

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 ON RESOURCES AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD BLOOM, CHAIR
WEDNESDAY, MAY 22, 2019
900 A.M. - STATE CAPITOL, ROOM 447

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VOTE-ONLY**0540 NATURAL RESOURCES AGENCY****VOTE-ONLY ISSUE 1: PROPOSITION 68 IMPLEMENTATION**

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

*Dollar Amounts in Thousands.

Category	Bond Section	Agency	Program	Bond Allocation	2018-19 Budget	2019-20 Proposed
Parks Improvements	80050	State Parks	Safe Neighborhood Parks in accordance with the Statewide Park Development and Community Revitalization Act of 2008 - Competitive Grants	\$725,000	\$277,379	\$2,416
	80061(a)	State Parks	Local Park Rehabilitation, Creation, and Improvement Grants -- Per Capita Grants	\$200,000	\$185,671	\$667
	80061(b)	State Parks	Parks in Urban Areas (jurisdictions 200,000 or less in population)	\$15,000	\$18	\$13,925
	80065	State Parks	Regional Parks -- Competitive Grants	\$30,000	\$30	\$83
	80066	State Parks	Local or Regional Park Infrastructure for local agencies with revenue enhancement measures - Proportional Grants	\$40,000	\$293	\$37,133
	80070	State Parks	Restoration and Preservation of Existing Parks	\$80,000	\$2,100	\$132
	80072	State Parks	Enterprise Projects	\$10,000	\$0	\$4,000
	80073(a)	State Parks	Grants to Local Agencies for Aging Infrastructure in the State Park System	\$5,000	\$6	\$17
	80074	Depart. of Food and Agriculture	Facility Improvements to county fairs and district agricultural associations	\$18,000	\$3,559	\$7,047
	80075	State Parks	Lower Cost Coastal Accommodations	\$30,000	\$0	\$0
	80076	State Parks	State Park System Natural Resource Values	\$25,000	\$16,935	\$30
	80077	State Parks	Deferred Maintenance Regional Allocations (\$10 million each: Central Valley, Central Coast, East Bay, Imperial County and Coachella Valley, Inland Empire)	\$50,000	\$150	\$11,650

	80080(a)	Natural Resources Agency	Trails and Greenway Investments - Competitive Grants	\$30,000	\$117	\$27,888
			Parks in non-urbanized areas in accordance with the Roberti-Z'berg-Harris Urban Open-Space and Recreation Program Act -- Competitive Grants	\$25,000	\$30	\$83
	80090(a)	State Parks				
			Subtotal	\$1,283,000	\$486,288	\$105,071
Climate Adaptation & Ecosystem Restoration				\$37,500	\$8,675	\$8,675
	80100(a)(1)(A)	Santa Monica Mountains Conservancy	Protect or Enhance the Los Angeles River watershed and its tributaries			
	80100(a)(1)(B)	Rivers and Mountains Conservancy	Protect or Enhance the Los Angeles River watershed and its tributaries	\$37,500	\$8,675	\$5,792
	80100(a)(2)	State Coastal Conservancy	Santa Ana River Conservancy Program	\$16,000	\$0	\$0
	80100(a)(3)	Wildlife Conservation Board	Lower American River Conservancy Program	\$10,000	\$2,037	\$7,281
	80100(a)(4), (5), (7), (10)	Natural Resources Agency	California River Recreation, Creek, and Waterway Improvements (Los Gatos Creek/Guadalupe River/\$3,000; Russian River/\$3,000; Clear Lake/\$5,000, Los Angeles River in Glendale/ \$20,000)	\$31,000	\$28,840	\$120
	80100(a)(6)	State Coastal Conservancy	River Parkway Projects along the Santa Margarita River	\$10,000	\$9,750	\$0
	80100(a)(8)	Natural Resources Agency	California River Parkways Program - Competitive Grants	\$10,000	\$9,395	\$120
	80010(a)(9)	Department of Water Resources	Urban Streams Restoration Program -Competitive Grants	\$10,000	\$537	\$7,906
	80110(a)	Natural Resources Agency	Salton Sea Authority: Management Program Implementation (New River Water Quality, Public Health, River Parkway/\$10,000)	\$30,000	\$0	\$0

	80110(b)(1)	Baldwin Hills Conservancy	Conservancy Purposes	Specified	\$6,000	\$1,235	\$1,284
	80110(b)(2)	California Tahoe Conservancy	Conservancy Purposes	Specified	\$27,000	\$3,200	\$6,181
	80110(b)(3)	Coachella Valley Mountains Conservancy	Conservancy Purposes	Specified	\$7,000	\$0	\$2,000
	80110(b)(4)	Sacramento-San Joaquin Delta Conservancy	Conservancy Purposes	Specified	\$12,000	\$1,056	\$9,291
	80110(b)(5)	San Diego River Conservancy	Conservancy Purposes	Specified	\$12,000	\$50	\$2,100
	80110(b)(6)	Rivers and Mountains Conservancy	Conservancy Purposes	Specified	\$30,000	\$0	\$6,602
	80110(b)(7)	San Joaquin River Conservancy	Conservancy Purposes	Specified	\$6,000	\$0	\$0
	80110(b)(8)	Santa Monica Mountains Conservancy	Conservancy Purposes	Specified	\$30,000	\$25,300	\$300
	80110(b)(9)	Sierra Nevada Conservancy	Conservancy Purposes	Specified	\$30,000	\$13,017	\$275
	80110(b)(10)	State Coastal Conservancy	San Francisco Bay Restoration		\$20,000	\$19,500	\$0
	80110(c)	Wildlife Conservation Board	Specified Purposes + Regional Conservation Investment Strategies/\$5,000; NCCP Implementation/\$52,000; UC Natural Reserve System/\$10,000		\$137,000	\$39,515	\$65,400
	80114	Natural Resources Agency	Voluntary Agreements		\$200,000	\$0	\$70,000

80115	Department of Fish and Wildlife	Capital Improvements for CDFW Deferred Maintenance	\$50,000	\$0	\$10,000
80116	Natural Resources Agency	Salton Sea Management Program Restoration Activities	\$170,000	\$30,000	\$0
80120(a)	Ocean Protection Council	Marine Wildlife and Healthy Ocean and Coastal Ecosystems	\$35,000	\$10,142	\$142
80120(b)	State Coastal Conservancy	Lower Cost Coastal Accommodation Grants and Project Development	\$30,000	\$0	\$0
80120(c)	State Coastal Conservancy	Beaches, Bays, Wetlands, and Coastal Watersheds	\$63,750	\$0	\$0
80120(d)	State Coastal Conservancy	San Francisco Bay Area Conservancy	\$21,250	\$3,010	\$3,128
80120(e)	State Coastal Conservancy	Coastal Forest Watersheds	\$20,000	\$19,500	\$0
80120(f)	State Coastal Conservancy	Estuarine Lagoons and Designated Wildlife Areas	\$5,000	\$0	\$1,525
80132(a)	Wildlife Conservation Board	Direct Expenditures and Grants Pursuant to Wildlife Conservation Law of 1947 - Competitive Grants	\$18,000	\$10,000	\$6,706
80132(c)	Wildlife Conservation Board	Pacific Flyway Habitat Protection and Restoration	\$20,000	\$75	\$10,062
80132(c)	Department of Fish and Wildlife	California Waterfowl Habitat Program	\$10,000	\$0	\$975
80132(d)	Department of Fish and Wildlife	Habitat Restoration and Protection - Competitive Grants	\$25,000	\$4,875	\$462
80132(e)(1)	Wildlife Conservation Board	Wildlife or Fish Passage - Competitive Grants	\$30,000	\$10,113	\$15,093
80132(e)(2)	Department of Fish and Wildlife	Southern California Steelhead Habitat -Competitive Grants	\$30,000	\$9,379	\$886
80132(f)	Wildlife Conservation Board	Sierra Nevada and Cascade Mountains -Competitive Grants	\$60,000	\$10,113	\$30,186

	80132(g)	Department of Fish and Wildlife	Improve Conditions for Fish and Wildlife - Competitive Grants	\$30,000	\$9,380	\$887
	80133(a)	Ocean Protection Council	Projects that Assist Coastal Communities	\$21,200	\$10,142	\$142
	80133(b)	State Coastal Conservancy	San Francisco Bay Area Conservancy Program	\$14,000	\$1,983	\$2,223
	80133(c)	State Coastal Conservancy	West Coyote Hills	\$4,800	\$0	\$0
	80134(b)	Department of Food and Agriculture	Farm and Ranch Management Practices	\$10,000	\$9,052	\$448
	80134(c)(1)	Department of Conservation	Working Lands and Riparian Corridors	\$20,000	\$2,195	\$15,200
	80135(a)	CAL FIRE	Forest Management Practices	\$10,000	\$0	\$8,872
	80135(b)	CAL FIRE	Urban Forestry Program	\$15,000	\$14,625	\$0
	80135(c)	Sierra Nevada Conservancy	Sierra Nevada Watershed Improvement Program	\$25,000	\$23,328	\$225
	80136	California Conservation Corps	CCC Restoration and Rehabilitation Projects	\$20,000	\$4,875	\$7,159
	80136, ref 1	California Conservation Corps	Grants to Certified Local Community Conservation Corps	\$20,000	\$4,875	\$4,875
	80137(a)	Natural Resources Agency	Various Projects (Native American Resources; Repurpose Powerplants; Science Centers; Natural Resources Investments, Cultural and Visitor Centers) -- Competitive Grants	\$40,000	\$39,115	\$0
	80137(b)	Natural Resources Agency	Multibenefit Green Infrastructure Program -- Competitive Grants	\$20,000	\$18,616	\$100
			Subtotal	\$1,547,000	\$416,175	\$312,623
Water	80140(a)	State Water Resources Control Board	Safe Drinking Water	\$220,000	\$35,500	\$170,333

	80140(b)	State Water Resources Control Board	Regional Water Supply Projects within the San Joaquin River hydrologic unit	\$30,000	\$27,750	\$961
	80141(a)	State Water Resources Control Board	Groundwater Treatment and Remediation -- Competitive Grants	\$80,000	\$74,000	\$222
	80145(a)(2)	Department of Water Resources	Stormwater, Mudslide, Flash-Flood Protection	\$100,000	\$2,000	\$30,350
	80145(a)(3)	Natural Resources Agency	Multibenefit Stormwater Projects -- Competitive Grants	\$100,000	\$117	\$92,991
	80146(a)	Department of Water Resources	Groundwater/ Sustainable Groundwater Management Act Implementation	\$190,000	\$15,000	\$111,353
	80146(a)	State Water Resources Control Board	Groundwater Regional Sustainability	\$50,000	\$40,000	(\$9,670)
	80146(b)	Department of Water Resources	Groundwater Planning and Implementation -- Competitive Grants	\$50,000	\$46,750	\$500
	80147(a)	State Water Resources Control Board	Water Recycling	\$80,000	\$0	\$74,347
	80147(b)	Department of Food and Agriculture	State Water Efficiency and Enhancement Program	\$20,000	\$18,400	\$600
			Subtotal	\$1,270,000	\$259,517	\$471,987
			Projects Total	\$4,100,000	\$1,161,980	\$889,681
Statewide Bond Costs	Various	Natural Resources Agency	Statewide Bond Costs		\$427	\$425
	Various	State Parks Department	Statewide Bond Costs		\$747	\$748
	Various	Department of Water Resources	Statewide Bond Costs		\$188	\$190
			Subtotal	\$0	\$1,362	\$1,363
			Grand Total	\$4,100,000	\$1,163,342	\$891,044

STAFF COMMENTS

This item was heard in this Subcommittee on March 6, 2019. The overall proposed spending plan seems reasonable. However, this Subcommittee has received concerns over the \$70 million for voluntary agreements. To mitigate these concerns, the Subcommittee may wish to include budget bill language to ensure the funds are being spent on projects that are resolving

conflicts through the voluntary agreements and not to fund projects that are already required. The budget bill language should contain the following:

- A list of the specific projects that the Resources Agency has approved the expenditure of this funding on.
- Confirmation that use of this funding is consistent with the existing water quality standards and objectives, as they may be amended, or as implemented through the Voluntary Agreement process.
- An update on the status of voluntary agreements described in Public Resources Code section 80114.

Staff Recommendation: Approve as Budgeted and additionally approve \$6 million pursuant to Section 80132(d) of the Public Resources Code for habitat restoration and protection. Adopt budget bill language to guide the expenditure of the \$70 million for voluntary settlement agreements as follows: *“On or before July 1 of each year until these monies have been expended, the Resources Agency shall provide a report to the chairpersons of the appropriate subcommittees that consider the state budget. That report shall include all of the following: (1) a list of the specific projects that the Resources Agency has approved the expenditure of this funding on; (2) confirmation that use of this funding is consistent with the existing water quality standards and objectives, as they may be amended, or as implemented through the Voluntary Agreement process; (3) an update on the status of voluntary agreements described in Public Resources Code section 80114.”*

VARIOUS DEPARTMENTS

VOTE-ONLY ISSUE 2: WILDFIRE PREVENTION AND RECOVERY PACKAGE (GB), CALFIRE'S UTILITY WILDFIRE MITIGATION PROGRAM (SFL)

The Governor's budget requests \$225,780,000 and 244 positions to implement the wildfire prevention recovery legislative package (excluding PUC items). Additionally, a Spring Fiscal Letter requests \$816,000 Greenhouse Gas Reduction Fund and two positions starting in 2019-20, to meet the statutory requirements set forth by SB 901 (Dodd, Chapter 626, Statutes of 2018), related to the review of Utility Wildfire Mitigation Plans.

Department	Request	General Fund	Other Funds	Total	PYs
CALFire	Improving Forest Management and Decreasing Fire Risk (SB 901) - Funds would be used to: (1) implement the Wildfire Resilience Program; (2) review wildfire mitigation plans and share data with the Public Utilities Commission; and, (3) undertake associated regulatory workload.	0	\$4,832,000 Greenhouse Gas Reduction Fund	\$4,832,000	10
CALFire	Prescribed Fire Crews and Research and Monitoring (SB 901) - Funds will be used to complete prescribed fire and other fuel reduction projects consistent with the recommendations of the Forest Carbon Plan, including the operation of year-round prescribed fire crews and implementation of a research and monitoring program for climate change adaptation.	0	\$35,000,000 Greenhouse Gas Reduction Fund	\$35,000,000	157
CALFire	Forest Health and Fire Prevention Projects and Programs (SB 901) - Funds will be used for healthy forest and fire prevention programs and projects that improve forest health and reduce greenhouse gas emissions caused by uncontrolled wildfires.	0	\$165,000,000 Greenhouse Gas Reduction Fund	\$165,000,000	19
CALFire	Prescribed Fire Program, Burn Boss Certification, and Increasing Pace and Scale (SB 1260) - Funds would be used to: (1) develop a burn boss certification program; (2) expand and enhance the Prescribed Fire Program and increase the use of prescribed fire through cooperative planning, training, and public education; and, (3) coordinate and conduct prescribed fire research.	0	\$2,517,000 Greenhouse Gas Reduction Fund	\$2,517,000	8
CALFire	Barriers to and Solutions for Expanding the Use of Mass Timber and Other Wood Product (AB 2518) - Funds would be used to produce the two reports required by AB 2518 to: (1) identify barriers to in-state production of mass timber and other innovative forest products as well as solutions that are consistent with the state's climate objectives on forested lands; and, (2) provide recommendations for the siting of additional wood product manufacturing facilities in the state.	0	\$400,000 Greenhouse Gas Reduction Fund	\$400,000	0

CALFire	Increasing Fire and Life Safety (AB 2911) - Funds would be used to implement the local government survey required by the legislation, coordinate with local governments, and conduct field reviews and develop recommendations for improving the fire and life safety of non-conforming residential subdivisions across the state.	0	\$2,278,000 Greenhouse Gas Reduction Fund	\$2,278,000	6
CCC	Forestry Corps (AB 2126) - Funds would be used to support four Forestry Corps crews that will undertake forest health and hazardous fuel reduction projects in areas of high fire risk, which will increase public safety for fire-threatened communities, improve forest health conditions, and achieve associated climate goals. This Program will also provide specialized training and assistance to corps members to create educational and career pathways to forestry and other related fields.	\$4,454,000	0	\$4,454,000	2
DFW	Timber Harvest Plan Exemption Review (SB 901) - This funding will support the Department of Fish and Wildlife's efforts to review timber harvest plan exemptions, and inspect, permit, and enforce projects that improve forest health and vegetation management activities to mitigate negative impacts on water quality, wildlife, and the environment.	\$1,483,000	\$2,000,000 Timber Regulation and Forest Restoration Fund	\$3,483,000	15
SWRCB	Review of Timber Harvest Plan Exemptions and Utility Corridor Vegetation Management Permitting (SB 901) - Funds would be used to support the State Water Resources Control Board's efforts to review timber harvest plan exemptions, and inspect, permit, and enforce projects that improve forest health and vegetation management activities to mitigate negative impacts on water quality, wildlife, and the environment.	\$2,547,000	\$1,831,000 Waste Discharge Permit Fund	\$1,831,000	22
ARB	Prescribed Fire Monitoring Program (SB 1260) - Funds would be used to enhance the Air Resources Board's air quality and smoke monitoring, forecasting, reporting and modeling activities and support local air district public education efforts to align with the anticipated increase in prescribed burns and other fuels reduction activities.	0	\$3,438,000 Greenhouse Gas Reduction Fund	\$3,438,000	5
			TOTAL:	\$234,941,000	292

STAFF COMMENTS

This wildfire package was heard in this Subcommittee on March 13, 2019 and the May Revision proposal was heard on May 15, 2019. The PUC items were heard in this package, but action on them will be taken separately.

This proposal in addition to other similar requests in other subcommittees represents a significant amount of resources for a number of departments to conduct fire mitigation planning and response work. It is unclear how the various departments are communicating and coordinating on these efforts. To ensure coordination among the relevant departments of the selection of fuel reduction projects, staff recommends the following provisional language be added:

1. *CalFire shall consult with the SWRCB and DFW on the selection of fuel reduction projects to be funded by this item and the design of project activities to ensure protection of water and wildlife habitat values while addressing fire behavior and public safety.*

Staff Recommendation: Approve the Jan 10 proposals and add the provisional language as proposed in staff comments. Approve the Spring Fiscal Letter on a 2-year limited term basis.

VOTE-ONLY ISSUE 3: TIJUANA RIVER BASIN WATER QUALITY TBL

This Committee is in receipt of a request to include trailer bill language to address water quality coming across the border. The proposed language is as follows:

- (a) For the purposes of this section, "state agencies" mean the California Environmental Protection Agency, the Natural Resources Agency and their subsidiary departments, boards and commissions.*
- (b) The state agencies shall collaborate with regional, state and federal agencies in Mexico to manage water quality throughout the Tijuana River basin, as a unified watershed.*
- (c) For the purposes of managing the Tijuana River watershed, an employee of any of the state agencies shall have authority to cross the border into Mexico, provided the employee remains within 30 miles of the border.*
- (d) The state agencies are authorized to provide funding to the North American Development Bank for the purposes of protecting water quality flowing in the Tijuana River and across the border into the United States.*

Staff Recommendation: Approve placeholder trailer bill language.

VOTE-ONLY ISSUE 4: MARINE MAMMAL CENTER

This Committee is in receipt of a request to provide funding for the Marine Mammal Center to conduct rescue and research efforts. The marine ecosystem, vital to the health of our ocean and life on earth, is under threats from depletion of fish stocks and increasing ocean temperatures. The Marine Mammal Center is a critical first responder to these threats and is leading the field in ocean conservation through marine mammal rescue, veterinary science, and education. Marine mammals are ecosystem indicators, and the health of these animals provides insights into human and ocean health threats.

Staff Recommendation: Approve \$2 million for the Marine Mammal Center.

VOTE-ONLY ISSUE 5: EMERGENCY WATER NEEDS

This Subcommittee is in receipt of a request to provide funding for a variety of emergency water needs. Due to the changing climate, drought and catastrophic wildfire will likely continue to plague California. Rural residents who rely on domestic water wells are the most vulnerable to the loss of household water during a natural disaster, and they also have the fewest number of options to address the failure. Further, communities affected by the Carr, Camp, and Woolsey fires cannot rebuild without rebuilding the underlying water and sewer infrastructure necessary to ensure that houses and businesses are able to meet county building and health codes. Lastly, wastewater collection and treatment systems are complex with many components located underground and ongoing maintenance presents challenges. As operating costs escalate due to increased energy costs and other factors, some maintenance activities may be deferred, potentially leading to catastrophic failures. When a wastewater system fails, the risk to public health is enormous. The recent failure of two lift station pumps in East Oroquieta (Tulare County) is a timely example of the risk and impact of wastewater system failures. In that community, untreated waste began to back up and flow into some residents' homes. The repair was far beyond the ability of the Community Services District to fund. There exists no emergency fund available to support small community wastewater systems faced with such a crisis.

Staff Recommendation: Approve \$1 million General Fund for Interim Water Storage Tanks, Hauled Water, and Permanent Well Replacements/Repair, \$2 million General Fund to cover planning costs for recovery from 2017 and 2018 wildfires, and \$10 million General Fund for SWRCB to provide emergency funding to water and wastewater service providers serving disadvantaged communities for the following purposes: (1) to evaluate, address and repair the failure of critical components of a collection or treatment system; (2) to fund critical operation & maintenance activities that are cost prohibitive considering the population and median household income of the community served by the system. Authority should be granted to SWRCB to allocate up to \$25,000 based on a verbal commitment so that initial response measures do not have to wait for full cost estimates or contract development.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION

VOTE-ONLY ISSUE 6: ENHANCED FIRE PROTECTION RESOURCES (GB) AND C-130 (MR)

The Governor's budget requests \$96.9 million (offset by \$1.8 million in reduced reimbursement authority for CCC) and 228 positions to implement the proposals described below. Under the proposals, this funding for CalFire would increase to over \$120 million in subsequent years. A May Revision proposal requests an additional \$4.6 million in 2019-20, \$4.6 million in 2020-21, and \$2.2 million in 2021-22 to fund an Exclusive Use C-130 Contract-Training Platform to support CalFire's Large Air Tanker C-130 Program.

- **Additional Fire Engines (\$40.3 Million).** The budget supports adding 13 new fire engines to CalFire's fleet, as well as 131 additional positions to staff those engines. This would bring the total size of the fleet to 356 fire engines. Under the proposal, these 13 new engines would be operated on a year-round basis bringing the total number of fire engines operated on a year-round basis to 65 engines.
- **Increased Staffing (\$15.1 Million).** The budget includes two proposals to increase CalFire's fire response staffing. First, the budget includes \$10.6 million and 34 heavy equipment operator positions in order have a total of three heavy equipment operators for each of CalFire's 58 bulldozers to provide 24 hours a day, seven days a week staffing. Second, the budget includes \$4.5 million to support 13 positions to provide situational awareness staffing—dedicated staff to provide real-time intelligence to decision makers during a wildfire.
- **CCC Crews Dedicated to CalFire (\$13.6 Million).** The budget proposes to add five CCC crews dedicated to CalFire for fire response and prevention activities. This includes converting four existing CCC reimbursement crews into crews dedicated full-time to CalFire work, and creating one new crew dedicated to CalFire work. Under the proposal, the total number of CCC crews dedicated to CalFire will increase to 12.
- **C-130 Air Tankers and Related Capital Outlay (\$13.1 Million).** The budget includes funding and six positions to implement the first year of a plan to accept seven used C-130 air tankers from the federal government, to replace CalFire's existing fleet of aircraft, with the first air tanker scheduled to be received in 2020-21. The state will receive the aircraft for free, but the Department's costs will increase over the next several years for operating and maintenance costs. CalFire estimates annual costs will rise steadily over the next five years reaching \$50 million in increased annual costs by 2023-24. In addition, the proposed 2019-20 funding level includes \$1.7 million for the first phase of three capital outlay projects, to construct barracks to accommodate the new larger flight crews needed to operate the C-130 aircraft. These three projects, along with a fourth barracks project expected to be initiated next year, are estimated to cost a total of \$26 million over several years.
- **Employee Wellness (\$6.6 Million).** The budget proposes to expand two employee wellness programs. First, the budget would expand an existing health and wellness pilot program to a statewide program. The health and wellness pilot program involves

conducting voluntary wellness screenings to test for health conditions common to firefighters, such as heart disease and certain types of cancer. Second, the budget increases staffing for CalFire's Employee Support Services program that provides mental health support to CalFire employees and family members. The proposal would allow CalFire to provide more services to firefighters at the location of major fires and provide additional education and information related to post-traumatic stress disorder.

- **Fire Detection Cameras (\$5.2 Million).** The Administration proposes to join an existing network of wildfire detection cameras and to expand the network by 100 additional cameras in locations determined by CalFire. Specifically, the funding will support a contract between CalFire and ALERTWildfire—a consortium of the University of Nevada, Reno; the University of California, San Diego; and the University of Oregon—to allow CalFire to access and control ALERTWildfire's existing network of wildfire detection cameras.
- **Mobile Equipment Replacement (\$3 Million).** The budget proposes to continue on an ongoing basis a one-time 2018-19 funding augmentation to CalFire's budget for replacement of mobile equipment, such as bulldozers and fire engines. Funding would be used to replace additional mobile equipment that has experienced additional wear and tear from the extended fire seasons in recent years.

STAFF COMMENTS

This item was heard in this Subcommittee on March 13, 2019. Given the increased wildfire risk, it is reasonable to provide CalFire additional resources for enhanced fire protection. However, there are still significant questions surrounding the usefulness and need for the C-130 Air Tankers. Further, approving these resources for the C-130s could potentially commit the state to significant resources needs associated with the operation and maintenance of the C-130s in the future.

Given the amount of resources spent on fire response in recent years, staff concurs with the LAO on the need for an assessment of existing state, mutual aid, and federal fire response capacity; gaps in capacity; and where additional resources would be most beneficial. This assessment should evaluate state and local responsibilities, and include all types of fire response including fire engines, air attack, and other resources. The assessment should evaluate the cost-effectiveness of increasing CalFire resources compared to increasing other resources, appropriate funding sources, goals for fire response, and expected outcomes and benefits from addressing gaps in capacity. In addition, the assessment should identify potential capital outlay needs, such as adding fire stations or helitack bases. Lastly, the assessment should prioritize identified gaps in coverage or identified demands for additional resources.

Staff recommends the Subcommittee adopt supplemental reporting language to require CalFire in coordination with the Governor's Office of Emergency Services to conduct an assessment, as detailed above, and submit this assessment to the relevant fiscal committees in the Legislature by April 1, 2020 in order to inform potential future budget decisions related to increasing fire response capacity. Further, to ensure CalFire is maximizing their resources for fire prevention work, especially on prescribed fire, staff recommends the Subcommittee adopt the following provisional language:

1. *CalFire shall prioritize the placement of engines and staffing in order to maximize additional defensible space inspections to assist in achieving the department's defensible space inspection goals.*
2. *CalFire shall ensure that at least 13 positions funded by this item's appropriation are required to enroll in the State Fire Marshal's Burn Boss Certification Program.*

Staff Recommendation: Reject the \$13.1 million for C-130 Air Tankers and related Capital Outlay, approve the rest of that Jan 10 BCP, adopt SRL as proposed in staff comments, adopt BBL as proposed in staff comments, and reject the May Revision proposal.

3940 STATE WATER RESOURCES CONTROL BOARD
8570 CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE

VOTE-ONLY ISSUE 7: SAFE AND AFFORDABLE DRINKING WATER (BCP + TBL)

The Governor's budget requests for a number of resources to implement the safe and affordable drinking water proposal. Specifically:

- I. \$4.8 million General Fund one-time for the following purposes:
 - a. \$3.4 million to SWRCB for 23 positions to: (1) map high-risk aquifers and process water quality data from small water systems; (2) develop an assessment of the total annual funding needed to assist water systems in the state to deliver safe drinking water; (3) develop an implementation plan that includes funding priorities and guidelines; and, (4) process fees that will be deposited into a new fund and perform accounting work.
 - b. \$1.4 million to CDFA for seven positions to: (1) establish a new registration and fee collection system for dairies, farms, and ranches; and, (2) administer the fertilizer materials mill assessments augmentation.
- II. Trailer bill language (as proposed in May Revision) to:
 - a. Establish four charges, including:
 - i. A safe drinking water fee for confined animal facilities excluding dairies.
 - ii. A fertilizer safe drinking water fee.
 - iii. A dairy safe drinking water fee.
 - iv. A SADW fee for community water system customers.
 - b. Establish the SADW Fund to provide a source of funding to assist communities in paying for costs of obtaining access to SADW, such as operations and maintenance costs and capital costs associated with water system consolidation and service extensions.
 - c. Require SWRCB to administer a new SADW Program.
 - d. Require SWRCB to conduct a public review and assessment of the Safe Drinking Water Fund at least every 10 years.
 - e. Require SWRCB to prepare a report of expenditures annually, as specified.
 - f. Require SWRCB to make available a map of aquifers that are high risk of containing contaminants and that exceed primary federal and state drinking water standards.

- g. Exempt an agricultural operation from enforcement action for causing, contributing, creating, or threatening to create a condition of pollution or nuisance for nitrates in groundwater if the operation meets specified criteria.

STAFF COMMENTS

This item was heard in this Subcommittee on March 20, 2019. California is the fifth-largest economy in the world. Yet, in some parts of our state, residents live like those in developing nations. There are over 300 unsafe drinking water systems across the state and virtually every county in California contains impacted communities and residents. Approximately 1 million Californians do not have access to safe drinking water and must rely on purchasing water and hauling it into their homes. We need a sustainable framework to permanently solve this crisis. There are several legislative measure currently under consideration by the legislature. Staff recommends deferring action on the creation of a Safe and Affordable Drinking Water Program to the legislative bill process.

Staff Recommendation: Approve the requested \$20 million for safe drinking water emergencies and for grants and contracts to provide administrative, technical, operational, or managerial services to designated water systems to support compliance with current drinking water standards. Set aside the proposed \$4.9 million in General Fund Item 9901 (Various Departments) pending future agreement on a Safe and Affordable Drinking Water Program. Defer the creation of a Safe and Affordable Drinking Water Program to the legislative bill process.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL

VOTE-ONLY ISSUE 8: EXIDE CLEAN-UP

The Governor's budget requests a \$74.4 million dollar loan from the General Fund and trailer bill language clean-up activities relating to Exide. Specifically:

- **Acceleration of Additional Cleanup from Exide Technologies Facility** - A loan of \$50 million one-time General Fund to the Toxic Substances Control Account to accelerate the cleanup of additional properties within 1.7 miles of the Exide Technologies facility in Vernon by June 30, 2021.
- **Increased Exide Residential Cleanup Costs** - A loan of \$24.5 million from the General Fund to the Toxic Substances Control Account to complete cleanup activities at residences, schools, parks, day care centers, and child care facilities near the Exide Technologies, Inc. lead-acid battery recycling facility in the City of Vernon.
- **Trailer bill language** - specifies purposes for which the loan may be used, which includes cleanup and investigation of properties contaminated with lead, job training activities related to the cleanup and investigation, and actions to pursue all available remedies against potential responsible parties.

STAFF COMMENTS

This item was heard in this Subcommittee on March 20, 2019. The Exide cleanup effort is a massive undertaking and is considered the largest-ever cleanup of lead-contaminated homes in California. Previous General Fund loans to DTSC provided for the cleanup of the highest priority 2,500 homes. However, over 7,500 homes in the PIA will need soil remediation. This proposal is intended to support the acceleration of soil testing and clean up for approximately 700 additional properties with the highest lead contamination levels and greatest potential for exposure within a 1.7 mile radius of the Exide facility, as well as complete cleanup activities at residences, schools, parks, day care centers, and child care facilities near the Exide. With this proposal, a total of approximately 3,200 homes in the PIA will be cleaned up in advance of the approval and implementation of Exide's Residential Corrective Measures Study.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 9: DEPARTMENT OF DEFENSE TBL

The Department of Defense is proposing trailer bill language to address an issue with advanced payment. The proposed language is as follows:

*Cal Health & Safety Code § 25205.7.(a)(2) **Except for federal agencies,** an agreement required pursuant to paragraph (1) shall provide for at least 25 percent of the reimbursement to be made in advance of the processing of the application or the response to the request. The 25-percent advance payment shall be based upon the department's total estimated costs of processing the application or response to the request.*

BACKGROUND

DTSC is implementing a new fee for service authority that was created in a 2016 Trailer Bill that replaced its previous flat fee structure (Ch. 340, Sec. 19. (SB 839) Effective September 13, 2016). DTSC is now required by this new state law to charge permit applicants 25% of the permit cost estimate in advance, and as part of the applicant's permit application. The federal Department of Defense (DOD) is prohibited under federal law from paying for DTSC staff time reviewing Hazardous Waste (HW) permit renewal applications in advance of actually performing the work. DOD will pay all reasonable service charges for the cost of the HW permit as they are invoiced, however, these fees cannot be paid in advance. A state legislative fix is necessary to provide a permanent fix to this legal conflict and allow DTSC to process DOD's permits.

Staff Recommendation: Approve trailer bill language as proposed.

VOTE-ONLY ISSUE 10: LOCAL ASSISTANCE REAPPROPRIATION

This Subcommittee is in receipt of a request to reappropriate the \$2 million General Fund allocated in the Budget Act of 2017 for DTSC to provide a local assistance grant to convert the Laguna Nueva School site into a park. In addition, this request includes replacing the City of Commerce with the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy as the entity to receive the local assistance grant.

3960-491—Reappropriation, Department of Toxic Substances Control. \$2,000,000 is reappropriated for the purposes specified in Provision 1 and shall be available for encumbrance or expenditure until June 30, 2021:

0001—General Fund

(1) Item 3960-101-0001, Budget Act of 2017 (Ch. 14, Stats. 2016-2017)

Provisions:

1. The funds reappropriated in this item shall be available for the Department of Toxic Substances Control to provide a grant to the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy for purchase of land owned by Montebello Unified School District in the City of Commerce for the purposes of creating a new county park. The Department of Toxic Substances Control shall provide technical assistance to the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy for the purposes of converting part of all of the Laguna Nueva School and surrounding property into a county park including the review of park design plans and providing the county comments on the park design plans.

Staff Recommendation: Approve as requested.

3640 WILDLIFE CONSERVATION BOARD

VOTE-ONLY ISSUE 11: HABITAT CONSERVATION FUND SUNSET EXTENSION

This Subcommittee is proposing to extend the sunset of the Habitat Conservation Fund by 10 years, to January 1, 2030.

BACKGROUND

Proposition 117, approved by voters in 1990, and established the California Wildlife Protection Act of 1990. Among other things, this initiative created the Habitat Conservation Fund and is guaranteed \$30 million annually for 30 years to “acquire, enhance, or restore” certain specified types of lands for wildlife or open space. Proposition 117 requires that half the \$30 million each year be spent in northern California, and half in southern California. The HCF sunsets in 2020.

HCF funds are to be expended on the following categories:

- the acquisition of habitat, including native oak woodlands, for the protection of deer and mountain lions;
- the acquisition of habitat to protect rare, endangered, threatened, or fully protected species;
- the acquisition of habitat for significant natural areas;
- the acquisition, enhancement, or restoration of wetlands;
- the acquisition, restoration, or enhancement of aquatic habitat for anadromous salmonids and trout resources; and,
- the acquisition, restoration, or enhancement of riparian habitat.

Further, Proposition 117 specified how the monies are to be expended. Specifically:

- \$4.5 million goes to the Department of Parks and Recreation,
- \$1.5 million goes to projects located in the Santa Lucia mountain range in Monterey County,
- \$1 million must be expended for acquisitions in and adjacent to units of the state parks system, and
- \$2 million must be used for 50% matching grants to local agencies for projects that meet the requirements of Proposition 117, and for the acquisition of wildlife corridors, urban trails, nature interpretative programs, and other programs designed to bring urban residents into park and wildlife areas.
- Additionally, annual appropriations to the following agencies are required:
 - \$4 million to the State Coastal Conservancy,
 - \$10 million to the Santa Monica Mountains Conservancy until 1995 after which that amount goes to the Wildlife Conservation Board (WCB),

- \$500,000 to the Tahoe Conservancy, and
- the balance goes to the WCB.

Staff Recommendation: Approve trailer bill language as proposed.

3480 DEPARTMENT OF CONSERVATION

VOTE-ONLY ISSUE 12: LOCAL ASSISTANCE REAPPROPRIATION

This Subcommittee is in receipt of a request to reappropriate the remaining balance of the \$2.5M appropriated in the Budget Act of 2016. The funding was provided for DOC for purposes of local assistance grants to Resource Conservation Districts to help with capacity building.

3480-491—Reappropriation, Department of Conservation. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2021:

0001—General Fund

(1) Item 3480-001-0001, Budget Act of 2016 (Ch. 23, Stats. 2015-2016)

Staff Recommendation: Approve as requested.

3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

VOTE-ONLY ISSUE 13: TEMPORARY ASSISTANCE

This Subcommittee is in receipt of a request to include trailer bill language to provide temporary assistance for certified recycling centers. The proposal is as follows:

Subdivision (e) is added to Section 14581 of the Public Resources Code to read:

(e)(1) For the 2019-2020 fiscal year, the department may expend up to five million dollars (\$5,000,000) from the Penalty Account created pursuant to subdivision (d) of Section 14580 to provide temporary assistance to low-volume recyclers in the form of a monthly supplemental payment.

(2) From July 1, 2019, through June 30, 2020, the department may pay a monthly supplemental payment of one thousand dollars (\$1,000) per month to each low-volume recycler. The total disbursement for each month shall not exceed one-twelfth of the total appropriation of five million dollars (\$5,000,000) provided in this subdivision. The department shall pay the recycling center with the lowest average daily volume first and proceed with payments to other low-volume recycling centers in ascending order of average daily volume until the monthly allocation is expended.

(3) For the purposes of this section, "low-volume recycler" means a certified recycling center with the lowest average daily volume of redeemed empty beverage containers compared to all recycling center volumes statewide, as determined by the department consistent with paragraph (5).

(4) The department shall calculate a recycling center's average daily volume by determining the number of beverage containers redeemed based on the reported redemption weights taken from shipping reports where the last day of the receipt and log period is within the three-month period directly preceding the month for which the supplemental payment is made. The department shall determine the recipients of the supplemental payment on the first day of the second month after the month for which the supplemental payment is made.

(5) A recycling center shall be ineligible for a payment under this section if, at any time during the month for which the payment is made, the recycling center is not operational or is the subject of a disciplinary action taken pursuant to this division.

Staff Recommendation: Approve as proposed.

3600 DEPARTMENT OF FISH AND WILDLIFE

VOTE-ONLY ISSUE 14: WINTER RICE HABITAT INCENTIVE PROGRAM REAPPROPRIATION

This Subcommittee is in receipt of a request to reappropriate the \$5 million for the Winter Rice Habitat Incentive Program and include budget bill language to extend the encumbrance period to 3 years. The \$5 million for the Winter Rice Habitat Incentive Program was appropriated in the Budget Act of 2018.

3600-491—Reappropriation, Department of Fish and Wildlife. The amount specified in the following citation is reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2022:

0001—General Fund

(1) \$5,000,000 Item 3600-001-0001, Budget Act of 2018 (Ch. 29, Stats. 2018-2019)

Staff Recommendation: Approve as requested.

8570 DEPARTMENT OF FOOD AND AGRICULTURE

VOTE-ONLY ISSUE 15: UNCLAIMED GAS TAX (TBL)

A May Revision Proposal requests trailer bill language to amend Food and Agriculture Code Section 224(g) to authorize CDFA to retain a portion of the remaining Unclaimed Gas Tax funding, upon agreement by the agricultural commissioners and the Secretary, for purposes of implementing jointly developed priority agricultural program spending.

This item was heard in this Subcommittee on May 15, 2019. Given the increase in UGT funds as a result of SB 1, it is a reasonable to authorize CDFA to retain a portion of these funds to implement activities benefitting agriculture.

Staff Recommendation: Approve as requested.

VOTE-ONLY ISSUE 16: TECHNICAL FIX (TBL)

The Budget Act of 2018 provided \$5 million for CDFA to administer the Healthy Stores Refrigeration Grant Program. The program currently defines “food desert” as a low-income census tract with low access to a supermarket or large grocery store, defined as “at least 500 persons or 33 percent of the population lives more than one mile, for non-rural areas, or more than 10 miles, for rural areas, from a supermarket or large grocery store.” This geographic definition is overly restrictive, and as a result, few applicants qualify under these requirements. Language is being proposed to expand eligibility and to ensure the funds can be encumbered pursuant to the purposes of this program.

Staff Recommendation: Adopt placeholder trailer bill language to address the geographic restriction.

8660 CALIFORNIA PUBLIC UTILITIES COMMISSION**VOTE-ONLY ISSUE 17: CPUC RESPONSE TO UTILITY BANKRUPTCY (APRIL FINANCE LETTER)**

An April Finance Letter requests \$28 million from the Public Utilities Commission Utilities Reimbursement Account for a legal services contract. This proposal also requests budget bill language to make this appropriation available for encumbrance until June 30, 2022, and liquidation until June 30, 2024.

BACKGROUND

Currently, California is experiencing increasingly destructive wildfires that threaten the lives and property of its citizens. The amount of costs utilities are projected to absorb from wildfires is extremely high. For example, estimates for total 2017-2018 wildfire costs and liabilities for Pacific Gas and Electric (PG&E) reach up to \$30 billion. It is not clear what additional costs and liabilities PG&E will be required to absorb in 2019 and beyond. Southern California Edison (SCE) and, to a lesser extent, San Diego Gas and Electric (SDG&E) are also facing their own liabilities for wildfires.

Most notably, on November 14, 2018, PG&E drew down its revolving credit facility, an action perceived in the financial markets as one that would be taken by a company with financial challenges. PG&E lost its investment grade status in early January 2019. PG&E then filed a Chapter 11 Bankruptcy proceeding on January 29, 2019. In connection with this filing PG&E obtained \$5.5 million of Debtor In Possession (DIP) financing for two years, with a one-year extension option. The terms of the financing imply PG&E plans to spend up to three years in bankruptcy court.

The CPUC represents the interests of ratepayers in bankruptcy proceedings. The CPUC must have funds in its budget to pay for expert representation in the PG&E Bankruptcy proceeding. In addition, the CPUC must have expert counsel who can advise on corporate finance and restructuring questions that other utilities might face. The funding will also cover a Financial Advisor hired as a subcontractor by counsel, which is typical in restructuring matters. Counsel must be able to rely on an advisor to evaluate complex financial conditions and arrangements, as well as the flow of information in the financial markets, allowing counsel to provide informed advice to the CPUC. Counsel will also provide advice on debt securitization, including securitizations related to the exit from bankruptcy.

When PG&E filed for bankruptcy in January, 2019, the CPUC was in the process of renewing its legal services contract with bankruptcy counsel. Counsel were at that time engaged on an "as needed" basis under a legal service contract which was set to expire in June 30, 2019. The CPUC required immediate assistance on the PG&E bankruptcy and worked with counsel to develop a case plan. As is usual in complex restructurings, the CPUC also sought to obtain a financial advisor who could work with counsel to understand the financial condition of PG&E, evaluate the various exit plans as they were proposed, and help the CPUC with its communications with the financial community. The CPUC also expects this Financial Advisor to provide advice on the two remaining utilities who are not in bankruptcy, since the financial condition of all California utilities is an issue the CPUC must face.

The CPUC is entering into a new legal services contract with its counsel that will include the PG&E bankruptcy and have an estimated budget that will allow counsel and the financial advisor to effectively represent the CPUC. The contract is for a three-year period, mirroring the DIP financing. The budget for this legal services contract is, after an initial 6-month ramp-up period: approximately \$500,000 per month for legal counsel, billed at hourly rates, and \$450,000 a month for the financial advisor.

STAFF COMMENTS

Staff has no concerns with this proposal. CPUC will need to engage outside counsel to effectively participate in the PG&E bankruptcy proceeding and to conduct its own regulatory proceedings reviewing electric utilities' financial structure in a post-wildfire environment.

Staff Recommendation: Approve as Proposed.

VOTE-ONLY ISSUE 18: CPUC WILDFIRE PREVENTION AND RECOVERY LEGISLATIVE PACKAGE (SB 901)

The Governor's budget requests \$6.6 million from the Public Utilities Commission Utilities Reimbursement Account and 34 positions ongoing to address workload associated with the implementation of SB 901 (Dodd, Chapter 626, Statutes of 2018), and \$125,000 to contract with vegetation management consultants.

BACKGROUND

In September 2018, a comprehensive wildfire prevention and recovery package was enacted to strengthen California's ability to prevent and recover from catastrophic wildfires. SB 901 is a wide-ranging bill, but specific to CPUC it contains provisions related to electric utilities because utility infrastructure is a common source of wildfire ignition. SB 901 directs California's electric investor owned utilities (IOUs) to implement specific measures to mitigate the risks of wildfires posed by electrical lines and equipment and directs the CPUC to regulate IOU compliance with the requirements. CPUC will review costs for the 2017 wildfires and costs for post-2018 wildfires. CPUC also will determine the maximum amount of wildfire-related costs an electrical corporation can cover without harming ratepayers or materially impacting its ability to provide adequate and safe service. At a minimum, it is estimated that SB 901 will result in 12 wildfire mitigation plan application and compliance reviews.

The key requirements of SB 901 for the CPUC are:

Prospective

- Review within three months annual Wildfire Mitigation Plans (WMP) submitted by electric corporations.
- Review mitigation costs not covered in the electric corporation revenue requirement.
- Enter into a MOU with CalFIRE regarding consistent approaches and data sharing.

- Increased PUC workload associated with expanded biomass requirements.

Retrospective

- Review costs for 2017 wildfires.
- Review costs for post-2018 wildfires.
- Review reasonableness of costs and expenses related to catastrophic wildfires to allow them to be recovered through fixed recovery charges.

Compliance, Safety Assurance, and Enforcement

- Assess electric corporation compliance with WMP within 18 months after submission.
- Review independent evaluator's assessment of IOU compliance with WMPs.
- Third-party evaluation of electric corporation safety culture.
- Assess penalties on electric corporations that fail to substantially comply with their WMPs.

New staff would be allocated as follows:

Division	Positions
Safety and Enforcement	11
Energy	2
Office of the Safety Advocate	4
Administrative Law Judge	11
Legal	6
Total	34

STAFF COMMENTS

SB 901 requires that electric corporations submit annual Wildfire Mitigation Plans and that CPUC reviews them annually and ensures compliance with the plans. The CPUC is requesting permanent resources. However, future workload, particularly in regards to reviewing wildfire mitigation plans and assessing compliance, is unknown. Staff recommends approving the funding for the 11 positions requested for the Safety and Enforcement Division and the four positions for the Office of the Safety Advocate for two years and approving ongoing funding for the two positions in the Enforcement Division, the 11 positions in the Administrative Law Judge Division, and the six positions for Legal. Staff also recommends approving the \$125,000 contract funding for vegetation consulting services.

Staff Recommendation: Approve funding for the 11 positions requested for the Safety and Enforcement Division and the four positions for the Office of the Safety Advocate for two years. Approve funding for the two positions in the Enforcement Division, the 11 positions in the Administrative Law Judge Division, the six positions for Legal, and the \$125,000 contract funding as budgeted.

**VOTE-ONLY ISSUE 19: PUBLIC ADVOCATE'S OFFICE WILDFIRE PREVENTION AND RECOVERY
LEGISLATIVE PACKAGE (SB 901)**

The Governor's budget requests \$2.5 million and 14 permanent positions for the Public Advocate's Office (PAO) to address the increased workload resulting from the implementation of SB 901.

BACKGROUND

Customers' utility rates could increase as a result of SB 901 which allows utilities to recover: (1) the costs of their wildfire mitigation plans; and, (2) the costs associated with catastrophic wildfires. As a result, PAO anticipates its workload will increase due to the increased safety and ratemaking workload resulting from SB 901. At a minimum, it is estimated that SB 901 will result in 12 wildfire mitigation plan application and compliance reviews.

PAO is requesting 14 staff for two new sections within the existing Energy Safety and Infrastructure Branch as shown below:

	Wildfire Safety Section	Securitization and Financial Impacts Section
Program and Project Supervisor (PPS)	1	1
Senior Utilities Engineer – Specialist (SUE)	1	-
Utilities Engineer (UE)	1	-
Public Utilities Regulatory Analyst (PURA) V	1	2
PURA I	1	2
Public Utilities Counsel (PU Counsel) III	1*	1*
PU Counsel IV	1*	1*
Total	7	7

*The four requested Public Utilities Counsel IV and III positions will reside in the CPUC's Legal Division and be assigned to work with the Public Advocates Office Wildfire Safety Section and Securitization and Financial Impacts Section in accordance with PU Code Section 309.5 (c).

Proposed staff in the Wildfire Safety Section would assess the reasonableness of each utility's annual wildfire mitigation plan and conduct an annual after-the-fact review of each utility's compliance with its plan. This Section will provide the analyses to help determine the reasonableness of proposed safety programs, help promulgate and advocate for new state and utility safety standards and assist the Securitization and Financial Impacts Section in assessing the reasonableness of utility actions.

The Securitization and Financial Impacts Section will be responsible for reviewing each IOU's request to the CPUC to issue wildfire safety and financing orders which authorizes recovery of costs and expenses from catastrophic wildfires, or for costs and expenses to be recovered through a fixed charge. This work entails evaluating proposals for catastrophic cost recovery, reasonableness review of cost recovery, and bond financing.

STAFF COMMENTS

SB 901 will increase the workload of PAO. However, it is unclear if the amount of workload that is anticipated for 2019-20 will be the same in the next few years, since this is a new activity for PAO. Also, it is unclear how PAO's role will differ from the CPUC's with regards to assessing IOUs' compliance with their Wildfire Mitigation Plans. Staff recommends approving the funding for the seven positions for the new Wildfire Safety Section and for the four Public Utilities Counsel for two years. Staff recommends approving ongoing funding for the remaining five positions in the new Securitization and Financial Impacts Section.

Staff Recommendation: Approve funding for the seven positions for the new Wildfire Safety Section and for the four Public Utilities Counsel for two years. Approve as budgeted the funding for the remaining five positions in the new Securitization and Financial Impacts Section.

VOTE-ONLY ISSUE 20: WILDFIRES AND CLIMATE CHANGE: CALIFORNIA'S ENERGY FUTURE

The May Revision proposes 16 positions and \$41.0 million (\$38.0 million in one-time contract authority) in 2019-20, \$3.0 million in 2020-21 and 2020-22, and \$2.9 million ongoing to support permanent staff from the Public Utilities Commission Utilities Reimbursement Account to begin the implementation of a five-part action plan aimed at preventing and responding to catastrophic wildfires as laid out in the *Wildfires and Climate Change: California's Energy Future* report released on April 12, 2019.

BACKGROUND

The CPUC has broad powers to regulate investor-owned utilities (IOUs) and ensure that safety is the top priority for the state. SB 901 (Dodd, Chapter 623, Statutes of 2018) requires CPUC to review and approve wildfire mitigation plans (WMP) that are to be submitted to the CPUC annually. The current law requires the CPUC to approve WMPs within three months with consideration given to costs, establishment of memo accounts, and the review for reasonableness of these costs. In addition, the bill also requires the CPUC to:

- Retrospectively determine the maximum amount the IOU's could pay without harming ratepayers and maintaining adequate and safe services.
- Review catastrophic wildfire ratepayer protection financing to allow for cost recovery if the costs and expenses are "just and reasonable," determine fixed recovery charges, and issuance for recovery bonds.

A budget request was submitted to the Legislature requesting 34 positions to perform the work outlined in SB 901. This proposal is currently being heard by the Legislature. These positions focused on WMP reviews to assess public safety. The current request focuses efforts on enforcement activities.

The following is a comparison of the two requests:

Division	Positions (SB 901 January Request)	Positions (May Revision Request)
Safety and Enforcement	11 (Safety)	8 (Enforcement)
Energy	2	0
Office of Safety Advocate	4	0
Administrative Law Judge	11	0
Legal	6	4
Policy Positions for Executive Management	0	4
Total	34	16

In addition to the positions requested above, \$25 million is requested for an investigative “swat team” and \$13 million to contract for a wildfire policy development roadmap.

According to the Administration, the report it had prepared calls for CPUC to take on additional responsibilities above the work required in SB 901. These additional responsibilities include establishing a more rigorous wildfire mitigation plan review process, building safer utilities, exploring potential technologies and innovations to reduce wildfire risk and increase utility reliability, and increase inter-agency coordination and planning efforts designed at implementing collaborative measures to reduce wildfire risk and threat. In addition, the CPUC is focused on forward thinking actions and long-term plans to assist with this endeavor that faces California.

STAFF COMMENTS

Staff recommends approving funding for the eight positions in the Safety and Enforcement Division, the two Advocacy Attorneys, and the four positions for policy work for two years. Staff recommends approving ongoing funding for the two remaining attorneys and the \$38 million for contracting. Staff also recommends the Subcommittee adopt placeholder trailer bill language to establish a structure that supports the state’s role in reviewing wildfire mitigation plans, evaluating compliance with the plans, and managing wildfire risks.

Staff Recommendation: Approve funding for the eight positions in the Safety and Enforcement Division, the two Advocacy Attorneys, and the four positions for policy work for two years. Approve funding for the two remaining attorneys and the \$38 million for contracting as proposed. Also, adopt placeholder trailer bill language.

0509 GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

VOTE-ONLY ISSUE 21: ZERO-EMISSION VEHICLE INFRASTRUCTURE UNIT

The Governor's Budget requests four positions and \$767,000 from the Air Pollution Control Fund in 2019-20 and ongoing.

BACKGROUND

The 2013 ZEV Action Plan identified the need for an ombudsman to facilitate hydrogen station development (a key component of ZEV infrastructure rollout), a position that was ultimately funded through the AB 8 Alternative and Renewable Fuel and Vehicle Technology Program administered by the California Energy Commission (CEC) and housed at GO-Biz within the Permitting Unit, starting March 1, 2014. Among other accomplishments, this ZEV Infrastructure Project Manager position helped government and industry establish a successful station permitting track record, create a process to open the first fully retail hydrogen stations in the world, and deliver a Hydrogen Station Permitting Guidebook that has served as the blueprint for station development since 2015.

Given a continually expanding workload, a ZEV Policy Manager position, housed at GO-Biz and shared with the Governor's Office, was added in September 2015. This position was funded by the Governor's Office (50 percent) and GO-Biz (50 percent) through August 2018, when the position was vacated. In January 2016, the California Air Resources Board (CARB) funded a third position at GO-Biz to accelerate the development of plug-in charging infrastructure. This addition led to the formal creation of a ZEV Infrastructure Unit in GO-Biz in 2016, comprised of a Deputy Director, a ZEV Infrastructure Project Manager, and ZEV Policy Manager. To help with the workload the GO-Biz ZEV team hosted executive fellows in 2016, 2017, and 2018. All ZEV Infrastructure Unit positions have been in GO-Biz's temp help blanket since inception. The positions are funded through inter-agency agreements with the CARB and CEC. The agreements have been in place since the inception of the ZEV initiatives and are set to expire by 2019-20. GO-Biz is requesting approval to permanently establish the requested positions with a reliable funding source, the Cost of Implementation Account-Air Pollution Control Fund. The CARB is the administrator of that fund and concurs with the proposal.

This request will provide the GO-Biz Zero Emission Vehicle (ZEV) Infrastructure Unit with permanent staff and a secure funding source to enable continuation of the Zero Emission Vehicle initiatives. This change will replace the temporary inter-agency agreements that have been the foundation of GO-Biz's ZEV infrastructure program since 2014.

Staff Recommendation: Approve as Budgeted.

2720 CALIFORNIA HIGHWAY PATROL
2740 DEPARTMENT OF MOTOR VEHICLES

VOTE-ONLY ISSUE 22: MOTOR VEHICLE ACCOUNT AND CAPITAL OUTLAY PROPOSALS: ASSEMBLY PROPOSAL

The Assembly's proposal for the Motor Vehicle Account (MVA) maintains a reasonable reserve over the next five years, keeps costs lower by continuing the past practice of funding critical CHP and DMV office replacements on a cash basis, makes a significant supplemental pension payment (SPP) in 2019-20, and directs the Administration to develop a 10 year plan for the MVA to ensure adequate funding in the future for the State's priorities for the DMV, CHP and Air Resources Board (ARB).

The Assembly proposal consists of the following actions:

- Approve DMV's capital outlay proposals as budgeted for the following projects:
 - Inglewood Field Office Replacement Reversion (-\$15.1 million).
 - Perimeter Security Fences Reversion (-\$9.9 million).
 - Reedley Field Office Replacement (\$1.2 million).
 - Walnut Creek Field Office Relocation (lease) (\$0.7 million).
- Reject CHP's capital outlay proposals for Hayward (-\$48.1 million) and San Bernardino (-\$40.3 million) and cash-fund these projects in 2019-20.
- Approve CHP's capital outlay proposals as budgeted for the following projects:
 - El Centro Area Office Replacement Reversion (-\$40.4 million), but reject proposal to finance the cost of the project.
 - Quincy Area Office Replacement Reversion (-\$36.9 million).
 - Statewide Planning and Site Identification (Santa Ana Area Office) (-\$0.5 million).
- Intention to cash-fund future CHP and DMV capital outlay proposals.
- Make a SPP payment of approximately \$100 million in 2019-20, instead of zero as the Administration proposes.
- Adopt BBL directing DOF and DMV to prepare a 10 year MVA Forecast as part of the January 2020 budget proposal.
- Adopt Supplement Report Language directing DMV/DOF to report by April 1, 2020 on options to generate more revenue and create a pathway for the MVA to continue to fund capital outlay projects on a cash basis and to fund additional CHP officers.

Staff Recommendation: Adopt the Assembly's Motor Vehicle Account Proposal.

2740 DEPARTMENT OF MOTOR VEHICLES**VOTE-ONLY ISSUE 23: DMV OPERATIONAL IMPROVEMENTS**

The Assembly proposes the following in response to the Administration's request for \$242.1 million and ongoing resources for five years (\$199.8 million in 2020-21, \$86.1 million in 2021-22, \$72.4 million in 2022-23, \$45.3 million in 2023-24, and \$34.4 million in 2024-25 and ongoing) to make Operational Improvements at DMV.

BACKGROUND

The budget proposal of \$242.1 million for DMV Operation Improvements includes the following.

\$196.0 million for 1,900 staff in field offices including:

- 900 existing positions.
- 300 Motor Vehicle Representatives (MVRs) added in May 2019.
- 700 positions to be added in 2019-20.

\$29.5 Operational Improvements including:

- \$8.3 million funding for additional self-service terminals.
- \$7.8 million enhancement for regional managers (40 positions and vehicles).
- \$3 million for contracts for governance, organizational change management, and field office redesign.
- \$2.8 million 30 positions for PopUps.
- \$2.6 million fleet replacement.
- \$2.0 training officers (12) and learning management system.
- \$2.1 million software and programming for online DL replacement.
- \$0.7 mobile command units.

\$17.7 million for Customer Service Improvements including:

- \$14.2 million Live Chat.
- \$2 million for website redesign.
- \$0.9 million for increase credit card use at Self-Service Terminals.
- \$0.5 Chatbot.

\$17.0 IT Improvements including:

- \$9.3 million IT and PC refresh.
- \$4.7 million network refresh.
- \$3.0 million document authentication devices.

STAFF COMMENTS

In an effort to hold DMV accountable, the Assembly's proposal provides DMV \$200 million to fund all existing and recently hired staff, and new hires that are underway; and funds all

proposals for customer service improvements, operational improvements, and IT improvements.

This approach holds back roughly \$40 million and the equivalent of 400 positions requested by the Administration. The Assembly will provide oversight in the upcoming budget year and hold DMV accountable to agreed-upon performance metrics and will work closely with DMV to provide it additional resources if it has effectively implemented the resources it has been given.

Staff Recommendation: Approve \$200 million for operational improvements.

VARIOUS DEPARTMENTS

VOTE-ONLY ISSUE 24: ASSEMBLY 2019-20 CAP AND TRADE EXPENDITURE PLAN

The Assembly proposes to invest \$1.4 billion Greenhouse Gas Reduction Funds in 2019-20 in the following categories:

Investment Category	Amount (in millions)
Air Toxic and Criteria Air Pollutants	\$275
Low Carbon Transportation	\$660
Climate Smart Agriculture	\$45
Healthy Forests	\$200
Waste Diversion	\$25
Integrated Climate Action Mitigation and Resilience	\$185
Climate and Clean Energy Research and Technical Assistance	\$10
Total	\$1,400

The Assembly Plan also adopts placeholder trailer bill language that codifies the AB 617 provisions currently in budget bill language and that allows the Legislature to weigh in on options the Air Resources Board is currently considering to address the collapse of the Clean Vehicle Rebate Project in 2019-20.

The Assembly also adopts placeholder provisional language that: (1) states that the funding for Low Carbon Transportation would fund pilot projects, demonstration projects, and commercial projects and ports would be eligible for this funding; (2) states that \$1.5 million of the funding for research is for the California Air Resources Board to develop a strategy for all new light-duty vehicles in the State to be zero-emission vehicles, and report to the Legislature by June 30, 2020; (3) states that it is the intent of the Legislature that \$27 million for workforce and development training will be funded out of the Alternative and Renewable Fuel and Vehicle Technology Program; (4) states that certain funding shall not be allocated for the purchase of fully automated cargo handling equipment; and, (5) gives the Department of Finance the authority to reduce allocations for certain programs, while maintaining budgeted funding levels for other programs to ensure that funding for certain programs is prioritized and would be cut last in a shortfall scenario.

Staff Recommendation: Adopt the Assembly Cap and Trade Expenditure Plan and placeholder trailer bill language and placeholder provisional language.

ITEMS TO BE HEARD

VARIOUS DEPARTMENTS

ISSUE 1: CONSERVATION GENOMICS

The Subcommittee will receive a briefing from UCLA on their efforts to preserve biodiversity through conservation genomics.

BACKGROUND

California's biodiversity at risk. California has an extraordinary number of species that live in forests, chaparral, deserts, riparian areas, rocky intertidal habitat, kelp reefs, wetlands and other ecosystems, as well as in working landscapes. Yet, these terrestrial and marine ecosystems are under pressure from climate change, overexploitation, and growing human populations, which is leading to habitat loss, degradation, and species imperilment. According to California's Fourth Climate Change Assessment, between 45-56 percent of the natural vegetation in the state will become climatically stressed by 2100, while the area of land consumed by wildfires each year could increase by 77 percent if global greenhouse gas emissions continue to rise. In fact, 2018 was California's worst year ever when it comes to fires.

Informing smart conservation strategies. Understanding how ecosystems are likely to respond under different climate scenarios is essential for developing smart conservation strategies and making informed land management decisions. While California has assembled detailed maps of current plant and animal species distributions, those maps do not take into account ongoing or future climate changes, nor do they include geographically precise maps of genetic variation that are key for proactive management. Scientifically and financially feasible, landscape genomics maps can help protect the habitats of populations most vulnerable to climate change, identify those populations that are most resilient, and inform strategic infrastructure investments that secure ecosystem health.

A statewide public research collaboration. UCLA along with fellow public research collaborators, is establishing a network of world-class scientists, students, and resource management partners working together to understand and preserve biodiversity in California through *conservation genomics* – a powerful tool to help make important decisions about identifying species populations with the greatest genetic variation. Genomics data are critical for identifying threats to wildlife, making the best land acquisition choices that provide resilience to climate change impacts, evaluating the efficacy of natural resource management efforts, and assessing energy, transportation, and regional project impacts on species of concern.

This collaboration among a diverse group of scientists builds upon the UC Conservation Genomics Consortium formed in 2015 as a result of the University of California, President's Office Catalyst program. The Consortium had a single goal: to develop tools and preliminary data sets that demonstrate the power of genomics to understand how threatened plant and animal populations respond to changes in climate and their habitats.

With the potential to revolutionize the way in which we manage our lands and our coast, and enhance biodiversity protection, UCLA and its partners propose a statewide research collaboration focused on conserving California's natural resources. This integrated program applies conservation genomics, climate modeling, and remote sensing. This research collaboration seeks to create a publicly available landscape genomics database that quantifies the spatial distribution of genomic variation, and will generate and analyze maps for numerous threatened, endangered and common species throughout California and adjacent habitat corridors and flyways to ensure that land use decisions are informed by innovative and empirical scientific data. Broadly, genomic analyses and landscape genomic maps can be used for a range of land management decisions.

This proposed statewide public research collaboration will enable natural resource managers to assess current land holdings based on the latest science in light of current and future climate scenarios, to help inform planning decisions. It will help ensure California can make scientifically informed and ecologically sound decisions on habitat and species conservation in the face of climate change. These critical management tools will enable:

- Visual and quantitative evaluations of gaps in multi-species corridors and connectivity; Evaluation of new land acquisitions by private or government agencies as key connections in statewide protections;
- Genomic stock assessment of targeted marine, freshwater and terrestrial species to help assess the efficacy of Marine Protected Areas for enhancing biodiversity, and adaptively modifying habitat and species management approaches;
- Baseline data collection for comparison with future genomic analysis to accurately monitor how well our conservation strategies are working; and
- Sharing of knowledge and results annually.

Staff Recommendation: Approve \$10 million as local assistance for the proposed statewide public research collaboration on conservation genomics.

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 Farra Bracht and Susan Chan.