

## Arizona Department of Forestry and Fire Management

	FY 2021 ACTUAL	FY 2022 ESTIMATE	FY 2023 BASELINE
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	210.0	213.0	213.0 <sup>1/</sup>
Personal Services	2,135,200	2,147,500	2,147,500
Employee Related Expenditures	828,800	966,400	966,400
Professional and Outside Services	69,600	69,600	69,600
Travel - In State	5,300	21,000	21,000
Travel - Out of State	100	200	200
Other Operating Expenditures	148,800	152,700	152,700
Equipment	15,900	36,400	36,400
<b>OPERATING SUBTOTAL</b>	<b>3,203,700</b>	<b>3,393,800</b>	<b>3,393,800</b>
<b>SPECIAL LINE ITEMS</b>			
Environmental County Grants	250,000	250,000	250,000
Fire Suppression	3,200,000	3,200,000	3,200,000 <sup>2/</sup>
Hazardous Vegetation Removal	533,500	3,000,000	3,000,000 <sup>3/</sup>
Inmate Firefighting Crews	699,900	784,400	784,400
Post-Release Firefighting Crews	961,400	1,151,000	1,151,000
Nonnative Vegetation Species Eradication	1,000,000	1,000,000	1,000,000 <sup>4/</sup>
Rural Fire District Reimbursement	0	2,500,000	0
State Fire Marshal	706,700	1,168,700	1,052,000
State Fire School	156,500	279,700	279,700
Wildfire Emergency Response	4,507,300	0	0
Wildfire Mitigation	0	0	38,211,200
<b>AGENCY TOTAL</b>	<b>15,219,000</b>	<b>16,727,600</b>	<b>52,322,100 <sup>5/</sup></b>
<b>FUND SOURCES</b>			
General Fund	15,219,000	16,727,600	52,322,100
<b>SUBTOTAL - Appropriated Funds</b>	<b>15,219,000</b>	<b>16,727,600</b>	<b>52,322,100</b>
Other Non-Appropriated Funds	60,520,700	59,942,600	59,942,600
<b>TOTAL - ALL SOURCES</b>	<b>75,739,700</b>	<b>76,670,200</b>	<b>112,264,700</b>

**AGENCY DESCRIPTION** — The Arizona Department of Forestry and Fire Management (DFFM) is responsible for the prevention and suppression of forest fires on State Trust Land and private land outside incorporated municipalities (about 22 million acres total). The department includes the Office of the State Fire Marshal, which enforces the state fire codes and provides training and education for fire personnel and the general public. All training provided by the department must comply with safety standards prescribed by the National Fire Protection Association and the Occupational Safety and Health Administration of Arizona.

### FOOTNOTES

- <sup>1/</sup> Includes 170 GF FTE Positions funded from Special Line Items in FY 2023.
- <sup>2/</sup> A.R.S. § 37-1305 annually appropriates \$3,000,000 from the General Fund to the Fire Suppression Revolving Fund. Because this authorization is in permanent statute, \$3,000,000 of the appropriated amount is not included in the General Appropriation Act.
- <sup>3/</sup> The appropriation for the hazardous vegetation removal line item is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations, through June 30, 2024. (General Appropriation Act footnote)
- <sup>4/</sup> The sum of \$1,000,000 is appropriated from the state General Fund in each of FY 2021, FY 2022, FY 2023, FY 2024, FY 2025, FY 2026, FY 2027, FY 2028, and FY 2029 to the Arizona Department of Forestry and Fire Management for deposit in the Nonnative Vegetation Species Eradication Fund established by A.R.S. § 37-1309 to assist in preventing wildland fire and flooding. (FY 2020 General Appropriation Act footnote)
- <sup>5/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

### **Operating Budget**

The Baseline includes \$3,393,800 and 43 FTE Positions from the General Fund in FY 2023 for the operating budget. These amounts are unchanged from FY 2022.

### **Environmental County Grants**

The Baseline includes \$250,000 from the General Fund in FY 2023 for Environmental County Grants. This amount is unchanged from FY 2022.

Monies in this line item have been used by Greenlee, Graham, Gila, Navajo, Cochise and Apache Counties for environmental projects that impact economic development in those counties. Previously funded projects include forest restoration, endangered species habitat protection, watershed restoration, and natural resource planning. DFFM must approve any project prior to expenditure of the monies.

### **Fire Suppression**

The Baseline includes \$3,200,000 from the General Fund in FY 2023 for Fire Suppression. This amount is unchanged from FY 2022.

Monies in this line item are used for fire suppression on state trust land and rural private land. A.R.S. § 37-1305 provides an annual appropriation of up to \$3,000,000 from the General Fund for fire suppression. Because this authorization is in permanent statute, only \$200,000 of the appropriated amount is included in the General Appropriation Act. (See *Wildfire Mitigation line item for additional monies supporting fire suppression in Arizona.*)

### **Hazardous Vegetation Removal**

The Baseline includes \$3,000,000 from the General Fund in FY 2023 for a Hazardous Vegetation Removal program. This amount is unchanged from FY 2022.

This line item supports hazardous material removal programs that treat state and private lands through prescribed burning or thinning of flammable vegetation. This work can be conducted by DFFM crews or through fuel reduction grants to contractors.

### **Inmate Firefighting Crews**

The Baseline includes \$784,400 and 13 FTE Positions from the General Fund in FY 2023 for Inmate Firefighting Crews. These amounts are unchanged from FY 2022.

These monies provide firefighting training for 12 inmate fire crews. The crews act as first responders and are used for fuel treatment and fire suppression.

### **Post-Release Firefighting Crews**

The Baseline includes \$1,151,000 and 20 FTE Positions from the General Fund in FY 2023 for Post-Release Firefighting Crews. This amount is unchanged from FY 2022.

Monies in this line item provide firefighting training for recently released inmates who previously participated in Inmate Firefighting Crews (see *Inmate Firefighting Crews line item*). The Post-Release Firefighting Program allows program participants to work towards completing their wildland firefighting certification following release from Department of Corrections custody.

### **Nonnative Vegetation Species Eradication**

The Baseline includes \$1,000,000 from the General Fund in FY 2023 for the Nonnative Vegetation Species Eradication line item. This amount is unchanged from FY 2022.

The FY 2020 General Appropriation Act appropriated \$1,000,000 from the General Fund to DFFM to deposit in the Nonnative Vegetation Species Eradication Fund in each fiscal year of FY 2021 through FY 2029. Because these monies were advanced appropriated in the FY 2020 General Appropriation Act, these appropriations will not appear in subsequent General Appropriation Act bills.

Monies in this line item are used to provide grants to other state agencies, cities, towns, counties, Indian tribes, and other political subdivisions and nonprofit organizations to fund projects that will assist in the prevention of wildfires and flooding and promote restoration of wildlife habitats by removing nonnative vegetation and replacing it with native vegetation. Saltcedar plants are an example of a nonnative vegetation species.

### **Rural Fire District Reimbursement**

The Baseline includes no funding in FY 2023 for Rural Fire District Reimbursement. FY 2023 adjustments are as follows:

#### **Remove One-Time Funding**

The Baseline includes a decrease of \$(2,500,000) from the General Fund in FY 2023 for removal of one-time funding for the Rural Fire District Reimbursement line item.

Funding for this line item goes toward processing and paying claims to reimburse fire districts with a population of less than 5,000 for expenses incurred responding to emergency medical services provided on federal lands. Local fire districts do not otherwise receive payment for providing emergency medical services to persons injured or sick on federal lands.

### **State Fire Marshal**

The Baseline includes \$1,052,000 and 14 FTE Positions from the General Fund in FY 2023 for the State Fire Marshal. FY 2023 adjustments are as follows:

#### **Remove One-Time Funding**

The Baseline includes a decrease of \$(116,700) from the General Fund in FY 2023 for removal of one-time equipment costs for the State Fire Marshal line item.

The Office of the State Fire Marshal enforces the state fire codes and provides training and education for fire personnel and the general public.

### **State Fire School**

The Baseline includes \$279,700 and 1 FTE Position from the General Fund in FY 2023 for the State Fire School. These amounts are unchanged from FY 2022.

Monies in this line item primarily subsidize smaller rural volunteer fire departments attending Arizona State Fire School workshops which provide firefighting education. Besides \$200,000 for subsidizing these costs, the remaining \$79,700 and 1 FTE Position is used for liaison work with the Arizona State Fire Training Committee and other firefighter training activities.

### **Wildfire Emergency Response**

The Baseline includes no funding in FY 2023 for the Wildfire Emergency Response line item. This amount is unchanged from FY 2022.

Laws 2021, 1<sup>st</sup> Special Session, Chapter 1, appropriated \$75,000,000 from the General Fund in FY 2021 for the Wildfire Emergency Response line item. This emergency supplemental appropriation is non-lapsing through June 30, 2022. Monies in this line item are to be used for 6 purposes:

1. Fire suppression and pre-positioning of equipment staff, mitigation of wildfire related flooding.
2. Capital expenditures and equipment associated with fire suppression and pre-positioning activities for fire

suppression. State capital expenditure for these purposes limited to \$10,000,000.

3. Mitigation projects to address postfire flooding and other damage occurring as a result of fire or fire suppression activities.
4. A state or local government agency's emergency liabilities related to emergency sheltering, wraparound services and support activities.
5. Financial assistance to public and private landowners for emergency repairs for infrastructure damage resulting from fires or fire suppression activities. The state is to be the payor of last resort for assistance to private landowners, and total assistance for private landowners is limited to \$10,000,000.
6. Reimbursement to a state agency or political subdivision for the state agency's or political subdivision's cost-share of eligible claims arising from a declared emergency.

Each month the department shall report to the Senate President, Speaker of the House of Representatives and the Joint Legislative Budget Committee on the expenditures, reimbursements, and the balance of the monies in the appropriation. The expenditures and reimbursements are to be delineated for each type of expenditure.

Through November 2021, DFFM reported spending \$21,809,980 of the appropriation, of which \$14,812,194 was expended in the fire suppression category. Capital and flooding mitigation projects make up the other 2 significant expenditure categories, with \$3,440,169 and \$3,536,622 in expenditures, respectively. The final \$20,995 in expenditures fall under financial assistance to landowners. Through November 2021, DFFM reported total encumbrances of \$33,758,445.

### **Wildfire Mitigation**

The Baseline includes \$38,211,200 and 122 FTE Positions from the General Fund in FY 2023 for the Wildfire Mitigation line item. FY 2023 adjustments are as follows:

#### **Continue 3-Year Funding Plan**

The Baseline includes an increase of \$38,211,200 from the General Fund in FY 2023 for continuation of the 3-year funding plan as outlined in the FY 2022 budget.

Laws 2021, 1<sup>st</sup> Special Session, Chapter 1 appropriated \$24,541,800 and 122 FTE Positions in FY 2021 for wildfire mitigation available until June 30, 2022. The 3-year plan as part of the FY 2022 budget includes \$38,211,200 in FY 2023 and \$32,029,800 in FY 2024 to continue these efforts.

Monies in this line item are to be used for personnel, operating costs, equipment, and contracted services to mitigate future fires. In FY 2023, the line item includes:

- \$7,802,760 for 122 DFFM staff to oversee the work of 10 crews of 72 inmates working to remove hazardous vegetation.
- \$11,383,040 for inmate crews and corrections staff.
- \$8,734,200 for vehicles, Department of Transportation program costs, and other equipment and maintenance.
- \$5,780,000 for contracted personnel to support wildfire mitigation efforts.
- \$4,500,000 for external project grants.

- A decrease of \$(1,031,400) in FY 2024 for removal of one-time ADC equipment and transportation costs.
- A reduction of \$(3,190,000) in FY 2024 for removal of one-time DFFM vehicle purchases.

**Budget Stabilization Fund Use for Processing Wildland Fire Claims**

A.R.S. § 35-144 authorizes DFFM to use up to \$20,000,000 in Budget Stabilization Fund (BSF) monies to pay wildland fire suppression claims.

DFFM coordinates the dispatch of local fire districts in response to wildland fires occurring on federal land. Expenditures incurred by local districts are paid for by DFFM using monies from the BSF. DFFM then requests reimbursement from its cooperating federal partners. Federal reimbursements are provided to the State Treasurer to be deposited into the BSF.

As of November 2021, DFFM reports using all \$20,000,000 in BSF capacity for claims awaiting federal reimbursement. (See the Budget Stabilization Fund Use for Processing Wildland Fire Claims section of the DFFM narrative in the FY 2021 Appropriations Report for more information on DFFM's use of the BSF.)

**Other Issues**

**Long-Term Budget Impacts**

As part of the Baseline's 3-year spending plan, DFFM's General Fund costs are projected to decrease by \$(6,181,400) in FY 2024 compared to FY 2023 and remain unchanged in FY 2025 from FY 2024 levels. These estimates are based on:

- A decrease of \$(1,960,000) in FY 2024 for removal of one-time equipment costs.

SUMMARY OF FUNDS	FY 2021 Actual	FY 2022 Estimate
<b>Arson Detection Reward Fund (FFM2169/A.R.S. § 37-1387)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Donations, court-imposed fines, and monies from forfeiture of bail posted for arson convictions.		
<b>Purpose of Fund:</b> To provide rewards for information leading to convictions of arson cases.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	104,500	109,400
<b>Cooperative Forestry Fund (FFM2232/A.R.S. § 37-1306)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations, reimbursements from organizations, the public, other levels of government, and state agencies.		
<b>Purpose of Fund:</b> To fund the State Forester's activities, including forestry assistance and wild land fire prevention and suppression on state lands.		
<b>Funds Expended</b>	6,534,300	6,534,300
<b>Year-End Fund Balance</b>	3,105,600	3,479,700
<b>Fire Suppression Revolving Fund (FFM2360/A.R.S. § 37-1305)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> General Fund appropriations, monies authorized by the Governor's Emergency Council and the Wild Land Fire Emergency Council, civil penalties related to the use of fireworks on state lands and other monies. If the unobligated balance of the fund exceeds \$2,000,000 at the end of any calendar year, the excess shall be transferred to the General Fund.		
<b>Purpose of Fund:</b> To cover the costs of fighting fires on public and private lands. May include expenditure of General Fund appropriations, which may cause double counting of appropriations.		
<b>Funds Expended</b>	51,177,800	51,606,400
<b>Year-End Fund Balance</b>	214,600	0

SUMMARY OF FUNDS	FY 2021 Actual	FY 2022 Estimate
<b>IGA and ISA Fund (FFM2500/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Various intergovernmental and interagency service agreements.		
<b>Purpose of Fund:</b> Clearing account for monies expended under Intergovernmental Agreements (IGA) and Intergovernmental Service Agreements (ISA).		
<b>Funds Expended</b>	1,840,600	793,800
<b>Year-End Fund Balance</b>	2,532,400	3,316,300
<b>Indirect Cost Recovery Fund (FFM9000/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Fees from the Negotiated Indirect Cost Rate Agreement with the U.S. Forest Service.		
<b>Purpose of Fund:</b> To offset the costs of the department's overhead personnel.		
<b>Funds Expended</b>	968,000	1,008,100
<b>Year-End Fund Balance</b>	550,000	391,900
<b>Nonnative Vegetation Species Eradication Fund (FFM2456/A.R.S. § 37-1309)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations. The FY 2020 General Appropriation Act appropriated \$1,000,000 from the General Fund to the department in each of FY 2020 through FY 2029 to deposit into the Nonnative Vegetation Species Eradication Fund.		
<b>Purpose of Fund:</b> To provide grants to other state agencies, cities, towns, counties, Indian tribes, other political subdivisions and nonprofit organizations for projects that will assist in fire and flood prevention, conservation of water, replacing nonnative vegetative species with native vegetative species and restoring native habitats. General Fund appropriation expenditures are not displayed to avoid double counting of appropriations.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	1,933,400	1,533,400
<b>Trampoline Court Safety Fund (FFM2578/A.R.S. § 37-1422)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Fees charged to owners of trampoline courts.		
<b>Purpose of Fund:</b> To implement and maintain the registry of trampoline courts operating in Arizona.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	9,100	9,800