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California Department of Forestry and Fire Protection

Cooperative Fire Protection – Safety Program

Firefighter Health and Safety, Vegetation and Fuel Reduction, and Community Resilience

California Fire Foundation

Grant Guidelines

Revised: March 26, 2026

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Section I: Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024

In November 2024 California voters approved a $10 billion General Obligation Bond called the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act Of 2024, also commonly known as the "Climate Bond." California Public Resources Code (PRC) §91520(o) provides funding to the California Fire Foundation for projects to improve firefighter health and safety, provide specialized equipment and PPE, perform vegetation and fuel reduction work, and promote community resilience and awareness. This funding is managed through the California Department of Forestry and Fire Protection (CAL FIRE).

This statutory mandate directly aligns with California Fire Foundation's statewide mission to supply public safety resources, conducts outreach and education about fire safety issues, and enhance and improve the communities of California.

Section II: Funding Availability – Fiscal Year 2025-2026

Up to $13.837 million of Fiscal Year 2025-2026 (FY2025) funds will be awarded to California Fire Foundation. California Fire Foundation shall complete grant-related activities no later February 28, 2029.

Section III: Funding Priorities

California Fire Foundation aims to establish a statewide, multi-disciplinary initiative to protect California's firefighters and communities through coordinated research, technology, and support. This initiative engages state agencies, non-profit organizations, universities, researchers, state and local fire departments, and community partners to provide firefighter health and safety, public education and outreach, reduce wildfire risk, and strengthen community resilience.

California Fire Foundation aims to advance statewide climate and wildfire goals, utilizing the following funding priorities in accordance with the guidelines set forth under California PRC §91520(o):

<u>Vegetation and Fuels Reduction (Statutory Purpose #1)</u>

The California Fire Foundation will support projects that reduce wildfire risk and strengthen community resiliency, including vegetation management, defensible

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space work, fuels reduction in high-risk areas, community chipping programs, strategic firebreak development, and collaborative local mitigation efforts.

Public Education and Outreach (Statutory Purpose #2)

The California Fire Foundation will leverage fire departments as trusted messengers and include multilingual print and digital materials, social media and video outreach, toolkits for local fire agencies, and community engagement efforts.

Specialized Fire Equipment and PPE (Statutory Purpose #3)

The California Fire Foundation will support the acquisition of PPE, wildland and structural firefighting gear, specialized suppression equipment, apparatus enhancements, and other tools necessary to respond to climate-driven disasters.

Firefighter Health and Safety (Statutory Purpose #4)

The California Fire Foundation will facilitate research into areas of cancer prevention and mitigation, occupational exposure and long-term health impacts, and the development of improved cancer screening and early detection protocols. Additional research topics may include hormone impact studies, women firefighter health research, and post-incident health monitoring.

Section VII: Project Contractor Information

California Fire Foundation shall be permitted to utilize contractors for the completion of grant-related activities.

Section VIII: General Grant Conditions and Project Administration

Project Performance Period

The Project Performance Period is from the time the Grant Agreement is fully signed by the CAL FIRE Director, or designee, to the Grant Agreement termination date. Only eligible costs incurred during the Project Performance Period will be paid by the State.

Project work must be completed no later than the end date specified in the Grant Agreement Project Performance Period (see definition). CAL FIRE has the discretion to specify an earlier project completion date at the time of award based on the funds associated with the grant award. CAL FIRE will work with

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California Fire Foundation to ensure projects will still be achievable within the earlier timeframe.

Final invoices for all grant-related work must be submitted to CAL FIRE no later than 30 days after the Project Performance Period.

Project Reporting

California Fire Foundation shall report on progress toward completion of the Scope of Work included in the Grant Agreement with every invoice, or quarterly, whichever is more frequent. Unless otherwise specified by CAL FIRE, progress reports are due on the last business day of the month following the end of a quarter (April 30, July 31, October 31, January 31).

California Fire Foundation shall submit a final project report to CAL FIRE with the final invoice. The final report will include final summary of all metrics reported in prior periodic progress reports, as well as narrative summary of project outcomes including co-benefits, lessons learned, and documentation of project activities and outcomes.

Changes and/or Amendments to Approved Projects

Should California Fire Foundation have a need to change the scope of work, budget, or project performance period of an approved project, a request shall be submitted to CAL FIRE. The request must be submitted in writing to CAL FIRE for review and approval prior to implementing those changes. CAL FIRE will determine if an amendment request will be processed as an informal or formal amendment.

Examples of amendment requests that may require a formal amendment, requiring full execution by the signatories of an agreement, include:

- Change in the project end date (as allowed by legislation or liquidation deadline for the funding source).
- Changes to any budget category exceeding 10% of the grant funds as documented in the most recent executed agreement.

Examples of amendment requests that may require an informal amendment requiring CAL FIRE project manager approval, include:

- Change in scope of work, including deliverables
- Changes to the approved budget categories of less than 10% of the grant funds as documented in the most recent executed agreement

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- Costs not included in the approved budget, such as adding additional employees, travel, supplies, and equipment
- Substitution or addition of sub-awardees
- Change in physical project location

Any change must be consistent with the statutes, regulations, and guidance governing the program.

Requested budget changes may not increase the amount of funds awarded by CAL FIRE, unless such changes are initiated by CAL FIRE. Changes to contractors will be reviewed and approved by CAL FIRE. Changes to grant amount, project performance period, or significant changes to scope of work may require the grant agreement to be amended.

CAL FIRE reserves the right to reject proposed changes to an approved project and/or budget to ensure compliance with California PRC §91520(o).

Once a Grant Agreement has been signed, it may only be amended with advanced written consent of CAL FIRE and California Fire Foundation. Any amendment requests to extend the project timeline, where permissible, must be submitted to CAL FIRE sixty (60) days before the agreement end date. CAL FIRE reserves the right to waive the sixty (60) days in extenuating circumstances.

Project Termination

Before work on the project begins, a Grant Agreement may be terminated by CAL FIRE or California Fire Foundation upon 30 days advanced written notice to the other party. After work begins on the Project, termination may occur: (1) if CAL FIRE and California Fire Foundation mutually agree to terminate the agreement; (2) if the State determines California Fire Foundation has made a material misrepresentation, violated this Agreement, failed to fulfill its obligations under this Agreement, or otherwise determines there is cause to do so; or (3) if the State gives 30-days written notice of termination to California Fire Foundation.

Further details on this process will be provided in the Grant Agreement.

Accounting Requirements

California Fire Foundation must maintain an accounting system that accurately reflects fiscal transactions. The accounting system must provide an adequate audit trail, including original source documents, such as receipts, progress payments, invoices, purchase orders, timecards, cancelled checks, etc. The

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accounting system must document the total cost of the project. California Fire Foundation must maintain accounting records and keep source documents for all expenditures related to the grant for three years following the final payment by the State, one year following an audit, or one year after final disposition of any disputed audit findings, whichever occurs later.

Loss of Funding

CAL FIRE reserves the right to withdraw funding award if stated requirements are not met. The following list includes examples of actions that may result in a loss of funding. This is not a complete list and is intended only to show examples.

- California Fire Foundation fails to use all the grant funds.
- California Fire Foundation withdraws from the grant program.
- California Fire Foundation fails to complete the funded project described in the Grant Agreement Scope of Work.
- California Fire Foundation fails to submit all documentation within the time periods specified in the Grant Agreement.
- California Fire Foundation changes the Project Scope of Work or project implementation without CAL FIRE's prior written approval.
- California Fire Foundation changes the Project Scope of Work that is inconsistent with the overall program goals or eligible activities.
- California Fire Foundation or CAL FIRE terminates the Agreement.

Scientific Integrity:

Scientific integrity is vital to all activities under which scientific research, data, summaries, syntheses, interpretations, presentations, and/or publications are developed and used. Failure to uphold the highest degree of scientific integrity will result not only in potentially flawed scientific results, interpretations, and applications but will damage both CAL FIRE's and California Fire Foundation's reputation and ability to uphold the public's trust. All work performed must conform to the highest standards of scientific integrity, as well as all Federal, State and municipal laws. Suspected violations of scientific integrity will be investigated and may result in cancellation of grant agreement.

Research Data, Publications, and Acknowledgement

Scientific findings from publicly funded research should be broadly disseminated and shared with both the funding entity and the public. Final reports, publications and final authoritative datasets may be made publicly available upon the completion of the grant period.

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Pursuant to California Assembly Bill 2192 (AB2192), commonly known as The California Taxpayer Access to Publicly Funded Research Act, a grantee that receives funding, in whole or in part, in the form of a research grant from a state agency shall provide for free public access to any publication of a peer-reviewed manuscript describing state-agency-funded knowledge, a state-agency-funded invention, or state-agency-funded technology. California Fire Foundation must ensure that any peer-reviewed manuscripts produced as a result of this grant are made available to CAL FIRE and on an appropriate publicly accessible repository approved by CAL FIRE including, but not limited to, the University of California's eScholarship Repository at the California Digital Library, or the California State University's ScholarWorks at the Systemwide Digital Library. Grantees must report to CAL FIRE the final disposition of any peer-reviewed manuscripts arising from the grant work, including, but not limited to, if it was published, date of publication, where it was published, and, after a 12-month time period from official date of publication, where the peer-reviewed manuscript will be available for open access. For other types of publications, including scientific meeting abstracts, the grantee shall comply by providing the manuscript to the CAL FIRE no later than 12 months after the official date of publication.

Publications and presentations that require acknowledgement of funding sources should list the California Department of Forestry and Fire Protection (CAL FIRE) Safety Program. Use of the CAL FIRE logo in presentation or other outreach materials must be approved by CAL FIRE.

Section IX: Eligible Costs

Project costs must be consistent with the approved Project Application and/or Scope of work and incurred during the Project Performance Period as specified in the Grant Agreement. Required documentation must be submitted with each invoice as supporting documentation unless otherwise stated.

California Fire Foundation shall receive no more than the fair market value of an arm's length transaction for any goods or services provided under this Agreement. California Fire Foundation shall provide evidence of compliance to the State upon request.

All costs should be categorized in the budget to be consistent with California Fire Foundation's accounting records.

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Salaries and Wages

Eligible Cost: Salaries and wages of employees employed by California Fire Foundation who are directly engaged in the execution of the grant project. Limited to actual time spent on the grant project. Leave benefits (i.e., sick leave, vacation, etc.) that are consistent with California Fire Foundation's leave benefit policy may be charged to the grant in proportion to the percentage of time worked on the grant within the pay period. Examples of expenditures include, but are not limited to, time related to site visits, research time, project monitoring, and completion of reporting related to the grant project. Staff time related to accounting, business services, etc. are allowed only if those functions are not included in California Fire Foundation's overhead cost.

Required Documentation: A payroll summary of all employees' time spent on the project (i.e., employee name, rate, time worked, brief description of activity) must be provided with invoices requesting salary/wage reimbursement. Payroll documentation should show a connection between time worked on the project and wages paid to the employee after the fact. Timesheets or similar documentation detailing days and hours worked on the project must be maintained and retained by California Fire Foundation for audit purposes but should not be submitted to CAL FIRE unless otherwise instructed. Any leave charged to the grant must reflect the calculation of time spent on the grant compared to overall time worked. A statement certifying that leave charged to the grant is in proportion to employee's time spent must be included as part of the supporting documentation. All salary and wages charged to the grant must be tied back to California Fire Foundation's accounting records.

Benefits

Eligible Cost: Employer contribution share of fringe benefits associated with employees (paid from salaries and wages Budget Item) who are directly engaged in the execution of the grant project. This will include Social Security, Medicare, Health Insurance, Pension Plan costs, payroll taxes, etc. as applicable for the specific employee.

Required Documentation: Same documentation as Salaries and Wages. Payroll documentation showing wages and hours paid to the employee and associated fringe benefits. Backup documentation to be retained by California Fire Foundation for auditing purposes.

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Contractual

Eligible Cost: Direct consultant and contractual services necessary to achieve the objectives of the grant and subgrants. Examples of expenditures include, but are not limited to, professional and/or consultant services (the costs of consultant services necessary for project planning and implementation), publishing consultants, subject matter experts, etc. Costs and procurement information associated with contractual services should be documented to ensure selection on a competitive basis.

Required Documentation: Invoices from consultant, contractor, and/or sub-awardee identifying expenditure, services performed and period of services. Documents related to consultant, contractor, and/or sub-awardee selection analysis shall be kept by California Fire Foundation and available for audit purposes, as requested by CAL FIRE.

Supplies

Eligible Cost: Supplies that are used in direct support of the project are allowable. Supplies exceeding $500 per unit cost shall be documented to ensure procurement of supplies on a competitive basis and documentation of price analysis. Supplies include items under $10,000 per unit cost. Supply costs are only applicable to supplies purchased directly by California Fire Foundation. Supplies purchased by contractors must be charged to the "Contractual" category.

Required Documentation: Receipts identifying items purchased, cost and date of purchase. Documentation related to cost analysis of procurement of supplies exceeding $500 shall be kept by California Fire Foundation but available for audit purposes, as requested by CAL FIRE.

Travel

Eligible Cost: Travel costs associated with travel to and from project sites, meetings, etc. directly related to the grant project and must be considered reasonable and necessary for the completion of the project. Reimbursement rates shall comply with the U.S. General Services Administration guidelines, and per diem shall not exceed the California standard per diem rate established by the U.S. General Services Administration. Mileage rates shall not exceed the rates allowable by IRS. Travel costs are applicable only to California Fire Foundation and their employees. Contractors' travel costs must be billed to the "Contractual" category.

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Required Documentation: Receipts identifying travel cost (i.e., lodging, rental cars). Mileage must be documented by either employee travel claims that are signed by the employee or vehicle mileage logs for vehicles owned by California Fire Foundation. Per Diem must be documented by employee travel claims. Documentation must be kept by California Fire Foundation and made available for audit purposes, as requested by CAL FIRE.

Equipment

Eligible Cost: Equipment is an item exceeding $10,000 or more per unit cost and has a tangible useful life of more than one year. Cost to lease equipment to use in the grant project may be charged to the grant. A cost-benefit analysis to justify the cost of purchasing equipment versus leasing must be provided. Procurement of equipment must be done on a competitive basis and include documentation of price analysis. California Fire Foundation must include in the application package the proposed use and maintenance plans for equipment after the Project Performance Period of the grant. Disposition of equipment beyond the project performance period is subject to CAL FIRE approval. If California Fire Foundation fails to complete grant or dissolves during the grant, equipment shall be returned to CAL FIRE. Equipment shall not be used as collateral or other means.

Required Documentation: Cost of equipment purchased shall be substantiated by purchase receipt and a bid quote worksheet at the time of invoicing. All other documentation related to price analysis of procurement of equipment must be kept by California Fire Foundation and made available for audit purposes, upon request. Disposition of the equipment must be submitted and approved by CAL FIRE.

Other

Eligible Cost: Other costs that do not fit in any of the above categories. Cost must be directly related to the grant project. Use of equipment owned by California Fire Foundation may be charged to the grant at a rate set by the California Department of Transportation (Caltrans) "Labor Surcharge and Equipment Rental Rate" guide. Rates assessed on equipment not addressed in the Caltrans guide must obtain CAL FIRE approval prior to equipment use. Cost (such as rent, utilities, phones, general office supplies, etc.) that must be apportioned to the grant is considered indirect cost unless written justification is submitted and approved by CAL FIRE.

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Required Documentation: Invoices or receipts identifying the item and cost charged to the grant. Cost of leased equipment charged to the grant must be substantiated with receipts identifying equipment leased, dates, lease rate, and total cost. Usage of California Fire Foundation owned equipment must be substantiated with an equipment usage log, equipment used, rate, and total cost. Documentation must be kept by California Fire Foundation and made available for audit purposes, upon request.

Indirect Costs

Eligible Cost: See "Section X: Indirect Cost Rates"

Required Documentation: Applied on a percentage (%) basis on direct costs except for equipment. Documentation related to the determination of indirect cost rate must be retained by California Fire Foundation and made available for audit purposes, as requested by CAL FIRE.

Section X: Special Items of Cost

The following items may only be reimbursed by the grant if they are explicitly included in the scope of work and separated out as specific items in the grant budget and budget narrative.

Graduate Student Costs

Eligible Cost: Tuition, required fees, and stipends or wages associated with graduate student research assistantships or equivalent academic appointments are allowable costs. The cost for tuition and fee remission (excluding any stipends or wages) may not exceed $15,000 per individual per school year. These costs should be categorized in your budget to be consistent with your organization's accounting records. Graduate Student Costs may only be included if it is consistent with university policy to cover these types of costs with grant funded research activities.

Required Documentation: If applicable, graduate student tuition and fee remission shall be listed as a separate line item, distinct from stipends, wages, or other benefits in the proposed budget. If tuition and fee remission cannot be separated into a discrete budget item, please list total proposed costs for graduate student research appointments, including stipends or wages, and note the cost of tuition and fee remission.

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Research Participant Incentive Payments

Eligible Cost: Any incentive payments included as part of the project budget, for example, payments to human subjects or incentives to promote completion of a survey, should be listed individually. Incentive payments may be proposed in accordance with policies and procedures of California Fire Foundation; however prior approval must be obtained by CAL FIRE. CAL FIRE may request a copy of these policies for review prior to approving the costs or at any time during the project performance period.

If policies and procedures for incentive payments do not exist for California Fire Foundation, incentive payments must be justified by addressing the following questions:

- What is the total amount of the stipend/ incentive per participant? Also show the breakdown by tasks if multiple payments are involved (e.g., several interviews/surveys over time)?
- What is the age of all participants receiving stipends/incentives (in particular if students/youths are involved)?
- Explain in detail what specific form the incentives will take (please note that raffles, lotteries and entertainment are not allowed in any form).
- Discuss how you will eliminate or minimize the appearance of coercion rather than voluntary participation for study subjects.
- Provide justification demonstrating that the amount of compensation is reasonable/nominal.
- What specific evidence leads you to believe that participation is unlikely without incentives?
- What is the estimated impact if incentives were not used?
- How will incentives be distributed and tracked?

Required Documentation: CAL FIRE will review requests on case-by-case basis and provide documentation requirements at time of approval.

Section XI: Indirect Rate Determination

With the passage of the 2024 Climate Bond, CAL FIRE now allows three options for indirect cost rates within a grant: the federal de minimus rate (15%), a federally negotiated Indirect Cost Rate Agreement (NICRA), or another rate proposed by the grantee in their grant application. The 2024 Climate Bond included a fourth option of a rate approved by another state agency, but for

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the purposes of review and approval, CAL FIRE is considering it the same as another rate proposed by the grantee in their grant application.

Types of Costs

Projects typically have three types of costs: direct, capital, and indirect. Direct costs include all costs clearly and directly tied to a project including staff time working on the project, travel costs for work on the project, and direct materials such as supplies (items under $10,000) and equipment (purchased or rented) needed for the project. Capital costs include all costs required to acquire, restore/enhance, or maintain property including land, buildings, and other infrastructure. Capital costs also include purchased equipment that costs more than $10,000. Indirect costs are expenses that are not directly linked to a specific project such as rent, internet fees, insurance, utilities, office supplies and equipment, and administrative salaries. A subcontractor is defined as an organization that is hired by the grantee to perform specific, limited tasks for payment, like providing services or materials. A subawardee (also called a subrecipient or subgrant) is when another organization or entity is collaborating on a project's programmatic goals and where CAL FIRE funds are passed through CAL FIRE's grantee to that other organization – the subawardee. Also, if CAL FIRE provides a block grant to an organization, then the recipients of the subgrants from the block grant are considered subawardees of CAL FIRE's grant.

How to Calculate Indirect Costs

Indirect cost rates are determined by an organization based on their own calculations using an accounting methodology of their choice following generally accepted accounting principles. There are many methodologies for calculating an organization's indirect cost rate and CAL FIRE cannot direct or guide grantees as to which methodology to use. Some example methods for calculation include Fixed Cost Classification, Proportionate Allocation, and Activity-Based Cost Allocation. Thie indirect cost rate is expressed as a percentage Once the percentage rate is determined, each invoice will include indirect costs calculated by multiplying the indirect cost rate by the organization's Cost Base cost for that period. Indirect costs cannot be applied to capital costs or direct costs not included in the organization's Cost Base.

Federal de minimus indirect cost rate – up to 15%

- This is a fixed 15% rate currently used by federally-funded grants that can be applied to all charges excluding equipment.

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- The de minimus rate does not require documentation and can be applied to all costs excluding equipment.
- The de minimus rate does not require the grantee to provide documentation to justify its use and may be used indefinitely.
- In case of an audit, California Fire Foundation should still be able to justify to the state that their indirect costs are equal to or greater than the amount charged using the de minimis rate.

Federal Negotiated Indirect Cost Rate Agreement (NICRA)

- If you have a NICRA approved by the federal government, provide the approval letter as a part of your application to CAL FIRE.
- NICRAs are usually effective for a 2-4 year period but should be in current standing. Grantees should use their most recently approved current NICRA rate.
- NICRAs establish the Cost Base, rate, and applicable period for calculating indirect costs.

A rate proposed by California Fire Foundation

- Grantees are allowed to use the indirect cost rates calculated by their organization's accounting department following a standard and consistent method for calculation, e.g. Fixed Cost Calculation, Proportionate Allocation, or Activity-Based Cost Allocation.
- Grantees are required to maintain all documentation to justify the indirect cost rate calculation to state auditors is real and incurred costs.
- Grantees are required to submit a memo to CAL FIRE Project Manager outlining the standard method used for indirect cost rate calculation and a description of what is included in the Cost Base.
- CAL FIRE cannot officially approve indirect cost rates but will determine if grantee has submitted all required documentation and appropriate methodology.

Appropriate calculation of a grantee's IDC is subject to review by the State Auditor, and grantee may be required to partially repay indirect costs if the indirect cost rate cannot be justified to the Auditor's satisfaction.

CAL FIRE does not allow contractors to add 'markup' fees to subcontractor costs or purchases. Any costs associated with managing subcontractors or making purchases should be billed as staff time or included in the indirect costs.

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In the event of an audit, projects with budgets that include administrative costs must be able to document the appropriateness of these expenses. If California Fire Foundation does not have an existing NICRA, a typical method for documentation of administrative overhead expenses is a Cost Allocation Plan (CAP). A CAP is a formal accounting plan used to calculate and document the method for recovering overhead costs.

Section XII: Ineligible Costs

The following are ineligible for reimbursement under the grant:

- Costs incurred before or after the Project Performance Period.
- Cost of preparing the Project Scope of Work or other proposals.
- Overtime rates for employees and/or contractors. Overtime hours will be reimbursed at the straight time rate.
- Projects or activities utilizing CAL FIRE staff without corresponding reimbursements or requests seeking funding for services already provided by CAL FIRE.
- Late fees, penalties, and bank fees.
- Infrastructure improvements.
- Any indirect costs based on percentage of equipment costs (see above).

Section XIII: Payment of Grant Funds

Funds will be disbursed only once there is a fully executed Grant Agreement between CAL FIRE and California Fire Foundation. Payments will be made on a reimbursement basis. This means California Fire Foundation pays for services, products, or supplies, invoices CAL FIRE for those expenditures, and the State reimburses California Fire Foundation upon approval of the invoice. No work prior to or after the grant period will be reimbursable. Advance funds may be provided (see Advances below) in lieu of reimbursement.

California Fire Foundation will submit an invoice form to CAL FIRE using the CAL FIRE Grants invoice template when requesting payment of any type and shall include appropriate documentation, as detailed above, to support the costs.

A Project Progress Report or Final Report shall accompany all invoices. CAL FIRE may conduct follow up meetings to verify that work invoiced has been satisfactorily completed. The invoice will then be forwarded for review and subsequent approval of payment. Expect payment to be issued 45 calendar

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days from the time an acceptable invoice is received. If an invoice is incomplete or non-reimbursable, it will be returned to California Fire Foundation.

Advances

Advance payments may be considered for California Fire Foundation. Advance payments are solely at CAL FIRE's discretion.

An Advance Payment Request Form must be submitted identifying how funds may be used over a six-month period. No single advance payment shall exceed 25% of the total grant award for that specific project. An accountability report form must be submitted to CAL FIRE no later than every four months after receiving the advance payment until the funds have been fully utilized. Advance payments should be fully utilized within a six-month period unless additional time is approved by CAL FIRE. Any advance payment, or portion thereof, that is not spent within the later of six months, or the spending timeline approved by the State, must be returned to the State and will be returned to the grant balance. No additional advances may be requested until acceptable documentation is received by CAL FIRE that the previous advance has been fully exhausted on eligible expenses.

Advance payments must be deposited into a federally insured, interest-bearing account that provides the ability to track interest earned and withdrawals. Any interest earned on advance payment funds must be accounted for as Program Income and used toward offsetting the project cost or returned to the State.

Calculating Interest on Advance Payments

Interest on Advance Payments must be reported on invoices as Program Income no less frequently than quarterly, unless otherwise waived by CAL FIRE. Documentation to be provided with the invoice should include a copy of the statement showing California Fire Foundation name, initial deposit of the advance payment funds into the account and the interest rate earned for each statement period associated with the invoice period reported until the advance payment funds have been fully liquidated. It is advised that the account number and other sensitive information be redacted from the bank statement.

Separate Account for Advance Payments: For advance funds deposited into a separate interest-bearing account that is not comingled with any other funds, a copy of the statement showing the interest earned for each statement period shall be provided. The amount reflected as interest earned on each statement

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should tie to program income reported on the invoice, unless there is additional program income earned.

Co-mingled Advance Payments: For advance funds that are co-mingled with other funds, a copy of the statement for each statement period associated with the advance funds shall be provided. The calculation for the invoice period must be included, and the total interest should tie to the program income reported on the invoice, unless there is additional program income earned. The interest earned can be calculated using the following formula:

Remaining advance funds x interest rate percentage (%) - annual interest.

Annual interest/365 days = daily rate.

Daily rate x number of days = interest/program income.

Use of an alternative calculation method based on California Fire Foundation's accounting process may be accepted at CAL FIRE's discretion.

Note: Documentation created in Excel, Word, or other means that are not provided by a financial institution will not be considered acceptable.

Section XIV: Prevailing Wage Requirements

CAL FIRE provides no opinion as to whether projects may be subject to prevailing wages. For determination on prevailing wage requirements, please contact the California Department of Industrial Relations. It is California Fire Foundation's responsibility to budget for prevailing wages in their project cost if applicable.

Please note: Beginning July 1, 2026, certain fuel reduction work, including but not limited to residential chipping, rural road fuel breaks, and fire breaks funded by the State is subject to prevailing wage, record keeping, and registration requirements. (California Public Resources Code section 80200 et seq.)

Section XV: Conflict of Interest

All individuals who participate in the review of submitted proposals are subject to State and Federal conflict of interest laws. Failure to comply with conflict of interest laws, including business and financial disclosure provisions, will result in the proposal being rejected and any subsequent grant agreement being

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declared void. Other legal action may also be taken. Applicable statutes include, but are not limited to, California Government Code section 1090 and Public Contract Code sections 10365.5, 10410, and 10411. California Fire Foundation must establish conflict of interest policies and procedures and maintain adequate controls to ensure that anyone acting on behalf of California Fire Foundation does not have any conflicting personal and/or financial interest associated with activities funded by the grant project. CAL FIRE may request additional documentation during the performance of the grant, including during review of financial and/or progress reporting, or during State Audit to verify that a conflict of interest does not exist.

Section XVI: State Audit

The State may audit the project records at any time over the Project Performance Period and three years following Project completion. A project is considered complete upon receipt of final grant payment from the State. The purpose of the audit is to verify that project expenditures were properly documented and consistent with the project scope of work.

If selected for audit, California Fire Foundation shall have the project records, including the source documents, cancelled checks, and written policies and procedures readily available. The audit should include all books, papers, accounts, documents, or other records as they relate to the project for which State funds were granted. California Fire Foundation shall also provide an employee having knowledge of the project and the accounting procedure or system to assist the State auditor. California Fire Foundation shall provide a copy of any document, paper, record, or the like as requested by the State auditor.

All project records must be retained by California Fire Foundation for a period of not less than one year after the State audit or after final disposition of any disputed audit findings. California Fire Foundation is required to keep source documents for all expenditures related to each grant for at least three years following Project completion and one year following an audit unless California Fire Foundation has a longer retention policy.

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Appendix A: Explanation of Terms

Advance Payment: Funds provided by the State to California Fire Foundation prior to the incurrence of eligible project costs, in lieu of reimbursement, and at the sole discretion of CAL FIRE. Advance Payments are limited to 25% of the total grant award, must be used for eligible expenses within an approved timeframe, and are subject to reporting, accountability interest, and return requirements.

Advance Request: A written request submitted California Fire Foundation, using the required Advance Payment Request Form, seeking approval to receive an Advance Payment and identifying the planned use of funds over a specified period. Approval is at the sole discretion of CAL FIRE.

Agreement: A legally binding agreement between the State and another entity.

Amendment: A modification or a change of the agreement, such as term, cost, or scope of work. This may include minor amendments or major amendments (see below).

Authorized Representative: The designated person or position identified by California Fire Foundation as the agent to sign all required grant documents including, but not limited to, grant agreements, application forms and payment requests.

Contractor: An entity contracting with California Fire Foundation for services and generally receives a Form 1099 for tax purposes.

Employee: Individuals employed directly by California Fire Foundation and generally receive a W-2 for tax purposes.

Indirect Costs: Expenses for doing business that are of a general nature and are incurred to benefit at least two or more functions within an organization. These costs are not usually identified specifically with a grant, grant agreement, project, or activity, but are necessary for the general operation of the organization. Indirect costs include salaries and benefits of employees not directly assigned to a project, which provide functions such as personnel, business, information technology or janitorial services, and salaries of supervisors and managers. Indirect costs may only be applied as a % of direct costs within the agreement.

Formal Amendment: A formal agreement of changes that exceed the scope of informal amendments (see below). These changes require formal re-signing of the grant agreement. A formal amendment is required when there is a change

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to the Project Performance Period, a significant change to the scope of work, or any increase or decrease of more than ten percent (10%) of the total grant funds of a budget category.

Indirect Costs: Expenses of doing business that are of a general nature and are incurred to benefit at least two or more functions within an organization. These costs are not usually identified specifically with a grant, grant agreement, project or activity, but are necessary for the general operation of the organization. Indirect costs include salaries and benefits of employees not directly assigned to a project, which provide functions such as personnel, business, information technology or janitorial services, and salaries of supervisors and managers. Indirect costs may only be applied as a % of direct costs, except equipment, within the agreement.

Informal Amendment: An approved modification that moves dollars in the line item or between budget categories that do not exceed ten percent (10%) of total grant funds; changes deliverable due dates; or makes a minor change in the project scope of work. It does not require a formal amendment to the grant agreement

Non-profit Organization: Any California corporation organized under Section 501(c)(3) of the Federal Internal Revenue Code.

Operating Expenses (Direct Cost): Any cost that can be specifically identified as generated by, and in accordance with, the provisions or activity requirements of the grant agreement.

Payee Data Record (Std. 204): A form required to establish a supplier number to encumber funds and subsequent payment.

Personal Protective Clothing and Equipment (PPE): Equipment worn to minimize exposure to hazards that cause serious workplace injuries and illnesses. These injuries and illnesses may result from contact with chemical, radiological, physical, electrical, mechanical, or other workplace hazards.

Program Income: Income that is generated directly by the Grantee's performance of the project, including any interest earned on advance payments.

Project Performance Period: The time from when the Grant Agreement is fully signed to the Agreement termination date. Only eligible costs incurred during the project performance period will be paid by the State.

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Project: The activity, activities, or work to be accomplished utilizing grant and matching funds (if applicable).

Project Scope of Work: The detailed description of the proposed tasks identified in the guidelines, in enabling legislation, and/or detailed in the grant agreement.

Project Budget Detail: The proposed detailed budget plan identifying costs to be funded by the grant, matching funds, and projected program income broken down by budget category.

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Appendix B: Project Budget

CAL FIRE will provide a spreadsheet version of the budget template. CAL FIRE reserves the right to fund only a portion of the proposed budget items as described in the guidelines above.

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Appendix C: Disadvantaged Communities, Severely Disadvantaged Communities, & Vulnerable Populations

The law that established the 2024 Climate Bond (PRC §90140) requires that at least 40 percent of the total bond funding "shall be allocated for projects that provide meaningful and direct benefits to vulnerable populations or disadvantaged communities." Of this 40 percent, at least 10 percent of the total funding shall be allocated for projects that provide meaningful and direct benefits to severely disadvantaged communities."

(S)DAC and Vulnerable Population Definitions

The following definitions come directly from the bond (PRC § 90100) and will be used:

Disadvantaged community (DAC): A community with a median household income of less than 80 percent of the area average or less than 80 percent of statewide median household income.

Severely disadvantaged community (SDAC): A community with a median household income of less than 60 percent of the area average or less than 60 percent of statewide median household income.

Vulnerable population: A subgroup of population within a region or community that faces a disproportionately heightened risk or increased sensitivity to impacts of climate change and that lacks adequate resources to cope with, adapt to, or recover from such impacts. *Note: tribes are considered vulnerable populations under this definition.*

Tribe: A federally recognized Native American tribe or a non-federally recognized Native American tribe listed on the California Tribal Consultation List maintained by the Native American Heritage Commission.

Evaluation Framework

As outlined in California Natural Resources Agency's (CNRA's) Meaningful and Direct Benefits Assessment, the following four-step process will be used to determine if a proposed project for funding provides meaningful and direct benefits to a vulnerable population(s), DAC(s), or SDAC(s).

- STEP 1: What benefits will the project provide?

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Identify which benefits the proposed project will provide. The law establishing the 2024 Climate Bond lists some specific benefits that projects eligible for the bond provide.

- STEP 2: Who will the project benefit?

  Identify the communities or populations that will benefit from the project and whether these are a DAC, SDAC, or vulnerable population. Use the guidance outlined on pages 6-12 of CNRA's Meaningful and Direct Benefits Assessment.

- STEP 3: Are the anticipated benefits "meaningful and direct" to (S)DAC(s) or vulnerable population(s)?

  The project's benefits are considered meaningful and direct to a (S)DAC or vulnerable population if the criteria listed on pages 12-13 of CNRA's Meaningful and Direct Benefits Assessment are met.

- STEP 4: How do I ensure the project counts toward the 40 percent requirement?

  It is required that all 2024 Climate Bond funded projects are entered into the Agency Bonds Consolidated Reporting System (ABCRS). CAL FIRE will utilize ABCRS for this project to track progress toward meeting the 40 percent requirement.