

# AGENDA

## ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 ON RESOURCES AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD BLOOM, CHAIR

MONDAY, MAY 20, 2019

UPON ADJOURNMENT OF SESSION – STATE CAPITOL, ROOM 126

### VOTE-ONLY CALENDAR

ITEM	DESCRIPTION	PAGE
<b>0540</b>	<b>NATURAL RESOURCES AGENCY</b>	<b>4</b>
<b>0555</b>	<b>ENVIRONMENTAL PROTECTION AGENCY</b>	
VOTE-ONLY ISSUE 1	PROPOSITION 99 TECHNICAL ADJUSTMENTS	4
<b>0555</b>	<b>CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY</b>	<b>4</b>
VOTE-ONLY ISSUE 2	ALIGNING EXPENDITURES WITH REVENUES	4
VOTE-ONLY ISSUE 3	PROCESS IMPROVEMENT POSITIONS	5
<b>3480</b>	<b>DEPARTMENT OF CONSERVATION</b>	<b>6</b>
VOTE-ONLY ISSUE 4	TECHNICAL BOND ADJUSTMENTS	6
VOTE-ONLY ISSUE 5	WELL STATEWIDE TRACKING AND REPORTING SYSTEM	6
<b>3970</b>	<b>DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY</b>	<b>7</b>
VOTE-ONLY ISSUE 6	EMERGENCY DEBRIS CLEANUP AND RECOVERY	7
<b>3810</b>	<b>SANTA MONICA MOUNTAIN CONSERVANCY</b>	<b>7</b>
VOTE-ONLY ISSUE 7	WOOLSEY FIRE RESTORATION AND RECOVERY	7
<b>3840</b>	<b>DELTA PROTECTION COMMISSION</b>	<b>8</b>
VOTE-ONLY ISSUE 8	FEDERAL FUND ITEM ESTABLISHMENT	8
<b>3540</b>	<b>DEPARTMENT OF FORESTRY AND FIRE PROTECTION</b>	<b>9</b>
VOTE-ONLY ISSUE 9	PROFESSIONAL FORESTER REGISTRATION PROGRAM	9
VOTE-ONLY ISSUE 10	OFFICE OF THE STATE FIRE MARSHAL, LICENSING AND CERTIFICATION FUND PROGRAM	9

VOTE-ONLY ISSUE 11	OFFICE OF THE STATE FIRE MARSHAL, FIRE AND LIFE SAFETY DIVISION	10
VOTE-ONLY ISSUE 12	INNOVATION PROCUREMENT SPRINT	11
VOTE-ONLY ISSUE 13	COMMUNITY WILDFIRE PREVENTION AND MITIGATION REPORT: CALIFORNIA VEGETATION TREATMENT PROGRAM ENVIRONMENTAL IMPACT REPORT	11
<b>3860</b>	<b>DEPARTMENT OF WATER RESOURCES</b>	<b>12</b>
VOTE-ONLY ISSUE 14	SALTON SEA REAPPROPRIATION	12
VOTE-ONLY ISSUE 15	DAM SAFETY RISK MANAGEMENT	12
VOTE-ONLY ISSUE 16	URBAN FLOOD RISK REDUCTION (PROJECT ADJUSTMENT)	13
VOTE-ONLY ISSUE 17	OPEN AND TRANSPARENT WATER DATA ACT (AB 1755)	14
<b>3600</b>	<b>DEPARTMENT OF FISH AND WILDLIFE</b>	<b>15</b>
VOTE-ONLY ISSUE 18	SALTON SEA RESTORATION FUND	15
VOTE-ONLY ISSUE 19	ERSKINE LAND RESTORATION	16
<b>3790</b>	<b>DEPARTMENT OF PARKS AND RECREATION</b>	<b>16</b>
VOTE-ONLY ISSUE 20	CREDIT CARD PROCESSING CONTRACT	16
VOTE-ONLY ISSUE 21	PUBLIC BEACH RESTORATION PROJECTS	17
VOTE-ONLY ISSUE 22	REAPPROPRIATION OF 2016 DEFERRED MAINTENANCE AND 2017 PUBLIC BEACH RESTORATION FUNDING	17
VOTE-ONLY ISSUE 23	PUBLIC SAFETY EMERGENCY RESPONSE	18
VOTE-ONLY ISSUE 24	WILDFIRE REPAIR AND REIMBURSEMENT	18
VOTE-ONLY ISSUE 25	HARBORS AND WATERCRAFT REVOLVING FUND AND STATE PARKS AND RECREATION FUND STABILIZATION	19
<b>3940</b>	<b>STATE WATER RESOURCES CONTROL BOARD</b>	<b>20</b>
VOTE-ONLY ISSUE 26	TECHNICAL ADJUSTMENT: SAFE DRINKING WATER ACCELERATION	20
VOTE-ONLY ISSUE 27	EMERGENCY RESPONSE PROGRAM	20

VOTE-ONLY ISSUE 28	INYO COUNTY PRIMACY DELEGATION REVOCATION	20
<b>3960</b>	<b>DEPARTMENT OF TOXIC SUBSTANCES CONTROL</b>	21
VOTE-ONLY ISSUE 29	INFORMATION TECHNOLOGY SECURITY SOFTWARE	21
<b>3900</b>	<b>AIR RESOURCES BOARD</b>	<b>22</b>
VOTE-ONLY ISSUE 30	EVALUATION AND APPROVAL OF INNOVATIVE FREIGHT TECHNOLOGIES	22
VOTE-ONLY ISSUE 31	HEAVY DUTY PHASE 2 GREENHOUSE GAS IMPLEMENTATION AND AUDIT PROGRAM	23
<b>3930</b> <b>8570</b>	<b>DEPARTMENT OF PESTICIDE REGULATION</b> <b>DEPARTMENT OF FOOD AND AGRICULTURE</b>	<b>24</b>
VOTE-ONLY ISSUE 32	TRANSITIONING TO SAFER, MORE SUSTAINABLE PEST MANAGEMENT SOLUTIONS /PEST MANAGEMENT RESEARCH GRANTS	24
<b>8570</b>	<b>DEPARTMENT OF FOOD AND AGRICULTURE</b>	25
VOTE-ONLY ISSUE 33	TECHNICAL ADJUSTMENT: REAPPROPRIATION	25
VOTE-ONLY ISSUE 34	STATE-DESIGNATED FAIRS REVENUE (AB 1499)	25
VOTE-ONLY ISSUE 35	FARM ANIMAL CONFINEMENT (PROPOSITION 12)	26
VOTE-ONLY ISSUE 36	CATASTROPHIC LIVESTOCK DISEASE PREVENTION AND EMERGENCY RESPONSE-VIRULENT NEWCASTLE DISEASE AND NATURAL DISASTERS IMPACTING ANIMALS	26
VOTE-ONLY ISSUE 37	PRODUCE SAFETY TECHNICAL ASSISTANCE PROGRAM	27
<b>3340</b>	<b>CALIFORNIA CONSERVATION CORPS</b>	<b>28</b>
VOTE-ONLY ISSUE 38	TAHOE BASE CENTER: EQUIPMENT STORAGE RELOCATION	28
VOTE-ONLY ISSUE 39	DIVISION OF JUVENILE JUSTICE APPRENTICESHIP CONSERVATION CORPS	28
<b>2660</b>	<b>CALIFORNIA DEPARTMENT OF TRANSPORTATION</b>	29
VOTE-ONLY ISSUE 40	PROJECT DELIVERY WORKLOAD (MAY REVISION)	29
VOTE-ONLY ISSUE 41	PROJECT INITIATION DOCUMENTS	31
VOTE-ONLY ISSUE 42	INDEPENDENT OFFICE OF AUDITS AND INVESTIGATIONS TRAILER BILL LANGUAGE	32

<b>2665</b>	<b>HIGH-SPEED RAIL AUTHORITY</b>	<b>33</b>
VOTE-ONLY ISSUE 43	CONTRACT MANAGEMENT & FINANCIAL OFFICE RESOURCES (MAY REVISION)	33
<b>2720</b>	<b>CALIFORNIA HIGHWAY PATROL</b>	<b>34</b>
VOTE-ONLY ISSUE 44	DEFERRED MAINTENANCE	34
VOTE-ONLY ISSUE 45	TASK FORCE: ORGANIZED CRIME (AB 1065)	34
<b>2740</b>	<b>DEPARTMENT OF MOTOR VEHICLES</b>	<b>35</b>
VOTE-ONLY ISSUE 46	DEFERRED MAINTENANCE	35
VOTE-ONLY ISSUE 47	DELANO FIELD OFFICE REPLACEMENT—WORKING DRAWINGS	35
<b>8660</b>	<b>CALIFORNIA PUBLIC UTILITIES COMMISSION</b>	<b>36</b>
VOTE-ONLY ISSUE 48	CALIFORNIA LIFE LINE LOCAL ASSISTANCE AND STATE OPERATIONS UPDATE (MAY REVISION)	36

<b>ITEMS TO BE HEARD</b>
--------------------------

ITEM	DESCRIPTION	PAGE
<b>3960</b>	<b>DEPARTMENT OF TOXIC SUBSTANCES CONTROL</b>	<b>38</b>
ISSUE 1	BASE FUNDING TO MAINTAIN OPERATIONS	38
ISSUE 2	COST RECOVERY MANAGEMENT SYSTEM INFORMATION TECHNOLOGY PROJECT	47
<b>0521</b>	<b>SECRETARY FOR THE STATE TRANSPORTATION AGENCY</b>	<b>49</b>
ISSUE 3	TOLL ROAD LEGISLATION (INFORMATIONAL ONLY)	49

## VOTE-ONLY

### 0540 NATURAL RESOURCES AGENCY

### 0555 ENVIRONMENTAL PROTECTION AGENCY

---

#### VOTE-ONLY ISSUE 1: PROPOSITION 99 TECHNICAL ADJUSTMENTS

A May Revision proposal requests that various Budget Bill items be amended to reflect a technical baseline budget adjustment for various departments within the Natural Resources Agency and Environmental Protection Agency to reflect additional tobacco tax revenue for the Public Resources Account. Revenue and Tax Code section 30124(b)(5) specifies that five percent of Cigarette and Tobacco Products Surtax Fund revenue shall be deposited into the Public Resources Account for programs that protect, restore, enhance, or maintain fish, waterfowl, and wildlife habitat, and enhance state and local parks and recreational resources. The May Revision proposes the following items be amended to reflect this change:

- Increase Item 0555-001-0235 by \$7,000
- Increase Item 3600-001-0235 by \$167,000
- Increase Item 3790-001-0235 by \$468,000
- Increase Item 3940-001-0235 by \$27,000

It is also proposed that Item 3640-311-0001 be decreased by \$256,000. This adjustment is associated with corresponding increased May Revision revenues from the Unallocated Account Cigarette and Tobacco Products Surtax fund that offset General fund expenditures pursuant to Fish and Game Code Section 2796.

---

**Staff Recommendation: Approve as proposed.**

---

### 0555 CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

---

#### VOTE-ONLY ISSUE 2: ALIGNING EXPENDITURES WITH REVENUES

A May Revision proposal requests that Item 0555-001-0028 be decreased by \$1 million to reflect updated revenue projections for the Unified Program Account. This one-time reduction in expenditure authority is necessary given a delay in the collection of planned fee increased. Once fees are fully implemented, revenues are expected to fully cover the cost of the program by 2020-2021. This one-time reduction will allow the Agency to control its expenditure levels to match current revenues.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 3: PROCESS IMPROVEMENT POSITIONS**

A May Revision proposal requests \$985,000 and 6 positions to implement process improvements that will benefit the boards, departments, and offices within CalEPA. These positions will provide strategic planning leadership, improve internal and external communications, and enhance the coordination of departmental policies at the Agency level.

This item was heard in this Subcommittee on May 15, 2019. The broad goals described in this proposal have merit. However, the proposal does not include a detailed description of specific problems being addressed, activities that would be undertaken, or measurable outcomes that CalEPA intends to achieve if the request is approved.

---

**Staff Recommendation: Approve as proposed. Additionally adopt supplemental reporting language to require CalEPA to provide details on the existing shortcomings being addressed, activities that would be undertaken, and measurable outcomes that would be established for each of the components of this proposal.**

---

**3480 DEPARTMENT OF CONSERVATION**

---

**VOTE-ONLY ISSUE 4: TECHNICAL BOND ADJUSTMENTS**

A May Revision proposal requests to revert \$1,142,000 in Proposition 40 that was allocated in the Budget Act of 2016 and to revert \$180,000 in Proposition 84 that was allocated in the Budget Act of 2016. Reversion of both of these items of appropriation will prevent over allocation of bond funds since the liquidation period is still valid for an additional two years.

On March 29, 2019, the Administration submitted an April 1 Spring Finance Letter to the Legislature requesting Proposition 40 and Proposition 84 bond funds for the Department's Division of Land Resources Protection Unit for Agricultural Land Preservation. Since that time, it was discovered that without a forced reversion of the liquidation period of these items of appropriation, which still have two more years before the funding naturally reverts on June 30, 2021, the bond funds would be over allocated.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 5: WELL STATEWIDE TRACKING AND REPORTING SYSTEM**

A May Revision proposal requests \$3,170,000 from the Oil, Gas, and Geothermal Administrative Fund to expand the scope and functionality of the Well Statewide Tracking and Reporting (WellSTAR) System. This proposal also requests the reappropriation of a portion of Item 3480-001-3046, Budget Act of 2018, for the continued development and implementation of the WellSTAR.

This item was heard in this Subcommittee on May 15, 2019. The Governor's Budget included a WellSTAR BCP to fund the final stage of the WellSTAR project. This May Revision proposals would build on top of that BCP by expanding the scope and functionality. Legislation enacted after the original scope of the project was developed, along with subsequent regulatory changes, have expanded the functionality requirements placed on the Department and the WellSTAR project. Although the existing WellSTAR Information Technology project remains within scope, on time, and within budget as initially planned, the additional functionality requested will incorporate enhancements necessary to meet the requirements of recent regulatory and legislative changes.

---

**Staff Recommendation: Approve as proposed.**

---

**3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY**

---

**VOTE-ONLY ISSUE 6: EMERGENCY DEBRIS CLEANUP AND RECOVERY**

---

A May Revision proposal requests \$2,782,000 and 21.5 positions for CalRecycle to establish a dedicated team to help facilitate timely, safe, and effective debris removal operations as well as to assist local governments in the preparation of Debris Removal plans for future incidents.

This item was heard in this Subcommittee on May 15, 2019. The requested positions would be used to formally establish a team to respond to local government requests for technical assistance, provide guidance when developing disaster recovery plans, and support CalRecycle's response to emergency mission tasking for state-operated disaster removal programs.

This proposal is part of the Administration's larger Disaster Preparedness, Response, and Recovery May Revision package. The May Revision includes resources for various departments to enhance the state's disaster response preparedness and support the continuity of state government during disasters.

---

**Staff Recommendation: Approve as proposed.**

---

**3810 SANTA MONICA MOUNTAIN CONSERVANCY**

---

**VOTE-ONLY ISSUE 7: WOOLSEY FIRE RESTORATION AND RECOVERY**

---

A May Revision proposal requests \$15 million General Fund one-time and two positions (5 year-limited-term) to cover the costs of the Woolsey Fire.

This item was heard in this Subcommittee on May 15, 2019. The Woolsey Fire damaged tens of thousands of acres of Conservancy property including buildings, trails, trailheads, and public amenities. Soon after the fire, the rainy season compounded the damage with mudflows and slides. Several properties owned by the Conservancy were, and continue to be, evacuated while an assessment of the damage continues and utilities remain cut off. There are several safety concerns that must be addressed immediately and regular and frequent protective actions are necessary to prevent further damage and protect the public and employees. The requested funding would allow the Conservancy to address safety concerns, assess the damage, and implement a restoration and recovery plan.

---

**Staff Recommendation: Approve as proposed.**

---

**3840 DELTA PROTECTION COMMISSION**

---

---

**VOTE-ONLY ISSUE 8: FEDERAL FUND ITEM ESTABLISHMENT**

A May Revision proposal requests \$1,000 to establish a federal fund item to facilitate potential receipt of future federal funds. In order to make adjustments to accommodate potential future federal funds, a federal fund item is needed in the Budget Act.

---

**Staff Recommendation: Approve as proposed.**

---

**3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION**

---

**VOTE-ONLY ISSUE 9: PROFESSIONAL FORESTER REGISTRATION PROGRAM**

A May Revision proposal requests a one-time transfer of \$100,000 from the California Environmental License Plate Fund to support the Office of Professional Foresters Registration. This is a short-term solution while the Board and the Administration continue development of a longer term solution to address the increase in operating costs and decline in revenue, which has led to the structural imbalance of the Professional Forester Registration Fund.

There has not been a fee increase for Registered Professional Foresters (RPFs) and Certified Rangeland Managers (CRMs) since the mid-1980s. While operating cost increases associated have been nominal, increasing by less than 2.3 percent per year, revenue from renewals has declined by nearly one-third during this same period. The increase in operating costs and the decline in revenue has led to the structural imbalance of the Professional Foresters Registration (PFR) Fund.

The Board is exploring long-term solution to address the PFR Fund's structural imbalance. One approach is to increase outreach efforts. Outreach increases awareness of California's forestry licensing program, and helps address the various requirements for becoming qualified to take the RPF exam. Another approach is to increase revenues into the fund. The Professional Foresters Examining Committee (PFEC) is an advisory committee to the Board on matters of regulations related to the licensing of RPFs and CRMs. Currently, there are discussions at the PFEC supporting increasing renewal fees for RPFs and CRMs.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 10: OFFICE OF THE STATE FIRE MARSHAL, LICENSING AND CERTIFICATION FUND PROGRAM**

A May Revision proposal requests \$1.1 million State Fire Marshal Licensing and Certification Fund (L&C Fund) and four positions in fiscal year 2019-20 and \$1.1 million L&C Fund and five positions ongoing to support the Office of the State Fire Marshal Fire Engineering and Investigations Division's Licensing and Certification Program.

This item was heard in this Subcommittee on May 15, 2019. This request is a result of the mission-based budget review process and addresses needs in the Building Materials Listing Program and Flame Retardant Program. The additional funding and positions requested will be supported through increased fee revenues.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 11: OFFICE OF THE STATE FIRE MARSHAL, FIRE AND LIFE SAFETY DIVISION**

A May Revision proposal requests:

- \$2.2 million (\$531,000 General Fund, \$133,000 Special Fund, and \$1.5 million reimbursements) and eight positions to support the Office of the State Fire Marshal's Fire and Life Safety Division's increased workload.
- \$500,000 one-time General Fund for an analysis of the Division's fee structure and a contract with the California Attorney General's office to analyze and provide clarity for specific statutory issues that relate to and impact the OSFM's jurisdiction.
- Trailer Bill Language to help define and clarify the Division's mission and responsibilities.
- Various technical changes included in the 2018-19 Budget.

This item was heard in this Subcommittee on May 15, 2019. Staffing levels at the Division had not kept pace with their increasing workload due to population growth and the growth of state agencies. As such, there was a backlog of plan reviews, construction inspections, and mandated interval inspection activities. As a result of the ongoing mission-based review, the Budget Act of 2018 included resources to begin addressing the staffing and resources needs. This May Revision proposal is a result of the continuing mission-based review process and seeks to implement the findings of this effort so far.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 12: INNOVATION PROCUREMENT SPRINT**

A May Revision proposal requests \$15 million to enable CalFire to procure innovative solutions to combat the state's wildfire crisis consistent with Executive Order N-04-19. It is also requested that provisional language be added to allow for augmentations of this amount as necessary under specified conditions.

This item was heard in this Subcommittee on May 15, 2019. Given the confidential nature of the ongoing procurement process, the Administration has not provided any details on the types of technologies or solutions it might select with these funds, and the proposed provisional language does not include a requirement to report on these details. Without details on how the funds might be spent it will be difficult for the Legislature to weigh the potential benefits against other budgetary priorities.

---

**Staff Recommendation: Approve requested resources with the following modifications to the provisional language: (1) Include \$5 million cap on the total level of augmentations that can be authorized. (2) Require 30 days notification and review periods instead of the proposed 15-day period. (3) Require CalFire to provide an update to the JLBC on the procurement process and the number and types of technologies being considered upon conclusion of the initial evaluation of proposals. (4) Require CalFire to provide a description of the outcomes of field testing of any technologies or solutions before entering into any contracts beyond the initial proof of concept.**

---

**VOTE-ONLY ISSUE 13: COMMUNITY WILDFIRE PREVENTION AND MITIGATION REPORT: CALIFORNIA VEGETATION TREATMENT PROGRAM ENVIRONMENTAL IMPACT REPORT**

A May Revision proposal requests \$730,000 one-time General Fund to complete the revision and certification of the California Vegetation Treatment Program Environmental Impact Report.

The Board of Forestry and Fire Protection has been working on the CalVTP for over a decade. The CalVTP represents more than a decade of work analyzing potential environmental effects associated with vegetation management aimed at reducing wildland fire risk across the state. The CalVTP plays a critical role in assisting CalFire in increasing the pace and scale of vegetation management while also maintaining California's diverse vegetation and habitats.

Upon certification, the CalVTP will facilitate timely implementation of wildland urban interface vegetation reduction projects, fuel breaks to assist in wildland fire suppression efforts, and support ecological restoration projects.

This item was heard in this Subcommittee on May 15, 2019. The funds requested will enable the Board to continue contracts with outside legal counsel and environmental experts to complete the revision and certification of the CalVTP. The CalVTP will enable CalFire and other partner agencies to increase the pace and scale of fire prevention activities and help achieve statewide forest management targets as recommended in the Forest Carbon Plan.

---

**Staff Recommendation: Approve as proposed.**

---

**3860 DEPARTMENT OF WATER RESOURCES**

---

**VOTE-ONLY ISSUE 14: SALTON SEA REAPPROPRIATION**

A May Revision proposal requests the reappropriation of the Proposition 1 funding for Salton Sea Management Plan state operations and capital outlay. Specifically, the requested reappropriation of approximately \$12,500,000 from Proposition 1, Section 79736 will continue to support the Natural Resources Agency's efforts to complete programmatic permitting and planning for the Salton Sea Management Plan. The funds to be reappropriated have not been fully expended or committed due to continued efforts to receive land access rights and other delays. It is estimated that the land access will be granted to DWR in 2019. DWR is anticipating giving the order to proceed to its contractor for design and construction in May of 2020. Projected completion of fund liquidation is June 2022.

This request also includes the reappropriation of \$60,000,000 from Proposition 1, Section 79736 to continue support of the Natural Resources Agency's process to design and build projects included in the Salton Sea Management Plan. DWR will support construction of ongoing and new restoration projects included in the plan. The funds to be reappropriated have not yet been committed due to project delays and land access efforts needed for construction. A Request for Qualifications was submitted in December 2018. It is estimated that the land access will be granted to DWR in 2019 allowing the construction process to proceed. Commitment and liquidation of funds is predicted to be complete by June 2022.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 15: DAM SAFETY RISK MANAGEMENT**

A May Revision proposal requests \$1.625 million ongoing from the Dam Safety Fund and 6 positions to incorporate Risk Informed Decision Making into the California Dam Safety Program. This proposal also requests that the remaining three years of \$1.625 million annual payback of the General Fund loan made in 2017-18 be forgiven to offset dam safety fee impacts to dam owners. The total balance of \$4.875 million from the original \$6.5 million loan.

This item was heard in this Subcommittee on May 15, 2019. RIDM is now considered a best practice and will likely become the standard of practice worldwide in the coming decade. Approving this request would enable DWR to incorporate RIDM into the Dam Safety Program.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 16: URBAN FLOOD RISK REDUCTION (PROJECT ADJUSTMENT)**

A May Revision proposal requests to redirect the \$25 million from Proposition 68 (PRC 80145 (a)(1)(A)) included in the Governor's Budget for a number of multi-benefit urban flood risk reduction improvement projects to instead fund the weir improvements and associated ecosystem restoration for the Oroville Wildlife Area Project. The various multi-benefit urban flood risk reduction improvement projects will be instead funded by other available bond funds. The following changes to the provisional language are requested:

3860-301-6088—For capital outlay, Department of Water Resources, payable from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For  
All Fund.....98,000,000

## Schedule:

(1) 0000743-Urban Flood Risk Reduction Program.....	25,000,000
(a) Study.....	410,000
(b) Acquisition.....	2,610,000
(c) Preliminary plans.....	890,000
(d) Working drawings.....	1,130,000
(e) Performance criteria.....	1,100,000
(f) (a) Construction.....	18,860,000 <u>25,000,000</u>
(2) 0000745-Systemwide Flood Risk Reduction Program.....	73,000,000
(a) Construction.....	62,000,000
(b) Design-build.....	11,000,000

## Provisions:

1. The funds appropriated in this item shall be available for multibenefit capital outlay projects that achieve public safety improvements and measurable fish and wildlife enhancement, consistent with paragraph (1) of subdivision (a) of Section 80145 of the Public Resources Code.
2. The amounts appropriated in Schedule (1) are provided for the following purposes:
  - (a) ~~\$420,000 for Bushy Lake and Woodlake Restoration.~~
  - (b) ~~\$4,200,000 for the Sacramento Area Flood Control Agency Habitat Berm project.~~
  - (c) ~~\$9,100,000~~ \$8,520,000 for the multi-benefit reclamation district 17 flood project.
  - (d) ~~\$7,880,000~~ for the Southport Setback Levee project.
  - (e) ~~\$3,400,000~~ \$8,600,000 for the Oroville Wildlife Area Weir Enhancement.
3. The amounts appropriated in Schedule (2) are provided for the following purposes:
  - (a) ~~\$55,000,000~~ for Yolo Bypass Phase I Implementation.
  - (b) ~~\$3,000,000~~ for the Paradise Cut flood project.
  - (c) ~~\$15,000,000~~ for the Butte Slough Outfall Gates project.
4. Notwithstanding existing law, the funds appropriated in this item shall be available for encumbrance or expenditure until June 30, 2022.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 17: OPEN AND TRANSPARENT WATER DATA ACT (AB 1755)**

A May Revision proposal requests 1,058,000 from the Environmental License Plate Fund annually for four years to implement the Open and Transparent Water Data Act.

This item was heard in this Subcommittee on May 15, 2019. The Department had anticipated philanthropic donations to support this effort, which hasn't materialized. This request is made to enable DWR to fulfill the two statutory deadlines prescribed in AB 1755 and allow the Water Board, DWR, and DFW to continue building the database and maintenance of the IT system.

---

**Staff Recommendation: Approve as proposed.**

---

**3600 DEPARTMENT OF FISH AND WILDLIFE**

---

**VOTE-ONLY ISSUE 18: SALTON SEA RESTORATION FUND**

---

A May Revision proposal requests an ongoing increased spending authority of \$324,000 from Salton Sea Restoration Fund. Annual payments to the SSRF from the Imperial Irrigation District are scheduled through 2047 and are expected to increase annually. The increased spending authority will enable CDFW to continue implementation of Salton Sea Restoration Actions described in Fish and Game Code section 2932.

The Salton Sea, located in Imperial and Riverside counties, is the largest lake in California. It was created by a levee break along the Colorado River in 1905. It supports a dynamic fishery and a multitude of avian species. However, the Salton Sea is continually changing due to the lack of a natural outlet, evaporation, and the quality of inflows. These changes now threaten the ability of the Salton Sea to continue to support fish, avian, and other wildlife species.

The annual payment to the SSRF from the Imperial Irrigation District in December 2017, covering Calendar Year 2017, was \$448,301. The annual payment in Calendar Year 2018 was \$600,275; Calendar Year 2019 will be \$760,965; and, Calendar Year 2020 will be \$930,755. Beginning in Calendar Year 2021, all future payments will exceed \$1 million annually. Increasing the SSRF authority is intended to aid in the achievement of restoration actions and timelines specified in the Salton Sea Management Program Phase I, 10-year plan.

The proposed increased spending authority is intended to enable full utilization of funds in the SSRF and enable DFW to implement the following:

- Environmental and engineering studies related to restoration of the Salton Sea and the protection of fish and wildlife dependent on the sea.
- Implementation of conservation measures necessary to protect fish and wildlife, including adaptive management measures pursuant Fish and Game Code Section 2081.7.
- Implementation of preferred Salton Sea restoration alternative.

If spending authority is not increased, CDFW will lack the ability to meet the State's obligation required by the Stipulated Water Order; therefore, CDFW would need to rely on other funding appropriated by the Legislature in order to carry out its obligations.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 19: ERSKINE LAND RESTORATION**

A May Revision proposal requests \$325,000 General Fund to fulfill its contractual obligation to the United States Department of the Interior, Bureau of Land Management under an existing Recreation or Public Purposes Lease.

This item was heard in this Subcommittee on May 15, 2019. The funding would be used to conduct remediation of the site and remove CDFW from further involvement in the site, which was the source of a destructive wildfire in 2016.

---

**Staff Recommendation: Approve as proposed.**

---

---

**3790 DEPARTMENT OF PARKS AND RECREATION**

---

**VOTE-ONLY ISSUE 20: CREDIT CARD PROCESSING CONTRACT**

A May Revision proposal requests \$4 million ongoing from the State Parks and Recreation Fund to support operating expenses associated with the Department's credit card processing service contract. These contract costs are currently deducted from the revenues collected from credit cards. This proposal would end that process and instead all of the revenue would come directly to the Department and the Department would pay vendors for their operating costs through an appropriation. This change in methodology would result in a net zero impact to the fund.

DPR currently pay the credit card processing service contract through deducting the cost of services from collected revenues. These dollars are calculated based on an average percentage per credit card transaction. However, each transaction percentage varies depending on the credit card and/or dollar amount, so the actual percentage charged is not a one-for-one match which slows down the approval of each revenue debit transactions, delays cash availability, then delays payment of invoices. This can make it difficult for reconciliation and review purposes internally and externally.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 21: PUBLIC BEACH RESTORATION PROJECTS**

A May Revision proposal requests for the following:

- \$231,000 one-time from the Public Beach Restoration Fund for a local assistance grant to the City of San Clemente. This grant will fund preconstruction, engineering, and design activities for the U.S. Army Corps of Engineers' Beach Sand Replenishment Project.
- \$500,000 in reimbursement authority for contributions toward public beach restoration projects by local governments.
- A net-zero programmatic adjustment for local assistance from the Harbors and Watercraft Revolving Fund.

The widening of the City's beach near the San Clemente Pier will improve protection against storm surges for non-retreatable public infrastructures nearby, including a railroad segment behind the project area that the federal government considers strategically important. To reverse past erosion of the City's shoreline that has persisted for several decades, the project will add 251,000 cubic yards of sand to the City beach, widening a 3,400-foot long section of beach by about 50 feet. The U.S. Army Corps of Engineers (Corps) has prepared a detailed draft outline of the pre-construction, engineering, and design work to be completed, but work has not yet started. The pre-construction, engineering, and design phase is expected to last two years, with construction following shortly thereafter if federal funding is available.

Further, the Department receives an annual local assistance appropriation from the Harbors and Watercraft Revolving Fund. Currently, there are three programs with appropriations under this item: Boating Facilities, Reimbursements, and Boating Operations. This proposal will shift available authority from the Boating Facilities program to the Beach Erosion Control program on a one-time basis for the Pacifica Shoreline Erosion Study project.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 22: REAPPROPRIATION OF 2016 DEFERRED MAINTENANCE AND 2017 PUBLIC BEACH RESTORATION FUNDING**

A May Revision proposal requests reappropriation of the unencumbered balance of Control Section 6.10 deferred maintenance funding and local assistance grant funding from the Public Beach Restoration Fund.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 23: PUBLIC SAFETY EMERGENCY RESPONSE**

A May Revision proposal requests \$3,873,000 one-time from the General Fund to enhance its emergency response efforts. This funding will provide multi-band portable radios, two incident command trailers with tow-vehicles, two inflatable rescue boats and rescue paddleboards with a cargo trailer, and flame retardant clothing.

This item was heard in this Subcommittee on May 15, 2019. This request is similar to several other requests that this Subcommittee has approved relating to radio interoperability and emergency response equipment. Funding this request would better equip the Department to effectively respond to emergency response situations.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 24: WILDFIRE REPAIR AND REIMBURSEMENT**

A May Revision proposal requests \$7,900,000 one-time from the General Fund and \$2,800,000 in reimbursement authority from the State Parks and Recreation Fund to begin addressing the wildlife repair costs due to the severe fire damage incurred over the last year.

This item was heard in this Subcommittee on May 15, 2019. The recent wildfires destroyed park structures and left others with public safety hazards that requires those parks to be closed to the public. Funding this request would help repair and replace facilities and trails damaged or lost during the fires. The anticipated FEMA funding will be the source of the reimbursements for this proposal.

---

**Staff Recommendation: Approve as proposed and adopt supplemental reporting language to require Parks to provide details on how the funds will be spent, including identifying specific parks and projects that will receive this funding.**

---

**VOTE-ONLY ISSUE 25: HARBORS AND WATERCRAFT REVOLVING FUND AND STATE PARKS AND RECREATION FUND STABILIZATION**

A May Revision proposal requests \$35,747,000 one-time in General Fund and \$9,747,000 ongoing in General Fund to offset the below estimate Motor Vehicle Fuel Account transfers to the State Parks and Recreation Fund. This proposal also requests a reversion of \$16,410,000 from the unencumbered balance of Harbors and Watercrafts Revolving Fund local assistance appropriations and the transfer of \$6,000,000 from the Public Beach Restoration Fund to the Harbors and Watercraft Revolving Fund to offset the reduced Motor Vehicle Fuel Account transfers.

This item was heard in this Subcommittee on May 15, 2019. This request will allow DPR to maintain projected resource levels by adjusting down the appropriations from SPRF and providing General Fund to compensate for reduced revenues. The one-time appropriation will account for revenues received below estimate in 2017-18 and 2018-19. The proposed reversion of, and transfer to, the Harbors and Watercraft Revolving Fund will establish a balance in the fund and will allow the Department time to develop a long term solution for inclusion in the 2020 Budget.

---

**Staff Recommendation: Approve as proposed.**

---

**3940 STATE WATER RESOURCES CONTROL BOARD**

---

**VOTE-ONLY ISSUE 26: TECHNICAL ADJUSTMENT: SAFE DRINKING WATER ACCELERATION**

A May Revision proposal requests that Item 3940-101-0001 be decreased by \$20 million to reflect the changes made in Chapter 1, Statutes of 2019 (AB 72), which accelerated this local assistance funding into the current year to address emergency drinking water needs.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 27: EMERGENCY RESPONSE PROGRAM**

A May Revision proposal requests \$1.052 million for the support of six permanent positions to establish an emergency preparedness and response unit needed to improve the capabilities of the State Water Board and the nine regional Water Quality Control Boards to prepare for and respond to disasters.

This item was heard in this Subcommittee on May 15, 2019. These additional resources will allow the State Water Board to support ongoing disaster recovery efforts without diverting staff away from other aspects of the Board's mission.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 28: INYO COUNTY PRIMACY DELEGATION REVOCATION**

A May Revision proposal requests \$386,000 and 2 positions, for the Water Board to assume regulatory responsibility for federal Safe Drinking Water Act requirements in Inyo County. The Water Board is the designated primacy agency for implementing the Act, and delegates primacy to certain counties to regulate systems below 200 service connections. The Water Board informed Inyo County in February 2019 that it failed to meet requirements under its delegation agreement, which has now been revoked.

This item was heard in this Subcommittee on May 15, 2019. SWRCB is mandated to establish and maintain a minimum regulatory program for all public water systems that is adequate to ensure that consumers are reasonably protected from waterborne diseases and chemical contamination. This mandate may be partially carried out through delegation to LPAs that apply for delegation. However, under state law and the EPA primacy delegation to SWRCB to operate a drinking water program, SWRCB is also responsible for the Public Water System Supervision program in California. If the state does not adequately fulfill its mandate to protect public health in this area, including those systems delegated to the counties, the federal government may withdraw primacy from California. This could jeopardize federal funding for the Drinking Water

Program in California. This request is intended to enable the state to provide regulatory oversight of public small water systems in Inyo County.

---

**Staff Recommendation: Approve as proposed.**

---

---

**3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL**

---

**ISSUE 29: INFORMATION TECHNOLOGY SECURITY SOFTWARE**

A May Revision Proposal requests \$452,000 split evenly between the Hazardous Waste Control Account (HWCA) and Toxic Substances Control Account (TSCA) (\$226,000 each) in 2019-20 and \$555,000 HWCA and TSCA (\$277,500 each) ongoing thereafter to purchase and install security software to remain compliant with the Department of Technology and state regulations and remediate information security risks.

According to DTSC's independent security assessment conducted in 2016 and 2018, DTSC is currently out of compliance in several security controls including Configuration Management, Identity Management, Access Control, Network Security and Architecture, FIPS 199 Data Classification, Privilege Management, and Incident Response.

As automation becomes more prevalent, additional security measures are necessary to protect information from threats including unauthorized access or use. To help safeguard DTSC's information and have countermeasures to increasingly complex and sophisticated cyberattacks, security tools are required to effectively combat the attempted breaches on security and privacy. DTSC has recently started an effort to classify all electronic data and has been focused on high risk and confidential information controls, along with enhancing internal security practices to maintain data integrity.

---

**Staff Recommendation: Approve as proposed.**

---

**3900 AIR RESOURCES BOARD**

---

**VOTE-ONLY ISSUE 30: EVALUATION AND APPROVAL OF INNOVATIVE FREIGHT TECHNOLOGIES**

A May Revision proposal requests \$1,326,000 from the Air Pollution Control Fund for three years and seven permanent full-time positions to meet existing regulatory, planning, and incentive commitments for innovative technologies to cut emissions from freight equipment such as ships, locomotives, harbor craft, cargo handling equipment, and transport refrigeration units.

This item was heard in this Subcommittee on May 15, 2019. The ARB anticipates demand for approval of innovative controls technology to increase by 400 percent over the next few years. The requested resources would enable ARB to develop procedures, perform technology evaluations, approve manufacturer/industry requests, monitor performance, and respond to detected problems. This would provide regulatory compliance options for California businesses, allow technology developers to bring products to market, and to prevent delays in deployment of cleaner freight equipment needed to cut emissions in disadvantaged communities.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 31: HEAVY DUTY PHASE 2 GREENHOUSE GAS IMPLEMENTATION AND AUDIT PROGRAM**

A May Revision proposal requests \$1.9 million Air Pollution Control Fund and 10.0 positions phased in over three years to review and certify medium and heavy-duty engines, vehicles, and trailers to the newly adopted California Phase 2 Greenhouse Gas (GHG) Regulations. This proposal also requests trailer bill language to remove the cap on the total amount of funds the Air Resources Board may collect for certification of motor vehicles, engines, and trailers sold in the state so that fees are sufficient to cover the cost of implementing required state programs. Specifically, the proposed trailer bill language removes the cap from HSC section 43019, adds HSC section 38510 and HSC section 38560 to HSC 43019.1 to allow fee assessment for the certification of trailers for the Phase 2 GHG program, and directs the implementation fees to the new certification fund established in HSC 43019.3. Upon legislative changes, the Board will begin the public process to establish the fees to cover the new Phase 2 GHG program.

This item was heard in this Subcommittee on May 15, 2019. On-road medium and heavy-duty trucks are a significant source of air pollution. To ensure vehicles and equipment meet California's strict emission standards, ARB currently issues over 3,900 certifications, also known as Executive Orders annually. Vehicles, engines and components must be certified by ARB to be sold in California, and advanced emission control technology must be approved by ARB to be used for regulatory compliance or to obtain grant funding. Under California's Phase 2 GHG regulations, ARB staff will be required to conduct detailed independent reviews and approval before issuing an Executive Order to authorize the sale of those trailers, engines and vehicles in the state. Further, the proposed trailer bill language would allow CARB to assess fees to cover the Phase 2 GHG implementation activities.

---

**Staff Recommendation: Approve as proposed.**

---

**8570 DEPARTMENT OF FOOD AND AGRICULTURE  
3930 DEPARTMENT OF PESTICIDE REGULATION**

---

**VOTE-ONLY ISSUE 32: TRANSITIONING TO SAFER, MORE SUSTAINABLE PEST MANAGEMENT SOLUTIONS /PEST MANAGEMENT RESEARCH GRANTS**

A May Revision proposal requests the following to assist with the transition to safer, more sustainable pest management solutions:

- \$2.225 million General Fund one-time to DPR to contribute additional resources to the Pest Management Research Grant Program and facilitate a cross-sector work group that will identify, evaluate, and develop safer practical, and more sustainable alternative pest management tools for California growers.
- \$3.5 million General Fund one-time to CDFA to supplement CDFA's Pesticide Alternatives Grant program and to revitalize the Biologically Integrated Farming Systems (BIFS) Program to provide training and demonstration projects for Integrated Pest Management.

DPR and CDFA also request that the funds be available for encumbrance or expenditure until June 30, 2022, in recognition of the long-term nature of research grant projects and to accommodate terms of the Model Contract Language between the state and the University of California.

This item was heard in this Subcommittee on May 15, 2019. Chlorpyrifos is a pesticide used on many staple food crops such as corn, wheat, and citrus. It is also known as a toxic air contaminant that endangers public health and is harmful to the environment. The US EPA was expected to ban the use of chlorpyrifos in 2017 but ultimately did not do so. The request before us would enable DPR and CDFA to search for safer alternatives to chlorpyrifos.

---

**Staff Recommendation: Approve as proposed.**

---

**8570 DEPARTMENT OF FOOD AND AGRICULTURE****VOTE-ONLY ISSUE 33: TECHNICAL ADJUSTMENT: REAPPROPRIATION**

A May Revision proposal requests that Item 8570-491 be added to reappropriate funding included in the 2018 Budget Act to suppress diseases associated with the Shot Hole Borer Invasive Beetle. The Department engaged stakeholders on a plan to utilize these funds and a reappropriation is necessary to provide sufficient time to develop and issue a request for proposal and award contracts in fiscal year 2019-20.

**Staff Recommendation: Approve as proposed.**

**VOTE-ONLY ISSUE 34: STATE-DESIGNATED FAIRS REVENUE (AB 1499)**

A May Revision proposal requests provisional language be added to reflect a transfer of \$18,637,000 from the General Fund to the Fair and Exposition Fund. Proposed provisional language is as follows:

*8570-011-0001—For transfer by the Controller from the General Fund to the Fair and Exposition Fund.....18,637,000*

*Provisions:*

- 1. The funds transferred in this item shall be used for purposes consistent with the requirements of Section 19620.2 of the Business and Professions Code.*
- 2. Upon approval by the Department of Finance, the amount transferred by this item may be adjusted to reflect the requirements of Section 19620.15 of the Business and Professions Code.*

AB 1499 (Gray, Chapter 798, Statutes of 2017) requires a portion of gross receipts from the sales and use tax received within the property of a state-designated fair to be transferred to the Fair and Exposition Fund beginning in 2019-20. This request establishes the budgetary mechanism necessary to effectuate the annual transfer.

**Staff Recommendation: Approve as proposed.**

**VOTE-ONLY ISSUE 35: FARM ANIMAL CONFINEMENT (PROPOSITION 12)**

A May Revision proposal requests \$4,513,000 and 14 positions to support the first year of implementation of Proposition 12, the Farm Animal Confinement Initiative of 2018, which establishes new standards for confinement of specified farm animals and bans the sale of noncomplying products. These resources will support registration and certification activities, compliance activities, program administration, and information technology consultant services for project planning and system development.

This item was heard in this Subcommittee on May 15, 2019. Proposition 12 imposes detailed confinement space standards for specified classes of food-producing livestock including calves raised for veal, breeding pigs and egg-laying hens. The requested resources would enable CDFA to establish an Animal Care Program necessary to implement Proposition 12.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 36: CATASTROPHIC LIVESTOCK DISEASE PREVENTION AND EMERGENCY RESPONSE-VIRULENT NEWCASTLE DISEASE AND NATURAL DISASTERS IMPACTING ANIMALS**

A May Revision proposal requests \$3,336,000 and 23 positions to address current and continued threats to animal health, food supply, and the economy posed by the virulent Newcastle Disease and other diseases and natural disasters. Specifically, these resources will be utilized to establish teams that will coordinate and respond to current and future threats to animal health.

This item was heard in this Subcommittee on May 15, 2019. The current vND outbreak and associated challenges demonstrates that core staffing is essential where catastrophic disease is often introduced, at the rural-urban interface. CDFA intends to use the requested resources to place skilled, permanent staffing close to historical vND outbreak locations and for the staff to build a rapport with local communities. These resources would allow CDFA to shift its approach from waiting until an outbreak gets large enough to detect in California as done historically, to striking once a disease is detected.

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 37: PRODUCE SAFETY TECHNICAL ASSISTANCE PROGRAM**

A May Revision proposal requests \$700,000 and 1 position to provide produce safety technical assistance and education to California farmers to support their compliance with the Federal Food Safety Modernization Act. This team will assist growers in complying with the Act and will also support in food safety outbreak post-response activities.

This item was heard in this Subcommittee on May 15, 2019. The resources requested are intended to be utilized to establish the Produce Safety Technical Assistance Program to assist growers by offering the tools necessary for meeting compliance of the PSR in California and allow for contracting with food safety experts at University of California Cooperative Extension.

---

**Staff Recommendation: Approve as proposed.**

---

**3340 CALIFORNIA CONSERVATION CORPS**

---

**VOTE-ONLY ISSUE 38: TAHOE BASE CENTER: EQUIPMENT STORAGE RELOCATION**

A May Revision proposal requests the reappropriation of \$279,000 from the Public Buildings Construction Fund for the acquisition phase of the Tahoe Base Center: Equipment Storage Relocation project.

The Storage Warehouse Relocation project at Tahoe Base Center consists of the acquisition of land and renovation of an existing storage facility near the Tahoe Residential Center located in El Dorado County. The Legislature has appropriated \$4,038,000 Public Buildings Construction Fund in prior years for this project.

This project has had a number of delays related to completion of the acquisition of the site due to real estate due diligence issues pertaining to easements on the site, multiple appraisals, and negotiations with the property owner who splits residence between Hawaii and California. Given that these issues have been resolved and the property owner recently has agreed to sell, the CCC anticipates to complete the acquisition phase by the end of the current calendar year. The reappropriation will ensure that adequate acquisition authority is available to complete this phase of the project

---

**Staff Recommendation: Approve as proposed.**

---

**VOTE-ONLY ISSUE 39: DIVISION OF JUVENILE JUSTICE APPRENTICESHIP CONSERVATION CORPS**

A May Revision proposal requests two ongoing positions and \$1,085,000 one-time General Fund in 2019-20 and \$581,000 ongoing General Fund beginning in 2020-21, which includes \$876,000 in 2019-20 and \$376,000 ongoing for certified local conservation corps. Requested resources will support the implementation of the DJJ Apprenticeship Conservation Corps pilot program to present DJJ youth with skill-building and job-readiness opportunities that will provide pathways to conservation careers upon returning to their communities.

---

**Staff Recommendation: Approve as proposed.**

---

## 2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS)

### VOTE-ONLY ISSUE 40: PROJECT DELIVERY WORKLOAD (MAY REVISION)

The California Department of Transportation requests a net increase of \$8.8 million and 48 full time equivalents from the 2019-20 Governor's Proposed Budget for the Capital Outlay Support (COS) Program project delivery workload. This proposal reflects Caltrans maintaining the traditional split of 90 percent state staff, and 10 percent contract staff.

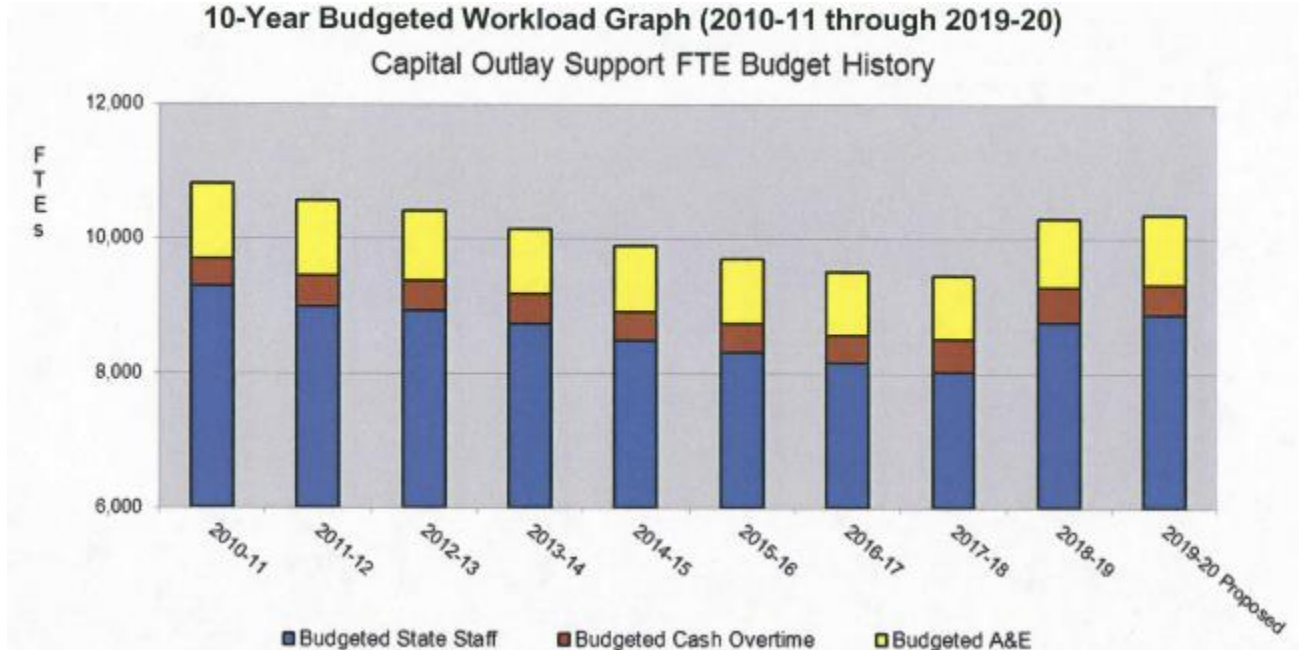
#### BACKGROUND

COS staff deliver transportation projects to construction and oversee the construction of projects currently funded or expected to be funded by the California Transportation Commission, or by local partners. The requested staffing level considers budget year needs within the context of a five-year workload projection. The figure below shows the requested level of resources compared to the 2018-19 COS authorized budget, the 2019-20 January budget proposal, and the 2019-20 May Revision proposal.

	<b>Personal Services Staff</b>	<b>Cash Overtime Position Equivalent</b>	<b>Architectural and Engineering Contracts (Position Equivalent)</b>	<b>Total Request</b>
<b>2018-19 COS Program Authorized Budget</b>	8,770.4	516.4	1,031.8	10,318.6
<i>Mid-Year Jan. 10 Adjustments</i>	-13.0	0	0	-13
<b>2019-20 January 10, Governor's Proposed Budget</b>	8,757.4	516.4	1,031.8	10,305.6
<i>2019-20 COS Program Proposed Budget Changes</i>	+123.2	-75.0	0	+48.2
<b>2019-20 COS Proposed Budget (May Revision)</b>	8,881.6	441.4	1,031.8	<b>10,353.8</b>

The COS Program budget is growing to deliver projects to meet Senate Bill (SB 1) requirements.

The following chart shows the change in staffing levels at Caltrans over the last decade:



The chart below shows how the positions would be allocated by the type of work performed:

**Table 3: COS Program Workload Changes (Full Time Equivalents)**

Workload Categories (Includes all fund sources)	Governor's Budget 2019-20*	May Revision 2019-20	Change 2019-20
SHOPP (including SB 1)	6,275	6,099	(176)
Overhead and Corporate	1,930	1,947	17
Partnership (Includes Measure/Locally Funded)	904	996	92
STIP	712	682	(30)
Real Property Services	109	109	0
Toll Bridge Seismic Retrofit Program	59	47	(12)
Traffic Congestion Relief Program	54	48	(6)
Prequalifying Laboratories and Materials	53	53	0
High Speed Rail	37	39	2
Proposition 1B Bond	32	43	11
Materials Engineering & Testing Services	27	27	0
Geotechnical Borehole Mitigation	25	10	(15)
Non-SHOPP SB 1	89	254	165
<b>Total Proposed COS Workload</b>	<b>10,306</b>	<b>10,354</b>	<b>48</b>

\*Includes 13 positions redirected to OIG (BCP 2660-007-BCP-2019-GB)

**Staff Recommendation: Approve as Proposed.**

**VOTE-ONLY ISSUE 41: PROJECT INITIATION DOCUMENTS**

The Governor's budget requests \$85.7 million in State Highway Account (SHA) and RMRA funds for 407 positions and 45 full time equivalents (FTE) for Architecture and Engineering (A&E) contracting and overtime for the Project Initiation Document (PID) Program in 2019-20, based on the biennial zero-based budget review. This request represents a 5 percent increase in SHA resources for A&E contracting and will increase the A&E authority from 5 percent to 10 percent of the total PID Program budget.

**BACKGROUND**

A PID must be developed and approved by Caltrans before a capital project can be programmed and constructed on the State Highway System. A PID provides engineering details that document the scope, cost, and schedule of a project.

The PID Program supports the 10-Year State Highway Operation and Protection Program (SHOPP) Plan. To meet the State's needs, Caltrans develops a biennial multi-year PID workload to identify the PIDs scheduled for development in the subsequent two fiscal years, in this case 2019-20 and 2020-21. Based on those plans, the PID Program submits a biennial Zero-Based Budget Change Proposal (BCP) to ensure sufficient resources are available to oversee and develop PIDs.

Additional A&E resources would allow the PID Program to quickly redirect resources between districts to account for workload and staffing fluctuations, rapidly deploy resources to develop PIDs, and take advantage of funding which becomes available through project cost savings and other sources. Overall, A&E resources help efficiently realign resources to deliver PIDs on schedule and on budget.

The requested resources will develop PIDs for SHOPP, state-sponsored, and local-sponsored development. In recent years, the number of PIDs developed annually has fluctuated due to available resources for capital projects. In addition, PIDs have become increasingly complex, as Caltrans has shifted to a multi-asset approach rather than a single-asset approach to planning and now bundles projects such as pavement, bridges, and drainage projects together. If approved, this request would fund the following positions:

- 297 positions for SHOPP and RMRA SHOPP PID development;
- 20 RMRA FTEs for A&E PID development;
- 5 RMRA FTEs for Cash Overtime for PID development;
- 20 (new) SHA A&E FTEs for A&E PID development;
- 15 SHA positions for State-sponsored PID development;
- 21 SHA positions for local-sponsored reimbursement PID development;
- 22 SHA and RMRA positions for technical engineering support; and,

- 52 SHA and RMRA positions for program management.

The PID Program plans to complete about 574 SHOPP PIDs and 120 Non-SHOPP PIDs in the 2019-20 and 2020-21 workload. About half of these are expected to be completed in 2019-20.

---

**Staff Recommendation: Reject the proposal to increase A&E Contracting authority from 5 to 10 percent. Approve and allow for a commensurate increase in state position authority. Accordingly, approve 429.4 positions, 20 FTEs for A&E contracts, and \$85.5 million in funding for PIDs.**

---

<b>VOTE-ONLY ISSUE 42: INDEPENDENT OFFICE OF AUDITS AND INVESTIGATIONS TRAILER BILL LANGUAGE</b>
--

The California Department of Transportation requests trailer bill language that clarifies and expands the Independent Office of Audits and Investigations' authority.

<b>BACKGROUND</b>
-------------------

Each year, California spends billions of dollars for transportation. Several state agencies are responsible for this spending, either through direct expenditures or through grants to local government, nonprofits and other private entities.

In 2017, the Legislature passed the Road Repair and Accountability Act of 2017 (Beall, Chapter 5, Statutes of 2017), which increased several taxes and fees, to generate roughly \$55 billion over ten years, to fund repairs and maintenance of the state's transportation system. SB 1 also provided for enhanced oversight of the state's transportation funding and created within Caltrans the Office of Inspector General to ensure that revenues raised by the fuel tax and vehicle registration would be spent effectively, efficiently and legally.

The proposed language gives Caltrans' Inspector General (IG), as the director of the Audits and Investigations Office, access and authority to examine all records, files, documents, accounts, reports, correspondence, or other property of the department and external entities that receive state and federal transportation funds from the department. In addition, any information obtained by the IG may be kept confidential and disclosure would not be required under the California Public Records Act. The language also provides that not complying with providing information to the IG is a misdemeanor.

---

**Staff Recommendation: Adopt placeholder trailer bill language.**

---

## 2665 CALIFORNIA HIGH-SPEED RAIL AUTHORITY

### VOTE-ONLY ISSUE 43: CONTRACT MANAGEMENT & FINANCIAL OFFICE RESOURCES (MAY REVISION)

The May Revision requests for the California High-Speed Rail Authority (HSRA) 35 permanent positions and \$4.5 million (Proposition 1A) to shift certain administrative and contract management responsibilities from its Rail Delivery Partner to state staffing resources.

#### BACKGROUND

A recent report by the State Auditor identified areas where HSRA's reliance on contractors for contract management and other administrative functions has contributed to problems with control of costs and performance of contractors. Without additional state positions, HSRA runs the risk of not being equipped with the appropriate resources to effectively manage contracts.

Positions are also requested for the Financial Office. The Accounting and Budget Branch play a key role in contract management, among their other state and federal mandated requirements, such as managing the allocation of funds to execute contracts and processing payments. The branches also assist with monitoring balances and available cash to provide timely information to management for decision making.

The requested positions and cost increases/decrease are summarized below:

BRANCH / UNIT	POSITION REQUESTED	COST (\$M)	CONSULTANT REDUCTION	REDUCTION (\$M)
<b>RESPONSE TO AUDIT CHAPTER 2</b>				
<b>Contract Management</b>				
Contract Administrative Branch	5.0	0.6	<5.0>	<0.8>
Contract Management Branch	12.0	1.6	<12.0>	<1.8>
<b>SUBTOTAL</b>	<b>17.0</b>	<b>2.2</b>	<b>&lt;17.0&gt;</b>	<b>&lt;2.6&gt;</b>
<b>Financial Office</b>				
Accounting Branch	11.0	1.4	<12.0>	<1.9>
Budget Branch	3.0	0.4	<3.0>	<0.5>
Grants Unit	3.0	0.4	<3.0>	<0.4>
Business Economics Branch (position authority only)	1.0	0.0	<0.0>	<0.0>
<b>SUBTOTAL</b>	<b>18.0</b>	<b>2.2</b>	<b>&lt;18.0&gt;</b>	<b>&lt;2.8&gt;</b>
<b>TOTAL *</b>	<b>35.0</b>	<b>\$4.5</b>	<b>&lt;35.0&gt;</b>	<b>&lt;\$5.3&gt;</b>
<b>Net Total Dollars &lt;\$0.8M&gt;</b>				

\* TOTAL is higher than sum of subtotals due to rounding

**Staff Recommendation: Approve as Proposed.**

**2720 CALIFORNIA HIGHWAY PATROL**

---

**VOTE-ONLY ISSUE 44: DEFERRED MAINTENANCE**

The Governor's Budget requests \$5 million General Fund for a prioritized subset of projects from The California Highway Patrol's (CHP) \$44 million deferred maintenance project list. The proposed projects would make improvements various area offices statewide and the types of projects range from repairing security cameras to fixing fences and replacing roofs.

---

**Staff Recommendation: Approve as Budgeted.**

---

**VOTE-ONLY ISSUE 45: TASK FORCE: ORGANIZED CRIME (AB 1065)**

The Governor requests \$5.8 million General Fund in 2019-20 and 2020-21 to fund 16 positions and associated costs, to comply with the requirements of AB 1065 (Jones-Sawyer, Chapter 803, Statutes of 2018).

The Administration also proposes trailer bill language to extend the program's sunset date by six months, to July 1, 2021.

**BACKGROUND**

In November 2014, California voters passed Proposition 47, the Safe Neighborhoods and Schools Act, which requires shoplifting, defined as entering a commercial establishment with the intent to commit larceny where the property taken does not exceed \$950, be punished as a misdemeanor. Proposition 47 requires that the act of shoplifting be charged as shoplifting, and prohibits a person who is charged with shoplifting from being charged with burglary or theft of the same property.

AB 1065 creates, until January 1, 2021, the crime of organized retail theft, which would be defined as acting in concert with one or more persons to steal merchandise from one or more merchant's premises or online marketplace with the intent to sell, exchange, or return the merchandise for value, acting in concert with two or more persons to receive, purchase, or possess merchandise owing or believing it to have been stolen, acting as the agent of another individual or group of individuals to steal merchandise from one or more merchant's premises or online marketplaces as part of a plan to commit theft, or recruiting, coordinating, organizing, supervising, directing, managing, or financing another to undertake acts of theft. The bill makes these crimes punishable as either misdemeanors or felonies.

AB 1065 also, until January 1, 2021, requires the California Highway Patrol to, in coordination with DOJ, convene a regional property crimes task force to assist local law enforcement in counties identified by the California Highway Patrol as having elevated levels of property crime, including, but not limited to, organized retail theft and vehicle burglary. The bill requires the task

force to provide local law enforcement in the identified region with logistical support and other law enforcement resources, including, but not limited to, personnel and equipment, as determined to be appropriate by the Commissioner of the California Highway Patrol in consultation with task force members.

The CHP requests funding for the following 16 positions to convene and support a regional property crimes task force:

- Three sergeant positions to supervise operational units in regions targeted by the task force.
- Nine officer positions to perform specialized investigations and enforcement targeting organized retail crime. These investigators work together as a team and cooperatively with DOJ to abate organized crime.
- One Associate Governmental Program Analyst position to provide statewide program coordination and administrative support to the task force. This position will serve as the subject matter expert for AB 1065 requirements and all AB 1065 related activities.
- Three Office Technician positions to support the task force and AB 1065 related activities at the regional level. These positions will provide daily office and administrative functions.
- In addition, CHP requests \$2.1 million to contract with DOJ. Exactly what DOJ would do is still being considered by the two departments.

---

**Staff Recommendation: Approve as Budgeted and Adopt Proposed Trailer Bill Language.**

---

---

## **2740 DEPARTMENT OF MOTOR VEHICLES**

---

### **VOTE-ONLY ISSUE 46: DEFERRED MAINTENANCE**

The Governor's Budget requests \$3 million General Fund for the highest priority deferred maintenance projects at the DMV. DMV has a total deferred maintenance backlog of \$17.7 million. This request would fund roof replacements at 16 field offices and HVAC replacements at two facilities.

---

**Staff Recommendation: Approve as Budgeted.**

---

### **VOTE-ONLY ISSUE 47: DELANO FIELD OFFICE REPLACEMENT—WORKING DRAWINGS**

The Governor's May Revision requests to reappropriate the balances of the appropriations for the working drawings phase of the Delano Field Office replacement. The funds would be available for encumbrance or expenditure until June 30, 2020.

---

**Staff Recommendation: Approve as Proposed.**

---

**8660 CALIFORNIA PUBLIC UTILITIES COMMISSION**

---

**VOTE-ONLY ISSUE 48: CALIFORNIA LIFE LINE LOCAL ASSISTANCE AND STATE OPERATIONS UPDATE  
(MAY REVISION)**

The May Revision includes \$426.1 million for local assistance and \$27.9 million for state operations for the California LifeLine Program.

**BACKGROUND**

The Moore Universal Telephone Service Act, in 1984, set the goal of providing high quality telephone service at affordable rates to low-income households. The Act requires the CPUC to annually designate a class of lifeline service necessary to meet minimum residential communications needs, develop eligibility criteria (currently about 150 percent of the federal poverty level), and set rates for the lifeline services, which are required to be no more than 50 percent of the rate for basic telephone service. Over the years, the definition of a “basic service,” has been expanded to include new technologies such as voice, video, and data services.

Revenues to fund the program are collected from a surcharge on telephone bills for non-LifeLine customers. The CPUC adjusts the level of the surcharge based on its projections of the amount of revenue needed to cover the costs of the program. The surcharge is 4.75 percent, effective November 1, 2016.

**May Revision Proposes 25 Percent Increase.** The Governor's January budget requested \$339.1 million for local assistance and \$23 million for state operations for the California LifeLine Program. The May Revision proposes \$426.1 million for local assistance and \$27.9 million for state operations, an overall increase of \$91.9 million or 25.4 percent compared to the January budget request.

**Increase Primarily Due to Pilot Costs.** The projected increase in local assistance expenditures is primarily due to costs for two pilot programs that will explore a potential redesign of California LifeLine through partnerships with government (state and local) agencies, non-profit organizations, and facilities-based communications service providers. On April 25, 2019, the Commission approved the two pilots to increase participation which is estimated at \$56 million for 2019-20. The first pilot targets foster youth up to age 26. The second pilot explores expanding participation by using the LifeLine subsidy as a discount towards a wireless plan.

The increase for state operations is primarily due to the costs to conduct outreach for the pilot programs. Specifically, a recently approved pilot that targets California Alternate Rates for Energy (CARE) program participants. Customers are eligible for CARE through income based or if they are enrolled in public assistance programs similar to public assistance programs under California LifeLine. The Commission authorized the energy companies administering CARE to share their participants' information with California LifeLine. For this pilot program, the Commission will use this information to conduct outreach to CARE participants and inform them about the Boost pilot and the California LifeLine Program. The possible outreach channels

include mailing/receiving printed materials, sending/receiving emails and text messages, making/receiving phone calls, and developing a website.

Another driver of state operations costs are the Third Party Administrator (TPA) and Office of State Publishing (CSP) costs. A new TPA contract began in August 2018 with a transition period through March 2019. The new TPA took over all functions beginning in April 2019.

***Number of Subscribers Appears to be Stabilizing.*** As shown in the figure below, the number of wireless and wireline subscribers appears to be stabilizing:

Workload Measure	2015-16	2016-17	2017-18	2018-19 (Projected)	2019-20 (Projected)
Applications Received/Processed	5,748,157	5,244,121	4,251,094	4,072,195	4,072,195
Wireline Subscribers	575,073	464,348	386,451	315,106	250,881
Wireless Subscribers	1,530,872	1,374,419	1,374,419	1,383,884	1,441,398
Total Subscribers	2,105,945	1,838,767	1,694,724	1,698,990	1,692,279

***LAO Review Required As Part of the 2018-19 Budget.*** As part of last year's budget, the LAO was directed to provide an assessment and recommendations related to the CPUC's LifeLine budget and caseload estimates and an assessment of potential factors contributing to current enrollment and renewal rates.

The LAO's review found that caseload forecasts appear to be improving, but significant uncertainty remains and that there are various possible explanations for low enrollment and renewal rates. Currently, about 40 percent of eligible households are enrolled in the program. There are several reasons why an eligible household might not enroll or renew in the program, including that the household might: (1) be unaware of the program or need to renew; (2) prefer a non-LifeLine telephone plan or carrier; or, (3) have difficulty completing the enrollment and/or renewal process. CPUC is currently planning to implement some changes intended to improve enrollment and renewal. However, CPUC has not conducted a large-scale study of the primary reasons why eligible households do not participate in the program.

***LAO Recommendations.*** The LAO recommends the Legislature direct CPUC to conduct a formal evaluation of the major reasons why eligible households do not enroll in the program in order to inform future decisions about potential changes that could improve enrollment.

The LAO also recommends the Legislature consider directing CPUC to:

- Develop a statewide marketing and outreach plan.
- Report on options to make LifeLine more attractive.
- Report on potential changes to enrollment and renewal process.

---

**Staff Recommendation: Approve as Proposed.**

---

## ITEMS TO BE HEARD

### **3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL**

---

#### **ISSUE 1: BASE FUNDING TO MAINTAIN OPERATIONS**

A May Revision Proposal requests a total augmentation of \$37.5 million General Fund in 2019-20 to maintain its existing operations. This consists of \$27.5 million for a General Fund backfill to the Hazardous Waste Control Account (HWCA) and \$10 million from the elimination of the Lead-Acid Battery Control Fund's General Fund Loan repayment and corresponding funding shifts. Accordingly, this request proposes several adjustments to realign DTSC's expenditures with the appropriate funding source while maintaining prudent fund balances and improving budget transparency.

More specifically, this request would do the following:

#### **\$64.5 million General Fund Backfill over three years**

- Provide \$27.5 million General Fund to backfill the Hazardous Waste Control Account (HWCA) in 2019-20, \$18.5 million in 2020-21, and \$18.5 million in 2021-22 to maintain current service levels and ensure HWCA has a prudent reserve.

#### **\$10 million Net General Fund Change**

- Eliminate the \$16.7 million loan repayment from LABCF to the General Fund for the Exide Technologies facility cleanup beginning in 2019-20.
- Shift \$1.2 million General Fund for the 2018-19 Safer Consumer Products Budget Change Proposal (BCP) to the Toxic Substances Control Account (TSCA) to promote budget transparency.
- Shift \$5.5 million General Fund for hazardous waste activities to HWCA (comprised of \$3.0 million provided for HWCA solvency and \$2.5 million for the 2018-19 Enforcement in Vulnerable Communities BCP) to promote budget transparency.

For the net \$10 million General Fund change related to the LABCF, eliminating the \$16.7 million loan repayment from LABCF to the General Fund as well as shifting the above General Fund expenditures to HWCA (\$5.5 million) and TSCA (\$1.2 million) provides an additional net \$10 million General Fund support to DTSC in 2019-20. Combined with the \$27.5 million General Fund backfill to HWCA, the total General Fund impact in 2019-20 is \$37.5 million.

#### **Other Funding Adjustment**

- Eliminate a \$10 million loan from TSCA to LABCF in 2019-20 given the condition of TSCA.

**BACKGROUND**

**DTSC has two primary funding sources.** DTSC is funded by fees paid by persons that generate, transport, store, treat, or dispose of hazardous wastes; environmental fees levied on most corporations; federal funds; and General Fund dollars. DTSC's operating budget for 2018-19 is \$317,095,000. DTSC's two largest funding sources are the Hazardous Waste Control Account (HWCA) and the Toxic Substances Control Account (TSCA). These funds comprise more than half of the Department's spending authority. They provide funding for the Hazardous Waste Management Program, the Cleanup Program and the Safer Consumer Products Program. They are also the primary funding source for DTSC's support programs, including administration, information technology, legal and communications.

**TSCA** is the largest fund available to DTSC. This account provides response authority for hazardous substances releases, including spills and hazardous waste disposal sites posing a threat to the public and the environment. The Environmental Fee constitutes over 80 percent of revenue deposited into the account. The Environmental Fee is assessed on all businesses in California, based on the number of employees, under the premise that every business generates some hazardous waste in its normal operations whether it be batteries, fluorescent lightbulbs, or oil. The base Environmental fee is set in statute (HSC §25205.6) and is adjusted annually, up or down, based on changes to the Consumer Price Index.

**HWCA** is the second largest fund available to DTSC. This account supports DTSC's management of hazardous waste by generators, transporters, and storage, treatment, and disposal facilities in California. The HWCA supports these activities through the collection of a variety of fees, including the generator fee, facility fee, transporter fee and manifest user fee.

**Both HWCA and TSCA have large, growing structural deficits.** Expenditures out of HWCA and TSCA currently exceeds revenues from fees, taxes, and cost recovery. The structural imbalance is largely a reflection that the baseline fees that feed into both funds, while adjusted annually based Consumer Price Index, have not been modified in over 20 years to account for new statutory mandates and the growth and changes in various programs. Additionally, changes in the Consumer Price Index do not fully reflect changes in the cost of operating the Department.

**HWCA is in a deficit in the current year.** DTSC is facing a cash shortfall in HWCA in the current year. The HWCA fund balance would be approximately -\$4.8 million by the end of 2018-19 if DTSC did not take measures to reduce its costs as well as shift its \$3.1 million Pro Rata assessment to TSCA. The current year HWCA Pro Rata liability will be repaid in 2019-20 from the General Fund backfill. Without this General Fund support, the HWCA fund balance will decrease to approximately -\$24.8 million in 2019-20, -\$44.1 million in 2020-21, and -\$63.5 million in 2021-22. The backfill proposed in 2019-20 also provides the HWCA fund with some reserve funding.

HWCA has also suffered increased cost pressures as legislative mandates have increased without a commensurate increase in fee revenues. These mandates have typically been funded with limited-term resources because the HWCA fund balance was insufficient to sustain the costs over time.

If left unaddressed, the deficit in HWCA will require the Hazardous Waste Management Program to make significant cuts to its operations. DTSC will be unable to adequately regulate the 105 permitted facilities that store, treat, or dispose hazardous waste; the 100,000 businesses that generate hazardous waste; and, the approximately 900 businesses that transport hazardous waste.

**TSCA is expected to be in a deficit in a few years.** The structural deficit for TSCA is expected to worsen in the next couple of years as a number of Superfund/NPL sites are anticipated to enter the post-cleanup monitoring and maintenance phase. Under federal law, the state is responsible for all post-cleanup costs.

The structural deficit in TSCA will also grow with the identification of additional cleanup sites, especially when there is no responsible party available (i.e. orphan sites). Currently DTSC has identified approximately 10,000 sites; however, U.S. EPA estimates there are between 96,000 and 212,000 sites in the state.

DTSC estimates the demand for funding NPL and state orphan sites to be \$15 - \$20 million annually for the next few years from TSCA, though the account only has approximately \$10 million in revenues annually. Failure to address this revenue shortfall will prevent DTSC from carrying out its core mission, especially in regards to the remediation of orphan sites, many of which are impacting groundwater designated for irrigation or drinking, or migrating towards priority groundwater reserves. Orphan sites also release toxic vapors into buildings where people live and work.

**Current year budget deficit in HWCA was unknown at the time the Governor's Budget was developed.** At the time of the 2019-20 Governor's Budget, DTSC had not completed the reconciliation of its accounting records. As a result, the magnitude of the Department's funding shortfall was unknown. The Governor's Budget reflected several temporary and placeholder funding shifts from other special funds, including the Lead-Acid Battery Cleanup Fund, to support the Department's current funding level. In February, DTSC was able to reconcile its accounting records through 2017-18.

**Numerous fiscal and programmatic criticisms levied at DTSC.** In recent years the Department has faced criticism over fiscal mismanagement, inconsistent record keeping, insufficient administrative processes and lack of transparency. Specific incidents across California have exposed and continue to expose glaring failings in DTSC's implementation of its core programs as well as its support programs. Such incidences include the mishandling of the hazardous waste facility permitting and enforcement of Exide and the Quemetco battery recycling facilities; delayed site remediation; failed public participation and transparency activities; and personnel issues have all led to decreased stakeholder confidence and public trust in DTSC's ability to meet its mandate to protect public health and the environment.

In August 2014, the state auditor issued a report citing DTSC's neglected cost-recovery efforts. According to the audit, DTSC failed to collect an estimated \$194 million in cleanup costs from

polluters since 1987, failed to send out nearly \$142 million in bills, and for the \$52 million in assessments the DTSC did mail, but never collected.

Further, community groups that live near hazardous waste facilities are concerned that DTSC is not properly enforcing state and federal law and allowing facilities that have numerous violations of state law and regulation or have an expired permit to continue to operate. Due to a growing backlog of applications to renew hazardous waste permits, many facilities are operating on “continued permits.” These facilities operating on a continued permit are likely using outdated technologies, practices, and safeguards and potentially releasing hazardous wastes into the environment.

Over the past five years, the Department has sought to reduce the permit backlog for hazardous waste facilities. In 2014, the Legislature appropriated additional limited-term staff to help reduce the permit backlog noting there were 24 continued permits. Despite those limited-term positions, as of January 2019, there are now 29 continued operating permits – with 4 of those being expired for a decade or more.

Additionally, the regulated community is concerned about the length of time it takes DTSC to process a permit, with processing a permit extending years beyond the expiration date of their permit, which impacts the costs associated with processing a permit.

**DTSC, the Administration, and the Legislature have all taken several actions aimed at restoring public confidence and to help DTSC better achieve its mandate.** Over the last five years, the Legislature has conducted numerous hearings on DTSC’s internal controls, its business practices, and its basic statutory obligations. In those hearings, the budget and policy committees have evaluated the following four main areas: (1) reviewing and monitoring the Department’s strategic plan and reorganization; (2) auditing cost recovery at the Department; (3) providing staffing to improve permit backlogs and business operations; and, (4) improving enforcement at the Department.

As a result of those hearings, statutory changes were made to clarify and strengthen the statute to help DTSC better achieve its mandates, and budget augmentations were made to give DTSC the resources to reduce backlogs and address outstanding programmatic failings. Efforts include increasing cost recovery from those responsible for hazardous waste contamination, reducing permitting backlogs, strengthening enforcement, and improving the financial sustainability of its operating funds.

However, many of the underlying concerns about transparency, accountability, and long-term stability of DTSC programs remain.

**DTSC’s Internal Improvement Initiative.** In early 2012, DTSC launched its “Fixing the Foundation” initiative, which includes more than 30 different activities intended to improve its operations and restore public trust in the Department. Activities include increasing cost recovery from those responsible for hazardous waste contamination, reducing permitting backlogs, strengthening enforcement, and improving the financial sustainability of its operating funds. This

effort includes multiple goals at every level of the organization, from staff engagement to permitting backlogs, and cost recovery.

In 2014, DTSC released its Permitting Enhancement Work Plan as a comprehensive roadmap to guide efforts to improve DTSC's ability to issue protective, timely and enforceable permits using more transparent standards and consistent procedures. In the 2014-15 Budget Act, DTSC requested, and was granted, 8 limited-term positions and \$1.2 million for reduction of backlogged permitting application review. As part of the 2015-16 Budget Act, DTSC requested, and received, an additional \$1.632 million and 16 limited-term positions for two years to address the permitting backlog. Though, as noted above, the permitting backlog is now longer than in 2015 and the limited-term positions have expired.

**Several recent legislative efforts to improve DTSC's function have been vetoed citing fiscal issues with DTSC.** While Governor Brown recognized the need for improved programmatic performance by DTSC, he vetoed multiple efforts citing that none of those statutory changes should be done without also addressing the budget issues with the department. Those vetoed bills included:

1. **AB 248 (Reyes, 2017) Hazardous waste: facilities: permits** would have made statutory changes to improve the permitting process for hazardous waste facilities. The bill was vetoed by the Governor. The veto message stated: "...Adding new responsibilities to the DTSC must be undertaken holistically while considering the resources and funding available. Doing anything less robs the community of a real solution and sets government up for failure. Addressing the structural problems at the DTSC, both fiscal and administrative, will not be an easy task, but one that is achievable if the Administration and the Legislature work together. I look forward to the partnership."
2. **AB 1179 (Kalra, 2017) Hazardous waste facilities: inspections** would have required the DTSC to, on or before January 1, 2020, adopt regulations establishing inspection frequencies for permitted hazardous waste treatment, storage, and disposal facilities and for hazardous waste generators and transporters. The bill was vetoed by the Governor. The veto message stated: "...There is no question that comprehensive reform of the DTSC's operations is needed and the Administration is committed to working with the Legislature on that task. When it comes to protecting the public health of our communities, government cannot afford to make promises it cannot keep. Adding new responsibilities to the DTSC must be undertaken holistically while considering the resources and funding available. Doing anything less robs the community of a real solution and sets government up for failure. Addressing the structural problems at the DTSC, both fiscal and administrative, will not be an easy task, but one that is achievable if the Administration and the Legislature work together. I look forward to the partnership."
3. **AB 2474 (Quirk, 2018) Hazardous waste: identification: testing** would have authorized the DTSC to evaluate the suitability of two acute aquatic toxicity test protocols, one testing for toxicity to fish embryos and the other for toxicity to daphnids, for hazardous waste identification and requires the DTSC to provide one or both of the tests as optional alternatives to the acute aquatic toxicity test currently in its regulations, which is

performed on fish. The bill was vetoed by the Governor. The veto message stated: "...This bill authorizes the DTSC to evaluate alternative methods from its standard bioassay procedure when determining if a product is hazardous waste. The DTSC currently has the authority to establish alternative methods of testing a product's toxicity to aquatic life. Despite this, it has not exercised this option because such tests are too expensive. The DTSC has a structural deficit and I am not inclined to sign legislation that creates additional cost pressures."

4. **SB 812 (De León, 2014) Hazardous waste** would have modified DTSC's permitting process and public participation requirements for hazardous waste facilities. Establishes a Bureau of Internal Affairs to oversee DTSC and investigate departmental misconduct and a DTSC Citizen Oversight Committee to receive and review allegations of misconduct. The bill was vetoed by the Governor. The veto message stated: "This bill attempts to fix the hazardous waste facility permitting process by establishing a community oversight committee, a three-year timeline for issuing permits, and an amended regulatory process for standardizing permit decisions. The author is seeking transparency and accountability in the Department's permitting process, and rightfully so. The delay and complexity that has plagued the Department's permit process over the last few decades has resulted in an inadequate and unresponsive regulatory program. Unfortunately, there are provisions in the bill that will unintentionally delay the Department's current plan to revise its program and complete its review of expired permits over the next two years. Instead of risking further delay and confusion, I would like to personally work with the author on modifications to the language, including providing the Department the necessary authority and adequate resources to fulfill our shared objectives of improving the performance of this critically important state program."

### Recent Budget Actions.

1. **Fee for Service.** SB 839 (Committee on Budget and Fiscal Review, Chapter 340, Statutes of 2016) eliminated the option to pay a flat fee for a hazardous waste permit application in lieu of a fee for service. This change to a cost-reimbursement basis would require permit applicants to pay the full costs associated with permitting efforts. Prior to this change, applicants had the option of paying either a flat fee, or a reimbursement fee for the actual costs of reviewing permit applications. Given that the flat fee was very low and did not cover the cost of the permit, facilities chose to pay the flat fee, therefore DTSC had to dip into other funds to cover the permit review costs. This change is intended to lessen pressures on the HWCA.
2. **The Independent Review Panel.** With the aim of identifying and addressing the continued failings of DTSC to meet its public health and environmental protection mandates, SB 83 (Committee on Budget and Fiscal Review, Chapter 24, Statutes of 2015) established an Independent Review Panel (IRP) to review and make recommendations regarding improvements to DTSC's permitting, enforcement, public outreach, and fiscal management with the goal of resolving the outstanding operational problems within DTSC and creating strong statutory mandates and accountability in the long term.

The three member IRP was charged with advising DTSC on issues related to its reporting obligations, making recommendations for improving DTSC's programs, and advising DTSC, along with the other California Environmental Protection Agency boards and departments, to "*institute quality government programs to achieve increased levels of environmental protection and the public's satisfaction through improving the quality, efficiency, and cost-effectiveness of the state programs.*" Pursuant to SB 83, the IRP was authorized until January 1, 2018.

On January 1, 2018, the IRP completed its term and on January 8, 2018 released its final report and recommendations concluding:

*DTSC made considerable progress since the IRP began meeting in November 2015. The Governor and DTSC Director Lee stabilized the Department's leadership team. DTSC worked systematically to evaluate its organizational culture and lay the groundwork for improvements. Budget augmentations have made a difference, especially in cost recovery, reducing permitting backlogs, environmental justice work, and the Exide residential cleanup. DTSC has been working on improvements to its public engagement efforts. It has made efficiency improvements. It has enhanced the EnviroStor public interface and made content improvements to its other website offerings. The Department has implemented, or is working on, most of the IRP's recommendations and has achieved, or partially achieved, many of the IRP's suggested performance metrics.*

*However, there is more work to be done. DTSC can expect a wave of retirements in the coming years, with a consequent loss of institutional knowledge. The Department is only beginning to consider and implement its organizational culture plans, and several cannot be implemented without additional resources. Structural deficits in DTSC's two major accounts require immediate attention. Several programs need additional funding, especially for orphan site cleanups, the Exide residential cleanup, and the SCP Program. It is not yet certain whether DTSC's public participation and environmental justice work will lead to enduring improvements. The website and EnviroStor require further improvements and fastidious content updates. DTSC must find a better balance between work product quality and timeliness. DTSC's governing statutes should be reviewed to delete redundancy and give the Department more focus.*

*The IRP process challenged DTSC to explain publicly why it operated the way it does and to think about how it can better accomplish its mission in a climate of limited resources. In the absence of the IRP, the Governor and the Legislature should consider a DTSC governing board or other structural change to enhance transparency and accountability and regularly monitor the status of the IRP-suggested recommendations and performance metrics, as well as the Department's ongoing initiatives and decision-making.*

**LAO COMMENTS**

DTSC requests \$27.5 million General Fund in 2019-20 and \$18.5 million General Fund in 2020-21 and 2021-22—as well as several other budget adjustments—to address structural deficits in HWCA and TSCA. LAO agrees with the need provide funding in order for DTSC to continue to regulate facilities that store or treat hazardous waste, as well as businesses that generate and transport hazardous waste. Accordingly, LAO recommends the Legislature approve the request for \$27.5 million General Fund and other budget adjustments in 2019-20. However, LAO recommends rejection of the request for \$18.5 million General Fund in 2020-21 and 2021-22. In recent years, DTSC has been the focus of numerous legislative oversight hearings due to fiscal and operational issues. Approving only one year of General Fund backfill will require DTSC to return with an additional request next year to address the HWCA structural deficit, which will help ensure continuing conversations regarding options to address the Department's structural deficits (including TSCA), as well as ensure ongoing legislative oversight of this Department's activities through the budget process.

**STAFF COMMENTS**

DTSC's two main accounts – the Toxic Substances Control Account (TSCA) and the Hazardous Waste Control Account (HWCA) – have been in significant structural deficit for many years. Earlier this year the Administration revealed that the HWCA was anticipated to be insolvent in the current year. The May Revision proposal before us is requesting for \$75M in General Fund to cover the regular operations of DTSC over the next three years. This request is essentially filling in the cost gap that should be borne by the regulated community. TSCA is anticipated to be insolvent in the next two to three years.

Unfortunately, DTSC's problems are not limited to fiscal issues. DTSC has long faced a wide range of criticisms including extremely long permit processing times, poor enforcement, delayed site remediation, and failure to respond to public concerns. Numerous internal efforts to improve the functioning of DTSC under several directors has not resulted in significant improvement and many recommendations of the Independent Review Panel, which were the result of a deep 2-year review of DTSC, have never been implemented. Even adequate funding will not improve DTSC's decision-making or make their decisions more transparent. Effective regulation of hazardous waste is essential for the protection of public health.

The Department's difficulties likely are a result of multiple factors, though undoubtedly a major factor is the shortage of funding from both HWCA and TSCA. The fees that feed into these funds have not been adjusted for over 20 years and do not reflect significant program expansions and new mandates.

Improving the function of the Department will be extremely difficult without addressing the funding issues. Resolution of the funding issues will require transparency of the true revenues and expenditures of the past few years as well as an identification of the true costs of performing all the statutory mandates which the Department is charged. This proposal includes actions to reverse some of the recent year budget adjustments to provide greater transparency.

As this Subcommittee deliberates whether to provide the department with the requested funding, it should also consider adopting trailer bill language to implement structural and operational changes to the department in order to address the many concerns over the department's lack of transparency and accountability. The Subcommittee may wish to consider implementing the following structural and programmatic changes to DTSC when considering this funding request:

- Restructuring DTSC in order to improve transparency and accountability in its decision-making.
- Establish a Fee Task Force similar to the one in 1995 that set in place the current fee structure. This Fee Task Force would convene stakeholders who would collectively consider increasing, decreasing, or consolidating existing fees as well as the creation or elimination of certain fees and report back to the Legislature the appropriate fees to support activities at DTSC.
- Direct LAO to conduct a study on the variety of toxic safety consumer programs that are currently housed in different departments and explore whether it makes sense to consolidate those program into a single, potentially new, department.
- Implement other necessary changes in order improve operations at DTSC.

---

**Staff Recommendation: Approve \$27.5M to backfill the HWCA in 2019-20 and adopt placeholder TBL to create fee task force and other changes to improve transparency and accountability to the Department. Reject \$18.5M General Fund in 2020-21 and 2021-22.**

---

**ISSUE 2: COST RECOVERY MANAGEMENT SYSTEM INFORMATION TECHNOLOGY PROJECT**

A May Revision Proposal requests \$2,578,000 and two positions for the planning and project implementation phases of the Cost Recovery Management System information technology platform upgrade project.

**BACKGROUND**

**Response costs relating to contaminated sites.** DTSC incurs costs overseeing the investigation and cleanup of contaminated sites, performing investigation and/or cleanup activities itself and when it reviews and issues permits to hazardous waste facilities. These costs are collectively known as DTSC's response costs. DTSC is authorized to recover its response costs from responsible parties (i.e., those parties responsible for the contamination) and from permitted hazardous waste facilities. The responsible parties and permitted hazardous waste facilities are referred to as billable parties. DTSC recovers millions in response costs from billable parties annually.

**The Cost Recovery Billing System (CRBS).** CRBS is the existing vehicle for recovering DTSC's costs. CRBS issues invoices to responsible parties, tracks cost data, records payments, and reconciles account balances to ensure that claims for reimbursement are accurate. CRBS also maintains data on the number of invoices processed and the amount of reimbursements received and provides reports and tracking tools related to cost recovery. Further, the information maintained in CRBS is critical to support litigation undertaken by DTSC and the Office of the Attorney General against responsible parties and responses to Public Records Act requests.

**CRBS is antiquated and poses risks to DTSC.** CRBS was developed in 2002 using software which is no longer supported as of April 2008. Critical security patches for CRBS have been unavailable since July 2018, which means that CRBS is at risk from new and emerging security threats. Additionally, the system cannot be modified to meet new business requirements, such as tracking settlements and issuing collection letters and delinquent notices, which can cause DTSC to be noncompliant with State Administrative Manual requirements. Finally, the system cannot be modified to meet changes in existing law.

In August 2014, the State Auditor issued a report on DTSC's cost recovery efforts. The report found several deficiencies in DTSC's cost recovery processes. It specifically noted that CRBS was no longer supported and the system could not perform basic functions, such as tracking settlement agreements or automating the process for issuing collection letters to billable parties. The lack of basic functionality was an important factor in DTSC's failure to collect response costs in a timely manner.

DTSC has also been subject to several oversight hearings by the Legislature concerning its cost recovery efforts. These hearings demonstrated that CRBS was a major impediment to DTSC effectively recovering its response costs and complying with statute and state policy. DTSC has made a commitment to the Legislature that it would replace CRBS.

**LAO COMMENTS**

This project has not yet completed the Project Approval Lifecycle (PAL) process. This means the Legislature is being asked to approve funding for the development and implementation of the project without the benefit of a completed project plan and final cost estimate.

**LAO Recommendation.** In order to ensure legislative oversight of this project, LAO recommends the Legislature adopt budget bill language that would make the release of the requested funding contingent on: (1) approval of Stage 4 PAL documents by California Department of Technology and the Department of Finance; and, (2) written notification to the Joint Legislative Budget Committee that the project has received these approvals.

**STAFF COMMENTS**

Staff concurs with the LAO's assessment.

---

**Staff Recommendation:** Approve as proposed and adopt BBL to make release of \$2,284,000 of the requested funds contingent upon: (1) approval of Stage 4 PAL documents by California Department of Technology and the Department of Finance; and, (2) written notification to the Joint Legislative Budget Committee that the project has received these approvals.

---

**0521 SECRETARY FOR THE STATE TRANSPORTATION AGENCY**

---

**ISSUE 3: TOLL ROAD LEGISLATION (INFORMATIONAL ONLY)**

---

Public toll facilities within the State are involved in lawsuits alleging that they are violating current law regarding privacy protections for the use of personally identifiable information (PII). Various local transportation agencies who operate toll roads and bridges are proposing legislation that would make changes to current law.

**BACKGROUND**

Current state law provides guidance for how toll facility operators process toll violations and communicate information with other toll operators and customers. Many of these provisions were first enacted in 2010 with the passage of SB 1268 (Chapter 489, Statutes of 2010) and revised again in 2013 with the passage of AB 179 (Chapter 375, Statutes of 2013) to protect the PII of customers who use electronic transit fare payment cards, such as the Bay Area's Clipper card and the LA Metro's TAP card.

Toll agencies across the state are currently involved in various law suits alleging that toll agencies are violating restrictions in current law related to sharing PII even though usage of such PII occurs in the normal course of doing business when operating a toll facility, including when:

- communicating with the Department of Motor Vehicles or Franchise Tax Board to find appropriate contact information for violators and/or to collect unpaid tolls or penalties;
- using debt collectors or the court system to collect unpaid tolls or penalties;
- using contractors or sub-contractors to enforce toll policies;
- sending a toll violation notice to a rental car company; and,
- including information about subscribing to a toll system in a violation notice communicating with partner toll agencies for interoperability purposes.

The proposed language attempts to clarify the way that PII can be used while operating toll facilities and systems in order to curtail additional lawsuits and would also make certain changes retroactive.

**STAFF COMMENTS**

In order to effectively operate public toll facilities, certain PII information needs to be shared for enforcement and interoperability purposes. However, given the sensitivity and importance of privacy protection and the retroactive provisions proposed, it may be more appropriate for this issue to be considered by the policy committees rather than the budget process.

---

**Staff Recommendation: 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 and Farra Bracht.