

## AGENDA – PART II

### ASSEMBLY BUDGET COMMITTEE NO. 3 RESOURCES AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD BLOOM, CHAIR

TUESDAY, MAY 24, 2016

9:30 A.M. - STATE CAPITOL, ROOM 437

VOTE-ONLY CALENDAR		
ITEM	DESCRIPTION	
<b>3540</b>	<b>DEPARTMENT OF FORESTRY AND FIRE PROTECTION</b>	
<b>3600</b>	<b>DEPARTMENT OF FISH AND WILDLIFE</b>	
<b>3860</b>	<b>DEPARTMENT OF WATER RESOURCES</b>	
<b>8660</b>	<b>PUBLIC UTILITIES COMMISSION</b>	
ISSUE 1	EMERGENCY DROUGHT RESPONSE	2
<b>3860</b>	<b>DEPARTMENT OF WATER RESOURCES</b>	
<b>3940</b>	<b>STATE WATER RESOURCE CONTROL BOARD</b>	
ISSUE 2	DROUGHT PREPAREDNESS AND RESILIENCY FOR URBAN WATER AGENCIES	3
<b>3940</b>	<b>STATE WATER RESOURCE CONTROL BOARD</b>	
<b>3960</b>	<b>DEPARTMENT OF TOXIC SUBSTANCES CONTROL</b>	
ISSUE 3	REDUCING LEAD EXPOSURE	3
<b>3540</b>	<b>DEPARTMENT OF FORESTRY AND FIRE PROTECTION</b>	
ISSUE 4	PROFESSIONAL STANDARDS PROGRAM	4
ISSUE 5	CAPITAL OUTLAY FUNDING FOR CONTRACT COUNTIES	5
<b>3600</b>	<b>DEPARTMENT OF FISH AND GAME</b>	
ISSUE 6	FEDERAL FUND AUTHORITY ADJUSTMENT	5
ISSUE 7	CONFORMING ACTION: FISH AND GAME PRESERVATION FUND	6
ISSUE 8	PROTECTION OF ORCAS	6
<b>0540</b>	<b>NATURAL RESOURCES AGENCY</b>	
ISSUE 9	CALEXICO NEW RIVER PARKWAY PROJECT	8
<b>3790</b>	<b>DEPARTMENT OF PARKS AND RECREATION</b>	
ISSUE 10	MALAKOFF STATE PARK SOLAR PANEL GENERATOR	9
ISSUE 11	CITY OF PASADENA WESTSIDE PERIMETER TRAIL PROJECT	10
<b>3940</b>	<b>STATE WATER RESOURCES CONTROL BOARD</b>	
ISSUE 12	WATERSHEDS ASSESSMENT	11
ISSUE 13	ACCESS TO SAFE DRINKING WATER	12
<b>3970</b>	<b>DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY</b>	
ISSUE 14	EDUCATION AND THE ENVIRONMENT INITIATIVE	13

<b>3900</b>	<b>AIR RESOURCES BOARD</b>	
ISSUE 15	PROPOSALS TO ACHIEVE POST-2020 GHG GOALS	14
<b>6400</b>	<b>UNIVERSITY OF CALIFORNIA</b>	
ISSUE 16	STRANDING OF SEA LION PUPS – LOCAL GRANTS	14
ISSUE 17	LARGE WHALE DISENTANGLEMENT EMERGENCY RESPONSE	16
<b>8570</b>	<b>DEPARTMENT OF FOOD AND AGRICULTURE</b>	
ISSUE 18	NUTRITIONAL INCENTIVE MARKET MATCH	17

<b>ITEMS TO BE HEARD</b>		
<b>ITEM</b>	<b>DESCRIPTION</b>	
<b>3790</b>	<b>DEPARTMENT OF PARKS AND RECREATION</b>	
ISSUE 1	PACIFIC COAST IMMIGRATION CENTER	18
<b>3900</b>	<b>AIR RESOURCES BOARD</b>	
ISSUE 2	SPECIALTY EQUIPMENT MARKETING ASSOCIATION EXECUTIVE ORDER FEE PROPOSAL	20
<b>3970</b>	<b>DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY</b>	
ISSUE 3	TEMPORARY BOTTLE BILL FIX TO ADDRESS RECYCLING CENTER CLOSURES	21

**VOTE-ONLY****3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION****3600 DEPARTMENT OF FISH AND WILDLIFE****3860 DEPARTMENT OF WATER RESOURCES****8660 PUBLIC UTILITIES COMMISSION****VOTE-ONLY ISSUE 1: EMERGENCY DROUGHT RESPONSE**

The Governor's May Revision proposes the following additional resources and reductions for emergency drought response:

**Department of Forestry and Fire Protection:** \$11 million (General Fund) to assist in the removal and disposal of trees in high hazard areas.

**Department of Fish and Wildlife:** \$4.2 million (General Fund) on a one-time basis for actions to benefit Delta smelt. Funding for these efforts will be redirected from other drought response efforts originally proposed in the Governor's Budget, but no longer necessary.

**Department of Water Resources:** \$5 million General Fund for the Department of Water Resources to provide emergency drinking water support for small communities, including addressing private wells. Decreases \$42 million General Fund from the Governor's Budget to reflect that removal of salinity barriers in the Delta will not be needed in the fall of 2016. Reappropriates approximately \$31 million in funds from various support appropriations from prior years to support the planning, permitting, and installation of emergency drought barriers in the spring of 2017 if conditions warrant.

**Public Utilities Commission:** To accelerate the utilization of biomass materials for energy production in high hazard fire zones, proposes trailer bill language to allow small biomass facilities to defer certain system interconnection costs.

These items were heard by the Subcommittee on May 18, 2016.

**Staff Recommendation: Approve the May Revision drought response proposals. Approve an additional \$5 million General Fund for the Department of Water Resources to provide emergency drinking water support for small communities, including addressing private wells.**

**3860 DEPARTMENT OF WATER RESOURCES  
3940 STATE WATER RESOURCE CONTROL BOARD**

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**VOTE-ONLY ISSUE 2: DROUGHT PREPAREDNESS AND RESILIENCY FOR URBAN WATER AGENCIES**

The Governor's May Revision proposes \$4.5 million (General Fund) for a coordinated effort by the Department of Water Resources (DWR) and the Water Board to review and update local water shortage contingency plans, develop recommendations for new water use efficiency targets, and establish a permanent urban water use efficiency data tracking system, consistent with the directives of the most recent executive order.

Specifically, resources will be directed as follows:

**DWR:** \$4.26 million to support 2.5 existing full-time positions, consultant contracts, and technical assistance for statewide, local, and regional urban water use efficiency programs to improve urban water conservation and data transparency; and

**Water Board:** \$240,000 to develop and implement the proposed recommendations and a legislative proposal.

The Subcommittee heard this proposal on May 18, 2016.

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**Staff Recommendation: Approve May Revision Proposal**

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**3940 STATE WATER RESOURCE CONTROL BOARD  
3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL**

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**VOTE-ONLY ISSUE 3: REDUCING LEAD EXPOSURE**

The Governor's May Revision includes two proposals to support lead-related programs administered by the Water Board and the Department of Toxic Substances Control:

- **Improved Monitoring and Reporting of Drinking Water**—\$480,000 (Safe Drinking Water Account) and two positions for the State Water Resources Control Board to: (1) develop and implement guidance documents based on the federal Lead and Copper Rule for public water systems and their customers, including local educational agencies and (2) address US EPA-identified deficiencies in State Water Resource Control Board reporting of public water system compliance with federal reporting requirements.
- **Lead Acid Batteries**—\$255,000 (Toxic Substances Control Account) and two positions for the Department of Toxic Substances Control to evaluate listing lead

acid batteries as “priority products” subject to the Department’s Safer Consumer Products regulations. The request includes trailer bill language directing DTSC to revise its 2015-17 Priority Product Work Plan to include lead acid batteries for consideration and evaluation as a potential Priority Product.

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**Staff Recommendation: Approve May Revision Proposal. Approve \$284,000 for two additional permanent Water Resources Control Engineers positions (Safe Drinking Water Account) to more fully address US EPA-identified deficiencies in State Water Resource Control Board reporting of public water system compliance with federal reporting requirements.**

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## **3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION**

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### **VOTE-ONLY ISSUE 4: PROFESSIONAL STANDARDS PROGRAM**

The Governor's Budget requests \$4.4 million (\$4.08 million General Fund and \$336,000 Special Fund) and 14 positions to implement a centralized dedicated unit responsible for overseeing a comprehensive program addressing investigations and adverse actions.

The Subcommittee held this item open at its March 16th, 2016 hearing. Representatives from one of the 13 CalFIRE employee unions objected to the proposal, stating that this was an over-reaction to a single incident at the Academy.

According to the Senate Subcommittee No. 2 agenda on May 18, 2016, the Director of CalFIRE testified that in 2015, CalFIRE processed over 70 letters of warning, 60 terminations with cause, 100 notices of adverse actions, 47 equal employment opportunity investigations, and countless other investigations, such as employee and citizen complaints. Further, the Senate agenda states that:

*The department leadership met with the union in three dedicated meetings totaling over 10 hours from March through April, in addition to informal telephone conversations. While staff respects the union position, any large department with complex human interactions including living situations, public encounters, stressful situations, should warrant a thorough professional standards program. Much like the California Highway Patrol when it reconsidered how it manages professional standards, this proposal seems like a step forward for CalFIRE.*

Given the union’s continued concerns, staff concurs with the Senate Subcommittee Staff Recommendation to approve the proposal on a three-year basis with annual reporting to the budget committees during the budget process on how the program is working.

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**Staff Recommendation: Approve proposal on a three-year basis with annual reporting to the budget committees during the budget process on how the program is working.**

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**VOTE-ONLY ISSUE 5: CONFORMING ACTION: CAPITAL OUTLAY FUNDING FOR CONTRACT COUNTIES**

In previous years, contract counties (those counties providing wildland fire services in their respective jurisdictions while not duplicating services), have received minor capital outlay funding as a part of their contracts. According to the Attorney General, the contracts are based on “like” funding, which includes minor capital outlay. This amount totals about \$250,000 per year, which was eliminated in 2013. The Department of Finance considers this part of the reductions made to during the fiscal downturn. However, the policy decision to eliminate these funds from the contracts was not related to the fiscal outlook of the state. This cut was not enumerated for the Legislature in budget reduction proposals in previous years and therefore should be considered as part of the baseline for contract counties. The Senate and Assembly included this item in its 2015-16 budget. The item was removed from the final budget after negotiation with the Department of Finance. The Senate Subcommittee No. 2 approved \$250,000 (General Fund) at its May 18, 2016, hearing for this purpose.

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**Staff Recommendation: Conform with the Senate action to include \$250,000 (General Fund) on a one-time basis for contract county capital outlay.**

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**3600 DEPARTMENT OF FISH AND WILDLIFE**

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**VOTE-ONLY ISSUE 6: Federal Fund Authority Adjustment**

The Governor's Spring Finance Letter requests an ongoing increase of \$13.5 million in Federal Trust Fund authority. This request will establish adequate authority for the Department to receive and expend federal grant funds vital to the Department's operation. Recently, the receipt of Federal Funds for the Federal Sport Fish Restoration Program and the Wildlife Restoration and Hunter Education Program has increased significantly. This request aligns the appropriate amount with the anticipated ongoing awards.

The Subcommittee heard this item at its May 4, 2016 hearing. The Subcommittee asked the Department to provide information on an unrelated question related to the cost of webcasting Fish and Game Commission meetings. According to the Department, full Commission meetings are webcast. However, Subcommittee meetings are not. There are three Subcommittees: the Wildlife Resources Committee, the Marine

Resources Committee, and the Tribal Committee. It would cost approximately \$5,000-8,000 to webcast each meeting. Since there are regularly three meetings of each committee per year, it would cost approximately and additional \$45,000 – 72,000 per year to webcast all Commission meetings.

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**Staff Recommendation: Approve as Budgeted**

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**VOTE-ONLY ISSUE 7: CONFORMING ACTION: FISH AND GAME PRESERVATION FUND**

In spring 2016, the Joint Legislative Budget Committee received numerous requests to provide midyear increases to federal fund authority for DFW for 2015-16. The Legislature also received similar requests after the passage of the annual budget act for 2014-15. Additionally, in the past the LAO and California State Auditor have identified imbalances in some of the Department's various budget accounts. The Senate Subcommittee No. 2 adopted language that will allow legislative staff to better understand the DFW budget, identify if issues exist, and if so to consider potential options to address those issues that could be brought before the Legislature in the future.

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**Staff Recommendation: Conform with the Senate Action by adopting the following budget bill language: No later than September 30, 2016, the department shall convene a group of relevant budget and policy legislative staff, the Legislative Analyst's office, and the Department of Finance, to discuss the department's structural imbalance in the Fish and Game Preservation Fund, as well as the historical causes of, and potential options for, addressing those imbalances.**

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**VOTE-ONLY ISSUE 8: PROTECTION OF ORCAS****BACKGROUND**

Orcas, also known as killer whales, are wide ranging apex predators found in most oceans of the world. They are known to be highly intelligent and highly social animals, living in matrilineal family groups which are among the most stable of any animal species. Family groups of orcas form pods that live and hunt together, with male and often female offspring staying with their mothers for life. They are one of the world's fastest moving marine mammals, able to swim at speeds approaching 35 miles per hour, and often covering 100 miles or more per day.

California is currently home to 11 captive orcas. Three were captured from the wild and eight were captive-born. Since orcas have been kept in captivity there have been four deaths of humans involving captive orcas. Between 1988 and 2009, SeaWorld

documented 100 incident reports including twelve documented injuries and one death. Following the death of trainer Dawn Brancheau in 2010 at SeaWorld's Orlando, Florida facility, SeaWorld was cited by OSHA for violating federal safety standards. OSHA issued an order that prohibited trainers from being allowed in the water with the whales and required that they be protected by a physical barrier.

AB 2140 (Bloom) of 2014 would have ended all captive breeding and display of orcas in California. Additionally, AB 2140 would have required that all orcas in California be retired to sea pens and/or sanctuaries. Both proponents and opponents of AB 2140 acknowledged the significant positive contributions of SeaWorld to marine research and marine rescue efforts. That bill was referred to interim study. AB 2305 (Bloom), related to the prohibition of captive orca breeding, was approved in the Assembly Water Parks and Wildlife Committee on April 12, 2016 and subsequently referred to Rules Committee.

#### STAFF COMMENTS

In October 2015, the California Coastal Commission voted unanimously to require SeaWorld to stop breeding orcas as a condition of its approval of SeaWorld's request to build an expanded tank. On March 17, SeaWorld announced it would end its orca breeding program immediately and phase out its theatrical shows, in a new partnership with The Humane Society of the United States. The company no longer opposes an effort to codify that agreement. The Subcommittee may wish to consider codifying this agreement to ensure the prohibition of orca breeding in California.

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**Staff Recommendation: Adopt trailer bill language that: codifies the end of captive breeding programs and the export and import of genetic materials for orcas in California; prohibits the import and export of new orcas into or out of the state; prohibits the transfer between facilities of the current orcas in California to facilities that standards are comparable to those in the Animal Welfare Act; prohibits anyone to hold any new orcas in captivity, whether wild-caught or captive-bred, for purposes of display, performance or entertainment; allows an orca currently being held in captivity in the state to continue to be held in captivity and to be used for the purpose of educational presentations until its death; and makes any person who intentionally or negligently violates any of the above prohibitions guilty of a misdemeanor, punishable by a fine not to exceed \$100,000.**

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**0540 NATURAL RESOURCES AGENCY**

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**VOTE-ONLY ISSUE 9: Calexico New River Parkway Project****BACKGROUND**

The New River in Calexico, CA, is a highly polluted waterway that originates in Mexico, and flows north through Calexico and other Imperial County disadvantaged communities, terminating in the Salton Sea. The New River has been a major environmental and public health issue to the community of Calexico for decades. The Calexico New River Parkway Project (Parkway Project) is the first step in a much more ambitious clean-up and restoration effort that will result in improved water quality and riparian habitat conditions along the River from the Mexican border to Salton Sea.

The Parkway Project has raised \$4 million to construct a bike path and park facilities along the New River corridor in Calexico. This Project is partially funded through a 2009 legislative appropriation of \$800,000 from Proposition 84's California River Parkway Program. The City is in the final stages of the planning and design phase for the Project, and they need to utilize an additional percentage of the River Parkway grant funds to close a project management funding gap.

Eighty percent of the total funding for this Project is from a 2005 SAFETEA-LU federal transportation bill appropriation to Calexico of \$4 million that is administered by Caltrans. The City of Calexico was appropriated the federal funding and the state River Parkway grant before they had an opportunity to develop a budget for the project. The City was essentially granted a line-item appropriation for a "bike path and parkway project" by Congress, and that was the extent of statutory guidance.

**STAFF COMMENTS**

The Natural Resources Agency's California River Parkway Grant Program Guidelines and Application stipulate that no more than 25 percent of a grant award may go towards "non-construction costs." Because of a unique set of circumstances, the City of Calexico would like to spend 37 percent of the grant for "project management" to complete the final stages of planning and permitting so that they can begin construction of the bike path and parkway in 2016.

The City and its non-profit partners in Calexico have been working on the bike path and parkway project since 2011. They have worked very closely with Caltrans and the Resources Agency every step of the way. They now have clear cost estimates for the project, and are at the 90 percent project design phase with all CEQA work completed.

The Subcommittee may wish to consider adopting budget bill language to authorize the City of Calexico to expend funds from their existing grant to cover unanticipated planning and design costs. This adjustment to the City's appropriation will allow for an additional \$100,000 to be directed to planning, and will leverage \$400,000 in funding from Caltrans. Approve of such language would allow the City of Calexico to complete the planning phase in the next few months, and start construction on the bike path.

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**Staff Recommendation: Approve budget bill language to reappropriate Proposition 84 funds for the Calexico New River Parkway Project and stipulate that they may be used for planning or construction of the project.**

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### **3790 DEPARTMENT OF PARKS AND RECREATION**

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<b>VOTE-ONLY ISSUE 10: MALAKOFF STATE PARK SOLAR PANEL GENERATOR</b>
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Malakoff Diggins State Historic Park protects the site of the largest hydraulic gold mining operation in the country. Currently, the park has struggled to stay open in main part due to high energy costs associated with park operation. Malakoff Diggins is not on the electric grid and is powered by two diesel generators. The cost of operating these generators is between \$60,000 and \$80,000 per year. The cost of connecting the park to the grid is estimated at well over \$1,000,000.

The Subcommittee may wish to consider supporting a cost effective, environmentally friendly option for electricity at the park. According to the Department of Parks and Recreation, the cost for installing off the grid solar power is approximately \$352,187. Providing this one-time investment will allow Malakoff Diggins to move from diesel generators to solar electrification.

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**Staff Recommendation: Approve \$352,000 General Fund to the Department of Parks and Recreation for installing off the grid solar power at Malakoff Diggins State Historic Park.**

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**VOTE-ONLY ISSUE 11: CITY OF PASADENA WESTSIDE PERIMETER TRAIL PROJECT**

The City of Pasadena is requesting a reversion of \$381,000 (the unencumbered balances of funds it received in 2002 from Proposition 12) for the Westside Perimeter Trail Project. It also requests these funds be appropriated anew and be available for encumbrance for local assistance until June 30, 2019.

The City has received two prior grant extensions for these grant funds. The primary cause for the project's delay is LA County's sediment removal project. The storm of January 2010 coupled with the Station Fire that preceded the storm, resulted in the need for Los Angeles County Flood Control District to plan for the removal of over 2.5 million cubic yards of sediment. Based on the large amount of work that would need to be conducted, it was unclear what impact the County's project would have on the City's "Multi-Benefit Multi-Use" project (which contained the Westside Perimeter Trail as one of the 6 design components). Based on this uncertainty the City was unable to fully define the project and complete environmental review. The EIR for the sediment removal project, which identified the limits of the County's project area, was certified in 2014.

Additionally, the City's park project met with public opposition over the soccer field component, ultimately resulting in the removal of the field component. The City restarted the process, including meeting with a community stakeholder group to establish a new project scope. The new scope has community support and the endorsement of the city's legislative body that has jurisdiction over the project area. That scope will be the basis of the upcoming new environmental assessment effort.

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**Staff Recommendation: Approve reversion and appropriation anew for the City of Pasadena Westside Perimeter Trail Project.**

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**3940 STATE WATER RESOURCES CONTROL BOARD****VOTE-ONLY ISSUE 12: Watersheds Assessment****BACKGROUND**

Watersheds are an essential part of the state's water systems, constituting the natural infrastructure collecting, treating and transporting water to our reservoirs. The watersheds in the northern Sierra, Cascade, and Klamath mountains supply Shasta and Oroville reservoirs – the two largest reservoirs in California. This region is the headwaters of the Sacramento River and provides much of the water that flows into the Sacramento Delta. This water rich region provides 60% of the irrigated agricultural water in the state, 80% of the freshwater that flows into the San Francisco Bay, and drinking water for 25 million people in the state and underwrites \$37 billion in agricultural activity – nearly a third of the state's agricultural economy. Therefore, it is imperative that the watersheds that supply these reservoirs remain healthy and productive.

Unfortunately, these watersheds are not in optimal condition, threatening water security, especially as ongoing drought and climate change exacerbates stress on the system. Unnaturally dense fire-prone forests, conversion to other uses, neglect, degradation, climate change, invasive species, and changing demographics and land ownership all threaten the region's forests and watersheds. California's world renowned water storage and conveyance structures alone cannot guarantee the state's water security in the face of the reduced rainfall and snowpack that scientists predict will occur over the next century. California must also ensure that its watersheds are in optimal condition.

**STAFF COMMENTS**

Watershed restoration and conservation can improve water quality, and in some cases water quantity. Appropriate watershed activities such as vegetation management, forest thinning, wet and dry meadow repair, road and trail removal and repair, stream channel restoration, and forest conservation all help reverse and prevent watershed degradation. Healthier watersheds regulate the timing of flows into reservoirs, extending that later into the year. However, California does not currently provide for the comprehensive planning or financing of improved watershed function to support its water systems.

The Subcommittee may wish to consider appropriating \$140,000 (General Fund) to the State Water Resources Control Board for a one-year, limited term position to support a review of a third-party assessment of undertakings necessary to restore and improve watershed function that will maintain and improve water quality and quantity for the watersheds that supply the Shasta and Oroville reservoirs. Specifically, the proposal would direct the State Water Resources Control Board (SWRCB) to review

the assessment to evaluate the adequacy and transparency of the methodologies and the included cost estimates for restoration and improvement activities.

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**Staff Recommendation: Appropriate \$140,000 General Fund to the State Water Resources Control Board for a one-year, limited term position to evaluate the adequacy and transparency of the methodologies used to determine the necessary undertakings to restore and improve watershed functions for the headwaters that flow into the Shasta and Oroville reservoirs and to provide cost estimates for the activities.**

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**VOTE-ONLY ISSUE 13: ACCESS TO SAFE DRINKING WATER**

On April 27, 2016, the Subcommittee heard from the SWRCB and stakeholders about the litany of obstacles many smaller public systems face to provide safe and affordable drinking water to disadvantaged communities.

At the hearing, the Subcommittee learned that in many rural California communities and schools, inadequate infrastructure and contaminated water are commonplace. Schools throughout California have been impacted by unsafe drinking water at the tap and many schools face recurring challenges to providing safe drinking water. Stakeholders shared preliminary analysis that suggests an estimated 1,000 California public schools were impacted by unsafe drinking water from 2005-2012 (at least one Maximum Contaminant Level violation).

The Subcommittee also learned that there is a significant need for additional staff resources for data collection, management, and tracking to improve transparency and targeting of resources to state small and private well communities and schools without safe drinking water. The US EPA found that data management poses a substantial challenge, and the primacy agency, lab and public water systems (PWS) have difficulty working in unison to meet all monitoring and reporting requirements. The current data management system requires manual compliance determinations adding human error and inefficiencies. The EPA recommended that the Division of Drinking Water (DDW) expedite data collection system improvements. Further, according to US EPA's 2016 Safe Drinking Water Information System (SDWIS) Data Quality Report, California ranks second to last in EPA's overall data quality score for Region 9. Although the Drinking Water Program has made significant improvements, there is still a large amount of workload to resolve the significant number of discrepancies between the SDWIS/State database and the federal database, define significant deficiencies for follow up site visits, and improve monitoring and non-compliance determinations for districts and Local Primacy Agencies (LPAs).

To address these concerns, the Subcommittee may wish to consider providing additional resources to the SWRCB as follows:

- \$10 million (General Fund) to address the lack of drinking water access and water quality issues in schools. Funds would be used for water bottle filling station installations, with point of use filtration when necessary, to deliver safe, fresh drinking water to hundreds of thousands of students who do not currently have access to it. This funding would provide approximately 930 bottled water filling stations and administrative costs incurred by the schools and serve approximately 400,000 students. The proposal would allow 3 years to encumber and an additional two years to expend the funds. Also, the proposal includes funding for one position over the course of 5 Years at a cost of \$140,000 per PY, which equals \$700,000.
- \$565,000 (Safe Drinking Water Account) to fund four permanent positions for data management improvement. This funding will allow the DDW to expedite data collection system improvements, resolve discrepancies between the SDWIS/State database and the federal database, and improve monitoring and non-compliance determinations for districts and LPAs.

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**Staff Recommendation: Approve recommendation outlined above.**

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## **3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY**

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<b>VOTE-ONLY ISSUE 14: Education and the Environment Initiative</b>
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The Governor requests \$700,000 in one-time funding to develop a sustainable funding strategy for the Education and the Environment Initiative (EEI) program and address increased demand for the EEI Curriculum. Teacher demand for the state-created, EEI curriculum has expanded and this proposal would help CalRecycle facilitate use of the curriculum and foster environmental literacy among all California students.

The Subcommittee heard this issue at its March 30, 2016 hearing.

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**Staff Recommendation: Approve as budgeted**

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## 3900 AIR RESOURCES BOARD

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### VOTE-ONLY ISSUE 15: PROPOSALS TO ACHIEVE POST-2020 GHG GOALS

The Governor's budget includes a total of \$3.2 million (Cost of Implementation Account) and 13 permanent positions to implement three proposals related to the Clean Truck and Bus standards, the Advanced Clean Cars program, and the short-live climate pollutant (SLCP) strategy. The Subcommittee held these items open at its April 20, 2016, hearing. The additional resources would be used for the following activities:

- **Clean Truck and Bus Standards.** Develop more stringent GHG and criteria pollutant standards for trucks and buses, as well as improve compliance monitoring for existing standards.
- **Advanced Clean Cars Program.** Develop regulations to increase the number of zero-emission vehicles and reduce criteria pollutants and GHGs from light duty vehicles.
- **SLCP Strategy.** Develop and implement policies to reduce methane and fluorinated gases, improve monitoring of fluorinated gases, and improve enforcement of existing and near-term SLCP strategies.

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**Staff Recommendation: Conform with the Senate action as follows: Approve as proposed with the following modifications: Shift funding to the Air Pollution Control Fund for the SLCP; Add budget bill language requiring the ARB to adopt the SLCP prior to expenditure of funds; Shift funding to the Vehicle Inspection Repair Fund for the remaining two proposals on a one-time basis.**

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## 6400 UNIVERSITY OF CALIFORNIA

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### VOTE-ONLY ISSUE 16: CONTINUED CRISIS IN THE STRANDING OF SEALS AND SEA LIONS IN 2016

#### BACKGROUND

For the fourth year in a row, high numbers of sea lion pups and other seals are washing up on California shores. In 2015, the story was one primarily of stranded, starving California sea lions. In 2016, the story is more complex with a continued stream of malnourished California sea lion pups, increased strandings of harbor seal and elephant seal pups, and northern and Guadalupe fur seals. The problem persists.

Unusually warm waters along the West Coast have affected food availability, and for California sea lions, a species studied intensively on the Channel Islands, the result has been a marked increase in mortalities, and surviving pups that are smaller than

researchers have ever seen. The current el Niño conditions have only exacerbated the situation. The impact of this ongoing crisis is severely felt among the eight, mostly non-profit, responding rescue and rehabilitation facilities on the California coast, the financial and human resources of which are strained.

The Subcommittee heard testimony on this topic on March 2, 2016.

<b>STAFF COMMENTS</b>
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The California Marine Mammal Stranding Network fills a void where the state has no agency to respond to the current crisis. The Marine Mammal Stranding network is composed of cooperating scientific investigators and institutions (mostly non-profit), volunteer networks and individuals all of whom work under a letter of authorization from the National Marine Fisheries Service. Most are funded primarily through charitable contributions, with some limited and dwindling federal funds. Network members in 2016 were overwhelmed early in this year, with Centers continuing to experience patient numbers well in excess of historic norms and representing an alarming diversity of species. It is modeled, conservatively, that the network will experience an increase in expenses in excess of \$3 million to accommodate the higher costs of personnel, medical supplies, patient food, facility enhancements and running costs.

Staff recommends directing \$2 million (General Fund) to the Wildlife Health Center, University of California at Davis, to administer grants to local marine mammal stranding networks to help with the sea lion rescue effort. Funds shall be used to offset costs incurred during calendar year 2016 relative to this situation. Costs may include personnel, travel (fuel, tolls, vehicle maintenance etc.), veterinary supplies, animal food (herring, formula, etc.), operating supplies, research, and other related expenses.

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**Staff Recommendation: Appropriate \$2 Million (General Fund) to the Wildlife Health Center, University of California at Davis, to administer grants to local marine mammal stranding network members for service provided since January 2016 and to help with the ongoing marine mammal rescue effort in California. Funds shall be used for rescuing and rehabbing seals and sea lions (e.g., harbor seals, elephant seals, northern and Guadalupe fur seals) stranding along the coast. Costs may include personnel, travel (fuel, tolls, vehicle maintenance etc.), veterinary supplies, animal food (herring, formula, etc.), operating supplies, research, and other related expenses.**

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**VOTE-ONLY ISSUE 17: Large Whale Disentangled Emergency Response****BACKGROUND**

Over the past three years, there has been a significant rise in the number of large whales reported entangled in fishing gear off the California coast. Fishing gear can be carried by whales for months to years, and across the many miles of ocean from the individual whale's reproductive area to foraging area. The fatality of entanglement begins with extended suffering and pain for the individual whale towing large trailing fishing gear leading to emaciation and eventually death. Prior to 2000, entanglements along the United States west coast were reported at a rate of 3 to 5 a year. Between 2000 and 2012, the rate increased to 8 per year off the California coastline alone. In 2014 the number rose to 31. In 2015, 61 whale entanglements were reported off the west coast, with 48 entanglements confirmed by the Large Whale Disentanglement Emergency Response Team (Response Team). The increase in entanglement reports are likely due to a variety of factors including changes in whale abundance, shifting habitat and distribution patterns, oceanographic changes in the California current (the warm water blob), and increased public reporting.

The west coast large whale disentanglement emergency response team fills a void where the state has no agency to respond to the current crisis. Whale disentanglement responses are permitted by National Oceanic and Atmospheric Administration under the The Marine Mammal Protection Act provision to provide necessary measures to reduce the potentially lethal portions of gear (not necessarily all gear) while maintaining high human and whale safety. The emergency response team is comprised of 50 people, who are trained at various response levels. Similar to human emergency response teams, there are first responders at the lowest level and firefighter/EMTs at the highest level. Successful grant funding in the past years provided sufficient monetary support for emergency responses in the single-digits. As emergency responses increased, the funding has remained the same. Like many emergency responders who are passionate about their work, team members continue to respond to each individual whale by contributing their personal funds. Disentanglement efforts typically range between \$4,000 to \$12,000; and can be extensive multi-day effort on the water depending upon the severity of the entanglement.

On the United States west coast there is a large data gap pertaining to whale entanglement. The emergency response team is essential to filling the data gap by providing insights regarding the mechanism of injury, the progression of associated injuries, and the degree of suffering endured by the animals depending on the type of gear and the nature and severity of the entanglement. The team is focused on continuing efforts for innovation and improving the quality of information acquired during a response; designing and fabricating new tools that will minimize collateral damage of surrounding tissue in deep and difficult entanglements; and developing a heightened awareness regarding the behavior and state of health of the whale.

In 2016, the California crab fishery and state legislators introduced a bill to reduce ocean pollution by collecting lost traps at the end of the crab fishing season. This first

step will reduce ocean debris that may lead to entanglement; but does not eliminate the possibility for large whales to become entangled in fishing gear during the open fishing season. The crab fishery is not the only fishery known to cause whales entanglement. Gear from other fisheries such as drift gillnet, spiny lobster, rock crab, sablefish pot, and spot prawn were identified to cause large whale entanglement.

**STAFF COMMENTS**

California can make a meaningful impact in efforts to save the entangled whales by directing funds to administer grants to the large whale emergency response teams to help with disentanglement emergency efforts.

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**Staff Recommendation: Approve \$100,000 (General Fund) to the Wildlife Health Center, University of California at Davis, to administer grants to the large whale emergency response team to help with disentanglement emergency efforts. Funds shall be used to offset costs incurred since January 2016 and for those on-going costs relative to this situation. Cost may include personnel, travel (fuel, tolls, vehicle maintenance, room and board, etc.), emergency response vehicles (boats, fuel, unmanned aerial vehicles, etc.), emergency supplies (disentanglement tools needed for the response kit, poles, telemetry buoy, electronics, etc.), operating supplies (personal protective equipment, documentation and communication tools, outreach, etc.), and research (tissue sampling, etc.).**

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**VOTE-ONLY ISSUE 18: NUTRITIONAL INCENTIVE MARKET MATCH**

Last year, Governor Brown signed AB 1321 (Ting), Chapter 442, Statutes of 2015, which created the Matching Grant Program within the Office of Farm to Fork at the California Department of Food and Agriculture (CDFA) to award grants to certified farmers' markets, farm stands, small retail grocery stores and community supported agriculture subscription programs that increase the amount of nutrition benefits available to low-income consumers when purchasing California's fresh fruits, nuts, and vegetables. However, AB 1321 also contained language specifying that grants would not be issued by CDFA until sufficient funds are available. The 2015-16 Budget Conference Committee approved \$2.5 million in funding for this Program but it was stricken from the final budget agreement. The Subcommittee heard this issue at its March 30, 2016 hearing.

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**Staff Recommendation: Approve \$5 million (General Fund) ongoing for the Matching Grant Program. This investment will allow the state to leverage \$5 million new federal matching funds, resulting in at least \$10 million for expansion of local nutrition incentive programs across a more equitable cross-section of communities.**

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## ITEMS TO BE HEARD

### ISSUE 1: PACIFIC COAST IMMIGRATION CENTER

#### BACKGROUND

From 1910 to 1940, Angel Island was the site of a U.S. Immigration Station that functioned as the West Coast equivalent of Ellis Island, although the Angel Island facility also enforced policies designed to exclude many Pacific Coast immigrants coming from 82 countries. In 1970, the site was slated for demolition because of its deteriorated condition. However, the discovery of Chinese poetry that had been carved into the walls of the detention barracks saved it from destruction and led to renewed interest in the Angel Island Immigration Station. Amendments to the park's General Development Plan in 2002 focused on the historic significance of the Immigration Station and its remaining buildings. In particular, the amendments determined that the Public Health Service Hospital building is highly significant, due to the role it played in the immigrant experience, the rarity of having an intact hospital of this age, and the fact that some detainee writings survive on the hospital walls.

The Public Health Service Hospital opened in January 1910 and remained operational until 1940. It comprises 10,000 square feet on two floors and is the only example extant of a Public Health Service Hospital from that era. The wooden building was originally constructed with two front doors, one for Europeans and one for all others.

For almost a decade, the Department of Parks and Recreation (DPR) and Angel Island Immigration Station Foundation (AIISF), a nonprofit organization that was formed exclusively to partner with DPR in the restoration and interpretation of the Immigration Station, have collaborated to fund and advance work toward the restoration of the Hospital Building. AIISF secured \$11,000,000 in state (California Cultural and Historical Endowment) and federal funds to stabilize and restore most of the building. Restoration has been completed in phases, as funds have allowed, and phase 3 is currently in progress. At this time, the exterior is completely restored as is approximately 6,600 square feet of the interior space. HVAC, ADA accommodation, and state of the art lighting and temperature control exist throughout the building.

Finalizing the rest of the interior of the building and developing and installing the exhibits for public use and interaction is considered Phase 4. Phase 4 also envisions the creation and siting of a new Pacific Coast Immigration Center within the Hospital. The Center will be an historically-accurate space with state-of-the-art exhibits and interpretive installations that will bring to light stories of some of the more than one million Chinese, Japanese, South Asian, Korean, Russian, Mexican, Filipino and Jewish immigrants who were processed through Angel Island before its closure in 1940. Some of the interior spaces will be used for exhibits that are more temporary or mobile in nature, and the rooms themselves can be available for rent for meetings, conferences, or special events. Finally, this last part of the project includes construction of an on-site

Café in the Hospital building, which provides a new revenue generation opportunity for the park.

The 2016-17 Budget includes \$342,000 for staffing for Angel Island State Park, specifically for the opening of the Hospital. The Budget Change Proposal highlights this project as an example of DPR's new emphasis on creating relevancy in parks: "This request is in line with the recent recommendations from the Parks Forward Initiative to expand access to parks through enhanced interpretation and environmental education programs and park amenities that make experiences relevant to park visitors." Approval of that funding puts in place park staff to perform visitor services and interpretation functions at the Hospital building, which would presumably be enhanced if the final restoration of the building and installation of exhibits were complete.

<b>STAFF COMMENTS</b>
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The Subcommittee may wish to consider a one-time, \$2.952 million General Fund augmentation to the budget of the Department of Parks and Recreation (DPR) for finalizing a facility restoration of the former Public Health Service Hospital at the U.S. Immigration Station on Angel Island State Park and to create a new Pacific Coast Immigration Center that will be housed in the Hospital.

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**Staff Recommendation: Approve a one-time, \$2.952 million General Fund augmentation to the budget of the Department of Parks and Recreation for finalizing a facility restoration of the former Public Health Service Hospital at the U.S. Immigration Station on Angel Island State Park and to create a new Pacific Coast Immigration Center that will be housed in the Hospital.**

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**3900 AIR RESOURCES BOARD**

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**ISSUE 2: SPECIALTY EQUIPMENT MARKETING ASSOCIATION EXECUTIVE ORDER FEE PROPOSAL****BACKGROUND**

The California Air Resources Board (ARB) issues Executive Orders (EO) on aftermarket parts that a manufacturer has shown will not negatively impact the emissions of the motor vehicles on which they are used. Without an EO, an aftermarket part generally cannot be installed on a street vehicle without running afoul of the anti-tampering provisions in California law (Vehicle Code Section 27156). Direct replacement parts and parts used only on racing vehicles do not require EOs.

Applying for and obtaining an EO for a particular part can, at times, be a time consuming process. The more vehicles on which the part will be used results in a more complex and lengthy application process. Currently, there is no fee paid to ARB on an application for an EO.

**STAFF COMMENTS**

In order to expedite the EO process, a fee is being proposed by the manufacturers of aftermarket parts on the EO application. The fee would be collected by ARB and deposited in a special fund, to be appropriated by the Legislature on an annual basis to add staff to the Aftermarket Parts Section at ARB. The proposed fee would be computed based the number of parts being tested, which would help account for the varying degree of complexity among different applications. This proposal is supported by the industry, has been presented to staff at the Air Resources Board, and would only impact EOs submitted for aftermarket parts (a specific type of EO) and those supporting this proposal.

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**Staff Recommendation: Adopt Placeholder Trailer Bill Language related to a new fee on manufactures of aftermarket parts to support additional ARB staff to the Aftermarket Parts Section at ARB.**

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**3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY****ISSUE 3: TEMPORARY BOTTLE BILL FIX TO ADDRESS RECYCLING CENTER CLOSURES****BACKGROUND**

The Beverage Container Recycling Program has achieved significant success over the past several years, including a recycling rate of 81 percent in 2015. However, that success has been accompanied by significant challenges, including a structural deficit of nearly \$80 million. Recent global market conditions, record low scrap prices and outdated statutory provisions have resulted in the closure of several hundred (421) recycling centers in the last 12 months, including the closure of 330 'supermarket-based' recycling centers since January.

**STAFF COMMENTS**

Recycling rates have dropped to the lowest levels since 2012. Consumers in some areas are unable to redeem containers. Every one percent drop in recycling rates costs consumers \$12 million in reduced redemption. Thousands of grocery stores and other retailers will be required to redeem containers inside stores on or about July 1, 2016.

The Subcommittee may wish to consider the following placeholder trailer bill language to address these pressing issues:

- Provide an immediate (July 1) adjustment of Processing Payments to reflect the actual 2015 cost of recycling, and the most current/available (3-month) scrap values;
- Provide an immediate (July 1) adjustment of Handling Fees to reflect the actual 2015 cost of recycling and extend this adjustment until the next cost report;
- Temporarily redirect program cost savings to Supplement Payments for 'at risk' locations:
  - Rural Recycling Locations; and
  - Low Volume Recycling Locations.
- Authorize up to 3 convenience recycling pilot programs that would waive convenience requirements in a limited number of jurisdictions, with a sunset of June 30, 2019;
- Provide temporary 18 month relief for dealers impacted by closures that occurred January 1, 2016-March 31, 2016;
- Grant exemptions to dealers impacted by closures due to CalRecycle enforcement activities July 1, 2016-December 31, 2017;
- Give the department the authority to exempt dealers impacted by closures due to local government action July 1, 2016-December 31, 2017; and

- Authorize the Department to utilize 2015-16 and 2016-17 program cost savings from unexpended Handling Fees and Public Education expenditures to fund supplemental payments.

Staff recommends approval of this interim reform proposal to address the immediate crisis of recycling center closures. As this proposal is only a limited and temporary fix, the Legislature, Governor, and stakeholders should continue to look at a broader reform of recycling programs within the state to address the Program's structural deficit.

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**Staff Recommendation: Approve placeholder trailer bill language outlined above.**

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