

AGENDA PART 2

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 ON RESOURCES AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD BLOOM, CHAIR

MONDAY, MAY 18, 2015

1:30 P.M. OR UPON ADJOURNMENT OF SESSION - STATE CAPITOL ROOM 437

Consent Calendar – May Revision Proposals		
Org Code	Department	Summary
0540	Secretary of Natural Resources	Lake Tahoe Science Advisory Council. Requests to shift \$300,000 (Lake Tahoe Science and Lake Improvement Account) from the California Tahoe Conservancy to the Secretary for Natural Resources, to fund the operation of the new bi-state science advisory council established in 2014.
3540	Department of Forestry and Fire Protection	Technical Adjustment for Minimum Wage Increase. Requests \$1,639,000 (General Fund) to maintain wage parity between CalFIRE firefighters and contract county firefighters per the terms of these contracts and fund miscellaneous CalFIRE firefighter benefit increases related to the statewide minimum wage increase that takes effect January 1, 2016.
3860	Department of Water Resources	Reappropriation. Requests reappropriation of Prop 1E funds and provisional language making funds available for encumbrance until June 30, 2020 and for liquidation until June 30, 2023.
3860	Department of Water Resources	Reversions. Requests technical adjustments to reversions of unexpended bond funds from various water related programs and projects from prior year appropriations to prevent over-allocation of bond funds. Also requests a reversion of \$184.8 million Prop 1E that is not expected to be encumbered or expended in the budget year.
3860	Department of Water Resources	FloodSAFE California Program Technical Corrections and Adjustments. Requests technical corrections and adjustments to decrease items to properly represent bond totals.
3940	State Water Resources Control Board	Technical Adjustments for Administration and Distributed Administration. Requests a series of technical adjustments to the Administration and Distributed Administration program to properly allocate Distributed Administration to various funds. These changes result in a net zero change to Administration and Distributed Administration.
3940	State Water Resources Control Board	Drinking Water Program Technical Bond Adjustments. Requests various technical bond adjustments for Proposition 50 and 84 appropriations.

VOTE-ONLY ITEMS		
ITEM	DESCRIPTION	
0540	SECRETARY OF NATURAL RESOURCES	
ISSUE 1	CREATION OF PLANNING FOR SEA LEVEL RISE DATABASE	3
ISSUE 2	MARINE PROTECTED AREA MONITORING	3
3110	SPECIAL RESOURCES PROGRAM	
ISSUE 3	LAKE TAHOE EVALUATION REPORT	3
3360	CALIFORNIA ENERGY COMMISSION	
ISSUE 4	ECCA PROGRAM SUPPORT REDUCTION	4
3540	DEPARTMENT OF FORESTRY AND FIRE PROTECTION	
ISSUE 5	AIR TANKER REPLACEMENT FOR FIRE PROTECTION	4
ISSUE 6	PUBLIC EDUCATION FOR FIRE PREVENTION AND PREPAREDNESS	4
ISSUE 7	IMPLEMENTATION OF AB 52	4
ISSUE 8	AUTOMATIC EXTINGUISHING SYSTEMS WORKER CERTIFICATION	5
ISSUE 9	CONFORMING ACTION: CONTRACT COUNTY CAPITAL OUTLAY	5
3600	DEPARTMENT OF FISH AND WILDLIFE	
ISSUE 10	MINOR CAPITAL OUTLAY	6
3790	DEPARTMENT OF PARKS AND RECREATION	
ISSUE 11	EMPIRE MINE STATE HISTORIC PARK	6
ISSUE 12	CONCESSIONS PROGRAM	7
ISSUE 13	ACCEPTANCE OF GIFTS AND DONATIONS TRAILER BILL LANGUAGE	7
3825	SAN GABRIEL LOWER LOS ANGELES RIVERS AND MOUNTAINS CONSERVANCY	
ISSUE 14	NEW APPROPRIATIONS AND REVERSION OF PROP 40, 50, AND 84 – CAPITAL OUTLAY	7
3860	DEPARTMENT OF WATER RESOURCES	
ISSUE 15	PROPOSITION 1E BALANCE OF FUNDS (NON-FLOODSAFE)	8
3940	STATE WATER RESOURCES CONTROL BOARD	
ISSUE 16	FACILITIES OPERATIONS FUNDING	8
3980	OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT	
ISSUE 17	TRAILER BILL LANGUAGE TO ELIMINATE DUPLICATIVE PEER REVIEW REQUIREMENT	9

ITEMS TO BE HEARD		
ITEM	DESCRIPTION	
2240	DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT	
3860	DEPARTMENT OF WATER RESOURCES	
4700	DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT	
3940	STATE WATER RESOURCES CONTROL BOARD	
7760	DEPARTMENT OF GENERAL SERVICES	
0690	OFFICE OF EMERGENCY SERVICES	
ISSUE 1	EMERGENCY DROUGHT RESPONSE	10
3340	CALIFORNIA CONSERVATION CORPS	
3540	DEPARTMENT OF FORESTRY AND FIRE PROTECTION	
ISSUE 1	EXPANSION OF RESIDENTIAL PROGRAM AND RE-OPEN MAGALIA CONSERVATION CAMP	15
3360	CALIFORNIA ENERGY COMMISSION	
ISSUE 1	FEDERAL FUND EXPENDITURE AUTHORITY FOR ARRA THIRD PARTY FUNDS	16
ISSUE 2	NEW SOLAR HOMES PARTNERSHIP – TRAILER BILL LANGUAGE	17
3480	DEPARTMENT OF CONSERVATION	
ISSUE 1	OIL AND GAS DATA MANAGEMENT SYSTEM	19
3540	DEPARTMENT OF FORESTRY AND FIRE PROTECTION	
ISSUE 1	ILLEGAL FIREWORKS DISPOSAL	20
INFORMATIONAL ITEM	STRANDING OF SEA LION PUPS	22
3780	NATIVE AMERICAN HERITAGE COMMISSION	
ISSUE 1	IMPLEMENTATION OF NEW CALIFORNIA ENVIRONMENTAL QUALITY ACT REQUIREMENTS AND REPATRIATION OF NATIVE AMERICAN REMAINS AND CULTURAL ITEMS TRAILER BILL LANGUAGE	24
3940	STATE WATER RESOURCES CONTROL BOARD	
ISSUE 1	BAY DELTA WATER QUALITY CONTROL PLAN UPDATE AND IMPLEMENTATION	25
3960	DEPARTMENT OF TOXIC SUBSTANCES CONTROL	
ISSUE 1	ENHANCED ENFORCEMENT INITIATIVE	26
ISSUE 2	HAZARDOUS WASTE ENFORCEMENT PROGRAM IMPROVEMENTS	27
ISSUE 3	SAFER CONSUMER PRODUCTS PRIORITY WORK PLAN	27
ISSUE 4	POSITION FUNDING REALIGNMENT	28
ISSUE 5	EXPEDITED REMEDIAL ACTION PROGRAM	28
8660	PUBLIC UTILITIES COMMISSION	
ISSUE 1	NET ENERGY METERING ON MILITARY BASES - TRAILER BILL LANGUAGE	30
0540	SECRETARY OF NATURAL RESOURCES	
ISSUE 1	EXPANSION OF TIMBER REGULATION AND FOREST RESTORATION PROGRAM	32

VOTE-ONLY**0540 SECRETARY OF NATURAL RESOURCES**

VOTE-ONLY ISSUE 1: CREATION OF PLANNING FOR SEA LEVEL RISE DATABASE

The May Revision requests \$155,000 (General Fund) and one position to provide funding for gathering and publicly distributing information about state and local activities related to sea level rise planning to implement AB 2516 (Gordon), Chapter 522, Statutes of 2014.

VOTE-ONLY ISSUE 2: MARINE PROTECTED AREA MONITORING

The May Revision requests an amendment to its January budget proposal, to shift \$2.5 million in bond funding from Proposition 84 to the General Fund, for one year, to continue implementation of the marine protected area monitoring program.

STAFF COMMENT

Staff has no concerns with these proposals.

Staff Recommendation: Approve May Revision Proposals

3110 SPECIAL RESOURCES PROGRAM

VOTE-ONLY ISSUE 3: LAKE TAHOE EVALUATION REPORT

The May Revision requests the California share of \$325,000 from the Lake Tahoe Conservancy Account (0286), to be matched by the State of Nevada (included in NV Governor Sandoval's budget), to fund Threshold monitoring, analysis, and preparation of the mandatory 4-Year 2016 Threshold Evaluation Report. The Tahoe Compact, adopted Regional Plan, and Code require monitoring and periodic comprehensive reporting on the status and progress of achieving hundreds of environmental threshold standards. Previous Threshold monitoring has been funded by the Tahoe Regional Planning Agency, California, Nevada, federal, and local agencies through existing budgets and occasional grant sources. Past funding sources have been reduced or eliminated to the point that annual monitoring and preparation of the mandatory 4-Year Threshold Evaluation Report requires additional funds.

STAFF COMMENT

Staff has no concerns with this proposal.

Staff Recommendation: Approve May Revision Proposal

3360 CALIFORNIA ENERGY COMMISSION**VOTE-ONLY ISSUE 4: ECCA PROGRAM SUPPORT REDUCTION**

The May Revision requests the reduction of five positions and \$603,000 from the Energy Conservation and Assistance Account (ECCA). The proposed change eliminates positions that support ECCA – Greenhouse Gas Reduction Fund loan and technical assistance program. This work and funding is proposed to be transferred to the Department of General Services (DGS). The DGS administers an existing energy efficiency retrofit program for state buildings utilizing energy services companies to perform audits, project design and implementation. Consolidating energy work for state owned facilities funded through the GGRF allows for leveraging of fund sources within one administering agency rather than two.

STAFF COMMENT

Staff has no concern with this proposal

Staff Recommendation: Approve May Revision Proposal**3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION****VOTE-ONLY ISSUE 5: AIR TAKER REPLACEMENT FOR FIRE PROTECTION**

The May Revision requests \$6 million (General Fund) to provide for the replacement of the air tanker that was lost in 2014. The request also includes funding for a contracted large air tanker to temporarily fill the service gap created by the lost tanker until the replacement is ready.

VOTE-ONLY ISSUE 6: PUBLIC EDUCATION FOR FIRE PREVENTION AND PREPAREDNESS

The May Revision requests \$1.2 million (State Responsibility Area [SRA] Fire Fee), ongoing, to provide for a public information campaign on fire prevention and preparation for wildland fires for residents and visitors to the SRA. The program is intended to decrease fire risk for the state and coordinates with existing drought activities.

VOTE-ONLY ISSUE 7: IMPLEMENTATION OF AB 52

The May Revision requests \$130,423 (\$74,527 Timber Regulation and Forest Restoration Fund and \$55,896 State Responsibility Area Fund) for archaeological assistance from multiple institutions of higher learning to implement the requirements of AB 52 (Chapter 532, Statutes of 2014) related to California Environmental Quality Act (CEQA) lead agency consultative requirements with Native American tribes.

VOTE-ONLY 8: AUTOMATIC EXTINGUISHING SYSTEMS WORKER CERTIFICATION

The May Revision proposal requests \$888,000 (State Fire Marshal Licensing and Certification Fund) and five positions to create regulations and establish a certification program for fire sprinkler fitters. The proposal includes a new fee of \$125 per certification to cover the costs of the program, a certification process to shorten and standardize the length of training, and to increase the number of trained pipefitters. This request would allow the creation of an industry requested certification program to address public safety concerns regarding the certification of automatic fire sprinkler fitters.

VOTE-ONLY 9: CONFORMING ACTION: CONTRACT COUNTY CAPITAL OUTLAY

In previous years, contract counties (those counties providing wildland fire services in their respective jurisdictions), have received minor capital outlay funding as a part of their contracts. According to the Attorney General, the contracts are based on “like” funding, which includes minor capital outlay. This amount totals about \$975,000 per year, which was eliminated in 2013. The Department of Finance considers this part of the reductions made to during the fiscal downturn. This cut was not enumerated for the Legislature in budget reduction proposals in previous years, and therefore should be considered as part of the baseline for contract counties.

Senate Budget Subcommittee No. 2 approved \$975,000 additional funding (General Fund and other funds, as appropriate) to allow baseline capital outlay for contract counties.

STAFF COMMENT

Staff has no concerns with these proposals.

Staff Recommendation: Approve May Revision Issues and Conform with Senate action on Issue 9.

3600 DEPARTMENT OF FISH AND WILDLIFE

VOTE-ONLY 10: MINOR CAPITAL OUTLAY

The May Revision requests \$1,137,000 (Hatcheries and Inland Fisheries Fund) for three minor capital outlay projects. This request would support the purchase and installation of a pre-manufactured home at the Silverado Fisheries Base, the Mojave River Hatchery, and the Black Rock Hatchery. All three projects will provide designated employee housing, consistent with the Department's policy of providing 24-hour care and nightly standby duty to prevent fish loss from unforeseen operational emergencies. The Administration argues that these projects will support successful compliance with the fish production goals and mandates set forth in SB 1148 (Chapter 565, Statutes of 2012).

STAFF COMMENT

Staff has no concerns with this proposal.

Staff Recommendation: Approve May Revision Proposal

3790 DEPARTMENT OF PARKS AND RECREATION

VOTE-ONLY ISSUE 11: EMPIRE MINE STATE HISTORIC PARK

The May Revision requests a two year appropriation totaling \$1.847 million (Abandoned Mine Reclamation Fund) for the continued evaluation, analysis, and implementation of removal actions required at Empire Mine State Historic Park. The Department and Newmont Mining Corporation recently entered into a settlement agreement in which Newmont will provide the Department nearly \$15 million. This request is separate to another proposal put forward as a result of the settlement with Newmont to resolve funding for operation of a passive treatment water system at Empire Mine State Historic Park. Measures in this proposal include, but are not limited to, removing contaminated materials and/or facilities, capping areas of contaminants, expansion of wetland remediation areas, conveyance corridor assessment and removal action evaluation and implementation, storm water management, minimizing soil erosion, re-alignment of trails around closed areas, exclusion zone fencing and signage, leachate collection system, and dam stability analysis.

Since settlement has been reached with Newmont USA Limited, over the course of the next fiscal year efforts will be made to develop a multi-year funding plan to address the long-term State's responsibilities and goals. This proposal represents the transition allowing continuity with the program while the funding plan is developed.

This proposal is in addition to the \$220,000 (General Fund) included in the Governor's Budget specifically for the ongoing operation and maintenance of a passive treatment water system at Empire Mine.

VOTE-ONLY ISSUE 12: CONCESSIONS PROGRAM

The May Revision requests authority to negotiate a new concession contract for the operation of the Bolsa Chica State Beach concession services including the development, operation and maintenance of up to four full service concessions, retail and food service facilities. The proposed contract is anticipated to realize gross sales in excess of \$500,000 and therefore requires legislative approval.

VOTE-ONLY ISSUE 13: ACCEPTANCE OF GIFTS AND DONATIONS TRAILER BILL LANGUAGE

The May Revision request trailer bill language that the Department be authorized to accept gifts and donations with cash values under \$100,000 without Department of Finance (DOF) approval. Since 2012, the Department's number of gifts and donations has increased significantly. This proposal is intended to streamline the process and addresses the associated increased workload. This delegated authority merely clarifies existing practice and additionally includes an annual reporting requirement to DOF for any gifts exempted under this provision.

STAFF COMMENT

Staff has no concerns with this proposal.

Staff Recommendation: Approve May Revision Proposals

3825 SAN GABRIEL LOWER LOS ANGELES RIVERS AND MOUNTAINS CONSERVANCY

VOTE-ONLY 14: NEW APPROPRIATIONS AND REVERSIONS OF PROP 40, 50, AND 84 – CAPITAL OUTLAY

The May Revision requests various new appropriations and reversions of unencumbered and unexpended Prop 40, 50, and 84 capital outlay funds.

STAFF COMMENT

Staff has no concerns with this proposal.

Staff Recommendation: Approve May Revision Proposal

3860 DEPARTMENT OF WATER RESOURCES

VOTE-ONLY 15: PROP 1E BALANCE OF FUNDS (NON-FLOODSAFE)

The May Revision requests \$20,118,000 (Proposition 1E) to continue support of Statewide Bond Management Costs, the Central Valley Flood Protection Board, and the Integrated Regional Water Management Stormwater Flood Management Grant Program. Proposition 1E funds have been appropriated to the three programs in prior budgetary processes. Due to the bond language, funding is only available for appropriation until July 1, 2016. Therefore, this request is needed to allow the Department to continue to support existing non-FloodSAFE programs.

STAFF COMMENT

Staff has no concerns with this proposal.

Staff Recommendation: Approve May Revision Proposal

3940 STATE WATER RESOURCES CONTROL BOARD

VOTE-ONLY 16: FACILITIES OPERATIONS FUNDING

The May Revision requests \$1.2 million in various one-time funds for two facilities operations projects. Beginning on July 1, 2015, the Water Board's Sacramento based workforce will increase by approximately 85 positions, resulting in the need to acquire additional office space. The requested funds will be used for moving costs once appropriate sites are determined. The Department of General Services (DGS) requires that funding be in place before beginning the process of locating new office space, therefore approval of this request will allow the Water Board to move forward with these two important facility projects that will better suit the needs of the Water Board.

In addition to moving costs, funding is also required for modular furniture, telecommunications needs, and construction costs related to the typical modifications that are necessary when a new site is selected.

Specifically, the proposal requests \$949,000 in Underground Storage Tank Cleanup Funds (USTCF) for the Sacramento project. For the Victorville office relocation, the proposal requests \$170,000 in Waste Discharge Permit Funds, \$94,080 in USTCF and \$28,000 in State Water Quality Control Funds, as these are the primary funds used for the staffing in that office. None of these requests will require a fee increase, as they are absorbable within the existing fund balances.

STAFF COMMENT

Staff has no concerns with this proposal.

Staff Recommendation: Approve May Revision Proposal

3980 OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT

VOTE-ONLY 17: ELIMINATE DUPLICATIVE PEER REVIEW REQUIREMENT – TRAILER BILL LANGUAGE

The May Revision requests trailer bill language to remove a duplicative provision that could result in OEHHA being required to perform two external scientific peer reviews for the same public health goal (PHG) for a contaminant in drinking water.

This proposal stems from the July 2014 transfer of the Drinking Water Program from the California Department of Public Health to the State Water Resources Control Board. This reorganization now makes Public Health Goals subject to Health and Safety Code section 57004, which also requires a peer review of the scientific basis for any rule or standard adopted by the California Environmental Protection Agency or its boards, departments, or office. Therefore, it is requested that Health and Safety Code section 116365 be amended to eliminate the duplicative and unnecessary requirement.

STAFF COMMENT

Staff has no concerns with the proposed trailer bill language.

Staff Recommendation: Approve May Revision Proposal

ITEMS TO BE HEARD

2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
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0690 OFFICE OF EMERGENCY SERVICES

ISSUE 1: EMERGENCY DROUGHT RESPONSE

The Governor's May Revision proposes an additional \$2.2 billion in resources to continue immediate response to drought impacts and invest in infrastructure intended to make the state's water system more resilient. (Additional drought related expenditures are included in the expenditures proposed from the Greenhouse Gas Reduction Fund.) The details of this request are as follows:

Department of Water Resources (DWR). Proposes \$162 million from Proposition 1 and the General Fund to support the following Programs address statewide drought impacts:

- *Groundwater Sustainability Planning Grants Program*, \$38.750 million Prop 1, LA. This program will provide grants for the development and improvement of both Groundwater Sustainability Plans (GSPs) for groundwater high or medium priority basins or Groundwater Management Plans (GWMPs) for low and very low priority basins. Funding will also be provided to support the construction and inclusion of groundwater monitoring wells into the California Statewide Groundwater Elevation Monitoring (CASGEM) well network and for projects that implement an applicable groundwater sustainability or management plan.
- *Agricultural Water Use Efficiency (WUE) Conservation*, \$29.844 million, Prop 1, State Operations (SO) \$6.344 million and \$23.500 LA. This program will administer grants and loans for agricultural water management planning and WUE. This program will conduct statewide and regional agricultural WUE programs to increase water supply reliability
- *Urban Water Use Efficiency Conservation*, \$44.956 million, Prop 1, \$5.956 million SO and \$39 million LA. This program will implement the urban water conservation programs specified by the legislation and plan and support many projects outlined in Proposition 1.
- *Desalination Grant Funding Programs*, \$44.459 million, Prop 1, Local Assistance (LA). This program will fund the development of desalination programs in California communities with limited fresh water resources to provide regional and local water supply self-reliance and reliability in accordance with goals set forth in both the California Water Plan and the California Water Action Plan.
- *Save Our Water*, \$4 million, GF, SO. The Save Our Water program provides funding for intensive public education that makes an immediate water supply difference in a crisis and, in the long term, build a daily water conservation ethics among residents.

State Water Resources Control Board (SWRCB). Requests \$1.5 million (\$500,000 one-time for contracts) and eight positions (General Fund) to address several requirements of the most recent executive order on drought (Governor's Executive Order No. B-29-15) not included in the previous drought funding requests, including implementing conservation measures, processing additional reports which are now required annually rather than every three years, and working with the Energy Commission to develop and implement a statewide rebate program for energy and water-efficient appliances.

The proposal also requests \$1.6 billion (Proposition 1) to provide local assistance resources for the following Proposition 1 programs and \$71.25 million for state operations:

- Groundwater Contamination - \$784 million for competitive grants and loans for projects that prevent or clean up contaminated groundwater that serves as a drinking water source.
- Water Recycling - \$475 million for grants and loans for water recycling and advanced treatment technology projects for treatment, storage, conveyance, and distribution facilities.
- Safe Drinking Water - \$180 million for public water system infrastructure improvements and related actions to meet safer drinking water standards and promote affordable drinking water.
- Wastewater Treatment Projects - \$160 million for grants for wastewater treatment projects, with priority given to disadvantaged communities and projects addressing public health hazards.
- \$100 million for grants for stormwater management projects, including green infrastructure, rainwater and stormwater capture projects, and stormwater treatment facilities.

The request contains provisional budget bill language making these local assistance and state operation funds available for encumbrance until 6/30/18 and liquidation through 6/30/21.

Office of Emergency Services (OES). Requests \$22.2 million (General Fund) to support local jurisdictions using the California Disaster Assistance Act program for approved drought-related projects, including but not limited to, restoring or replacing public infrastructure due to drought related damages and for emergency response measures, such as delivering water to individuals who do not have drinking or potable water due to the drought. The funding will be used to fill gaps for projects not eligible under programs administered by other state agencies (e.g. DWR, SWRCB).

Department of Community Services and Development (CSD). Proposes \$7.5 million (General Fund) to provide emergency relief and support services to economically disadvantaged Migrant and Seasonal Farmworkers (MSFWs) and other low-income populations within California's most drought impacted counties. Under the Community Services Block Grant (CSBG), funded by the federal Department of Health and Human Services, CSD provides core funding to four local non-profit organizations administering programs serving farmworkers and other low-income populations. The funding in this proposal will augment CSBG funding to these MSFW organizations and support the expanded delivery of emergency relief and support services to MSFWs and other low-income populations in drought impacted areas. Services will consist of emergency and general relief, such as rental and utility assistance, transportation, and basic necessities, including access to food resources.

Department of Housing and Community Development (HCD). Proposes \$6 million in General Fund (\$2,170,000 in State Operations and \$3,830,000 in Local Assistance funding for moving costs and 12 months of rental assistance) with provisional language to transfer the funds to the Housing Rehabilitation Loan Fund to allow the HCD to administer the Drought Housing Relocation Assistance Program to assist drought-impacted households find and move to housing with potable water. The State Operations funding will support seven positions to implement this program.

The proposal also requests trailer bill language to: (1) establish the Drought Housing Relocation Program with a sunset date of June 30, 2017, (2) allow the funds provided by the General Fund (GF) to be expended from the Housing Rehabilitation Loan Fund, and (3) expand the use of the Office of Migrant Services centers to those rendered homeless or at risk of homelessness due to the drought.

Department of General Services (DGS). Requests \$10 million (General Fund) to provide grants for water conservation projects to departments with facilities not managed by DGS. Projects will be chosen on criteria established by staff of the Government Operations Agency, DGS, and the Office of Planning and Research. Grants will be prioritized on the basis of measurable water usage reduction and the department's ability to complete the project within the fiscal year.

The proposal also requests \$5.4 million in Service Revolving Fund authority to continue similar efforts in DGS-managed facilities. The additional funding will provide the resources necessary to expand the replacement of existing plumbing fixtures and irrigation systems at the State Capitol and other DGS-managed facilities. This increase in expenditure authority will result in a one-year extension of the building rental rate increase of \$0.05 per square foot in all DGS-managed buildings.

This proposal also contains a technical adjustments to 2015 Emergency Drought Relief Legislation, which accelerated several budget proposals included in the Governor's Budget. This request removes the proposals that have already been appropriated from the Governor's Budget.

BACKGROUND

California is experiencing its fourth dry year in a row and is currently facing severe drought conditions in all 58 counties. The Sierra Nevada snowpack, which Californians rely on heavily during the dry summer months for their water needs, is at a near record low.

California's drought conditions have resulted in dangerously low levels of water in our reservoirs and groundwater aquifers and have impacted every aspect of our environment and economy. The drought has imperiled drinking water supplies, our agricultural sector, sensitive habitats, and greatly increased our risk of wildfire. Some have estimated the state has only about one year of water left in its reservoirs.

Since last February, the state has pledged over \$1.9 billion to support drought relief, including money for food to workers directly impacted by the drought, funding to secure emergency drinking water supplies for drought-impacted communities and bond funds for projects that will help local communities save water and make their water systems more resilient to drought.

Figure DRT-01
Emergency Drought Response
(Dollars in Millions)

<i>Investment Category</i>	<i>Department</i>	<i>Program</i>	<i>May Revision</i>	<i>Fund Source</i>
Protecting and Expanding Local Water Supplies	Water Board	Groundwater Contamination	\$784.0	Proposition 1
	Water Board	Water Recycling	\$475.0	Proposition 1
	Water Board	Safe Drinking Water in Disadvantaged Communities	\$180.0	Proposition 1
	Water Board	Wastewater Treatment Projects	\$160.0	Proposition 1
	Water Board	Stormwater Management	\$100.0	Proposition 1
	Department of Water Resources*	Groundwater Sustainability	\$60.0	Proposition 1
	Department of Water Resources*	Desalination Projects	\$50.0	Proposition 1
Water Conservation	Department of Water Resources*/Energy Commission	Urban Water Conservation	\$104.0	Proposition 1/ Cap and Trade
	Department of Water Resources*/Department of Food and Agriculture	Agricultural Water Conservation	\$75.0	Proposition 1/ Cap and Trade
	Department of Water Resources/Energy Commission	Make Water Conservation a Way of Life	\$43.0	Proposition 1/ Cap and Trade
	Department of General Services	Water Conservation at State Facilities	\$23.4	General Fund/ Special Funds
Emergency Response	Department of Forestry and Fire Protection**	Enhanced Fire Protection	\$61.8	General Fund
	Office of Emergency Services	California Disaster Assistance Act	\$22.2	General Fund
	Department of Water Resources	Removal of Emergency Salinity Barriers in the Delta	\$22.0	General Fund
	Department of Community Services and Development	Farmworker Assistance	\$7.5	General Fund
	Department of Housing and Community Development	Rental Relocation Assistance	\$6.0	General Fund
	Water Board	Executive Order Implementation	\$1.4	General Fund
Total			\$2,175	

* Amounts include funding proposed in Governor's Budget and additional funding in May Revision.

** Proposed in the Governor's Budget

QUESTIONS

- For each proposal, what outcomes should the Legislature expect to see achieved?
- How much of the funding should the Legislature expect to be awarded and/or expended in the budget year?
- To what extent is each proposal aimed at addressing the impacts of the drought in the budget year versus implementing longer-term drought resiliency, either in case this drought extends additional years or for future droughts?
- What process will be used for project selection? Will it be competitive? Will it be peer-reviewed?
- What lessons have departments learned about community needs and/or challenges in getting out previously-approved funding?

Staff Recommendation: Hold Open

**3340 CALIFORNIA CONSERVATION CORPS
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION****ISSUE 1: EXPANSION OF RESIDENTIAL PROGRAM AND RE-OPEN MAGALIA CONSERVATION CAMP**

The May Revision requests \$200,000 (General Fund) to conduct residential center site search/selection; \$3.3 million in FY 2016-17 and \$2.4 million ongoing in General Fund to fund 12.5 positions, 47 corpsmembers, as well as one-time and permanent operational costs of a CCC residential center in Butte County (Magalia). Funding in FY 2016-17 includes one-time costs of \$200,000 for equipment and \$700,000 for residential center site search/selection.

The Butte County center will be converted from an existing CalFire's facility in Magalia that was closed due to budget cuts in 2004. This request is in part contingent upon the approval of CalFire's May Revision of \$3.1 million (General Fund) and 1.4 positions in FY 2015-16 and \$3.1 million (General Fund) and 12 positions in 2017-18 and ongoing to provide for the renovation and use of the Magalia Conservation Camp in Butte County. The request also calls for provisional language to allow an additional year for the encumbrance of funds related to facility updates for increased flexibility and potential construction delays.

BACKGROUND

CCC's Butte County residential center, which housed about 86 corpsmembers, was strategically located on the ridge between Paradise and Stirling City. CalFire has identified it as a strategic location for wildland firefighting hand crews due to its proximity to unprotected forest lands and lack of other firefighting resources available in Butte County. To the east of the Skyway, there is a canyon that burns often, and endangers residents of the ridge who live above Chico in the Paradise/Magalia communities. Jointly run by CCC and CalFIRE, the Butte residential center was a training grounds for young individuals joining the CCC who wished to become firefighters. The partnership afforded CCC the capability to provide corpsmembers Type I firefighter training.

Due to budget cuts, the Butte residential center was closed in 2003 and CCC opened a non-residential satellite office in Chico, with about 50 corpsmembers on three crews. Given this rare opportunity to restore Butte to its original design to help young adults develop life-changing skills in exchange for their project work to preserve California's resources, CCC is pursuing this proposal to convert Butte (Magalia) to a residential center.

STAFF COMMENTS

Given the continuous drought plaguing California, there is an immediate need to prepare for wildfires, as well as projects to conserve water. A residential center in Butte (Magalia) would not only be a "hub" from which CCC would deliver services to the surrounding areas, it would be an opportunity for California to invest in the younger generation, by creating a structured environment for corpsmembers, allowing them to earn an education, develop career-oriented skillset, and in turn work on environmental projects that benefit Californians.

Further, corpsmembers serving in the residential program would be available 24 hours a day to respond to wildfires, or fire camp set up and maintenance. The residential center would also be available as a strategic location for CCC crews in the event a major disaster occurred and needed many resources, requiring CCC to bring many crews in and bivouac at the Center.

Staff Recommendation: Hold Open

3360 CALIFORNIA ENERGY COMMISSION**ISSUE 1: FEDERAL FUND EXPENDITURE AUTHORITY FOR ARRA THIRD PARTY FUNDS**

The May Revision requests \$11 million in federal fund expenditure authority in FY 2015/16, and ongoing federal fund expenditure authority of \$2.5 million in FY 2016/17 through FY 2026/27 to implement both voluntary and mandatory programs to increase energy efficiency in existing government buildings and also in existing residential and commercial buildings.

Federal American Recovery and Reinvestment Act of 2009 (ARRA) funds will be repurposed to initiate the Local Government Challenge, an innovative local jurisdiction grant program to promote energy efficiency improvements in existing buildings.

BACKGROUND

The Energy Commission administered a \$314.5 million portfolio of innovative energy efficiency and renewable energy pilot programs under ARRA. Through 2013, the State Energy Program (SEP) funds were authorized through AB 262 (Bass, Chapter 227, Statutes of 2009) and AB 11 (Evans, Chapter 11, Statutes of 2009). Funds were also awarded directly to the Energy Commission from the U.S. Department of Energy (DOE) through a block grant. The market transformational portfolio of programs informed the development of the AB 758 (Skinner, Chapter 470, Statutes of 2009) program for achieving energy efficiency in existing residential and commercial buildings.

While ARRA ended in 2013, over \$26 million of funds remain with sub-recipients who administer finance programs that continued past the ARRA time period, mainly revolving loan funds (RLF) that continue to recirculate after loans are repaid and new loans are issued. The Energy Commission recently re-evaluated these finance programs and is making new recommendations based on the underperformance of the remaining contracts/programs. The Energy Commission is requesting authority to repurpose these funds.

According to the Administration, repurposing these funds for Existing Buildings Energy Efficiency Action Plan activities closely aligns with Governor Brown's 2015 State-of-the-State address including the 15-year climate change agenda of doubling the efficiency of existing buildings; and Executive Order B-18-12 to green the state's buildings, reduce greenhouse gas emissions, and improve energy efficiency.

STAFF COMMENTS

The Energy Commission requests repurposing these ARRA funds in order to conduct more energy efficiency in existing buildings, and to accomplish this, the Energy Commission needs federal fund expenditure authority to repurpose the funds for other activities. The Energy Commission believes it can better use these funds on a program promoted within the Existing Buildings Energy Efficiency Action Plan (AB 758). The Energy Commission anticipates creating a new program called the Local Government Challenge, in partnership with public and private entities to increase existing building energy efficiency. The Local Government Challenge aligns with and promotes the goals of the Existing Buildings Action Plan in that local governments have unique connections to their constituents, and can effectively implement both voluntary and mandatory programs to increase existing building energy efficiency, not only in their own government buildings but also in the residential and commercial buildings in their communities.

The Local Government Challenge program will create a competitive grant process intended to stimulate local government innovation and gather the evidence of success needed for wider efficiency deployments.

QUESTIONS

- Given the difficulty getting the ARRA funds out the door, what lessons have been learned that will facilitate better luck this time?
- How does the proposed program fit in with long-term strategies for energy efficiency in existing buildings?

ISSUE 2: NEW SOLAR HOMES PARTNERSHIP – TRAILER BILL LANGUAGE

The May Revision requests trailer bill language to give the Public Utilities Commission (CPUC) authority to select the CEC as program administrator for the New Solar Homes Partnership (NSHP) Program.

BACKGROUND

The Administration offers the following justification for this request:

- **Consistent administration:** *When the utilities were administering the program, builders and solar companies who conduct business in more than one utility service territory sometimes got conflicting answers to the same questions or different information about the same processes. Having the CEC as a single point of contact eliminates these conflicts and ensures that all program participants are given consistent and reliable information, which reduces paperwork and delays that could have financial consequences for NSHP participants.*
- **Eliminate Duplication of Work:** *During the time the utilities administered the program, the CEC reviewed 100 percent of the administrator's work to provide quality control, resulting in significant duplication of effort between the administrators and the CEC. In addition, in the past program participants often contacted the CEC directly when they were unable to reach program administrators, or when they wanted to double check the accuracy of information received from administrators. Eliminating this duplication results in a more streamlined process which provides cost savings to the state by not having to pay administrators and CEC staff to do the same work.*
- **Reduced Administrative Costs:** *The combined cost of the NSHP administration contracts with the utilities was approximately \$1 million per year. At the time the CEC was evaluating reassuming administration of the program, the utilities indicated that the \$1 million was insufficient and they would be requesting additional funding to continue administration. CEC staff estimates the annual cost of CEC administration of the NSHP program is \$500,000, resulting in savings of \$500,000 per year based on the prior contracts, with potentially higher savings based on utility projected cost increases for them to administer the program.*

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- **Commitment to the Goals of the Program:** *The NSHP Program installs solar systems that allow customers to generate their own electricity, which reduces the amount of electricity purchased from the utilities. This could present a conflict to utilities. In contrast, the CEC has a large stake in the success of the program because NSHP will not only increase solar installations and thereby contribute to the state's renewable energy and GHG reduction goals, it will also support the state's goal for zero net energy homes by 2020, which will require on-site renewable generation in addition to aggressive energy efficiency measures.*

QUESTIONS

- Since this proposal is not related to a budget request, why is it being advanced through the budget process instead of more appropriately through a policy committee?
- If the CEC is selected to be the program administrator for the NSHP Program, should the Legislature direct the CEC to establish cost limitations for new home installations to ensure that installation on new homes cost less than retrofitting older homes?
- Given that the NSHP Program has never been vetted by a Legislative policy committee, should the Subcommittee include a provision to sunset the program on June 1, 2018?

Staff Recommendation: Hold Open

3480 DEPARTMENT OF CONSERVATION

ISSUE 1: OIL AND GAS DATA MANAGEMENT SYSTEM

The May Revision requests \$10 million (Oil, Gas, and Geothermal Administration Fund [OGGAF]), six, two-year limited term positions and 15 one-year limited-term positions, for the first year of a two-year project to develop and implement a comprehensive database system. The Oil and Gas Data Management System is intended to be a web-based system that allows for electronic processing to make the permitting of wells more efficient and to provide a web-based reporting system for operators to report required well information. The system is anticipated to make non-proprietary well information easily searchable and available to the public and meet the requirements of recent legislation. Provisional language is requested that specifies that the availability of the funds for the system is subject to project approval by the Department of Technology.

QUESTIONS

- Why is this proposal coming so late in the budget process?
- Has this proposal completed the normal information technology review process?
- What would be the downside of waiting until next year to resubmit the proposal when it could have a full review by the Legislature?
- Has the California Department of Technology provided a formal estimate of the cost for this project? If not, when do you expect to have such an estimate?
- What would be the cost to complete a feasibility study to scope the information technology problem?
- Would that be a more appropriate amount to allocate at this juncture?

Staff Recommendation: Hold Open

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION**ISSUE 1: ILLEGAL FIREWORKS DISPOSAL**

The May Revision requests \$5 million (TSCA) to dispose of stockpiles of dangerous and illegal fireworks seized in 2014 and anticipated to be seized in 2015. Provisional language is requested to both allow for the use of TSCA by CalFIRE for this purpose and to ship illegal fireworks out of state for disposal. The proposal includes a discussion of the hazardous nature of illegal fireworks and a determination by the Department of Toxic Substances Control and applicable local air districts, to stop allowing emergency permits for the disposals of these materials.

BACKGROUND

Under state law, the Office of the State Fire Marshal (OSFM) within CalFIRE is responsible for the management and disposal of seized illegal fireworks. Fireworks may be declared illegal by federal, state, or local governments. Federal regulations designate some types of fireworks as illegal to be sold in the U.S. State law allows only certain fireworks legal under federal law—those designated as “safe and sane” by the OSFM—to be sold in California. Many local jurisdictions in California choose to ban the sale or use of any fireworks within their borders. Consequently, illegal fireworks seized by law enforcement agencies include those that are illegally made in or transported into the U.S., as well as fireworks that are legally purchased in one jurisdiction (including parts of California, in some cases) and brought into another jurisdiction where they are illegal.

Possession of illegal fireworks in California is usually a misdemeanor and is punishable by penalties ranging from \$500 to \$50,000, as well as possible incarceration, with the size of the penalty depending on the quantity of fireworks. Law enforcement agencies, such as the California Highway Patrol and local police, are authorized to seize illegal fireworks. Local fire departments may also accept drop-offs of illegal fireworks. Once the fireworks are seized, state statute requires the OSFM to properly dispose of them. Because seized fireworks are considered hazardous waste and are explosive, proper disposal can be dangerous, labor intensive, and costly. Many of the fireworks must be shipped to an out-of-state disposal site, at a cost of roughly \$10 per pound. Fireworks that cannot be shipped because they are unpackaged or unstable are incinerated at a cost of about \$30,000 annually. The OSFM estimates that around 100,000 pounds of illegal fireworks are collected annually, and that it would cost approximately \$600,000 if the state were to dispose of all collected fireworks in the state each year.

Chapter 563, Statutes of 2007 (SB 839, Calderon), increased the penalty amounts to the levels described above in order to fund the disposal of seized fireworks. However, the revenue generated from these penalties has never been sufficient to cover more than a small fraction of the program’s costs. The most penalty revenue collected in any given year was around \$30,000, and in some years, it has been as little as a few thousand dollars. It is unclear why the penalty revenue collected is so low. According to OSFM, the lack of ongoing funding for proper disposal has caused a backlog of illegal fireworks needing proper disposal. The OSFM estimated that there was a backlog of 250,000 pounds of fireworks as of August 2013. In 2012, a working group made up of various stakeholders was convened to address the issues surrounding seized illegal fireworks, including funding for disposal. However, the group did not issue a formal

proposal. The Legislature approved one-time funding of \$500,000 from the General Fund in the current year to help address the backlog.

Previous Legislative Actions. In 2014, the Budget Committee approved \$1.5 million in one-time funding from the Toxic Substances Control Account (TSCA) to properly dispose of the current backlog of seized fireworks and an assessment on legal safe and sane fireworks sold in California to cover the ongoing costs of fireworks disposal. The trailer bill language required to approve the assessment did not pass.

QUESTIONS

- What has led to the increase in the amount of fireworks in need of disposal?
- What factors led to DTSC's decision to no longer grant emergency permits for burning fireworks?
- Is transporting all seized fireworks out-of-state for disposal our only recourse at this juncture?
- Is the Department considering developing a protocol for the disposal of these materials within the State of California?
- Is TSCA an appropriate funding source for the disposal of hazardous waste items outside the state?
- Since TSCA is in a structural deficit, is the Department considering other funding sources for ongoing fireworks disposal costs?

Staff Recommendation: Hold Open

INFORMATIONAL ITEM: STRANDING OF SEA LION PUPS

BACKGROUND

For the third year in a row, unusual numbers of sea lion pups are washing up on California shores. This year, they are stranding earlier than ever before and have surpassed previous years' numbers in six months.

At this time, the increase in stranding's seems confined to California sea lion pups (born summer 2014). All live animals are currently being rescued and taken to stranding network centers. Consistent findings in the pups are emaciation and dehydration with most animals very underweight for their age. Long-term average female pup weight at San Miguel Island for 3-month-old pups is about 38 pounds. The majority of sea lion pups stranding in January 2015 at 7 months of age have been between 17-26 pounds, highlighting the severe emaciation of these stranded pups.

Unusually Warm waters along the West Coast are affecting food availability for nursing sea lion mothers, and the result is a generation of pups that are smaller than researchers have ever seen. These starving sea lions are washing ashore on California beaches in alarming numbers. Some areas of the Pacific are two to five degrees warmer than usual for this time of year—some of the warmest temperatures seen in our history, according to NOAA Scientists. Some scientists believe climate change may play a role as well—that warming sea-surface temperatures worldwide and reduced sea ice are amplifying this atmospheric abnormality.

Other large-scale impacts humans are having on the ocean environment, such as overfishing and pollution, are certainly not helping the problem either. Recent fisheries assessments reveal, for example, that the sardine population—a major food source for sea lions—has dropped 72 percent since its last peak in 2006. Regardless of why this major oceanographic change is happening, the ripple effects are being felt acutely along the coast of California as starving sea lion pups continue to wash ashore.

The California Marine Mammal Stranding Network fills a void where the state has no agency to respond to the current crisis. The state has a history of using networks as the first responders for extraordinary circumstances, like the Oiled Wildlife Care Network, which is the first responder to oil spill catastrophes.

The Marine Mammal Stranding network is composed of cooperating scientific investigators and institutions (mostly non-profit), volunteer networks and individuals all of whom work under a letter of authorization from the National Marine Fisheries Service. Each stranding event is handled on a case-by-case basis and is dependent on local capability, available resources, personnel, and logistics. Most are funded from dwindling federal sources and primarily through charitable contributions. To date the network has responded to 2900 strandings, significantly more than the 1262 responses in 2013, which was previously the highest number recorded.

The Network through donations and federal grants awarded through NOAA provide expert veterinary care to the stranded pups. Rescuing and rehabbing the stranded pups to date across the network has cost an estimated \$2,163,028. Those costs include personnel, travel (fuel, tolls, vehicle maintenance etc.), veterinary supplies, animal food (herring, formula, etc.), operating supplies, and research. Treatment per pup costs the network an estimated \$746. Using the current and historic rescue data, the network is preparing to respond to as many as 1,200 additional pups by the end of the year, bringing the total potential cost of the response to the network statewide to over \$3 million.

QUESTIONS

- What role does the state play in rescue/care efforts for the stranded sea lion pups?
- Does the California Marine Mammal Stranding network have enough funds to deal with this crisis? If not, what is the projected need?
- Is the University of California at Davis, Wildlife Health Center an appropriate and willing entity to administer grants to local networks to help with the rescue effort should the state decide to appropriate funds?

Staff Recommendation: Informational Item

3780 NATIVE AMERICAN HERITAGE COMMISSION

**ISSUE 1: IMPLEMENTATION OF NEW CALIFORNIA ENVIRONMENTAL QUALITY ACT
REQUIREMENTS AND REPATRIATION OF NATIVE AMERICAN REMAINS AND CULTURAL ITEMS
TRAILER BILL LANGUAGE**

The May Revision proposal requests \$1.6 million and eight positions in 2015-16, decreasing to \$602,000 and five positions ongoing to fund the implementation of AB 52 (Gatto), Chapter 532, Statutes of 2014. The Commission requests funding to create a geographic database of cultural and historical Native American tribal territories and all potential lead California Environmental Quality Act agencies within each territory. The proposal includes provisional language to make the availability of funds contingent upon project approval by the Department of Technology

The May Revision also includes trailer bill language to place the responsibility of the Repatriation Oversight Commission (ROC) within the Native American Heritage Commission and repeal language establishing the ROC. The ROC is currently a non-functioning, non-funded entity leaving many Native American remains and cultural burial items in need of repatriation (returned to federally or non-federally recognized tribes). The proposed trailer bill would also allow NAHC to accept grants and donations for these efforts.

QUESTIONS

- Has the proposed geographic database completed the normal information technology review process?
- Could the Department of Technology's internal geographic information system be used to develop this system?
- Given that there is no budget proposal related to the trailer bill language and limited supporting information, is the May Revision the appropriate venue to make important determinations regarding the repatriation of Native American remains and cultural burial items?

Staff Recommendation: Hold Open

3940 STATE WATER RESOURCES CONTROL BOARD

ISSUE 1: BAY DELTA WATER QUALITY CONTROL PLAN UPDATE AND IMPLEMENTATION

The May Revision requests 16 positions and \$7.8 million from the General Fund (\$3.7 million) and the Water Rights Fund (\$4.1 million) to complete the comprehensive update of the Bay-Delta Water Quality Control Plan. Staff costs are split 25/75 percent between the General Fund and WRF. No changes are needed in statute or regulations, however, the comprehensive update will result in updated flow and other requirements in the Bay-Delta Water Quality Control Plan.

BACKGROUND

This proposal seeks personnel and contract resources to accelerate completion of two complementary Delta water quality/water right actions: (1) updating the Bay-Delta Water Quality Control Plan; and (2) implementing adaptive management to support critical delta water supply and ecosystem resources. The State Water Board already performs these types of activities with limited positions and funds. However, given the current condition of Delta habitat and species compounded with extended drought and general changing climatic conditions, these positions are insufficient to address the significant additional complexities of the current Delta ecosystem because:

- the Bay-Delta Water Quality Control Plan update must be expedited so that elements of the analysis, specifically flow needs, can inform on-going delta operations as required by the Legislature;
- the drought, in conjunction with increased and hardened water demands in the Delta watershed, is further degrading water quality and impacting the integrity of water supplies creating a critical need to update water quality objectives and operational requirements to maximize the beneficial use of water; and
- a higher level of on-going State Water Board oversight of Delta water quality and water project operation is also needed to maximize the beneficial use of water.

STAFF COMMENTS

Staff has no concern with this proposal.

Staff Recommendation: Hold Open

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL**ISSUE 1: ENHANCED ENFORCEMENT INITIATIVE**

The May Revision requests \$2.1 million (\$222,000 Hazardous Waste Control Account [HWCA] and \$1.9 million TSCA) and 11 positions, to implement and evaluate approaches to address environmental violations in vulnerable communities. The proposal would focus inspection and enforcement resources on the metal recycling industry and the hazardous waste transportation industry. The proposal requests trailer bill language allowing the use of TSCA for these purposes.

BACKGROUND

Transportation of Hazardous Wastes. The safe transportation of hazardous waste from its point of generation to disposal is a critical element of the State's oversight of hazardous waste. DTSC is the only agency with the authority to regulate these activities.

Currently, DTSC inspects 50 to 60 of the 904 DTSC-registered hazardous waste transporters in California each year. Over the last five years, DTSC has found serious violations (Class I) in approximately 18 percent of its hazardous waste transporter inspections. Many hazardous waste transporters who illegally store waste do so in neighborhoods and communities identified by CalEnviroScreen as highly impacted by multiple sources of environmental exposures.

Metal Recycling Industry. DTSC began a Metal Recycling Enforcement Initiative in October 2012, focusing on small and medium facilities that can pose significant health and environmental threats to surrounding communities from hazardous waste contamination. This type of facility has not historically been overseen or inspected by DTSC as part of its hazardous waste regulatory program. As part of the initiative, DTSC redirected a substantial amount of staff resources to conduct more than 16 site investigations over a 13-month period. Of that number, 14 facilities had hazardous waste violations that warranted an enforcement response, including three facilities with criminal violations (9 of these cases have so far been referred for prosecution). Each facility investigated was found to have serious violations of the Hazardous Waste Control Law, including environmental releases and ground contamination. Samples from metal-contaminated debris and surface soil at those facilities typically contain lead, copper, and zinc at hazardous waste levels, as well as high levels of PCBs and mercury. To date, the Metal Recycling Enforcement Initiative has resulted in three criminal convictions with a fourth criminal matter pending. There have also been five civil referrals to the Attorney General's Office, however, none of the civil matters have been concluded.

QUESTIONS

- While this proposal may have merit, why is it coming so late in the budget process?
- How is the Department addressing the failure of its manifest tracking system?
- Why don't metal recyclers pay into HWCA like other regulated entities?

ISSUE 2: HAZARDOUS WASTE ENFORCEMENT PROGRAM IMPROVEMENTS

The May Revision proposal requests \$1.4 million (TSCA) for two years to conduct a review of its hazardous waste management enforcement program. Specifically, the department proposes an assessment of its enforcement program including evaluation of workload, inspections, investigations, policies and statutory mandates. The proposal requests trailer bill language allowing the use of TSCA for these purposes.

QUESTIONS

- Why does this proposal focus on internal DTSC procedure rather than enforcement outcomes?
- Did the Administration contemplate funding for specific law enforcement or the prosecution of violators?

ISSUE 3: SAFER CONSUMER PRODUCTS PRIORITY WORK PLAN

The May Revision proposal requests six limited-term positions and \$643,000 (TSCA), to allow the department to expand research capabilities and accelerate the rate in which consumer products containing toxic chemicals can be evaluated and identified for inclusion in the Safer Consumer Products (SCP) Program.

BACKGROUND

The enactment in 2008 of the Green Chemistry statutes shifted California's strategic approach to addressing toxic chemicals in products by requiring DTSC to establish in regulation processes for identifying and prioritizing chemicals of concern in consumer products and evaluating alternatives to those chemicals so as to reduce adverse impacts and exposures. This approach provides science-based criteria and procedures for identifying and evaluating product-chemical combinations of concern and their alternatives with the objective of replacing chemicals of concern with safer chemicals and avoiding the use of substitute chemicals that pose equal or greater harm.

On October 1, 2013, DTSC adopted the SCP regulations. The statute and the regulations reduce the need for legislation to adopt chemical-by-chemical bans. The SCP regulations also establish a process for evaluating chemicals of concern in products and their potential alternatives in order to determine how best to limit exposure or to reduce the level of hazard posed by a chemical of concern.

QUESTION

- While this proposal may have merit, why is it coming so late in the budget process?

ISSUE 4: POSITION FUNDING REALIGNMENT

The May Revision requests to realign \$2.4 million and 18 positions from the Federal Trust Fund to the Toxic Substance Control Account to support oversight of state response and Orphan/National Priority List site cleanup. According to the proposal, these positions were to be supported through a cooperative agreement from the Department of Defense, which has not materialized.

STAFF COMMENTS

In fiscal year 2012-13, DTSC requested to shift funding of 18 positions from TSCA to the FTF. However, federal funding never came through and these 18 positions have continued to be funded by TSCA. This request calls for an increase in expenditure authority from TSCA for these 18 positions.

QUESTIONS

- Why does the Department need additional expenditure authority to fund these 18 positions since they are already being funded by TSCA?
- Does this create a double dip of TSCA funds for these positions?
- Given the structural imbalance of TSCA, wouldn't this action further speed up the insolvency of this fund?
- What is the urgency of advancing this proposal in the May Revision?
- Are these positions still a high priority for TSCA versus other activities (especially given the deficit) and, if not, should they be reduced or eliminated? Staff notes that this is the only ongoing TSCA proposal that would add to the deficit long term — all the others are one time or limited term.

ISSUE 5: EXPEDITED REMEDIAL ACTION PROGRAM

DTSC is requesting an appropriation of \$3.4 million and a reversion of the unencumbered balance of the 2014/15 appropriation from the Expedited Site Remediation Trust Fund to reimburse SR Land Company and the Richard N. Clayton 1981 Trust for the orphan share associated with their cleanup activities at the Golden Technology Site in the City of Santa Rosa in Sonoma County. On June 30, 2010, DTSC signed an Apportionment of Liability allocating 76 percent to the orphan share. SR Land Company and the Richard N. Clayton 1981 Trust have spent over \$4.5 million investigating and cleaning up the soil and groundwater at the site. This included the removal of over 3,200 tons of soil containing volatile organic compounds and the in place treatment of groundwater. A land use covenant will be signed restricting future uses of the site.

The requested appropriation will also necessitate a transfer from the Toxic Substances Control Account to the Expedited Site Remediation Trust Fund of \$652,000.

QUESTIONS

Did the Department review whether the property in question had insurance at the time of the toxic release?

Did the Department file a claim during the bankruptcy proceeding against Golden Technology?

Can you discuss the robustness of the Department's cost recovery efforts?

Staff Recommendation: Hold Open All May Revision Proposals

8660 PUBLIC UTILITIES COMMISSION**ISSUE 1: NET ENERGY METERING ON MILITARY BASES - TRAILER BILL LANGUAGE**

The May Revision proposes trailer bill language that clarifies the definition of premise for military installations, allowing the establishment of several premises on bases. The intended impact of this definition will be to allow additional solar energy generation on California military bases beyond one megawatt, including rooftop solar for approximately 19,000 housing units in military installations.

BACKGROUND

As this issue was not contained in a budget proposal, the following is an excerpt from background material submitted by the Administration:

Current Situation. Under the state's current Net Energy Metering program, entire military installations are considered one "premise" and treated the same as a single building or home. As a result, entire military bases have a Net Energy Metering cap of one megawatt, despite the fact that many of these bases have populations measuring in tens of thousands and equate to small cities. Many military bases have reached this one megawatt cap of solar generation for the NEM program and are not able to install additional solar energy generation. (Installing additional solar generation outside of the NEM programs requires on-base housing and other buildings to pay standby charges, departing load charges and other costs that makes additional solar generation infeasible.)

Many servicemen and servicewomen stationed at California installations live outside of bases in local communities, either in private homes or in military housing managed by contracted management company. A growing portion of this off-base military housing has constructed rooftop solar generation thanks to the NEM program. However, approximately 19,000 units of housing for military personnel located within the fence line of bases cannot utilize the NEM program because the current interpretation of premise under the NEM statute.

Clarifying the NEM statute to enable a base to have multiple premises is the most significant action that state government can take to enable more military families to benefit from solar energy, and to help expand renewable energy on California bases. These installations are ratepayers similar to civilian energy users, and housing and other buildings on military bases should have the same access to the state's NEM program.

Addressing this problem in trailer bill language is necessary given the imminent expiration of the Federal Investment Tax Credit (ITC), which drops from 30% to 10% for commercial customers and 30% to 0% for residential customers at the end of 2016. The proposed budget trailer language would take effect July 1, 2015 allowing six additional critically needed months (compared to regular legislation) to develop renewable generation projects eligible for the ITC, which requires projects to be installed, interconnected and fully operational by the end of 2016.

Without the ITC, many privately financed renewable energy projects, including those in military housing, would become economically infeasible, thus depriving the military and

thousands of military families the benefits of solar that families living in off-base housing can utilize today. At least 18 months is required to execute these projects given the complexity of negotiating contracts, clearance of other military/federal government regulatory requirements such as National Environmental Protection Act (NEPA), and design and construction schedules. This sheer scale of 19,000 units of military housing demands as much time as possible to negotiate, install and interconnect these projects.

Military bases that would benefit from this clarification are spread across California, including but not limited to: Beale Air Force Base (Yuba County), Camp Parks (Alameda County), Camp Pendleton (San Diego County), Edwards Air Force Base (Los Angeles County), Fort Irwin (San Diego County), Navy Base San Diego and associated installations in San Diego County, Travis Air Force Base (Solano County), Twentynine Palms Marine Corps Base (San Bernardino California).

The Obama administration has proposed a new round of Base Realignment and Closure (BRAC) for military installations, and signaled its commitment to close and realign military bases. In anticipation of this action, the Governor's Office convened an advisory council in 2013 to recommend state government actions to position California bases to maintain and grow amidst military realignment. This body, called the Governor's Military Council, includes legislators from the State Assembly and Senate. The Council has recommend that state government take action to enable more renewable energy on military bases, considering that energy security and reliability at military bases have been identified an important criterion for base realignment decisions and that each branch of the military has prioritized expanding clean energy on bases.

QUESTIONS

- Should this issue be approved through the budget process or is it more appropriate in a policy committee venue?
- In 2013, statute was enacted directing the CPUC to reform net energy metering. Should the Legislature specify that that systems shall abide by the revised net metering rules pending at the CPUC?
- Current statute limits total net metering in each electrical corporation service area. If the net metering cap is reached as a result of numerous large projects, smaller projects may not qualify. Should there be a limit such that each base may connect a total of no more than two megawatts?
- A number of bases receive electricity supplier via contracts with suppliers instead of the electrical corporation. Should this proposal be limited to bases that are customers of the electrical corporation?

Staff Recommendation: Hold Open

0540 SECRETARY OF NATURAL RESOURCES AGENCY**ISSUE 1: EXPANSION OF TIMBER REGULATION AND FOREST RESTORATION PROGRAM**

This May Revise budget proposal ties to the California Natural Resources Agency's Spring Finance Letter for the AB 1492 program approved by the Subcommittee on May 13, 2015, requesting funds from the Timber Regulation and Forest Restoration Fund. The proposal requests TRFRF funding as follows: \$1.3 million in one-time funding and \$176,000 in ongoing funding (starting in BY+1) for the development and implementation of interagency information systems to support program efficiencies and accountability; \$750,000 in one-time funding and \$300,000 in BY+1 for pilot projects and priority data collection related to data and monitoring, ecological performance measures, administrative efficiency and transparency, and forest restoration. The proposed activities are consistent with the requirements for program efficiencies and accountability and for forest restoration called for in AB 1492 (Blumenfeld, Chapter 289, Statutes of 2012).

BACKGROUND

There are two components to this budget request, Interagency Information Systems and Pilot Projects and Priority Data Collection.

Interagency Information Systems. Stage 1 Business Analyses have been completed for each of the four components of the interagency information systems and these have been approved by the Department of Technology. The Natural Resources Agency, as the lead agency for guiding AB 1492 implementation and the agency with the bulk of the legal responsibility and staffing for forest practices regulation, serves as the center for addressing interagency information system needs and for managing joint resources for data collection and pilot projects. For these technology components, CNRA requests one-time funding of \$1.3 million in FY 2015-16 and \$176,000 ongoing beginning in BY+1.

Pilot Projects and Priority Data Collection. CNRA requests \$300,000/year for two years (BY and BY+1) in contract funds to support pilot projects related to ecological assessment. This includes:

- A cooperative pilot to use the State Water Board's bioassessment methods to assess stream water and aquatic habitat quality on private forestlands, and
- Two or more pilot projects at a focused scale (such as the CALWATER planning watershed level of 3-10,000 acres) to assess data availability, group processes for compiling and assessing the data, and the assessment of the needs for forest and fisheries restoration actions.

These pilot projects are important to provide information to support the development of data collection and monitoring approaches and to the development of ecological performance measures. They are consistent with the charters for the Data and Monitoring Working Group and the Ecological Performance Measures Working Group. CNRA also requests a one-time appropriation of \$450,000 for the identification, acquisition, and processing of data as an initial step in enhancing critical data sets needed for California forestlands.

Staff Recommendation: Hold Open
