

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 ON RESOURCES AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD BLOOM, CHAIR

WEDNESDAY, MAY 1, 2019

9:30 A.M. - STATE CAPITOL, ROOM 447

VOTE-ONLY CALENDAR

ITEM	DESCRIPTION	PAGE
0555	CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY	2
ISSUE 1	VARIOUS TECHNICAL ADJUSTMENTS	2
3930	DEPARTMENT OF PESTICIDE REGULATION	3
ISSUE 2	INFORMATION SECURITY TEAM	3
ISSUE 3	PESTICIDES - SCHOOLSITES (AB 2816)	3
3980	OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT	4
ISSUE 4	ENVIRONMENTAL HEALTH SUPPORT FOR COMMUNITIES (AB 617)	4
8570	DEPARTMENT OF FOOD AND AGRICULTURE	4
ISSUE 5	CITRUS PEST AND DISEASE PREVENTION PROGRAM RESOURCES	4
ISSUE 6	CALIFORNIA BIODIVERSITY INITIATIVE	5
ISSUE 7	DEFERRED MAINTENANCE	5
ISSUE 8	GREENHOUSE GAS REDUCTION FUND REAPPROPRIATION	6
ISSUE 9	VARIOUS TECHNICAL ADJUSTMENTS	6
0540	NATURAL RESOURCES AGENCY	8
ISSUE 10	VARIOUS BOND APPROPRIATIONS AND TECHNICAL ADJUSTMENTS	8
ISSUE 11	PROPOSITION 68 IMPLEMENTATION	15
3540	DEPARTMENT OF FORESTRY AND FIRE PROTECTION	22
ISSUE 12	PROFESSIONAL STANDARDS PROGRAM CONTINUATION	22
ISSUE 13	CONTRACT COUNTY CAPITAL OUTLAY	22
3820	SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION	23
ISSUE 14	RELOCATION TO BAY AREA METRO CENTER	23
3760	STATE COASTAL CONSERVANCY	24
ISSUE 15	PROPOSITION 68 WEST COYOTE HILLS CONSERVANCY PROGRAM	24
3900	AIR RESOURCES BOARD	25
ISSUE 16	INCREASED LITIGATION COSTS	25
3980	OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT	26
ISSUE 17	LITIGATION COSTS (PROPOSITION 65)	26
3560	STATE LANDS COMMISSION	27
ISSUE 18	ENVIRONMENTAL JUSTICE PROGRAM	27
3720	CALIFORNIA COASTAL COMMISSION	28
ISSUE 19	EXTERNAL COUNSEL COSTS	28
ISSUE 20	FUNDING EXTENSION FOR OPERATIONAL COSTS	29
ISSUE 21	INCREASED LEASE COSTS	30

3790	DEPARTMENT OF PARKS AND RECREATION	31
ISSUE 22	PROJECT SCHEDULE UPDATES	31
ISSUE 23	LOCAL PARK PROJECTS: EXTENSION OF LIQUIDATION AND REAPPROPRIATION	31

ITEMS TO BE HEARD

ITEM	DESCRIPTION	PAGE
3540	DEPARTMENT OF FORESTRY AND FIRE PROTECTION	33
ISSUE 1	ISHI CONSERVATION CAMP: REPLACE KITCHEN	33
ISSUE 2	SAN MATEO/SANTA CRUZ UNIT HEADQUARTERS - RELOCATE AUTO SHOP	35
ISSUE 3	WILDFIRE PREVENTION AND RECOVERY LEGISLATIVE PACKAGE (SB 901) SPRING ADJUSTMENTS: UTILITY WILDFIRE	36
3810	SANTA MONICA MOUNTAINS CONSERVANCY	37
ISSUE 4	REIMBURSEMENT AUTHORITY INCREASE	37
3825	SAN GABRIEL AND LOWER LOS ANGELES RIVER AND MOUNTAINS CONSERVANCY	38
ISSUE 5	POSITION TO SUPPORT LOWER LA RIVER RECREATION AND PARK DISTRICT IMPLEMENTATION	38
	VARIOUS DEPARTMENTS	39
ISSUE 6	NATURAL WORKING LANDS FUNDING (PROP 68/GGRF/GF)	39

VOTE-ONLY**0555 CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY****VOTE-ONLY ISSUE 1: VARIOUS TECHNICAL ADJUSTMENTS**

The Governor's budget requests for the following:

Department	Title	Description
ARB	Continued Funding for AB 617 Implementation	Requests \$4.158 million GGRF to support 22.0 existing positions and 3.0 new Human Resource positions to continue the implementation of AB 617.
DTSC	Illegal Drug Lab Cleanup Program	Requests \$749,000 General Fund to fund costs related to illegal drug lab cleanup in California. This proposal is a funding shift from the Drug Lab Cleanup Account to the General Fund.

STAFF COMMENTS

This item was heard in this Subcommittee on March 20, 2019. In regards to the DTSC item, the proposed cost shift from the Drug Lab Cleanup Account to the General Fund would make it more difficult to track expenses from that Account, thereby decreasing transparency. Given this Subcommittee's efforts to address DTSC's budget imbalances, staff recommends rejecting this cost shift.

In regards to the ARB item, the future workload associated with AB 617 implementation is uncertain. As such, approving these positions on a limited two-year basis might be more appropriate. This would ensure the Legislature has an opportunity to reassess workload and staffing needs at an earlier date, but after ARB has some more experience implementing the program. This Subcommittee may also wish to adopt supplemental reporting language to require the ARB to provide information to help this Subcommittee evaluate any future proposal to extend funding for these positions.

Staff Recommendation: Reject DTSC cost shift and approve the requested ARB positions on a 2-year limited term basis. Additionally adopt SRL to require the ARB, prior to the expiration of these limited-term positions, to provide detailed information about workload associated with these positions, how workload is different from activities being conducted by local air districts, and metrics on AB 617 program outcomes.

3930 DEPARTMENT OF PESTICIDE REGULATION

VOTE-ONLY ISSUE 2: INFORMATION SECURITY TEAM

The Governor's budget requests \$446,000 Department of Pesticide Regulation Fund and three positions in 2019-20 and \$646,000 for ongoing costs annually thereafter. These resources will support additional information technology security and administrative needs.

STAFF COMMENTS

This item was heard in this Subcommittee on March 20, 2019. DPR evaluated its IT security risks via the Nationwide Cyber Security Review and California State Auditor information security surveys, and determined that the Department is deficient in several areas due to lack of staff resources. The requested resources would help address these vulnerabilities.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 3: PESTICIDES - SCHOOLSITES (AB 2816)

The Governor's budget requests \$136,000 Department of Pesticide Regulation Fund annually for two years and one permanent Environmental Scientist position to implement AB 2816 (Muratsuchi, Chapter 720, Statutes of 2018).

STAFF COMMENTS

This item was heard in this Subcommittee on March 20, 2019. Pests such as insects, rodents, fungi, and weeds can affect the school environment and the people there. Common habitats for pests include cafeterias, classrooms, lockers, gyms, locker rooms, dumpsters, landscapes, and athletic fields. The Healthy Schools Act was enacted to promote the use of reduced-risk pest management practices at schools and childcare centers. Providing DPR the requested resources would enable them to implement the AB 2816, Healthy Schools Act.

Staff Recommendation: Approve as Budgeted.

3980 OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT

VOTE-ONLY ISSUE 4: ENVIRONMENTAL HEALTH SUPPORT FOR COMMUNITIES (AB 617)

The Governor's budget requests \$982,000 in Greenhouse Gas Reduction Fund (including \$350,000 for contracts) and four permanent positions to support the Air Resources Board, local air districts, and impacted communities to implement AB 617 (C. Garcia, Chapter 136, Statutes of 2017).

STAFF COMMENTS

This item was heard in this Subcommittee on March 20, 2019.

Staff Recommendation: Approve as Budgeted.

8570 DEPARTMENT OF FOOD AND AGRICULTURE

VOTE-ONLY ISSUE 5: CITRUS PEST AND DISEASE PREVENTION PROGRAM RESOURCES

The Governor's budget requests \$5 million ongoing (\$2,500,000 General Fund and \$2,500,000 Department of Food and Agriculture Fund) and 65 positions to build a dedicated Citrus Pest and Disease Prevention Division within CDFA to enhance Asian Citrus Psyllid (ACP) and Huanglongbing (HLB) detection, suppression and eradication activities throughout the state.

STAFF COMMENTS

This item was heard in this Subcommittee on March 27. The Huanglongbing (HLB) disease and its vector, the Asian Citrus Psyllid (ACP) is one of the most devastating diseases of citrus. Since its discovery in Florida in 2005, citrus acreage in that state has declined significantly. Creating a dedicated division in CDFA to perform suppression activities to address the threat posed by ACP and HLB is a prudent one.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 6: CALIFORNIA BIODIVERSITY INITIATIVE

The Governor's budget requests \$4,220,000 General Fund one-time, \$3,901,000 General Fund in 2020-21 and ongoing and eight positions to initiate the planning and coordination of the workload associated with the California Biodiversity Initiative-A Roadmap for Protecting the State's Natural Heritage. This proposal also includes funding to restart CDFA's noxious weed management program, as well as provisional language to make this funding available for encumbrance or expenditure over a two-year period.

STAFF COMMENTS

This item was heard in this Subcommittee on March 27, 2019.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 7: DEFERRED MAINTENANCE

The Governor's budget requests \$3,000,000 General Fund one-time to address critical structural deficiencies at the Hawaii Fruit Fly Rearing Facility and the Plant Pest Diagnostic Center in Sacramento.

STAFF COMMENTS

This item was heard in this Subcommittee on March 27, 2019. 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.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 8: GREENHOUSE GAS REDUCTION FUND REAPPROPRIATION

A Spring Fiscal Letter requests that Item 8570-490 be added to extend the allocation and liquidation periods of funding for Climate Smart Agricultural programs in the California Department of Food and Agriculture's 2016 Budget Act Greenhouse Gas Reduction Fund appropriation. The liquidation period for this funding expires on June 30, 2020. The need for a reappropriation is due to project delays and cancellations, and the reappropriated funding will be allocated to new project applications received in fiscal year 2019-20.

8570-490—Reappropriation, Department of Food and Agriculture. 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, and liquidation until June 30, 2022:

3228—Greenhouse Gas Reduction Fund

(1) Item 8570-101-3228, Budget Act of 2016 (Ch. 23, Stats. 2016) as added by Chapter 370 of the Statutes of 2016, and as reappropriated by Item 8570-490, Budget Act of 2018 (Chs. 29 and 30, Stats. of 2018).

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 9: VARIOUS TECHNICAL ADJUSTMENTS

The Governor's budget requests for "technical baseline appropriation adjustments to continue implementation of previously authorized programs and chaptered legislation proposals without an appropriation." Specifically, this BCP contains seven distinct proposals, each is listed below.

- **Technical Adjustment to Convert Blanket Positions to Authorized Positions.** Request to convert six blanket positions to permanent authorized positions pursuant to Budget Letter 18-16. This is a request for position authority only with no increase in expenditure authority.
- **Federal Milk Marketing Order and Quota Implementation Program Establishment.** Request of a reduction of 34 positions to close the Dairy Marketing Branch and the Milk Pooling Branch due to the establishment of the Federal Milk Marketing Order on November 2018. CDFA also requests \$799,000 in Department of Food and Agriculture Fund authority ongoing to support five positions that were reclassified to comply with the request from the dairy industry to maintain the existing quota program.
- **Mountain Pass Border Protection Station Operations Expansion.** Requests \$724,000 General Fund and eight positions in 2019-20 and ongoing to operate additional lanes at the new Border Protection Station in Mountain Pass based on expanded design capacity.

- **Office of Information Technology Services Infrastructure.** Requests \$930,000 in distributed administration and one position in 2019-20 and \$142,000 and one position in 2020-21 and ongoing to: (1) operate and monitor CDFA's network and security infrastructure; (2) migrate to the California Department of Technology's (CDT) Tenant Managed Services Data Center environment; and, (3) replace critical equipment that has reached the end of its useful life.
- **Development of Pesticide Alternatives.** Requests \$671,000 Department of Food and Agriculture Fund (Ag Fund) authority in 2019-20 and ongoing for the Office of Pesticide Consultation and Analysis to support the scientific development of biological control efforts and testing of alternatives for pesticides being considered for deregistration in California.
- **Industrial Hemp Positions.** Requests for six positions for the development, enforcement, and administration of the Industrial Hemp Program.
- **Organic Waste Management.** Requests \$140,000 General Fund and one position in 2019-20 through 2025-26 to administer AB 1981 (Limón, Chapter 633, Statutes of 2018).

STAFF COMMENTS

This item was heard in this Subcommittee on March 27, 2019.

Staff Recommendation: Approve as Budgeted.

0540 NATURAL RESOURCES AGENCY**VOTE-ONLY ISSUE 10: 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.
Sierra Nevada Conservancy	Proposition 68 Reappropriation to Extend Liquidation	\$-	6088 Prop 68	2018-19	The Sierra Nevada Conservancy requests to extend the liquidation for the Item 3855-101-6088, Budget Act of 2018, by three years, from June 30, 2022 to June 30, 2025.

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	Flood-MAR	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

This item was heard in this Subcommittee on March 6, 2019.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 11: 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
	80061(b)	State Parks	Parks in Urban Areas (jurisdictions 200,000 or less in population)	\$15,000	\$18	\$13,925
	80065	State Parks	Regional Parks -- Competitive Grants	\$30,000	\$30	\$83
	80066	State Parks	Local or Regional Park Infrastructure for local agencies with revenue enhancement measures - Proportional Grants	\$40,000	\$293	\$37,133
	80070	State Parks	Restoration and Preservation of Existing Parks	\$80,000	\$2,100	\$132
	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	Dept. 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 Regional Allocations (\$10 million each: Central Valley, Central Coast, East Bay, Imperial County and Coachella Valley, Inland Empire)	\$50,000	\$150	\$11,650
	80080(a)	Natural Resources Agency	Trails and Greenway Investments - Competitive Grants	\$30,000	\$117	\$27,888

	80090(a)	State Parks	Parks in non-urbanized areas in accordance with the Roberti-Z'berg-Harris Urban Open-Space and Recreation Program Act -- Competitive Grants	\$25,000	\$30	\$83
			Subtotal	\$1,283,000	\$486,288	\$105,071
				\$37,500	\$8,675	\$8,675
	80100(a)(1)(A)	Santa Monica Mountains Conservancy	Protect or Enhance the Los Angeles River watershed and its tributaries			
	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	Santa Ana River Conservancy Program	\$16,000	\$0	\$0
	80100(a)(3)	Wildlife Conservation Board	Lower American River Conservancy Program	\$10,000	\$2,037	\$7,281
	80100(a)(4), (5), (7), (10)	Natural Resources Agency	California River Recreation, Creek, and Waterway Improvements (Los Gatos Creek/Guadalupe River/\$3,000; Russian River/\$3,000; Clear Lake/\$5,000, Los Angeles River in Glendale/ \$20,000)	\$31,000	\$28,840	\$120
	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 Purposes	Specified	\$27,000	\$3,200	\$6,181
80110(b)(3)	Coachella Valley Mountains Conservancy	Conservancy Purposes	Specified	\$7,000	\$0	\$2,000
80110(b)(4)	Sacramento-San Joaquin Delta Conservancy	Conservancy Purposes	Specified	\$12,000	\$1,056	\$9,291
80110(b)(5)	San Diego River Conservancy	Conservancy Purposes	Specified	\$12,000	\$50	\$2,100
80110(b)(6)	Rivers and Mountains Conservancy	Conservancy Purposes	Specified	\$30,000	\$0	\$6,602
80110(b)(7)	San Joaquin River Conservancy	Conservancy Purposes	Specified	\$6,000	\$0	\$0
80110(b)(8)	Santa Monica Mountains Conservancy	Conservancy Purposes	Specified	\$30,000	\$25,300	\$300
80110(b)(9)	Sierra Nevada Conservancy	Conservancy Purposes	Specified	\$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
	80137(a)	Natural Resources Agency	Various Projects (Native American Resources; Repurpose Powerplants; Science Centers; Natural Resources Investments, Cultural and Visitor Centers) -- Competitive Grants	\$40,000	\$39,115	\$0
	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 of	Statewide Bond Costs		\$747	\$748
	Various	Water Resources	Statewide Bond Costs		\$188	\$190
			Subtotal	\$0	\$1,362	\$1,363
		Grand Total	\$4,100,000	\$1,163,342	\$891,044	

STAFF COMMENTS

This item was heard in this Subcommittee on March 6, 2019. The overall proposed spending plan seems reasonable. However, this Committee has received concerns over the \$70 million for voluntary agreements. To mitigate these concerns, the Subcommittee may wish to include budget bill language to ensure the funds are being spent on projects that are resolving conflicts through the voluntary agreements and not to fund projects that are already required. The budget bill language should contain the following:

- (1) A list of the specific projects that this funding will be spent on;
- (2) confirmation for each project on the list that funding is not being used to pay for projects that are already required under existing regulations, permits, or other mitigation obligations, or would be used to meet future regulatory requirements, in

order to ensure that the public taxpayers are not subsidizing the costs of compliance for private parties (see Cal. Water Code § 80020);

- (3) confirmation that a voluntary agreement has been executed between the Department of Fish and Wildlife, local agencies, water districts, and non-governmental organizations, that such agreement was submitted to and approved by the State Water Resources Control Board to implement updated water quality standards for the Bay Delta (Cal. Water Code §§ 80114(a), (b)(1)).

Staff Recommendation: Approve as Budgeted. Additionally adopt budget bill language as follows: *“On or before July 1 of each year until these monies have been expended, the Resources Agency shall provide a report to the chairpersons of the appropriate subcommittees that consider the state budget. That report shall include all of the following: (1) a list of the specific projects that the Resources Agency has approved the expenditure of this funding on; (2) confirmation that none of this funding is being expended on projects that are already required under existing laws, regulations, permits, or other legal or mitigation obligations, or to meet existing or future regulatory requirements; (3) confirmation that a voluntary agreement has been executed between the Department of Fish and Wildlife, local agencies, water districts, and non-governmental organizations, and that such agreement was submitted to and approved by the State Water Resources Control Board to implement updated water quality standards for the Bay Delta.”*

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION

VOTE-ONLY ISSUE 12: PROFESSIONAL STANDARDS PROGRAM CONTINUATION

The Governor's budget requests \$4 million ongoing (\$2.5 million General Fund, \$178,000 Greenhouse Gas Reduction Fund, and \$1.3 million in reimbursement authority) and 14 positions to continue the Professional Standards Program.

STAFF COMMENTS

This item was heard in this Subcommittee on March 13, 2019. This request to make the Professional Standards Program permanent is reasonable. The workload and need for this program is established and ongoing and would enable CalFire to continue a robust training program and perform consistent investigations statewide.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 13: CONTRACT COUNTY CAPITAL OUTLAY

The Governor's budget requests \$3.3 million General Fund ongoing to restore proportional capital outlay funding to the six Contract Counties.

STAFF COMMENTS

This item was heard in this Subcommittee on March 13, 2019. This proposal seeks to restore the proportional capital outlay funding that the State once provided the contract counties. Given the contractual relationship between CalFire and these counties, it is reasonable for the State to provide some level of assistance for their capital outlay needs.

Staff Recommendation: Approve as Budgeted.

3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

VOTE-ONLY ISSUE 14: 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.

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.

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 Requested.

3760 STATE COASTAL CONSERVANCY

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 Requested.

3900 AIR RESOURCES BOARD

VOTE-ONLY ISSUE 16: 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 Requested.

3980 OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT

VOTE-ONLY ISSUE 17: 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 Requested.

3560 STATE LANDS COMMISSION**VOTE-ONLY ISSUE 18: 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 Requested.

3720 CALIFORNIA COASTAL COMMISSION

VOTE-ONLY ISSUE 19: 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.

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 Bagley Keene 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 item was heard on April 24, 2019.

Staff Recommendation: Approve as Requested.

VOTE-ONLY ISSUE 20: 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 Requested.

VOTE-ONLY ISSUE 21: INCREASED LEASE COSTS

This Subcommittee did not receive a budget change proposal for the increased lease cost for the California Coastal Commission. The Coastal Commission instead, includes \$1.3 million in new ongoing General Fund for higher rent costs in the new office location within its base budget.

BACKGROUND

The Coastal Commission's headquarters is in San Francisco. In addition to its headquarters in San Francisco, the Coastal Commission maintains six regional district offices: North Coast, North Central Coast, Central Coast, South Central Coast, South Coast, and San Diego Coast to provide accessibility to, and participation by, the public.

The North Central Coast District Office is located at Headquarters and serves four counties (Sonoma, Marin, San Francisco, and San Mateo) from the north end of Sonoma County at the Gualala River to the San Mateo/Santa Cruz County border near Año Nuevo State Reserve in the south, approximately 258 miles of coastline. It encompasses three offshore National Marine Sanctuaries.

According to the Coastal Commission, San Francisco is a central location between Northern California and Southern California, making it easily accessible by other District offices, appointed members, public officials, local governments, and the public served by the Coastal Commission. They further assert that the current headquarters is close to the Coastal Commission's sister agencies, the San Francisco Bay Conservation and Development Commission who is also in San Francisco and the State Coastal Conservancy in Oakland. Staff works closely with these agencies. The Coastal Commission's human resources office provides personnel services for the SFBCDC.

Approved funds for the Coastal Commission to address increased lease cost at its San Francisco Headquarters and its North Coast District Office. The Budget Act of 2018 provided \$1.409 million ongoing in General Fund for the Coastal Commission to address the increased leasing costs at its San Francisco Headquarters and the North Central Coast District office.

STAFF COMMENTS

This item was heard in this Subcommittee on March 27, 2019. Commercial space in San Francisco is expensive and this increase appears to be reasonable.

Staff Recommendation: Approve this increase.

3790 DEPARTMENT OF PARKS AND RECREATION**VOTE-ONLY ISSUE 22: PROJECT SCHEDULE UPDATES**

A Spring Fiscal Letter requests to withdraw three capital outlay projects included in the Governor's Budget. These projects, listed below, are delayed and would not require the originally requested funding in 2019-20.

- Ocotillo Wells SVRA: Auto Shop Addition
- San Luis Reservoir SRA: San Luis Creek Ramp Replacement and Parking Improvements
- Pfeiffer Big Sur SP: Low-Cost Alternative Coastal Lodging

Staff Recommendation: Approve as Requested.

VOTE-ONLY ISSUE 23: LOCAL PARK PROJECTS: EXTENSIONS OF LIQUIDATION AND REAPPROPRIATIONS

A number of grantees with grant projects administered by the Department of Parks and Recreation have requested for liquidation extensions or reappropriations of the grant funding for various park projects. The liquidation extensions requests are as follows:

Fund Source	Project Name	Grantee Name	Current Grant Balance	Liquidation Date Needed	Expected Completion
General Fund	California Museum	California Museum of History	\$1,038,640	June 30, 2020	Summer 2019
General Fund	Lodi Lake Park Erosion Control	City of Lodi	\$1,000,000	June 30, 2022	Early 2022
2006 Bond Act (Proposition 84)	Pacoima Wash Greenway – El Dorado Park	Mountains Recreation & Conservation Authority	\$1,030,980	June 30, 2021	Spring 2021
Proposition 84	Compton Creek – Washington Elementary Natural Park	Los Angeles Conservation Corps	\$989,301	June 30, 2021	Fall 2020
Proposition 84	Terasaki Budokan Recreation Center/Park	Little Tokyo Service Center	\$1,903,485	June 30, 2020	Early 2020
Proposition 84	Madison Avenue Park	Trust for Public Land	\$1,521,284	June 30, 2020	Early 2020

Proposition 84	South Victoria Avenue Park	Trust for Public Land	\$1,614,627	June 30, 2020	Fall 2019
Proposition 84	Albion Riverside Park	City of Los Angeles	\$2,843,375	June 30, 2020	Fall 2019
Proposition 84	Living Lab: Canyon Connection Park	Ocean Discovery Institute	\$827,626	June 30, 2020	Spring 2020
Proposition 84	Mud Town Farms	Watts Labor Community Action Committee	\$2,480,880	June 30, 2020	Fall 2019
Proposition 84	Taylor Mountain Regional Park and Open Space	County of Sonoma	\$150,000	June 30, 2020	Summer 2019
Proposition 84	Franklin/Ivar Park	Mountains Recreation & Conservation Authority	\$400,000	June 30, 2020	Spring 2020
Proposition 84	Hollister/Kellogg Park	City of Goleta	\$182,000	June 30, 2020	Fall 2019
Proposition 84	Richgrove Community Park	Richgrove Community Services District	\$567,842	June 30, 2020	Spring 2020
Proposition 84	Parlier City Park	City of Parlier	\$1,410,843	June 30, 2020	Summer 2019

Requests for an additional year for encumbrance/expenditure as follows:

Fund Source	Project Name	Grantee Name	Current Grant Balance	Encumbrance Date Needed	Expected Completion
2002 Bond Act (Proposition 40), Per Capita	Three Creeks Trail	City of San Jose	\$1,773,027	June 30, 2020	Spring 2020
Proposition 40, Roberti-Z/Berg Harris Block	Three Creeks Trail	City of San Jose	\$29,526	June 30, 2020	Spring 2020
Proposition 40, Urban Park Act of 2001	East Wilmington Greenbelt Park	City of Los Angeles	\$2,932,921	June 30, 2020	Fall 2019

Staff Recommendation: Approve as Requested.

ITEMS TO BE HEARD

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION

ISSUE 1: 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. According to the Administration, the scope change cost increases are primarily due to State Fire Marshal requirements and unanticipated increased project work. The Administration provided a list of the cost relating to the increased project work, which are as follows:

- \$2.5M for site work.
- \$861,000 for Fire Water Distribution, which includes a new 180,000 gallon tank, pump and distribution infrastructure.
- \$352,000 for site electrical (new PG&E service and associated distribution).
- \$530,000 for rerouting of sanitary sewer, storm sewer, grading and paving, site concrete.
- \$75,000 for special consultants
- \$210,000 for DGS project management.
- \$97,000 DGS contracts fee.
- \$572,000 for construction inspection and travel.

Staff Recommendation: Approve as Requested.

ISSUE 2: 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. According to the Administration, difference between the \$5.9 million required to bid the project and the \$7.3 million requested is related to soft costs for DGS overhead, a higher contingency consistent with the higher total project cost, and additional inspections and testing. The breakdown of the reasons provided by the administration for the increased costs are as follows:

- The labor cost increase in Santa Cruz is up by 4.3%.
- The 2018 material cost increase in California is up by 5.75%.
- An additional fire water system and 100K gallon water tank is required.
- Various minor design changes/change orders to make the design more user friendly based on experiences with the Altaville Auto Shop project that was recently completed.

Staff Recommendation: Approve as Requested.

**ISSUE 3: 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.

3810 SANTA MONICA MOUNTAINS CONSERVANCY

ISSUE 4: REIMBURSEMENT AUTHORITY INCREASE

A Spring Fiscal Letter requests \$1.5 million in increased reimbursement authority to accommodate a grant from the Regional Forest and Fire Capacity Program.

BACKGROUND

The Regional Forest and Fire Capacity Program. The Division of Land Resource Protection (DLRP), within the Department of Conservation operates the Regional Forest and Fire Capacity Program (RFFCP). RFFCP seeks to increase regional capacity to prioritize, develop, and implement projects that improve forest health and fire resilience, facilitate greenhouse gas emissions reductions, and increase carbon sequestration in forests throughout California. RFFCP is one element of the state's efforts to improve forest health, protect communities from wildfire risk and implement the California Forest Carbon Plan and Executive Order B-52-18. Projects funded through the program will build on priority projects identified by the Forest Management Task Force and the California Department of Forestry and Fire Protection through Executive Order N-05-19.

RFFCP awarded six block grants. Six regional block grants, including one to the Santa Monica Mountains Conservancy, were awarded on a noncompetitive basis to support project implementation in the North Coast, Central Coast, Sierra Nevada, Klamath-Cascade, and Southern California Regions. In addition, two grants were awarded to assist in implementing statewide efforts. Regional block grant recipients will oversee distribution of funding and collaborative planning with local entities including municipal and Tribal governments, nonprofits and community organizations, land trusts, Resource Conservation Districts, residents, private and public forest landowners and managers, businesses, and others to accomplish the program's objectives.

STAFF COMMENTS

Approving this request would enable the Santa Monica Mountains Conservancy to receive and expend the grant from RFFCP.

Staff Recommendation: Approve as Requested.

3825 SAN GABRIEL AND LOWER LOS ANGELES RIVER AND MOUNTAINS CONSERVANCY

ISSUE 5: POSITION TO SUPPORT LOWER LA RIVER RECREATION AND PARK DISTRICT IMPLEMENTATION

A Spring Fiscal Letter requests authority for one additional position for the next three years for the implementation of the Lower Los Angeles River Recreation and Park District as authorized by SB 1374 (Lara, Chapter 486, Statutes of 2016).

BACKGROUND

The Lower Los Angeles River Recreation and Park District. SB 1374 authorized the creation of the Lower Los Angeles River Recreation and Park District by petition or resolution submitted to the Los Angeles County Local Agency Formation Commission (LAFCO) before January 1, 2021.

RMC is providing support for the formation of this Park District. Conservancy staff is providing background information and context of the unique needs of the Lower Los Angeles River and consultative support to filing a proposal with LAFCO, including meeting LAFCO's criteria for a funding plan. However, the tasks and responsibilities involved with the establishment of a new district would require an experienced employee dedicated to ensure the success and viability of such a district. Therefore, the Conservancy requests to establish a new full time position, prior to the establishment of the formal recreation and park district.

STAFF COMMENTS

This request is for position authority only. The Budget Act of 2018 included \$19 million General Fund for RMC for the implementation of the Lower Los Angeles River Recreation and Park District. A portion of that funding will be used to support the requested position, which will oversee grants to local entities and assist in the creation of the Park District. RMC will abolish the position after three years once the district is established and the funding has been awarded. The ongoing cost of operating the newly created Park District will be the responsibility of the local entities.

Staff Recommendation: Approve as Requested.

VARIOUS DEPARTMENTS

ISSUE 6: NATURAL WORKING LANDS FUNDING (PROP 68/GGRF/GF)

This Subcommittee will receive a briefing from the Administration on the proposed funding from Proposition 68 for natural and working lands and the rationale for eliminating those funding categories from the Greenhouse Gas Reduction Fund expenditure plan.

BACKGROUND

Natural and Working Lands. Defined in statute in SB 1386 (Chapter 545, 2016), natural and working lands consist of forests, grasslands, deserts, freshwater and riparian systems, wetlands, coastal and estuarine areas, watersheds, wildlands, or wildlife habitat, or lands used for recreational purposes such as parks, urban and community forests, trails, greenbelts, and other similar open-space land, and lands used for farming, grazing, or the production of forest products. In addition, the stated benefit of protecting and managing natural and working lands include, but are not limited to, assisting with adaptation to the impacts of climate change, improving water quality and quantity, flood protection, ensuring healthy fish and wildlife populations, and providing recreational and economic benefits.

Greenhouse Gas Reduction Fund (GGRF). The GGRF was established in 2012 by AB 1532 (J. Pérez), SB 535 (de León), and SB 1018 (Budget and Fiscal Review Committee). The GGRF receives Cap-and-Trade auction proceeds and specifies that “moneys shall be used to facilitate the achievement of reductions of greenhouse gas emissions and to the extent feasible: maximize economic, environmental, and public health benefits to the state.”

GGRF funding for natural and working lands. Over the last several years, the Budget has included various amounts of GGRF funding for several categories in support of natural and working lands. Many of which were not proposed to receive funding for 2019-20. Some of these programs are listed below:

- **Urban Greening (CNRA)/Urban Forestry (CalFire):** Urban forests and green infrastructure are the primary carbon sequestration mechanism in our state’s densely-populated communities, and are critical to improving health and combatting the increasing urban heat island effect. These programs also help provide urban communities with access to recreation and produce additional benefits, such as flood protection, wildlife habitat, and improved air and water quality.
- **Healthy Forests (CalFire):** Restoring the health of our forests promotes the long-term storage of carbon in forests trees and soils. A healthy forest also protects upper watersheds where the state’s water supply originates and minimizes the loss of forest carbon from large, intense wildfires.
- **Healthy Soils (CDFA)/State Water Energy Efficiency Program (CDFA):** Climate smart agriculture is critical to transforming traditional on-farm management practices into energy and water-saving solutions. These programs fund projects that allow farms to switch to

solar-powered pumps and soil moisture monitoring, and help turn the state's farms and ranches from carbon emitters into carbon sinks.

- **Wetland and Mountain Meadow Restoration Program (CDFW)/Climate Adaptation Program (WCB):** Supporting programs designed to manage and restore California's natural and working lands to be more resilient to climate change is key to the State's adaptation goals. Restoring wetlands and wet meadows can sequester huge amounts of carbon, re-establish crucial habitat for fish and wildlife, help buffer extreme storm events and sea level rise, and integrate with forest health efforts to achieve more holistic watershed restoration to protect our water sources.
- **Climate Ready Program (SCC)/ Coastal Adaptation Planning (CCC/BCDC).** The State Coastal Conservancy's Climate Ready Program supports multi-benefit projects that use natural systems to assist communities in adapting to the impacts of climate change through local action and engagement. Funding to the Coastal Commission and SF Bay Conservation and Development commission has provided much needed funding for grants to assist local governments with sea-level rise planning and adaptation.

Proposition 68 also contains funding for natural and working lands. Prop 68, also known as the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act, 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. Many of the categories of funding overlaps with what we've funded in GGRF.

General Fund Decreases to Natural Resources. The Administration's proposed budget would decrease General Fund expenditures to the Resources Agency by about \$400 million (a ten percent reduction from the current budget year). Many of items funded in the current year were one-time investments that have not been proposed again in the 2019-2020 budget year.

General Fund Expenditures by Agency
(Dollars in Millions)

	2018-19	2019-20	Change from 2018-19	
			Dollar Change	Percent Change
Legislative, Judicial, Executive	\$4,643	\$4,559	-\$84	-1.8%
Business, Consumer Services & Housing	449	1,693	1,244	277.1%
Transportation	214	296	82	38.3%
Natural Resources	3,909	3,509	-400	-10.2%
Environmental Protection	358	123	-235	-65.6%
Health and Human Services	37,098	40,302	3,204	8.6%
Corrections and Rehabilitation	12,495	12,482	-13	-0.1%
K-12 Education	57,861	58,746	885	1.5%
Higher Education	16,348	17,180	832	5.1%
Labor and Workforce Development	159	125	-34	-21.4%
Government Operations	4,876	1,253	-3,623	-74.3%
General Government:				
Non-Agency Departments	1,145	821	-324	-28.3%
Tax Relief/Local Government	472	461	-11	-2.3%
Statewide Expenditures	4,055	2,641	-1,414	-34.9%
Total	\$144,082	\$144,191	\$109	0.1%

Note: Numbers may not add due to rounding.

STAFF COMMENTS

During the GGRF expenditure plan item at the April 10th hearing, the Chair of this Subcommittee asked the Administration why several of the funding categories supporting the restoration and conservation of natural and working lands were eliminated. The Administration responded by saying many of these programs are either still working to expend all the funds previously allocated or that they will be receiving other sources of funding, such as Prop 68. The concern this Subcommittee has is that Prop 68 funds were meant to be additive, and not to supplant current sources of funding. The Subcommittee may wish to ask the Administration the following questions:

- Of the programs you are proposing to eliminate GGRF funding for, how many are still working on expending existing funds?
- What is the demand for these programs?
- If the existing demand is outpacing the funding levels, would it not be prudent to additionally allocate even if current funds are not exhausted to ensure continuity?
- What other sources of funding exist for these programs aside from GGRF and Prop 68?
- Is the Administration considering restoring some of these categories as part of May Revision?

Given the reduced General Fund expenditures in the Administration's proposed budget, this Subcommittee has similar concerns that Proposition 68 is being used as a reason to not continue investments from the General Fund for CNRA and natural and working lands investments. In 2017, the Legislature and the Administration created the Natural Resources and Parks Preservation Fund (SB 92, 2017) for moneys to be used "to restore, preserve, protect, manage, or enhance California's natural, historical, or cultural resources or the environmental quality of the state". The Preservation Fund has not been funded since its creation, but may serve as a unique vehicle to work with the Administration to identify and provide funding for additional one-time General Fund investments that support California's natural and working lands.

Given that this fund was created to complement other GO bond investments with pay-as-you go investments, the Subcommittee should consider other natural and working lands investments that may otherwise not be appropriate to fund from the GGRF, but could be funded with GF. The Subcommittee may wish to ask the Administration the following questions:

- Why has the Administration not considered the Natural Resources and Parks Preservation Fund as a pathway to fund agencies with General Fund dollars to complement the investments from GO bonds, like Proposition 68?
- Are there current items or programs that would benefit from additional resources, like additional deferred maintenance funding for State Parks and the Department of Fish and Wildlife, in addition to what has already been proposed?
- Would the departments and agencies under CNRA benefit from additional resources and capacity to support implementation of activities that will have an impact on the state's

natural and working lands like: SGMA, the Biodiversity Initiative, conservation planning initiatives like Natural Community Conservation Plans, Regional Conservation Investment Strategies, and the Essential Habitat Connectivity Project and other wildlife connectivity projects?

- Given the funding provided to date to develop plans related to coastal adaptation and sea level rise, can the coastal agencies benefit from larger allocations to begin conducting the work that is needed now and into the future?

Staff Recommendation: No Action, Informational Only.

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.