

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE No. 3 ON RESOURCES AND TRANSPORTATION****ASSEMBLYMEMBER RICHARD BLOOM, CHAIR****WEDNESDAY, APRIL 24, 2019****9:30 A.M. - STATE CAPITOL, ROOM 447****VOTE-ONLY CALENDAR**

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VOTE-ONLY**0540 NATURAL RESOURCES AGENCY****VOTE-ONLY ISSUE 1: VARIOUS ADJUSTMENTS**

A Spring Fiscal Letter requests various adjustments including reappropriations, reversions, reversions with associated new appropriations, and baseline appropriation adjustments to continue implementation of previously authorized programs. List of adjustments are in the chart below:

Department Name	Spring BCP Title	Amount (Dollars in Thousands)	Proposition /Fund	Reason
Natural Resources Agency	Various Bond Reappropriations	\$ -	Prop 40/6029	This reappropriation will enable the Natural Resources Agency to leverage unencumbered balances across various bond allocations. A number of programs have been delayed for various reasons including extended contracting processes. The reappropriations will provide additional time for these projects to be completed.
		\$ -	Prop 50/6031	
		\$ -	Prop 84/6051	
		\$ -	Prop 84/6051	
		\$ -	Prop 84/6051	
Natural Resources Agency	California River Recreation, Creek, and Waterway Improvements (Prop 68)	\$1,240	Prop 68/6088	<p>The applicable Prop 68 bond subsections allocate \$31 million to the Program, five percent of which may be used on program delivery. The Budget Act of 2018 includes \$28,750,000 in Prop 68 local assistance for the Program. Agency has determined that the full five percent for program delivery is not needed. Therefore, this proposal requests additional local assistance funding for grants. Funding will be spent as follows:</p> <ul style="list-style-type: none"> • \$120,000 Los Gatos Creek and Upper Guadalupe River • \$120,000 Russian River • \$200,000 Clear Lake • \$800,000 Los Angeles River in the City of Glendale <p>This request also reduces out years by \$493,000 to align authority with expenditures.</p>
Natural Resources Agency California	Technical Adjustment - Joint Lake Tahoe Science and Water Quality Program Manager Net-	\$(99)	Environmental License Plate Fund - 0140 Reimbursements - 0995	The 2019-20 Governor's Budget proposed \$148,000 (\$99,000 in reimbursement authority and \$49,000 Lake Tahoe Science and Lake Improvement Account) for the California Tahoe Conservancy to support a dedicated position that would be shared between the Conservancy and the Natural Resources Agency to coordinate bi-state efforts to improve water quality in the Lake Tahoe Basin. This request will shift the authority for the position and associated funding from the Conservancy's Budget

Tahoe Conservancy	Zero Position Shift	\$ -	Lake Tahoe Science and Lake Improvement Account - 1018	to the Natural Resources Agency's Budget to better reflect the state-level focus of the activities the position will undertake as well as the reporting relationship with the Secretary of the Natural Resources Agency. This position will continue to perform the same functions as outlined in the 2019-20 Joint Lake Tahoe Science and Water Quality Program Manager Position Budget Change Proposal, namely to support the efforts of the Tahoe Science Advisory Council and Bi-State Executive Committee and serve as the policy lead for water quality efforts in the Lake Tahoe Basin.
Natural Resources Agency	Technical Adjustment - Digital Migration	\$ -	General Fund-0001	The Governor's Budget includes funding across various departments within and including Resources Agency for digitization of paper files. In order to increase efficiency, this net-zero technical adjustment shifts some funding from the departments to Resources Agency to reduce the number of Interagency Agreements needed to contract with the vendor, and increases Resources Agency's reimbursement authority for those departments where funding is not being shifted.
		\$ -	Environmental License Plate Fund - 0140	
		\$ 2,388	Reimbursements - 0995	
California Tahoe Conservancy	Reversion and New Appropriation – Multi benefit Ecosystem and Watershed Protection and Restoration Projects (Proposition 1)	\$ 1,039	Prop 1/6083	This request will revert and newly appropriate \$1 million in remaining Proposition 1 funding for local assistance grants for multi-benefit ecosystem and watershed protection and restoration projects in the Lake Tahoe Basin, consistent with statute and the purpose for which the funds were originally appropriated in 2015.
California Tahoe Conservancy	Proposition 68 Strategic Plan Implementation Spring Adjustments	\$ 1,098	Prop 68/6088	This request will provide additional funding to accelerate implementation of the California Tahoe Conservancy's Proposition 68 (Prop 68) programs, provide enhanced technical assistance to support its pending Prop 68 grant cycle, and facilitate increased alignment between its Prop 68 programs and recently-adopted strategic plan. This request involves (1) shifting \$782,000 in technical assistance funding proposed for fiscal years 2020-21 through 2023-24 to 2019-20 to accelerate these activities and (2) increasing funding for planning and monitoring and program delivery to support overall program implementation. To address the growing threats to the Lake Tahoe Basin, the Conservancy requests increased funding for Climate, Sustainable Communities, and Fire and Fuels Programs starting in 2019-20. The programs place an emphasis on climate change science, mitigation, and adaptation in response to state mandates and the Conservancy's strategic plan. Additionally, the funding will build capacity to undertake Prop 68 activities, including planning and technical assistance activities related to greenhouse gas inventories, visitation scenarios, watershed hydrosimulations, and fire and fuels projects.

California Conservation Corps	Technical Adjustment - Active Transportation Program Provisional Language	\$ -	Collins-Dugan California Conservation Corps Reimbursement Account - 0318	This request will extend the encumbrance and liquidation periods for \$4 million Collins-Dugan Reimbursement Account for active transportation projects by one year, from June 30, 2024 to June 30, 2025, to align with the corresponding Department of Transportation item (Item 2660-108-3290), which has encumbrance and liquidation availability until June 30, 2025.
Department of Conservation	Division of Land Resource Protection: Propositions 40 and 84 Appropriations	\$ 180	Prop 84/6051	This request will provide \$180,000 to support agricultural land preservation. These funds were originally appropriated for this purpose in fiscal year 2016-17. This amount represents the unencumbered balance that is scheduled to revert as of June 30, 2019.
		\$ 1,142	Prop 40/6029	This request will provide \$1,142,000 to support agricultural land preservation. These funds were originally appropriated for this purpose in fiscal year 2016-17. This amount represents the unencumbered balance that is scheduled to revert as of June 30, 2019.
Department of Forestry and Fire Protection	Technical Adjustment - SB 901 Prescribed Fire Crew Program Realignment	\$ -	Greenhouse Gas Reduction Fund - 3228	This request will correct a technical coding error by shifting the \$35 million Greenhouse Gas Reduction Fund proposed for the Department of Forestry and Fire Protection to support the operation of prescribed fire crews pursuant to Chapter 626, Statutes of 2018 (SB 901) from the Fire Protection Program to the Resources Management Program.
Department of Forestry and Fire Protection	Technical Adjustment - Deferred Maintenance Provisional Language	\$ -	General Fund - 0001	This request will add budget bill language to extend the encumbrance period for \$6 million proposed in the 2019-20 Governor's Budget for deferred maintenance projects until June 30, 2022, consistent with language included for other departments requesting one-time funding for deferred maintenance in 2019-20.
Department of Fish and Wildlife	Extension of Liquidation - Various Items, ENY 2016	\$ -	General Fund - 0001	The Department of Fish and Wildlife (Department) requests to extend the liquidation period of its fiscal year 2016-17 support items for Funds 0001, 0200, 0320, and 3103 to enable the Department to accurately allocate fiscal year 2016-17 expenditures to the appropriate funds
		\$ -	Fish and Game Preservation Fund - 0200	
		\$ -	Oil Spill Prevention and Administration Fund - 0320	
		\$ -	Hatchery and Inland Fisheries Fund - 3103	

Department of Fish and Wildlife	Reversion and New Appropriation - Bay Delta and Coastal Fisheries Restoration Projects	\$ 9,211	Prop 84/6051	This reversion of \$9,211,000 is associated with the fiscal year 2016-17 appropriation of Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Prop 84) funding. The Department received \$11,924,000 of which the balance will not revert until June 30, 2020. The appropriation will enable the Department to continue supporting the Ecosystem Restoration Program and Bay-Delta Natural Community Conservation Plan.
Wildlife Conservation Board	Reappropriation - General Fund Local Assistance Item, ENY 2018	\$ 10,000	General Fund - 0001	This reappropriation is necessary because the amount of time is not sufficient to negotiate the purchase price, contracting for due diligence including appraisal review services required for a property of its size and complexity, or to obtain Wildlife Conservation Board (WCB) approval and enter all parties into the necessary grant agreements. Reappropriation will allow WCB to fully develop and execute the specified acquisition project.
Department of Parks and Recreation	Proposition 12 Statewide Bond Costs	\$ 52	Prop 12/0005	These funds will support continued statewide bond management activities for administration of Proposition 12.
Parks and Recreation	Reappropriation - Habitat Conservation Fund	\$ 815	Habitat Conservation Fund - 0262	This reappropriation will support continued projects for the benefit of deer, mountain lion, and other endangered species habitat.
Parks and Recreation	Reappropriation - Water Wastewater	\$ 2,478	State Parks and Recreation Fund - 0392	This reappropriation will continue supporting wastewater projects with continued construction administration and contracting costs. Disaster events throughout the state this past year have had a great impact on these project schedules; both direct for projects within the area and indirect due to resources being diverted to assist in these major events.
		\$ 5,780	State Parks and Recreation Fund - 0392	This reappropriation will continue supporting water wastewater projects in various stages of design and construction. Disaster events throughout the state this past year have had a great impact on these project schedules; both direct for projects within the area and indirect due to resources being diverted to assist in these major events.
Parks and Recreation	Reappropriation - 2017 Hazardous Mine Remediation	\$11,967	General Fund - 0001	This reappropriation will support continued remediation activities at Malakoff Diggins State Historic Park and Mount Diablo State Park.
Santa Monica Mountains Conservancy	Santa Monica Mountains Conservancy Fund	\$ 200	Santa Monica Mountains Conservancy Fund - 0941	These funds will make ongoing the authority provided to the Conservancy from the Santa Monica Mountains Conservancy Fund on a limited term basis the past three fiscal years.
Rivers and Mountains Conservancy	Extension of Liquidation, Reversion, and	\$ 2,000	Prop 1/6083	These reversions, new appropriations, and extension of liquidation will true up remaining authority with updated point-in-
		\$ 130	Prop 50/6031	

	Appropriation - Propositions 1, 50, and 84	\$ 1,476	Prop 84/6051	time information while allowing the Conservancy to complete projects initiated under the original appropriation.
Department of Water Resources	Extension of Liquidation - Water Desalination Grant Program	\$ -	Prop 50/6031	This extension will cover contracts associated with the Water Desalination Grant Program established to provide grant assistance to local agencies and other entities for water desalination projects.
		\$ -	Prop 50/6031	This extension will cover contracts associated with the Water Desalination Grant Program established to provide grant assistance to local agencies and other entities for water desalination projects.
Department of Water Resources	Reappropriation - Desalination Grants	\$ -	Prop 1/6083	This reappropriation will support the Water Desalination Grant Program established to provide grant assistance to local agencies and other entities for water desalination projects.
Department of Water Resources	Extension of Liquidation - Water Use Efficiency Program	\$ -	Prop 50/6031	This extension will cover various existing Prop 50 grants.
Department of Water Resources	Reappropriation - Water Use Efficiency	\$ -	Prop 50/6031	This reappropriation allows for the completion of the Water Use Efficiency Technical Assistance and Science Program and the support of existing contracts related to advanced metering, water efficient landscapes, and agricultural flow measurements.
Department of Water Resources	Reappropriation - Safe Drinking Water Pilot Program	\$ -	Prop 50/6031	This reappropriation will support the Safe Drinking Water Pilot Program established to support water systems using new technology to remove contaminants from drinking water.
Department of Water Resources	Reversion - Safe Drinking Water Program Improvements	\$ (2,431)	Prop 50/6031	This reversion is needed to provide sufficient authority for a new Prop 50 appropriation for the Safe Drinking Water Improvement Program.
Department of Water Resources	Reappropriation - Riverine Stewardship Technical Assistance	\$ -	Prop 50/6031	This reappropriation will support the Riverine Stewardship Technical Assistance Program to provide technical and financial assistance in support of river and stream restoration, including habitat and wildlife improvements.
Department of Water Resources	Reversion - Riverine Stewardship Technical Assistance Program	\$ (174)	Prop 50/6031	This reversion is needed to provide sufficient authority for a new Prop 50 appropriation for the Riverine Stewardship Technical Assistance Program.
Department of Water Resources	Reappropriation - Merced River Floodwater for Groundwater Recharge Study	\$ -	Prop 68/6088	This reappropriation will support completion of the ongoing Merced River Basin Floodwater for Managed Aquifer Recharge (Flood-MAR) Reconnaissance Study.

Department of Water Resources	Reversion - Floodwater for Groundwater Recharge	\$ (232)	Prop 50/6031	This reversion is needed to allow for future appropriations and better align authority with the anticipated schedule for expenditures to support implementation of the Floodwater for Managed Aquifer Recharge (Flood-MAR) projects that facilitate groundwater management and storage.
		\$ (17)	Prop 50/6031	This reversion is needed to allow for future appropriations and better align authority with the anticipated schedule for expenditures to support implementation of the Floodwater for Managed Aquifer Recharge (Flood-MAR) projects that facilitate groundwater management and storage.
		\$ (730)	Prop 50/6031	This reversion is needed to allow for future appropriations and better align authority with the anticipated schedule for expenditures to support implementation of the Floodwater for Managed Aquifer Recharge (Flood-MAR) projects that facilitate groundwater management and storage.
		\$ (761)	Prop 50/6031	This reversion is needed to allow for future appropriations and better align authority with the anticipated schedule for expenditures to support implementation of the Floodwater for Managed Aquifer Recharge (Flood-MAR) projects that facilitate groundwater management and storage.
Department of Water Resources	Reversion - Bond Clean-Up	\$ (12)	Prop 68/6088	This reversion is needed to correct an over-allocation of the bond section.
Department of Water Resources	Extension of Liquidation - Integrated Regional Water Management	\$ -	Prop 84/6051	This extension is needed to cover existing contracts for grants previously awarded under the Integrated Regional Water Management Program.
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Department of Water Resources	Reappropriation - Tribal Engagement	\$ -	Prop 84/6051	This reappropriation will support continued efforts to engage with Tribal governments and Tribal communities, to build the institutional capacity needed for more effective participation of these historically underrepresented groups in integrated regional water management programs.

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Department of Water Resources	Reappropriation - Integrated Regional Water Management	\$ -	Prop 84/6051	This reappropriation will support continued administration of the integrated regional water management grant program.
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Department of Water Resources	Reversion - Flood Corridor and Flood Control Subventions Program	\$ -	Prop 84/6051	This reversion is needed to provide sufficient funds for a new Prop 84 appropriation for the Flood Corridor and Flood Control Subventions Program.
		\$ -	Prop 84/6051	This reversion is needed to provide sufficient funds for a new Prop 84 appropriation for the Flood Corridor and Flood Control Subventions Program.
Department of Water Resources	Reappropriation - Flood Corridor Program	\$ -	Prop 84/6051	This reappropriation is needed to support the Flood Corridor Program.
Department of Water Resources	Extension of Liquidation - Delta Levees Special Flood Control	\$ -	Prop 84/6051	This extension is needed to cover contracts for the Delta Levees Special Flood Control Projects.
Department of Water Resources	Reappropriation - Delta Levees Special Flood Control	\$ -	Prop 84/6051	This reappropriation is needed to continue work on the Delta Levees Special Flood Control Projects.
Department of Water Resources	Reappropriation - Habitat Restoration	\$ -	Prop 84/6051	This reappropriation is needed to continue work on habitat restoration projects that were established to meet the Delta habitat mandates.
Department of Water Resources	Reappropriation - Dutch Slough Tidal Marsh Restoration	\$ -	Prop 84/6051	This reappropriation is needed to support the Dutch Slough Tidal Marsh Restoration Project to meet the Delta habitat improvement mandate.

Department of Water Resources	Extension of Liquidation - System Reoperation Program	\$ -	Prop 84/6051	This extension is needed to cover the System Reoperation Program contract for technical support to DWR staff to develop, refine, and conduct computer modeling studies to evaluate the feasibility of reoperation of reservoirs and the coordinated use of floodwater for managed aquifer recharge.
Department of Water Resources	Extension of Liquidation - Urban Streams Restoration Program	\$ -	Prop 13/6007	This extension will reimburse grantees under the Prop 13 Urban Streams Restoration Program for work completed under their grant agreements.
		\$ -	Prop 84/6051	This extension is needed to cover contracts associated with the Urban Streams Restoration Program.
Department of Water Resources	Reversion - Urban Streams Restoration Program	\$ (1,000)	Prop 84/6051	This reversion is needed to allow for future appropriations and better align authority with the anticipated schedule for expenditures to support the Urban Streams Restoration Program.
		\$ (0.3)	Prop 84/6051	This reversion is needed to allow for future appropriations and better align authority with the anticipated schedule for expenditures to support the Urban Streams Restoration Program.
		\$ (128)	Prop 84/6051	This reversion is needed to allow for future appropriations and better align authority with the anticipated schedule for expenditures to support the Urban Streams Restoration Program.
Department of Water Resources	Technical Adjustment - Prevent Over-Allocation of Funds	\$ (840)	Prop 84/6051	This technical adjustment is needed to reduce authority to avoid over-allocation of bond funds.
		\$ (14)	Prop 84/6051	This technical adjustment is needed to reduce authority to avoid over-allocation of bond funds.
		\$ (4)	Prop 84/6051	This technical adjustment is needed to reduce authority to avoid over-allocation of bond funds.
		\$ (22)	Prop 84/6051	This technical adjustment is needed to reduce authority to avoid over-allocation of bond funds.
Department of Water Resources	Extension of Liquidation - Water-Energy Grant Program	\$ -	Greenhouse Gas Reduction Fund - 3228	This extension will allow DWR to continue to pay grantees who previously received grant awards under the Water-Energy Grant Program.
Department of Water Resources	Reappropriation - Water-Energy Grant Program	\$ -	Greenhouse Gas Reduction Fund - 3228	This reappropriation will allow DWR to continue to manage, administer, and close existing grants, including processing and payment of grantee invoices.
Department of Water Resources	Reappropriation - San Joaquin River Water Quality Improvement Program	\$ -	Prop 84/6051	This reappropriation will support the San Joaquin River Water Quality Improvement Program established to implement projects that reduce or eliminate discharges of subsurface agricultural drainage water.
Department of Water Resources	Reappropriation - San Joaquin River Restoration Project	\$ -	Prop 1/6083	This reappropriation will support the San Joaquin River Restoration Program to implement the settlement and bring back salmon to the San Joaquin River.
		\$ -	Prop 1/6083	This reappropriation will support the San Joaquin River Restoration Program to implement the settlement and bring back salmon to the San Joaquin River.

Department of Water Resources	Reappropriation - Disadvantaged Community Project Grants	\$ -	Prop 1/6083	This reappropriation is needed to continue to provide funding that will directly benefit disadvantaged communities.
Department of Water Resources	Reappropriation - Coastal Water Flood Risk Reduction	\$ -	Prop 1/6083	This reappropriation is needed to implement flood risk reduction projects that address current conditions and increased frequency and severity of extreme weather events.
Department of Water Resources	Reappropriation - Central Valley Tribal Program	\$ -	Prop 1/6083	This reappropriation is needed to allow staff to finalize proposal reviews, execute recommended grant agreements, and manage projects to completion.
		\$ -	Prop 1/6083	This reappropriation is needed to address known flood risks, which may include projects that contribute to voluntary agreements being developed by the Natural Resources Agency, the Department of Fish and Wildlife, and various stakeholders to address larger Bay-Delta water quality and ecosystem objectives.
Department of Water Resources	Reappropriation - Delta Systemwide Flood Risk Reduction	\$ -	Prop 1/6083	This reappropriation is needed for the Systemwide Flood Risk Reduction Program which provides funding, direction, and oversight for repairing and improving flood management facilities at the system level.
		\$ -	Prop 1/6083	This reappropriation is needed for continued work on Systemwide Flood Risk Reduction. Funding has not yet been committed because ongoing contract negotiations have taken longer than anticipated.
Department of Water Resources	Reappropriation - Central Valley Systemwide Flood Risk Reduction	\$ -	Prop 1/6083	This reappropriation is needed for continued work on Systemwide Flood Risk Reduction.
Department of Water Resources	Reappropriation - Delta Levees Subventions	\$ -	Prop 1/6083	This reappropriation is needed to continue the work of the Delta Levees Maintenance Subventions Projects.
		\$ -	Prop 1/6083	This reappropriation is needed to continue the work of the Delta Levees Maintenance Subventions Planning and Monitoring.
		\$ -	Prop 1/6083	This reappropriation is needed to continue the work of the Delta Levees Maintenance Subventions Projects.
Department of Water Resources	Extension of Liquidation - Drought Emergency	\$ -	General Fund - 0001	This extension will support the Drought Emergency Program established to respond to California's drought emergency in compliance with previous executive orders.
Department of Water Resources	Extension of Liquidation - Drought Emergency	\$ -	General Fund - 0001	This extension will support the Drought Emergency Program established to respond to California's drought emergency in compliance with previous executive orders.
Department of Water Resources	Extension of Liquidation - Truckee River Operating Agreement	\$ -	General Fund - 0001	This extension will support the Truckee River Operating Agreement Implementation Program.

Department of Water Resources	Extension of Liquidation - Risk Notification	\$ -	General Fund - 0001	This extension is for the Sacramento River Flood Control System. Funding has not been expended due to ongoing contract negotiations.
Department of Water Resources	Extension of Liquidation - Floodplain Management Ordinances	\$ -	General Fund - 0001	This extension is for the development of model floodplain management ordinances for the Division of Flood Management.
Department of Water Resources	Extension of Liquidation - Sacramento River General Reevaluation Report	\$ -	General Fund - 0001	This extension will support the Sacramento River General Reevaluation Report study to evaluate the integrity of the Sacramento River Flood Control System.
Department of Water Resources	Extension of Liquidation - Sacramento River General Reevaluation Report - Outreach	\$ -	General Fund - 0001	This extension will support the Sacramento River General Reevaluation Report study to evaluate the integrity of the Sacramento River Flood Control System.
Department of Water Resources	Extension of Liquidation - Hydrology and Flood Operations Office Assessment and Reporting	\$ -	General Fund - 0001	This extension is needed to support Flood Forecasting. The funding has not been liquidated because the truck is on back order from the manufacturer.
Department of Water Resources	Extension of Liquidation - National Hydrography Dataset Stewardship	\$ -	General Fund - 0001	This extension will support the California National Hydrography Dataset program established to steward the United States Geological Survey's National Hydrography Dataset and Watershed Boundary Dataset for California.
Department of Water Resources	Extension of Liquidation - Yuba Feather Flood Protection Program	\$ -	Prop 13/6010	This extension is needed to allow the project to run to completion and allow time for proper final invoicing and closeout processes.
		\$ -	Prop 13/6010	This extension will support the Yuba Feather Flood Protection Program. The projects are complete and the remaining fund center balance is for retention.
Department of Water Resources	Extension of Liquidation - Hamilton City Flood and Restoration Project	\$ -	Prop 13/6015	This extension will support Phase 2B of the Hamilton City Flood Damage Reduction and Ecosystem Restoration Project.
Department of Water Resources	Reversion - Systemwide Flood Risk Reduction Program	\$ (10,000)	Prop 1/6083	This reversion is needed to provide sufficient authority to cover a new appropriation for Systemwide projects.

Department of Water Resources	Technical Adjustment - Prevent Over-Allocation of Funds	\$ (1)	Prop 50/6031	This technical adjustment is needed to reduce authority to avoid over-allocation of bond funds.
		\$ -	Prop 50/6031	This technical adjustment is needed to reduce outyear authority to avoid over-allocation of bond funds.
		\$ -	Prop 84/6051	This technical adjustment is needed to reduce outyear authority to avoid over-allocation of bond funds.
		\$ -	Prop 84/6051	This technical adjustment is needed to reduce outyear authority to avoid over-allocation of bond funds.
		\$ -	Prop 84/6051	This technical adjustment is needed to reduce outyear authority to avoid over-allocation of bond funds.
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		\$ -	Prop 84/6051	This technical adjustment is needed to reduce outyear authority to avoid over-allocation of bond funds.
		\$ -	Prop 1/6083	This technical adjustment is needed to reduce outyear authority to avoid over-allocation of bond funds.
		\$ -	Prop 1/6083	This technical adjustment is needed to reduce out year authority to avoid over-allocation of bond funds.
		\$ -	Prop 1/6083	This technical adjustment is needed to reduce out year authority to avoid over-allocation of bond funds.
Department of Water Resources	Technical Adjustment - Control Section Adjustments	\$ (12)	Prop 68/6088	This technical adjustment is needed to reduce authority to avoid over-allocation of bond funding in light of control section adjustments.
		\$ -	Prop 68/6088	This technical adjustment is needed to reduce authority to avoid over-allocation of bond funding in light of control section adjustments.
SSJDC	Reversion - Proposition 1	\$ -	Prop 1/6083	This request includes reversions of the unencumbered balance of the 2017-2018 appropriations to better align authority with anticipated expenditures based upon current information.
		\$ -		
SSJDC	Reappropriation - Office Expansion	\$ -	Environmental License Plate Fund - 0140	This reappropriation is needed to support a contract for office space expansion.

Staff Recommendation: Approve as Budgeted.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION**VOTE-ONLY ISSUE 2: TECHNICAL ADJUSTMENTS - VARIOUS PROJECTS**

A Spring Fiscal Letter requests a number of technical adjustments to the funding authority for various projects. Specifically, this proposal requests to revert the existing funding authority and approval of new appropriations in the same amount (resulting in a new-zero cost) for the following projects:

Project Name	ID	Phase	Amount
Cayucos Fire Station: Replace Facility	0000170	W	\$269,585
Parkfield Fire Station: Relocate Facility	0000182	A	\$36,010
Perris Emergency Command Center: Remodel Facility	0003210	P, W	\$35,000
Statewide: Communications Facilities, Phase V	0000920	W	\$2,139,000

This proposal also requests a reappropriation for the following bond funded projects:

Project Name	ID	Phase	Amount
Academy: Construct Dormitory Building	0000009	C	\$9,016,000
Badger Forest Fire Station: Replace Facility	0000165	C	\$2,968,000
Badger Forest Fire Station: Replace Facility	0000165	C	\$4,242,000
Butte Unit Fire Station/Unit Headquarters: Replace Facility	0000169	C	\$26,939,000
Butte Unit Fire Station/Unit Headquarters: Replace Facility	0000169	C	\$3,845,000
San Mateo-Santa Cruz UH: Relocate Auto Shop	0000189	C	\$9,259,620
San Mateo-Santa Cruz UH: Relocate Auto Shop	0000189	C	\$963,000
South Operations Area Headquarters: Relocate Facility	0000193	C	\$26,990,211
South Operations Area Headquarters: Relocate Facility	0000193	C	\$4,057,000
Vina Helitack Base: Replace Facility	0000199	C	\$11,336,000

Staff Recommendation: Approve as Budgeted.

3340 CALIFORNIA CONSERVATION CORPS

VOTE-ONLY ISSUE 3: DELTA SERVICE DISTRICT CENTER

A Spring Fiscal Letter requests reappropriation from the Public Buildings Construction Fund to extend the liquidation period of the construction phase of the Delta Service District Center project for a new residential facility located in San Joaquin County to June 30, 2020.

BACKGROUND

The Delta Service District Center project constructed a new CCC residential facility in San Joaquin County. The Legislature previously appropriated \$30.343 million (\$255,000 General Fund and \$30.088 million Public Buildings Construction Fund) for the design and construction of this project.

Due to design changes, as well as limited interim financing as a result of the Great Recession, the project was delayed. The construction contract was awarded in April 2016, and construction funds were transferred to the Department of General Services' (DGS) Architectural Revolving Fund (ARF). Construction proceeded to start in July 2016. The project was completed in July 2018.

Since occupying the new facility, a number of items are missing and/or in need of adjustments: perimeter security fence (\$103,000), booster water heater to sanitize dishes (\$8,500), landscape repair (\$20,000), power installation to keycard reader (\$15,000), wetland designation removal to install ground solar panels to meet net zero energy requirements (\$20,000), drainage at the loading dock (\$25,000), replacement of entrance walk-off mats (\$90,000), and adjustment of HVAC system/duct work due to heat gain (\$10,000). The resolution of these issues is estimated to cost around \$300,000, which includes contingency (\$8,500).

The funds in the ARF revert on June 30, 2019. Reappropriation to extend the construction phase liquidation period until June 30, 2020 is required to utilize \$300,000 of the remaining balance to complete the project, as originally intended.

STAFF COMMENTS

This extension is intended to allow the CCC to utilize about \$300,000 of the remaining balance to purchase and install key design elements to finish the Delta Service District Center, as originally intended.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 4: REAPPROPRIATIONS - VARIOUS PROJECTS

A Spring Fiscal Letter requests reappropriation of \$1.6 million General Fund for the Preliminary Plans phase of the Auberry Residential Center project for a new residential facility located in Fresno County, and \$22.573 million General Fund for the Construction phase of the Auburn Campus project to replace the kitchen, multipurpose room, and dorm at its existing residential center located in Placer County.

BACKGROUND

Residential Center, Auberry: New Residential Center Project. The Cultural Evaluation Report review by the State Historic Preservation Officer may delay Public Works Board from approving the Preliminary Plans funding before it expires June 30, 2019. Reappropriation of \$1.6 million General Fund is required to ensure funding for Preliminary Plans phase is available to continue this project without significant delay.

Auburn Campus: Kitchen, Multipurpose Room, and Dorm Replacement Project. The contract bid opening is estimated around mid-April 2019. Given that the contract award process can take up 90 calendar days, into mid-July 2019, Public Works Board will most likely not approve the funding for Construction phase before it expires June 30, 2019. Reappropriation of \$22.573 million General Fund is necessary to ensure funding for Construction phase is available to continue this project without further delay.

STAFF COMMENTS

Reappropriation is necessary to ensure funding is available to continue these projects.

Staff Recommendation: Approve as Budgeted.

0540 DEPARTMENT OF PARKS AND RECREATION**VOTE-ONLY ISSUE 5: VARIOUS PROJECTS: TECHNICAL ADJUSTMENTS**

A Spring Fiscal Letter requests the reversion of the unencumbered balances of existing capital outlay appropriations expiring June 30, 2019, and new appropriations for the continuing projects for these reverted appropriations. In addition, Parks requests reappropriation of existing capital outlay appropriations to allow for availability of funds as a contingency, in case of project delays, to allow for the completion of projects currently in process. The following pages identify the requested reversions and reappropriations. These requests will result in a net-zero cost.

The following chart displays the new appropriations for continuing capital outlay projects:

Project Title	Purpose	Amount	Fund	Description
Angel Island SP: Immigration Station Hospital Rehabilitation- Construction	Construction	2,290,000	General Fund	There were delays in finalizing design documents. The project is currently in construction and is anticipated to finish in fall 2019. This appropriation is requested so the project can proceed without delays or interruption.
Malakoff Diggins SHP: Solar Panel Generator- Construction	Construction	552,000	General Fund	There were delays in finalizing design documents. The project is currently in construction and is anticipated to finish in fall 2019. This appropriation is requested so the project can proceed without delays or interruption.
San Elijo SB: Replace Main Lifeguard Tower- Construction and Equipment	Construction	4,762,000	Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund	There were administrative delays that affected execution of project contracts. The project is currently in construction and is anticipated to finish in fall 2019. This appropriation is requested so the project can proceed without delays or interruption.
	Equipment	3,000		
Southern California Opportunity Purchase-Acquisition	Acquisition	3,006,000	Off-Highway Vehicle Trust Fund	Acquisitions are in progress and not anticipated to be completed in the current fiscal year. This appropriation is requested so acquisition activities can continue without delays or interruption.

Carnegie SVRA: Road Reconstruction -Construction	Construction	6,617,000	Off-Highway Vehicle Trust Fund	A new design team was brought on to assist with completing complicated design documents for this project. The project is currently in working drawings with construction expected to begin in spring 2019. This appropriation is requested so the project can proceed without delays or interruption.
Hollister Hills SVRA: Waterline Expansion- Working drawings and construction	Working Drawings	62,000	Off-Highway Vehicle Trust Fund	There were administrative delays that affected execution of project contracts. This project is currently in working drawings with construction anticipated to begin in fall 2019. This appropriation is requested so the project can proceed without delays or interruption.
	Construction	1,305,000		
Mendocino Headlands SP: Big River Watershed Restoration-Construction	Construction	728,000	State Parks and Recreation Fund	Construction is complete, but Parks must monitor the site due to mitigation requirements. This appropriation is requested so that project expenses can be paid.
Mendocino Headlands SP: Big River Watershed Restoration-Construction	Reimbursements	-728,000	State Parks and Recreation Fund	Construction is complete, but Parks must monitor the site due to mitigation requirements. This appropriation is requested so that project expenses can be paid.
Border Field SP: Public Use Improvements-Working drawings	Working Drawings	228,000	State Parks and Recreation Fund	Parks had to complete more extensive studies and development/review of acceptable design alternatives. Design documents are now complete and awaiting approval from permitting agencies. This project is currently in preliminary plans with approval anticipated in spring 2019. This appropriation is requested so the project can proceed without delays or interruption.
Calaveras Big Trees SP: Caltrans Mitigation Campsite Relocation-Working drawings	Working Drawings	100,000	State Parks and Recreation Fund	Weather delays to initial biological and topographical surveys caused preliminary plans to go longer than originally expected. This project is currently in preliminary plans with approval anticipated in summer 2019. This appropriation is requested so the project can proceed without delays or interruption.

Calaveras Big Trees SP: Caltrans Mitigation Campsite Relocation-Working drawings	Reimbursements	-100,000	State Parks and Recreation Fund	Weather delays to initial biological and topographical surveys caused preliminary plans to go longer than originally expected. This project is currently in preliminary plans with approval anticipated in summer 2019. This appropriation is requested so the project can proceed without delays or interruption.
McArthur-Burney Falls Memorial SP: Ramp and Boarding Float Replacement-Working drawings and construction	Working Drawings	53,000	Harbors and Watercraft Revolving Fund	Parks is awaiting feedback and approval from permitting agencies. This project is currently in preliminary plans with approval anticipated in spring 2019 and proceed to construction bid approval in fall 2019. This appropriation is requested so the project can proceed without delays or interruption.
	Construction	618,000		
Statewide: DBW Minor Program-Minor projects	Minor Projects	674,000	Harbors and Watercraft Revolving Fund	There were administrative delays that affected execution of project contracts and delays in obtaining necessary permits. The project is currently in design with construction anticipated to occur in the spring of 2020. This appropriation is requested so the project can proceed without delays or interruption.
California Indian Heritage Center: Phase I Development-Preliminary plans	Preliminary Plans	1,133,000	California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund	There were delays in acquiring property for this project. Acquisition is nearly complete with preliminary plans anticipated to be completed in summer 2021. This appropriation is requested so the project can proceed without delays or interruption.
Statewide: SP System Acquisition Program-Acquisition	Acquisition	453,000	California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund	Acquisitions are in progress (including Viera North Peak, SRL/Otis Reagan Westing properties, BLM/Red Rock Canyon, and other smaller transfers), but are not anticipated to be completed in the current fiscal year. This appropriation is requested so the project can proceed without delays or interruption.

McGrath SB: Campground Relocation and Wetlands Restoration-Working drawings	Working Drawings	1,302,000	California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund	This project is located in a resource-saturated area, requiring additional design reviews to ensure minimal impacts. This project is currently in preliminary plans with approval anticipated in fall 2019. This appropriation is requested so the project can proceed without delays or interruption.
Picacho SRA: Park Power System Upgrade-Study	Study	200,000	California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund	There were administrative delays. This project is currently in the study phase and is anticipated to be completed in fall 2019. This appropriation is requested so the project can proceed without delays or interruption.
Fort Ord Dunes SP: New Campground and Beach Access-Construction	Construction	22,372,000	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	There were delays in finalizing design documents. This project is currently in working drawings phase with construction anticipated to begin in summer 2019. This appropriation is requested so the project can proceed without delays or interruption.
Old Town San Diego SHP: Building Demolition and Immediate Public Use Facilities-Construction	Construction	7,342,000	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	This project is currently in construction and is anticipated to finish in winter 2020. This appropriation is requested so the project can proceed without delays or interruption.
Torrey Pines SNR: Utility Modernization-Preliminary plans and working drawings	Preliminary Plans	199,000	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	This project is located in a resource saturated area resulting in a much more complex design process requiring more reviews and approvals. This project is currently in preliminary plans with approval anticipated in fall 2019. This appropriation is requested so the project can proceed without delays or interruption.
	Working Drawings	235,000		
Statewide: Minor Capital Outlay Program	Minor Projects	379,000	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	There were administrative delays that affected the execution of project contracts. This project is currently in design with construction anticipated to begin in summer 2019. This appropriation is requested so the project can proceed without delays or interruption.

Gaviota SP: Main Water Supply Upgrades- Working drawings	Working Drawings	142,000	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	A study on water source supply alternatives has been completed and the project is currently pending a coastal development permit for test well drilling. This project is currently in preliminary plans with approval anticipated in winter 2020. This appropriation is requested so the project can proceed without delays or interruption.
Malibu Creek SP: New Stokes Creek Bridge- Working drawings	Working Drawings	233,000	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	Parks had to conduct a geotechnical investigation due to active bird nesting near the project site. The investigation and design documents are now complete and awaiting approval from permitting agencies. This project is currently in preliminary plans with approval anticipated in summer 2019. This appropriation is requested so the project can proceed without delays or interruption.
El Capitan SB: Entrance Improvements- Working drawings	Working Drawings	378,000	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	Due to the presence of an endangered species of fish found in the area, permitting took longer than anticipated. This project is currently in working drawings with construction anticipated to begin in summer 2019. This appropriation is requested so the project can proceed without delays or interruption.
Statewide: VEP Minor Program-Minor projects	Minor Projects	763,000	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	One of the minor projects was impacted by a wildfire. There were also administrative delays that affected the execution of project contracts. These projects are currently in design with construction anticipated in 2020. This appropriation is requested so the project can proceed without delays or interruption.

The following chart displays the reappropriations with an encumbrance or expenditure period until June 30, 2020:

Project Title	Purpose	Amount	Fund	Description
Heber Dunes SVRA: Water System Upgrades- Working drawings and construction	Working Drawings	96,000	Off-Highway Vehicle Trust Fund	This project is currently in working drawings with proceed to construction bid and construction award anticipated in summer 2019. As a contingency in case of delays, this reappropriation is requested so the project can proceed.
	Construction	990,000		
Oceano Dunes SVRA: Grand Avenue Lifeguard Tower- Preliminary plans	Preliminary Plans	87,000	Off-Highway Vehicle Trust Fund	This project is currently in preliminary plans with approval anticipated in spring 2019. As a contingency in case of delays, this reappropriation is requested so the project can proceed.
Pismo SB: Entrance Kiosk Replacement- Preliminary plans	Preliminary Plans	107,000	Off-Highway Vehicle Trust Fund	This project is currently in preliminary plans with approval anticipated in spring 2019. As a contingency in case of delays, this reappropriation is requested so the project can proceed.
Calaveras Big Trees SP: Mitigation Campsite Relocation- Preliminary plans	Preliminary Plans	138,000	State Parks and Recreation Fund	This project is currently in preliminary plans with approval anticipated in summer 2019. As a contingency in case of delays, this reappropriation is requested so the project can proceed.
Calaveras Big Trees SP: Mitigation Campsite Relocation- Preliminary plans	Preliminary Plans	-138,000	State Parks and Recreation Fund	This project is currently in preliminary plans with approval anticipated in summer 2019. As a contingency in case of delays, this reappropriation is requested so the project can proceed.
Lake Del Valle SRA: Boat Ramp Replacement- Preliminary plans	Preliminary Plans	125,000	Harbors and Watercraft Revolving Fund	This project is currently in preliminary plans with approval anticipated in spring 2019. As a contingency in case of delays, this reappropriation is requested so the project can proceed.
Mendocino Headlands SP: Big River Boat Launch- Preliminary plans	Preliminary Plans	191,000	Harbors and Watercraft Revolving Fund	This project is currently in preliminary plans with approval anticipated in summer 2019. As a contingency in case of delays, this reappropriation is requested so the project can proceed.

San Luis Reservoir SRA: San Luis Creek Ramp Replacement and Parking Improvements- Preliminary plans	Preliminary Plans	130,000	Harbors and Watercraft Revolving Fund	This project is currently in preliminary plans with approval anticipated in summer 2019. As a contingency in case of delays, this reappropriation is requested so the project can proceed.
Pfeiffer Big Sur SP: Low-Cost Alternative Coastal Lodging- Preliminary plans	Preliminary Plans	190,000	State Park Contingent Fund	This project is currently in preliminary plans with approval anticipated in fall 2019. As a contingency in case of delays, this reappropriation is requested so the project can proceed.
Los Angeles SHP: Soil Remediation- Working drawings and construction	Working Drawings	37,000	California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund	This project is currently in preliminary plans with approval anticipated in spring 2019. As a contingency in case of delays, this reappropriation is requested so the project can proceed.
	Construction	3,328,000		
Old Sacramento SHP: Boiler Shop Renovation- Preliminary plans	Preliminary Plans	726,000	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	This project is currently in preliminary plans with approval anticipated in fall 2019. As a contingency in case of delays, this reappropriation is requested so the project can proceed.
Topanga SP: Rehabilitate Trippet Ranch Parking Lot- Working drawings	Working Drawings	219,000	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	This project is currently in working drawings with proceed to construction bid approval anticipated in summer 2019. As a contingency in case of delays, this reappropriation is requested so the project can proceed.
	Construction	3,202,000		
Lake Oroville SRA: Bidwell Canyon Gold Flat Campground- Preliminary plans	Preliminary Plans	176,000	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	This project is currently in preliminary plans with approval anticipated in spring 2019. As a contingency in case of delays, this reappropriation is requested so the project can proceed.

Staff Recommendation: Approve as Budgeted.

3125 CALIFORNIA TAHOE CONSERVANCY

VOTE-ONLY ISSUE 6: UPPER TRUCKEE RIVER AND MARSH RESTORATION PROJECT

A Spring Fiscal Letter requests the reversion of \$9.064 million, and a new appropriation for the same amount, and an additional \$1.534 million in reimbursement authority for increased construction costs for the Upper Truckee River and Marsh Restoration project to address seismic and aquatic invasive species issues. The reimbursements will be coming from a recent grant from the California Department of Fish and Wildlife.

BACKGROUND

The Upper Truckee Marsh (Marsh) is the largest remaining wetland area in the Lake Tahoe Basin. Historically, the Marsh occupied a much larger area along the south shore of Lake Tahoe, encompassing approximately 1,600 acres. Development in the late 1950's through the 1970's drastically altered the Marsh, most notably through the excavation and filling of wetlands to create the Tahoe Keys home pads, marina, and lagoons. This development disturbed approximately 600 acres in the center of the original Marsh, resulting in a large loss of wetland habitat. The Tahoe Keys also fragmented the Marsh habitat into what is now known as Pope Marsh on the west and the Upper Truckee Marsh on the east, and channelized a portion of the Upper Truckee River. The channelized river rarely overflows its banks or inundates the Marsh. As a result, the Marsh no longer serves as highly functional wetland habitat, and most of the river's sediment laden flows directly into the Lake.

Since January 1988, the Conservancy has expended approximately \$14 million to acquire several parcels totaling 525 acres in the Marsh. In 2001, the Conservancy completed the Lower West Side Wetland Restoration Project, an initial phase of wetland restoration involving 12 acres of wetland reconstruction through the removal of 85,000 cubic yards of fill. The Conservancy also relocated and improved a trail, which provides public access to Cove East Beach.

STAFF COMMENTS

The Upper Truckee River and Marsh Restoration Project will restore natural processes and functions of Conservancy-owned or controlled lands within the Upper Truckee River Marsh. Improvements will enhance the area's ecological values and water filtering capacity, with a complimentary and appropriate level of recreation infrastructure. The reversion and new appropriation will extend the availability of funds and allow the project to proceed without further delays.

Staff Recommendation: Approve as Budgeted.

3855 SIERRA NEVADA CONSERVANCY**VOTE-ONLY ISSUE 7: SIERRA NEVADA CONSERVANCY FUND AUTHORITY AND CASH FLOW TRANSFER**

A Spring Fiscal Letter requests the following:

- Authority of \$180,000 and reimbursement authority of \$8.3 million for the Sierra Nevada Conservancy Fund (Conservancy Fund), and two positions.
- A reduction in its current reimbursement line item under the Environmental License Plate Fund (ELPF) from \$1.457 million to \$1,000 and a reduction of two positions, which functionally reflects a shift of reimbursement authority and positions from the ELPF to the Conservancy Fund.
- Initiation of a one-time cash transfer of \$1.45 million from ELPF to the Conservancy Fund, which is intended to enable SNC to cover the initial costs for projects that will ultimately be reimbursed by the grant-making entities. This would not change SNC's baseline budget under ELPF.
- Budget bill language (BBL) stating, "The funds appropriated in this item may be used for support or local assistance." This BBL is intended to enable the Conservancy Fund authority to be used for support or local assistance and give SNC the opportunity.

BACKGROUND

When SNC was established in 2004. The Conservancy Fund was formally established in October 2018. SNC began receiving funding from different sources, including other state agencies and nonprofits, which were processed through SNC's ELPF reimbursement account. As shown in the table below, those reimbursement amounts started as relatively small amounts and increased quickly over the past three years, largely due to additional grant funding from various entities:

Resource History
(Dollars in thousands)

Reimbursements	2014-15	2015-16	2016-17	2017-18	Projected 2018-19	Projected 2019-20
Total Received	\$5	\$1	\$88	\$314	\$3,300	\$8,300

These reimbursements currently flow through the SNC's Budget Act ELPF Item, which is SNC's main support item. Because of this, there have been instances in which the SNC was not able to easily accept funding from public and private sources due to the comingling of funds within the ELPF and timing considerations. Also, having the reimbursements flow through ELPF makes it challenging to track expenditures separately and creates additional administrative workload.

Using the Conservancy Fund for reimbursement contracts and grants from public and private sources is intended to ensure the expenditures tied to these agreements will be separate from

those being charged directly to ELPF and allow the SNC to receive funding, such as grants, from other public and private sources while reducing administrative workload and avoiding delays.

STAFF COMMENTS

The request for an additional \$1.45 million one-time cash transfer from ELPF to the Conservancy Fund is intended to alleviate any cash flow problems and assist the SNC to set up a separate reimbursement account from its ELPF appropriation. This cash transfer would not affect SNC's baseline budget under ELPF. Adding BBL would enable the Conservancy Fund authority to be used for support or local assistance and give SNC the opportunity to accept reimbursable agreements and/or grants that include local assistance funding without any delay.

Staff Recommendation: Approve as Budgeted.

3885 DELTA STEWARDSHIP COUNCIL

VOTE-ONLY ISSUE 8: TECHNICAL ADJUSTMENT: EXTENSION OF LIQUIDATION

A Spring Fiscal Letter requests an extension of liquidation to June 30, 2021, for \$1.1 million General Fund (approved as a part of the 2016 Budget Act) to review the Delta Plan and develop high-priority Delta Plan amendments, where necessary.

BACKGROUND

The Delta Plan. The Delta Reform Act of 2009 (Act) directed the Council to draft a comprehensive, legally enforceable, long term plan to guide state and local actions to further California's coequal goals for the Delta. The plan adopted in 2013 is required to be reviewed for potential updates at least every five years (Water Code Section 85300(c)).

In January 2016, a budget change proposal was submitted and approved in the amount of \$1.45 million for updates to the Delta Plan which included technical research for plan amendments; development or modification of regulatory policies and recommendation, development of necessary California Environmental Quality Act (CEQA) documentation and the development of Office of Administrative Law documentation to address changes to the Delta Plan.

STAFF COMMENTS

These funds have been encumbered, but not expended, due to the Council's reprioritization of workload resulting from unanticipated covered action appellate proceedings. Given that the covered action process is one of self-certification by the project proponent, the Council does not control when a project comes before the Council, and therefore must accommodate a project, and any subsequent appeal, as necessary.

Staff Recommendation: Approve as Budgeted.

3900 AIR RESOURCES BOARD

VOTE-ONLY ISSUE 9: REAPPROPRIATION

A Spring Fiscal Letter requests that Item 3900-490 be added to reappropriate the unexpended balance in Item 3900-101-3228, Budget Act of 2017. This funding supports existing zero-emission off-road freight projects. Specifically the proposed language is as follows:

3900-490—Reappropriation, State Air Resources Board. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2020:

3228—Greenhouse Gas Reduction Fund

(1) Provision 2(c) of Item 3900-101-3228, Budget Act of 2017 (Chs. 14 and 22, Stats. 2017), as added by Chapter 254, Statutes of 2017.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 10: EXTENSION OF LIQUIDATION

A Spring Fiscal Letter requests that Item 3900-491 be added to extend the period to liquidate encumbrances in Item 3900-101-3228, Budget Act of 2014 and Item 3900-101-3228, Budget Act of 2016 to June 30, 2022. This funding supports existing advanced technology freight demonstration projects. Specifically the proposed language is as follows:

3900-491—Reappropriation, State Air Resources Board. Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citations is extended to June 30, 2022.

3228—Greenhouse Gas Reduction Fund

(1) Item 3900-101-3228, Budget Act of 2014 (Chs. 25 and 663, Stats. 2014)

(2) Up to \$7,200,000 pursuant to Provision 3 of Item 3900-101-3228, Budget Act of 2016 (Ch. 23, Stats. 2016), as added by Chapter 370, Statutes of 2016, as reappropriated.

Staff Recommendation: Approve as Budgeted.

3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

VOTE-ONLY ISSUE 11: REAPPROPRIATION

A Spring Fiscal Letter requests that Item 3970-491 be added to reappropriate up to \$4.2 million and include an extended encumbrance and liquidation period. This funding was originally approved in the 2017 Budget Act and reappropriated in the 2018 Budget Act to implement the requirements for the closure and post-closure maintenance of the inactive Bonzi Landfill. Specifically the proposed language is as follows:

3970-491—Reappropriation, Department of Resources Recycling and Recovery. The amount specified in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2021, and available for liquidation of encumbrance or expenditure until June 30, 2024:

0387—Integrated Waste Management Account, Integrated Waste Management Fund
(1) Up to \$4,200,000 appropriated in Item 3970-001-0387, Budget Act of 2017 (Chs. 14 and 22, Stats. 2017), as reappropriated by Item 3970-491, Budget Act of 2018 (Chs. 29 and 30, Stats. 2018) for the Bonzi Landfill Closure (1) 3700—Waste Reduction and Management.

Staff Recommendation: Approve as Budgeted.

3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

VOTE-ONLY ISSUE 12: RELOCATION TO BAY AREA METRO CENTER

A Spring Fiscal Letter requests an additional \$32,000 General Fund in 2019-20 for increased leasing costs, which increases annually thereafter, for BCDC to move to the Metro Center. In addition, BCDC requests a reappropriation of \$3.02 million General Fund provided in the 2018 Budget Act to pay for agreed-to tenant improvements and moving costs, which are not anticipated until 2019-20.

BACKGROUND

San Francisco Bay Conservation and Development Commission (BCDC). BCDC is responsible for managing the protection and use of the San Francisco Bay, its shoreline, and nearly all development in and around the Bay (within 100' of high tide). By statute, BCDC is required to be located in the City of San Francisco.

The current facilities in the Hiram Johnson State Office Building cannot accommodate Commission meetings (the Commission's 27 members cannot be seated on the dais) and are inadequate for hosting any other formal meetings due to its lack of internet and audio-visual capabilities. After the Metro Center opened in 2016, BCDC moved all of its public meetings from various facilities in San Francisco and Oakland to the Metro Center.

Metro Center. The Metro Center was built to house the Metropolitan Transportation Commission, the Bay Area Air Quality Management District, the Association of Bay Area Governments, the Bay Area Regional Collaborative, and the San Francisco Estuary Partnership, which are the regional and state agencies in the Bay Area that collaborate to resolve and implement local, regional, and state policies around the Bay. Issues that the agencies address collectively include sea-level rise threats on state-owned assets such as local and regional transportation networks.

Department of Justice (DOJ). In 2006, DOJ submitted a request for additional space in the City of San Francisco, and the Department of General Services began searching for a new space. At the same time, BCDC submitted a request to move to the Metro Center. DOJ is expected to move into the location from where BCDC plans to move out.

Authorization for BCDC to move into the Metro Center. The Budget Act of 2018 provided \$3.02 million for one-time tenant improvements and moving costs for BCDC's move to the Metro Center. BCDC's annual rent in the Metro Center building would start at \$1.125 million, which is approximately \$127,000 more than BCDC's 2019-20 rent at the Hiram Johnson State Office Building in San Francisco, where the DOJ will backfill.

According to the Administration, the proposed lease for BCDC's new space is low compared to San Francisco's market rates, both north and south of Market Street, and grows at an acceptable rate of inflation. The lease will include utilities, common area expenses, and two parking spaces.

STAFF COMMENTS

Since the original estimate of \$3.02 million for BCDC to move, it was discovered the rental cost data the state and Bay Area Headquarters Authority were working and negotiating from was outdated and did not reflect updated market numbers for the lease in the Bay Area.

Staff Recommendation: Approve as Budgeted.

3760 STATE COASTAL CONSERVANCY

VOTE-ONLY ISSUE 13: APPROPRIATION FROM CALIFORNIA SEA OTTER FUND FOR SUPPORT AND LOCAL ASSISTANCE

A Spring Fiscal Letter requests \$52,000 from the California Sea Otter Fund annually for five years. The request would bring the total amount appropriated to the Conservancy from the California Sea Otter Fund to \$183,000. Of this, \$18,000 would be appropriated for support and \$165,000 would be appropriated for local assistance.

BACKGROUND

Sea Otter Recovery Fund. The California Sea Otter Fund was established in 2006 to allow taxpayers to donate to help the recovery of California sea otter populations. The voluntary income-tax check-off program provides essential funding to protect and restore healthy sea otter populations. Sea otters once thrived from Baja California and around the Pacific Rim before being hunted to near extinction in the 1700s and 1800s. The California population has grown from a group of about 50 survivors off Big Sur in 1938 to over 3,000 animals today but the species remains threatened. Funds from the voluntary tax checkoff enable the Conservancy to fund important research, education and management efforts that will help support the continued recovery of this iconic California species. From 2006-2018, Californians have donated \$3,617,928 to help sea otters.

STAFF COMMENTS

The amount currently being collected in the Fund have exceeded the amounts appropriated to the Conservancy annually. This request is to align the amount appropriated to SCC with the revenues coming into the fund.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 14: APPROPRIATION FROM VIOLATION REMEDIATION ACCOUNT FOR LOCAL ASSISTANCE

A Spring Fiscal Letter requests \$2 million from the Violation Remediation Account for coastal resource enhancement and public access projects statewide. Funds would be appropriated for local assistance and capital outlay. Funds are requested to be available for encumbrance through June 30, 2022 and for expenditure through June 30, 2024.

BACKGROUND

Violations Remediation Account (VRA). Penalties originating from settlements and judgments of Coastal Act violations resolved by the Coastal Commission are collected by the Commission and then transferred to the Conservancy for deposit in the VRA. Funds from the VRA are held in the Coastal Conservancy Fund. VRA funds held in the Conservancy Fund must be appropriated in the Budget Act in order to be expended for the intended purposes. Upon appropriation by the Legislature in the annual Budget Act, funds from the VRA are used by the Conservancy to carry out provisions of the Coastal Act. The funds have been used for a variety of projects throughout coastal California including public access projects, access operations and maintenance, and coastal resource enhancement.

MOUs specifying the use of VRA funds. In 1986, the Commission and the Conservancy entered into a Memorandum of Understanding specifying the use of the VRA funds. In 2012 the Conservancy and the Commission entered into an updated Memorandum of Understanding between the California Coastal Commission and the State Coastal Conservancy on the Use and Expenditure of Violation Remediation Account Funds for the same purposes.

The 2012 MOU modified the procedure for expenditure of VRA funds to clarify the priorities for expending funds. The first priority is to expend funds in locations in close proximity to the geographical location of the violation. When that is impractical, priority be to expend funds within the following priority: (1) the county of the violation location; (2) the region of the violation; (3) for agreed upon Commission and Conservancy special projects; and, (4) for statewide programmatic purposes. In addition, the agreement allows for relatively small dollar amounts of settlements arising from a violation, to be applied to specific access and restoration projects and more general statewide programs designed to promote compliance with coastal development permits and to further principal goals of the Coastal Act, including Increasing public access to and along the coast, protecting sensitive habitats and preserving open space.

STAFF COMMENTS

There is currently a balance of over \$4 million available in the VRA. The Conservancy closely coordinates with the California Coastal Commission to assure that the amounts proposed for appropriation for projects leave enough available in the account to pay support and administrative costs for both agencies. The Conservancy is requesting an amount based on projects being considered for funding in consultation with the Commission. The Conservancy has not received an appropriation from the VRA since fiscal year 2015-16.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 15: PROPOSITION 68 WEST COYOTE HILLS CONSERVANCY PROGRAM

A Spring Fiscal Letter requests \$4.04 million from Proposition 68 for local assistance and support. The funds would be used to implement the Conservancy's West Coyote Hills Conservation Program. Funds are requested to be available for encumbrance through June 30, 2022 and for expenditure through June 30, 2024.

BACKGROUND

West Coyote Hills. The West Coyote Hills area is located in the Coyote Creek watershed of Orange County and is currently owned by Pacific Coast Homes (PCH), a subsidiary of the Chevron Corporation. The area possesses unique natural and recreational resources that will continue to be threatened by ongoing development pressures without timely permanent protections. The property is adjacent to the 72-acre Robert E. Ward Nature Preserve.

Proposition 68 provides funds for a conservation program at West Coyote Hills. The primary purpose of the funding provided in Proposition 68 for West Coyote Hills is conservation of 510-acres of the property owned by PCH for purposes of providing public access and protecting and restoring natural habitats and connecting corridors. The acquisition of the Chevron property at West Coyote Hills would create new public open space and recreational opportunities in a park-poor community. Preservation of the West Coyote Hills as open space would also provide critical habitat for the endangered California Gnatcatcher, and several other state and federally listed rare, endangered, and sensitive species. Proposition 68 has \$4.8 million available for SCC for this purpose.

STAFF COMMENTS

The City of Fullerton has reached agreement with PCH for the acquisition of parts of the West Coyote Hills property that are currently planned for development. Approving these funds would enable conservation of 510-acres of the property owned by PCH for purposes of providing public access, protecting and restoring natural habitats and connecting corridors.

Staff Recommendation: Approve as Budgeted.

3480 DEPARTMENT OF CONSERVATION

ISSUE 16: FEDERAL GRANT FOR FEDERAL SAFETY STANDARDS COMPLIANCE AND REIMBURSEMENT AUTHORITY INCREASE FOR DIVISION OF OIL, GAS, AND GEOTHERMAL RESOURCES

A Spring Fiscal Letter requests an ongoing baseline increase of \$1.4 million from the Federal Trust Fund and a one-time increase of \$250,000 Reimbursement Authority.

BACKGROUND

Division of Oil, Gas, and Geothermal Resources (DOGGR). DOGGR is a division within the Department of Conservation. DOGGR supervises the drilling, operation, maintenance, and plugging and abandonment of onshore and offshore oil, gas, and geothermal wells throughout California. DOGGR carries out its regulatory authority to encourage the wise development of oil, gas, and geothermal resources while preventing damage to life, health, property, and natural resources. DOGGR's statutory mandate includes oversight of underground gas storage facilities to ensure that the original reserves are not lost, that drilling of new wells is conducted properly, and that no damage occurs to the environment by reason of injection and withdrawal of gas.

Underground Gas Storage Program. DOGGR operates the Underground Gas Storage Program, which regulates the injection of natural gas into large underground reservoirs for storage before the gas is later withdrawn for sale to residential, commercial, and natural gas power plants. The Underground Gas Storage Program focuses on comprehensive risk management planning, testing, and monitoring to prevent and detect any unsafe conditions.

Aliso Canyon gas leak. On October 23, 2015, a significant, uncontrolled leak from a natural gas storage well was discovered in the Aliso Canyon natural gas storage facility located in the County of Los Angeles. Initial efforts to stop the leak failed. SoCal Gas, the owner of the facility, pledged to reimburse DOGGR for costs directly associated with its response to this natural gas leak at Aliso Canyon.

Federal Grant for Federal Safety Standards Compliance. In September 2017, the DOGGR applied to the Pipeline and Hazardous Materials Safety Administration within Department of Transportation for federal funds to support the Underground Natural Gas Storage Safety Programs. DOGGR was awarded \$3.2 million to assume responsibility for intrastate underground natural gas storage facilities.

STAFF COMMENTS

The baseline increase of \$1.4 million is needed to spend annual grant funds from the US Department of Transportation that support the Division's Underground Natural Gas Storage Program. The reimbursement authority is needed to accept payments from Southern California Gas Co., and to defray the cost of its response efforts in the Aliso Canyon incident.

Staff Recommendation: Approve as Budgeted.

ITEMS TO BE HEARD

3900 AIR RESOURCES BOARD

ISSUE 1: INCREASED LITIGATION COSTS

A Spring Fiscal Letter requests an increase of \$1 million Air Pollution Control Fund to reimburse the Attorney General's Office for the defense of civil lawsuits brought against the California Air Resources Board (CARB) and for the enforcement cases brought by CARB to address statutory and regulatory violations.

BACKGROUND

Air Pollution Control Fund (APCF). The APCF is a depository for penalties and fees collected on vehicular and non-vehicular air pollution control sources. The penalty and fee money in the fund is available to CARB to carry out its duties and functions upon appropriation.

Automakers use of defeat devices. Volkswagen sold diesel vehicles equipped with “defeat devices,” to sidestep vehicle emissions standards between 2009 and 2015. These vehicles emit up to 40 times more nitrous oxide (NOx) than what is allowed under the U.S. EPA and California light-duty vehicle regulations. NOx is an air pollutant that contributes to the formation of ozone and particulate matter. It can greatly aggravate health problems such as asthma and cardio-pulmonary disease. Roughly 70,000 of these otherwise non-compliant vehicles were sold in California.

In January 2017, Fiat Chrysler was issued a notice of violation due to the discovery of certain SUVs and trucks sold by Fiat with similar defeat devices.

Increasing legal costs due to increasing number of enforcement cases. CARB reimburses the Attorney General's Office for their support in civil lawsuit related to automobile industry violations. CARB expenditures to reimburse the AG's Office have increased significantly based on the recent and expected trajectory of monthly billings. CARB anticipates the increasing number of cases to continue due to the current and anticipated diesel enforcement cases now handled. The number of cases that require the Attorney General's Office services and the complexity of challenges and defenses that require experts, discovery, travel to negotiations/court hearings, and factual analysis are time-consuming and require additional resources to support the increased costs.

STAFF COMMENTS

Providing the requested resources would enable CARB to quickly respond to manufacturers who fail to contain harmful emissions from vehicles or any type of equipment sold in California.

Staff Recommendation: Approve as Budgeted.

3980 OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT

ISSUE 2: LITIGATION COSTS (PROPOSITION 65)

A Spring Fiscal Letter requests an increase of \$500,000 General Fund ongoing to pay for defense of civil lawsuits brought against OEHHA, primarily, but not limited to, its actions as lead agency for purposes of the Safe Drinking Water and Toxics Enforcement Act of 1986 (Proposition 65).

BACKGROUND

Proposition 65 protects drinking water sources from toxic substances. Proposition 65, passed in 1986, regulates substances officially listed by California as causing cancer or birth defects or other reproductive harm, in two ways. The first statutory requirement of Proposition 65 prohibits businesses from knowingly discharging listed substances into drinking water sources, or onto land where the substances can pass into drinking water sources. The second prohibits businesses from knowingly exposing individuals to listed substances without providing a clear and reasonable warning.

OEHHA is designated as the lead state agency for implementation of Proposition 65. The Department of Justice (DOJ) defends OEHHA in civil lawsuits brought by third parties challenging its actions under Proposition 65. These actions include listing of chemicals known to the state to cause cancer or reproductive toxicity; developing, adopting and amending regulations; and providing compliance assistance for businesses including adopting regulatory "safe harbor" levels for chemicals on the Proposition 65 list.

Increasing Proposition 65 enforcement cases. DOJ has separate authority to enforce the requirements of Proposition 65 and has a budget for Proposition 65-related work. Historically, DOJ covered the costs of defending OEHHA with funds from this budget. However, in recent years the amount of time spent on OEHHA cases has far exceeded the 1,000 hours allocated for this purpose in the DOJ budget.

Other potential legal challenges for OEHHA. OEHHA recently completed a long and controversial regulatory process to update the regulations concerning businesses' responsibilities for providing warnings for chemicals listed under Proposition 65, which could generate some legal challenges. Further, several high-profile chemical listings are anticipated in the next couple of years and will likely trigger additional litigation.

STAFF COMMENTS

OEHHA does not have a permanent litigation budget. Given the increasing litigations against OEHHA, approving the requested resources would enable them to defend its actions under Proposition 65.

Staff Recommendation: Approve as Budgeted.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL**ISSUE 3: ARGONAUT DAM PHASE II STORM WATER UPGRADE PROJECT**

A Spring Fiscal Letter requests an increase of \$750,000 General Fund on a one-time basis to complete the design of a storm water system upgrade project in the City of Jackson in Amador County.

BACKGROUND

Argonaut Mine. The Argonaut Mine, located in Jackson California, is a registered California Landmark and was an active gold mine from 1850 to 1942. The Argonaut Mining Company purchased the mine in 1893. The mine shaft drops nearly 5,500 feet underground and covers approximately 500 acres, making it one of the largest mines in the United States. The mine processed ore using a cyanide leaching method to separate the gold and disposed of the remaining ore tailings into the mine tailings site located within Jackson City limits.

The Argonaut Mine Tailings Site. The Argonaut Mine Tailings Site consists of three tailings dams (two earthen and one concrete). Both earthen dams are located northwest at a higher elevation than the Eastwood Multiple Arch Dam, a concrete dam constructed in 1916.

Mine tailings and waste from ore processing left materials tainted with arsenic, lead and mercury. The contaminated tailings and waste from the mine are being held back by the dams. The Eastwood Dam contains an estimated 165,000 cubic yards of contaminated tailings and storm runoffs from.

Eastwood Dam safety evaluation. In 2015, the US EPA commissioned the US Army Corps of Engineers to perform a dam safety evaluation that determined the Eastwood Dam to be structurally unstable. Another study modeled the water, mud, and debris flow if the dam failed, which estimated the economic impact of such an event to be \$100-\$120 million (in 2015 dollars).

Eastwood Dam retrofit. The 2016-17 Budget Act provided DTSC with \$8 million to complete the first phase of the dam retrofit, which was completed in December 2018. The Phase I Dam retrofit mitigates a dam failure, but poses a liability to the state from storm water flood damage downstream due to under-designed city infrastructure.

The Phase II Storm water Upgrade project is intended to prevent downstream flooding in the City of Jackson by expanding the current capacity of the storm drains to meet current standards. Rain events greater than a 10-year storm will overwhelm the city's current system, causing flooding which could devastate State Highway 49/88 and the city. Due to the complexities involved in coordinating infrastructure construction off-site, the decision was made to incorporate the storm water system upgrade to withstand a 200-year storm event into Phase II of the retrofit.

STAFF COMMENTS

The upgrade is intended to provide safe conveyance of storm water from the Argonaut Mine to the north fork of Jackson Creek, preventing flooding of two main state highways and the downtown commercial district. This upgrade is critical to prevent liability to the state for damages resulting from storm water discharges exceeding the city's capacity.

Staff Recommendation: Approve as Budgeted.

0540 DEPARTMENT OF PARKS AND RECREATION

ISSUE 4: COMMUNITY ENGAGEMENT PILOT PROGRAMS SCALING

A Spring Fiscal Letter requests funding for two years in the amount of \$519,000 per year beginning in fiscal year 2019-20 from the State Parks Protection Fund and four positions to continue efforts of the Community Outreach and California Relevancy and History Pilot Programs.

The Department is requesting two Staff Services Analysts and two State Park Interpreter I's. These positions will continue to develop, plan, and implement an innovative approach to improving public interpretation through collaborative partnerships and maintain the outreach program to reach diverse and underserved communities.

BACKGROUND

Community Outreach Pilot program. The Community Outreach Pilot program currently engages underserved and underrepresented communities from two of the largest urban population centers in the state: Candlestick Point State Recreation Area (SRA) in the Bay Area District and Los Angeles State Historic Park (SHP) in the Angeles District.

The California Relevancy and History Pilot program. This program is an effort to establish a foundation for a new model for interpretation of California's rich history and culture through state parks. The pilot program will be carried out at the California Citrus and El Presidio de Santa Barbara State Historic Parks through a new collaborative partnership with UC Riverside and UC Santa Barbara.

The ultimate goal is to develop a program framework for integrating applied scholarships, through partnerships with California's public higher education systems that can be utilized throughout the State Park System. Such programs could then be expanded to other historical and cultural programs, as well as to other academic programs customized for the needs of each park, region, or community across the state.

STAFF COMMENTS

These pilot programs have established community liaisons who have developed ties with community-based organizations in "park-poor" high-density population areas to facilitate and coordinate greater interest and participation in Parks' programming and visitation. Additional funding will continue these efforts and allow the Department to consolidate the gains made through its pilot phase and begin to scale those models into other under-served population areas. The funding would also fortify nascent efforts to contemporize the Department's interpretation products, building upon pilot partnerships with the University of California to tell more accurate, compelling, and relevant histories of California through the State Park system.

Staff Recommendation: Approve as Budgeted.

ISSUE 5: DATA TICKETS

A Spring Fiscal Letter requests \$3 million State Parks and Recreation Fund ongoing, an ongoing decrease of \$1.925 million in support reimbursement authority starting in 2019-20 to support operating expenses associated with the parking citation processing and collection services contract, from an appropriation rather than through reimbursements, and a deduction of services costs from collected revenues.

BACKGROUND

Parks Agreement with Data Ticket, Inc. Parks entered into an agreement with Data Ticket, Inc., which provides all services required for processing of parking citations and the collection of parking citation penalties. The agreement consists of five components: (1) processing handwritten parking violations; (2) payment transaction services; (3) data management; (4) reports management, including interface with other state agencies and local jurisdictions; and, (5) the introduction of handheld ticket writers and supporting management services.

Data Ticket, Inc. supports the management of all parking citation processing, such as: payment processing for cities, data tracking, analysis tools, inventory management, numerous reports, acting as a third agent on behalf of Parks, sending California surcharge payments directly to the county office, internet online services for cities and Parks, and support for statewide Parks field locations. The services accommodate current estimated transaction volumes, and are scalable to allow for changes in parking citations volume, locations, and inventory, as well as the proliferation of new technologies and devices.

STAFF COMMENTS

This request is intended to facilitate a more streamlined process of collecting parking citation revenue while paying invoices to the contractor without negatively affecting current spending authority.

Staff Recommendation: Approve as Budgeted.

3560 STATE LANDS COMMISSION

ISSUE 6: ENVIRONMENTAL JUSTICE PROGRAM

A Spring Fiscal Letter requests \$345,000 (from various funds) ongoing and two positions ongoing to implement its recently adopted Environmental Justice Policy. These resources are intended to support and expand SLC's effort to institutionalize environmental justice considerations into its program planning, development, and implementation decisions. The ongoing funding for this proposal would come from the following funds:

- California Environmental License Plate Fund: \$171,000
- Marine Invasive Species Control Fund: \$28,000
- Oil Spill Prevention and Administration Fund: \$126,000
- School Land Bank Fund: \$20,000

BACKGROUND

Environmental Justice Policy. Environmental justice issues and concerns intersect with SLC's work. Examples include surface leasing for industrial and commercial uses, regulatory oversight of marine oil terminals, access to public lands and resources, renewable energy siting and development, preventing aquatic invasive species introduction, climate change resiliency, sea-level rise preparedness and adaptation, the oversight of granted Public Trust lands including those underlying most major ports, and waterfront redevelopment.

In February 2017, then Lieutenant Governor (LG) and Commission Chair Gavin Newsom directed Commission staff to develop and implement a comprehensive Environmental Justice (EJ) Policy. The LG's Office provided financial assistance during 2016- 17 to be used for policy development, including listening sessions and other community outreach activities. SLC adopted the completed EJ Policy at its December 3, 2018 public meeting.

Developing an Environmental Justice Program. In order to develop a comprehensive program, SLC requests two dedicated staff, an EJ Coordinator and a support staff position, as well as \$75,000 in contract funding to conduct community meetings. This contract funding is intended to allow SLC to host outreach meetings in the affected communities, translate meeting and educational documents, provide interpretive services, and even broadcast and transcribe higher-profile meetings that will draw more attention.

STAFF COMMENTS

Providing SLC with the requested resources would enable engagement with marginalized and disadvantaged communities thereby ensuring decisions are more inclusive, transparent, and equitable.

Staff Recommendation: Approve as Budgeted.

ISSUE 7: OIL AND GAS DECOMMISSIONING LITIGATION COSTS

A Spring Fiscal Letter requests \$4 million General Fund one-time to fund unanticipated litigation costs associated with the Venoco LLC and Rincon Island oil and gas decommissioning projects. The request also includes adding the following budget bill language:

“Of the amount appropriated in this item, \$4,000,000 shall be available for external counsel costs related to Venoco, LLC and Greka Oil and Gas litigation. If costs related to the Venoco, LLC and Greka Oil and Gas litigation are less than \$4,000,000, the savings shall revert back to the General Fund. If costs related to the Venoco, LLC and Greka Oil and Gas litigation are more than \$4,000,000, the Department of Finance may augment this item by an amount sufficient to fund the difference. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the Chairperson of the Joint Legislative Budget Committee.”

BACKGROUND

SLC is responsible for state’s coastal oil and gas resources. Many of California’s most productive oil and gas resources are located along its coastline. In 1921, the Legislature created the first program to permit oil and gas development in the state’s coastal waters. According to SLC, between 1921 and 1929 the state issued approximately 100 permits and leases, and over 850 wells were drilled in Santa Barbara and Ventura counties. Environmental concerns regarding offshore drilling have, however, led to various limitations on such development in the ensuing years. Following a large oil spill off the coast of Santa Barbara in 1969, the commission enacted a moratorium on new offshore leases, and in 1994, the Legislature enacted the California Coastal Sanctuary Act, which prohibited the state from entering into new leases for oil and gas development in the state’s coastal waters. Many of the preexisting leases and facilities remain in operation and under SLC’s jurisdiction. Specifically, SLC oversees leases for four offshore oil platforms in state waters: platforms Holly in Santa Barbara County, Eva and Emmy in Huntington Beach, and Esther off Seal Beach. The commission also has some jurisdiction over five artificial islands built for oil and gas drilling—four in the Long Beach Harbor, and Rincon Island in Ventura County.

State recently assumed control of two facilities after lessees declared insolvency. In two separate instances, SLC recently had to take control of offshore oil and gas drilling and production facilities. In both cases, the holders of the leases declared fiscal insolvency, failed to meet their lease obligations to remove the facilities and restore the land to its natural condition, and relinquished the facilities back to the state, resulting in the state having to assume responsibility for protecting against the release of oil into the marine environment. The two sites of these facilities are:

- **Platform Holly.** Venoco LLC held the lease for Platform Holly (and its associated processing facilities) from 1997 to 2017. ExxonMobil Corporation was a prior lessee of these facilities. The oil produced from the offshore platform flows through subsea pipelines and is processed and stored at the Ellwood Onshore Facility, which also incinerates the hydrogen sulfide gas produced at the platform. No production has taken place at Platform Holly since 2015, when the pipeline that transported the oil produced from these facilities ruptured, causing the Refugio oil spill. That pipeline, which is owned by another entity, is still not operational. In April 2017, Venoco filed for bankruptcy and

quitclaimed its oil and gas leases back to SLC. Since that time, SLC has been staffing and operating Platform Holly, the associated 32 wells, and the Elwood Onshore Facility.

- **Rincon Island.** The Rincon Island Limited Partnership (RILP) held the lease for Rincon Island from 1995 to 2017. The Atlantic Richfield Company (ARCO) was a prior lessee of these facilities. This artificial island, which is connected to the shore by a causeway, has 49 wells and contains various other processing equipment and facilities. Rincon Island has not produced oil or gas since 2008, due in part to damage to the causeway that connects the island to shore. RILP failed to meet regulatory and contractual terms for several years, resulting in significant deterioration of the facilities and leading SLC to initiate termination of the lease in 2016. That termination was preempted by RILP declaring bankruptcy, and the bankruptcy court granted SLC a quitclaim of the lease in December 2017.

Venoco LLC successor sues SLC. On October 16, 2018 the Trustee associated with Venoco LLC bankruptcy case filed suit against SLC over whether SLC's use of the Ellwood Onshore Facility is a taking and whether Venoco LLC is owed compensation. The next phase of this case is to schedule mediation. Following the mediation, the expectation is that litigation will continue. SLC expects litigation costs of roughly \$3 million in 2019-20 based on current invoicing and the expected pace of litigation in the case.

SLC intends to sue Rincon Island to recover costs. SLC intends to commence new litigation to recover costs expended to decommission Rincon Island (to cost \$50 million, nominally) against the owners of the prior lessee. This litigation will require financial forensic expertise and counsel on finance and corporate structures to pierce the corporate veil. Costs to initiate and prepare expert witness for litigation are estimated at approximately \$1 million in FY 2019-20.

STAFF COMMENTS

In both the Venoco LLC and the Rincon Island projects, SLC is incurring significant litigation costs, which fall outside of the costs associated with plug and abandonment work that were funded previously. With respect to the Rincon litigation, the State of California has already earmarked over \$50 million from the General Fund and pursuing litigation against the general partner of the state's lessee for cost recovery.

The requested resources would enable SLC to continue cost recovery efforts associated with Rincon as well as defend against the lawsuit advanced by the successor to the Venoco estate. The requested resources would fund appellate work to ask for the court to dismiss Venoco LLC's case in Delaware. It also funds the litigation and appellate work of expert outside counsel. The outcome of this case is important because it sets a precedent for how SLC will treat future oil and gas lessees who reject their decommissioning obligations. In this instance, SLC determined that compensating a lessee for using facilities connected and necessary to perform the obligations it ought to be doing is unacceptable.

Staff Recommendation: Approve as Budgeted.

3600 DEPARTMENT OF FISH AND WILDLIFE

ISSUE 8: SERVICE BASED BUDGET REVIEW

A Spring Fiscal Letter requests \$2 million Environmental License Plate Fund one-time to fund the completion of the service-based budget review, service-based budget tracking system, and final legislative report due January 15, 2021.

BACKGROUND

DFW's Service Based Budget Review. SB 854 (Committee on Budget and Fiscal Review, Chapter 51, Statutes of 2018), required DFW to contract with an independent entity to conduct a comprehensive service based budget (SBB) review, and the Budget Act of 2018 provided \$2 million for this project. In addition to contract funds, this appropriation included funding for Department staff to participate and help implement SBB. SB 854 requires the SBB review to include an analysis of existing fund sources, program costs and how these align to meet statutory mandates. The Department entered into a contract with Deloitte, Inc. in November 2018. Toward the end of the contract negotiations, it became apparent that the 2018 Budget Act funding would not be sufficient to complete the first of two phases of the SBB review and that additional funding would be needed in FY 2019-20 to complete the project.

The project began in earnest in January 2019; the current contract term carries through August 2019. The current contract is for \$1.5million with the remaining \$500,000 to be used for the substantial Department staff workload required to build task-level, foundational data and to begin building the information technology SBB tool. The first phase of the project will: (1) establish a project work plan; (2) build out a complete catalog of Department tasks; (3) develop a stakeholder engagement plan to keep all parties informed of progress, including the Administration, the Legislature and the public; (4) compare existing resources to the level needed to fully carry out statutory mandates; and, (5) provide for development of an information technology tool for future budget planning.

Additional funding is required in FY 2019-20 for the second phase of the SBB project, which will institutionalize the SBB tool for ongoing budgeting needs, provide training to staff on using the tool, continue stakeholder engagement and produce the required reporting to the legislature.

STAFF COMMENTS

The SBB review and tool would enable DFW to: (1) better describe the Department's program activities to the Legislature and the public; (2) identify gaps in funding needs for programs compared to the mission-based level of service; (3) inform future budget proposals; and, (4) develop a service based budgeting tool that will allow for budget planning and reporting to control agencies, the Legislature and the public.

Staff Recommendation: Approve as Budgeted.

ISSUE 9: DEDICATED FISH AND GAME PRESERVATION FUND REALIGNMENT

A Spring Fiscal Letter requests to realign the Fish and Game Preservation Fund dedicated accounts and add \$150,000 from the Native Species Conservation and Enhancement Account resulting in a \$2.248 million overall increase, to better align the account's expenditure authority with revenues, ensure the accounts remain structurally balanced, and provide resources to the Department's Lands Visitor Pass Program.

BACKGROUND

Fish and Game Preservation Fund (FGPF). The FGPF was established in 1909 as a repository for all funds collected under the Fish and Game Code and any other law relating to the protection and preservation of birds, mammals, fish, reptiles and amphibians in California. These revenues are generated from the sale of licenses for hunting, recreational and commercial fishing, and numerous special permits. Over time, the Legislature has created various subaccounts within the FGPF, which have specified permit fees generating revenue for projects benefitting those species. For example, the taking of migratory waterfowl in California requires a state duck stamp validation in addition to a general hunting license. Revenues from the duck stamps are deposited into the Duck Stamp Account within the FGPF to be used for waterfowl protection and habitat restoration. There are currently 29 dedicated subaccounts within the FGPF.

Realignment of FGPF. Various FGPF accounts require realignment due to a number of factors that have affected revenues and expenditures. Realignment is intended to ensure the accounts remain structurally balanced and maintain the stability of the FGPF in the future. The realignment allows programs where revenue is outpacing authority to utilize the additional authority to help achieve the Department's mission. It also reduces the authority in accounts where the authority exceeds the revenue.

Native Species Conservation and Enhancement Account. This account was created by Chapter 1181, Statutes of 1977, to permit separate accountability for the receipt and expenditure of moneys derived through donations from persons or organizations for the support of nongame and native plant species conservation and enhancement programs.

STAFF COMMENTS

This realignment request is a result of historical trends in the past 3 to 5 years in revenue. Realigning the accounts will ensure they are structurally balanced.

Staff Recommendation: Approve as Budgeted.

ISSUE 10: NUTRIA ERADICATION AND CONTROL PROGRAM REIMBURSEMENT GRANT FUNDING

A Spring Fiscal Letter requests \$9.384 million in reimbursement authority over three years for grants from the Sacramento-San Joaquin Delta Conservancy. The Proposition 1 grants provide supplemental funding to the Department's Nutria Eradication and Control Program to expand field operations and eradicate the highly invasive, semi-aquatic rodent from the state.

BACKGROUND

Nutria is a highly invasive pest. The Coypu, also known as Nutria, is a large, herbivorous, semiaquatic rodent. Based on what is known about nutria and their current reproductive rate and distribution, nutria can rapidly expand their numbers and geographic presence and cause extensive damage to wetlands, riparian habitat, restoration projects, levees, water conveyance and flood-protection infrastructure, and agriculture. This rodent pest is also disruptive to water delivery systems and can become a primary cause of food safety issues by spreading contaminants through irrigation systems.

CDFW's efforts to eradicate nutria. In 2017-18, CDFW redirected over 40 permanent staff and \$672,000 to remove nutria in order to prevent population growth and dispersal, while concurrently delineating the area of nutria infestation. In 2018-19, an additional \$528,000 was redirected to continue efforts to prevent population growth. The Nutria Eradication Project is currently operating with one dedicated staff and the remaining staff were redirected from other projects throughout CDFW. CDFW currently has approximately \$230,000 per year available in its Invasive Species Program for statewide invasive species management. CDFW has secured \$1.8 million in state grants from the Delta Conservancy and Wildlife Conservation Board and \$1.25 million in a Federal grant from the U.S. Fish and Wildlife Service State Wildlife Grant Program that can be utilized Statewide for 2019-2022. CDFW has also obligated \$238,000 through the Federal Trust Fund for eradication efforts specific to the Central Region. These funds can be utilized through the end of the 2018-19.

Sacramento-San Joaquin Delta Conservancy's Proposition 1 grant program. The 2019-20 Governor's Budget includes \$1.95 million in budget year and \$1.62 million ongoing to create the Nutria Eradication and Control Program, which this Subcommittee approved. However, since the initial funding requests were submitted, the scope of the issue has grown substantially, including the resources needed to address it. In response to the need for expanded field operations and additional project components, DFW applied for grant funds from the Sacramento-San Joaquin Delta Conservancy's Proposition 1 grant program. The grants would augment the current funding proposed in the 2019-20 Governor's Budget and facilitate the expansion of field operations necessary for successful eradication. The grant funds will provide the dedicated field staff necessary for meeting the following objectives:

- Completing nutria surveys of all grid cells containing suitable, aquatic habitats of reasonable connectivity.
- Releasing Judas nutria (sterilized, GPS-collared) and monitoring their movements for association with previously undetected nutria.

- Continuing trapping within all cells with existing infestations and implement trapping in cells where new detections occur.
- Deploying nutria scent-detection dog teams to conduct surveys in mop-up phase cells.

STAFF COMMENTS

The increased reimbursement authority will allow DFW to implement the full-scale Nutria Eradication and Control Program and eradicate nutria from the state.

Staff Recommendation: Approve as Budgeted.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION**ISSUE 11: ISHI CONSERVATION CAMP: REPLACE KITCHEN**

A Spring Fiscal Letter requests a supplemental appropriation in the amount of \$5.328 million General Fund one-time for the construction phase of this continuing project to replace the kitchen/dining facility at the existing, state-owned Ishi Conservation Camp (Camp), located in Tehama County. The kitchen/dining structure at the Camp was destroyed by fire on July 20, 2017. Estimated total project cost is \$11.474 million.

BACKGROUND

Ishi Conservation Camp. Ishi Conservation Camp is a year-round 110-person camp located on 80 acres of state-owned land in eastern Tehama County. Constructed in 1959, the Camp operates 24 hours a day, 365 days a year. The Camp provides Fire Crews for protection of over 850,000 acres of CalFire State Responsible Areas (SRA).

Kitchen at Ishi Camp was destroyed by a fire. The kitchen/dining structure at the Camp was destroyed by fire on July 20, 2017. The structure was deemed a complete loss by CalFire engineers and demolished on August 9, 2017. The Camp has been using a mobile kitchen unit, with initial daily operating costs of \$16,000. Operating costs were later reduced to approximately \$2,000 per month as existing structures were modified, alleviating the need for rental tents and mobile scullery equipment. Currently, the Camp is unable to stage fire crews or support other incidents because the kitchen/dining facility has been destroyed.

Kitchen replacement project has an augmented scope of work. The replacement kitchen/dining facility is intended to return the camp back to normal operations, reducing costs associated with the use of a mobile kitchen unit and allow CalFire to utilize the camp as a staging area during large incidents. However, an augmented scope of work is necessary due to the following:

- New site electrical service/requirements, determined by load calculations for the new kitchen/equipment and requirements of the provider (PG&E).
- Requirement of a larger, dedicated water tank (180,000 gallons) and fire pump. The project is designed under the 2016 California Building Code (CBC) and Part 9 of the California Fire Code (CFC), Section 903.2; this code analysis was conducted during the preliminary plan (PP) phase and requires the 180,000-gallon water tank and fire pump.
- Additional site earthwork requirements due to a larger building footprint, access compliance, re-routed and relocated utilities, and storm drain revisions; additional earthwork to include, but not be limited to: grading, paving, concrete, irrigation, sanitary/storm sewer(s).
- Additional oversight and fee costs.

STAFF COMMENTS

The requested supplemental appropriation is for an augmented scope of work to provide for increased fire water storage and plumbing for this kitchen/dining hall, account for additional cost escalation increases, and cover additional costs related to project execution.

The total original, estimated project cost was \$6,055,000. The request before us would nearly double the original amount. The Subcommittee may wish to ask the following questions:

- If this project replaces the original kitchen, what is the cause of the additional electrical load considerations necessitating new site electrical service?
- Similarly, why a larger building footprint requiring additional site earthwork?
- Why is a larger water tank needed?

Staff Recommendation: Hold Open.

ISSUE 12: SAN MATEO/SANTA CRUZ UNIT HEADQUARTERS - RELOCATE AUTO SHOP

A Spring Fiscal Letter requests a supplemental appropriation in the amount of \$7.343 million for the construction phase of this continuing project to relocate an auto shop facility at CalFire's San Mateo-Santa Cruz Unit Headquarters.

BACKGROUND**Relocating an auto shop facility at CalFire's San Mateo-Santa Cruz Unit Headquarters.**

This project will construct a five-bay automotive repair shop, appurtenances, and improvements off of Empire Grade Road in Ben Lomond, California. The project replaces an obsolete, undersized, and deteriorated two-bay auto shop in Felton, California. In a separate project request, the Felton auto shop will be abated and demolished.

Funding for the project. Lease Revenue Bond Funding in the amount of \$11.172 million (\$1.044 million preliminary plans, \$868,690 working drawings, and \$9.26 million for construction) was appropriated in the 2008-09 Budget. In 2015, a supplemental appropriation for \$962,750 was approved for construction, which increased the total project cost to \$12.135 million.

Project bid analysis. The project went out to bid in February 2019. The lowest bid, came back at \$14.8 million, which is 67 percent higher than the state's estimate of \$8.87 million. The state conducted further analysis as to why the bids were significantly higher than the state's estimate, and the issues included increased labor and material costs, as well as increased costs associated with the current conditions in the construction services market in Santa Cruz County.

STAFF COMMENTS

This request is to address cost increases resulting from increased labor and material costs, as well as increased costs associate with the current condition in the construction service market in Santa Cruz County.

The requested amount is substantial. The Subcommittee may wish to ask CalFire why the original estimate was so off mark.

Staff Recommendation: Hold Open.

**ISSUE 13: WILDFIRE PREVENTION AND RECOVERY LEGISLATIVE PACKAGE (SB 901) SPRING
ADJUSTMENTS: UTILITY WILDFIRE**

A Spring Fiscal Letter requests \$816,000 Greenhouse Gas Reduction Fund and two positions starting in 2019-20, to meet the statutory requirements set forth by SB 901 (Dodd, Chapter 626, Statutes of 2018), related to the review of Utility Wildfire Mitigation Plans (WMPs), as recently clarified through a January 2019 Administrative Law Judge ruling, and to support efforts to reduce the risks associated with the utility-caused wildfires.

BACKGROUND

The 2018 Wildfire Legislative Package. The Legislature approved several pieces of legislation in 2018 to address the increasingly severe wildfire seasons. The legislative package builds on the recent budget augmentations, and enacts numerous policy changes, such as establishing new programs and regulatory processes to improve forest health and support fire prevention activities. While there were numerous bills related to wildfires (and disaster response more broadly), there were five bills in the package for which the Administration has associated budget proposals for 2019-20.

Electric Utilities and Wildfire Mitigation Plans. Among other things, SB 901 contains provisions related to electric utilities, because utility infrastructure is a common source of wildfire ignition. First, the legislation establishes procedures for wildfire cost financing for investor owned utilities (IOUs) to apply for recovery of costs incurred as a result of catastrophic wildfires. Second, SB 901 adds additional required elements for wildfire mitigation plans prepared by IOUs and reviewed by the California Public Utilities Commission (CPUC), in consultation with CalFire. Specifically, IOUs must describe their future plans related to de-energizing portions of the electrical distribution system, managing vegetation along utility corridors, inspecting infrastructure, and any other steps they will take to modernize infrastructure and improve safety.

STAFF COMMENTS

The funding and positions requested in this proposal is in addition to the \$200 million GGRF proposed in the 2019-20 Budget for forest health and fire prevention activities. Given the requested positions at the PUC, the Subcommittee may wish to ask whether these requested positions overlap with those at the PUC, and to what extent the two departments are coordinating their resources.

Staff Recommendation: Hold Open.

3720 CALIFORNIA COASTAL COMMISSION

ISSUE 14: CALTRANS REIMBURSEMENT INCREASE

A Spring Fiscal Letter requests a one-time increase of \$480,000 in reimbursement authority for increased reimbursements from the Department of Transportation (Caltrans) associated with an Interagency Agreement related to support of coastal transportation projects.

BACKGROUND

Interagency Agreement between the Coastal Commission and Caltrans. The Coastal Commission and Caltrans entered into the current five-year interagency agreement to address a wide variety of Coastal Act issues related to transportation projects. Under this agreement, staff are able to facilitate early and continuous coordination between the two entities related to Caltrans' project planning, design, and construction that falls within the Coastal Commission's jurisdiction.

The Interagency Agreement has been in place since December 2015 for a maximum amount of \$6.6 million that could be reimbursed by Caltrans for Coastal Commission work on coastal transportation projects.

Increased transportation projects. SB 1 (Beall, Chapter 5, Statutes of 2017), provides significantly more funding for transportation projects throughout the state. The increase in transportation projects has led to more coastal permits being requested by Caltrans and therefore an increase in workload related to the current Interagency Agreement.

A new five-year interagency agreement. The current Interagency Agreement expires November 30, 2020. Caltrans and the Coastal Commission are currently working a new five-year Interagency Agreement with enhanced funding and the support for additional positions. The Coastal Commission anticipates submitting a new funding proposal when the new Interagency Agreement is finalized for 2020-21.

In the meantime, this SFL proposes to increase the Coastal Commission's reimbursement authority by \$480,000 in 2019-20 and the Coastal Commission intends to use limited term staff to address the increased workload until the new Interagency Agreement is completed.

STAFF COMMENTS

Caltrans has a significant increase in the number of coastal projects and needs additional Coastal Commission staff time to work on these high priority transportation projects. This increased reimbursement funding will be used to provide environmental technical assistance, coordination, procedural requirement guidance, and expedited project review and analysis services for Caltrans' projects and activities that fall under the Commission's jurisdiction.

Staff Recommendation: Approve as Budgeted.

ISSUE 15: ENVIRONMENTAL JUSTICE/TRIBAL CONSULTATION PROGRAM

A Spring Fiscal Letter requests \$378,000 Environmental License Plate Fund ongoing and two permanent positions to implement the Coastal Commission's Environmental Justice/Tribal Consultation Program.

BACKGROUND

The Coastal Act. The California Coastal Commission was established by voter initiative in 1972 and later made permanent by the Legislature through the enactment of the California Coastal Act of 1976. In partnership with coastal cities and counties, The Coastal Commission plans and regulates the use of land and water in the coastal zone.

The core program of the Coastal Commission includes both planning and regulatory functions required by the Coastal Act. The Coastal Act requires that new development in the coastal zone be permitted either by the Coastal Commission or a local government. All local governments in the coastal zone must prepare Local Coastal Programs (LCPs), which are commission-certified land use plans, zoning ordinances, and other implementing actions designed to implement the statewide policies of the Coastal Act. Once an LCP is certified, most permitting review and enforcement authority of the Coastal Commission are delegated to local governments.

Environmental justice element added to the Coastal Act. AB 2616 (Burke, Chapter 578, Statutes of 2016), added a provision to the Coastal Act that authorizes the Coastal Commission to specifically consider environmental justice when making coastal development permit decisions. AB 2616 also requires one member of the Coastal Commission, appointed by the Governor, to work directly with communities that are disproportionately burdened by, and vulnerable to, high levels of pollution and EJ issues.

After passage of AB 2616, Coastal Commission staff began work on developing an environmental justice policy to provide guidance and clarity for commissioners, staff and the public on how the Coastal Commission would implement the AB 2616 provisions, including how environmental justice would be considered in coastal development permit decisions. Coastal Commission staff spent more than a year meeting with and listening to environmental justice stakeholders. The Coastal Commission adopted its EJ policy at the March 2019 meeting with the goal of integrating environmental justice and equity in its program and operations.

Tribal Consultation Policy. The Coastal Commission developed a separate Tribal Consultation policy to strengthen the commission's relationship with Native American tribes and encourage outreach and collaboration with tribes in the regulatory and planning program. The Coastal Commission adopted a Tribal Consultation Policy in August 2018, with the goal of improving communication and engagement with California Native American Tribes.

Additional resources needed to fully implement the new policies. The Coastal Commission used existing staff members to develop the Tribal Consultation Policy and the Environmental Justice Policy. However, according to the Coastal Commission, it would not be feasible for the Commission to fully implement these policies and institutional updated practices within existing staff levels and resources. The Commission contends that policy implementation requires ongoing outreach and communication with environmental justice groups, tribes and others; as

well as require staff time dedicated to developing and carrying out the implementation actions laid out in the EJ and Tribal Consultation policies, including training of staff, Commissioners, and local governments.

STAFF COMMENTS

These resources are intended to support and expand the Commission's efforts to institutionalize environmental justice considerations and tribal consultation practices in the Commission's planning and regulatory program. It will also result in robust and inclusive public participation in the Commission's decision-making processes.

Staff Recommendation: Approve as Budgeted.

ISSUE 16: EXTERNAL COUNSEL COSTS

This requests includes provisional language which would allow the Department of Finance to augment this item if the external counsel cost exceeds \$200,000. The Subcommittee may wish to revise the proposed provisional language to maintain Legislative oversight by limiting this authority to an additional \$200,000. Should the cost exceed the additional \$200,000 authorized, the Commission would need to submit another BCP requesting those funds. The suggested revised provisional language is as follows:

“Of the amount appropriated in this item, \$200,000 shall be available for external counsel costs related to litigation over the Commission's provision of a defense and indemnification to current and former commissioners in underlying litigation. If external counsel costs related to the litigation are less than \$200,000, the savings shall revert back to the General Fund. If external counsel costs related to the litigation are more than \$200,000, the Department of Finance may augment this item by up to an additional \$200,000. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the Chairperson of the Joint Legislative Budget Committee.”

BACKGROUND

Coastal Act requires disclosure of ex parte communications. The Coastal Act requires Coastal Commission members to notify the public of ex parte communications within seven days of the communication taking place. Ex-parte communications are verbal or written communications between Coastal Commission members and a person or persons with an interest in a pending decision before the Coastal Commission.

Ex parte communication violations. In 2016, five individual California Coastal Commissioners were sued, and later fined, for violating the Commission's ex parte disclosure rules. At the conclusion of that case, the Coastal Commission voted to pay the associated legal costs with that lawsuit.

In October 2018, a lawsuit was filed against the Commission itself asserting that the Commission violated the Brown Act when voting to pay the legal costs associated with the first case. The Coastal Commission has retained external counsel to provide a defense in this case, including but not limited to filing an answer to the October 2018 complaint, providing legal advice, serving and responding to discovery, and drafting briefs in defense of the Coastal Commission.

The Attorney General's Office authorized the Coastal Commission to engage outside counsel to defend it and the individual defendants in this case. The Coastal Commission has hired outside counsel and it is currently estimated that approximately \$200,000 will be needed in 2019-2020.

STAFF COMMENTS

This requests includes provisional language which would allow the Department of Finance to augment this item if the external counsel cost exceeds \$200,000. The Subcommittee may wish to revise the proposed provisional language to maintain Legislative oversight by limiting this

authority to an additional \$200,000. Should the cost exceed the additional \$200,000 authorized, the Commission would need to submit another BCP requesting those funds. The suggested revised provisional language is as follows:

“Of the amount appropriated in this item, \$200,000 shall be available for external counsel costs related to litigation over the Commission's provision of a defense and indemnification to current and former commissioners in underlying litigation. If external counsel costs related to the litigation are less than \$200,000, the savings shall revert back to the General Fund. If external counsel costs related to the litigation are more than \$200,000, the Department of Finance may augment this item by up to an additional \$200,000. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the Chairperson of the Joint Legislative Budget Committee.”

Staff Recommendation: Approve as budgeted and adopt revised provisional language.

ISSUE 17: FUNDING EXTENSION FOR OPERATIONAL COSTS

A Spring Fiscal Letter requests continuation of \$784,000 Coastal Act Services Fund for two years to provide continued funding for increased operating expenses and business services tasks.

BACKGROUND

Coastal Commission facilities costs increasing. The Coastal Commission has offices throughout the coastal zone of the state. The Headquarters office is in San Francisco, which includes the North Central District Office. Other offices include, a small office in Sacramento and District offices in Arcata, Santa Cruz, Ventura, Long Beach and San Diego. The Coastal Commission works with the Department of General Services (DGS) to lease office spaces for all facilities. Facility costs for the Commission offices had increased from 2010-11 to 2016-17 by roughly \$600,000.

Coastal Commission's records keeping costs increasing. The Coastal Commission maintains historic public records regarding program history and implementation of its core mandates and statutory responsibilities. Many of these records are housed at the DGS State Record Center in Sacramento. There is a significant portion of the Commission's records that must be maintained and historically archived. Transferring files to the Record Center saves space at facilities and reduces on-site office space needs and DGS facility lease costs. The cost of the DGS Record Center Services has increased over time. In addition, in 2017-18, the State Records Center increased the prices for storage and adding fees for retrieval and re-shelving.

Associate Government Program Analyst (AGPA). In 2017-18, the Coastal Commission received additional funding authorization for two AGPA positions to implement the recommendations of the Coastal Commission's 2015-16 non-audit evaluation conducted by the Department of Finance, Office of State Audits and Evaluations. The 2017-18 Enacted Budget provided \$122,000 from the CASF for two years for one of the approved AGPA positions; the other AGPA position was funded at \$122,000 from the General Fund.

STAFF COMMENTS

The cost of staffing, office space and records keeping has increased over the years. The 2017-18 Budget Act provided \$122,000 and authorization for one Associate Government Program Analyst position for the Commission's Business Services Unit and \$637,000 for operating expenses from the Coastal Act Services Fund for two fiscal years. Funding was provided on a limited term basis due to the proposed fund source. Had the resources been approved on an ongoing basis, there would be a \$545,000 operating shortfall in the Fund. This request is asking for funding for two more years for the same purpose.

Staff Recommendation: Approve as Budgeted.

3760 STATE COASTAL CONSERVANCY

ISSUE 18: STATE OPERATIONS FUNDING

A Spring Fiscal Letter requests \$400,000 from the Environmental License Plate Fund and \$1,099,000 from Proposition 1 for the Conservancy's state operations budget.

BACKGROUND

SCC's State Operations Budget. SCC's state operations budget has historically relied on the State Coastal Conservancy Fund, which is oversubscribed, shrinking, and unable to continue ongoing levels of support. In addition, SCC's support budget relies on bond funds that are limited and should not be used to pay for general administrative costs or for work that is not bond funded. Additional funding from ELPF is intended to help to address these concerns.

Proposition 1 Funding. The requested Proposition 1 funding is intended to provide for state operations costs directly associated with Proposition 1 funded programs with associated local assistance funding already included in the Governor's Budget and active local assistance appropriations from prior fiscal years. This request is consistent with SCC's existing Proposition 1 rollout plan.

Environmental License Plate Fund (ELPF). The ELPF was established to provide funding to various environmental programs. The amount of funding available is dependent upon the number of certain specialty license plates sold and maintained in the state. The fund supports activities in more than 20 state departments, boards, conservancies, and commissions. In the past, the Administration had identified a structural deficit in ELPF.

In 2016-17, LAO estimated that the fund had an underlying structural deficit of about \$9 million annually. The deficit was primarily caused by: (a) slower-than-expected growth in revenues from the sales of personalized license plates since the early 2000s (and even some declines in more recent years); and, (b) increases in expenditures in the mid-2010's due to rising employee compensation and administrative costs. However, last year, ELPF increased \$9.6 million in revenues, primarily due to the new black and yellow legacy plates. Last year, there are over 230,000 legacy plates on the road and if that stays constant or increases the fund will continue to see a higher level of revenue from annual renewals.

STAFF COMMENTS

SCC has received some one-time appropriations from GGRF and General Fund and there has been a decrease in the federal funds reimbursements for support expenses. SCC received an ongoing ELPF augmentation of \$1 million in the 2018-19 Budget. The requested increase of \$400,000 in ELPF is part of a long-term effort to get the Conservancy more stable support funding.

Staff Recommendation: Approve as Budgeted.

ISSUE 19: APPROPRIATION OF PROPOSITION 68 FOR THE LOWER-COST COASTAL ACCOMMODATION PROGRAM

A Spring Fiscal Letter requests \$5,350,000 from Proposition 68 for local assistance and support. The funds would be used to implement the Conservancy's Lower-Cost Coastal Accommodation Program. Funds are requested to be available for encumbrance through June 30, 2022 and for expenditure through June 30, 2024.

BACKGROUND

Coastal Act requires state to protect and, where feasible, provide lower cost accommodations along the coast. The Coastal Act includes a provision requiring the state to protect, and, "where feasible," provide lower cost visitor facilities, which can include overnight lodging. To implement this provision of the Coastal Act, the State Coastal Conservancy (SCC), along with the Coastal Commission (CCC) and the Department of Parks and Recreation (DPR) have worked to provide lower cost coastal accommodations.

SCC's efforts to promote lower cost accommodations along the coast. SCC has supported low cost accommodations along the coast through its public access program since 1985, and assisted nonprofit organizations and local governmental agencies in developing campgrounds, hostels, and cabins/cottages along the California Coast. Over the past several decades, SCC has funded numerous hostel and campground projects. More than \$7 million in SCC funds have helped establish new hostels in the cities of Santa Cruz, Monterey, and Santa Monica, which today provide 330 beds. Additionally, SCC helped expand hostel facilities in Point Reyes National Seashore in Marin County, and is helping to do the same at Jughandle Farm and Nature Center in Mendocino County. SCC is also providing assistance to add cottages in Crystal Cove State Park in Orange County. In San Luis Obispo County, a new campground at Port San Luis Harbor with car camping, and walk-in and bike-in campsites is now in development because of SCC funding to design and permit the project.

Barriers to coastal access remain. Despite the various access efforts of CCC, SCC, DPR, and other agencies and organizations, barriers to coastal access remain. These barriers include inaccessible stretches of coastline, lack of visitor-serving amenities in many areas, and increasingly, the scarcity of overnight accommodations for lower and middle-income individuals and families on the coast. The most expensive part of a coastal vacation is typically lodging, and the supply of LCCAs, including hotels, motels, hostels, campgrounds, and cabins, is substantially lower than the demand.

AB 250 created the Lower Cost Coastal Accommodations Program to address barriers to coastal access. AB 250 (Gonzalez Fletcher, Chapter 838, Statutes of 2017) created the Lower Cost Coastal Accommodations Program within the Coastal Conservancy to improve the availability of lower cost accommodations along the coast. AB 250 calls on SCC to work with CCC and DPR to develop and implement the Explore the Coast Overnight program to facilitate the improvement of existing and the development of new lower-cost coastal accommodations.

To accomplish these goals, SCC is required to prepare an assessment of lower-cost coastal accommodations to guide the establishment of the new Explore the Coast Overnight program. This assessment was released on March 19, 2019.

Proposition 68 provides funding for lower cost accommodation grants. Proposition 68 provides \$30 million to SCC “to provide for lower cost coastal accommodation grants and project development to public agencies and nonprofit organizations.”

STAFF COMMENTS

AB 250 requires SCC to undertake a broad range of activities to facilitate improvement of existing, and the development of new, lower-cost visitor accommodations within 1-1/2 miles of the coast throughout the state. This request would provide a portion of the available Prop 68 funds to SCC for implementation of AB 250.

Staff Recommendation: Approve as Budgeted.

<p>This agenda and other publications are available on the Assembly Budget Committee's website at: https://abgt.assembly.ca.gov/sub3hearingagendas. You may contact the Committee at (916) 319-2099. This agenda was prepared by Susan Chan.</p>
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