

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 ON RESOURCES AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD BLOOM, CHAIR

WEDNESDAY, MARCH 6, 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: SCIENTIFIC STUDY OF LAKE TAHOE CLARITY

The Governor's budget requests one-time funding of \$500,000 from the Lake Tahoe Science and Lake Improvement Account for a scientific study that will identify the causes of Lake Tahoe clarity decline, future climate change impacts on water quality, and recommended actions for addressing these issues.

In 2017, Lake Tahoe's average annual water clarity – one of the most iconic benchmarks for the watershed's environmental health – declined to 59.7 feet; the lowest level since monitoring began 50 years ago.

More than \$1 billion has been invested in capital projects throughout the Tahoe Basin over the last two decades, with a primary aim of arresting and ultimately reversing the long-term decline in lake clarity. This proposal would use the latest science to identify the causes of the fall in clarity and actions that need to be taken to address these causes.

Staff Recommendation: Approve as budgeted.

3600 DEPARTMENT OF FISH AND WILDLIFE

VOTE-ONLY ISSUE 2: VARIOUS MINOR PROJECTS

The Governor's budget requests \$369,000 from the Fish and Game Preservation Fund-State Duck Stamp Account for minor projects in the Shasta Valley and Gray Lodge Wildlife Areas.

Specifically:

- \$140,000 for the survey, design, earthwork construction, and installation of water structures at the Gray Lodge Wildlife Area Field 75 minor. Field 75 on Gray Lodge Wildlife Area currently provides marginal habitat and requires considerable active management.
- \$229,000 for the design and construct of a low lift pump station, excavation of 220 linear foot supply channel, installation of a 510 linear foot pipeline and valve, and installation of a second valve into an existing pipeline at the Shasta Valley Wildlife Area Trout Lake Pump State. These improvements will help the Shasta Valley Wildlife Area to improve water reliability and supplies during drought years to support critical wetland habitats

Staff Recommendation: Approve as budgeted.

3860 DEPARTMENT OF WATER RESOURCES

VOTE-ONLY ISSUE 3: JOINT OPERATIONS CENTER RELOCATION

The Governor's budget requests \$266,000 General Fund one-time for Department of General Services expenses related to the relocation of the state/federal Joint Operations Center (JOC) to a new facility. In addition, \$256,000 State Water Project funds will be used for this purpose.

The JOC is a facility that houses state and federal entities working in collaboration to manage and operate the state and federal water projects and respond to the state's flood emergencies.

The 2018 Budget Act included provisional language and funding for DGS to prepare an RFP to proceed with a build-to-suite lease for a new JOC. A new JOC is necessary as the current facilities no longer meet programmatic space needs or comply with essential service needs and lack enough perimeter setback space to meet federal security requirements.

Staff Recommendation: Approve as budgeted.

ITEMS TO BE HEARD

0540 NATURAL RESOURCES AGENCY

The California Natural Resources Agency (CNRA) oversees thirty departments, commissions, conservancies, and boards. Through these entities, the Natural Resources Agency is responsible for protecting historical, natural and cultural sites, monitoring and controlling state lands and waterways, and regulating fish and game use.

The CNRA's proposed budget is \$224.5 million, which represents a 38.7 percent decrease in expenditure from last year. Most of the Agency's proposed budget is comprised of special funds, with \$4.1 million in General Fund.

ISSUE 1: PROPOSITION 68 IMPLEMENTATION

The Governor's budget requests \$1 billion and 15.5 new position across multiple departments to continue development and implementation of Proposition 68 bond programs. The chart below lists funding amounts requested by department and bond subsection.

*Dollar Amounts in Thousands.

Category	Bond Section	Agency	Program	Bond Allocation	2018-19 Budget	2019-20 Proposed
Parks Improvements	80050	State Parks	Safe Neighborhood Parks in accordance with the Statewide Park Development and Community Revitalization Act of 2008 - Competitive Grants	\$725,000	\$277,379	\$2,416
	80061(a)	State Parks	Local Park Rehabilitation, Creation, and Improvement Grants -- Per Capita Grants	\$200,000	\$185,671	\$667
			Parks in Urban Areas (jurisdictions 200,000 or less in population)	\$15,000	\$18	\$13,925
	80061(b)	State Parks	Regional Parks -- Competitive Grants	\$30,000	\$30	\$83
	80065	State Parks	Local or Regional Park Infrastructure for local agencies with revenue enhancement measures - Proportional Grants	\$40,000	\$293	\$37,133
	80066	State Parks	Restoration and Preservation of Existing Parks	\$80,000	\$2,100	\$132
	80070	State Parks				
	80072	State Parks	Enterprise Projects	\$10,000	\$0	\$4,000

	80073(a)	State Parks	Grants to Local Agencies for Aging Infrastructure in the State Park System	\$5,000	\$6	\$17
	80074	Depart. of Food and Agriculture	Facility Improvements to county fairs and district agricultural associations	\$18,000	\$3,559	\$7,047
	80075	State Parks	Lower Cost Coastal Accommodations	\$30,000	\$0	\$0
	80076	State Parks	State Park System Natural Resource Values	\$25,000	\$16,935	\$30
	80077	State Parks	Deferred Maintenance	\$50,000	\$150	\$11,650
			Regional Allocations (\$10 million each: Central Valley, Central Coast, East Bay, Imperial County and Coachella Valley, Inland Empire)			
			Trails and Greenway Investments -	\$30,000	\$117	\$27,888
	80080(a)	Natural Resources Agency	Competitive Grants			
	80090(a)	State Parks	Parks in non-urbanized areas in accordance with the Roberti-Z'berg-Harris Urban Open-Space and Recreation Program Act -	\$25,000	\$30	\$83
			- Competitive Grants			
			Subtotal	\$1,283,000	\$486,288	\$105,071
Climate Adaptation & Ecosystem Restoration	80100(a)(1)(A)	Santa Monica Mountains Conservancy	Protect or Enhance the Los Angeles River watershed and its tributaries	\$37,500	\$8,675	\$8,675
	80100(a)(1)(B)	Rivers and Mountains Conservancy	Protect or Enhance the Los Angeles River watershed and its tributaries	\$37,500	\$8,675	\$5,792
	80100(a)(2)	State Coastal Conservancy		\$16,000	\$0	\$0
	80100(a)(3)	Wildlife Conservation Board	Santa Ana River Conservancy Program			
	80100(a)(4), (5), (7), (10)	Natural Resources Agency	Lower American River Conservancy Program	\$10,000	\$2,037	\$7,281
			California River Recreation, Creek, and Waterway Improvements (Los Gatos Creek/Guadalupe River/\$3,000; Russian River/\$3,000; Clear Lake/\$ 5,000, Los Angeles	\$31,000	\$28,840	\$120

		River in Glendale/ \$20,000)			
80100(a)(6)	State Coastal Conservancy	River Parkway Projects along the Santa Margarita River	\$10,000	\$9,750	\$0
80100(a)(8)	Natural Resources Agency	California River Parkways Program - Competitive Grants	\$10,000	\$9,395	\$120
80010(a)(9)	Department of Water Resources	Urban Streams Restoration Program - Competitive Grants	\$10,000	\$537	\$7,906
80110(a)	Natural Resources Agency	Salton Sea Authority: Management Program Implementation (New River Water Quality, Public Health, River Parkway/\$10,000)	\$30,000	\$0	\$0
80110(b)(1)	Baldwin Hills Conservancy	Conservancy Specified Purposes	\$6,000	\$1,235	\$1,284
80110(b)(2)	California Tahoe Conservancy	Conservancy Specified Purposes	\$27,000	\$3,200	\$6,181
80110(b)(3)	Coachella Valley Mountains Conservancy	Conservancy Specified Purposes	\$7,000	\$0	\$2,000
80110(b)(4)	Sacramento-San Joaquin Delta Conservancy	Conservancy Specified Purposes	\$12,000	\$1,056	\$9,291
80110(b)(5)	San Diego River Conservancy	Conservancy Specified Purposes	\$12,000	\$50	\$2,100
80110(b)(6)	Rivers and Mountains Conservancy	Conservancy Specified Purposes	\$30,000	\$0	\$6,602
80110(b)(7)	San Joaquin River Conservancy	Conservancy Specified Purposes	\$6,000	\$0	\$0

	80110(b)(8)	Santa Monica Mountains Conservancy	Conservancy Specified Purposes	\$30,000	\$25,300	\$300
	80110(b)(9)	Sierra Nevada Conservancy	Conservancy Specified Purposes	\$30,000	\$13,017	\$275
	80110(b)(10)	State Coastal Conservancy	San Francisco Bay Restoration	\$20,000	\$19,500	\$0
	80110(c)	Wildlife Conservation Board	Specified Purposes + Regional Conservation Investment Strategies/\$5,000; NCCP Implementation/\$52,000; UC Natural Reserve System/\$10,000	\$137,000	\$39,515	\$65,400
	80114	Natural Resources Agency	Voluntary Agreements	\$200,000	\$0	\$70,000
	80115	Department of Fish and Wildlife	Capital Improvements for CDFW Deferred Maintenance	\$50,000	\$0	\$10,000
	80116	Natural Resources Agency	Salton Sea Management Program Restoration Activities	\$170,000	\$30,000	\$0
	80120(a)	Ocean Protection Council	Marine Wildlife and Healthy Ocean and Coastal Ecosystems	\$35,000	\$10,142	\$142
	80120(b)	State Coastal Conservancy	Lower Cost Coastal Accommodation Grants and Project Development	\$30,000	\$0	\$0
	80120(c)	State Coastal Conservancy	Beaches, Bays, Wetlands, and Coastal Watersheds	\$63,750	\$0	\$0
	80120(d)	State Coastal Conservancy	San Francisco Bay Area Conservancy	\$21,250	\$3,010	\$3,128
	80120(e)	State Coastal Conservancy	Coastal Forest Watersheds	\$20,000	\$19,500	\$0
	80120(f)	State Coastal Conservancy	Estuarine Lagoons and Designated Wildlife Areas	\$5,000	\$0	\$1,525

	80132(a)	Wildlife Conservation Board	Direct Expenditures and Grants Pursuant to Wildlife Conservation Law of 1947 -Competitive Grants	\$18,000	\$10,000	\$6,706
	80132(c)	Wildlife Conservation Board	Pacific Flyway Habitat Protection and Restoration	\$20,000	\$75	\$10,062
	80132(c)	Department of Fish and Wildlife	California Waterfowl Habitat Program	\$10,000	\$0	\$975
	80132(d)	Department of Fish and Wildlife	Habitat Restoration and Protection - Competitive Grants	\$25,000	\$4,875	\$462
	80132(e)(1)	Wildlife Conservation Board	Wildlife or Fish Passage - Competitive Grants	\$30,000	\$10,113	\$15,093
	80132(e)(2)	Department of Fish and Wildlife	Southern California Steelhead Habitat - Competitive Grants	\$30,000	\$9,379	\$886
	80132(f)	Wildlife Conservation Board	Sierra Nevada and Cascade Mountains - Competitive Grants	\$60,000	\$10,113	\$30,186
	80132(g)	Department of Fish and Wildlife	Improve Conditions for Fish and Wildlife - Competitive Grants	\$30,000	\$9,380	\$887
	80133(a)	Ocean Protection Council	Projects that Assist Coastal Communities	\$21,200	\$10,142	\$142
	80133(b)	State Coastal Conservancy	San Francisco Bay Area Conservancy Program	\$14,000	\$1,983	\$2,223
	80133(c)	State Coastal Conservancy	West Coyote Hills	\$4,800	\$0	\$0
	80134(b)	Department of Food and Agriculture	Farm and Ranch Management Practices	\$10,000	\$9,052	\$448
	80134(c)(1)	Department of Conservation	Working Lands and Riparian Corridors	\$20,000	\$2,195	\$15,200
	80135(a)	CAL FIRE	Forest Management Practices	\$10,000	\$0	\$8,872
	80135(b)	CAL FIRE	Urban Forestry Program	\$15,000	\$14,625	\$0

	80135(c)	Sierra Nevada Conservancy	Sierra Nevada Watershed Improvement Program	\$25,000	\$23,328	\$225
	80136	California Conservation Corps	CCC Restoration and Rehabilitation Projects	\$20,000	\$4,875	\$7,159
	80136, ref 1	California Conservation Corps	Grants to Certified Local Community Conservation Corps	\$20,000	\$4,875	\$4,875
			Various Projects (Native American Resources; Repurpose Powerplants; Science Centers; Natural Resources Investments, Cultural and Visitor Centers) -- Competitive Grants	\$40,000	\$39,115	\$0
	80137(a)	Natural Resources Agency				
	80137(b)	Natural Resources Agency	Multibenefit Green Infrastructure Program -- Competitive Grants	\$20,000	\$18,616	\$100
			Subtotal	\$1,547,000	\$416,175	\$312,623
Water	80140(a)	State Water Resources Control Board	Safe Drinking Water	\$220,000	\$35,500	\$170,333
	80140(b)	State Water Resources Control Board	Regional Water Supply Projects within the San Joaquin River hydrologic unit	\$30,000	\$27,750	\$961
	80141(a)	State Water Resources Control Board	Groundwater Treatment and Remediation -- Competitive Grants	\$80,000	\$74,000	\$222
	80145(a)(2)	Department of Water Resources	Stormwater, Mudslide, Flash-Flood Protection	\$100,000	\$2,000	\$30,350
	80145(a)(3)	Natural Resources Agency	Multibenefit Stormwater Projects -- Competitive Grants	\$100,000	\$117	\$92,991
	80146(a)	Department of Water Resources	Groundwater/ Sustainable Groundwater Management Act Implementation	\$190,000	\$15,000	\$111,353
	80146(a)	State Water Resources Control Board	Groundwater Regional Sustainability	\$50,000	\$40,000	(\$9,670)
	80146(b)	Department of Water Resources	Groundwater Planning and Implementation -- Competitive Grants	\$50,000	\$46,750	\$500

	80147(a)	State Water Resources Control Board	Water Recycling	\$80,000	\$0	\$74,347
	80147(b)	Department of Food and Agriculture	State Water Efficiency and Enhancement Program	\$20,000	\$18,400	\$600
			Subtotal	\$1,270,000	\$259,517	\$471,987
			Projects Total	\$4,100,000	\$1,161,980	\$889,681
Statewide Bond Costs	Various	Natural Resources Agency	Statewide Bond Costs		\$427	\$425
	Various	State Parks Department	Statewide Bond Costs		\$747	\$748
	Various	Department of Water Resources	Statewide Bond Costs		\$188	\$190
			Subtotal	\$0	\$1,362	\$1,363
			Grand Total	\$4,100,000	\$1,163,342	\$891,044

BACKGROUND

Proposition 68. Also known as the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act, Proposition 68 was approved on June 5, 2018. This measure provides \$4 billion in general obligation bonds for a variety of critical needs in the areas of natural resources and environmental protection. Proposition 68 includes specific dollar amounts for a number of purposes. They are as follows:

FUNDING ALLOCATIONS		
Chapter	Purpose	Amount (in Millions)
2	Investments in environmental and social equity, enhancing disadvantaged communities	\$725
3	Investments in protecting, enhancing, and accessing local and regional outdoor spaces	\$285
4	Restoration, preservation, and protection of existing state park facilities and units	\$218
5	Trails and greenway investments	\$30
6	Rural recreation, tourism, and economic enrichment investment	\$25

7	Grants pursuant to the California River Parkways Act of 2004 and the Urban Streams Restoration Program	\$162
8	To the state conservancies, Wildlife Conservation Board, California Natural Resources Agency, and the Salton Sea Authority for specified purposes	\$767
9	Ocean, bay, and coastal protection	\$175
10	Climate preparedness, habitat resiliency, resource enhancement, and innovation	\$443
11	Clean drinking water and drought preparedness	\$250
11.1	Groundwater sustainability	\$80
11.5	Flood protection and repair	\$550
11.6	Regional sustainability for drought and groundwater, and water recycling	\$390
TOTAL		\$4,100

Proposition 68 allocations last year. The Budget Act of 2018 authorized \$1.24 million for the first year of various Prop 68 bond program implementation. Programs and projects funded by the bond-measure in 2018-19 were prioritized to support a number of existing programs, projects that are shovel-ready and new programs with a phased-in approach.

Proposal would establishes 15.5 new positions. The Governor's proposal also includes establishing 15.5 new positions to implement Proposition 68-funded programs and activities. This request would add to the 80.5 positions established as part of the 2018-19 budget. The new positions include nine new positions for DWR to implement the Sustainable Groundwater Management Act. The other six and a half positions include three positions for the Department of Food and Agriculture, four positions for the Tahoe Conservancy, one position for the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, and a half position for the Coastal Conservancy.

There are certain activities not proposed to be funded. The Governor's proposal would fund nearly every category of Proposition 68 in either 2018-19 and/or 2019-20. However, a few exceptions exist. Under the Governor's proposal, seven specific bond categories would not receive funding in either year. The Administration provides two reasons for this approach. First, some programs have funding remaining from earlier bonds. These include two Coastal Conservancy-administered programs, Salton Sea activities, and San Joaquin River Conservancy projects. According to the Administration, they plan to propose Proposition 68 funds for these efforts in future years after previously approved bond resources are depleted.

Second, some bond categories are not yet ready to expend funds because departments need to undertake additional work to prepare for effective implementation. These include a new program to develop lower-cost overnight accommodations along the coast. The Administration states that it wants to use an assessment of existing low-cost coastal accommodations to help guide the rollout of this program, and that report was not completed before the Governor's budget was prepared. The final funding category, for which the Administration is still determining how best to use Proposition 68 funds before requesting appropriations, is \$4.8 million for the Coastal Conservancy to fund a conservation program at West Coyote Hills.

The consolidated format of this proposal does not provide details on new programs. The Administration at times would consolidate multiple proposals that are minor or technical into one BCP. This proposal consolidate 124 unique Prop 68 expenditure proposals into one. While many of the proposals seek to fund existing programs or projects, there are a few significant new programs that the state would be implementing for the first time. Specifically, these new programs include:

- Voluntary agreements (CNRA)
- Trails and greenway investments (CNRA)
- Multi-benefit storm water projects (CNRA)
- SGMA Implementation grants and new positions (DWR)
- Revenue Enhancement Activities (Parks)
- Storm water, Mudslide, Flash-Flood Protection (DWR), and
- Urban Streams Restoration Program (DWR).

LAO COMMENTS

Governor's proposals appear consistent with legislative and voter intent. The LAO finds the Governor's Proposition 68 proposals to be reasonable. The Legislature and voters structured the bond around specific priorities. In proposing to begin implementing most bond categories in the current and budget years, the Administration is taking steps to address those identified issues. In leaving almost one-half of total funding for future appropriations, the Governor helps ensure some funding is reserved to meet needs that may emerge in future years. The LAO also finds merit in the Governor's plan to delay appropriating Proposition 68 funds for certain programs, either because they are still in the process of utilizing funds from previous bonds, or because they are not yet ready to expend the funds effectively.

Lack of detail makes it difficult to assess specific proposals. While the LAO did not identify any concerns with the overall structure of the Governor's Proposition 68 proposals, the LAO's review was somewhat hindered by a lack of information for certain proposals. The Administration presented its Proposition 68 proposals in a consolidated form without the level of budget detail typically provided to the Legislature and public. This is particularly problematic for programs that are essentially being initiated for the first time in 2019-20. In contrast, the Administration provided more detailed information as part of the 2018-19 budget process for programs proposed to

receive significant new funding from Proposition 68. Activities that will receive significant Proposition 68 funding for the first time in 2019-20 and represent substantively new state efforts include funding for: (1) CNRA to allocate grants for multi-benefit storm water projects (\$93 million); (2) DWR to allocate grants to local groundwater agencies to implement sustainable Groundwater Management Plans (\$88 million); (3) CNRA to implement voluntary agreements (\$70 million); (4) Parks to allocate grants to local agencies for generating revenues (\$37 million); and, (5) DWR to initiate new efforts to protect people and property in California's alluvial fan, coastal, and riverine floodplains (\$30 million).

While the Governor's proposals are consistent with bond language directing funding to these broad categories of activities, assessing the merits and efficacy of the Administration's specific plans for *how* it will implement these new efforts is difficult without additional information. The Administration has been forthcoming in providing detail on these proposals to us upon request, however such information has not been made available to the broader public.

Legislature may want to modify timing of bond appropriations. Although the Governor's Proposition 68 proposals generally are reasonable and consistent with the bond language the Legislature adopted, they do not represent the only approach to appropriating funding. The Legislature could opt to provide more or less funding for particular bond categories based on its priorities and feedback from stakeholders and implementing departments. The Legislature could use budget subcommittee hearings this spring to solicit such information.

For example, the 2018-19 budget provided \$277 million for competitive grants to create and expand parks in park-poor neighborhoods, but the Governor proposes only \$2 million for this program in 2019-20—leaving nearly \$450 million in this category for future appropriations. If the Legislature discovers that there is unmet demand for these funds in communities that are ready to submit applications in the budget year and begin spending grants right away, it might want to increase the appropriation for this funding category beyond the Governor's proposed amount. In contrast, if the Legislature learns that certain other programs have large amounts of uncommitted funding from prior bonds, it could choose to delay providing Proposition 68 funds for those categories for a few more years.

Adopt Proposition 68 package that reflects legislative priorities. The LAO recommends the Legislature adopt a Proposition 68 package that reflects its priorities. The LAO believe adopting the Governor's proposals would be a reasonable approach, however the Legislature may want to provide more or less funding for particular bond categories to expedite or increase the effectiveness of program implementation. To inform these decisions, the LAO recommend using the spring budget subcommittee process to solicit feedback from stakeholders and implementing departments on information such as current program demand and available funding from other sources.

STAFF COMMENTS

Many of these investments seems reasonable. However, as mentioned above, some of the proposals in this BCP are new programs. Without details on how the Administration plans to structure and implement the programs, it is difficult to assess their merits.

The Subcommittee may wish to ask how the departments plan on structuring and implementing these new activities.

Specifically:

- For the item on Voluntary Agreements at CNRA, how will the proposed funds be spent? Are there specific projects already identified? How will projects be prioritized and selected for funding? Why is \$70 million being proposed for 2019-20 rather than a larger or smaller amount (out of the \$200 million total available from Proposition 68 for these activities)? How much funding is still available to execute these agreements from previous appropriations from earlier bonds?
- For the item on SGMA Implementation at DWR, why are additional staff needed? The state provided six new positions for this program in 2018-19. Why has staff workload increased? What is the status of the SGMA planning grants that were funded in the current and prior years? What is the demand for implementation grants from local agencies and what is the justification for why this additional funding is needed now (as opposed to in future years)? How many local grants will the proposed level of funding for 2019-20 support? What prioritization criteria will be used for allocating grants across applicants?
- For the Revenue Enhancement Activities at Parks, what is the structure of this new program? How will grantees be identified and how much funding will each grantee receive? What types of reporting requirements must grantees meet? How will the department evaluate the effectiveness of local agencies' revenue generation proposals?

Staff concurs with the LAO's recommendation to use the spring budget subcommittee process to solicit feedback from stakeholders and implementing departments on information such as current program demand and available funding from other sources.

Staff Recommendation: Hold Open

ISSUE 2: DIGITAL MIGRATION

The Governor's budget requests \$8,404,000 one-time from various funds to perform digital conversion of approximately 103,757,502 paper records for multiple departments under CNRA.

BACKGROUND

New building for the Natural Resources Agency and its departments. Staff at the current Natural Resources building and other satellite offices will be moving to the new Natural Resources Headquarters building, beginning in May of 2021. The new building will be a "Zero Net Energy" building with approximately 20 stories and will have an expected building capacity of 3,450 employees. The departments that will occupy this new building include the California Natural Resources Agency, the Department of Water Resources, the Department of Parks and Recreation, the Department of Fish and Wildlife, the Department of Forestry and Fire Protection, the Department of Conservation, and the Wildlife Conservation Board.

Opportunity to reduce physical space requirement and streamlining current processes. The new building was designed for maximum staff occupancy and there is insufficient physical storage space to hold the existing paper records required by the new occupants.

This impending move presents an opportunity to digitize current paper records. The first occupants are expected to begin moving into the new building in May 2021. Thus, the digitizing effort for the entities moving into the building must be completed within 24 months to make the records available for use. This equates to processing 873 boxes of paper pages per month.

This proposal includes paper records from the California Coastal Commission, the California Conservation Corps and the California State Lands Commission, even though they will not be moving to the new building.

STAFF COMMENTS

The current approach of maintaining paper records are expensive and inefficient considering our ability to digitize them. Providing CNRA resources to digitize paper records would not only help save space, but it would also help increase efficiency.

Staff Recommendation: Approve as budgeted.

ISSUE 3: DEFERRED MAINTENANCE FUNDING FOR VARIOUS DEPARTMENTS

The Governor's budget requests \$45 million General Fund one-time for multiple agencies to address deferred maintenance projects. Specifically the deferred maintenance funding is requested to be allocated as follows:

- \$34 million for the Department of Parks and Recreation,
- \$6 million for the Department of Forestry and Fire Protection,
- \$1 million for the California Conservation Corps,
- \$1 million for the California Tahoe Conservancy, and
- \$3 million for the Exposition Park.

BACKGROUND

State has a large deferred maintenance backlog. Maintenance includes the recurring, usual upkeep needed to preserve and extend the useful life of facilities. When maintenance is delayed or does not occur, we refer to this as deferred maintenance. The Administration's 2018-19 Budget estimates that the state has \$67 billion in deferred maintenance, most of which is in the transportation area. In 2015-16, 2016-17 and 2018-19, the state provided almost \$1.3 billion for deferred maintenance, mostly from the General Fund (non-Proposition 98).

Deferred maintenance needs at Parks. Parks was created in 1928 to manage the State Park System. Today the State Park System consists of over 5,000 buildings, approximately 1.6 million acres of land and 280 park units. Parks' maintenance budget has not kept pace with the increase in its size or visitation over the years. Often, when Parks is required to redirect funding to higher priority activities such as public safety or revenue generation, lower priority activities suffer a loss of support resources. This lack of funding for ongoing maintenance results in a deferred maintenance backlog. Currently, the deferred maintenance backlog is approximately \$1.2 billion with over 5,000 unique projects.

Deferred maintenance needs at CalFire. CalFire's facility inventory equates to approximately 2,600 state-owned structures, which collectively exceed 3.5 million square feet in total. Most of these facilities were constructed between 1930 and 1970, with over 80 percent having been built prior to 1970. CalFire is responsible for ongoing maintenance and facility repairs for use by CalFire staff, cooperators, and the public. CalFire's annual facility repair budget of \$1.7 million is insufficient to meet its facility needs and CalFire has had to redirect funding to address critical health and safety issues. The funding requested in this proposal will help to address CalFire's existing \$147.4 million backlog of deferred maintenance projects.

Deferred maintenance needs at California Conservation Corps. The CCC operates 26 facilities in urban and rural areas statewide, including 9 residential facilities and 17 non-residential facilities that are situated in rural and remote areas throughout the state comprising approximately 582,000 square feet of building space. The typical residential facility includes

dormitory, educational, dining and kitchen, administration, recreational, and warehouse space. The residential facilities house from 80 to 100 corpsmembers and operate 24 hours a day throughout the year. The typical non-residential facility includes educational and administrative space. Non-residential centers service from 30 to 60 corpsmembers. Many CCC facilities are older and in fair condition, while others are in dire need of many repairs. Currently, CCC's deferred maintenance backlog is over \$2 million. CCC has prioritized a subset of the deferred maintenance backlog, focusing on the most pressing health, life and safety repair needs and the preservation of the state assets.

Deferred maintenance needs at Tahoe Conservancy. The Tahoe Conservancy was established in 1984 to restore and enhance the extraordinary natural and recreational resources of the Lake Tahoe Basin. As a part of its mission and in accordance with its governing statutes, the Conservancy acquires, restores, and manages environmentally sensitive lands and undertakes projects to improve public access and provide other recreational opportunities. The Conservancy owns nearly 4,700 parcels totaling 6,500 acres, including thousands of quarter-acre lots within the Basin's urban areas. Additionally, the Conservancy manages 11 properties with recreational amenities, including six beaches that provide public access to Lake Tahoe. The Conservancy has identified a backlog of deferred maintenance projects related to its facilities and properties throughout the Lake Tahoe Basin that must be addressed to ensure the Conservancy can properly maintain its facilities and other infrastructure, and continue to fulfill its mission.

Deferred maintenance needs at Exposition Park. Within Exposition Park, the common areas and facilities under the purview of the Office of Exposition Park Management (OEPM) and the facilities that comprise the California Science Center have experienced abnormal wear and tear due to increased use and attendance. Much of the infrastructure is reaching or has exceeded its expected life span and overall deterioration is occurring at a faster pace. Funding in this request will be available to the Office of Exposition Park Management and the California Science Center. Both programs have a critical need for these projects as delays have already resulted in estimated project cost-escalation.

LAO COMMENTS

The LAO recommends that the Legislature require: (1) departments receiving funding to report on the approach they will use to prioritize projects, as well as specific projects they plan to undertake; (2) the Department of Finance to report, no later than January 1, 2023, on the projects that the departments ultimately undertook with the funds provided; and, (3) departments that continue to experience growth in deferred maintenance backlogs over the next few years to identify the reasons for the increases and the specific steps they plan to take to improve maintenance practices on an ongoing basis.

STAFF COMMENTS

Reducing the backlog of deferred maintenance projects is important for protecting the state's investments in its facilities. When adequate routine maintenance is not performed, it can sometimes trigger repairs that are more expensive in the future. However the Subcommittee

may wish to ask how deferred maintenance projects are prioritized and the plan to reduce the deferred maintenance backlog.

Staff Recommendation: Approve as budgeted and include SRL to require: (1) the Department of Finance report on the projects that the departments ultimately undertook with the funds provided; and, (2) the departments to report on the size of their deferred maintenance backlogs and identify the reasons for any increases in those backlogs, as well as the specific steps they plan to take to improve maintenance practices on an ongoing basis.

ISSUE 4: VARIOUS BOND APPROPRIATIONS AND TECHNICAL ADJUSTMENTS

The Governor's budget requests various bond appropriations and technical reappropriations, reversions, reversions with associated new appropriations, and baseline appropriation adjustments to continue implementation of previously authorized programs.

The various technical adjustments are as follows:

Department	Title	Amount	Fund	Original Enacted Year	Reason
CNRA	Federal Fund Item Reestablishment	\$ 1	Federal Trust Fund	2019-20	Natural Resources Agency's Federal Fund Item of appropriation was completely removed from the budget in FY 2018-19. As there is no mechanism to add a Federal Fund Item during a budget year, this technical adjustment creates a placeholder Item of \$1,000 to allow augmentation, upon receipt of future Federal Funds when they become available.
CNRA	Extension of Liquidation	N/A	Prop 1	2016-17	Natural Resources Agency requests the period to liquidate encumbrances of Item 0540-001-6083 from the Budget Act of 2016 be extended by 4 years, to June 30, 2025 to allow sufficient time for project completion.
CNRA	Reversion	(\$115)	Prop 68	2018-19	Technical correction to revert over allocation from Section 80137(a).
OPC	Extended Encumbrance Period	N/A	Ocean Protection Trust Fund	2019-20	Technical request to add provisional language allowing funds to be encumbered for three years, to allow sufficient time for projects to be completed.
CAAM	Reimbursement Authority Increase	\$ 45	Reimbursements	2019-20	The California African American Museum (CAAM) is requesting an increase of \$45,000 in ongoing reimbursement authority to allow for the receipt of anticipated funds going forward.
Special Resources Program	TRPA Retirement Program	\$ 300	Environmental License Plate Fund	N/A	The Tahoe Regional Planning Agency requests ongoing funding to provide retirement benefits consistent with those required in the bi-state compact. A related proposal has been submitted to the State of Nevada requesting proportional funding as outlined in the compact.
Special Resources Program	Threshold Evaluation	\$ 150	Environmental License Plate Fund	N/A	The Tahoe Regional Planning Agency requests one-time funding to support environmental assessments the agency is required to complete once every four years. A related proposal has been submitted to the State of Nevada requesting funding consistent with the proportional split established in the bi-state compact.

Special Resources Program	Salary Merit Review	\$ 111	Environmental License Plate Fund	N/A	The Tahoe Regional Planning Agency requests ongoing funding to provide for merit salary increases for staff, who are not considered employees of the State of California or Nevada. A related proposal has been submitted to the State of Nevada requesting funding consistent with the proportional split established in the bi-state compact.
California Tahoe Conservancy	Federal Trust Fund Authority Increase	\$ 83	Federal Trust Fund	N/A	The California Tahoe Conservancy requests additional federal trust fund authority and one position to account for increased federal grant funding pursuant to current and future grants agreements with federal partners.
California Tahoe Conservancy	Forest Resilience and Wildfire Protection Reimbursement Authority	\$1,374	Reimbursements	N/A	The California Tahoe Conservancy requests additional reimbursement authority and one position to account for increased grant funding pursuant to grant agreements with state and local partners for forest health projects.
California Tahoe Conservancy	Lake Tahoe License Plate Marketing Efforts	\$ 50	Environmental License Plate Fund	N/A	The California Tahoe Conservancy requests one-time funding of \$50,000 Environmental License Plate Fund to undertake marketing efforts for the Lake Tahoe license plate, the revenues of which are deposited into the Lake Tahoe Conservancy Account and used to support Conservancy projects.
CCC	AB 109 (Chapter 249, Statutes of 2017) Collins-Dugan Reimbursement Account Reappropriation	N/A	Collins-Dugan Reimbursement Account	2017-18	The California Conservation Corps requests to reappropriate \$5 million Collins-Dugan Reimbursement Account for forest health projects to extend encumbrance availability until June 30, 2020.
CAL FIRE	2016-17 Greenhouse Gas Reduction fund Extension of Liquidation	N/A	Greenhouse Gas Reduction Fund	2016-17	CAL FIRE requests the period to liquidate encumbrances of Item 3540-001-3228 from the Budget Act of 2016 be extended by two years, to June 30, 2022, to allow sufficient time for project completion.
CAL FIRE	Technical Services Unit Funding Conversion	\$2,262	General Fund	N/A	The Department of Forestry and Fire Protection requests resources to support personnel working on agency-retained capital outlay projects, for which these costs will be offset by future reductions in the individual project costs. A portion of these costs were shifted to the General Fund in 2017-18 and this request will transition the remaining staff to being funded fully through the General Fund.
CAL FIRE	Reappropriation of Schedule 4.5 of Item 3540-001-0001, Budget Act of 2012, as reappropriated by Item 3540-492, Various Budget Acts	\$ -	General Fund	2012-13	The Department of Forestry and Fire Protection requests to reappropriate the unencumbered balance of funds for Department of Justice legal services from the Budget Act of 2012 by three years to June 30, 2022 to ensure the funding continues to be available to the department for ongoing litigation.

CDFW	Hatchery Trout Production	\$2,534	Hatchery and Inland Fisheries Fund	N/A	The Department of Fish and Wildlife requests a one-time increase of \$2.5 million Hatchery and Inland Fisheries Fund in Fiscal Year 2019-20 to replace aged and inefficient fish transport vehicles and tanks, purchase additional fish food inventory to increase trout production, and to support efforts to enhance public outreach and visitation. This request would also assist in the achievement of both Legislative mandates and the Department's Mission, while improving trout fishing opportunities and angler participation statewide.
CDFW	Spill Preparedness and Response	\$1,820	Oil Spill Prevention and Administration Fund	N/A	The Department of Fish and Wildlife requests a one-time increase of \$1.8 million Oil Spill Prevention and Administration Fund in Fiscal Year 2019-20 to perform structural maintenance, repairs and site work at its research and laboratory facilities and to procure response equipment, including the replacement of outdated/cost inefficient vehicles and vessels, necessary for effective statewide oil spill response, scientific analysis and resource assessment.
WCB	Reappropriation Prop 40, San Joaquin River Conservancy	Balance	Prop 40	2016-17	Wildlife Conservation Board requests reappropriation of the unencumbered balance of the original appropriation due to unforeseen delays that prevented the successful development of viable projects to encumber all funds.
California Coastal Commission	Whale Tail License Plate Marketing	\$ 55	Environmental License Plate Fund	N/A	The California Coastal Commission requests \$55,000 ELPF in Fiscal Years 2019-20 and 2020-21 to enhance marketing in order to increase revenue of the Whale Tail License Plate.
Parks	Transparency Drill Update	\$ -	N/A	2018-19	The Department of Parks and Recreation (Department) requests a technical adjustment to update the Budget Transparency drill by 1,575.7 positions in Fiscal Year 2018-19. The Department would like to mirror the completed Budget Transparency drills from other Natural Resource Agency departments. The other departments included temporary help rather than only permanent position and recalculated the Position Vacancy Percentage and Per Position Payroll Cost details. These adjustments to the Departments Budget Transparency drill will more accurately display the Department's vacant positions while still accomplishing the goals of CS 4.11 and the Budget Transparency drill.
SMMC	Proposition 12 Local Assistance Grant Program reappropriation	Balance	Prop 12	2014-15	Santa Monica Mountains Conservancy requests reappropriation of these funds due to project delays which result in a need for extended authority.
SMMC	Proposition 12 Local Assistance Grant Program reappropriation	Balance	Prop 12	2015-16	Santa Monica Mountains Conservancy requests reappropriation of these funds due to project delays which result in a need for extended authority.

SMMC	Environmental Education Program	\$ 100	Environmental License Plate Fund	2018-19	Santa Monica Mountains Conservancy requests the ongoing appropriation of these funds for the Naturalist Explorers program. This program introduces youth to natural and cultural resources, outdoor and camping skills, principles of interpretation, park careers in the field, community advocacy, public speaking, and career development. At the end of the Naturalist Explorer program, graduates are eligible to apply for jobs as outdoor leaders and park naturalists.
RMC	Reappropriation Prop 1	\$3,261	Prop 1	2015-16	The Rivers and Mountains Conservancy requests reappropriation of these funds due to project delays and withdrawn grants which result in a need for extended authority. The balance is requested to be available for encumbrance or expenditure through June 30, 2023.
RMC	Reappropriation Prop 50	\$ 670	Prop 50	2015-16	The Rivers and Mountains Conservancy requests reappropriation of these funds due to project delays and withdrawn grants which result in a need for extended authority. The balance is requested to be available for encumbrance or expenditure through June 30, 2023.
RMC	Reappropriation Prop 84	\$2,374	Prop 84	2011-12 2015-16	The Rivers and Mountains Conservancy requests reappropriation of these funds due to project delays and withdrawn grants which result in a need for extended authority. The balance is requested to be available for encumbrance or expenditure through June 30, 2023.
RMC	Reappropriation Prop 84	\$2,144	Prop 84	2011-12 2015-16	The Rivers and Mountains Conservancy requests reappropriation of these funds due to project delays and withdrawn grants which result in a need for extended authority. The balance is requested to be available for encumbrance or expenditure through June 30, 2023.
BHC	Reappropriation of Propositions 1 and 40	Balance	Prop 1 and Prop 40	2016-17	Baldwin Hills Conservancy requests reappropriation of the unencumbered balances of the 2016 Prop 1 and Prop 40 appropriations for encumbrance availability to June 30, 2022 and liquidation until June 30, 2024. The reappropriation would make available the bond funds for the ongoing local assistance grant programs.
SDRC	Reappropriation Prop 1	Balance	Prop 1	2016-17	San Diego River Conservancy requests reappropriation of these funds due to project delays which result in a need for extended authority.
CVMC	Reappropriation of Proposition 1 Balance	Balance	Prop 1	2016-17	The Coachella Valley Mountains Conservancy requests reappropriation of the unencumbered balance of the 2016 Proposition 1 appropriation for encumbrance availability to June 30, 2022 and liquidation until June 30, 2024. The reappropriation would make available the bond funds for the ongoing grant program.

Sierra Nevada Conservancy	Federal Trust Fund Authority Increase	\$2,334	Federal Trust Fund	N/A	The Sierra Nevada Conservancy requests additional federal trust fund authority to account for increased federal grant funding pursuant to current and future grants agreements with federal partners. This includes \$2.3 million in 2019-20, 2020-21, and 2021-22 based on a Good Neighbor Authority agreement with the U.S. Forest Service and \$50,000 ongoing based on an anticipated increase in future federal grant funding.
DWR	Partial Restoration of Baseline for Safe Drinking Water and Bond Clean-Up	\$1,749	Prop 50	2012-13	Restoration of previously removed \$5 million baseline that was removed to cover bond allocations. DWR is also reverting funds to cover a new 2019-20 appropriation.
CVMC	Mountain Resource Program	\$ (4)	Prop 12	N/A	The Coachella Valley Mountains Conservancy requests a net-zero shift from support funding to local assistance.
CVMC	Land, Air, and Water Conservation	\$ (16)	Prop 40	N/A	The Coachella Valley Mountains Conservancy requests a net-zero shift from support funding to local assistance.
CVMC	Mountain Resource Program	\$ 4	Prop 12	N/A	The Coachella Valley Mountains Conservancy requests a net-zero shift from support funding to local assistance.
CVMC	Land, Air, and Water Conservation	\$ 16	Prop 40	N/A	The Coachella Valley Mountains Conservancy requests a net-zero shift from support funding to local assistance.

The various bond appropriations are as follows:

Department	Program	Bond Proposition	New Positions	Amount
DOC	California Farmland Conservancy Program	12	-	\$ 78
DOC	California Farmland Conservancy Program	12	-	\$ 313
DOC	Watershed Coordinator Program	50	-	\$ 216
DOC	Watershed Coordinator Program	50	-	\$ 1,542
DOC	Planning Grants and Incentives	84	-	\$ 9
DOC	Planning Grants and Incentives	84	-	\$ 20
DOC	Planning Grants and Incentives	84	-	\$ 95
DOC	Planning Grants and Incentives	84	-	\$ 407
WCB	Proposition 1, Stream Flow Enhancement Program, Project Delivery, State Operations	1	0.5	\$ 78
SCC	Santa Ana River Parkway - unspecified	84	-	\$ 2,000
SCC	Santa Ana River Parkway - San Bernardino County	84	-	\$ 2,000
SCC	State Coastal Conservancy Programs	84	-	\$ 2,000
SCC	San Francisco Bay Area Conservancy - unspecified	84	-	\$ 1,500

SCC	San Francisco Bay Area Conservancy - ocean draining	84	-	\$ 1,500
SCC	Monterey Bay and Adjacent Watersheds	84	-	\$ 2,000
SCC	San Diego Bay and Adjacent Watersheds	84	-	\$ 1,000
SCC	Multibenefit Ecosystem and Watershed Protection and Restoration Projects - Competitive Grants	1	-	\$ 12,214
Parks	Cultural Resources Program	84	-	\$ 4,000
Parks	Interpretive Exhibits Program	84	-	\$ 500
SMMC	Proposition 40 Local Assistance Grant Program. Appropriation of the allocation balance.	40	-	\$ 19
SMMC	Proposition 50 Local Assistance Grant Program. Appropriation of the allocation balance.	50	-	\$ 81
RMC	San Gabriel/Lower Los Angeles Rivers watersheds protection-land, water, and wildlife conservation-Program delivery	50	-	\$ 97
RMC	San Gabriel/Lower Los Angeles Rivers watersheds - project	50	-	\$ 237
RMC	Ecosystem, Watershed Protection and Restoration	1	-	\$ 222
RMC	Ecosystem, Watershed Protection and Restoration	1	-	\$ 2,100
DWR	Riverine Stewardship Technical Assistance	84	-	\$ 45
DWR	Urban Streams Restoration	50	-	\$ 64
DWR	Urban Streams Restoration	50	-	\$ 4,800
DWR	Urban Streams Restoration	84	-	\$ 1,840
DWR	Delta Levee Subventions	1	-	\$ 10,000
DWR	Delta Emergency Response Grant	1	-	\$ 5,000
DWR	Flood Corridor	84	-	\$ 540
DWR	Flood Corridor	84	-	\$ 1,500
DWR	Flood Control Subventions	84	-	\$ 750
SSJDC	Water Quality Supply and Infrastructure Improvement		-	\$ 235
SSJDC	Water Quality Supply and Infrastructure Improvement		-	\$ 12,050

STAFF COMMENTS

There are a total of 72 proposals in this budget change proposal. Many of these proposals are in fact technical adjustments and reappropriations. However, there are also some new appropriations and some baseline appropriations adjustments to continue implementation of previously authorized programs.

The LAO's report on the 2019-20 Natural Resources and Environmental Protection Budget highlights the prevalent use of this approach of combining multiple proposals into one in this year's budget.

In cases where the proposals are truly technical actions, it is fine to combine those proposals into one. However, for proposals that contains funding for new activities, new positions, or extensions of funding activities or positions, the Administration should provide justification for them.

Staff Recommendation: Hold Open

3600 DEPARTMENT OF FISH AND WILDLIFE

The Department of Fish and Wildlife (DFW) is responsible for promoting and regulating the hunting of game species, promoting and regulating recreational and commercial fishing, and protecting California's fish and wildlife for the public trust. The Department manages over 1 million acres of public land including ecological reserves, wildlife management areas, and hatcheries throughout the state.

DFW's proposed budget is \$558.1 million, which represents a 9.8 percent decrease in expenditure from last year. Most of the Department's proposed budget is comprised of special funds, with \$121 million in General Fund.

ISSUE 5: LAW ENFORCEMENT RADIO REPLACEMENT

The Governor's budget requests \$1.629 million General Fund each year for three years, to replace vehicle-mounted and handheld radios for Wildlife Law Enforcement Division officers.

BACKGROUND

Wildlife Law Enforcement Division officers. The mandated role of Wildlife Officers is to protect fish and wildlife while ensuring public safety throughout California. Their roles encompass homeland security, hazardous spill response, drug interdiction duties, commercial fishery enforcement, cannabis regulation, and environmental habitat protection.

Wildlife Officers are usually solo patrol units whose operational areas range from urban to the most remote rural areas. Wildlife Officers spend approximately 50 percent of their patrol time away from a vehicle.

Wildlife Officers frequently work alone in remote areas and rely on radio equipment to communicate with dispatch operators and other law enforcement agencies and first responders.

CDFW's current handheld and vehicle mount radios are no longer viable. Current vehicle-mounted, and handheld radios are not compatible with the new FirstNet interoperable public safety broadband network.

Further, CDFW's handheld radio was discontinued by the manufacturer in 2017 and is no longer available for purchase. Current vehicle-mounted radios are unable to interoperate with other law enforcement agencies.

STAFF COMMENTS

Providing CDFW with capable radio equipment would enable reliable, real-time law enforcement communications in the field. Further, this request continues improvements and deployment of secure mobile law enforcement communications to increase officer safety and effectiveness.

Staff Recommendation: Approve as budgeted.

ISSUE 6: NUTRIA ERADICATION AND CONTROL PROGRAM

The Governor's budget requests \$1.949 million General Fund one-time and 10 positions and \$1.624 million ongoing thereafter, to fund a program to eradicate nutria, a highly invasive, non-native, semi-aquatic rodent.

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.

Recent detection of Nutria. Nutria were not known to be present in the wild in California until March 2017 when a nutria was captured in the wetlands of Merced County. Since then, more than 363 nutria have been captured or documented in six Central Valley counties (Merced, Stanislaus, Tuolumne, Fresno, San Joaquin, and Mariposa). The Nutria are currently as close as 10 miles upstream from the Sacramento-San Joaquin Delta. The natural riparian woodland habitat along the rivers, where they are currently found, is not prime habitat, but once they reach the Delta, with its extensive emergent marsh and agricultural fields, their population will explode. It is unclear at this point the extent of the nutria infestation.

Multi-agency effort to eradicate nutria. CDFW initiated an Incident Command System in March 2018 and has assumed the leadership role in coordinating a multi-agency effort to eradicate nutria. In the 2018 Budget Act, CDFA received \$400,000 per year for 2018-19 and 2019-20 to implement nutria surveys. CDFA anticipates implementing their survey efforts in concert with CDFW's priorities, and they will utilize CDFW's data collection and management systems

The Department of Water Resources is also engaged and collaborating with CDFW to identify how to contribute to the effort. Various California Natural Resources Agency boards and commissions have engaged with CDFW on the effort and pledged to assist within their existing means and appropriate jurisdictions. Staff from the USFWS San Joaquin River National Wildlife Refuge have also provided short-term assistance with surveys on their properties.

CDFW's efforts to eradicate nutria. In Fiscal Year 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.

STAFF COMMENTS

Nutria colonies create extensive burrows, which increase soil erosion and sedimentation, reduce bank stability, and increase the risk of levee failure. These nutria colonies are also vectors for disease and parasites transmissible through water supplies.

CDFW has a short window of opportunity to eradicate nutria before their population grows exponentially and the geographic area greatly expands. It would be a prudent investment to provide CDFW the resources to contain and eradicate this pest.

Staff Recommendation: Approve as budgeted.

3860 DEPARTMENT OF WATER RESOURCES

The Department of Water Resources (DWR) protects and manages California's water resources. In this capacity, DWR plans for future water development and offers financial and technical assistance to local water agencies for water projects. In addition, the department maintains the State Water Project, which is the nation's largest state-built water conveyance system. Finally, DWR performs public safety functions such as constructing, inspecting, and maintaining levees and dams.

The DWR's proposed budget is \$3.27 billion, which represents a 21.9 percent decrease in expenditure from last year. Most of the Department's proposed budget is comprised of special funds, with \$147.3 million in General Fund.

ISSUE 7: CENTRAL VALLEY FLOOD PROTECTION BOARD – PERMITTING AND ENFORCEMENT BRANCH SUPPORT

The Governor's budget requests five permanent positions and two-year limited-term reimbursable authority of \$1.089 million, which will be reimbursed by the Sacramento Area Flood Control Agency (SAFCA). This request will allow the CVFPB to add a section in its Operations Branch dedicated to enforcing encroachments in conjunction with SAFCA and the United States Army Corps of Engineers.

While the Board is an independent entity, its budget is contained within the DWR, and it receives some staff and administrative support from the Department.

BACKGROUND

The State Plan of Flood Control (SPFC). The SPFC is the state-federal flood protection system in the Central Valley. SPFC includes over 1,600 miles of levees, over 1,300 miles of designated floodways, and approximately 18,000 parcels of land held in fee, easement, or other agreements. Although many SPFC components were locally or federally constructed, in the 1950s, the state committed to the federal government that it would oversee the SPFC system and maintain it pursuant to federal standards. For most segments of SPFC levees, the state has developed formal agreements with local governments (primarily local reclamation districts) to handle regular operations and maintenance responsibilities.

The Central Valley Flood Protection Board (CVFPB) oversees the SPFC facilities. The CVFPB is an independent state agency and the lead authority for flood protection in the Central Valley. The CVFPB is responsible for permitting and enforcing encroachments and operation and maintenance of all SPFC facilities. CVFPB collaborates with local authorities and stakeholders to ensure an integrated flood control system. CVFPB also manages real estate and easements necessary for flood control. CVFPB's activities include: (1) collaborating with local agencies to improve SPFC flood protection structures; (2) issuing permits for work on SPFC levees and facilities; and, (3) ensuring that levees are maintained up to required

standards, including ensuring that levee “encroachments” such as pipes or docks either meet code requirements and receive permits or are removed.

State is financially liable for the loss of life or property if SPFC facilities fail. In the 2003 *Paterno* decision, the California Supreme Court found the state liable from the 1986 Linda Levee collapse in Yuba County. The levee failure killed two people and destroyed or damaged about 3,000 homes. The court opined that, “when a public entity operates a flood management system built by someone else, it accepts liability as if it had planned and built the system itself.” The State settled with property owners for \$500 million. Since the 2005 settlement, the State has invested billions of dollars in improving the levees and other SPFC facilities.

SPFC system needs. The US Army Corps of Engineers identified thousands of non-compliant encroachments and/or deficient maintenance and operations of facilities within the SPFC. Currently, approximately 15,000 non-compliant encroachment violations have been identified by USACE as part of their Periodic Inspection Reports. Unauthorized pipes, retaining walls and an underground wine cellar are among the encroachments the Army Corps of Engineers has found in Sacramento, Yolo, and Solano County levees. These encroachments are one of the primary reasons 90 percent of the levee systems within the Central Valley fail periodic inspections.

The US Army Corps of Engineers recently received a special supplemental funding package of which \$1.6 billion. This supplemental funding package amounts to approximately 18 times the average annual allocation. This funding will be used to complete projects along the heavily populated Sacramento and American Rivers in Sacramento. The requested increase in CVFPB staff will allow the state to fulfill its obligation of enforcing encroachments, permitting, and inspecting encroachments upon the SPFC facilities, and allow important major construction projects to move forward within the extremely short time limits imposed by US Army Corps of Engineers for expenditure of the supplemental funds. Completion of these projects will provide Sacramento Metropolitan Area with 200-plus year flood protection and concurrently lower the risk of significant loss of life and property due to a catastrophic levee failure.

STAFF COMMENTS

This request would provide the necessary staff to ensure the resolution of encroachments identified along the portions of the American and Sacramento Rivers. All those encroachments must be removed before construction of the Sacramento River East Levee Project can begin. Further, SAFCA has committed to reimburse CVFPB for the five requested positions to ensure resources are available through the life of the project construction, which is estimated to be 5 to 6 years.

This request is to implement the SAFCA projects that were funded with federal Army Corps of Engineers grants. That funding could now be at risk from the President’s state of emergency border wall funding redirection. The Subcommittee may wish to ask the following questions:

- What would happen to these projects if the federal funding does not materialize?
- Would SAFCA still move forward with these projects absent this federal funding?

- If federal funding is lost, would these positions go unfilled?
- If federal funding is lost, would the state be on the hook for providing the funding for these positions instead?
- Would SAFCA still be on the hook for providing the funding for these positions even without the federal funds to complete the projects?

Staff Recommendation: Approve as budgeted.

ISSUE 8: CONTINUATION OF CALIFORNIA STATEWIDE GROUNDWATER ELEVATION MONITORING

The Governor's budget requests \$2.2 million General Fund one-time and \$2 million annually thereafter to fund 6.1 existing positions and consulting costs to continue implementation of the California Statewide Groundwater Elevation Monitoring (CASGEM) program, maintain and enhance the CASGEM operating system and the Online System for Well Completion Reports.

BACKGROUND

Sustainable Groundwater Management Act (SGMA). SGMA was a trio of legislative bills that were signed into law in 2014. SGMA created a framework for sustainable, groundwater management. SGMA requires governments and water agencies of high and medium priority basins to halt overdraft and bring groundwater basins into balanced levels of pumping and recharge. Under SGMA, these basins should reach sustainability within 20 years of implementing their sustainability plans. For critically over-drafted basins, that will be 2040. For the remaining high and medium priority basins, 2042 is the deadline. SGMA also empowers local agencies to form Groundwater Sustainability Agencies (GSAs) to manage basins sustainably and requires those GSAs to adopt Groundwater Sustainability Plans (GSPs) for crucial groundwater basins in California.

California Statewide Groundwater Elevation Monitoring (CASGEM) Program. The CASGEM program began implementation in early 2010 and has since tracked seasonal and long-term groundwater elevation trends in groundwater basins statewide. The program relies on local agencies monitoring and reporting groundwater elevations that demonstrate seasonal and long-term trends.

The CASGEM program continues to develop methods in support of SGMA that will allow for the efficient collection, management, and reporting of SGMA information, with modifications to the CASGEM operating system.

Funding for the program was provided on a limited-term basis through 2018-19 to allow further evaluation to better determine continually changing needs for the program.

California's Statewide Groundwater Elevation Monitoring operating system (CASGEMOS). The CASGEMOS, developed in 2010, is used by monitoring entities to meet mandated groundwater elevation reporting requirements.

The existing CASGEMOS software architecture and services have been continuously optimized and modernized over time. These improvements are consistent with the implementation of SGMA and include improving functional capacity, simplifying application administration for program staff, and improving the user experience when interacting with the CASGEM system.

STAFF COMMENTS

Collection and evaluation of the data collected by the CASGEM Program is an integral part of improving management of California's groundwater resources and supports SGMA implementation. The funding will also support DWR staff to provide technical assistance to monitoring entities and Groundwater Sustainability Agencies as they modify CASGEM information and monitoring plans to accommodate SGMA related requirements. The funding will also support efforts to continue to implement and enhance OSWCR, which supports groundwater management efforts throughout the state.

The Subcommittee might wish to ask DWR to provide an update on how SGMA implementation is progressing and how these various funding requests help contribute to that progress.

Staff Recommendation: Approve as budgeted.

ISSUE 9: PERRIS DAM REMEDIATION PLAN

The Governor's budget requests \$5 million Proposition 84 to support 7.2 existing positions to provide public access to recreation and fish and wildlife enhancement resources at Perris Dam. The total project cost is \$227.19 million. This project will also be supported by approximately \$10 million in State Water Project funds.

BACKGROUND

The Perris Dam and Reservoir. The Perris dam is located in San Bernardino County and is a terminal State Water Project Reservoir, which provides key water supply and delivery benefits. The Lake Perris State Recreation Area is a popular and highly visited State Water Project recreational facility with over one million visitors annually. This state park unit provides recreational opportunities including boating, swimming, and other water-based recreation in an area significantly deprived of other such resources. Water Code Section 12944 requires DWR to provide water based recreation opportunities at Lake Perris.

Seismic Safety Risks Identified at Perris Dam. In 2005, DWR identified potential seismic safety risks in a section of the foundation of Perris Dam that were not known at the time of construction. In the interest of ensuring the maximum public safety for those using Lake Perris and those communities downstream of the lake, DWR lowered the lake's water level, until the safety issues can be resolved. This affects both the water supply purpose of the reservoir as well as its recreation and fish and wildlife enhancement purpose.

The Perris Dam Remediation Program. In October 2005, DWR's Director gave approval for the Division of Operations and Maintenance and the Division of Engineering to proceed with repairing Perris Dam and restoring the reservoir to its normal maximum operating level, at elevation 1588 feet. Restoring the dam's ability to impound water up to the maximum pool elevation level will permit a return to full operation and maximum use of the recreational facilities that include boating, swimming, camping, picnicking, and other day use, and a stocked sport fishery.

The Perris Dam Remediation Program was established with the following projects being identified:

- Perris Dam Remediation Project
- Perris Dam Environmental & Right-of-Way
- Perris Dam Outlet Tower Improvements
- Perris Dam Emergency Release Facility

STAFF COMMENTS

Approving the requested funds will allow the remaining Perris projects to proceed as planned. The projects enhance the reliability to make emergency releases from the dam's low-level outlet works, reduce the potential for downstream flooding during emergency releases, and provide maximum recreation and fish and wildlife enhancement and operational reliability and flexibility in these times of ever-increasing water demands.

Staff Recommendation: Approve as budgeted

ISSUE 10: SYSTEM-WIDE FLOOD IMPROVEMENT PROJECTS

The Governor's budget requests \$92 million one-time (\$73 million Proposition 68 and \$19 million Proposition 1) to implement multi-benefit flood improvement projects. This request will support existing staff and contract work needed to carry out the projects.

BACKGROUND

California has significant flood risk. More than 7 million people and \$580 billion in assets are exposed to flood hazards in the state. As the climate changes, our flood control systems will continue to be pushed to the limit with extreme drought conditions and extreme rainstorms. After five years of drought, California experienced more precipitation in 2017 than in any year recorded. The heavy rainfall caused flooding, levee breaks, and sinkholes in multiple regions in California. The Governor declared a state of emergency in 52 of the state's 58 counties due to damage from the winter storms and floods.

According to a report by the Legislative Analyst's Office, estimates suggest 7.3 million people (one in five Californians), structures valued at \$575 billion, and crops valued at \$7.5 billion are located in areas that have at least a 1 in 500 probability of flooding in any given year. Furthermore, several studies have estimated that reducing flood risk across the state will cost tens of billions of dollars above current expenditure levels over the next couple of decades.

California is a flood-prone state with many Californians living in flood-vulnerable areas. A report in September of 2017 by the Public Policy Institute of California suggests that California needs to spend at least \$34 billion to upgrade dams, levees, and other flood management infrastructure.

The Governor's budget proposes to spend Proposition 68 funds on projects such as the following multi-benefit projects.

- The ongoing Yolo Bypass Phase I program, which includes benefits from flood protection, tidal marsh restoration, fish passage improvements, and waterfowl habitat improvements. DWR has identified over \$2.5 billion in multi-benefit projects that could be completed within the Yolo Bypass. The Yolo Bypass is a complex tapestry of agriculture, flood management and ecosystem facilities and interests. Each proposed project would assist with building a resilient and sustainable water management system. This funding request would include work such as:
 - Lower Elkhorn Basin Levee Setback/Bryte Landfill (\$5 million Proposition 1 Section 79780, \$47 million Proposition 68), which includes the continued construction of 7 miles of setback levees to improve flood system capacity and provide opportunity for ecosystem improvements while supporting agricultural land uses in the bypasses.

- Little Egbert (\$5.1 million Proposition 1 Section 79781) involves lowering levee heights to facilitate more efficient flow during flood events and improve the environment for multiple objectives.
- Lower Yolo Bypass Fixes in place (\$4 million Proposition 1 Section 79781) are projects designed to increase flood capacity in the Yolo Bypass and improve ecosystem function.
- Lookout Slough (\$3 million Proposition 68 and \$1.9 million Proposition 1) is a levee setback to lower stages in the Yolo Bypass, contribute to improved system capacity, and improve environment for multiple objectives.
- Environmental Enhancement (\$5 million Proposition 68) includes habitat restoration projects that will be completed as improvements for the impacts of flood projects with the intention of increasing the efficiency of flood project approval within specific geographic areas. This program will include environmental enhancement as part of multi-benefit projects. Consistent with Proposition 68 requirements, funding will not be used for mitigation.
- Tisdale Weir and Bypass Program (\$3 million Proposition 1, Section 79780) includes two key multi-benefit elements. The first provides integrated structural rehabilitation of the eighty-six-anadromous fish-stranding problem. Weir rehabilitation will eliminate the risk of structural failure and will extend its design life by an additional 50 years. Fish passage will improve hydraulic connectivity between the Sacramento River and Tisdale Bypass. Of key concern are ongoing historical losses to Chinook salmon and North American green sturgeon. The second element will develop and implement, with active participation by local stakeholders, a Tisdale Bypass Management Plan which would include consideration of feasible long-term sustainably-funded management of sediment, vegetation, and juvenile fishery rearing habitat within the bypass.
- Paradise Cut (\$3 million Proposition 68) to provide public safety benefits by constructing a new weir and levee setbacks that will provide ecosystem improvements by increasing riparian and wetland habitats.
- Butte Slough Outfall Gates (\$15 million Proposition 68) repair project will rehabilitate the gates so that they function as designed allowing floodwaters to be diverted into the Sacramento River.

STAFF COMMENTS

This proposal supports several identified priorities in DWR's 2016 Strategic Business Plan, the CVFPP 2017 update, and the DFM Implementation Plan, including the co-equal goals to provide a more reliable water supply for California and to protect, restore and enhance the Delta ecosystem.

Staff Recommendation: Approve as budgeted.

ISSUE 11: URBAN FLOOD RISK REDUCTION

The Governor's budget requests \$25 million Proposition 68 one-time to implement multi-benefit urban flood risk reduction improvement projects and support existing staff and contract work needed to carry out the projects.

BACKGROUND

California has significant flood risk. More than 7 million people and \$580 billion in assets are exposed to flood hazards in the state. As the climate changes, our flood control systems will continue to be pushed to the limit with extreme drought conditions and extreme rainstorms. After five years of drought, California experienced more precipitation in 2017 than in any year recorded. The heavy rainfall caused flooding, levee breaks, and sinkholes in multiple regions in California. The Governor declared a state of emergency in 52 of the state's 58 counties due to damage from the winter storms and floods.

According to a report by the Legislative Analyst's Office, estimates suggest 7.3 million people (one in five Californians), structures valued at \$575 billion, and crops valued at \$7.5 billion are located in areas that have at least a 1 in 500 probability of flooding in any given year. Furthermore, several studies have estimated that reducing flood risk across the state will cost tens of billions of dollars above current expenditure levels over the next couple of decades.

California is a flood-prone state with many Californians living in flood-vulnerable areas. A report in September of 2017 by the Public Policy Institute of California suggests that California needs to spend at least \$34 billion to upgrade dams, levees, and other flood management infrastructure.

The Governor's budget proposes to spend Proposition 68 funds on the following multi-benefit projects.

- Bushy Lake and Woodlake Restoration (\$420,000) project to eliminate or reduce fish stranding potential, restoration of riparian forest and seasonal wetland.
- Multi-benefit Sacramento Area Flood Control Agency Levee Accreditation Project (SAFCA LAP) Habitat Berm (\$4.2 million) will add a new berm with additional plantings and enhance wildlife habitat in the northern portion of the Delta and Stone Lakes Wildlife Refuge Area.
- Multi-benefit Reclamation District-17 Multi-usage Seepage Berms (\$9.1 million) will improve 8 miles of existing levee and add to the protection of surrounding urban areas.
- Multi-benefit Southport Setback Levee (\$7.88 million) involves the construction of a 5-mile levee setback along the Sacramento River in West Sacramento.

- Oroville Wildlife Area (OWA) Weir Enhancement (\$3.4 million) will provide weir enhancements and ecosystem restoration.

These projects are priorities identified in DWR's flood planning documents and are projects that have already begun or will begin in 2019-20.

STAFF COMMENTS

This proposal supports several priorities in various water policies in the state, including increasing flood protection, protecting lives, infrastructure, and the environment through the management of dams, floods, and protecting vital ecosystems, and increasing resiliency to reduce residual risks resulting from floods, droughts, and climate change.

Staff Recommendation: Approve as budgeted.

3860 DEPARTMENT OF WATER RESOURCES
3940 STATE WATER RESOURCES CONTROL BOARD

ISSUE 12: MAKING WATER CONSERVATION A CALIFORNIA WAY OF LIFE (AB 1668 AND SB 606)

The Governor's budget requests the following resources to implement AB 1668 (Friedman, Chapter 15, Statutes of 2018) and SB 606 (Hertzberg, Chapter 14, Statutes of 2018).

Specifically, the request includes:

- For the Department of Water Resources: \$5.1 million General Fund in 2019-20, approximately \$2 million in 2020-21 and 2021-22, \$1.7 million in 2022-23, and \$1.5 million annually thereafter to support six existing positions (three positions in the first year) and contract funds.
- For the State Water Resources Control Board: \$2.7 million General Fund in 2019-20 and \$717,000 annually thereafter to support four permanent positions and one-time contracts.

BACKGROUND

The recent multiyear drought increased our focus on water conservation. California experienced the worst drought on record from 2012-2016, with the first four years estimated to be the driest four-year period in the last 450 years. These conditions had various effects across the state, including contributing to domestic wells going dry and loss of drinking water in certain communities.

In January of 2014, the Governor issued an executive order declaring a drought state of emergency and requesting a voluntary 20 percent reduction in urban potable water use. For the first time in the state's history, the Governor issued an executive order in April of 2015, requiring the State Water Resources Control Board implement mandatory restrictions to achieve a 25 percent statewide reduction in urban potable use, over 2013 levels of use.

On May 9, 2016, Governor Brown signed Executive Order B-37-16 to "make water conservation a way of life" in California. Among other things, the executive order required the DWR to work with the SWRCB to develop a conservation framework. Since the executive order, five departments and agencies including the DWR and the SWRCB issued a final report on April 7, 2017, on "making water conservation a way of life" (framework).

The water use restrictions ended in 2017 when statewide water conditions improved. While the most recent drought was historic, current climate change models predict that severe drought will become a more common occurrence.

Legislation in 2018 creates new long-term urban water use standards. SB 606 (Hertzberg, Chapter 14, Statutes of 2018) and AB 1668 (Friedman, Chapter 15, Statutes of 2018) provide authority for long-term standards for the efficient use of water and require the standard to be a

water budget-based methodology. The standard is to include specific components on indoor residential water use, outdoor residential water use, and outdoor irrigation of landscape areas with dedicated irrigation meters in connection with commercial, industrial, and institutional water use, and water loss through leaks. The bills establishes an ongoing 10 percent bonus incentive for potable reuse water delivered to users covered by the long-term standards. This would allow an urban retail water provider to exceed their urban water use objective by up to 10 percent.

Additionally, the bills would allow for urban retail water suppliers who operate existing facilities that are producing potable reuse water, as specified, by January 1, 2022 to be eligible for a 15 percent bonus incentive. The bills establish a water use objective to be the sum of the standard components as the benchmark by which urban water suppliers are measured to determine if they are meeting the standards.

The bills require the inclusion of variances for water uses, and specify a process for the development and approval of variances. The bills further require that the development of data necessary for the development of the outdoor residential standards is reasonably accurate for compliance with the water use objective, and specify that the DWR shall provide data to urban water suppliers sufficient to allow its accuracy to be verified at the parcel level. The bills establish an enforcement mechanism for the standards of civil liability and provide the SWRCB with the authority to issue information notices, written notices, and conservation orders to urban water suppliers that do not meet their water use objective. The bills prohibit the SWRCB from requiring an urban water supplier to impose civil liability.

LAO COMMENTS

Adopt Governor's Budget Proposals. Effective implementation of SB 606 and AB 1668 will help local agencies around the state use water more efficiently and better prepare for future droughts. We recommend adopting the Governor's budget proposals for DWR and SWRCB in 2019-20 and the coming years, as we find them to be well aligned with the responsibilities assigned by the legislation.

Conduct Continued Oversight to Monitor Implementation and Ensure Legislative Goals Are Met. While we believe adopting the Governor's budget proposals will help DWR and SWRCB implement the water conservation legislation, funding is not the only factor required to successfully achieve the goals contained in SB 606 and AB 1668. The Legislature will want to conduct ongoing oversight to ensure that the deadlines established in the legislation are being met, and that overall efficiency and drought resilience outcomes are being attained. The legislation included several reporting and status update requirements, but the Legislature may also want to hold oversight hearings to monitor implementation and solicit input from stakeholders over the coming years. Some of the key oversight issues and questions to monitor include:

- **Implementation Progress.** Are DWR and SWRCB meeting required deadlines? Has the data necessary to proceed with implementation been collected and provided as anticipated? Are the findings of the studies conducted by DWR and the subsequent regulations developed by SWRCB consistent with the Legislature's intentions? Once

SWRCB has established efficiency standards, are local agencies making progress towards meeting their local water use objectives?

- **Implementation Barriers.** Are departments or local agencies encountering notable challenges in meeting the requirements contained in SB 606 and AB 1668? Did the CEQA analysis raise any unforeseen issues? Is any additional action by the Legislature needed to clarify its policy intent or to address barriers?
- **State-Level Capacity.** As implementation proceeds, do DWR and SWRCB continue to have the appropriate level of staff and funding to meet their responsibilities? Do notably more or fewer-than-anticipated numbers of water suppliers require state-level intervention such as technical assistance and/or enforcement actions?
- **Local-Level Capacity.** What feedback are local agencies providing about their experiences complying with the new requirements? Do they have the requisite technical, managerial, and financial resources to meet their new obligations? Are there additional steps the state should take to facilitate their success in achieving the goals established by SB 606 and AB 1668?
- **Lessons Learned.** Have some urban or agricultural agencies identified particularly effective strategies towards improving efficient water use, and can these be propagated elsewhere? Has implementation of SB 606 and AB 1668 revealed strategies, incentives, or consequences that the Legislature should consider adopting through additional legislation?
- **Long-Term Outcomes.** How will statewide water use change upon full implementation of SB 606 and AB 1668? How will cumulative water use compare to the 20 percent reduction goal established by SBX7-7? When the next drought occurs, can local communities sustain prolonged water shortages without major health and safety impacts? How well do agricultural entities withstand sustained dry periods?

STAFF COMMENTS

SB 606 and AB 1668 were the result of a two-year long process with significant stakeholder input. This budget request is consistent with the requirements established by SB 606 and AB 1668.

Staff Recommendation: Approve as budgeted.
