



RURAL COUNTY REPRESENTATIVES
OF CALIFORNIA

September 21, 2023

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

RE: Assembly Bill 338 (Aguiar-Curry) — REQUEST FOR VETO

Dear Governor Newsom:

On behalf of the Rural County Representatives of California (RCRC), we respectfully yet strongly urge your veto of Assembly Bill 338, authored by Assembly Member Cecilia Aguiar-Curry. This measure would expand the definition of “public works” to include fuel reduction work done under contract and paid for in part or whole by public funds, thereby requiring payment of prevailing wage. RCRC is an association of forty rural California counties, and the RCRC Board of Directors is comprised of elected supervisors from each of those member counties.

RCRC appreciates late efforts by the author’s office to work with the Administration to lessen the potential impacts of AB 338 on certain project types. However, those amendments did not adequately address projects with a heavy public lands footprint that impact small communities in the wildland urban interface, many of which will necessarily need to be completed under terms of Good Neighbor Authority or master stewardship agreements with federal land managers to be fully realized. Private residents whose homes abut public lands already suffer the high risk that comes from the decades-long lag in proper forest management efforts on those forests, which will only be exacerbated by the extensive costs associated with implementing AB 338.

RCRC and its member counties are extremely concerned that any new policies impacting the ability of socioeconomically disadvantaged communities to continue to make progress on the pace and scale of fuels treatment will have devastating impacts on the safety of rural residents as well as the long-term health and resilience of forested ecosystems. We are also concerned that very little study has been done on the current condition of the forest resilience workforce, including wages and training needs for contractors used by both state and local agencies, to truly understand whether the state

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can balance its current forest resilience funding commitments with a marked increase in workforce costs.

The majority of rural, forested communities depend almost wholly on public funding such as state and federal grant dollars so that fire safe councils, community collaboratives and other under-resourced, local organizations can work together with local governments to get work done on the ground using local contractors. Experience has shown that, as written, AB 338, would have the unintended consequence of eliminating local jobs rather than creating them by placing small, local contractors at a competitive disadvantage for fuels reduction work in rural areas. The requirements to become a prevailing wage employer are both resource- and labor-intensive, making it difficult for many small contractors to obtain and maintain prevailing wage status.

By requiring prevailing wage for the majority of fuels reduction projects, we expect to see local contractors priced out of projects while large, out-of-area contractors dominate the bidding. This exact scenario has occurred in rural communities with other prevailing wage sectors such as construction, and it has often served to restrict the affordability of projects while limiting availability of contractors to a small pool from outside the community. AB 338, while well-intended, would likely eliminate local jobs in the forestry workforce rather than creating them in communities like Lassen County, where state policies have already created a cavernous need for new jobs.

Furthermore, as you know, we are now facing a property insurance crisis, as the state's largest insurers of residential properties are no longer writing new policies in California due to the risk associated with wildfires and other catastrophes. RCRC is extremely concerned that AB 338 will only exacerbate this emergency for residents across the state. Recently-promulgated regulations at the California Department of Insurance require insurers to offer discounts to homeowners who live within communities that are taking steps to mitigate the impacts of high severity wildfires. However, even with exemptions for work done on private land, AB 338 will undoubtedly shrink the scope of wildfire mitigation efforts and, in many cases, cause delays in socioeconomically disadvantaged communities that are dependent on state and federal grant dollars to complete shaded fuel breaks and other fuels treatment projects on public lands that are crucial to safeguard their residents.

Prevailing wage requirements will also be an impediment to state agencies under the California Natural Resources Agency such as CAL FIRE and the various conservancies, who will struggle in the foreseeable future to continue to meet the state's ambitious forest resilience and wildfire mitigation goals with diminishing state funding revenues. Administering prevailing wage contracts will require additional staffing time and resources not currently allocated in the state budget and will necessarily shrink the pace and scale of forest resilience acres treated due to dramatically increased costs.

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Should AB 338 become law, it must be accompanied by an associated commitment from the Administration to increase funding for forest resilience and fuels treatment grants and other programs upon implementation. Senate Bill 247 (Dodd, 2019) required Pacific Gas & Electric to pay prevailing wage for vegetation management operations, and PG&E subsequently estimated that SB 247 increased costs by approximately 49 percent¹. While investor-owned utilities have the option of simply passing along their costs to their ratepayers, fire-prone communities currently struggle for resources to compete for precious grant dollars in order to safeguard their residents and mitigate smoke emissions and ecosystem damage from catastrophic wildfires.

Implementation of AB 338 should also be accompanied by extensive outreach and education to small, local contractors in rural communities that are currently part of the state's vital infrastructure working to complete fuels treatment projects and safeguard communities. These contractors must be given the tools, resources and support to enable them to maintain their ability to compete for contracts and continue providing local jobs in their communities.

RCRC would be happy to discuss our concerns about AB 338, particularly should the bill become law and require implementation. However, we respectfully request your veto of AB 338 at this time. Please do not hesitate to contact me at sheaton@rcrcnet.org with any questions.

Sincerely,



STACI HEATON
Senior Policy Advocate

cc: The Honorable Cecilia Aguiar-Curry, California State Assembly
Wade Crowfoot, Secretary, California Natural Resources Agency
Mary Hernandez, Office of Governor Gavin Newsom

¹ Pacific Gas & Electric. *U39M Opening Brief Before the California Public Utilities Commission Application No. 21-06-021*. Page 461.
<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M498/K806/498806632.PDF>