the federal government that have powers and duties concerning urban forestry and shall perform all things necessary to secure the benefits of federal urban forestry programs." [PRC 4799.10].

Conclusions drawn from evaluations of other state agencies in California further support sustaining CAL FIRE in this role. Moreover, there is intense stakeholder interest in seeing CAL FIRE continue the Urban and Community Forestry Program.

KEY QUESTIONS

Urban forestry non-profit organizations were asked several questions in 2013. The goal was objective feedback on who depended on state and federal funding to sustain operations, and who the preferred partners were in each case. The full results of the survey appear below, but two key questions are especially pertinent.

First, 73.3% of all respondents said they regularly receive state funding to support staff, operations, or other elements of their urban forestry program from state agencies such as CAL FIRE and the Strategic Growth Council[15]. This is very significant, as it indicates a high percentage of these organizations are now operating with tight budgets due to the depletion of local assistance grants from CAL FIRE in 2012. Some of these groups may still be supported by other state programs but the second survey question suggests most rely on CAL FIRE local assistance grants first and foremost.

Of those surveyed, nearly 63% identified CAL FIRE as their preferred partner with SGC and the Natural Resources Agency capturing the remaining vote[16].

Survey results, coupled with CAL FIRE's commitment to this program, reinforce the need to ensure long-term state funding for urban forestry. The survey solidifies the need for CAL FIRE to continue in its role as funding administrator.

2020 AND THE HABITAT CONSERVATION FUND

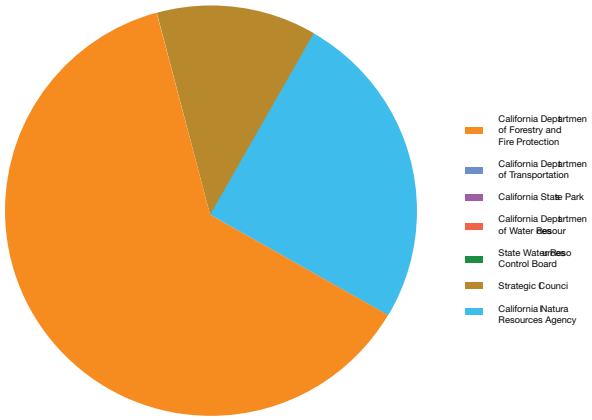
WCB receives an annual appropriation from the Habitat Conservation Fund (HCF), which was established under 1990's Proposition 117. The HCF requires the state of California to invest $30 million per year through a handful of resource agencies for 30 years towards habitat protection. While the emphasis is on habitat acquisition, some funds have been spent on restoration and enhancement with a pertinent connection to urban forestry.

The HCF sunsets in 2020, and will be very difficult to renew. Unlike the Environmental Enhancement and Mitigation Program, which was made permanent in 1999 through SB 117 (Murray), the legislature has no latitude in funding or not funding the HCF on an annual basis, even in times of great fiscal uncertainty. In addition, the dollars come directly from the General Fund (though a language loophole in Proposition 1E did allow the HCF to recently receive some bond dollars in lieu of General Fund support). EEMP dollars come from the State Highway Account, making it a more palatable sell in 1999.

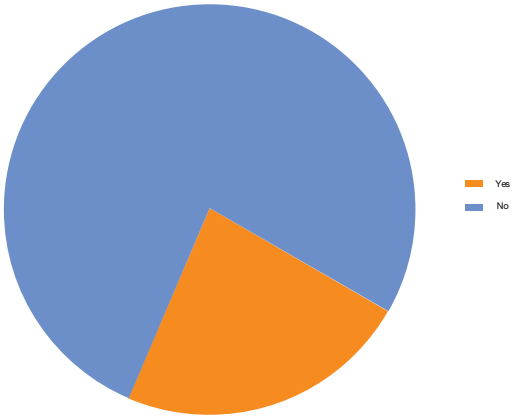
A legislative effort to permanently create a post-2020 Habitat Conservation Fund could benefit politically from some modest revisions that include urban forestry, local parks, and other resources that contribute to the human habitat, too.

FIGURE 3

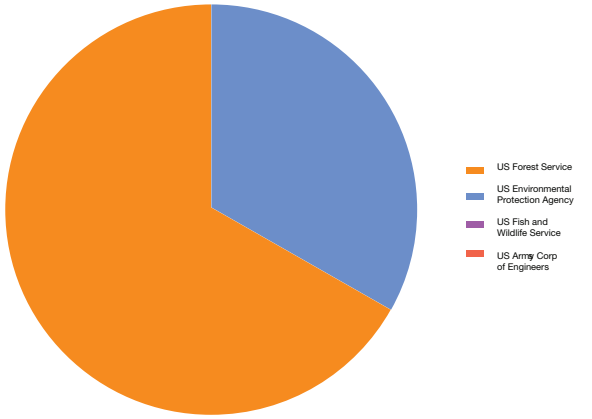
Which of the following state agencies is your preferred partner for administering grants or other state funds?



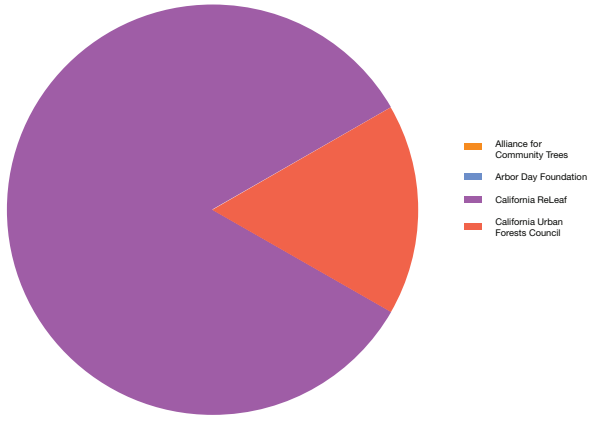
Does your organization regularly receive funding to support staff, operations, or elements of your program?



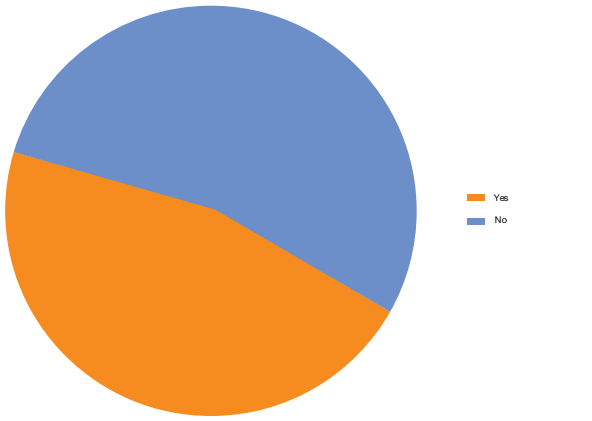
Which of the following federal agencies is your preferred partner for administering grants or other state funds?



Which of the following nonprofits is your preferred partner for administering grants or other state funds?



Does your organization regularly receive funding from other nonprofits to support staff, operations, or elements of your program?



Does your organization regularly receive state funding to support staff, operations, or elements of your program?

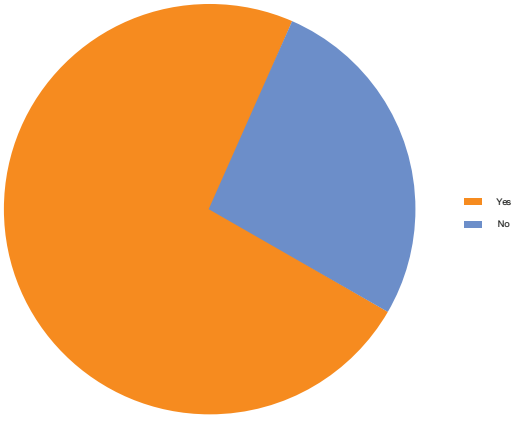


TABLE 1. EXISTING STATEWIDE GRANT PROGRAMS THAT CAN SUPPORT URBAN FORESTRY

FUNDING SOURCE	FUNDING AGENCY	2013-14	2014-15
Active Transportation Program	Department of Transportation	$129 million	$138 million
California Clean Energy Jobs Act	California Energy Commission	$430 million	$355 million
Environmental Enhancement and Mitigation Program	Natural Resources Agency	$6.7 million	$11.1 million
River Parkways Program	Natural Resources Agency	0	0
Recreational Trails Program	State Parks	$15.6 million	$4 million
Statewide Parks Program	State Parks	0	0
Stormwater Flood Management Grants	Department of Water Resources	0	0
Urban and Community Forestry Program	CAL FIRE	0	$15.7 million
Urban Greening Grant Program	Strategic Growth Council	0	0
Urban Streams Restoration Program	Department of Water Resources	0	$9 million

*PROPOSED

TABLE 2. URBAN AND COMMUNITY FORESTRY PROGRAM FUNDING (2000 - 2013)

YEAR	FEDERAL FUNDS *	PROPOSITION 12 *	PROPOSITION 40 *	PROPOSITION 84
2000-01	800,000 - 1,400,000	1,250,000		
2001-02	800,000 - 1,400,000	1,250,000		
2002-03	800,000 - 1,400,000	1,250,000		
2003-04	800,000 - 1,400,000	1,250,000		
2004-05	800,000 - 1,400,000	1,250,000		
2005-06	800,000 - 1,400,000	1,250,000		
2006-07	800,000 - 1,400,000	1,250,000	2,500,000	
2007-08	800,000 - 1,400,000	1,250,000	2,500,000	3,343,000
2008-09	800,000 - 1,400,000	0	2,500,000	546,000
2009-10	800,000 - 1,400,000	0	2,500,000	7,872,000
2010-11	800,000 - 1,400,000	0	0	4,038,000
2011-12	800,000 - 1,400,000	0	0	4,037,000
2012-13	800,000 - 1,400,000	0	0	3,829,000
2013-14	800,000 - 1,400,000	0	0	0

* Averages

Data Provided by the California Department of Forestry and Fire Protection

1 *Steinberg, Darrell; Legislative Counsel's Digest for Senate Bill 732. September 30, 2008.*

2 *Conversation with Allison Joe; February, 2014.*

3 *Conversation between Tasha Newman and Tracie Billington; December 2013.*

4 *Brown, Jr., Edmund G; Governor's Enacted Budget Summary, State of California 2013-14; June 27, 2013.*

5 *Conversation with Amy Bailey; January 2014.*

6 *http://www.fhwa.dot.gov/environment/transportation_enhancements/teas.cfm.*

7 *Ibid.*

8 *http://www.fhwa.dot.gov/environment/transportation_alternatives/.*

9 *California Department of Public Health Official Website at http://www.cdph.ca.gov/Pages/DEFAULT.aspx.*

10 *Ben-Moshe, Karen; Caplan, Julia; Dillon, Lianne; Rudolph, Linda; Sisson, Aimee; Health in All Policies Task Force Report to the Strategic Growth Council; December 3, 2010.*

11 *https://www.wcb.ca.gov/Programs/Forest.aspx.*

12 *https://www.wcb.ca.gov/Programs/PublicAccess.aspx.*

13 *Interview with WCB Assistant Executive Director Dave Means; January, 2014.*

14 *http://calfire.ca.gov/resource_mgt/resource_mgt_urbanforestry.php.*

15 *Survey conducted by California ReLeaf of the California ReLeaf Network conducted via Survey Monkey between November, 2013 and March, 2014.*

16 *Ibid.*

URBAN FORESTRY FUNDING SOLUTIONS

Some state agencies support urban forestry through grants programs others suggested there could even be a stronger role for urban forestry within their departments somewhere down the road. But the true home of urban forestry in California is with CAL FIRE. This is where the Urban and Community Forestry Program is implemented and where the State's technical expertise in urban forestry can be located.

While it is worthwhile to explore opportunities to support urban forestry in other sectors (see Table 1), significant focus must be placed on how to sustain the CAL FIRE Program. It has supported the planting and care of hundreds of thousands of trees over the last 35 years. At a time when all bond dollars are exhausted and Congress threatens to cut the federal funds entirely, how do we sustain CAL FIRE's Urban and Community Forestry Program?

This is the question that drives Section III of the report. What resources exist statewide to provide opportunities to support urban forestry at traditional levels or above? What doesn't exist that could through strategic outreach, education and advocacy?

This section focuses on achievable long-term funding solutions requiring action at the ballot or within the State Legislature. Other states are using property taxes, oil severance fees and tax charity check-off boxes to support urban forestry in their areas. Can California follow suit?

We evaluate what such efforts could look like in California, along with a dozen more that have not been explored to their logical conclusion until now.
Three questions make up a test governing our overall conclusions and recommendations.

QUESTION 1:

What are the economic merits of the issue?

Some of the potential funding solutions could produce less than $100,000 annually for urban forestry even under the most ideal conditions. Others could generate $12 million or more, but involve greater risk, time commitment and expenditure of resources.

QUESTION 2:

What is the political feasibility of success?

There are certain assumptions that must be applied to urban forestry, including its reach, advocacy base and available resources. Good or bad, urban forestry is a small part of California's resource conservation mosaic, and an even smaller part of its political conversation. What is politically feasible for some sectors is not necessarily feasible for the state's urban forestry community.

This is coupled with other undeniable political truths that must be considered when creating a new revenue stream – specifically Proposition 26. This citizen's initiative, passed by 52 percent of voters in 2010, changed the face of fees and taxes in California by recasting

TABLE 3. URBAN FORESTRY FUNDING SYNOPSIS

Proposal	Economic Merits	Political Feasibility	Attainability
Cap-and-Trade Auction Revenues	✔+	✔+	✔+
Charity Tax Check-off	✔–	✔	✔–
Electric Utilities Surcharge	✔	✔–	✔–
Environmental License Plate	✔–	✔	✔–
Forest Resources Improvement Fund	✔–	✔–	✔–
Litter Tax	✔	✔–	✔–
Lumber Products Tax	✔	✔	✔+
Oil Severance Fee	✔+	✔–	✔
Property Tax	✔+	✔–	✔–
Public Trust Fund	✔–	✔–	✔–
Real Estate Transfer Fee	✔+	✔–	✔
Sales Tax	✔+	✔–	✔–
Tobacco Tax	✔+	✔–	✔–
Transient Occupancy Tax	✔+	✔–	✔–
Vehicle License /Mitigation Fee	✔+	✔	✔

✔+ = strong ✔ = moderate ✔– = weak

the definition of some "fees" and requiring a supermajority vote of the Legislature to enact them. We cannot overstate Proposition 26's impact. Had Proposition 26 been enacted before AB 32, the current version of the Global Warming Solutions Act (2006) would have never made it to the governor's desk.

Political feasibility must draw from history to provide an objective perspective. Some solutions have been tried more than 30 times over the last 50 years, with a success rate of about six percent. Could urban forestry succeed where others have consistently failed?

QUESTION 3:

What is the likelihood of attaining the desired outcome?

Competition for funding is a core component of California politics. There is a 100% guarantee that at least one other "special interest" community is currently exploring these same 15 mechanisms to support its own long-term funding. Some competing groups are even moving bills through the Legislature while this report is being published. Others have their eye on the 2014 ballot and are building the resources to get there. Even if political feasibility and economic merits point to potential success, attainability may simply not exist.

Our evaluations lead to one of three conclusions for each proposal:

PURSUE IMMEDIATELY

We found only two long-term, fiscally viable funding solutions in which urban forestry is positioned to control its own destiny. One provides urban forestry with the luxury of being captured in state law, while the other is a moving target that helped put urban forestry on the political map in 2013.

CONSIDER AT A LATER DATE

These proposed solutions have the potential to be urban forestry's "silver bullet" but none of them put urban forestry as the leading issue that could pave the road to success. They are longshots now. However, their odds potentially improve over years, but only with sufficient groundwork first.

DO NOT PURSUE

The limited resources available to try and sustain urban forestry at the statewide level would be better spent elsewhere.

CAP-AND-TRADE AUCTION REVENUE

Under Assembly Bill 32 – the Global Warming Solutions Act of 2006 – all major sources of greenhouse gas (GHG) emissions are capped. Each must be gradually reduced to 1990 levels. Major emitting sectors have to submit GHG allowances for each ton of GHG emitted. These allowances are purchased at state auction or from other parties (or in some instances are distributed free by the California Air Resources Board). Money generated from these auctions are typically known as "cap-and-trade revenues."

In 2012-13 the state received an estimated $532 million in allowance revenue, but the program is expected to raise billions more from 2012 through 2020[1]. This money must be spent on projects that reduce GHG emissions or sequester carbon.

Last year, the state created an investment plan to guide expenditures of AB 32 funds in 2013. The plan, which included multiple references to urban forestry, did not become an actual expenditure plan. Why? Because the Administration determined that potential revenue-recipient programs were not yet ready to implement GHG reduction projects.

However an $850 million cap-and-trade revenue expenditure plan is part of the 2014-15 budget submitted by Governor Brown on January 10, 2014.

THREE-PRONG TEST

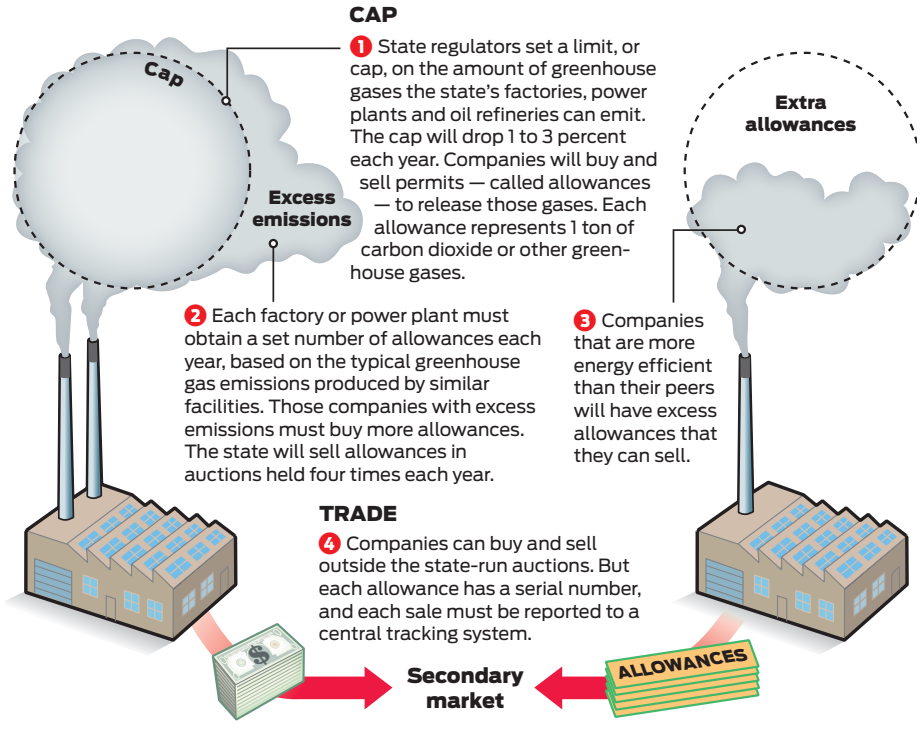
ECONOMIC MERITS

Cap-and-trade auction revenues could generate at least $15 million annually over the next several years to support CAL FIRE local assistance projects (and administration costs) that directly contribute to the goals and objectives of AB 32. Given the amount of funding available — and other state statutes that specifically relate to urban forestry and cap-and-trade revenue expenditures (i.e. SB 535) — a multi-million dollar annual appropriation is not beyond reason, and in fact, is supported by the governor's proposed 2014-15 state budget.

POLITICAL FEASIBILITY

The investment plan clearly indicates that some portion of cap-and-trade auction revenues should be directed to natural

FIGURE 4. THE CALIFORNIA CAP-AND-TRADE SYSTEM FOR GREENHOUSE GASES



Todd Trumbull / San Francisco Chronic

resources. Part of the plan focuses on forests, wetlands, waste reduction, fuels reduction, agriculture and urban forestry. Given the Department of Finance (DOF) influence on the scope of the investment plan, it is not surprising to see all of these issues reflected in the proposed cap-and-trade expenditure plan developed by DOF. Urban forestry benefits from its strong positive impact on disadvantaged communities — and those legislative leaders that represent these districts – which improves its political feasibility in this realm significantly.

ATTAINABILITY

A $500 million loan of cap-and-trade revenues to the General Fund in the 2013-14 State Budget created massive public outcry. Cap-and-trade opponents said dollars will not be used to reduce GHG emissions as promised. Environmental justice advocates blasted the decision, claiming it violated the spirit of state laws created to guide cap-and-trade revenue spending expenditures. Media labeled the move as breaking public trust.

The result of this commotion is the expenditure plan released earlier this year. Expenditure plans are now expected to appear for every year that cap-and-trade funding remains.

We have a tremendous opportunity to seek urban forestry funding through the State Budget for at least the next six years. Furthermore, since the Investment Plan specifically identifies CAL FIRE's Urban and Community Forestry Program as a vehicle to achieve GHG reductions through urban forestry, the path to success is already implicitly endorsed by the California Air Resources Board.

CONCLUSION
PURSUE IMMEDIATELY

Auction revenues provide a potential long term stable funding source for urban forestry investments - one we should pursue. Using the existing Urban and Community Forestry Program, CAL FIRE can quickly and efficiently help the state in meeting GHG reduction and environmental justice goals. Urban forestry can provide benefits that are a key component of the Investment Plan, including lowering energy costs and creating more livable communities. By targeting the majority of these investments to disadvantaged communities, urban forestry can address the environmental justice goals of existing statutory requirements in SB 535.

In addition, using urban forestry to lower electricity use and capture more greenhouse gases makes it a cross-cutting GHG reduction strategy. It can even extend into transportation as it relates to meeting SB 375 goals and sustainable communities strategies across California.

CHARITY TAX CHECK-OFF

Charity check-off boxes at the state level—in which taxpayers select charities on their income tax forms with small amounts withheld from each refund—got their start in 1977. Colorado, following the federal check-off for donations to presidential campaign election funds, began a program for wildlife preservation. As of 2002, 35 states are using check-offs to protect nongame animals. Taxpayers were distributing $32.8 million across 210 funds in the country that year[2].

Some states and state taxpayers are particularly friendly to charities raising funds through the state tax form, California being one of them. In 2012, 18 causes with check-off donation boxes appeared on state tax forms, raising about $4.8 million[3]. The top 2012 causes for tax check-off donations were protection of rare and endangered species ($605,220) and emergency food for families ($598,157). Four other funds receiving $400,000 or more dealt with child abuse prevention and research into cancer, breast cancer and Alzheimer's disease.

The latest entry into California's charity check-off chart is State Parks. It joined the list as part of a parks legislative package passed by the Legislature in 2012 (tax check-offs are typically achieved through legislation). Estimates of how much taxpayers contributed to this effort will be available later in 2014.

THREE-PRONG TEST

ECONOMIC MERITS

A successful tax charity check-off for urban forestry could generate up to several hundred thousand dollars to support CAL FIRE. State law, though, requires each box raise at least $250,000 after the second year to stay on the California tax form then continue to earn at the rate of inflation thereafter. To achieve these earnings, urban forestry must resonate with taxpayers at levels similar to those for child abuse and cancer.

In New Mexico, urban forestry does resonate. A recent voluntary tax check-off box allows residents to donate to the Conservation Planting Revolving Fund, which support tree planting. The fund generated $20,000 in 2012, and is expected to generate between $10,000 and $25,000 annually[4]. If two million New Mexico taxpayers are donating $20,000, could 38 million Californians hit that $250,000 target?

POLITICAL FEASIBILITY

Tax charity check-offs are created first through legislation, and then must meet minimum thresholds to stay in front of the public. The last measure mandating a tax check off was AB 1589 (Huffman) in 2012. The continuing threat of park closures and the growing lack of funds to operate and maintain California's state park system was the primary motivation. Since legislators don't want to see state parks close in their districts, and since the bill addressed several State Parks sustainability concerns, this policy measure fared better than others recently, often receiving strong bipartisan support. Other check-off boxes currently being pursued include support for pet adoptions and sexual violence victims.

A public policy measure solely addressing urban forestry might get through the legislative process in a reasonable time frame. However, appropriations committees would look at these contributions as money lost to the General Fund. Such a measure would not succeed in its first year. Some coalition building is necessary for its success.

ATTAINABILITY

The larger challenge isn't the bill but getting enough taxpayers to donate at least $250,000 each year. While several tax check off causes do consistently meet that standard, just as many do not.

Efforts failing to renew on the tax forms in 2012 include the arts council, maintaining the California Firefighters Memorial at the state Capitol, a fund supporting advocacy for senior citizens (only people 65 or older can contribute), plus money to help families of police killed in the line of duty and support youth programs of the Police Activities League. Some of these may still appear in 2013 through an increasingly common practice that just has them reinstated through legislative action but others will not.

CONCLUSION
DO NOT PURSUE

An urban forestry tax-check off should not be pursued right now. While data from State Parks donations could provide greater insights, legislation creating the tax check-off is a multi-year process. It would consume limited resources that could be better spent supporting other funding solutions.

The one caveat is that Senator Lois Wolk (D-San Francisco) has introduced legislation in 2014 that would change the system for qualifying tax charity check-off boxes for state tax forms and reduce the $250,000 threshold to $100,000. If the measure is successful, this issue could be revisited.

In the meantime, the $250,000 threshold remains a challenge and is far less than what is needed to support even 35% of existing staff levels. No funds would be available for local assistance.

ELECTRIC UTILITIES SURCHARGE

Several surcharges have been levied on ratepayers in investor-owned utilities (IOU) and municipal-owned utilities (MOU) territories. These include fees collected through telecommunications and energy programs. These "public goods charges" provide funding for issue-specific research, development and demonstration projects benefitting the public.

The concept of a public goods charge began with the 1996 deregulation of the California electricity industry, under Assembly Bill 1890 (Brulte). During its 15-year run, which ended in 2011, it raised $228 million per year for energy efficiency, $65.5 million for renewable energy and $62.5 million for public interest energy research, development and demonstration.

The Legislature, though, did not reauthorize the charge. Governor Brown directed the California Public Utilities Commission to investigate and adopt a program similar to the Public Goods Charge leading to the creation of the Electric Program Investment Charge (EPIC) in 2012. The first EPIC Investment Plan was approved by the CPUC in 2013. Solicitations for the first round of funding are now being developed.

THREE-PRONG TEST

ECONOMIC MERITS

A utility ratepayer public goods charge could raise hundreds of millions of dollars annually. The EPIC program will generate $162 million each year from 2013-2020. Capturing three percent of these funds would provide $5 million each year for urban forestry administration and projects.

POLITICAL FEASIBILITY

Enacting a ratepayer-funded program exclusively for urban forestry is very challenging and expensive. The legislation would require a two-thirds vote, which is very difficult to achieve in the California legislature. Utilities are generally opposed to collecting ratepayer funds if they don't have the ability to control how they are spent. Finally, issues related to electricity rates are especially sensitive given the major rate-reform legislation passed last year (AB 327) designed to restructure the state's electricity rates over the next two-three years.

ATTAINABILITY

In 2011, the California Legislature tried to reauthorize a public goods charge on electricity. Assembly Bill 723 (Bradford) would have generated $390 million annually to fund several programs including support of the New Solar Homes Partnership, grants to counties for planning purposes, grants to school districts for technical education and implementation of the Clean Energy Investment Program. Urban forestry did not make the project funding list.

Utilities, the Chamber of Commerce and others fought the bill. After much debate, the surcharge was considered a tax and failed to meet the two-thirds vote requirement.

CONCLUSION
DO NOT PURSUE

The bottom line is that a utility surcharge could raise considerable revenue for urban forestry. However, there are many hurdles to securing such a charge. This is especially relevant to the new EPIC Program. Despite comments from urban forestry interests during the EPIC discussion draft phase indicating the need to include urban forestry within the program, the PUC did not incorporate any suggestions related to it.

This approach may be worth revisiting if the case can be made that California ratepayers will receive a net benefit from investing in urban forestry projects in the form of reduced electrical bills, greenhouse gas and pollution reduction, improved quality of life and other means. The only way this could happen, though, is by winning the two-thirds vote. A well-funded and strategic coalition of supporters around the urban forestry/energy nexus is critical for any chance of legislative success.

Based on the low likelihood of success, this avenue should not be further pursued right now.

ENVIRONMENTAL LICENSE PLATE

California gives motorists an opportunity to purchase specialized license plates in lieu of the standard California plate. These range from plates honoring firefighters and veterans to plates that recognize the fine arts or celebrate the Olympics. Plates are usually made available through a successful legislative measure, followed by a minimum order from the public to make plate construction cost effective.

Some of these plates support environmental programs and feature designs such as a whale tail, or drawings of Lake Tahoe and Yosemite. These popular plates raise money to support the State Coastal Commission, Tahoe Conservancy and Yosemite Fund.

Specialty plates cost $50 for a standard design and up to $98 for custom characters. Plates cost $40 per year for renewal, with additional costs for various modifications.

In the first year of issue, DMV takes a one-time fee of about 20 percent to cover administrative costs. The remaining revenue is then split equally between the state's Environmental License Plate Fund and the plate's specialty fund. After year one, renewal dollars are evenly divided between the two funds.

There are almost 200,000 whale tail plates that generate roughly $4 million for the Coastal Commission each year. Yosemite's 50,000 plates earn the Fund about $1 million dollars annually. The Tahoe plates bring in about $640,000 each year from its 32,000 California plates, which also has a Nevada version.

New environmental license plates include one for agriculture, and one for veterans enabled through legislation signed in 2013 by Governor Brown.

THREE-PRONG TEST

ECONOMIC MERITS

A successful environmental license plate for urban forestry could generate about $200,000 annually to support CAL FIRE for every 10,000 plates sold. This equates to about two percent of the estimated urban forestry sustainability funding requirement. Sales would have to equal what the Yosemite plates bring in each year just to reach 10% of need.

In 2007, the Florida State Legislature approved the Trees Are Cool license plates to support urban forestry. Twenty percent of the funds may be used by the Florida Chapter of the International Society of Arboriculture, Inc. (ISA) to promote and market the license plate and concept. Five percent may be used for Florida Chapter ISA administrative costs related to the Trees Are Cool license plate program. The remaining funds must be used to fulfill the mission of the Florida Chapter ISA: to provide education and training statewide with respect to tree care and tree safety[5]. The Trees Are Cool license plates generate about $60,000 each year for these programs[6].

POLITICAL FEASIBILITY

California requires new environmental license plates be created through legislation then meet minimum sales thresholds. Recent bills for specialized plates (i.e., Sierra Nevada) hit bumps during the legislative process. An urban forestry license plate bill, properly marketed to gain urban lawmakers' support might have an easier road.

ATTAINABILITY

While opportunity exists to pass a bill creating an urban forestry license plate, the real challenge is selling enough to begin manufacturing the plates.

Under state law, sponsors of specialty license plates must sign up 7,500 prepaid orders in one year or the DMV won't produce the plates, which cost $50 each. Recent efforts to generate support for license plates that would support San Francisco Bay and the Sierra fell short of the 7,500 minimum request threshold, with only 550 and 278 orders generated, respectively. This is very telling for urban forestry, as these two programs are at the heart of urban forestry: resource conservation and protecting trees.

Adding to this challenge is a state law in effect since 2006 limiting the size of license plate artwork. Prompted by concerns from the California Highway Patrol that officers were having a hard time reading the license plate numbers, the law requires logos be no larger than 2 inches by 3 inches — about the size of a business card — and not overlap with the license numbers. Only the new California Agriculture plate has secured the necessary 7,500 orders since switching to the smaller logos. Efforts to create new plates funding AIDS research, Rotary International, the Girl Scouts and the Ronald Reagan Memorial Library all have fallen short[7].

Sales trends of specialty plates suggest the market is steadily losing ground. In 2009, for example, California motorists purchased

58,246 specialized plates, a drop of 44 percent from the 103,251 purchased in 2007[8].

CONCLUSION
DO NOT PURSUE

An urban forestry specialty license plate should not be pursued right now. Legislation creating the opportunity to sell such a plate would consume limited stakeholder advocacy resources better spent supporting other funding solutions discussed in this report (though passage of such a bill is possible).

The greater concern is meeting the 7,500 minimum order. Nothing in recent history suggests this would be successful. Even under ideal conditions, the economic gain is far less than what would be needed to support even 25% of existing staff levels alone.

FOREST RESOURCES IMPROVEMENT FUND

CAL FIRE manages eight demonstration forests covering 71,000 acres. The purpose of these forests is to demonstrate sustainable management practices. Activities in the forests include management, watershed protection and restoration and harvesting techniques.

The state's demonstration forests are financially self-sufficient because CAL FIRE is authorized to sell timber and related products generated by the state forests. Revenue from these sales goes to the Forest Resources Improvement Fund (FRIF).

Existing law authorizes money in the FRIF to be expended, upon appropriation by the Legislature, for managing the demonstration forests by CAL FIRE. Excess revenue now goes to the general fund though the money was once available to fund additional CAL FIRE programs and priorities, including urban forestry.

While harvesting was halted for several years on Jackson Demonstration State Forest, the largest of the group, it resumed in 2009. The nation's economic crash reduced the revenue from it. An improving economy could boost timber sales from the demonstration forests. The result may be a potential surplus to tap for purposes other than the general fund.

THREE-PRONG TEST

ECONOMIC MERITS

According to CAL FIRE and the State Natural Resources Agency, the FRIF is currently generating about $6 million each year. This covers the costs of managing the demonstration forests plus a slight reserve that has built up over the years[9]. However, the reserve is designated for acquiring 12,000 acres of PG&E watershed that would be added to the demonstration forests. The small reserve built up each year would support and manage these new lands.

The Natural Resources Agency notes that revenue from the demonstration forests could drop over the next few years as the harvesting on Jackson shifts from redwood-dominated stands to areas with more—and less valuable—Douglas fir.

POLITICAL FEASIBILITY

Assemblymember Wes Chesbro carried legislation in 2010 seeking to amend the FRIF revenue distribution to the General Fund. His measure provided CAL FIRE with flexibility to use funds for other purposes including urban forestry. Despite strong support from CAL FIRE, the Licensed Foresters Association and the urban forestry community, the legislation was held in Assembly Appropriations Committee since it could cut into money headed to the General Fund. Any legislation mandating a portion of the FRIF be directed to CAL FIRE's Urban and Community Forestry Program would face this challenge.

ATTAINABILITY

Advocates could put together a coalition to move a bill through the legislature if revenues started growing. However, it would face a veto for one simple reason: CAL FIRE does not want this bill anymore. Russ Henly, Assistant Secretary for Forest Resources Management at the State Natural Resources Agency, notes that the FRIF is working. It should not be considered a viable revenue source for anything other than its stated purpose. Henly said the potential for declining revenues supporting the FRIF coupled with new funding opportunities for urban forestry (i.e. Lumber Products Tax) make the legislative effort from 2010 less appealing to CAL FIRE and the Agency.

CONCLUSION
DO NOT PURSUE

Though once considered a very viable possibility for sustaining urban forestry at the

statewide level, the revised Forest Resources Improvement Fund lacks the revenue and capacity to be tapped as a viable potential revenue stream right now. CAL FIRE's desire to keep the FRIF in its present state is not reason enough to dismiss the FRIF as a potential source. However, adding the economic arguments to the Natural Resources Agency's interest in seeing FRIF remain unchanged makes this an untouchable resource right now.

LITTER TAX

A litter tax is a tax imposed on "litter-producing" products. The tax is charged to the distributors, with the funds being spent only on litter and trash cleanup. California had a statewide litter tax in the 1970s but it was repealed in 1982. It was intended to generate $18 million but failed to reach that goal.

Since then some California cities and counties have instituted litter taxes of their own. In 2006, the City of Oakland started a litter tax on fast food and convenience stores. The fee raises about $237,000 per year for litter and trash cleanup. The fee is imposed on business owners, who generally protest the ordinance. Businesses pay between $230 and $3,815 annually to the litter cleanup fund.

In San Francisco, a 20 cent litter tax is charged on cigarettes since the city estimates 25 percent of its city litter is due to cigarette butts and packaging. The fee is estimated to bring in $5 million annually to the city helping offset much of the $6 million annual cost for cigarette trash cleanup.

THREE-PRONG TEST

ECONOMIC MERITS

The economic merits depend on the scale of the project. Litter tends to be a bigger issue in urban areas with higher population density because they have more trash. Litter taxes have proven to be economically beneficial in urban areas, but not used or considered in rural cities. The 1970s litter tax proved that a litter tax does not work when applied statewide.

POLITICAL FEASIBILITY

Recent litter taxes in California have gathered public support in cities where there is an obvious trash problem. At the state level, passage would require a two-thirds vote of the legislature. An initiative at the local level would require a two-thirds vote of the public. It would be difficult politically to get this much support, especially since litter tax opponents would argue the tax would get passed from distributors to customers.

ATTAINABILITY

Litter taxes are a rare tool mostly used by city governments when trash and litter are obvious, major problems. Most statewide litter taxes were imposed across the US in the 1970s, and many states including California have repealed them in the years since. Litter tax revenues are solely spent on trash cleanup. While urban forestry contains an element of trash cleanup, it is unlikely that even a successful litter tax would yield urban forestry revenues.

CONCLUSION
DO NOT PURSUE

Litter taxes have proven beneficial in a few cases, but generally not statewide. Trash is a big enough issue in Oakland and San Francisco that a litter tax is warranted, but elsewhere? It would be very difficult for voters to see litter as a problem worth taxing. The economic value of a statewide litter tax is doubtful at best, the political feasibility is not there and the opportunity passed by 35 years ago. A litter tax is not a feasible revenue option for urban forestry.

LUMBER PRODUCTS TAX

AB 1492, which became law in 2012, imposes a one percent sales assessment on lumber products and engineered wood products. The money is designated for timber harvest plans and other regulatory activities of the Department of Forestry and Fire Protection and state Department of Fish and Wildlife. Any funds left after all primary funding obligations are met can be used on other programs, including CAL FIRE's Urban and Community Forestry Program.

THREE-PRONG TEST

ECONOMIC MERITS

The timber tax is expected to generate up to $30 million annually, with the first $15-20 million dedicated to obligations detailed in the legislation. This leaves up to $10 million available for additional priorities, including urban forestry. Even 10 percent of this sum (potentially $1 million) would be enough to keep the existing CAL FIRE program going. The problem, though, is revenues will vary with the economy. For example, the recent economic downturn resulted in substantial reductions of lumber and other wood product sales.

POLITICAL FEASIBILITY

Funding urban forestry permanently out of the lumber products tax would require further legislation mandating specific discretionary dollars be directed to urban forestry. Given the newness of the tax and the funding fight that will presumably ensue once discretionary dollars are flowing, an effort to construct permanent set-asides right now would not be well-received by the Legislature or Administration.

ATTAINABILITY

Although attaining a piece of this pie for urban forestry is not yet here, the annual budget process is a very promising avenue to seek urban forestry funding from this source on a year-to-year basis.

The primary advantage for urban forestry is that discretionary revenues generated from the lumber products tax are to be distributed using a bucket approach. The first bucket to be filled includes urban forestry, along with the California Forest Improvement Program and restoration programs (presumably run through the Department of Fish and Wildlife). In essence, this means urban forestry is co-equal with two other programs to be first in line for discretionary dollars. Given the large urban composition of the State Legislature, and those who populate the budget committees and subcommittees, there is a very strong possibility that urban forestry could hold its own against these other programs when funding decisions are being made.

CONCLUSION
PURSUE IMMEDIATELY

The lumber products tax is very new and was not easy to get enacted into law. Now that it is part of state statute, and is a new permanent revenue source, there will be competition for this money.

That said, the lumber products tax is one of the primary opportunities to permanently support the Urban and Community Forestry Program. It is the only piece of state statute that explicitly seeks to fund the Program through a sustainable revenue source. Adding potential political support from possible annual budget appropriations makes the lumber products tax a must for immediate consideration.

OIL SEVERANCE TAX (OST)

California is the nation's fourth largest producer of oil trailing North Dakota, Texas and Alaska. It is the only one of 36 oil producing states without a severance tax. Alaska has a minimum severance tax of 25 percent that can range up to 50 percent depending on the net value of oil and natural gas. Alabama, Kansas, Texas, North Dakota, Mississippi, Oregon and Florida tax oil and gas at between 8 and 5 percent, respectively[10].

Applied to California, a 10 percent tax on each barrel of California crude (trading at about $95 per barrel) in 2013 would generate more than $2 billion annually. Additional income could come from "fracking," a process that allows more oil and gas to flow out of rock formations and into wellbores where it can be extracted. The potential oil reserves that could be tapped through fracking technology are estimated to be 15 billion barrels of oil, worth around $1.5 trillion over the next 20 to 30 years.

With this much potential income available, it's no wonder entities from legislators to education professionals to health advocates to environmentalists to Governor Jerry Brown have tried for years to impose an oil severance tax. However, there is a problem: every oil severance tax effort so far has failed. This includes Prop 11 (1980), Prop 167 (1992), Prop 87 (2006) and AB X12 (2008), which Governor Schwarzenegger vetoed. All the propositions lost by a margin of at least 10 points.

Senators Noreen Evans (D-Santa Rosa) and Mark Leno (D-San Francisco) carried SB 241 in 2013 that would have imposed a 9.9percent oil severance tax to fund education and State Parks. The bill was held. An OST initiative made it to the Attorney General but failed to qualify for circulation for the 2014 ballot.

THREE-PRONG TEST

ECONOMIC MERITS

California produces 215 million barrels of oil from inland and state tideland wells annually – more with fracking. As previously stated, a 10 percent tax on each barrel of California crude could generate more than $2 billion annually. Even one percent of that amount is enough to support CAL FIRE's Urban and Community Forestry Program every year.

POLITICAL FEASIBILITY

Senator Noreen Evans is back in 2014 with Senate Bill 1017, which takes another shot at the oil severance tax for parks and education. According to the measure, "this proposed severance tax is intended to provide at least $1 billion of annual revenue that will, among other things, promote economic stimulus through the education of our citizens so that they can excel, innovate and become eligible for high-paying professional careers[11]."

While the measure has its merits, and may gain support from California colleges, universities and some conservation groups, SB 1017 will likely stall out. Among the groups that crippled SB 241 in 2013, and will fight SB 1017, are the California Chamber of Commerce, California Taxpayer's Association and California Small Business Alliance.

ATTAINABILITY

Urban forestry advocates and stakeholders could pursue amendments to SB 1017 that bring urban forestry into the mix. Senator Evans is a friend to urban forestry, and if the model could be expanded to incorporate other natural resource elements, then support for the effort could be broadened.

Even so, an oil severance tax will not pass in an election year. This measure would require a two-thirds majority vote of the legislature and the governor's signature. Governor Brown has already signaled that he is opposed to new taxes this year after his successful effort to pass Proposition 30 in 2012.

CONCLUSION
CONSIDER AT A LATER DATE

Though history paints a bleak picture on the potential for success in this arena, two reasons give us hope this is a possible (albeit long shot) funding source: fracking and the two-thirds majority.

Fracking is a practice that raises significant environmental concerns. Though Senate Bill 4 (Pavley) established a regulatory framework to provide fracking oversight, the governor embraces this technology and seems intent on keeping fracking moving forward because of the significant economic gains. Fracking will, at a minimum, triple the amount of potential revenue derived from an oil severance tax. And that may pose an extremely attractive option for a number of groups and decision-makers in the next few years, including State Senate and Assembly Democrats.

Democrats hold a two-thirds majority in both houses in California, though that majority was temporarily diminished recently by two votes in the Senate. If 2014 election results retain this supermajority—or even expand it—this could be a signal of what could become the norm in the State Legislature for years to come. Democratic dominance of the Legislature increases the odds of passing an oil severance tax.

While most of the revenue from an oil severance tax would go to the general fund, there will be some pressure to invest part of the proceeds in the environment. Other areas such as air, water and habitats affected by oil development will probably get the most significant share. There may be a way to siphon off some funds for urban forestry since some oil development actually occurs in and near urban areas.

Given the potential scale, being prepared to make a push for urban forestry investment from a future oil severance tax is definitely worth considering.

PROPERTY TAX

California's property tax bill consists of many taxes and charges including voter–approved debt rates, parcel taxes, Mello–Roos taxes and assessments. It is one of the largest taxes Californians pay. In some years, Californians pay more in property taxes and charges than they do in state personal income taxes, which is the state's biggest General Fund revenue source. Local governments collected about $43 billion in 2010–11 from the one percent property tax and it all remains with them[12].

Most tax bills also include additional property taxes to pay for voter–approved debt such as repaying general obligation bonds. The bonds are issued for local projects including schools. These other taxes and charges on the property tax bill generated an additional $12 billion in 2010-11.

Over the years, the Legislature, local governments, and the business community all have come to recognize the limitations of the state's property tax allocation system. Despite the large degree of consensus on the problems, major proposals to reform the allocation system have not been enacted. Topping the list of challenges to reform is Proposition 13: the 1978 citizens' initiative assessing property values at their 1975 value and restricting annual increases of assessed value of real property to not exceed 2 percent per year. Proposition 13 also prohibits reassessment of a new base year value except in cases of a change in ownership or completing new construction.

In addition to decreasing property taxes, the initiative also contained language requiring a two-thirds majority in both legislative houses for future increases of any state tax rates or amounts of revenue collected. This includes income tax rates. It also requires a two-thirds vote majority in local elections for local governments wishing to increase special taxes.

THREE-PRONG TEST

ECONOMIC MERITS

An increase in state property taxes of even 1/1000 of one percent could generate $4.2 million annually. This shows that even the most marginal of property tax increases creates a massive yield in revenue. So while the feasibility might not be there, raising property taxes has economic merits.

POLITICAL FEASIBILITY

This is really where the property tax option loses viability. There continues to be strong support in California for Proposition 13 and its property tax restrictions. Any attempt to adjust or overhaul it will draw serious pushback. Proposition 13 and its ramifications are often called, "the third rail of California politics."

ATTAINABILITY

While changes in property tax law could occur, they will be for general revenue purposes or major issues like education. Urban forestry would have to compete within the budget process. Democrats control two-thirds of both the Assembly and Senate[13], so the opportunity to adjust or amend Proposition 13 now is better than ever. However, if Democrats were planning to reform Proposition 13, it would have already happened.

CONCLUSION
DO NOT PURSUE

There is no real possibility of establishing a property tax based dedicated funding source for urban forestry.

PUBLIC TRUST FUND

Public trust funds are "program-specific banks" state citizens can donate to through several means, often as a tax-deduction. Monies are collected by the state for the fund and then dispensed for projects in line with the fund's intended purpose.

Public trust funds are made up of fundraising methods including tax check-off measures

and separate, private donations. Some funds let donors specify favorite projects in a program and others distribute where the funds are most needed.

Massachusetts, Oregon and North Dakota currently operate public trust funds to benefit urban forestry with varying degrees of success.

THREE-PRONG TEST

ECONOMIC MERITS

The economic merits of public trust funds vary widely. In Massachusetts, it is reported that the trust fund raises anywhere from $10,000 to $250,000 per year[14]. In North Dakota the range shrinks to $15,000 to $22,000 annually[15]. In Oregon, it drops to $10,000 annually in recent years[16].

The amount raised in a public trust fund is often associated with the strength of the economy overall and how able people are to donate. Is the pace of the state's economic recovery enough to raise significant money? Even if the economy was strong, would it raise enough to truly help urban forestry projects?

POLITICAL FEASIBILITY

Assemblymember Das Williams (D-Santa Barbara) introduced a 2012 measure to create a public trust fund aimed at supporting public universities and community colleges. Governor Brown vetoed it.

In 2006, Senator Sheila Kuehl (D-Los Angeles) introduced legislation that would have authorized the Department of Parks and Recreation to fund regular state park maintenance and operation using public funds or through donations and private-public partnerships. This model could be used to help CAL FIRE create a public trust fund for urban forestry purposes. However, it is worth noting Kuehl's bill never left the state senate.

ATTAINABILITY

Though it appears public trust funds are not gaining traction in California right now, all it takes is a bill allowing entities such as CAL FIRE to accept private donations for the Urban and Community Forestry Program. Still, straightforward legislation does not come without challenges. In this case, the primary deterrent could be safeguards the Legislature places on such a fund.

As an example, the Kuehl bill allowed State Parks to spend the specified dollars, provided the Department adopt regulations addressing several issues. These included the extent to which the Legislature may exercise control over the use and appropriation of donated funds, and the circumstances under which the Department may accept a donation that obligates the state to a continuing financial commitment.

CONCLUSION
DO NOT PURSUE

A public trust fund could be a viable funding option for urban forestry, but the scale of need far exceeds even the most generous predictions. With a program relying solely on private donations, the amount raised each year could fluctuate wildly. Indicators from other states suggest that a public trust fund set up for California urban forestry would, at best, raise up to $100,000 annually. The volatility of annual funds creates another possible problem, as leaner years could deplete the fund's resources.

Also, this type of public trust fund is uncommon in California, so it is unknown if it would even work. Legislation would almost

certainly be needed and recent efforts have either stalled in the Legislature or been vetoed by the governor.

By applying a risk to rewards metric to this option, a public trust fund as used in other states is not a viable funding source for California right now.

REAL ESTATE TRANSFER FEE (RETF)

Nearly a decade ago in Roseville, developers and environmentalists signed a novel $85 million deal to allow 8,400 houses on the city's last big empty landscape while preserving 6,000 nearby acres of open space. The agreement steered the estimated $85 million bill for buying open space to future home-buyers. That largely freed builders, who usually pass such costs to the first buyer, from bearing the load exclusively. For the next 20 years each time a home changes hands inside communities emerging at WestPark and Fiddyment Farms in Roseville, a buyer will pay one-half of one percent of the sales price – $2,500 for a $500,000 house. The money goes to the private nonprofit Placer Land Trust to buy land. This is one example of what has become known as a real estate transfer fee (RETF).

Since real estate transfer fees on new homes are paid every time the property is sold, the fee provides a long-term revenue stream that escalates with the value of the property. This funding mechanism is gaining broad use among planned developments as a way to generate money for several community benefits.

Elevating this idea to a statewide level and imposing a mandatory RETF on every resale of residential property to support urban forestry could generate millions of dollars. Even in the worst years of economic decline in recent California history, home resales have numbered in the hundreds of thousands.

THREE-PRONG TEST

ECONOMIC MERITS

A state-mandated real estate transfer fee of even 1/100 of one percent applied to the nearly 450,000 homes sold in California in 2012 with a median price of $275,000[17] equals more than $12 million each year. Such a sum would be sufficient to support CAL FIRE's Urban and Community Forestry Program in its entirety every year.

POLITICAL FEASIBILITY

The real estate transfer fee concept is controversial. In 2007, the California

Association of Realtors introduced legislation from Senator Lou Correa (D-Santa Ana) to abolish the real estate transfer fee in California. The bill (SB 670) was swiftly opposed by an uneasy alliance of environmentalists and developers who ultimately succeeded in getting the bill held in policy committee.

The core opposition to SB 670 (Planning and Conservation League, Sierra Club, California Council of Land Trusts and the Building Industry Association) then moved to try and get the real estate transfer fees strengthened in state law through AB 1574 (Houston). In this case, the realtors won and the legislation died.

Later in 2007, a bill acceptable to both sides was drawn up: Assembly Bill 980 (Calderon), putting reasonable legal limits on the use and recording of real estate transfer fees. The measure was signed Governor Schwarzenegger later that year.

The issue remained fairly dormant in the Legislature until 2012 when a coalition of affordable housing advocates sponsored Senate Bill 1220 (DeSaulnier) to impose a $75 document recording fee on real estate sales in support of statewide affordable housing. Though not linked to the price of the property (recording fees are applied to documents, not sales and cover a range of other transactions), this fee would generate between $300 million and $720 million per year depending on the number of recorded documents. The bill failed to get its two-thirds support and died on the Senate Floor.

ATTAINABILITY

The housing advocates are back with the next version of their legislation: Senate Bill 391 (DeSaulnier). The bill boasts support from a coalition of more than 600 organizations. It faces strong opposition from county clerks, contractors and the California Association of Realtors. The author made this a two-year bill in August 2013. It sits parked in the Assembly Appropriations Committee.

Though a recording fee is not the same as a real estate transfer fee, both essentially serve the same function. This is especially relevant given the possible constitutional restraints that could prohibit a state-mandated real estate transfer fee[18]. Current efforts and related legislation also signal a growing opposition to the idea of any real estate-related fees.

An equally daunting challenge may be the two-thirds vote as Proposition 26 now demands. However, SB 391 is seeking a $75 fee and it did move off the Senate Floor with the minimum 27 votes to pass.

CONCLUSION
CONSIDER AT A LATER DATE

A real estate transfer fee that stays small and supports more than just urban forestry could bring broader support. Add in support from urban lawmakers and it might squeak through both houses with the minimum required votes. Such a tax must also be expertly crafted to avoid being challenged under Proposition 13 that expressly prohibits transaction taxes on the sale of real property.

How well—or poorly—SB 391 performs will indicate if it is a viable statewide funding option for sustainable urban forestry. No effort should be made to move a real estate transfer fee bill until SB 391's fate is decided.

If SB 391 fails, there may be a window of opportunity to work with housing advocates and their supporters to determine what the next version of their legislation might look like. There could be room for urban forestry within such a bill.

For this reason, the real estate transfer fee or similar provision deserves consideration as a potential viable funding option.

SALES TAX INCREASE

California currently has a sales tax minimum set at 7.5 percent. Of that 7.5 percent, 6.5 percent goes to the state, with 1 percent going to the local county and/or city where sales occur. The 7.5 percent currently in place in California is the highest in the United States.

Voter approved supplementary sales taxes can be added by cities, counties, service authorities and special districts such as the Bay Area Rapid Transit (BART). Formally known as "District Taxes," they boost local sales tax rates from 7.5 percent in areas where no additional taxes are charged to upwards of 10 percent in cities like Downey and Pico Rivera.

Statewide sales tax increases are rare. In 2012, California passed Proposition 30 that raised income taxes and the sales tax to its current 7.5 pecent rate. If Proposition 30 is not extended, the rate will drop back down to 7.25 percent in 2016.

A recent study by the Legislative Analyst's Office shows changes in Californians' consumer spending have cut deeply into the sales tax as a source of state revenue. Spending on taxable goods was at its peak in 1979, when it amounted to 53 percent of personal income. It is now just 33 percent of personal income[19].

The decline of taxable sales has been only partially offset by increases in the sales tax rate. The personal income tax now generates nearly twice as much revenue for the state as the sales tax.

An alternative to a general sales and use tax could be a special tax or "excise tax" that applies to specific products and services. California has excise taxes on cigarettes and alcohol that go above and beyond the state sales tax. Some of these taxes are passed on to the consumer at point-of-sale while others apply to the manufacturer directly.

In the realm of urban forestry, the most logical tax would be one that could potentially be applied to nursery stock or resale trees. Four of California's top nursery growers report that they stock nearly two million 5, 15 and 24-gallon trees annually for resale. A tax of even one percent could generate significant revenue for urban forestry.

THREE-PRONG TEST

ECONOMIC MERITS

The economic merits of this are clear. An increase in the state sales tax rate can financially support a massive urban forest project. In 2011-12, state sales tax revenues were about $43 billion. A tiny increase in sales tax could fund urban forestry needs easily. Even a special tax applied to nursery tree stock could still raise millions.

POLITICAL FEASIBILITY

State sales tax rate increases create massive revenues but are far from common. When they do occur, they support either a major economic or political problem, like the budget crisis of 2008-09, or support a broad-based issue, like education and Proposition 30.

Urban forestry is neither a big enough nor a broad enough issue to merit a state sales tax increase. A commodity-specific tax is

still wrought with challenges that would be difficult to overcome.

ATTAINABILITY

With Proposition 30's state sales tax increase in effect until at least 2016, the chance of voters or legislators supporting another sales tax increase is low. Proposition 30 only succeeded because the sales tax increase was paired with heavy income tax increases on the wealthiest of Californians.

The greatest challenge to a specific nursery tax is the passage of the Lumber Products Tax, signed into law in 2012. In addition to the strong connection this tax has to the forestry/urban forestry industry, the law establishing the tax specifically cites urban forestry through CAL FIRE's existing program as a fundable program. While the funding from this tax will not provide the same level of support a dedicated nursery tree tax would, it does diminish any immediate opportunity to go back to the "tax well."

CONCLUSION
DO NOT PURSUE

Urban forestry investments through a state sales tax, while potentially lucrative, are nearly impossible for California. The state sales tax rate affects everyone in California. Increases only pass if they are tied to an issue with broad-based appeal, awareness and unified support.

Special taxes like the recent Lumber Products Tax pass through the legislative process only when organized support has the financial resources and political leverage to drive a two-thirds vote. In the case of AB 1492, there were issues at play within the legislation that went beyond the tax itself such as a cap on damages that could be recovered by a public agency in a civil action regarding fire. Without this controversial component, the tax would have never passed.

Urban forestry lacks the broad appeal or awareness that is necessary to rally support for either of these options. There is no feasible avenue for pursuing a state sales tax increase or special tax as a revenue source for urban forestry.

TOBACCO TAX

Cigarettes are subject to both a cigarette tax and a "cigarette and tobacco products surtax." The tax and surtax are paid by distributors through the use of tax stamps, which are purchased from the Board of Equalization (BOE) and affixed to each package of cigarettes before distribution. The cost of the stamp includes both the cigarette tax and the surtax. In 2012, each stamp costs 87 cents per pack of 20 cigarettes, comprising 12 cents for the cigarette tax and 75 cents for the combined surtax.

Tobacco products other than cigarettes are subject only to the surtax. Tobacco products include all forms of cigars, smoking tobacco, chewing tobacco, snuff and other products containing at least 50 percent tobacco. From July 1, 2011-June 30, 2012, the rate was 31.73 percent.

Revenue distribution is:

- $.02 per pack goes to the Breast Cancer Research Fund.
- $.10 per pack of the cigarette tax goes into the state's General Fund.
- $.25 of the surtax, based on the voter-approved Proposition 99, from November 1988, is used for tobacco-related health education programs and disease research, plus medical and hospital care and treatment of patients who cannot afford those services. Funds from this portion of the surtax also go to programs for fire prevention; environmental conservation; protection, restoration, enhancement, and maintenance of fish, waterfowl and wildlife habitat areas; and enhancement of state and local parks and recreation.
- $.50 of the surtax—courtesy of Proposition 10, November 1998—goes to programs encouraging proper childhood development. These programs include: developing professional and parental education and training, informed selection of childcare and development and education of childcare providers. Funds also go into researching the best practices and standards for all programs and services relating to early childhood development.

Proposition 29 in 2012 sought to add another $1/pack in taxes to fund research on cancer and other tobacco-related illnesses. Of the 5 million votes cast, it lost by about 28,000.

The two tobacco-related taxes are in steady decline but still should raise about $812 million in 2014[20].

THREE-PRONG TEST

ECONOMIC MERITS

Adding $.01 per pack to existing taxes would raise about $9 million annually. While only 90 percent of CAL FIRE's projected need under the ideal model, this exceeds the department's best funding levels in the last 15 years. There is very little cost beyond setting up the accounting structures, especially when compared to other potential funding sources such as specialty license plates.

POLITICAL FEASIBILITY

Like most taxes and fees, a tobacco tax would need to be enacted by either a vote of the people, or through a legislative measure.

Both would face tremendous political challenges. History shows just how tough it is to add even one cent to the tobacco taxes.

Of the 33 bills or constitutional amendments to create or augment a tobacco tax introduced in the last 50 years, two have succeeded. SB 556 (Deukmejian) increased the tax by $.07 per pack in 1967; and AB 478 (Friedman) added another $.02 in 1993 to support breast cancer.

The remaining 31 efforts sought increases ranging from $.02-$2. Programs that would have benefitted from the money include literacy, subsidized health care, law enforcement, research, education, lung cancer and more. Most never made it through the house of origin, and some never received a vote or hearing.

The biggest success came at the hands of voters in 1988 when Proposition 99 was approved by 58 percent of voters. It added $.25 per pack to the cigarette tax and an equivalent amount on other non-cigarette tobacco products. Proponents spent $1.7 million to pass the initiative compared to the tobacco industry's $22 million to defeat it.

Of note here is that five percent of all revenue raised from Prop. 99 goes to State Parks and habitat restoration programs. This additional tax raised more than $14 million in 2010.

Proposition 99 was groundbreaking in California in that it did tie natural resources to tobacco. The premise behind Proposition 99 was to highlight the fire dangers that cigarettes pose to public lands due to the improper disposal of lit cigarettes[21]. This ballot measure was not addressing the air quality or health impacts of cigarettes in relation to resource conservation.

Proposition 10 faced a stiffer fight in 1998 but added another $.50 per pack to fund early child development and health programs. It passed by a 50.5 percent margin and easily survived a 2000 attempt to repeal it as opponents could only muster 28 percent of the vote.

Three additional efforts to raise or redirect the tobacco tax have failed. The most recent – Proposition 29 in 2012 – would have added a $1 tax and failed with a 49.9 percent vote.

These efforts lead us to believe that a tobacco tax supporting urban forestry would be unprecedented.

ATTAINABILITY

Despite a 20-year losing streak in the Legislature and a 15-year losing streak at the ballot, bills and initiatives do keep coming. SB 768 (De Leon) was introduced in 2013 to add a $2.00/pack tax to cigarettes to improve access to health care and tobacco control efforts. The bill passed though Senate policy committees, but was held in the author's own Appropriations Committee.

A citizen's initiative filed in 2013 seeks to add a tax of $1 per pack to fund brain disorders research and other related activities. It is cleared for circulation to the public.

Neither effort seeks to support the environment. Proposition 86 in 2006, which failed with 48.3 percent of the vote, also did not include a role for natural resources.

The closest legislative effort to use tobacco taxes as a way of helping the environment– SB 24 (Torlakson) in 2007– wanted to charge a mitigation fee for secondhand smoke. The funds would have supported health programs, research and children's education regarding tobacco and secondhand smoke not mitigating these emissions through air quality investments, etc. This bill also died.

So while opportunity exists to introduce a bill augmenting the tobacco tax, the likelihood that it could support urban forestry is very low. The chance such a bill would get to the governor's desk and be signed is even lower.

CONCLUSION
DO NOT PURSUE

The concept of raising the cigarette tax is a big-money game that increasingly escalates over time. Supporters of Proposition 86 raised $16 million to pair against the tobacco industry's $66 million successful effort to defeat the measure[22].

For Proposition 29, proponents spent $13 million against the opponent's $47 million, who barely defeated it[23]. This is especially relevant as the measure polled strongly before opposition tripled the fiscal resources committed to defeat Proposition 29.

The tobacco tax remains a popular idea for those looking for new revenue. Once confronted with the high cost needed to take on the tobacco industry, most efforts fade away. Recent history, coupled with lack of fiscal resources and political influence of a magnitude needed to achieve a tobacco tax, all suggest removing this as a viable funding solution.

TRANSIENT OCCUPANCY TAX

The Transient Occupancy Tax (TOT) is a tax charged in California when occupying a living space in a hotel, inn, tourist home or house, motel or other lodging unless the stay is for a period of 31 days or more.

This tax is collected for the "privilege" of occupying a room or rooms in California. The tax is collected by a local city or county and serves as an additional, non-property tax source of income for local governments. The funds are discretionary, meaning that they do not have a defined funding purpose. Some local governments have passed local measures to recommend how the TOT funds should be used, but there is no statewide standard.

Transient Occupancy Taxes are considered "general taxes," meaning they only require a majority vote to be increased. But, because they are general taxes, the money collected must go to the local general fund. Money from these taxes cannot be designated for a specific program such as urban forestry.

The TOT rate varies by local municipality, with the rate usually set between 7 percent and 13 percent. A statewide TOT rate has been considered in the past but never materialized.

THREE-PRONG TEST

ECONOMIC MERITS

The economic merits of increasing the TOT rate vary from locality to locality. In January 2013, the City of Sunnyvale passed a local measure to increase their TOT tax rate from 9.5 percent to 10.5 percent. They estimate that the 1 percent rate increase will bring in an additional $900,000 annually. For a comparison, the City of Sausalito increased their TOT tax rate by 2 percent in 2004, and it is estimated that the city collected an additional $125,000. A statewide TOT could generate millions each year.

Ultimately, the economic merit of increasing the TOT tax rate is there. However, it faces a tough fight since this is traditionally done locally.

POLITICAL FEASIBILITY

Increasing TOT rates in recent elections has proven to be politically feasible at the local level. The issue is more about residents vs. visitors, instead of political party lines. TOT rates have gone up in Sunnyvale, Sausalito, Del Mar, Palm Springs and elsewhere.

A state TOT that did not send the money to local governments would immediately draw tremendous opposition from them. The argument that a statewide TOT would diminish opportunities at the local level would very likely doom such an effort.

ATTAINABILITY

The Transient Occupancy Tax, also called a "hotel tax," is an attractive source for increasing local revenues since most people paying it are visitors. Local governments can bring in more money without having to tax their own residents. Voters do not seem to mind increasing taxes on other people, so long as they don't have to pay more themselves. A statewide TOT tax would apply to everyone in California who travelled, affecting many residents.

CONCLUSION
DO NOT PURSUE

While Transient Occupancy Taxes are one way to generate more funding for local programs, they cannot be designated to a single program, such as urban forestry. A statewide TOT for urban forestry would truly be a tax and would be met with extreme opposition from local governments.

Some localities have passed measures recommending the use of the TOT funds for one issue, but there is no guarantee that they will be used that way. Additionally, urban forestry is not considered a broad enough issue for localities to prioritize it over issues like roads, police, fire and park services.

Transient Occupancy Taxes are not a feasible funding option for urban forestry at either the state or local level.

VEHICLE LICENSE FEE/MOTOR VEHICLE MITIGATION FEE:

The Vehicle License Fee (VLF) was established by the Legislature in 1935 as an alternative to a property tax on vehicles. The formula for VLF assessment established by the Legislature is based on the purchase price of the vehicle or the value of the vehicle when acquired. The VLF decreases with each renewal for the first 11 years. The DMV returns almost all vehicle license fee revenue to the cities and counties.

In recent history, efforts have been made by various entities through legislation and the ballot box to augment the VLF. The idea is to create a surcharge generating revenue for non-vehicular programs including education, public health and environmental protections.

The most recent detailed example of a coordinated effort to generate funding from a vehicle license fee increase came from the California State Parks Foundation. It worked with strategic partners to place a citizen's initiative on the 2010 ballot (Proposition 21) seeking an $18 surcharge per vehicle. If passed—it received less than 43 percent of the popular vote—it could have raised $500 million annually, primarily for state parks, with other state conservation agencies getting a much lower amount.

A cousin to the vehicle license fee surcharge concept is the motor vehicle mitigation fee. This proposal suggests that a surcharge on a vehicle's registration could support programs or projects to offset the adverse impacts of motor vehicles emissions.

Several bills introduced between 2002-07 sought to require this fee in certain coastal counties. Some even made it to then Governor Schwarzenegger. He said the state's measure took away individual county rights to impose the fee and vetoed the bills.

THREE-PRONG TEST

ECONOMIC MERITS

A $.50 per car VLF surcharge or motor vehicle mitigation fee designated for statewide urban forestry would raise more than $12 million per year. This is enough to support CAL FIRE's Urban and Community Forestry Program in its entirety on an annual basis.

POLITICAL FEASIBILITY

History shows us the rough political road such a measure faces. AB 2838 (Pavley), which followed efforts sponsored by then State Senator Sheila Kuehl (D-Los Angeles) and Assemblymember Joe Nation (D-Marin), was the top performer. Pavley's bill sought a $6 vehicle registration and renewal fee on autos registered within California's coastal counties. If the bill had been enacted, the State Coastal Conservancy would have gained funds for projects mitigating the adverse effects of motor vehicles and their infrastructure on the coastal environment.

The bill made it to Governor Schwarzenegger with 42 votes in the State Assembly and 24 votes in the State Senate before being vetoed. The critical point is that the measure was passed before Proposition 26, which requires a supermajority vote for most fees. Today, this mitigation fee would fall into the broadened definition of tax, creating even more of a challenge at the State Legislature. It's also worth noting that the bill was opposed by the California Motor Car Dealers Association, Department of Finance and the Stop the Hidden Taxes Coalition, which helped pass Proposition 26.

The vehicle license fee and 2010's Proposition 21 appeared to be in the driver's seat: supporters raised about $8 million[24], had backing from the Nature Conservancy and the Trust for Public Land and offered free drive-in access to all state parks for all vehicles subject to the fee. It also lacked organized opposition, making it a cinch to win at the ballot box, right?

Wrong. The initiative was crushed at the ballot box, garnering less than 43% of the vote.

ATTAINABILITY

Though the motor vehicle mitigation fee is

not currently being considered, two measures seeking to generate money for education and sustainable communities' strategies through a vehicle license fee and vehicle registration did appear in the Legislature last year. Neither has progressed so far.

As for the ballot box option, a citizen's initiative to raise the vehicle license fee by one percent over the next four years to support road repairs was waiting on the Secretary of State in 2013. It needed that office's approval before circulating petitions to qualify it for the 2014 or 2016 election cycle.

In short, now is not the time to use this method for funding urban forests. The queue is filled. Even if an opening did exist, there are serious concerns regarding the viability of such an effort, such as cost and commitment of limited resources.

CONCLUSION
CONSIDER AT A LATER DATE

While recent efforts to generate funding for resource conservation through a VLF or motor vehicle mitigation fee have failed, there are some potential connections of urban forestry to vehicles. Urban forestry benefits from a having a clear connection to vehicle emissions and traffic congestion. Tree canopies absorb noise and clean the air of particle pollutants.

The pressing question is if a motor vehicle mitigation fee constructed around this nexus could survive in the political arena. The urban forestry projects would need to benefit all drivers through captured emissions and reduced noise.

Any such project must also overcome Proposition 26's legal hurdles. It would need to be written as, "a charge imposed for a specific benefit conferred or privilege granted directly to the payer that is not provided to those not charged, and which does not exceed the reasonable costs to the state of conferring the benefit or granting the privilege to the payer?[25]" In other words, could a motor vehicle mitigation fee placed on all vehicles pass the Proposition 26 test?

Another serious consideration is cost. AB 2838 sought a $6 fee on all coastal cars, while Proposition 21 sought $18 on all California vehicles. As previously noted, a VLF surcharge or mitigation fee as low as $.50 per car would raise more than $12 million annually.

Finally, politics and public sentiment weigh into both examples highlighted here.

Both AB 2838 and its predecessor (SB 658 by Senator Sheila Kuehl) made it to the governor's desk on party-line votes; however, it was not Governor Schwarzenegger's party. Would a similar effort survive today under a different administration?

And if the proposed citizen's initiative to raise the VLF by one percent to support road repairs does not succeed, what does the next version of Proposition 21 look like? Is it placed on a ballot that also contains such pressing issues as majority vote for state budget, supermajority vote for new fees and the repeal of AB 32[26]? And what are the non-state park programs that are included next time? Will there be room for urban forestry?

The road to success is almost certainly challenging, with perhaps less than a 50-50 chance for success. However, the potential pay-off of this solution should be considered.

DON'T LEAVE LOCAL SOLUTIONS BEHIND

The focus of this report is to evaluate how state funds can help support—not supplant— local tree-planting and care funds. Local governments, local citizenry and local funding measures must be the engine that ultimately drives urban forestry.

The challenges for local governments are well-known and continue to dominate conversations in the State Capitol: the economic recession and the elimination of redevelopment agencies created fiscal uncertainty making recovery very difficult. Some local governments transferred responsibility for tree care and maintenance to residents. Some have consolidated non-essential services (i.e. parks and urban forestry) under their Department of Public Works. Others have declared bankruptcy, such as Mammoth Lakes, Stockton and San Bernardino.

Still, there are local urban forestry funding solutions already in place in many municipalities. These include fee-for-service agreements such as the one between Friends of the Urban Forest (FUF) and the City and County of San Francisco.

Though this contract allocates up to $450,000 each year to FUF, the last six years have seen significant funding cuts. About $150,000 is currently directed to the nonprofit each year for staffing costs associated with planting and maintaining trees in San Francisco. This same allocation pays for urban forestry education and responder assistance to city residents with calls or questions about their trees[27].

Lighting and landscaping districts have been used by local governments for 40 years to pay the costs of financing parks, open space and community centers (Appendix B). Though most of these districts cover only a portion of a city or region, they are not precluded from supporting an entire city. For example, Sacramento's Lighting and Landscaping District, established in 1989, covers the entire incorporated city, and generated over $14 million in Fiscal Year 2011/12. Nearly a third of those funds went for street tree maintenance[28].

There are also successful models that can contribute to local urban forestry funding.

QUIMBY ACT AMENDMENTS

The Quimby Act was first established by the California legislature in 1975 as part of the State Subdivision Map Act. It lets developers donate parkland or pay in-lieu fees as a way of approving certain types of residential development projects. It preserves open space and provides parks and recreation facilities for growing communities.

The Quimby Act allows local agencies to establish ordinances requiring residential subdivision developers to pay impact fees. Money from these fees can be used to purchase and develop land and/or recreational facilities as a condition of the approval of a tentative or parcel map. Before imposing these conditions, the local legislative body must adopt a general or specific plan with policies and standards for parks and recreational facilities.

A successful 1982 amendment to Quimby backed by industry was designed to hold local governments accountable for imposing park development fees. AB 1600 requires agencies to clearly show a reasonable relationship between the public need for the recreation facility or parkland and the type of development project upon which the fee is imposed. Cities and counties are required to be more accountable and show a strong relationship between the park fees and the proposed project. Local ordinances must now include definite standards for determining the proportion of the subdivision to be dedicated and the amount of the fee to be paid.

Governor Brown in 2013 signed legislation allowing the Quimby fees to be used for parks or recreation facilities outside the subdivision, if certain requirements are met.

Though not yet pursued, similar legislation could allow Quimby to be utilized for urban forestry beyond local parks including planting and maintaining trees. While the direct fiscal effect on CAL FIRE would be negligible, this potential local solution could ease the burden at the statewide level.

State Parks notes, "local agencies have found that the Quimby Act provides a consistent means of providing parks for many California communities and helps supplement strained agency budgets. While the Quimby Act is not an 'end-all' in being able to provide sufficient dollars for land acquisition and park development, many agencies agree that it's a good start[29]." Quimby Act fees can account for up to 10% of a park district's budget.

SHADE TREE COMMISSIONS

Though California has some coalitions and partnerships at the local level that promote urban forestry (i.e., Million Trees LA) or advise on technical problems related to trees and urban forest management (i.e., tree advisory committees), California lacks groups able to act independently of cities and fiscally support local urban forestry efforts.

Pennsylvania municipal code permits the formation in each community of a shade tree commission. Supported by local elected officials, it is charged with the task of restoring and maintaining the city's tree population. The City of Pittsburgh's Shade Tree Commission has spent the last 15 years reducing tree loss, replacing damaged trees, planting trees where none were before and maintaining tree health in parks and urban areas. The commission also increases public education and raises money to support urban forestry.

One way of raising money is through a unique partnership with the Pittsburgh Port Authority, which controls and operates the city's public bus shelters. Commercial advertising in these shelters raises about $100,000 annually that is passed through the Port Authority to the Shade Tree Commission.

In 2006, the Pittsburgh Shade Tree Commission was able to obtain support from the local "Tree Pittsburgh" foundation to fund the establishment of a non-profit organization, independent of the city. It expands the work of the Shade Tree Commission and the City Forester playing a key role in the augmentation of the urban forestry program in the Pittsburgh region. For example, it raises funds in support of the regional TreeVitalize program far in excess of state funding available.

Shade Tree commissions with varying responsibilities and funding resources exist in other Pennsylvania cities and in parts of Ohio and New Jersey.

TREE CANOPY CONSERVATION FUND

The Montgomery County Council in Maryland passed a measure in 2013 requiring builders to replace trees that are cut down or disturbed during development and planting new trees on sites where they may never have existed. The legislation (Bill 35-12) requires that about three trees be planted for every tree that is damaged or removed. If the required number of replacement trees can't be planted in the area being developed, builders are subject to a mitigation fee that is funneled to the Tree Canopy Conservation Fund. Mitigation fees are based on the square footage of tree canopy disturbed and increase with the amount of tree canopy disturbance.

The mitigation fees must "be spent on establishing and enhancing tree canopy including costs directly related to site identification, acquisition, preparation and other activities that increase tree canopy, and must not revert to the General Fund. The fund may also be spent on permanent conservation of priority forests, including identification and acquisition of sites within the same subwatershed where the disturbance occurs[30]."

BONDS

Resource bonds (park and/or water) permit borrowing from the future to pay for infrastructure improvements and capital outlay projects today.

Though they have supported urban forestry local assistance grants (and some staff) through CAL FIRE for more than a decade, bonds are not a sustainable source of funding. This was evident in 2008 during California's "bond freeze." Still, these bonds must be considered an element of the overall equation leading to sustaining urban forestry statewide.

HISTORY

California's legislature passed measures in 1999 creating Proposition 12 and Proposition 13 for the 2000 ballot. Both were passed by voters, with the former providing $10 million for tree planting grants and limited maintenance through CAL FIRE.

Proposition 40 followed in 2002 providing another $10 million to CAL FIRE, but this time it supported all facets of the Urban Forestry Act.

Finally, Proposition 84 – a citizen's initiative – passed off the ballot in 2006, and provided $20 million to CAL FIRE. Another $60 million went to what would become the Strategic Growth Council for urban greening.

Combined, the three measures provided more than a decade of funding for CAL FIRE's Urban and Community Forestry Program that was exhausted in 2013.

CURRENT WATER BOND EFFORTS

The most recent bond effort, briefly known as Proposition 18 in 2010, does not contain urban forestry funding. It also lacks enough support from the Legislature or proponents to keep it on a ballot long enough to receive a vote. This measure is now residing on the 2014 ballot having been moved twice before.

While a water bond does not provide a permanent funding solution, another $10 million or $20 million allocation to CAL FIRE could be programmed to last a few years, buying time to find that permanence.

Discussions in earnest about what a revised 2014 bond might look like started in July 2013. Positive first steps from the environmental community began by trying to reach consensus on what goes to the ballot next, opening a narrow window of opportunity. The bills most likely to guide such an effort are AB 1331 (Rendon) and SB 848 (Wolk). In January 2014, AB 1331 was amended to include urban forestry.

These bonds could raise millions of dollars for urban greening projects — including urban forestry. A key element is arguing the benefits of urban forestry as it relates to water supply, water quality and/or storm water benefits. There is strong likelihood that any allocation for urban forestry through a water bond would have restrictions. These restrictions could include grants that provide storm water management benefits or water quality improvement benefits to disadvantaged communities.

However, a water bond is wrought with obstacles.

The 2009 bill creating the bond caused groups like the Nature Conservancy and Audubon California to face off publicly against the Sierra Club and the Planning and Conservation League. However, a 2013 PPIC poll showing 42% of all voters support the measure as is, lead conservation proponents to join lead environmental opponents in Sacramento in March 2013, announcing privately that the bond, as written, is dead. Proponents also note that 2014 is the last chance for several years to move a water bond, citing efforts and initiatives by other interests that have waited to try and pass bonds for education or transportation.

Additional negative sentiment around the existing bond was fueled by public comments saying it contains too much "pork." Some commentators, such as the LA Times' George Skelton, focused on environmental investments that do not directly contribute to water supply as examples of the type of thing that should be excluded to reduce the size of the bond[31].

The challenge facing the Legislature is how to reach agreement on a bond to replace the existing $11.1 billion measure already on the November 2014 ballot. Also, it is not clear right now if the governor will decide he wants a water bond on his reelection ballot. The drought emergency decreed by the Administration in January could turn the tide on this issue with the governor, the Legislature and the general public.

PARK BOND PROSPECTS

The last resources bond — Proposition 84 — was marketed as a water bond to reflect voter sentiment at the time. However, the language within the measure allocated billions for both land and water conservation, including $20 million for urban forestry. Still, there has not been a true "park bond" on the ballot in more than a decade.

Senator Kevin De Leon (D–Los Angeles) is trying to change that through Senate Bill 1086 that he introduced earlier this year. It would place a park bond on an upcoming ballot. It is in mock-up form now and includes a placeholder for urban forestry. His office has initiated stakeholder meetings to help further define the contents and explore if there is enough support to pass this at the ballot. Polling has consistently indicated that parks are a lower priority than water investments.

While it is unlikely the Legislature and governor would risk placing a park bond and a water bond on the same ballot for fear they would undermine each other, the key obstacle to moving a water bond is the opposition it creates; whereas a park bond probably wouldn't face any opposition at the ballot. If the water bond is pulled from the 2014 ballot, there is a chance a park bond could be a fallback to address some state funding needs.

From an urban forestry position, a park bond offers an excellent opportunity to direct funds into both the CAL FIRE program and other programs that could support urban forestry.

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Creating An Urban Forestry Vision

California's urban forestry professionals and practitioners understand the need to fully fund urban forestry efforts at both the local and statewide level. They see the reduced maintenance and care by local governments, the removal of urban trees for various purposes that range from disease to development and the diminishing dollars for new tree plantings.

Though urban forestry's visibility increased in the public and political eye in 2013, it is still perceived as a small issue, or "added benefit" to neighborhoods, rather than a necessity. Even then, necessity doesn't always translate into results.

Over the last several years, resource conservation programs in California suffering from budget cuts and programmatic shortfalls have put critical issues at the forefront of both the political and public agenda. Three of them are still grabbing headlines: agriculture, water and parks. The common link between all is a shortfall of funding, and a message of increasing need.

For agriculture, the focus is on state budget cuts to the Williamson Act subventions – a state-sponsored program that reimburses counties for property taxes lost to farmers committed to keeping their land in active agriculture. Under Governor Schwarzenegger, Williamson Act subventions were trimmed by millions. Outcry from advocates ranging from Defenders of Wildlife to the California Farm Bureau resulted in editorials across the Central Valley and other key agriculture communities stressing the need to restore the funds or risk losing critical farmland in the process. Still, Williamson Act subventions went mostly unfunded through the Schwarzenegger Administration and remain unfunded to date.

Water is California's most challenging resource conservation issue. How do we move water from the Delta to support state needs without jeopardizing the existing ecosystem? How does California provide safe drinking water to all communities throughout the state, and who pays? According to the U.S. EPA, California has an unmet water infrastructure need of $44.5 billion[1] that was last addressed through ballot measures supported in 2006 providing $9.4 billion for water quality, watershed protection, water management and flood control.

Since 2006, California's water needs have changed and increased. In 2009, the Legislature voted to place an $11.1 billion water bond on the 2010 ballot to address multiple issues including surface storage. Twice moved by the Legislature to different ballots, the measure is now considered unpassable by both supporters and opposition in the resource conservation sector. And this is despite an historic drought now crippling the state's water supply.

Finally, and most notably, State Parks have been grossly underfunded for years, especially in meeting the backlog of deferred maintenance needs that may now exceed $1 billion[2]. Though State Parks received $250 million in the 2006-2007 State Budget, most of these dollars were sent back to the General Fund the next year, followed by Administration-led efforts to close state parks.

Two proposals were championed in the Legislature by then Assembly Member John Laird (D-Santa Cruz) seeking to impose a vehicle license surcharge on California drivers to sustain State Parks. Both efforts failed, but prompted a citizen's initiative (Proposition 21) in 2010 that sought to accomplish this objective through a vote of the people. Proposition 21 suffered defeat at the ballot box with only 42% support.

State parks are a California treasure. We have more state parks than any other state, and public support for State Parks before 2012 was evident from the countless blogs and media hits regarding their proposed closure. Starting in 2008, thousands of people flooded legislative office mailrooms and fax machines with letters and petitions urging the Legislature and governor not to close State Parks. These successful efforts focused on the urgent message to retain what had been previously committed to State Parks in terms of funding, about $13 million. So while a more visible and less contentious issue like State Parks succeeded in retaining funding where other efforts failed (i.e. Williamson Act), a well-organized and largely unopposed campaign to solve the State Parks shortfall through a new fee was soundly defeated.

Urban forestry lacks the luxuries of all three of these issues, and has no guaranteed funding at the state level. It lacks a built-in core constituency of millions of Californians. And it lacks the sense of urgency that water, parks and agriculture share. Consequently, this report suggests that a vision for supporting urban forestry at the statewide level cannot be grounded in need, but must instead be messaged as opportunity.

In 2009, for example, Dr. Greg McPherson wrote a conceptual outline of what a 50-million Tree-Planting Campaign could look like in California (Appendix C). His proposal using previous research shows California has about 200 million plantable public sites in urban areas. McPherson asserts at least 50 million sites are readily available for new tree plantings[3]. The proposal goes on to identify process and to outline how the program could be managed and administered. It focuses on the opportunity being presented.

A strategic, well-executed, visible and visionary campaign promoting urban forestry opportunity through multiple moving parts could provide the essential element for securing sustainable urban forestry funds. This report recommends an approach that revolves around the simple message or opportunity to promote no net loss of urban tree canopy in California starting with the major metropolitan areas.

THE NO NET LOSS URBAN FORESTS CANOPY CAMPAIGN

Urban forests face a host of natural and man-made threats, many of which are closely connected to the earth's changing climate conditions. A recent U.S. Forest Service study reports that tree cover in the country's urban areas is decreasing by 4 million trees a year[4]. Though no comprehensive research has been done on tree loss throughout California, the study shows a one percent decline in trees and shrubs in Los Angeles despite plantings from the city's Million Trees LA campaign and other active, long-term tree planting initiatives.

Outside the state, the devastating impacts of superstorm Sandy on people and the urban trees in New York City and large areas of New Jersey are well known.

Globally, rising seas are affecting millions around the world. In Australia, climate swings have brought floods that inundate large swaths of the country after decades of drought, and are being followed by prolonged record-breaking heat waves that continue to this day.

California's urban forest is susceptible to these same natural events – and much more. Small storm events like those that hit the Los Angeles area in 2011 downed dozens of trees in Pasadena. Record-setting heat waves coupled with an historic drought will further impact our trees and plants. Restoring tree and vegetation cover is pivotal to restoring a more natural climactic environment.

In addition, California continues to combat invasive species and imported pests like the shot hole borer. This small beetle drills into trees and brings with it a fungus that is planted in bored galleries under the bark where larvae thrive, hatch, eat, breed and repeat the cycle by carrying the fungus to other trees. Though originating in South East Asia or Africa, the beetle now has an increasing presence in Southern California.

Tree diseases such as Sudden Oak Disease (SOD) continue to devastate the state's oak population, particularly in coastal zones north of Monterey. A report published in July 2013 by the California Oak Mortality Task Force asserts California's 2012 SOD mortality levels were the highest since 2007. Elevated oak deaths in 2013 saw about 257,000 trees killed across 39,600 acres[5].

Californians and CAL FIRE can take a leadership role in addressing these canopy losses by promoting a long-term strategy that tackles urban forest declines through strategic plantings and sound investments.

The USFS Pacific Southwest Research Station is completing a statewide inventory of California's urban forest by the middle of 2014. The inventory can provide the long-needed tool to assess canopy cover across the state and determine where deficiencies lie[6]. This is the critical first step toward building an urban forestry initiative.

Among the suggested elements and considerations necessary to build a successful path toward progress are:

- Avoid a "trees-per-year" target
- Focus on canopy cover equity
- Incorporate private tree plantings to leverage public investment
- Explicitly detail and valuate co-benefits
- Conduct a multi-faceted education campaign

AVOID "TREES-PER-YEAR" TARGET

Tree planting campaigns serve several purposes including raising public awareness and raising money. The most visible campaigns aim high, starting at about one million trees over a set time in a major metropolitan area. Recent examples include New York City, Chicago, Houston, Denver, Los Angeles and Sacramento.

A 2012 research paper co-authored by Dr. Greg McPherson examined the status of these campaigns - and results through July, 2011[8]. His research data suggests some efforts will succeed and others will fail.

McPherson also evaluated the success of the very visible Million Trees LA Campaign in 2014. Former LA Mayor Antonio Villaraigosa's pledge was one million trees planted during his tenure, which expired in 2013. The final tree count was about 407,000[9].

A statewide urban forest initiative largely supported through public investment must be grounded in realistic expectations and demonstrate results beyond mere tree count. Informed data suggests the largest tree planting campaigns in California supported by both public and private investment (Los Angeles and Sacramento) will not meet their stated goals during the timelines originally proposed.

Success for a statewide program could be largely dependent on up-front variables such as availability of tree stock, labor and money. These are critical considerations that will motivate how to implement such an effort and indicate the fiscal and political feasibility of success.

Available labor and tree supplies are not the primary challenges. California's network of nonprofit urban forestry organizations contribute up to 355,000 hours of volunteer labor each year. These are hours used to plant and care for more than 130,000 trees annually. Once other essential labor elements are factored in – such as local and state conservation corps and private and public agencies working in urban forestry – California has the capacity to get hundreds of thousands of trees in the ground each year.

The commercially-grown tree stock to accomplish this is readily available. Four of the top state nurseries surveyed for this report show they collectively grow two million trees for resale in California every year. This breaks down to about one million 5-gallon, 800,000 15-gallon and 200,000 24-gallon box trees. These nurseries provide around 30 percent – 40 percent of the total tree supply to California.

While labor and tree stock are readily available, money is not. CAL FIRE and numerous non-profits agree that initial tree planting and three-year care costs start at $200 per tree. Multiplied by 50 million, as the McPherson report suggests, a campaign of this magnitude could have total costs exceeding $10 billion dollars. Even setting a benchmark of one million tree plantings per year brings costs of more than $100 million if all are paid for with public funds.

No Net Canopy Loss in California

Many counties in California protect native oaks and other native trees, as well as trees of a certain trunk diameter, often called "legacy trees."

More than 100 counties have ordinances requiring mitigation when native trees are removed due to new development. Often the mitigation replacement is calculated based on the size of the tree trunk removed (in inches diameter) to capture the value of large native trees. In the 2011 General Plan Update for Sacramento County, the Conservation Element took the first step to developing a no net loss of urban tree canopy regulation.

The Conservation Element's Policy CO-145 states: "Removal of non-native tree canopy for development shall be mitigated by the creation of new tree canopy equivalent to the acreage of non-native tree canopy removed. New tree canopy acreage shall be calculated using the 15-year shade cover values for trees species."[7]

The Conservation Element does not use the term "no net canopy loss" and the canopy replacement requirement applies only to canopy displaced by new development. It also does not apply to existing residential or commercial tree canopy. This policy is innovative in that it applies to non-native trees, breaking the trend to only protect native oaks or in a smaller number of jurisdictions, trees of a certain size.

Because these costs are so high, this report does not recommend setting a "trees-per-year" target as part of a multi-year, statewide tree planting initiative. In a state the size of California, any annual goal of less than one million trees planted might be perceived as underwhelming when compared to the state's existing 200 million urban trees.

High tree count also isn't necessarily the desired outcome. Multiple variables such as planting improper species, planting small-canopy species and accounting for replacement trees that do not actually "grow" California's urban forest are not always taken into consideration when tree quantity alone is sought.

Any commitment to one million new trees or more planted annually would need to account for these variables. And that would still be cost-prohibitive, even if public funds were significantly leveraged with private contributions. Instead, such an undertaking should focus on …

CANOPY COVER EQUITY

Overcoming the disparity in urban tree canopy cover that exists in California, primarily in low income and underserved neighborhoods, is key to a successful statewide canopy campaign. Numerous studies from noted scholars and scientists offer wide ranging views on what constitutes appropriate canopy cover in urban areas. This is largely dependent on geography, population density, industrialization and other variables.

In California, there is some certainty as to where more canopy is unquestionably needed. This has been detailed in previous assessments of canopy cover in major metropolitan areas, such as Los Angeles, where affluent areas reach canopy cover of 41 percent, while more impoverished districts dip as low as 7 percent[10].

As previously mentioned, the USFS's statewide survey will provide California with a roadmap. It will help identify where the critical low-canopy areas are throughout the state and help us develop a potential baseline – or minimum canopy cover percentage – for California communities.

This approach also accomplishes three important objectives that are either not overtly addressed in more traditional tree-planting campaigns, or are the source of scrutiny for those campaigns:

- Canopy cover equity is not tied to a definitive tree count. Undoubtedly, a successful initiative will result in hundreds of thousands of new trees in the ground, but this approach avoids the stigma of a defined number in either the long or short term.

- Canopy cover equity is not tied solely to tree planting. Efforts to ensure increased or maintained canopy cover will incorporate urban forestry strategies including proper tree care and management, increased tree preservation efforts, pest and disease control and expanded research. A no net canopy loss campaign for California's urban forest must vigorously support existing mature trees while also planting new ones.

- Canopy cover equity is an environmental justice issue. As discussed in other sections of this report, unprecedented attention is being directed to disadvantaged communities throughout California via public policy changes and building community awareness. From a recently enacted statute guaranteeing specific state dollars benefit disadvantaged communities to a successful statewide campaign that guarantees a human right to safe drinking water, the state's environmental justice movement is pushing back against decades of neglect in California's most impoverished areas. Urban forests are a part of that environmental justice equation, especially when ensuring all communities have adequate canopy cover. The continued link of urban forests to social and environmental justice will be essential for success.

LOCAL URBAN FOREST EFFORTS MUST LEVERAGE STATE INVESTMENT

The existing model of providing local governments and nonprofits with state or federal funds to promote urban forestry at the local or regional level has proven successful on a case-by-case basis. To these projects, funding recipients bring private dollars, multiple variations on "in-kind" donations such as trees and equipment, plus thousands of volunteers providing labor for tree planting and tree care.

What this model lacks, however, is a larger strategy to harness and sustain local public agency buy-in for maintaining these urban forests. In fact, major metropolitan areas like San Francisco are actually moving in the opposite direction by shifting public tree care responsibility away from the public sector to residents[11].

A no net loss urban forestry initiative must bring businesses, local public agencies and residents to the table. This initiative must provide them with incentives or recognition for voluntarily taking ownership of supporting and sustaining community forests. This could be achieved through State recognition of these efforts, such as CARB's Cool California challenge (Appendix D), nominal tax incentives, or through the development of urban forest maps such as those utilized by Sacramento Tree Foundation and Friends of the Urban Forest.

Ultimately, a statewide urban forest campaign will need to demonstrate a shift in thinking about urban forests and their value at the local level. One measure of success at the end of a statewide campaign would be local government ownership for the care and maintenance of their public urban forests. One of the best ways to move the compass on this point is:

EXPLICITLY DETAIL AND VALUATE THE BENEFITS OF URBAN FORESTS

A primary reason California urban forests remain under-funded and often neglected is their true value is not adequately captured and conveyed to society. While various calculators and reports show the positive monetary effects of urban forests, these tools often translate into talking points that are met with limited success.

Our state is in a strong position to define how we cumulatively detail and valuate the full range of benefits that urban forests provide by using the upcoming USFS statewide inventory. This tool will allow the state to evaluate the true value of existing urban forests, such as what was completed recently in San Jose. This March 2013 study inventoried and assessed San Jose's 1.6 million tree urban forest, and reached this conclusion:

"The asset value of San Jose's existing urban forest is $5.7 billion, or $3,634 per tree. San Jose's urban forest produces ecosystem services and property value increases valued at $239.3 million annually. The largest benefit, $154.6 million, is for increased property values and other intangible services. Building shade and air temperature decreases from trees reduce residential air condition demand by 415,000 MWh, saving $77 million in cooling costs each year. The existing urban forest intercepts 1.2 billion gallons of rainfall annually, which reduces storm water runoff management costs valued at $6.7 million. If carbon dioxide sequestered and emissions avoided from cooling savings by the existing trees, a total of 100,181 tons, were sold at $10 per ton, the revenue would be $1 million[12]."

Compiling this level of data could spark the much-needed conversation of moving local governments towards "buying" the asset value of community forests – starting with California's top 10 major metropolitan areas. Models already exist for this, and are being utilized in Chesapeake Bay (Appendix E). The release of i-Tree 2014 Mobile Software in February could contribute significantly toward valuating these benefits as the new version of this popular tool includes updates to i-Tree Canopy. It can estimate the value of ecosystem services, the values related to carbon sequestration and storage and pollution removal.

Co-benefits calculations starting to gain acceptance at the state level could serve as local models too. For example, the California Energy Commission has assigned a five percent adder to estimate non-energy benefits associated with all energy efficiency projects under Proposition 39. The co-benefits calculator includes improved air quality and improved health and safety as non-energy considerations[13].

CONDUCT A MULTI-FACETED EDUCATION CAMPAIGN

A successful statewide urban forest initiative on a large scale starts by developing a steering committee to guide the process from beginning to end. This could potentially become a role for the California Urban Forests Advisory Committee. Or it could be a new coalition that leverages expertise from practitioners, nonprofits, government and the science and education sectors.

In either case, this collective will need to develop a multi-faceted education campaign targeting local governments (i.e., planners and elected officials) and the general public. The education component will also require a unifying message that expands on the no net loss approach to urban forests in California. One opportunity that perhaps stands out from others is revisioning the Invest From the Ground Up (IFGU) campaign supported by the California Urban Forests Council.

IFGU is a new public education initiative supported by state, private and federal funds. It show Californians how investing in trees and green spaces creates great neighborhoods. The campaign began in 2011 and could benefit this effort through if messaging adjustments and additional community buy-in could be achieved. The overall IFGU objective connects homeowners, business owners, local governments and agencies, utilities, organizations and community leaders in cities across California. It demonstrates, "investment in our trees and green spaces gives us back much more than we put in[14]" and is closely aligned with materials outlined in this report.

CONNECTING THE CAMPAIGN WITH FORESTRY

Though some would argue that "all of California is an urban forest," the traditional reach of urban forestry does not extend into some geographic regions.

Three potential challenges to a statewide urban forest campaign centered around no net loss of existing canopy are geography, scale of opportunity and funding. Connecting a no net loss campaign to traditional forestry and urban forestry could create opportunity to address these challenges.

Over the last 200 years, 15 million acres of California forestland were deforested or converted[15]. In 2003, CAL FIRE estimated that 95 percent of California's historic riparian forests and woodlands have been permanently converted to other uses.

Though millions of acres of the state's forests are gone, California remains one-third covered by forests (as defined by CAL FIRE in the 2010 Forest and Rangeland Assessment). The state has the most diverse suite of forest types nationwide and the most diverse conifer forests globally. The potential benefits for merging the goals of protecting both forest and urban forests include:

- Geography. Urban forestry has its support base largely grounded in the Bay Area, Central Valley, Southern California and some of the Inland Empire, with few inroads into the Sierra and Northern California. The largest, most productive, and beneficial forest stands - such as those in the Klamath watershed - occur in the Sierra and Northern California. A combined effort has the potential to increase the representative audience statewide.

- Scale of opportunity. Urban forests provide very strong benefits in several areas including energy conservation, improved air quality and environmental justice. They even tie in directly to the most pressing environmental issue currently facing California – drought. Forests, however, elevate this issue to a completely new level. Nearly 85 percent of California's average annual runoff comes from forested watersheds[16]. Forests are the first filters for the state's water, ensuring high quality water for surface storage reservoirs. These reservoirs ultimately supply agricultural fields and urban households. Forest meadows play a critical role in the state's water system, acting as sponges collecting water during wet periods and releasing it slowly during dry periods. Restoring forest structure can also significantly increase water yields through capturing and retaining more snowfall. Significant political and public perception capital could be gained by aligning all forests during this historic dry period.

- Funding nexus. Traditional forest stands yield major carbon sequestration benefits. CAL FIRE estimates that California's forests pull 30 million metric tons of carbon dioxide equivalents out of the air each year. Other reports suggest California's forests currently store approximately 5.1 billion tons of CO_2e[17]. The US Forest Service estimates the state's 200 million urban trees add another 4.5 million metric tons to these figures[18]. Given that the most likely revenue stream to support a statewide campaign of this magnitude is cap-and-trade auction proceeds (as discussed later in Sections VII and VIII), adding traditional forests significantly strengthens the argument that this is an appropriate use of such funds.

Though such a joint effort would elevate overall costs, it would also elevate the number of beneficiaries and potentially leverage additional funding sources. The merging of traditional forests and urban forests in a no net loss campaign could also spark the interests of influential environmentally-focused stakeholders. This includes the Nature Conservancy and Pacific Forest Trust.

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11 San Francisco began a seven-year process to turn over responsibility for 23,700 street trees to its residents in January, 2012. See Wildermuth, John. January 2012. "S.F. begins turning tree care over to residents." San Francisco Chronicle.

12 Xiao, Qingfu, Bartens, Julia, Wu, Chelsea, McPherson, Greg, Simpson, James, O'Neill-Dunne, Jarlath. March 25, 2013. Urban Forest Inventory and Assessment Pilot Project Phase Two Report (Executive Summary).

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14 http://investfromthegroundup.org/about/#IFGU.

15 See generally McArthur ED and Ott JE, 1996. "Potential Natural Vegetation in the 17 Conterminous Western United States." Citing Kuchler, 1964 "Manual to accompany the map, potential natural vegetation of the coterminous United States." Spec. Publ. No. 36. New York: American Geographical Society, p. 116.

16 California Department of Forestry and Fire Protection, Forest and Resource Assessment Program; "California's Forests and Rangelands: 2010 Assessment;" 2010.

17 Robards, TA; "Current Forest and Woodland Carbon Storage and Flux in California: An Estimate for the 2010 Statewide Assessment;" 2010.

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Immediate Opportunities

More has happened in the world of California urban forestry funding since 2012 than could have possibly been imagined two years ago.

Several state agency reports and guidance documents consider urban forestry as one of many tools to reduce energy consumption, improve water quality, increase water supply, support environmental justice in disadvantaged communities and play an important role in helping to meet the State's greenhouse gas reduction targets. Those reports and position papers, coupled with stakeholder determination and outreach, are now translating into immediate urban forestry funding opportunities. These statewide funding sources could last for the next several years or more.

CAP-AND-TRADE AUCTION REVENUE

Much of 2013 was devoted to raising awareness about what cap-and-trade auction revenues could fund and what that would look like over a three-year time frame. The end result was an Investment Plan produced by the California Air Resources Board highlighting recommended investment opportunities. Urban forestry is prevalent throughout the document and continues to be embraced by multiple stakeholders in cross-cutting sectors.

A small group of natural resource non-profits formed a Natural and Working Lands Coalition in 2013 devoted to funding forests, wetlands, local parks, agriculture and urban forests through cap-and-trade auction revenues. Throughout 2013, this coalition met with decision makers at CARB, CAL EPA, the Department of Finance, the Natural Resources Agency, the Brown Administration and the Legislature to see where support might lie. Feedback was largely positive, with forestry, urban forestry and agriculture often highlighted as priorities.

The portion of the Investment Plan focusing on natural resources highlighted this coalition's platform and preferred entities for administration with the exception of local parks.

In addition, an alliance of transportation, energy, affordable housing and natural resources non-profits formed to create a joint platform for cap-and-trade auction revenue spending. Led by Housing California and TransForm, this Sustainable Communities for All Coalition sponsored legislation to support its platform that includes natural resources as an integral element.

Like all cap-and-trade legislation introduced in 2013, the bill was held. The coalition continues, though. Its platform now specifies that community forestry and local parks are the only natural resource projects supported by this coalition for urban investments.

The Sustainable Communities for All Coalition also met with the same decision-makers over the course of 2013. Most of the debate was directed towards the GHG reduction benefits of transit-oriented development and the role of metropolitan planning organizations – rather than state agencies – in delivering greenhouse gas reduction projects. Urban forestry was never questioned as a viable and defensible use of these funds. The coalition's platform was also included in CARB's Investment Plan. Also, a small group of environmental justice non-profits led by the Coalition for Clean Air and the Asian Pacific Environmental Network formed around the idea that the goals and objectives of Senate Bill 535 cannot be overlooked when cap-and-trade auction revenues are spent. Unlike other coalitions made up of groups directly benefitting from specific investments, the 535 Coalition is supporting a five-prong platform guided by the GHG reductions and other benefits these projects and programs would bring to disadvantaged communities, also known as communities of opportunity. Urban forestry is included in this platform.

More than any other alliance surrounding cap-and-trade, the 535 Coalition now has tremendous political clout in the Legislature and with key implementing agencies. Its meetings with agency officials have largely concluded with broadbased support for the group's platform and the benefits its projects would bring to disadvantaged communities.

Collectively, these efforts and more have put urban forestry in the governor's 2014-15 cap-and-trade expenditure plan. According to that plan, $18 million could go to CAL FIRE's Urban and Community Forestry Program to help meet the goals of AB 32. Though the Legislature will have some control over how cap-and-trade dollars flow, there is growing recognition that the first projects funded through cap-and-trade auction proceeds should utilize existing programs. These initial projects should provide multiple benefits, be able to clearly demonstrate GHG reductions and be legally defensible as meeting the goals and objectives of AB 32. Urban forestry meets all of these requirements.

While competition for cap-and-trade auction revenues will remain very strong during the next several years, urban forestry benefits are being embraced by three distinct coalitions, all of which carry significant political clout. In addition, all three groups carry an identical message directing cap-and-trade funds to CAL FIRE for the Urban and Community Forestry Program.

The economic merits of pursuing this funding every year in which cap-and-trade continues cannot be overstated. Securing cap-and-trade auction revenues of $20 million each year over the next several years to support CAL FIRE's Urban and Community Forestry Program would provide the resources to fund a long-term urban forestry campaign. It would also meet other statewide urban forestry staffing, granting and administration needs. Cap-and-trade revenues would compensate for bond funds that have supported the program over the last 13 years and even allow for significant growth.

Urban forestry has high political visibility due to its standalone merits as a greenhouse gas reducer. It is quickly becoming a champion within the State Capitol, the Administration and among stakeholders in cross-cutting sectors.

CARB has already publicly declared its intent to continue the cap-and-trade program beyond 2020. In a funding stream providing billions of dollars in new revenue each year, urban forestry benefits by requiring only a fraction of these funds. This small amount would allow urban forestry programs to continue meeting the goals of the 2013 Draft Scoping Plan produced by CARB and by setting benchmarks for success across all sectors.

A long-term vision that utilizes cap-and-trade auction funds for sustainability and growth over the next several years must be explored. Details are in Section VII.

LUMBER PRODUCTS TAX

The other most significant development for urban forestry in the last two years was the passage of AB 1492, frequently called the Lumber Products Tax. This is the only law explicitly seeking to fund the Urban and Community Forestry Program through a sustainable revenue source.

The tax is currently generating about $27 million per year, with program oversight running through the Natural Resources Agency. In a 2013 interview, Assistant

Secretary of Forest Resources Management Russ Henley outlined his immediate vision of what must be accomplished with these funds. He also speculated on how they could support urban forestry.

The Natural Resources Agency created the AB 1492 Triangle. It highlights an immediate focus on data assembly and sharing, transparency and efficiency and ecological performance measures. Henly said these values are what will apply to programs that must be funded by the tax, primarily the review of timber harvest plans.

After all mandated programs have been funded, and the Agency has some certainty that these values are being adhered to, discretionary programs may be funded as money becomes available, likely starting in 2015. Topping that list is CAL FIRE's California Forest Improvement Program (CFIP) and the Urban and Community Forestry Program.

Unlike cap-and-trade, though, funds for discretionary programs will be limited – likely ranging between $5 million - $10 million annually. There also will be fierce competition for these funds among agencies and programs identified in AB 1492. There have already been legislative efforts made to prioritize discretionary funds for other purposes.

Will Lumber Products Tax revenues provide the kind of sustainability that cap-and-trade or other prospective long-term strategies could for urban forestry? Probably not. But money from this tax may be enough to keep the program alive in times of dire economic uncertainty.

Henly describes his expectation for the distribution of discretionary funds as one that is based in part, on need. If cap-and-trade funds are supporting the Urban and Community Forestry Program in any given year, stakeholders shouldn't look to the Lumber Products Tax for an additional boost. However, in times (such as fiscal year 2013-14) where there is no local assistance grants funding for urban forestry, and the federal dollars that CAL FIRE relies on for staffing are threatened, Lumber Products Tax revenues could be the funding source that keeps the program going.

As further detailed in Section VII, the Lumber Products Tax should be regarded as the primary "safety net" for the Urban and Community Forestry Program. An annual appropriation of even $1 million or $2 million would support staff and possibly some local assistance funding.

And unlike cap-and-trade or bond dollars, the Lumber Products Tax is permanently set in statute. It will continue to provide millions in new revenue to California for a very narrow set of state priorities including urban forestry.

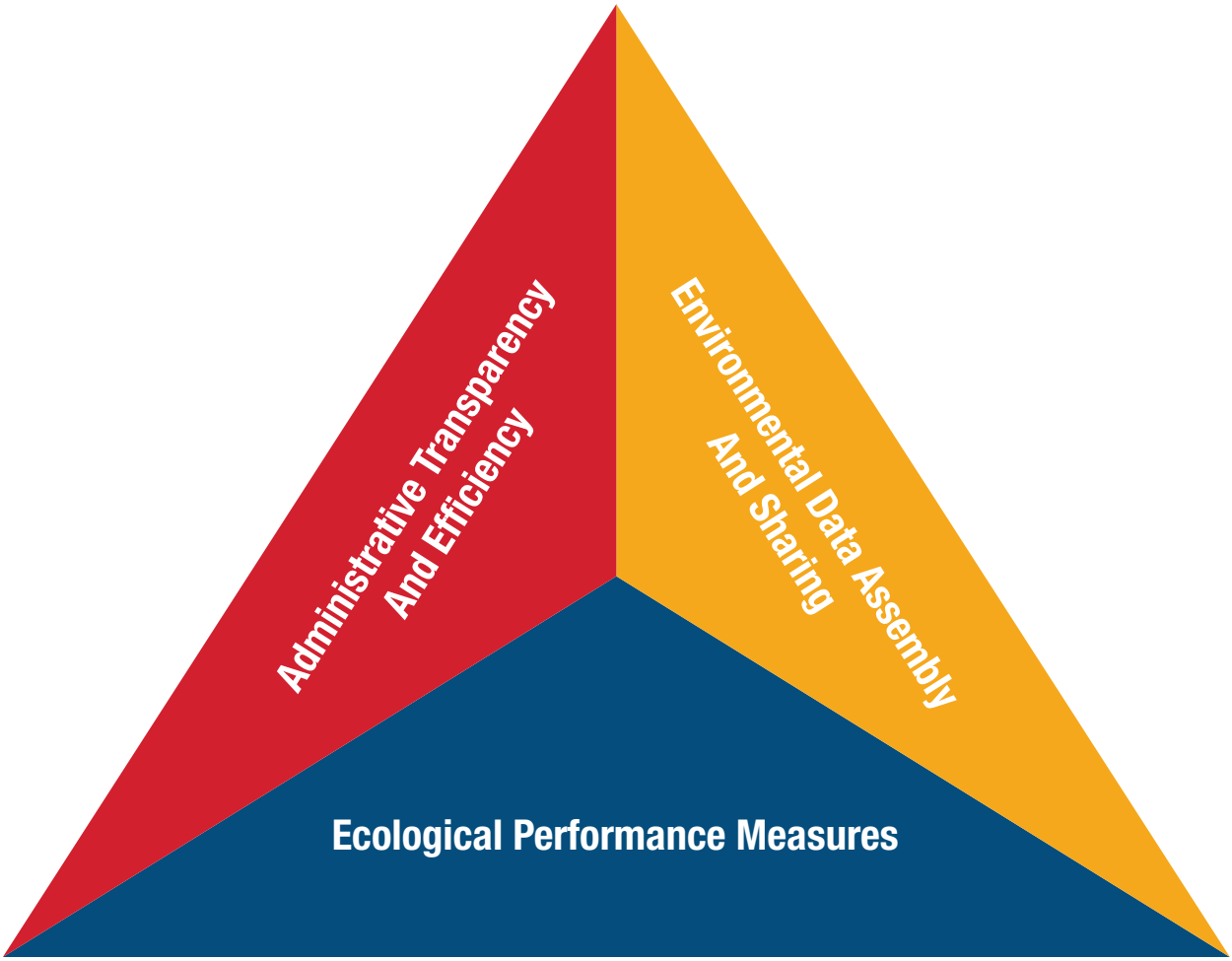

FIGURE 5. THE AB 1492 ACCOUNTABILITY TRIANGLE


Hillsdale
Hillsdale

Opportunities for Further Consideration

Any magical funding sources — or "silver bullets" — for urban forestry funding will almost certainly come in the form of a new fee or tax. And in a political atmosphere that is largely influenced by economics and cash flow, silver bullets are expensive.

Fortunately, CAL FIRE's Urban and Community Forestry Program is in a very good place. Though no money exists in the coffers right now for anything other than staffing and administration, Governor Brown wants to appropriate $18 million in cap-and-trade auction revenues to the Program in fiscal year 2014-15. The lumber products tax passed in 2012 specifically highlights urban forestry as an eligible expense. And current water bond discussions now include explicit language including the Urban Forestry Act.

All of this translates into time. If only one of these three statewide prospects, coupled with the annual federal allocation to CAL FIRE, comes to fruition this year, it will provide the program with enough money to support projects on-the-ground, while also supporting essential staff and technical expertise at the department. An added benefit is that any such funding action buys us time. This time is critically needed if other long-term funding solutions are to be explored by CAL FIRE and its stakeholders.

The three-prong test applied to 15 potential funding solutions in Section III revealed a host of challenges in advancing most of them past preliminary consideration. However, of the programs evaluated in this report that have either been successfully explored by other states or have ever been tried in California, three new fees or taxes rise to the top of list. They all have these elements in common:

1. Urban forestry will not blaze the trail. As referenced throughout the report, urban forestry is a small but important issue. When exploring new fees or taxes, the emphasis remains on "small." Citizen's initiatives cost millions of dollars to get on the ballot and successfully pass. Legislative campaigns seeking to impose a new tax or fee are also costly far beyond what urban forestry stakeholders can afford. A new fee or tax passed either by the Legislature or voters solely supporting urban forestry is unlikely. Ultimately, the road to success will more likely be achieved through …

2. Partnerships, partnerships, partnerships. Looking at models both past and present, the most strategic road for urban forestry is paved with integration into other sector priorities. In the case of park and water bonds, urban forestry is tied to a host of other resource conservation priorities. It has champions like the Trust for Public Land and The Nature Conservancy to help carry the load. Perhaps even more pertinent is the immense support of urban forestry from multiple coalitions that have gathered around the distribution of cap-and-trade auctions revenues. Urban forestry is the only issue supported by natural resources advocates, sustainable communities' stakeholders and environmental justice groups. This is how urban forestry will most likely see funding in the next state budget. It is how urban forestry can integrate with larger efforts that may emerge to generate new fees or taxes.

3. Patience. For now, urban forestry has time. That time should be used to start developing models for future success based on outcomes that have yet to be fully realized. The next state budget may fund urban forestry at unprecedented levels. The next bond may also contain the Urban Forestry Act. The lumber products tax has yet to realize discretionary revenue, but likely will in the next 12-20 months. Pending legislation and citizen's initiatives will further inform potential efforts to create new fees or taxes.

The prospects on the immediate horizon should play out before steps are truly taken toward considering these three solutions.

VEHICLE LICENSE FEE/MOTOR VEHICLE MITIGATION FEE

The most likely setback to the possibility of a vehicle license fee (VLF) for urban forestry and other resources is lack of public support. Proposition 21 reinforces this point. Adding to this is the abandonment of a VLF proposal from the California Alliance for Jobs and Transportation in 2013 because of low public support. This is consistent with the trends on VLF related issues. The public tends to be very hostile to increases in fees or taxes on automobiles and ballot measures that attempt to raise them have not been successful.

That hostility presents a challenge for urban forestry. Even if the tax increases are small, will voters support a VLF that funds resources? Is there a will from stakeholders to raise that question again?

Traci Verardo-Torres, Vice President for California State Parks Foundation, said there is no imminent plan to revisit a new version of Proposition 21. She cites initiative costs and the forthcoming findings of the Parks Forward Commission—due for release later in 2014[1]—as among the reasons.

A motor vehicle mitigation fee could be revisited at the Legislative level, though some of the questions from the vehicle license fee apply here, too. In particular is the recurring question of nexus: if the public believes mitigation for transportation should stay in transportation, does that translate to vote challenges or conflict with the administration? How do stakeholders respond to the valid question that there are already protocols and processes in place to support urban forestry as a mitigation tool for GHG emissions from vehicles and other sources?

If the proposed citizen's initiative had been further pursued and passed, another vehicle license fee would be a dead prospect for years to come. Instead, Proposition 21 proponents may find themselves in a place to try again.The best opportunity for urban forestry will be integration into such an effort. Similarly, urban forestry stakeholders need to begin building partnerships and inroads with other groups before attempting another legislative measure on a motor vehicle mitigation impact fee. While a broader representation would almost certainly transform the fee into a tax, the reality is that a two-thirds vote on this type of measure is practically assured under Proposition 26. The upside of being a small part of a potentially powerful coalition outweighs the transformation from a fee to a tax.

REAL ESTATE TRANSFER FEE

Equally enticing and challenging is the prospect of a statewide real estate transfer fee (RETF). If such a fee is pursued, and it could pass constitutional muster, it would likely need the support of housing advocates. Other influential groups seeing their issue areas addressed in such a fee would also need to be a part of it.

Julie Snyder, Policy Director for Housing California, doesn't rule out the possibility of collaboration. This merger of efforts is more likely to focus on a document recording fee if SB 391 fails[2]. As a partner with the conservation community in defeating efforts to revoke the RETF, Snyder has worked with these groups. She is currently an advocate for urban forestry as part of the Sustainable Communities for All Coalition, which

advocates for cap-and-trade revenues to support SB 375 implementation.

From her perspective, the discussion cannot really start until the fate of Senate Bill 391 is decided. Much like a real estate transfer fee, the proposed document recording fee at the centerpiece of SB 391 is fiercely opposed by the California Association of Realtors (CAR).

Snyder notes that Housing California and the bill's proponents accepted amendments proposed by CAR in 2012 to exempt real estate sales from the recording fee as a way of gaining CAR support. But that was then and this is now.

In 2013, CAR elected to oppose the bill containing the same language as the prior year's effort. CAR has up to $9 million available to defeat SB 391 – and the measure exempts their issue! Consequently, there is little question CAR would commit all of its resources to defeating a real estate transfer fee. This is solidified in a CAR letter to the Department of Housing and Community Development dated August 22, 2008 that clearly states "CAR would VIGOROUSLY OPPOSE … transfer fees[3]."

If SB 391 fails, this will not only be a testament to the power of CAR, but could also be seen as a mandate related to future fees connected to real estate and housing.

If SB 391 passes, it could be under a scenario in which CAR allowed SB 391 to move forward in exchange for a commitment from housing advocates to stay away from future similar fee efforts. Such a bargain will kill any opportunity for a real estate transfer fee in the foreseeable future. Snyder notes, however, that no such offer from CAR is expected.

OIL SEVERANCE TAX

This proposal has been introduced in the legislature and filed as an initiative several times, but has failed to move in either venue. The oil industry has funded major opposition campaigns that have been successful in defeating each attempt.

The new wrinkle in this story is Tom Steyer, a leading donor in national efforts on climate change. In August 2010, Steyer and his wife joined Warren Buffett, Bill Gates and 37 other American billionaires in pledging to give away at least half their fortunes to worthwhile causes[4]. Steyer says, "the point is that business people are not just laboring for themselves. They have bigger responsibilities and belong to a wider community[5]."

Since 2010, Steyer has led the campaign to defeat Proposition 23 in 2010 (a measure that would have suspended AB 32), and financed Proposition 39 in 2012 that closed a corporate tax loophole and dedicated a portion of the revenue to clean energy projects.

Recently, Steyer announced his support of efforts seeking an oil severance tax in California. He is also willing to back legislation accomplishing it. However, positioning urban forestry to take advantage of an oil severance tax through legislation requires several elements to fall into place.

The political goal behind the oil severance tax is to create enough support for the way the revenue would be spent to offset opposition from the oil industry. Fairness and general tax equity are also part of the argument.

In 2006, an unsuccessful oil severance tax initiative directed most revenue to clean transportation and energy projects. Current legislation carried by Senator Evans gives most of the money to education, with 25 percent for parks. This, too, is not likely to succeed due to heavy and influential opposition.

Any successful oil severance tax essentially becomes a battle between unions and the oil industry. It is one that, in the face of vast new oil revenues from fracking, might be winnable. The key for urban forestry advocates and stakeholder groups is expanding the eligibility of the natural resources component. It needs to address a broader suite of environmental investments that could increase future support.

The most important target is the broader environmental community. The current Evans bill was developed without any real consultation with environmentalists. Starting a dialogue about how to create a more viable bill in the future, in part by broadening the use of revenue, could ultimately serve the interest of urban forestry and build broad local support for more funding. If consensus can be obtained in the environmental community around broadening the funding element, the next step is reaching out to potential authors and prominent backers.

It remains unclear if a long-term campaign backed by Steyer and other climate donors will emerge. Though an oil severance tax is unlikely to pass this year, the measure will provide an opportunity to begin raising the issue of broadening eligibility. Success in modifying the funding targets mentioned in recent legislation could allow urban forestry entry into future bills or initiatives.

1 *Interview with Traci-Verardo Torres; January 2014.*

2 *Interview with Julie Snyder; March 2014.*

3 *Milton, David K.; Letter from California Association of Realtors to California Department of Housing and Community Development; August 22, 2008.*

4 *"40 billionaires pledge to give away half of wealth." MSNBC. August 5, 2010.*

5 *"Buffett, Gates persuade 38 billionaires to donate half of wealth." The Joplin Globe. AP. August 4, 2010.*

Implementing Funding Strategies

PLAN A: CAP-AND-TRADE REVENUES

Based on results culled from the three-prong test (Section III), and further discussions with stakeholders, the single best near-term opportunity to sustain urban forestry at the statewide level is to hitch the tree trailer to the cap-and-trade wagon and never let go. Nearly 100 community groups, statewide nonprofits, practitioners and other advocates support urban forestry as part of the cap-and-trade revenue allocation equation.

Numerous control agencies including the California Air Resources Board and the California Environmental Protection Agency are also supporting urban forestry. Governor Brown recognizes the value of connecting urban forestry with AB 32 goals and objectives by proposing $18 million in cap-and-trade revenues in the 2014-15 State Budget for it. Urban forestry is one of the least controversial proposals in the Governor's $850 million spending plan.

Though the Legislature has just started weighing in on the expenditure plan and the full state budget, the urban forestry component is meeting very little resistance. While some committee staff are asking CAL FIRE to supply information regarding how the department will account for greenhouse gas reductions in urban forest projects, the concept of funding urban forestry through cap-and-trade revenues is well received. Assemblymember Nora Campos (D-San Jose) is a very vocal champion for it in Assembly Budget Subcommittee #3 on Resources and Transportation.

It appears advocates and CAL FIRE should be able to make the case to the Legislature for supporting funding for the Urban and Community Forestry Program through 2015. The challenge is sustaining these funds for several years beyond. This is why a long-term funding strategy for securing these fiscal resources is tied to the implementation plan for a no net loss canopy campaign detailed in Section VIII.

POTENTIAL OBSTACLES EXIST

State Senate President Darrell Steinberg was proposing a carbon tax to fund transportation projects while simultaneously removing fuels from under the cap. The effect would be to reduce cap-and-trade revenues by billions over the coming years. Instead, Steinberg has abandoned that effort and replaced it with a proposal that would capture the bulk of all cap-and-trade revenues in perpetuity, primarily for transportation and transit-oriented development. It is unclear if urban forestry fits in to this plan, and how.

Also competing with urban forestry are groups unhappy with the proposed expenditure plan who have introduced a new round of bills to increase competition for these funds and further complicate the issue.

Most relevant are the endless legal challenges to AB 32 and various legislative efforts to cripple the Global Warming Solutions Act. To date, every legislative effort and lawsuit aimed at derailing AB32 has failed, including 2010's Proposition 23 and its goal of suspending AB 32 implementation. But industry-led efforts to minimize and eliminate AB 32 programs continue to benefit from seemingly endless funding for this purpose coupled with significant political influence. It would only take one successful bill, ballot measure, or legal challenge to either temporarily or permanently stunt the progress and promise of AB 32.

The challenges to AB 32 make it worthwhile to start exploring short-term funding solutions for the Urban and Community Forestry Program. We should consider funding through a combination of other resources before concluding with an implementation plan that merges cap-and-trade money with a statewide canopy campaign.

PLAN B: WATER BOND AND LUMBER PRODUCTS TAX

Bonds have been the most important source of state funding for the Urban and Community Forestry Program, but they do not provide a sustainable long-term revenue stream. However, we cannot ignore water bond and park bond proposals now being considered in the Legislature. These bonds could provide important one-time funding for urban forestry. In this year of serious drought, there is a strong possibility the Legislature may pass a water bond. The two main bills currently under consideration, SB 848 (Wolk) and AB 1331 (Rendon), contain an average of $1.6 billion each in watershed protection funding. Creating eligibility for funding for urban forestry, or, even better, creating a specific authorization for a level of funding, is important to achieving a short-term funding solution. Stakeholder groups have succeeded in making urban forestry part of the dialogue by getting the issue inserted into the Assembly bill. However, there is reason to believe the Senate bill could ultimately become the final vehicle for replacing the $11.1 billion ballot measure.

Only one of these proposals—presuming both include urban forestry—would need to pass to provide CAL FIRE with several years of funding for local assistance grants resembling the model adopted from 2000-2012. The remaining challenge is funding to staff and administer the program and subsequent projects. This is where the lumber products tax comes into play.

Since this report does not take into consideration federal funding for CAL FIRE as a necessity to sustain the Urban and Community Forestry Program, revenues from the lumber products tax should be considered now as a viable backstop. There could be deep cuts in the California allocation of federal urban forestry funds since the 2015 Federal Budget blueprint from President Obama trims the nationwide allocation by 15 percent. An annual appropriation of $1 million from lumber products tax revenues coupled with bond funding appropriated each year for local assistance grants could support the program until other, more sustainable funding opportunities could be explored.

A FIVE-POINT PLAN FOR THE WATER BOND

The best thing the urban forestry community can do right now in relation to the water bond is "connect the dots" in the minds of decision-makers between water and urban forestry. The main point of resistance in SB 848, for example, is concern about urban forestry not being a "water" issue. Making the case for urban forestry as a way to better manage storm water, capture rainwater, support groundwater recharge and restore urban watersheds is the key to success. It can be achieved by:

1. CONFRONTING THE DROUGHT AND CONNECTING URBAN FORESTRY TO IT AS A SOLUTION.

CAL FIRE and its urban forestry partners, in particular, are in a very strong position to inform decision-makers and the public about the connection between water and trees. As an example, the Pacific Forest Trust, Natural Resources Agency and the UC Davis Information Center for the Environment recently held a briefing at the California Natural Resource Agency Auditorium. The groups looked at concrete steps California can take now to secure future key water sources tied to forests. They focused on the Sierra Nevada, Cascade Mountains and upper Klamath River (Appendix F). The one-hour briefing featured respected scholars

and scientists with about 50 stakeholder and decision makers also present.

The urban forestry community has everything it needs to replicate this successful briefing model for community trees: stakeholder support, successful examples of water-related urban forestry projects from the last 12 years and the science and technical expertise to back a vigorous argument for including urban forestry in the next water bond. CAL FIRE already started down this road when Director Ken Pimlott highlighted the connection between trees and the drought at a press conference for California Arbor Week.

2. SUPPORTING THE PRESENTATION WITH EDUCATION MATERIALS

A useful second step is developing a persuasive document with key data on the clear connections between urban forestry and water that makes the case for urban forestry as a water management and water quality tool. Much like CAL FIRE's Urban Forestry Economics Fact Sheet or California ReLeaf's "Why Trees" Infographic, a one or two-page summary graphically illustrating the connection between water and urban trees could resonate immediately with decision-makers who are in the thick of negotiations.

3. STRATEGICALLY SELECTING THE TARGET AUDIENCE

A successful water bond will need 54 votes in the Assembly, 27 in the Senate and the governor's signature. So while there may be a temptation to begin reaching out broadly to attract more attention and visibility to the issue, time is of the essence. Five key targets should rise to the top:

Authors of the main water bond bills:

Assemblymember Anthony Rendon

(D-Lakewood) Assemblymember Rendon has already amended his bond to create the possibility that some watershed protection funds could be used for urban forestry. Stakeholders are reinforcing this need with his office and are already supporting the measure.

Senator Lois Wolk

(D-San Francisco) Senator Wolk's bill has already passed three policy committees. While amendments are under consideration to include urban forestry, this effort has not been met with success despite Senator Wolk being a champion of urban forestry. A briefing for Senator Wolk from urban forestry stakeholder and community groups in her district could be useful. This should include the Sacramento Tree Foundation, Tree Davis, Sonoma Ecology Center, Benicia Tree Foundation and the UC Davis Arboretum.

Key committee chairs and their staffs:

Senator Fran Pavley

(D-Agoura Hills) Chairs the Senate Natural Resources and Water Committee. She can block or support the inclusion of urban forestry in the water bonds. The Senator and her staff are reluctant to include a specific allocation out of fear urban forestry is too unrelated to water priorities. Making the case to her office will be essential, and has already begun, but with mixed results.

Senator Kevin De León

(D-Los Angeles) Chairs of the Senate Appropriations Committee. The next stop for SB 848, and ultimately the place where key amendments are likely to be worked out for both bonds, is the Senate Appropriations Committee. Senator De León has been a supporter of urban forestry and is particularly concerned about disadvantaged communities. Making a strong case to him that investment in urban forestry can improve water management, water quality and quality of life in poorer urban neighborhoods, particularly in Los Angeles, would be very helpful.

Other groups who could bring important support:

The Latino Caucus

The Latino Caucus carries significant weight and votes at the State Capitol. This caucus, if persuaded that urban forestry is an important element of a comprehensive water investment plan and benefits disadvantaged communities, could bring important influence to the issue. This caucus is likely to be the political body or subset that determines whether a water bond is passed this year.

Los Angeles, and/or other local government entities

As bond negotiations heat up, other entities will offer their "must haves." Most water bonds are built around statewide issues of storage, conveyance, etc. Urban centers often have very different priorities. In particular, the larger cities typically review these bonds and determine what needs to be added, coming in late in negotiations with proposed amendments. An outreach effort to cities that have a strong interest in urban forestry could pay off with critical last minute support for this issue.

4. BUILD A BASE OF SUPPORT THAT CAN INFLUENCE DECISION-MAKERS

This process has already begun, though there is more work to be done. Statewide urban forestry groups such as California ReLeaf and the California Urban Forests Council have built a loose coalition. The group includes the Local Government Commission, California Native Plant Society, Trust for Public Land, California Urban Streams Partnership and the American Society of Landscape Architects. While 30 ReLeaf Network groups, the Nature Conservancy, Trust for Public Land and all the regional forest councils have voiced support for including urban forestry in the water bonds, adding heavy-hitters from the environmental justice community would be especially useful.

5. START LAYING THE GROUNDWORK FOR LUMBER PRODUCTS TAX REVENUES NOW

The water bond debate will likely be over by the end of June 2014. It should be an immediate priority for CAL FIRE and its urban forestry partners instead of looking ahead to the 2015-16 state budget. Nonetheless, CAL FIRE is in a unique position to start planting the seeds now for funds from the lumber products tax by working directly with the Natural Resources Agency. By showing the Agency that funds could be coming to CAL FIRE through a water bond for local assistance grants, CAL FIRE can demonstrate a proactive approach to solving its funding challenges. CAL FIRE can suggest that some discretionary dollars from the lumber products tax revenues could support facets of the Urban and Community Forestry Program.

If this groundwork begins in 2014, stakeholders and urban forestry advocates will be in a much stronger position to gain support for funding urban forestry through the lumber products tax during the 2015 legislative process.

PLAN C: PARK BOND AND LUMBER PRODUCTS TAX

The other bond option is a park bond. Though the Legislature hasn't passed a park bond since 2001, Senator De León's Senate Bill 1086 already contains urban forestry as a program to be funded. The senator has indicated his intent to build support for the measure that could put it on the ballot in 2014 or 2016. While this measure is being characterized as a back-up in case the water bond is unsuccessful, a park bond has advantages of its own. The major advantage is all the benefits of urban forestry can be used to justify a major allocation of funds within it.

Efforts on the proposed park bond should not be ignored, but must also be grounded

in reality that largely slants in the favor of urban forestry. Senator De León is already a supporter of urban forestry and is including it in his proposed bond.

We believe he may become the next Senate President, assuming the role later in 2014. His legislative consultant staffing the bill is also an urban forestry champion and is responsible for integrating the issue as one of only five priorities highlighted by disadvantaged communities' advocates for cap-and-trade funding.

In light of the drought, and momentum to revise the water bond, it is unlikely the park bond will be approved this year. To make the November 2014 ballot, the measure would have to be approved by the Legislature by August. More likely, the measure will be reintroduced next session for consideration as a 2016 ballot measure.

It cannot be assumed that urban forestry will always be included as a component of the park bond or that the measure will even move out of the Legislature. In order to be successful, the park bond will require building support starting at the grassroots level.

While the water bond should remain the primary focus, this is an opportunity to activate and mobilize a strong local network to educate local governments and community groups for the potential to use the bond as a way to fund urban forestry. As those agencies begin to look at and take positions on the park bond, their support for urban forestry could provide a foundation for an appropriate level of funding. This could then replace water bond dollars if a consensus measure is not reached.

Work done to build support for urban forestry in this year's bill will carry over into next year's effort.

Note the same fiscal challenges about staffing and administration for CAL FIRE's Urban and Community Forestry Program that come with a water bond also apply to a park bond. Again, CAL FIRE should be laying the foundation now for capturing some lumber products tax revenues in the 2015-16 state budget.

Implementing a 'No Net Loss' Canopy Campaign

Governor Brown is signaling a deep desire to utilize cap-and-trade auction revenues to support "California's transformation to a clean economy"[1] with transformative investments. For 2014 and 2015, he is focusing those transformative investments on high-speed rail and a new Strategic Growth Council program for supporting sustainable communities' strategies.

Fortunately, the remaining proposed investments from Governor Brown speak to a variety of needs identified by stakeholders representing transportation, energy, water, transit-oriented development, waste reduction and natural resources. These are smaller investments that do not necessarily reflect a full-fledged commitment from the Administration for these programs into the future.

Urban forestry can become transformative through CAL FIRE's Urban and Community Forestry Program. As noted in CAL FIRE's Strategic Plan for the Program, the next five years will focus on a series of objectives directly related to elevating urban forestry from "business as usual" to transformative through these actions:

- Increasing public awareness of the benefits that urban and community forests provide to California residents;
- Encouraging decision makers to recognize urban and community forests as critical infrastructure and adequately funding management and expansion of their urban and community forests;
- Fostering innovation and leadership in the CAL FIRE Urban and Community Forestry Program and partnering organizations.[2]

These are all essential elements of the proposed no net loss canopy campaign and should serve as guiding objectives.

A successful campaign, though, will need more than well-intentioned objectives to guide it. It will require the compilation of good supporting data and examples; refinement and design of effective messages and materials; and the development and implementation of an outreach and public education strategy that unequivocally connects urban forests and greenhouse gas reductions. Most important, it will require a statewide vision of what can be achieved by investing hundreds of millions of dollars over a 7, 12 or 20-year period by bringing increased canopy cover to Californians supporting social equity in disadvantaged communities and improving the quality of life everywhere in the Golden State.

Urban forestry stakeholders have about 16 months to develop a long-term canopy campaign that can be used to inform the next three-year cap-and-trade investment plan which will be created by the California Air Resources Board (CARB). The canopy campaign can be used as a tool to persuade the governor to continue support for urban forestry and the transformative potential that can be harnessed through long-term, sustained investment of cap-and-trade auction revenues.

THE FINAL FOCAL POINT: A NEW TAKE ON THE TWELVE-STEP PROGRAM

STEP ONE: CREATE A TASK FORCE

CAL FIRE should lead this effort, but should also bring in the best minds in the urban forestry community from the very beginning. One place to start could be the California Urban Forestry Advisory Committee.

As a 17-member body representing virtually all sectors within urban forestry, CUFAC could be the launching point to convene a broad-

TABLE 4. SAMPLE TIMELINE TO CREATE 'NO NET LOSS' CANOPY CAMPAIGN

STEP	CALENDAR	TASK
01	May 2014	Create a task force
02	July 2014	Analyze USFS data and other materials to identify needs
03	September 2014	Conduct a series of charettes across California
04	November 2014	Identify lead entities
05	December 2014	Create draft of no net loss canopy plan and timeline
06	December 2014	Identify target audience
07	January 2015	Develop education and outreach campaign
08	March 2015	Re-engage supporters and stakeholders through feedback
09	May 2015	Collect data from 2014-15 funded projects
10	June 2015	Refine messaging
11	July 2015	Develop final proposal/presentation and messaging training
12	September 2015	Execute campaign

based cross-sector task force guiding a statewide canopy campaign from the onset. And, as detailed in the CUFAC member duties, this body should:

- Provide recommendations on how the Urban Forestry Program can best contribute toward the Climate Action Team strategy and approved protocols for Urban Forestry to sequester the carbon dioxide equivalent of 3.5 million tons of climate change gasses by 2020
- Provide recommendations and input on current issues facing the Urban Forestry Program
- Recommend potential outreach activities and strategic partnerships for the Urban Forestry Program[3]

These are all directly, or at least partially, pertinent to the proposed undertaking.

If CUFAC is designated as the task force for this effort, it may also want to consider augmenting the group with key representatives from large-scale tree-planting campaigns. Million Trees LA and the Sacramento Tree Foundation tree-planting campaigns have been in existence for several years. The lessons learned from these groups' experiences can aid this process while providing guidance on how to avoid pitfalls that may have challenged efforts in both arenas.

STEP TWO:
ANALYZE USFS DATA AND URBAN FORESTRY SECTOR CAPACITY TO IDENTIFY NEEDS

Under the guidance of Dr. Greg McPherson of the Urban Ecosystems and Social Dynamics Program, the US Forest Service is developing a statewide land use map that can be overlaid with canopy cover and census population data. The final product should be ready in June. It will provide the key component to begin assessing where primary canopy cover target areas occur in California. It will also help to assess what resources will be needed over time to ensure no net loss of existing canopy while also increasing it in low-canopy areas.

The map should also present the task force with an opportunity to set a baseline target for canopy cover in California's major metropolitan areas, and assess the total amount of public dollars and time needed to achieve "success" as defined by the task force.

Step two is also the point where additional data should be gathered that is directly relevant to the campaign goals and objectives. While the urban forestry community can point to some specific studies and anecdotal information that identifies benefits from urban forestry, assembling the best information to demonstrate and quantify each of the benefits that pertain to AB 32 implementation will be necessary.

This information must include the key issues relating to maintaining the urban canopy. Substantial information is already available but it needs to be pulled together, analyzed and perfected. At that point it can be fed into a process of building the strongest case for the broad-based community, environmental and public health benefits from an expanded investment in urban forestry.

The task force will also need to measure and analyze the output and impact of the urban forestry sector. This will require an assessment of the state's nonprofits, local governments and the private sector. The assessment will inform efforts defining the role of each urban forestry sub-sector in implementing the plan while also creating goals and funding targets. The task force must temper expectation with reality as the process unfolds. This report has already identified a baseline need of $10 million annually for a robust Urban and Community Forestry Program; and has suggested that another $10 million each year could be attainable for a long-term statewide canopy campaign. It is uncertain as to whether or not the Administration can be persuaded to invest more each year.

The no net loss canopy campaign represents transformative thinking, which could appeal to Governor Brown, and might move his Administration to focus on urban forestry as one of its transformative investments to reduce GHGs.

STEP THREE:
CONDUCT A SERIES OF CHARETTES ACROSS CALIFORNIA

Charettes—intense periods of design or planning activity—serve as a way of quickly generating a design solution while integrating the aptitudes and interests of a diverse group. While they often come late in the process, this report suggests the kinds of ideas and intense participation generated through charettes will be critical in the early stages.

Translating the information and data that make the case for a long-term canopy campaign, supported with cap-and-trade auction revenues, into effective messages for diverse target audiences is essential to building the needed support. This will benefit from outside expertise that can identify the most effective ways to communicate the technical case and incorporate real community examples. Participants should include local government officials, business leaders, health professionals, educators, community activists, environmental justice advocates and other innovators.

Data and feedback from these sessions will inform the process going forward.

STEP FOUR:
IDENTIFY LEAD ENTITIES

Though CAL FIRE should be the state agency receiving annual allocations from cap-and-trade revenues, the task force will want to evaluate CAL FIRE's role in managing all local assistance grants through the Urban and Community Forestry Program. The task force will also want to consider if CAL FIRE should be managing all facets of a long-term, no net loss canopy campaign. In other words, should other CAL FIRE partners be considered?

As an example, Dr. McPherson suggests in his concept proposal for a 50 million tree-planting campaign that:

"By virtue of its status as the umbrella organization for close to 100 nonprofit tree groups statewide, California ReLeaf is well positioned to provide the leadership, management skills, and communication resources needed to successfully implement this initiative.[4]"

Dr. McPherson's assertion is largely informed by California ReLeaf's history of performance with both state and federal funds designated for sub-granting purposes. Since 1994, the organization has distributed $9.3 million in grant funds for more than 800 projects matched by $11.7 million in cash, in-kind donations and volunteer time. Many of these projects directly benefitted disadvantaged communities.

If the task force and CAL FIRE determine that another entity will serve as CAL FIRE's primary partner in administering funds and providing guidance for on-the-ground delivery, that decision should be made at this stage in the process to allow time to build internal capacity.

STEP FIVE:
CREATE DRAFT OF A NO NET LOSS CANOPY PLAN AND TIMELINE

At this point, the task force can reasonably expect to have data from the U.S. Forestry Service on where trees need to be planted and maintained for maximum canopy and GHG reduction benefits. The task force will have had time to sort through reports and materials further supporting the no net-loss canopy concept, which will have been further informed by strategic stakeholders through the charette process. The explicit plan can then be drafted with specific detail elements including: costs, timeline, goals, objectives, species, targets, outreach, advocacy, baselines, challenges and funding.

STEP SIX:
IDENTIFY TARGET AUDIENCE

The critical component in a successful education and outreach campaign is developing materials that speak to the concerns of the target audiences. Messaging and materials need to be customized for different groups. It should focus on:

- Control Agencies – CARB, CAL EPA, Finance and the Natural Resources Agency are as close to low-hanging fruit as this effort gets. They have already bought into two years of urban forestry investments. Merit alone may carry urban forestry with these agencies through 2015, but getting early buy-in from the administration on integrating urban forestry into the next three-year investment plan for cap-and-trade revenues is critical. Without this, the campaign has almost no chance of success.

- Legislature – Urban forestry is one of the least partisan resource conservation issues at the State Capitol and, by its very nature, occurs in every legislative district. Consequently, the campaign has up to 120 targets in the State Capitol. Realistically, the targets are more likely contained to about 30 key decision makers, staff and committee chairs. In 2014, the issue is likely to enjoy the support of such influential elected officials as Senator Jim Beall (D-San Jose) and Assemblymember Nora Campos (D-San Jose), both of whom have Our City Forest in their District. Assemblymember Richard Bloom (D-Santa Monica) and Senator Kevin De Leon (D-Los Angeles) will also have an interest in supporting some or all of the urban forestry community groups located in and around their districts, including North East Trees, TreePeople and Hollywood Beautification Team. These are but a handful of examples of how key policy makers can help realize the overall vision by supporting appropriations connected to what is happening in their districts.

- Existing Stakeholders – Urban forestry is enjoying immense support from dozens of statewide and community groups. Sustaining that support is crucial. Much like with the administration and Legislature, these groups need to be convinced that urban forestry warrants continued cap-and-trade revenues.

- Environmental Justice Community – This community, largely represented by the SB 535 Coalition, has a justified expectation that the majority of urban forestry projects implemented in 2014 will deliver tangible benefits to disadvantaged communities. If the Urban and Community Forestry Program allocates funds to strategic projects with long-term potential for GHG reductions and other co-benefits, this community should be able to continue its support and influence in the State Capitol.

STEP SEVEN
DEVELOP EDUCATION AND OUTREACH CAMPAIGN

With the target audience identified, the education and outreach component should take shape through a very organic process.

The task force should prepare materials documenting the specific benefits of urban forestry investments in reducing greenhouse gas emissions, reducing the impacts of climate change on urban communities and the benefits to disadvantaged communities from a targeted investment in their areas.

Wherever possible, the materials should include timely examples of successful urban forestry projects and local urban forestry organizations directly relevant to each target audience. These may be updated later in the process.

As previously mentioned in Section IV, one road to expedited success could be utilizing existing infrastructure as a delivery tool, such as Invest From the Ground Up (IFGU). IFGU is a first of its kind pilot program that began in 2011 under the direction of the California Urban Forests Council. Since that time, CaUFC Executive Director Nancy Hughes said there have been many accomplishments and lessons learned to enhance opportunities for all elements of the urban forestry community going forward. In its short time in existence, the program has already achieved significant name recognition throughout the state[5].

Given that the focus of the campaign to date has been largely directed to homeowners and businesses, some adjustments should be made to account for other target audiences. Leveraging name recognition and increasing opportunities for more community involvement could expand the benefits of the program to reach more Californians and advance the canopy campaign outreach objectives.

It is worth repeating that messaging focused on opportunity, rather than need, is more likely to succeed.

STEP EIGHT: RE-ENGAGE SUPPORTERS AND STAKEHOLDERS THROUGH FEEDBACK

We can expect the primary message from education and outreach efforts to revolve around the need to invest over the next several years in urban forestry, using cap-and-trade revenues, in support of a statewide urban forestry canopy campaign. This is significantly different from the current succinct messaging from stakeholders focusing on short-term goals.

Groups such as California ReLeaf and the California Urban Forest Council will need to work with the task force to reach out to local, regional and statewide partners; not only to keep them well-prepared and engaged, but also to solicit feedback. While it is unlikely many current supporters would take exception to a larger canopy campaign concept, unforeseen circumstances could reduce overall stakeholder support, especially from non-traditional partner sectors. This could include a shift in individual organization priorities if cap-and-trade revenues diminish through the passage of a carbon tax. Even a change in leadership with some primary partners could affect their position on urban forestry.

STEP NINE: COLLECT DATA FROM 2014-15 FUNDED PROJECTS

CAL FIRE is on track to receive $15.7 million in local assistance program funds through cap-and-trade auction revenues beginning in July 2014. It has a mandate to get the dollars out the door quickly. This is more than double any single-year appropriation the Urban and Community Forestry Program has ever received.

Consequently, there could potentially be dozens of projects partially completed by late spring 2015. Compiling preliminary quantitative data from those projects will be critical.

In addition to quantitative information, case studies should be developed from these GHG reduction projects. They can show places where urban forestry investments will pay off in improving the quality of life and the livability of neighborhoods. These examples will provide the qualitative elements needed to build and communicate the case for supporting a large-scale canopy campaign. The examples can also provide a very compelling case for greater future funding.

STEP TEN: REFINE MESSAGING

Data collected from recently-funded projects and stakeholder feedback will likely inform the messaging used to support the overall proposal and backing materials. Integrating this messaging into the overall concept—and getting buy-in from stakeholders, local governments and task force representatives—will increase overall opportunities for success.

STEP ELEVEN: DEVELOP FINAL PROPOSAL/ PRESENTATION AND MESSAGING TRAINING

What will the proposal roll-out look like? The task force will need to build on message development, messaging training and create collateral materials—PowerPoint presentations, videos and handouts—that support the overall goal and can be used by the department and its partners to build support. Some of this will occur through the development phase of the public education campaign. It will need to be supported by tools that include:

- A PowerPoint presentation suitable for explaining the benefits of urban forestry, showing examples of how it can reduce greenhouse gases, transform communities, improve public health and contribute to other environmental and community goals identified under AB 32. It should also include a powerful visual and/or compelling narrative identifying the differences in tree canopy in rich and poor neighborhoods.

- Handouts documenting benefits built around the messaging strategy for use with policy makers and community groups.

- One or more videos making the case for urban forestry and GHG reductions, and taking advantage of the inherent visual power of this issue.

- In person and/or video training ensuring the statewide messengers are comfortable and persuasive in their presentation.

STEP TWELVE: EXECUTE CAMPAIGN

Sustaining urban forestry funding through cap-and-trade investments supporting a no net loss urban forests canopy campaign requires more coordination between CAL FIRE and its stakeholder partners than any other effort to date.

Using the materials, messaging and training developed in the previous steps, outreach and public education is the starting point. Goals should include both top down and bottom up strategies to communicate directly and indirectly with decision-makers. These communications should reach out to anyone who will influence whether or not to include urban forestry in cap-and-trade revenue allocations now and in the future.

A key advantage for urban forestry is its strong network of local nonprofits, businesses and government partners. However, the current network should be encouraged to expand to non-traditional partners to reach the broadest audience possible. By providing this network with materials, messaging training, targets and a basic communication and education strategy, CAL FIRE and the task force can significantly increase support for the inclusion of urban forestry in this funding stream. The goal should be to create strong demand for more urban forestry investment from communities around the state that can be communicated to state decision makers in a way that supports a transformative investment.

POSITIVE POWER OF OPPORTUNITY

In 2011, affordable housing advocates were facing the same funding fate as urban forestry: bond dollars were nearly gone but unmet need still existed.

Late in the year, Housing California approached TransForm with a proposal to collaborate on a campaign seeking cap-and-trade funds to improve transit service and increase transit-oriented housing development. Buoyed by a 2010 report from the California Air Pollution Control Officers Association, the two organizations saw an opportunity to make the case for such investments as a way to reduce greenhouse gas emissions[6].

As buy-in on this proposal was built among NGO stakeholders, other interests tied into sustainable communities' strategies took note. A larger coalition focused on using cap-and-trade auction revenues to support AB 32 and SB 375 implementation was born.

The Sustainable Communities for All Coalition continued in 2012 to frame messaging as opportunity. It built in several additional components to its platform, including urban forestry and social equity.

The coalition also focused on overlapping with the priorities of the SB 535 Coalition. This group included transit-oriented development (TOD) as one of its five priorities for cap-and-trade auction revenue expenditures.

Though the issue of TOD as a GHG-reducing investment was met with resistance from some legislators, advocates and members of the administration, the coalition persevered. It continued to strengthen the connection with additional research and fact sheets.

In particular, Housing California, TransForm and the California Housing Partnership Corporation prepared a white paper connecting TOD to GHG reductions (Appendix G). As noted early in the document, "Funding for the TOD Housing Program will be exhausted by the end of 2013. The Cap-and-Trade Program's auction proceeds offer an important opportunity to continue this successful GHG reduction program[7]."

In a meeting with stakeholders in March 2013, California Air Resources Board Member Hector de la Torre told advocates the effort to include TOD as an eligible cap-and-trade revenue investment was the most effective single-issue campaign presented to CARB at that time. CARB ultimately cited TOD in its three-year investment plan.

On January 10, 2014, Governor Brown released a proposed 2014-15 State Budget that contains $100 million for sustainable communities strategies investments, the bulk of which is expected to go to transit-oriented development.

Though there was a dire need for more affordable housing funds, the stakeholders and subsequent coalition never framed the issue as need. Instead, they relied on facts to support their position. The white paper that started it all opens with the assertion that "Transportation-related greenhouse gas (GHG) emissions account for 38% of California's total. Because transportation needs are driven in large part by where people can afford to live, housing affordability affects the sector's emissions[8]."

From that a new opportunity was born.

1 *Brown, Jr., Edmund G; Governor's Budget Summary, State of California 2014-15; January 2014.*

2 *California Urban Forestry Advisory Committee; CAL FIRE Urban & Community Forestry Program Strategic Plan 2013-2018; 2013.*

3 *California Urban Forestry Advisory Committee Charter (Revised); November 2009.*

4 *McPherson, Dr. Greg; 50 Million Trees for California: Fighting Climate Change, One Tree at a Time. May 5, 2009.*

5 *Interview with Nancy Hughes; February 2014.*

6 *Lee, Barbara, NSCAPCD; Quantifying Greenhouse Gas Mitigation Measures: A Resource for Local Government to Assess Emission Reductions from Greenhouse Gas Mitigation Measures; August, 2010. Page 182 states "Locating a project with high density near transit will facilitate the use of transit by people traveling to or from the Project site. The use of transit results in a mode shift and therefore reduced VMT."*

7 *California Housing Partnership Corporation, TransForm, Housing California; Why Cap-and-Trade Auction Proceeds Should Fund Affordable Homes Near Transit; 2011.*

8 *Ibid.*

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Urban and Community Forestry Funding in the United States

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EXECUTIVE SUMMARY

This project describes a nationwide survey to identify and explore potential stable funding sources for urban and community forestry in California. Through the use of an online survey and selected follow-up phone interviews, information was collected about current funding sources in other states as well possible future stable funding sources. This information will be used to guide future urban forest advocacy efforts in California.

Fifty State Urban and Community Foresters were surveyed. Seven states, Massachusetts, Georgia, Pennsylvania, Wisconsin, North Dakota, Oregon, and Missouri were researched more thoroughly through phone interviews and email correspondence with the foresters. These states were identified as having funding mechanisms potentially applicable in California.

States where the interviewed urban forester felt their funding was sustainable had a few similarities. For example, all expressed the value of partnerships, and the importance of a diverse funding base. Partners included nonprofits, public and private utilities, corporations and other government agencies. Funding sources explored include a trust fund to accept private donations, sales and property taxes, carbon sequestration credits, income tax donations and utility partnerships. This research was conducted with an eye towards identifying innovative funding sources, so the emphasis was not necessarily on focusing on those which generate the largest amounts of revenue, rather those with a creative approach.

This report reflects the state of funding perceived by Urban and Community Forestry Coordinators from 2007 through 2008.

CURRENT FUNDING ENVIRONMENT

FEDERAL FUNDING

Federal support for urban and community forestry was enabled by the Cooperative Forestry Assistance Act of 1978 (PL 95-313). The CFAA increased federal funding for urban forestry by authorizing the Secretary of Agriculture to provide financial and technical assistance to state forestry programs. In 1978, $3.5 million was allocated nationally to provide urban and community forestry assistance. Over the next twelve years funding rose slightly to $3.6 million but eventually dropped between $1.5 and $2 million annually during the Regan Administration. (Hauer, 2005)

In 1991, federal funding jumped from less than 5 million to over 20 million dollars annually. This was a result of the Federal Farm Bill of 1990 (P.L. 101 – 513) (Biles & Deneke, 1982; Deneke, 1983; Deneke, 1992). With this approximate ten-fold increase in federal funding, each state began to receive an annual base allocation of $150,000 or more, depending on factors such as state population. This funding is conditional upon the state meeting the following four requirements: the state must have an urban and community forestry program; the state must have a system for volunteer and partnership coordination; the state must have an Urban and Community Forestry Council; and the state must have a five-year strategic plan.

CALIFORNIA STATE FUNDING

California's 2006 federal allocation was $960,500, and $1,310,000 was granted in 2007 (United States Forest Service, 2007). Although funding has been increasing, leaders in California's urban forestry community have expressed a desire to see a stable source of funding that won't be dramatically affected by federal funding allocations. California's State Urban Forest Manager,

Glenn Flamik, estimates that it would require an annual budget of at least one million dollars to administer a state program that would meet the needs of California's growing urban forests. That level of funding, Flamik maintains, would enable urban and community forestry staff to coordinate grants and technical assistance through the offices of five regional urban foresters (G. Flamik, personal communication, November 11, 2007).

In recent years, voter-approved initiatives Propositions 12, 40 and 84 have earmarked funding for urban and community forestry, among other environmental improvement efforts. Propositions 12 and 40 (passed in 2000 and 2002, respectively) provided $10 million each for urban forestry activities. Additionally, Proposition 84 was approved by voters in 2006 and provides $90 million for urban greening programs, of which "not less than $20 million" will be used for urban forestry projects. These bond funds will effectively double the state urban forestry budget in the upcoming years, enabling the state urban forest manager to hire two additional staff positions to better support urban forestry at the local level.

PROJECT LIMITATIONS

This research is not intended to add to empirical research in this field. The information gathered only reflects the views of current urban forestry coordinators based on recent experiences. This research is specific to the urban forestry community in the United States. No participants were compelled to participate in the survey; participation was voluntary. Participants were able to skip survey questions or respond that information was unknown. This research project includes no independent verification of information provided to the researcher; for the purposes of this research, it will be assumed that information reported by state coordinators is accurate.

FINDINGS

Results were received from State Urban Foresters in all 50 states. These findings represent a census of Urban Foresters' perspectives at the time of the survey. Results were collected from October 25, 2007 through June 19, 2009.

ONLINE SURVEY RESULTS

BUDGET SIZE

Coordinators were asked the current size of their urban and community forestry program budget. Over 75% of states reported annual budgets under $500,000. Almost half (23) of state coordinators reported urban forestry budgets ranging from $250,001 to $500,000 while another fifteen reported budgets of $250,000 or below. Four states (8.6%) reported budgets of $500,001 to $750,000, and three states responded their budget ranged from $750,001 to $1,000,000. Five states: New Jersey, Wisconsin, Georgia, Texas and California reported urban forestry budgets over one million dollars annually.

When asked if their budget had changed in the past five years, 62% responded that it had decreased, 16% responded it had increased, and 26% saw no significant change.

For those states reporting an increase in funding, the reasons were varied. The state coordinator in Georgia cited the establishment of the Sustainable Community Forestry Program (SCFP) which broadened the U&CF program from one state-funded position (U&CF Coordinator) to ten full-time state-funded positions, including seven Regional Community Foresters. New Jersey reported an increase of over $4 million over the last four years and New York noted an addition of $500,000 in

state environmental protection funds. Missouri reported an increase of $250,000 from the Conservation Commission to address major tree damage and loss as a result of an ice storm which was declared a national disaster. Lastly, California reported the budget almost doubled as a result of voter-approved bond funding.

FUNDING SOURCES

All state coordinators responded they received federal funding, and 31 (66%) responded their program could not survive without Federal Forest Service funds. Other federal assistance included earmarks to fight or study rapidly spreading pests such as Emerald Ash Borer or Oak wilt. Georgia, Minnesota and New Hampshire also reported working with the Environmental Protection Agency to secure additional funding.

Of those states reporting the program could be sustained without federal funding, the sources of non-federal support varied. These included private funding such as corporate partnerships, foundation grants and private trusts, investor-owned utility partnerships, fines associated with improper arboricultural practices, revenue from bio-energy production, and nonprofit partnerships.

State funding was reported in forty states. However, a match to federal funding is required and since all states reported federal funding, there must be some level of state matching funds in all fifty states. Six coordinators reported funding from the State Department of Transportation and five coordinators cited funding from a general fund line item in the state budget. U&CF programs in Tennessee receive funding from the State Department of Agriculture. Alabama and New Hampshire's U&CF programs are funded in part by the University Cooperative Extension. Missouri is uniquely funded by the State Department of Conservation which receives one-eighth of a cent from sales tax, made possible by a constitutional amendment in 1976. The state of New Hampshire's urban forestry program was endowed in 1979 with a $1.7 million trust fund. Two states, North Dakota and New Jersey, allow tax payers the option to donate a portion of their state income tax refund to U&CF.

Forty-four respondents (88%) stated that they did not feel their state's funding for U&CF was stable. Six state coordinators, from New Jersey, New Hampshire, Wisconsin, Maryland, Wyoming and Missouri, stated they felt their program funding was sustainable and permanent.

When asked if they had considered non-traditional funding sources, including carbon-offsets, utility taxes, state income taxes, and air quality management district assessments, only eighteen participants responded. Carbon off-set revenue was the most prevalent response; fifteen of the eighteen who answered the question stated they had considered exploring this option.

The final question in the survey was an open-ended exploration inviting coordinators to share any other ideas or experiences with more permanent, sustainable funding sources. Twenty-five state coordinators shared their thoughts. One common theme was an emphasis on increased partnerships. Potential partners mentioned included the State Parks Department, the Environmental Protection Agency and utility conservation programs. This may be an indication of a trend towards a holistic view of U&CF programs and the recognition that community trees can be part of the solution to broad community issues such as non-point-source pollution, poor air quality and increased carbon dioxide in the atmosphere. While no state had yet implemented a carbon credit program relating to urban tree planting, Georgia, California and Minnesota are all independently developing protocol.

FOLLOW-UP INTERVIEWS

Seven states were contacted for additional information including Massachusetts, Pennsylvania, Georgia, Wisconsin, Missouri, Oregon, and North Dakota. The goal of these interviews was to gather information about specific urban forestry funding streams. Public documents such as state statutes and constitutions were used to augment the information gathered in these interviews and are provided in Appendix C.

MISSOURI - Missouri was one of six states reporting their U&CF funding was stable and that their program could continue without Federal Forest Service funds. In Missouri, U&CF is funded by various private and federal grants as well as a portion of state sales and use taxes. The Conservation Commission funds the Department of Forestry and about 59% of the department's revenue comes from state sales and use tax revenues. In 2008, this amounted to $430,559. (J. Fleming, personal communication, April 15, 2009).

The Missouri state constitution was amended in 1976 to include Article IV, Section 43(a-b) which states that an additional sales tax of one-eighth of one percent shall be levied to provide for "the administration of the laws and regulations pertaining to the bird, fish, game, forestry and wildlife resources of the state". The Conservation Federation of Missouri, spearheaded successful passage of the conservation sales tax to create stable funding for Missouri's forests, fauna and fish. Today, CFM is the largest conservation group in Missouri, with 70 clubs and 30,000 members (Conservation Federation of Missouri, 2008). CFM members continue to support the preservation of the constitutional amendment by testifying at legislative hearings as necessary (J. Fleming, personal communication, April 15, 2009).

John Fleming, Missouri State Urban Forester, reported that while there were no restrictions on the funding provided by sales and use taxes, the Department of Forestry has some internal departmental restrictions on funds that are passed-through to groups to implement U&CF projects. Grants are matched by local communities at 25 % to 40%. It is anticipated that this funding source will continue for the foreseeable future. (J. Fleming, personal communication, April 15, 2009).

MASSACHUSETTS - Although Massachusetts' State Urban Forester Eric Seaborn reported that funding was not sustainable and that the program would not survive without federal funding, a follow-up telephone interview was conducted to learn more about the state's trust fund which enables tax-deductible private donations to be made directly to U&CF. (E. Seaborn, personal communication, April 15, 2009)

The Department of Conservation and Recreation's Conservation Trust and Urban Parks Trust Fund provide mechanisms through which park users, businesses, foundations and other interested parties can protect and improve Massachusetts state parks. Established in 1931 by Mass. Gen. Law ch. 132A, § 1 (2009), this trust allows private donors to make tax-deductible contributions which can be earmarked for a favorite park, or for a favorite program (Massachusetts Department of Conservation and Recreation, 2009). Donors are encouraged to contribute to the trust because, "a contribution to DCR's trust funds is a contribution to the health of our forests and diverse wildlife habitats, our recreational opportunities and cultural and historic resources." (Massachusetts Department of Conservation and Recreation, 2009)

Massachusetts State Urban Forester, Eric Seaborn reports that the trust provides from $10,000 to over $250,000 annually in funding for U&CF. Private donors include the Massachusetts Funeral

Home Director's Association, corporations and utility companies. As these funds come from private donations, restrictions or programmatic focus may be imposed by the donor.

OREGON - Like Massachusetts, Oregon has a state trust fund that enables the receipt of private donations to the forestry program. The trust was established in 1993 by state statute. Paul Ries, State Urban Forester reports that in a given year, Oregon takes in between $10,000 and $100,000 through this account, although Ries mentions most years are closer to $10,000. (P. Ries, personal communication, March 6, 2009)

NORTH DAKOTA - Although smaller in quantity than the aforementioned trusts, North Dakota's Centennial Trees Trust Fund takes a unique approach to revenue generation. Urban Forester Tom Claeys reports that the trust is funded between $15,000 and $22,000 annually through a voluntary income tax check-off option associated with annual income tax filing. Individuals are invited to donate a portion of their tax refund or add to their tax liability to fund community tree planting in the state. Claeys adds that the state also occasionally receives direct donations from individuals or other entities. This funding mechanism was established in 1989 in association with the state's centennial celebration. The Centennial Trees Program encouraged North Dakotans to plant one million trees for each year of statehood. The program challenged every resident, community, organization and school to "create a living legacy that will serve as a lasting reminder for future generations to enjoy". (T Claeys, personal communication, March 4, 2009) The enabling legislation sunset in 2001, but was reinstated by the Centennial Trees Advisory Committee.

Claeys notes that the population of North Dakota is just over 660,000 and the trust fund generates $0.033 per person in a good year. If such a program performed comparably in California, it would generate over $1.23 million dollars annually. (T Claeys, personal communication, March 4, 2009)

GEORGIA - State Urban Forester Susan Reisch attributes Georgia's robust U&CF program to the unique department structure and the launch of the Sustainable Community Forestry Program in 2005. Reisch explains that the program was developed by analyzing growth patterns and projected population increases, particularly in North Georgia. As a result of the analysis, Department of Forestry Director Ken Stewart combined U&CF with urban-rural interface management. This department structure and the state-level recognition that U&CF are important to the majority of Georgians are unique among states surveyed. Prior to the merge, the two programs had less than 3 full-time staff. The resulting department has ten to eleven full-time staff and an annual budget over $1,000,000. (S. Reisch, 2006)

Reisch reports that satellite imagery revealed substantial tree loss in metro-Atlanta at 54 acres per day between 1992 and 2001, mostly due to development. Trees and their associated environmental, economic, social and health benefits were being lost at a significant rate. More than half of the amount of trees lost (28 acres per day), were replaced by impervious surface, creating tremendous air and water quality issues. (S. Reisch, 2006)

The Georgia Forestry Commission (GFC) has also increased partnerships with other agencies. For example, they are completing a statewide tree canopy and impervious surface analysis in partnership with the University of Georgia and Upper Chattahoochee RiverKeeper. GFC is also partnering with the Georgia Environmental Protection Division to investigate the incorporation of trees into the State Air Quality Implementation Plan as an innovative strategy. (S. Reisch, 2006)

Sustainable Community Forestry Program staff are investigating additional partnerships related to energy efficiency, nature services, carbon sequestration, and economic incentives. This holistic approach, and the cross-discipline integration makes the program an innovative model for U&CF. Reich feels Georgia has redefined a state's role in addressing the rapidly changing urban forest landscape, as well as the needs and values of its citizens. (S. Reisch, 2006)

The Georgia Forestry Commission also administers a carbon sequestration registry (Georgia Forestry Commission, 2009). Currently, documenting protocol has only been developed for wildland forestry, but expansion to include U&CF projects is in the works (Georgia Forestry Commission, 2009). The registry's strategy is flexible in that it allows the parties to set a contract period. This program is still in the establishment phase, but will be one to monitor as it evolves.

WISCONSIN - Dick Rideout, State Urban Forester for Wisconsin, reports that urban forestry is funded through a statewide property tax. The tax is capped at $17 per $100,000 of property valuation. The tax is part of the state property tax law which was enacted in 1923. Rideout notes that this has been a stable funding source, providing approximately $80 million annually, $1.6 million (2%) of which is allocated to U&CF. The rate of increase has slowed with the changes in the housing market. Rideout also expressed the opinion that this kind of tax might be a difficult sell in today's economy. (D. Rideout, personal communication, May 12, 2009)

Wisconsin's U&CF program has eight full time staff devoted to urban forest management through direct assistance, education, seed money and public awareness. The intent is to initiate and increase the capacity of communities to manage their own environment by involving all aspects of the community. In addition, the program is expanding its role in assessing the state's urban forests and setting resource-based goals to improve the ecological, economic and social benefits that these forests provide. (Wisconsin Department of Natural Resources, 2009)

PENNSYLVANIA – Community-based urban tree planting has seen a great increase in Pennsylvania since 2004 reports Ellen Roan, Urban Forest Program Coordinator. The Department of Conservation and Natural Resources has granted funding for U&CF projects to the Pennsylvania Horticulture Society and to the Bureau of Forestry in increasing amounts over the years to cover more municipalities. It started with grants of $50,000 and $100,000 to the State Urban Forest Council, and has grown over time. In 2008, the Bureau of Forestry received $800,000 from the Department of Conservation and Natural Resources to provide community-based tree planting to Philadelphia and a five county area, as well as Pittsburgh and twelve smaller metropolitan areas. (E. Roan, personal communication, June 19, 2009)

The funds are provided through a realty transfer tax that is administered by the Department of Conservation and Natural Resources. These funds first became available through legislation enacted in 1993, but it was not until recently that a portion was directed towards U&CF. Funds are provided to municipalities or a nonprofit to administer local projects and there is a 50/50 local match required. Nonprofit partners include the Pennsylvania Horticulture Society and Pennsylvania Community Forests, formerly the Pennsylvania Urban Forest Council. Roane anticipates funding will continue at the $800,000 level for the next three years and is optimistic about future state funding because of the demonstrated success of past projects. Roane, like many other coordinators, noted that federal funding was increasing until 2005, but recently it has been

decreasing, so increased state funding is imperative for the survival of the program. (E. Roan, personal communication, June 19, 2009)

Another smaller, yet intriguing program operating in Pennsylvania involves the removal and replacement of trees under power lines. The program was originally the brain child of Pennsylvania State University Professor Henry Gerhold (retired). In the early 1990's, Gerhold developed the program as a strategy for trying out new tree cultivars in urban landscapes. There was an interest in developing a suitable and diverse palate of small trees appropriate for planting under overhead power lines. The utilities were contacted and invited to donate into a trust fund administered by the Bureau of Forestry. (E. Roan, personal communication, June 19, 2009)

Tree conflicts with infrastructure are common in the urban environment, especially in locations with above-ground electrical utilities. Power lines must be cleared annually to avoid hazards and outages associated with falling limbs. Over time this repeated pruning can result in trees becoming unsightly, or declining in health. This unique partnership with utility companies throughout the state addresses this problem. Administered by the utilities and the Urban Forest Council, but monitored by Bureau of Forestry personnel, the program provides several communities with approximately $20,000 annually which is often granted in small $5,000 portions for planting 15 – 20 trees. The utility identifies trees for removal, provides funding and makes species recommendations for replacement. (E. Roan, personal communication, June 19, 2009)

CONCLUSIONS

There is a concern that federal funding is, as one coordinator put it, "fickle and unreliable." The majority (76%) of those surveyed were pursuing alternatives to federal funding such as increased or diversified state funding and private and nonprofit partnerships.

The question of sustainable funding is inherently a subjective one. Coordinators in different states have different perceptions about how much funding is sufficient depending on their view of the role of U&CF in the state, the past programs and services implemented, and demonstrated community need. This survey also found a difference in the perception of the State Urban Forester's role in securing additional funds. In some states, urban foresters play a more proactive role in advocating for funding by testifying at legislative hearings, securing private donations and developing programs by leveraging community resources. In other states, there is a perception that pursuit of new or alternative funding sources for the department is not allowed.

One common theme was an emphasis on increased partnerships. Potential partners mentioned included the State Parks Department, the Environmental Protection Agency and utilities. This appears to be an indication of a trend towards a holistic view of U&CF programs and the recognition that community trees can be part of the solution to broad community issues such as non-point-source pollution, poor air quality and increased carbon dioxide in the atmosphere.

– **ONLINE SURVEY**

1. What is the current size of your state urban and community forestry program budget?
    a. Less than $250,000
    b. $250,001 to $500,000
    c. $500,001 to $750,000
    d. $750,001 to $1,000,000
    e. Greater than $1,000,000
2. Has your budget changed in the last five years?
    a. Increased
    b. Decreased
    c. No significant changes
3. How is your urban and community forestry program funded in your state? (check all that apply)
    a. State Department of Forestry
    b. State Department of Transportation
    c. State Parks Department
    d. Federal Forest Service matching funds
    e. Federal Forest Service pass-through funds
    f. Other Federal programs (please list)
    g. Other _____
4. Has this changed in the past five years (yes/no)
    a. If yes, how was your program previously funded?
5. Do you feel as if your program funding source(s) are stable and long-term (i.e., sustainable and permanent)? (yes/no)
6. Can your program survive without Federal Forest Service funds? (yes/no)
7. In light of the current Federal Forest Service outlook (e.g., perennial funding cuts, with less passed-through to the States), is your state considering new funding sources to maintain your program? (yes/no)
8. If you answered yes, please share your ideas. (open-ended)
9. Regardless of your Program's reliance on Forest Service Funds, have you considered the following funding sources? (check all that apply)
    a. Carbon off-sets
    b. Utility taxes

c. State income tax
d. Air Quality Management District assessments
e. Other: _____

10. Please share with us your ideas and/or experience with more-permanent, sustainable funding sources. (open-ended)
11. When is a good time to contact you to follow up on this survey, if necessary? (open-ended)

– FOLLOW-UP QUESTIONS, PHONE INTERVIEWS

1. Annual amount of funding
2. Name of state government department that oversees the funds
3. How funding stream became established
    a. Any important partners or stakeholders
        i. Community groups
        ii. Elected Officials
        iii. State Government staff
    b. Length of time funding took to become established from idea to implementation
4. Restrictions on use of funds
5. Administrative costs
6. Likelihood of funding being a stable stream (persisting for more than ten years)
7. Were there any major obstacles to establishing the stream?
8. What are potential future threats?

MISSOURI

Missouri Constitution, Article IV, Executive Department, Section 43(a)
Source: Const. of 1875, Art. XIV, § 16. (Amended November 2, 1976) (Amended November 4, 1980)

Sales tax, use for conservation purposes.

Section 43(a). For the purpose of providing additional moneys to be expended and used by the conservation commission, department of conservation, for the control, management, restoration, conservation and regulation of the bird, fish, game, forestry and wildlife resources of the state, including the purchase or other acquisition of property for said purposes, and for the administration of the laws pertaining thereto, an additional sales tax of one-eighth of one percent is hereby levied and imposed upon all sellers for the privilege of selling tangible personal property or rendering taxable services at retail in this state upon the sales and services which now are or hereafter are listed and set forth in, and, except as to the amount of tax, subject to the provisions of and to be collected as provided in the "Sales Tax Law" and subject to the rules and regulations promulgated in connection therewith; and an additional use tax of one-eighth of one percent is levied and imposed for the privilege of storing, using or consuming within this state any article of tangible personal property as set forth and provided in the "Compensating Use Tax Law" and, except as to the amount of the tax, subject to the provisions of and to be collected as provided in the "Compensating Use Tax Law" and subject to the rules and regulations promulgated in connection therewith. (Adopted November 2, 1976)

Use of revenue and funds of conservation commission.

Section 43(b). The moneys arising from the additional sales and use taxes provided for in section 43(a) hereof and all fees, moneys or funds arising from the operation and transactions of the conservation commission, department of conservation, and from the application and the administration of the laws and regulations pertaining to the bird, fish, game, forestry and wildlife resources of the state and from the sale of property used for said purposes, shall be expended and used by the conservation commission, department of conservation, for the control, management, restoration, conservation and regulation of the bird, fish, game, forestry and wildlife resources of the state, including the purchase or other acquisition of property for said purposes, and for the administration of the laws pertaining thereto, and for no other purpose. The moneys and funds of the conservation commission arising from the additional sales and use taxes provided for in 43(a) hereof shall also be used by the conservation commission, department of conservation, to make payments to counties for the unimproved value of land for distribution to the appropriate political subdivisions as payment in lieu of real property taxes for privately owned land acquired by the commission after July 1, 1977 and for land classified as forest cropland in the forest cropland program administered by the department of conservation in such amounts as may be determined by the conservation commission, but in no event shall the amount determined be less than the property tax being paid at the time of purchase of acquired lands.

MASSACHUSETTS

Part I. Administration of the Government

Title XIX. Agriculture and Conservation

Chapter 132. State Recreation Areas Outside of the Metropolitan Parks District

Chapter 132A: Section 1. Bequests, restitutions or gifts; Conservation Trust

Section 1. The commissioner of the department of environmental management, hereinafter referred to in this chapter as the commissioner, may receive and hold in trust on behalf of the commonwealth, exempt from taxation, bequests, restitutions or gifts to be used for the purpose of advancing the recreational and conservation interests of the commonwealth and shall administer the same in such manner as to carry out the terms of such bequests, restitutions or gifts, and he may accept on behalf of the commonwealth gifts of land outside the urban park district to be held and managed for recreational and conservation purposes.

Said trust properties shall be known as the Conservation Trust and shall be used and expended under the direction of the commissioner and subject to his orders. Subject to the term of such grant, restitution, gift, devise or bequest, the commissioner may expend such funds, whether principal or income, without further appropriation.

(Adopted 1931, amended 1954, 1975, 1990, 1991, and 2003)

OREGON

Oregon Revised Statutes

526.515 Gifts, grants and donations; fees for services. (1) The State Forestry Department may receive and disburse such gifts, grants, bequests, federal moneys and endowments and donations of labor, material, seedlings, trees and equipment from public and private sources for the purpose of conducting an urban and community forestry program. In addition, the department is authorized to charge fees for services and for attendance at workshops and conferences and to sell various publications and other materials that the department prepares.

(2) All revenues received under subsection (1) of this section and any interest earned on all cash balances except federal moneys shall be credited to the State Forestry Department Account and may be expended only for urban and community forestry purposes. [1993 c.347 §5]

NORTH DAKOTA

Chapter 57-38 – Income Tax

57-38-34.5. ~~(Effective until December 31, 2000)~~ Optional contributions to ~~centennial tree program~~ Trees for North Dakota trust fund.

An individual may designate on the tax return of that individual a contribution to the ~~centennial tree program~~ Trees for North Dakota trust fund of any amount of one dollar or more to be added to tax liability or deducted from any refund that would otherwise be payable by or to the individual. The tax commissioner shall notify taxpayers of this optional contribution on the individual state income tax returns. The tax commissioner shall transfer the amount of optional contributions under this section to the state treasurer for deposit in the ~~centennial tree program~~ Trees for North Dakota trust fund for use as provided in chapter 4-21.2.

Any contributions to the previous centennial tree program may be transferred to the Trees for North Dakota trust fund.

California

PROPERTY TAX
INFORMATION

1972 Act Landscaping and Lighting Districts are commonly used by local government to pay the costs of landscaping and lighting public areas, and to finance parks, open space and community centers.

www.californiataxdata.com

100 Pacifica, Suite 470

Irvine, California 92618

Tel 949-789-0660

Fax 949-788-0280

What is a 1972 Act Lighting and Landscaping District?

Background

A 1972 Act Landscaping and Lighting District is a flexible tool used by local government agencies to pay for landscaping, lighting and other improvements and services in public areas. As a form of benefit assessment, it is based on the concept of assessing only those properties that benefit from improvements financed, either directly, or indirectly through increased property values. Because it is considered a benefit assessment, a 1972 Act assessment is not subject to Proposition 13 limitations.

The Landscaping and Lighting Act of 1972

This legislation (Streets & Highways §22500) allows local governmental agencies to form Landscape & Lighting Maintenance Districts for the purpose of financing the costs and expenses of landscaping and lighting public areas. This act can be used by any local agency including cities, counties, and special districts such as school districts or water districts. The many approved uses include installation and maintenance of landscaping, statues, fountains, general lighting, traffic lights, recreational and playground courts and equipment, and public restrooms. Additionally, the Act allows acquisition of land for parks and open spaces, plus the construction of community centers, municipal auditoriums or halls to be financed. Notes or bonds can be issued to finance larger improvements under the Act.

How is a Landscape Lighting District Formed?

The sponsoring agency conducts a study, prepares an engineer's report and proposes the formation of a district and the levy of assessments. Affected property owners are then notified and a public hearing is held. In order to approve the district, a majority vote of affected property owners through an assessment balloting procedure is required. Once approved, assessments will be placed on property tax bills each year to pay for the improvements and services.

How is the Annual Charge Determined?

By law (Prop. 13), benefit assessments cannot be based on the value of property. Instead, each district establishes a benefit formula and each parcel in the service area is assessed according to the benefit it receives from the services and improvements.

Special Requirements for Increased Charges

Proposition 218, called "The Right to Vote on Taxes Act", was formed in part to counteract concerns surrounding 1972 Act Districts. Under Prop. 218, to increase an existing assessment, the agency must give written notice to all affected property owners, hold a public hearing and an assessment ballot vote. A majority vote is required to approve the rate increase. If a majority vote is not received, the increase cannot be applied.

How Long Will the Charge Continue?

Assessments that pay for ongoing services will continue as long as services are provided. However, Districts formed solely to finance major improvements (i.e. community centers) may cease assessments after bonds used to finance the project have been paid off. Or, a reduced assessment may be levied to pay for ongoing service and maintenance, if authorized during formation.

IMPORTANT TO KNOW:

- **Rights to Accelerated Foreclosure**. If municipal bonds or notes have been issued in connection with a 1972 Act Landscaping & Lighting District, the agency will have the right (and the obligation) of accelerated foreclosure. In that case, property is subject to foreclosure proceedings if assessments are delinquent for more than a specified amount of time (usually 90 to 180 days). This is considerably faster than the standard 5-year waiting period on county ad valorem property taxes. If property taxes are not paid during that time, collection and foreclosure proceedings may begin, and the delinquent property owner will be responsible for payment of all collection costs, legal fees and penalties related to the parcel.

California Tax Data

The Leader in Property Tax Disclosure Since 1986

50 Million Trees for California
Fighting Global Warming, One Tree at a Time

Vision: Through a large-scale, grassroots tree planting and stewardship program, foster healthier communities, cleaner environments, energized economies, and a more sustainable future.

Background: Planting and maintaining 50 million trees will make a substantial contribution to meeting California's emissions reduction of 169 Mt (million metric tons) annually, as mandated by AB 32, the Global Warming Solutions Act of 2006. Using 1990 aerial photography, the U.S. Forest Service Center for Urban Forest Research in Davis, CA found 241.6 million empty planting sites throughout California. Strategically planting 50 million trees over the next 25 years would reduce power plant emissions by approximately 1.8 Mt in carbon dioxide equivalents and sequester approximately 68 Mt of CO_2 over 15 years, or 4.5 Mt annually. Together, the 50 million trees would sequester and reduce statewide CO_2 equivalent emissions by 6.3 Mt annually, about 4% of the total reduction targeted by AB 32. The 50 million project trees will also provide substantial co-benefits, such as improved air quality, reduced stormwater runoff, increased property values, wildlife habitat, opportunities to connect with nature, and a stronger sense of community.

The Value of This Vision:

1) It will engage and empower millions of Californians in environmental restoration and climate protection.
2) It will allow more residents to implement "strategic greening" that maximizes functional benefits in terms of human and environmental health.
3) It will provide for greater public and private investment in urban forestry and tree planting/stewardship activities.
4) It will empower local urban forestry efforts, creating a statewide agenda that raises visibility, leverages resources, and develops long-term public participation.
5) It will provide the technical knowledge and tools required to cost-effectively plant, maintain, monitor, and report regulatory data on ecosystem services produced by urban forest investments.
6) It will deliver timely scientific information to combat threats to urban forest health, evaluate policy questions, and improve best management practices.
7) And through increased capacity to utilize new science and technology, it will provide more efficient municipal and nonprofit tree programs.

Strategic Alignment: Planting and stewarding 50 million trees is clearly best accomplished at the local level. However, the associated project planning, distribution grant money, monitoring, and reporting can be most efficiently accomplished when coordinated by a single entity. By virtue of its status as the umbrella organization for close to 100 nonprofit tree groups statewide, California ReLeaf is well positioned to provide the leadership, management skills, and communication resources needed to successfully implement this initiative. In partnership with the Center for Urban Forest Research, California ReLeaf can provide technical assistance and training, as well as timely research focused on solving immediate problems throughout the state.

Strategic Partnerships: At the heart of this strategic alignment is the desire to empower existing tree programs. Our goal is to increase the visibility, stature, and effectiveness of current programs through a higher level of coordination and communication.

To this end, key partners will include, California Urban Forests Council, International Society of Arboriculture, USDA Forest Service, California Department of Forestry and Fire Protection, California Air Resources Board, California Environmental Protection Agency, California Energy Commission, Alliance for Community Trees, foundations, corporations, local government, utilities, small businesses, and the health industry.

For more information on this exciting initiative, contact California ReLeaf at 530-757-7333, mozonoff@californiareleaf.org.

APPENDIX D

COOLCALIFORNIA
CITY CHALLENGE

Sponsored by: energy upgrade CALIFORNIA

OVERVIEW

WWW.COOLCALIFORNIA.ORG/CHALLENGE

IMPORTANT DATES

January – March 30, 2014

Cities sign up to participate in the Challenge

April 1, 2014

Participants begin earning points

May 30, 2014

Prize money awarded to cities based on new participant sign-ups

August 31, 2014

Last day to earn points

October 2014

Awards ceremony

What is the CoolCalifornia City Challenge?

The CoolCalifornia City Challenge is a statewide competition engaging thousands of households in cities across California to save energy, reduce their carbon footprints and help build more vibrant and sustainable communities. In its pilot year (2012 - 2013), the program enrolled 2,670 participants in 8 participating cities and reduced over 225 metric tons of CO_2 equivalent greenhouse gas emissions, equivalent to taking 95 California homes off the electrical grid for a year.

Participants in 'the Challenge' earn points for reducing their household energy use and transportation emissions. Every point earned by participants counts as a raffle ticket toward local prizes and increases the city's rank in the statewide standings. Program sponsors provide prize money and rewards for participating cities, helping to support local sustainability efforts.

How does the CoolCalifornia City Challenge work?

Please note: we've extended the dates for Round 2 of the CoolCalifornia City Challenge. Round 2 now starts April 1, 2014 and runs through August 31, 2014. Cities will sign up to participate in the program beginning in January with sign up closing on March 30th. In April, those cities that signed up to participate in the 'City Challenge' will encourage residents to sign up for the program at the CoolCalifornia Challenge Registration Page and begin tracking their household energy (natural gas and electricity) and motor vehicle emissions. Prize money will be awarded to all participating cities based on the number of new registered households at the end of May.

Starting on April 1st and running through the end of August 2014, participating households will be encouraged to track their energy and household vehicle emissions and join EcoTeams, groups of households working together to reduce their carbon footprints, and earn points in the program. At the end of August, the city with the most points will be crowned the "Coolest California City," two runner-ups will be named "Cool California Cities, " and all cities participating in round two of the CoolCalifornia City Challenge will receive prize money based on the percentage of points earned by households in their city! Davis earned the title of Coolest California City in 2013. Your city could be next!

How can I sign up for the CoolCalifornia City Challenge?

If your city would like to participate in the next Challenge round, then please e-mail challenge@coolcalifornia.org with "Add My City" in the subject line. Upon receipt of your e-mail, we'll work with you to get your city officially signed-on for round two of the Challenge. An informational webinar on the sign-up process for cities is scheduled to be held on Thursday, February 13th.

Bay Bank™

The Chesapeake's Conservation Marketplace

Here's how Bay Bank works for...

Landowners | Service providers | Credit buyers

1. **Run a free LandServer property report** to determine your eligibility for programs and markets.
2. **Open a Bay Bank Account.**
3. **Browse the Market Education Guide** to learn all about your available opportunities.
4. **Post an "expression of interest" on the marketplace.**
5. **Choose a service provider to develop your project.**
6. **Buyers will contact you via email.**



For landowners...

- Benefits and tools for landowners
- Add your project
- Get bids from service providers

For service providers...

- Benefits and tools for service providers
- Add your company

For buyers...

- Benefits and tools for buyers of ecosystem service credits
- Search the marketplace

About the Bay Bank

Bay Bank is the Chesapeake's conservation marketplace, linking landowners with resources to improve and protect the region's natural resources and working lands. Bay Bank combines the best available tools to enable easy access to local, regional, and national ecosystem markets and conservation programs.

- Bay Bank partners
- Contact us

Bay Bank tools

- LandServer
- Service Provider Matching
- Bay Bank Marketplace
- Bay Bank Registry

Browse the marketplace by state

- Delaware (1)
- New York (0)
- Maryland (12)
- Pennsylvania (0)
- Virginia (0)
- West Virginia (1)

Find credits for sale by...

State: All states

Credit types: All credit types

Listing types: All listing types Search

New marketplace listings

Forest Conservation Charles County, Maryland	$1.00 (Negotiable)
Habitat Conservation Garrett County, Maryland	$240,000.00
Forest Conservation Prince George's County, Maryland	$6,560,000.00
Water Quality Protection Cecil County, Maryland	$1.00 (Negotiable)
Habitat Conservation Hampshire County, West Virginia	$500,000.00

→ View all marketplace listings

Credit prices are determined independently by sellers

Design and development by The Other Firm

Pinchot Institute for Conservation

Bay Bank is a program of Pinchot Institute for Conservation

A PACIFIC FOREST TRUST BROWN-BAG LUNCH BRIEFING

The Klamath-Cascade:
KEY TO CALIFORNIA'S WILDLIFE AND WATER IN A CHANGING CLIMATE

March 4th at Noon
CALIFORNIA NATURAL RESOURCES AGENCY AUDITORIUM

SPEAKERS:

Introductory Remarks from Amber Pairis, Ph.D, Assistant Secretary for Climate Change, California Natural Resource Agency

James H. Thorne, Ph.D., Research Scientist, UC Davis Information Center for the Environment

Dr. Thorne is landscape ecologist and modeler who has contributed to several major climate vulnerability assessments for California and federal agencies.

Constance Best, Co-Founder and Co-CEO, Pacific Forest Trust

Recipient of the EPA Climate Protection Award and a leader in developing California's Forest Carbon Project Protocols, Ms. Best leads PFT's development of working forest conservation easements with a focus on landscape impact and climate adaptation.

LEARN MORE ABOUT:

- What might climate change will look like across the state and how will these affect wildlife and their habitats
- The critical landscape role of the Klamath-Cascade—with its immense water resources and world class biodiversity—as a hub for migration and stronghold for wildlife
- What are the key strategies we can undertake to facilitate wildlife adaptation?
- How can land managers support adaptive opportunities for wildlife to help them respond to climate changes
- How can strategically placed conservation easements secure landscape linkages and provide stepping stones for wildlife

Contact Paul Mason at pmason@pacificforest.org for more information.

Why Cap-and-Trade Auction Proceeds Should Fund Affordable Homes Near Transit

Affordable TOD Has an Important Role in Reducing GHG

Transportation-related greenhouse gas (GHG) emissions account for 38% of California's total. Because transportation needs are driven in large part by where people can afford to live, housing affordability affects the sector's emissions. The Sustainable Communities Strategy (SCS) planning process required by SB 375 (Steinberg, 2008) has made integration of housing, land use, and transportation planning a key part of the state's strategy for reducing auto-related GHG emissions. Ensuring that households of all income levels, especially low-income households who use transit most, are able to live near transit and jobs is crucial to meeting the goals of SB 375 and AB 32.

The California Department of Housing and Community Development's (HCD) Transit-Oriented Development (TOD) Housing Program provides funding for affordable homes near transit. However, funding for the TOD Housing Program will be exhausted by the end of 2013. The Cap-and-Trade Program's auction proceeds offer an important opportunity to continue this successful GHG reduction program.

Supporting the development and preservation of affordable homes near transit is an integral part of the Sustainable Communities for All proposal for use of cap-and-trade revenue supported by more than 60 organizations. The broad coalition behind the Sustainable Communities for All proposal includes housing, transportation, labor, social equity, public health, and conservation organizations.

California's Transit Oriented Development Housing Program: A Transformative Program for Reducing Vehicle Miles Traveled and Greenhouse Gas Emissions[1]

The California Department of Housing and Community Development Transit Oriented Development Housing Program was initially funded by the passage of Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006. Over two funding rounds in 2007 and 2008, HCD awarded $271 million to 27 developments through a competitive process, producing a total of 6,158 TOD homes and leveraging more than $1.6 billion in federal and private capital. Due to high demand and limited funding, **HCD was able to fund less than a quarter of the 119 applications it received- a total of over $1.1 billion in proposed TOD.** Program **funding is nearly expended** with remaining funds to be distributed through a third and final funding round this summer unless additional funding is appropriated.

This paper demonstrates how the developments funded by the TOD Housing Program encourage deep GHG reductions and summarizes research supporting the program's scoring criteria.

The TOD Housing Program funds the development of apartments and condominiums within a ¼ mile of transit, **with the specific goals of increasing public transit ridership, minimizing automobile trips, and promoting GHG reductions**. HCD selects projects using criteria based on rigorous empirical data and academic research on the best methods of reducing auto use and increasing transit ridership. GHG benefits from affordable TOD are long lasting. They endure for at least 55 years, the life of the program loan.

---

1 TOD Housing Program Second Round Guidelines, February 2009.
http://www.hcd.ca.gov/fa/tod/SECOND_ROUND_TOD_HOUSING_PROGRAM_GUIDELINES_FINAL.pdf

HCD's TOD Housing Program: Designed for GHG and VMT Reduction

All developments funded through the program must be within a quarter mile of a transit station that provides high-quality transit service and meet minimum density levels based on location. Projects are selected using a scoring system based on characteristics deemed necessary for creating successful TOD housing. In the program's second round, the majority of the total points (220 out of 380) were awarded based on features that reduce GHG and vehicle miles traveled (VMT). **All awardees scored maximum points in six out of seven GHG/VMT reduction categories listed below.**

- **Consistent with Infill and TOD Objectives of Regional Planning Efforts (30 points):** Developments must be consistent with regional planning efforts, local plans, and specific plans and be located in areas targeted for infill and transit-oriented development. *All awardees in the last round scored full points.*
- **Quality of Transit System and Transit Station (90 points):** Transit service must offer travel times equal to or better than automobile travel and must provide real time schedule information to riders. *Awardees in the last round scored 66 to 90 points.*
- **Access to Services (15 points):** Developments must be located within a half mile of at least ten distinct amenities (grocery stores, schools, parks, etc.) that enable residents to avoid the use of a car to meet basic needs. *All awardees in the last round scored full points.*
- **Discounted Transit Passes (5 points):** Developments must offer free or discounted transit passes (no more than half of retail cost) to each lower income household for the term of the program loan (55 years). *All awardees in the last round scored full points.*
- **Innovative Parking Reduction Strategies (25 points):** Developments must feature parking shared between various uses, such as residential and retail (5 points); offer dedicated parking spaces for car-sharing vehicles (5 points); and offer minimal residential parking (10 points). Residents pay for parking separately from monthly rent payments (except where prohibited by federal law) (5 points). *All awardees in the last round scored full points.*
- **Biking and Walking Friendly Features (25 points):** The main walking route between the transit station and the development must have small street blocks, street lighting after dark, ADA compliant sidewalks, and safe street crossings. The transit station must have waiting areas with seating, lights, shelter, and bicycle facilities. *All awardees in the last round scored full points.*
- **Serves Households at Lower Income Levels (30 Points):** Developments must provide dedicated units that are affordable to lower income households that are most likely to take transit and less likely to own a car. *All awardees in the last round scored full points.*

The remaining points are awarded based on the readiness of the project for construction, the amount of additional capital it is able to leverage apart from the program funding, the developer's track record of successful completion of infill and TOD, and community support for the project.

For the upcoming third funding round, HCD made changes to the program's scoring criteria that improve the focus on reducing VMT and GHG emissions by adding scoring categories for **Accessibility to Job Centers** and **Consistency with the GHG objectives of local plans and AB 32,** and by increasing the value of other GHG-reducing categories.

Meeting the Sinclair Nexus Test: Understanding the Research

There is a growing body of research linking GHG reductions to affordable homes near transit.

Walkable, Transit-oriented Locations Reduce Driving

According to Reid Ewing and Robert Cervero in their 2010 article, "Travel and the Built Environment: A Meta-Analysis," the following key characteristics significantly lower residents' VMT and resulting auto-related GHG emissions: close proximity to frequent, efficient transit – typically within a half mile or less – that connects residents to jobs centers and services; heightened density of residences and/or employment; a mix of uses in the neighborhood, providing local access to shopping, services, and jobs; and a street network that makes it easy and safe to walk or bike to local destinations.[2] HCD's TOD Housing Program rewards housing developments that incorporate these key characteristics.

Additionally, in the 2007 research paper "Transit Oriented Development's Ridership Bonus," Robert Cervero conducted before-and-after surveys of residents who had moved to California TODs from areas with poor transit access. The study found that TOD residents' daily VMT dropped 42% on average.[3] The Cervero study also showed added benefits for new TOD residents including reduced commute times, lower commute costs, and increased job access.

Low-Income Households Drive Less and Use Transit More, Especially in TOD

While living in TOD homes increases transit ridership among people of all incomes, low-income people demonstrate the highest transit ridership in TOD neighborhoods in California's four largest metro areas. U.S. Census data on commuting reveals that workers living in transit-accessible neighborhoods and earning less than $25,000 a year take transit, walk, or bike to work at much higher rates than higher earners who also live in these neighborhoods.[4] These results are consistent with national data that show **higher transit ridership and lower car ownership and car use on average among low-income households**.[5]

The benefits of improved access to transit will decrease overall in neighborhoods if existing residents with low vehicle ownership are displaced. Because transit is a desirable amenity, rents and property values near transit are typically higher on average than for similar homes further from transit.[6] Northeastern University's Dukakis Center studied 42 neighborhoods with newly improved transit and found that "in some of the newly transit-rich neighborhoods…**a new transit station can set in motion a cycle of unintended consequences in which core transit users—such as renters and low-income households—are priced out** in favor of higher-income, car-owning residents who are less likely to use public transit for commuting."[7] For these reasons, investing in affordable TOD is critical to reducing displacement of existing low-income residents from neighborhoods with good transit access.

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[2] Reid Ewing and Robert Cervero, "Travel and the Built Environment A Meta-Analysis," *Journal of the American Planning Association* 76, No.3 (2010): 10 URL: http://dx.doi.org/10.1080/01944361003766766
John Holtzclaw, Robert Clear, Hank Dittmar, David Goldstein, and Peter Haas, "Location Efficiency: Neighborhood and Socio-Economic Characteristics Determine Auto Ownership and Use - Studies in Chicago, Los Angeles and San Francisco," *Transportation Planning and Technology* 25, No.1, (2002)

[3] Robert Cervero, "Transit Oriented Development's Ridership Bonus: A Product of Self-Selection and Public Policies," *Environment and Planning* 39, (2007): 2074, 2075.

[4] Analysis of ACS data aggregated using the TOD Database, a project of CNT and CTOD and included in California Housing Partnership Corporation, "Building and Preserving Affordable Homes Near Transit: Affordable TOD as a Greenhouse Gas Reduction Strategy", 2013

[5] John Pucher and John L. Renne, "Socioeconomics of Urban Travel: Evidence from the 2001 NHTS," Transportation Quarterly, 57, No. 3, (2003)

[6] Keith Wardrip, *Public Transit's Impact on Housing Costs: A Review of the Literature*, (Center for Housing Policy, 2011).

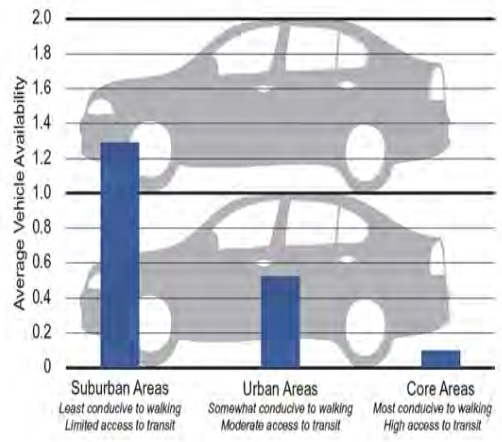
[7] Stephanie Pollack, Barry Bluestone, and Chase Billingham, *Maintaining Diversity In America's Transit-Rich Neighborhoods: Tools for Equitable neighborhood Change*, (Dukakis Center for Urban and Regional Policy, 2010) http://www.dukakiscenter.org/report-summary/

On-Site Strategies Can Further Reduce Driving and GHGs

In addition to location and affordability, the transportation demand management strategies included in HCD's TOD Housing Program scoring criteria further reduce vehicle ownership, trips and GHG.

- **Car Sharing:** 20% of car-sharing households give up one or more vehicles, and on average 34% forgo buying a new car[8].
- **Free or Discounted Transit Passes:** Whether offered by universities, employers or housing developers, providing free or heavily discounted transit passes leads to much higher transit ridership and lower GHGs. First Community Housing, a developer of affordable apartment homes, provides free transit passes to residents in all its developments. A survey of 1,500 residents[9] found that 64% use a pass more than four times a week and 22% said their passes reduced the number of cars owned in their household.
- **Bicycle Supportive Features:** Bicycle commuting reduces VMT. Many low-income residents ride bikes but can face barriers to using them as replacements for car travel. Designing bike parking into affordable home developments and improving the surrounding bicycle infrastructure can help encourage cycling and capture these GHG reduction benefits. [10]

Low-Income Families Living in Urban Areas Own Far Fewer Cars than in Suburban Areas



A 2011 study of parking at 34 affordable home sites in San Diego[11] found that those located in "core urban" areas that were walkable and had good transit access had just **one vehicle for every ten households** (0.1 per household), compared to 1.3 vehicles per household in suburban areas.

The same study concluded that minimum parking requirements hurt lower-income households, by increasing costs and reducing housing density, and thus potential transit riders.

Cervero and Arrington's study on TOD found that average vehicle ownership for TOD residential development was approximately 1.1 vehicles per unit – half the 2.2 parking spaces per unit that many cities require, even near transit.[12] Inappropriately high parking requirements for TOD inflate costs and decrease the supply of units. **The TOD Housing Program incentivizes reduced parking requirements by rewarding developments that build less parking.**

Affordable TOD: A Successful GHG Reduction and Equity Strategy

HCD's TOD Housing Program provides an innovative approach to achieve maximum long-term GHG benefits and serve the economic, public health, and environmental interests of California's most disadvantaged communities and households. Built on solid academic research, it incorporates proven GHG/VMT reduction features. **In the face of solid evidence and significant need, we recommend appropriating Cap-and-Trade auction proceeds efficiently and effectively through HCD's TOD Housing Program.**

For more information on HCD's TOD Program or the Sustainable Communities for All proposal, please contact: Megan Kirkeby at the California Housing Partnership, mkirkeby@chpc.net, 415-433-6804 or Julie Snyder at Housing California jsnyder@housingca.org, 916-501-5922. For more information and case studies about trip reduction strategies please go to GreenTRIP.org or contact TransForm's Ann Cheng, Ann@TransFormCA.org.

[8] Transportation Research Board; Transit Cooperative Research Program (TCRP) Report 108, Car-Sharing: Where and How it Succeeds. 2005.
[9] http://www.firsthousing.com/wp-content/uploads/2009/05/ecopass1.pdf
[10] http://www.communitycyclingcenter.org/wp-content/uploads/2012/07/Understanding-Barriers-Final-Report.pdf
[11] San Diego Affordable Housing Parking Study, 2011. http://www.sandiego.gov/planning/programs/transportation/mobility/pdf/111231sdafhfinal.pdf
[12] Cervero, Robert. TCRP Report 128, "Effects of TOD on Housing, Parking, and Travel," (2008). http://www.reconnectingamerica.org/assets/Uploads/tcrp128.pdf.

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