

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 ON CLIMATE CRISIS, RESOURCES, ENERGY, AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD BLOOM, CHAIR

WEDNESDAY, MAY 26, 2021
9:30 A.M. - STATE CAPITOL, ROOM 4202

Due to the ongoing COVID-19 safety considerations, including guidance on physical distancing, seating for this hearing will be very limited for the press and for the public. All are encouraged to watch the hearing from its live stream on the Assembly's website at <https://assembly.ca.gov/todayevents>.

We encourage the public to provide written testimony before the hearing. Please send your written testimony to: BudgetSub3@asm.ca.gov. Please note that any written testimony submitted to the committee is considered public comment and may be read into the record or reprinted.

A moderated telephone line will be available to assist with public participation. The public may provide comment by calling the following toll-free number: 877-692-8957, Access Code: 131 54 202.

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VOTE-ONLY

0540 NATURAL RESOURCES AGENCY

VOTE-ONLY ISSUE 1: NATURAL RESOURCES AGENCY BOND AND TECHNICAL PROPOSALS

This proposal includes requests for appropriations and reappropriations from various bonds, reversions, reversions with associated new appropriations, and other technical adjustments to continue implementation of existing authorized programs.

Also include Prop 99 Technical Adjustments Spring Finance Letter.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 2: PRESIDIO IMPROVEMENT PROJECTS

The Natural Resources Agency requests \$27.5 million in one-time General Fund for the transformation of four acres at the heart of the Presidio of San Francisco, California from a parking lot into new parkland for families.

Staff Recommendation: Defer.

VOTE-ONLY ISSUE 3: PROPOSITION 68: HABITAT FUNDING

The California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (Proposition 68) authorized more than \$4 billion in funding for natural resources-related programs including habitat conservation, expanded access to parks and water resilience projects. Of this, \$200 million was designated to support multi-benefit water quality, water supply and watershed protection and restoration projects. Consistent with language in Section 80114 of Prop 68, the California Natural Resources Agency requests the remaining \$125 million of Proposition 68 funds for its Protecting California's Rivers, Streams and Watersheds Program for Fiscal Year 2021-22. The requested funds will be used consistent with Sections 79732 and 79736 of the Water Code.

STAFF COMMENTS

The administration would determine which projects would be funded. The legislature requests advanced knowledge of which projects would be funded.

Staff Recommendation: Reject.

VOTE-ONLY ISSUE 4: MR INFRASTRUCTURE PACKAGE – ONE-TIME DEFERRED MAINTENANCE

The California Natural Resources Agency is requesting a total of \$388 million (\$226 million General Fund, \$162 American Rescue Plan Act (ARPA) funding) one-time funding in 2021-22 to address deferred maintenance projects that represent infrastructure deficiencies. This will help reduce the deferred maintenance backlog and allow projects to be completed. The funds will be allocated to the following departments: Department of Water Resources (DWR) - \$162 million, Department of Parks and Recreation (Parks) - \$165 million, Department of Forestry and Fire Protection (CAL FIRE) - \$40 million, Department of Fish and Wildlife (CDFW) - \$15 million, Exposition Park (Expo Park) \$5 million, and California Conservation Corps (CCC) \$1 million. The request also proposes shifting the fund source included in the Governor's Budget proposal for DWR from General Fund to ARPA (\$75 million).

STAFF COMMENTS

Parks, CalFire, CCC, and Exposition Park should report to the fiscal and policy committees of the Legislature on the proposed projects they will implement to identify its priority maintenance projects.

Staff Recommendation: Approve as proposed with reporting in staff comment.

0555 CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

VOTE-ONLY ISSUE 5: CALIFORNIA ENVIRONMENTAL REPORTING SYSTEM PROJECT

The California Environmental Protection Agency (CalEPA) requests \$1,723,000 from the Unified Program Account (UPA) and 4.0 positions to update the California Environmental Reporting System (CERS). The project will update the technical platform, improve data quality and the processes supporting data quality, address inefficient input and interactions, and make identified enhancements to CERS.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 6: ENVIRONMENTAL JUSTICE SMALL GRANT PROGRAM

The California Environmental Protection Agency (CalEPA) requests \$1.5 million Toxic Substances Control Account ongoing to support the Environmental Justice Small Grant Program. The Environmental Justice Small Grant Program awards grants to assist eligible non-profit community organizations and federally recognized Tribal governments addressing environmental justice issues in areas disproportionately affected by pollution and health and environmental hazards. This proposal is contingent on the passage of the Department of Toxic Substances Control Governance and Fee Reform proposal, which will provide a sustainable funding source for the Toxic Substances Control Account.

Staff Recommendation: No action. This proposal has been withdrawn by the Administration as noted in the May Revision Climate Resilience Package.

VOTE-ONLY ISSUE 7: UNIFIED HAZARDOUS WASTE AND HAZARDOUS MATERIALS REGULATORY MANAGEMENT PROGRAM REALIGNMENT (w/ CALEOS)

The Governor's Office of Emergency Services and the California Environmental Protection Agency request to realign staff resources, funding, and authorities within the state's Unified Hazardous Waste and Hazardous Materials Regulatory Management Program beginning in fiscal year 2021-22. Specifically, this proposal seeks to realign the Hazardous Materials Business Plan Program, the Local Emergency Response Plan Coordination Program, and the California Accidental Release Prevention Program components. This proposal includes a net-zero shift of \$843,000 Unified Program Account and 4.0 positions from Cal OES to CalEPA and includes trailer bill language to effectuate the realignment.

Staff Recommendation: Approve BCP and replace TBL with placeholder TBL to retain regulation deadline.

VOTE-ONLY ISSUE 8: CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY BOND AND TECHNICAL ADJUSTMENTS

This proposal includes requests for various bond appropriations, reappropriations, and reversions; technical adjustments; reappropriations; and baseline adjustments to continue implementation of previously authorized programs.

This also includes the Prop 99 Technical Adjustment Spring Finance Letter.

Staff Recommendation: Approve as Budgeted.

3100 EXPOSITION PARK

VOTE-ONLY ISSUE 9: EXPOSITION PARK IMPROVEMENT FUND BACKFILL

Exposition Park requests up to \$11,900,000 General Fund be made available for transfer to the Exposition Park Improvement Fund (EPIF) to offset lost revenues resulting from the state and county public-health mandates resulting from COVID-19. Due to COVID-19 restrictions, the EPIF has generated no special event rental fees and no parking revenues from daily or special events. Nonetheless, the regular park operations, public safety, landscaping, administration, and management must still occur to maintain state property safely and reduce potential liabilities.

Staff Recommendation: Approve as Budgeted.

3125 CALIFORNIA TAHOE CONSERVANCY

VOTE-ONLY ISSUE 10: VAN SICKLE BARN LEAD REMEDIATION

The California Tahoe Conservancy requests \$519,000 (\$350,000 from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund—Proposition 12, and \$169,000 from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund—Proposition 40) to fund lead remediation of the Van Sickle Bi-State Park's 1860's era barn. The project includes design and implementation of several activities for the historical barn including: removal of existing exterior lead containing paint in accordance with federal and state standards; removal of contaminated soil to a width of five feet and depth of one foot around the structure, and replacement with clean soil; and removal and replacement of wood infected with dry rot, followed by priming and repainting the barn. The proposal requires related Proposition 12 and 40 reversions and other budget adjustments to ensure adequate allocation balances to fund the project.

Staff Recommendation: Approve as Budgeted.

3540 FORESTRY AND FIRE PROTECTION
3340 CALIFORNIA CONSERVATION CORPS

VOTE-ONLY ISSUE 11: CAL FIRE EMERGENCY RESPONSE & PREPAREDNESS: CAL FIRE/CALIFORNIA CONSERVATION CORPS FIRE CREWS

The Department of Forestry and Fire Protection (CAL FIRE) and the California Conservation Corps (CCC) request a total of \$143,266,000 General Fund in 2021-22 and \$124,493,000 General Fund (phased in over five years) and 617 positions ongoing, to add 30 additional hand crews to provide vegetation management, hazardous fuel reduction projects, and wildland fire suppression. The request includes 16 CAL FIRE Fire Fighter crews, eight year-round CCC crews, and six seasonal CCC crews.

Staff Recommendation: Approve as Budgeted.

3340 CALIFORNIA CONSERVATION CORPS

VOTE-ONLY ISSUE 12: LOS PADRES FACILITY MAINTENANCE FUNDING

The California Conservation Corps (CCC) is requesting \$1,435,000 General Fund in 2021-22, \$136,000 in 2022-23, \$137,000 in 2023-24, and \$139,000 in 2024-25 and 2025-26 to address facility repairs and maintenance needs at the Los Padres facility, owned by the California Department of Military.

Staff Recommendation: Approve as Budgeted.

3340 CALIFORNIA CONSERVATION CORPS
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION
3600 DEPARTMENT OF FISH AND WILDLIFE
3790 DEPARTMENT OF PARKS AND RECREATION

VOTE-ONLY ISSUE 13: TELEMATICS FUNDING – NON-STANDARD INSTALLS

The Department of Parks and Recreation, the Department of Fish and Wildlife, the Department of Forestry and Fire Protection, and California Conservation Corps request \$2,614,000 General Fund and \$1,032,000 special funds in 2021-22, and \$1,988,000 General Fund and \$630,000 special funds in 2022- 23 and 2023-24, with four permanent positions for the installation and activation of telematics services in non-standard and state-owned mobile equipment assets, per State Administrative Manual Section 4122. Limited-term funding is provided to allow the departments to evaluate costs savings associated with implementation of Telematics before providing permanent ongoing funding.

Staff Recommendation: Approve as Budgeted.

3355 OFFICE OF ENERGY INFRASTRUCTURE SAFETY

VOTE-ONLY ISSUE 14: OFFICE OF INFRASTRUCTURE SAFETY ESTABLISHMENT AND TRANSFER OF WILDFIRE SAFETY DIVISION AND DIG SAFE BOARD AND TBL

The Office of Energy Infrastructure Safety requests \$7,433,000 Public Utilities Commission Utilities Reimbursement Account (\$13,015,000 ongoing), \$352,000 Safe Energy Infrastructure and Excavation Fund (\$348,000 ongoing), and 34 positions in 2021-22 and ongoing to establish the new Office within the California Natural Resources Agency on July 1, 2021, as required by Chapter 81, Statutes of 2019 (AB 111). In addition, the Office requests the net-zero transfer of \$10,568,000 PUCURA (\$6,068,000 in 2023-24 and ongoing) and 32 positions to transfer the Wildfire Safety Division from the California Public Utilities Commission on July 1, 2021 as required by AB 111. Finally, the Office requests the net-zero transfer of \$2,148,000 SEIEF (\$4,129,000 ongoing) and 24 positions to transfer the California Underground Facilities Safe Excavation Board from the Department of Forestry and Fire Protection on January 1, 2022, as required by Chapter 307, Statutes of 2020 (SB 865).

Staff Recommendation: Approve funding and positions for OEIS and replace proposed trailer bill language with placeholder trailer bill language.

3360 CALIFORNIA ENERGY COMMISSION

VOTE-ONLY ISSUE 15: CONTRACT AUTHORITY TO SUPPORT IMPLEMENTATION OF AB 841)

The Energy Resources Conservation and Development Commission (CEC) requests \$250,000 per year in 2021-22, 2022-23 and 2023-24, for a total request of \$750,000 in contract authority from the School Energy Efficiency Program Fund (Fund 8129). The School Energy Efficiency Stimulus Program (Chapter 372, Statutes of 2020) requires complex application intake and reporting tools. To address these requirements, the CEC is building the School Energy Efficiency Database System (SEEDS). Contract authority will be used for maintenance and operations services to support SEEDS. Continuous appropriation authority for Fund 8129 is pending. If it is not approved, the CEC requests extended encumbrance and liquidation periods for this contract funding.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 16: IMPLEMENTATION OF THE SCHOOL ENERGY EFFICIENCY STIMULUS PROGRAM AND ELECTRIC VEHICLE CHARGING INFRASTRUCTURE WORKFORCE ACTIVITIES

The Energy Resources Conservation and Development Commission (CEC) requests the following resources to implement the requirements of Chapter 372, Statutes of 2020 (Assembly Bill 841): School Energy Efficiency Stimulus Program: authority for 23.0 permanent positions and \$200,000 in annual technical support funding for a total request of \$3.65 million from the School Energy Efficiency Program Fund (Fund 8129). Electric Vehicle Charging Infrastructure: authority for 0.6 permanent position and \$90,000 annually from the Alternative and Renewable Fuel and Vehicle Technology Fund (Fund 3117).

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 17: REAUTHORIZATION OF THE CLEAN TRANSPORTATION PROGRAM AND TBL

The Governor's January Budget proposed to extend the AB 8 fees and Clean Transportation Program until 2046 and securitize revenues. The May Revision proposes to solely extend the fees until 2035.

The fees do not sunset until 2024 and the legislature is currently vetting how to restructure the program. It seems premature to approve the extension of these fees while the Legislature is still reforming the program.

Staff Recommendation: Reject Trailer Bill.

VOTE-ONLY ISSUE 18: AB 841 TBLs

The budget includes trailer bill language to continuously appropriate the funds associated with AB 841 (Ting, 2020) that established a temporary stimulus program to improve air and water quality at schools. There is also trailer bill language to add regional occupational centers that has an active Career Technical Advisory Committee under the definition of a local educational agency.

Staff Recommendation: Approve Trailer Bills.

VOTE-ONLY ISSUE 19: ENERGY RESOURCES PROGRAM ACCOUNT TBL

The May Revision proposes to raise the statutory cap on the ERPA surcharge, tie the statutory cap to the Consumer Price Index, and extend the surcharge to apply to behind-the-meter electricity consumption. ERPA is the main fund supporting the CEC. Its revenues are linked to the sale of metered electricity. As building and appliance energy efficiency produces customer savings and flattens statewide electricity consumption, ERPA revenues have decreased and the costs have been borne by fewer and fewer consumers. This increase is projected to generate \$4.5 million in additional revenues in 2021-22 and approximately \$9 million annually thereafter.

STAFF COMMENTS

While the ERPA is fiscally constrained, the state's fiscal condition allows for additional funding from other sources in the near term. The budget even proposes funding existing CEC staffing with General Fund.

Staff Recommendation: Reject Trailer Bill.

3480 DEPARTMENT OF CONSERVATION

VOTE-ONLY ISSUE 20: CALGEM OVERSIGHT

The Department of Conservation requests 26 positions and a baseline increase of \$4,826,000 from the Oil, Gas, and Geothermal Administrative Fund, phased in over three years (12 positions and \$2,369,000 in 2021-22, 22 positions and \$4,061,000 in 2022-23, and 26 positions and \$4,826,000 in 2023-24 and ongoing) to strengthen enforcement of existing laws and regulations, limit the state's financial liability, improve public transparency, and implement chaptered legislation.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 21: FOREST MANAGEMENT TASK FORCE COORDINATOR

The Department of Conservation requests \$168,000 Environmental License Plate Fund and 1 position ongoing to support the Forest Management Task Force (FMTF).

Staff Recommendation: Approve as Budgeted.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION

VOTE-ONLY ISSUE 22: DEFENSIBLE SPACE INSPECTIONS (AB 38)

The Department of Forestry and Fire Protection (CAL FIRE) requests \$8.3 million General Fund and 26 positions starting in 2021-22, and \$6.1 million ongoing, to address increased workload driven by statutory requirements related to defensible space inspections and a regional capacity review set forth in Chapter 391, Statutes of 2019 (AB 38).

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 23: FIRE PROTECTION ENHANCEMENTS: DIRECT MISSION SUPPORT

The Department of Forestry and Fire Protection requests to permanently redirect \$12.197 million General Fund in 2021-22 and \$12.069 million ongoing from the Emergency Fund to the base budget (a net-zero transfer), along with \$1.5 million General Fund one-time in 2021-22, for 85 positions starting in 2021-22, and 87 positions in 2022-23 and ongoing. An additional \$1.5 million of ongoing lease savings will be redirected starting in 2022-23 to backfill the proposed one-time General Fund.

LAO COMMENTS

The LAO recommends that the Legislature seek additional justification for the proposed positions and a clearer explanation for why they believe the assumed offsetting savings will materialize before acting. If the Administration is unable to provide sufficient justification in time for legislative review, the LAO would recommend that the Legislature reject the proposal. The Administration could resubmit the proposal with additional justification in next year's budget cycle. In particular, the areas where the administration should provide additional information are:

- Staffing Justification.
 - (1) What are the current staffing levels to support the unit or activities described?
 - (2) What specific workload backlogs or gaps in service exist because of inadequate staffing?
 - (3) Why the specific number of additional staff are justified?

- E-Fund Transfer and Lease Savings.

The request proposes to offset most of the costs associated with the new positions with reductions in the Emergency Fund (E-Fund) and lease savings from moving staff into the new Natural Resources building. However, it is unclear whether those offsetting savings will materialize. Specifically, it is unclear how much the proposed positions will reduce the utilization of the E-Fund given that the Director of Finance can augment this fund during the course of the budget year based on emergency fire activity. Additionally, it is unclear why this proposal assumes lease savings from moving into the New Natural Resources Building given that the department has another separate proposal that requests additional funds to cover higher lease costs associated with the move into the building.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 24: VARIOUS CAPITAL OUTLAY PROJECTS**Howard Forest Helitack Base: Replace Facility**

The Department of Forestry and Fire Protection (CAL FIRE) requests \$1,228,000 General Fund for the preliminary plans phase for the Howard Forest Helitack Base: Replace Facility project to replace the existing facility in Mendocino County. The funding for preliminary plans is being requested in addition to the acquisition phase funding requested during the 2021-22 Governor's Budget. Including the additional preliminary plans funding in the 2021-22 Budget will accelerate the timeline for completion of this project. This is a new project. Total estimated project costs are \$17,985,000.

Kneeland Helitack Base: Replace Facility

The Department of Forestry and Fire Protection (CAL FIRE) requests \$1,228,000 General Fund for the preliminary plans phase of the Kneeland Helitack Base: Replace Facility project to replace the current facility located in Humboldt County. Including the additional design funding in the 2021-22 Budget will accelerate the timeline for completion of this project. This is a new project. Total estimated project costs are \$18,285,000.

Lake Napa Unit Auto Shop & Warehouse: Replace Facility

CAL FIRE requests \$1,102,000 General Fund for the working drawings phase of the Lake/Napa Unit Auto Shop & Warehouse: Replace Facility project in Napa County. Including the working drawings phase funding in the 2021-22 Budget will allow this project to proceed without delay. This is a continuing project. Total project costs are \$22,531,000.

Riverside Unit Headquarters: Relocate Facility

The Department of Forestry and Fire Protection (CAL FIRE) requests \$3,660,000 General Fund for the acquisition phase of the Riverside Unit Headquarters: Relocate Facility project, located in Riverside County. This is a new project. Total estimated project costs are \$71,275,000.

Shasta Trinity Unit Headquarters / Northern Operations: Relocate Facility

The Department of Forestry and Fire Protection (CAL FIRE) requests an additional \$360,000 General Fund for the preliminary plans phase of the Shasta Trinity Unit Headquarters / Northern Operations: Relocate Facility project. CAL FIRE submitted a proposal for the preliminary plans phase of this project in the 2021-22 Governor's Budget. This request amends the previous proposal to address scope and cost changes to the project. The total estimated project costs are now \$109,759,000.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 25: ONE-TIME FIRE PROTECTION AUGMENTATION – JULY TO DECEMBER 2021

The Department of Forestry and Fire Protection requests one-time funding of \$38.913 million General Fund in 2021-22 to augment its fire protection resources given trends associated with climate change and current drought conditions, increasing fire severity and size, declining inmate camp populations, and ongoing operational impacts from COVID-19.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 26: SB 901 TBL

The Governor's Budget proposes trailer bill language to continue the annual appropriation of \$200 million GGRF pursuant to SB 901 (Dodd), Chapter 626, Statutes of 2018, through 2028-29.

STAFF COMMENTS

This language is unnecessary as the Legislature will determine how to appropriate funds in the future.

Staff Recommendation: Reject.

0690 GOVERNOR'S OFFICE OF EMERGENCY SERVICES
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION
8660 CALIFORNIA PUBLIC UTILITIES COMMISSION
8940 CALIFORNIA MILITARY DEPARTMENT

VOTE-ONLY ISSUE 27: WILDFIRE FORECAST AND THREAT INTELLIGENCE INTEGRATION CENTER (SB 209)

The Governor's Office of Emergency Services, Department of Forestry and Fire Protection, California Public Utilities Commission, and California Military Department jointly request 22 positions \$7,286,000 General Fund, \$191,000 Public Utilities Commission Utilities Reimbursement Account in 2021-22 and \$4,230,000 General Fund, \$191,000 PUCURA ongoing, to support the implementation and strategy development of the Wildfire Forecast and Threat Intelligence Integration Center pursuant to Chapter 405, Statutes of 2019. This investment builds on the \$2 million ongoing General Fund provided to the Office of Emergency Services in the 2020 Budget Act. It is further requested that the unspent balances of the 2020-21 Budget Act appropriation for this program be reverted.

Staff Recommendation: Approve as Budgeted.

3860 WATER RESOURCES
3540 FORESTRY AND FIRE PROTECTION
3790 PARKS AND RECREATION

VOTE-ONLY ISSUE 28: ONE-TIME DEFERRED MAINTENANCE ALLOCATION

The Department of Water Resources (DWR), Department of Forestry and Fire Protection (CAL FIRE), and Department of Park and Recreation (Parks) requests \$105 million General Fund one-time in 2021- 22 to address deferred maintenance projects that represent critical infrastructure deficiencies. The additional one-time funding will reduce the deferred maintenance backlog and allow deferred maintenance projects to be completed.

Staff Recommendation: Approve as Budgeted.

3560 STATE LANDS COMMISSION

VOTE-ONLY ISSUE 29: SOUTH ELLWOOD PROJECT – PLATFORM HOLLY PLUG & ABANDONMENT

The State Lands Commission requests \$49.9 million one-time General Fund in 2021-22 and to repurpose \$2.5 million one-time General Fund provided in the 2020 Budget Act for fiscal year 2021-22, to complete Phase 1 of the South Ellwood Project. In addition, the State Lands Commission requests \$2.5 million one-time General Fund in 2022-23 to initiate the Environmental Impact Report (EIR) and feasibility study for Platform Holly originally scheduled and funded for 2021-22. The total amount of funding required to complete plug and abandonment work is anticipated to be \$52,431,000.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 30: LONG BEACH MUNICIPAL OIL BARREL PRODUCTION TAX TBL

The May Revision requests TBL to settle a dispute and avoid litigation regarding application of the Long Beach Oil Barrel Production Tax (OBPT) to the state. The TBL is proposed to do the following:

- Expressly prohibit allocation of Measure US and any future OBPTs to the state's share of production.
- Increase the Long Beach's (City's) share of revenue from Long Beach Tidelands' production, as dictated by statute, to cover anticipated tax revenue that will be lost due to Measure US not being applied to the state's share of revenue from oil production.
- Broaden the City's allowable uses of revenue it receives from tidelands oil and gas operations, as well as the geographic areas in which such expenditures of revenues may be made, subject to SLC approval.
- Update appropriate uses of granted sovereign lands to match contemporary Public Trust Doctrine by allowing use for specific Public Trust-consistent purposes as outlined in the statute, and for other purposes that do not substantially interfere with Public Trust resources or Public Trust-consistent uses for the foreseeable term of the proposed use.

Background. The state legislatively granted the Long Beach Tidelands to the City in 1911 with subsequent amendments in 1925 and 1935 detailing the authorized purposes/improvements for the legislatively granted lands. The law provides that absent granting language to the contrary, expenditure of tideland revenue must be consistent with the grant's purpose (e.g. wharfs, marinas, parks).

The state authorized the City to enter into cooperative units for the development of tidelands oil and gas. Statute defines the share of revenue the City would receive from Long Beach Tidelands oil production and the allowable uses for expenditure of that revenue. Pursuant to a series of negotiated agreements directed by legislation, the state and the City entered into a net-profits

sharing agreement, which is a unique structure for the state. The City's share of revenue is limited to the uses identified in the grant and more broadly the common law Public Trust Doctrine. Under the statutory scheme, the City currently receives \$1 million annually plus eight percent of net production in the Long Beach Unit into the City's Tideland Oil Revenue Fund. The Tideland Oil Revenue Fund is restricted to certain tidelands-related uses. All remaining net profits from the sale of the oil and gas are released to the State's General Fund.

Starting in 1962, the City assessed a tax per/barrel of oil production, the OBPT within City limits. Until the early 1980s, the City did not apply the tax to the state's share of oil revenue in the Long Beach Tidelands, and when it was improperly applied to the state's share, a refund was provided consistent with the law.

Statute lays out how revenue was to be shared regarding all production from state tidelands and did not allow for additional taxation of the state's share of revenue.

In 1990 the City passed a \$0.15 per/barrel OBPT, applying it to the state's share of revenue.

In 2007 residents passed a new OBPT to fund public safety (Measure H) at a rate of \$0.25 per/barrel with a consumer price index (CPI) escalator. This tax is also applied to the state's share of revenue.

In November 2020, Long Beach voters approved Measure US adding an additional \$0.15, plus a CPI escalator, per/barrel, to go into effect October 1, 2021. The City also intends to apply this tax to the state's share of revenue.

All OBPT taxes are collected into the City's General-Purpose Fund, which is not restricted to tidelands uses, in contravention of existing law.

Dispute between the state and City of Long Beach. A dispute has arisen between the state and City of Long Beach regarding the legality of applying the OBPTs to the state's share of oil revenue. The practical effect of the OBPT, as currently applied by the City of Long Beach, is to reduce the total, monthly net profit deposited to the state's General Fund and to redirect the state's share of tidelands revenue to the City's General-Purpose Fund.

The City contends it has the right to tax oil production, as a municipal government, which the state does not contest. However, the Administration states that the legal framework of the grant of state-owned tidelands and substantial litigation over the years illustrate that the application of the OBPT to the state's share of revenue is improper as it seeks to unilaterally lift the restrictions on the use of the revenue by removing the money from the more restricted Tideland Oil Revenue Fund to the City's General Fund and by depriving the state of the share of revenue to which it is entitled. The City is capable of applying the tax to all production and then either returning the state's share of revenue or calculating the state's share based on production and not collecting the tax on that share as it did for decades.

The state acknowledges that the goal of Measure US is to provide funding for: climate change and the environment programs, community health, and children and youth services and

programs. The state further acknowledges that these programs are intended to address issues of statewide concern and the potentially deleterious effects of industrial and commercial operations within the tidelands, even though the proposed expenditures will not all occur within the geographic boundaries of the tidelands.

The state acknowledges that the City's share of tidelands oil revenues, the purposes for which such revenues may be spent, and the geographic areas in which such revenues may be spent are currently limited by statute and prohibits the City from funding many of the programs contemplated in Measure US.

To settle the dispute between the state and City, the parties have negotiated a legislative settlement structured to resolve the State's concerns while supporting many of the City's needs.

STAFF COMMENTS

This trailer bill language was provided just a few days before the hearing and more time is needed to fully vet the proposal.

Staff Recommendation: Reject without prejudice.

3600 DEPARTMENT OF FISH AND WILDLIFE

VOTE-ONLY ISSUE 31: BIODIVERSITY ENHANCEMENTS/ STRATEGIC ONE-TIME INVESTMENTS
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The California Department of Fish and Wildlife (Department) requests \$41.75 million one-time General Fund in FY 2021-22 to make progress toward safeguarding California's biodiversity, increasing access opportunities on state lands, and finding long-term solutions to restore our natural ecosystems. These strategic investments are supported by information from its service-based budget review and will allow the Department to modernize infrastructure, fleet operations, and support systems to build climate resiliency within state-owned lands.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 32: BIODIVERSITY RESILIENCE PACKAGE

The California Department of Fish and Wildlife (Department) requests one-time funding of \$59.6 million General Fund and \$5 million California Environmental License Plate Fund in FY 2021-22 and 39.0 permanent positions, over five years, to directly address endangered species within California, infrastructure improvements, and to develop a wolf conflict compensation pilot program. This request is supported by information from the Service-Based Budgeting (SBB) review and will allow the Department to address critically threatened and endangered species, which is also its most under resourced service area relative to the mission level, while also not further exacerbating mission level gaps.

STAFF COMMENTS

The Service Based Budgeting Final Report identified that one of the largest shortfalls was for staffing resources to meet the department's mission regarding species and habitat conservation. The 31 positions will make significant progress in fulfilling the lack of capacity in these responsibilities, which will become increasingly important as the state works towards adapting to climate change impacts. Given that the Department's needs in these areas are unlikely to decrease at the end of 5 years, the funding for these positions be made permanent.

In lieu of the Administration's proposal to provide funding on a one-time basis, approve \$12.02 million General Fund on an ongoing basis to support the proposed staff and ongoing activities (endangered species reviews and land management) and \$4.47 million ELPF one-time for the proposed one-time feasibility study and pilot wolf conflict program.

Staff Recommendation: Approve per staff comment.

VOTE-ONLY ISSUE 33: CUTTING THE GREEN TAPE INITIATIVE

The California Department of Fish and Wildlife (Department) requests to be made permanent 18.0 positions and \$3.8 million General Fund, received as one-time in Fiscal Year (FY) 2020-21, for continued support of the Cutting the Green Tape Initiative. Permanent funding into the Cutting the Green Tape Initiative will expand these efforts across a broader scale in the State, resulting in tangible outcomes that improve the pace at which permits and grants are executed for restoration. These resources will support restoration reform through advanced collaboration with our stakeholders, streamlining the grant making process, providing early project consultation, conducting permitting workshops, and incorporating the use of programmatic permitting options.

STAFF COMMENTS

Adopt budget bill language per the LAO's recommendation requiring DFW to report annually for the next five years on the outcomes of this initiative, including: (1) quantifying impacts on timelines for processing permits; (2) number of permits granted; (3) specific strategies implemented; (4) lessons learned; and, (5) counties and watersheds on which DFW has focused these efforts.

Staff Recommendation: Approve with reporting language.

VOTE-ONLY ISSUE 34: WILDLIFE HABITAT RESTORATION AND PUBLIC RECREATION FOR UNDERSERVED COMMUNITIES

California Department of Fish and Wildlife (Department) requests \$3.34 million in one-time Proposition 12 funding in Fiscal Year (FY) 2021-22 to restore and enhance wildlife habitat and provide visitor amenities on selected state lands to enhance biodiversity conservation and provide equitable access for diverse communities.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 35: OIL SPILL PREVENTION AND ADMINISTRATION FUND STATUTORY CHANGES

The May Revision requests statutory changes to authorize a fee increase to address the structural deficit in the Oil Spill Prevention and Administration Fund including:

- An increase of the barrel fee from 6.5 cents per barrel to 8.5 cents per barrel (with annual CPI adjustments) and regulatory authority to adjust fee levels to maintain a necessary fund balance.
- An expansion in the definition of regulated oil to include renewable fuels that closely mimic conventional oil and pose a threat to the environment if spilled.

Staff Recommendation: Approve Trailer Bill.

**3790 DEPARTMENT OF PARKS AND RECREATION
3760 STATE COASTAL CONSERVANCY**

VOTE-ONLY ISSUE 36: CALIFORNIA OUTDOORS FOR ALL INITIATIVE

The Department of Parks and Recreation (Department) and the State Coastal Conservancy (Conservancy) request a combined total of \$253,100,000 from the General Fund and \$3,120,000 from the Environmental License Plate Fund to promote and expand equitable safe and reliable outdoor access to parks, wildlands, public lands, coasts, and other natural, historic, and cultural resources, provide for recreation opportunities, help the state become more climate resilient and support the commitment to conserve 30 percent of our lands and coastal waters by 2030. This proposal includes 20 permanent and funding for 10 temporary positions.

The May Revision proposes an additional \$256.2 million (\$253.1 million General Fund, \$3.1 million special funds) to expand outdoor access for all Californians. Significant adjustments include:

- Outdoor Education—\$108.1 million (\$105 million one-time General Fund and \$3.1 million Environmental License Plate Fund) for outdoor environmental education and access programming through the Outdoor Equity Grants Program and expansion of existing K-12 programs. These programs will support outdoor environmental education for underserved youth statewide, development of new curriculum, and construction of new state parks' facilities that support environmental education programs.
- Statewide Park Development and Community Revitalization Program—\$125 million one-time General Fund to invest in establishing and revitalizing community open spaces. These grants fund new parks, the beautification of existing parks, and recreation opportunities in underserved communities across the state.
- Explore the Coast Grant Program—\$14 million one-time General Fund for the Coastal Conservancy to expand coastal access programming statewide.

- **Innovative Pilot Programs**—\$9.1 million one-time General Fund to launch a State Parks pilot to expand parks pass distribution, especially for youth in disadvantaged communities. The pilot would include a “California State Park Adventure” program for fourth graders and new statewide partnerships with the California State Library and California Department of Social Services.

The May Revision also includes a trailer bill allowing fees to be waived for the Golden Bear Pass and Adventure Pass.

LAO COMMENTS

Increasing access to parks—particularly for disadvantaged or underserved communities—is worthy and consistent with past legislative priorities. However, the administration’s proposal lacks key information on various aspects of the package. Therefore, the LAO recommends that the Legislature seek additional information from the Administration before taking action on this package. If sufficient information is not available to inform legislative decision making within the timeframe of the May Revision, the Legislature could consider withholding action on some or all of the package until next year.

Specifically, some key areas that would benefit from additional information include:

- **Goals and Outcomes.** The Administration has not articulated measurable goals that are anticipated to be achieved through the state’s access programs, as well as with the proposed funding specifically. It is also unclear whether the proposed activities are best suited to achieve these goals and how progress towards meeting these goals will be measured. For example, the proposal includes \$9.1 million onetime for pilot projects to expand parks pass distribution, especially for youth in disadvantaged communities (for example, by providing free park day use to 4th graders and their families). However, it is unclear whether these pilot programs are the most effective way to improve park access and how their success will be measured.
- **Details on Proposal.** The proposal also lacks key details necessary to assess its merits. For example, the proposal includes \$68.1 million for K-12 access expansions through distanced learning, development of educational and interpretive media, and associated infrastructure improvements. However, the proposal does not include a breakout of how much of the funding would support each of these activities, identification of what specifically would be funded, a justification for the number of requested positions, or identification of the expected outcomes that would be achieved with these resources.
- **Justification for Funding a Specific Park.** The proposal includes \$25 million for a park project at India Basin in San Francisco. The proposal does not include a clear explanation as to why the administration selected this project to receive direct General Fund support over other local projects, and why it was excluded from the competitive process generally applied to other projects.

STAFF COMMENTS

Approve:

- \$14 million General Fund for the Explore the Coast program.
- \$125 General Fund for the Statewide Parks Program.
- \$40 million for Outdoor Equity Grants Program.
- The remaining \$74.1 million with details to be determined by final agreement among the Senate, Assembly, and Governor.

Staff Recommendation: Approve per staff comment.

3780 NATIVE AMERICAN HERITAGE COMMISSION

VOTE-ONLY ISSUE 37: TRUTH AND HEALING COUNCIL AND GOVERNOR'S TRIBAL ADVISOR

The Native American Heritage Commission (Commission) requests \$350,000 Environmental License Plate Fund annually, from 2021-22 through 2024-25 to support the ongoing work of the Truth and Healing Council, pursuant to Executive Order N-15-19 and \$115,000 Environmental License Plate Fund annually to support the Governor's Tribal Advisor position, pursuant to AB 880 (2018), separately from the Commission's Executive Secretary position.

STAFF COMMENTS

The ELPF is an unstable funding source and permanent staff positions, especially those not directly tied to environmental protection or conservation should be avoided.

The committee should:

- Approve \$350,000 ELPF annually, from 2021-22 through 2024-25 to support the Truth and Healing Council.
- Reject the \$115,000 ELPF ongoing to support the Governor's Tribal Advisor.

Staff Recommendation: Adopt per staff comment.

3790 DEPARTMENT PARKS AND RECREATION

VOTE-ONLY ISSUE 38: 2020 FIRE EVENT: STATEWIDE REPAIRS

The Department of Parks and Recreation requests \$113,500,000 General Fund and \$103,500,000 in reimbursement authority in FY 2021-22 for the 2020 Fire Event - Statewide Repairs project in Big Basin Redwoods State Park. Federal Emergency Management Agency funding will be the source of the reimbursements for this proposal.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 39: VARIOUS CAPITAL PROJECTS, REVERSIONS, AND REAPPROPRIATIONS**California Indian Heritage Center Funding Transfer**

The Department of Parks and Recreation (Department) requests \$95.3 million General Fund to be redeposited into the Natural Resources and Parks Preservation Fund for working drawings (\$4.7 million) and construction (\$90.6 million) phases of the California Indian Heritage Center (CIHC) project in Yolo County.

South Yuba River SP: Historic Covered Bridge

The Department of Parks and Recreation (Department) requests a supplemental appropriation of \$2,000,000 for construction from available Proposition 84 bond funds (Public Resources Code 79063(a)), to restore and rehabilitate the world's longest single span historic covered bridge located at South Yuba River State Park (SP). This bridge has spanned the South Yuba River in Nevada County, California for over 150 years. The project will require temporary protection of the river corridor beneath, and, downstream of the bridge; exterior and interior shoring; removal and replacement of damaged or compromised iron and wood structural components, and the removal or replacement of damaged siding and roofing.

Various Capital Outlay Reappropriations

The Department of Parks and Recreation requests reappropriation of existing Capital Outlay appropriations to allow for the completion of projects currently in process. The following page identifies the projects for which reappropriations are requested. These reappropriations are requested to allow completion of projects currently in process to provide for availability of funds in case of project delays.

Various Capital Outlay Reversions

The Department of Parks and Recreation requests the reversion of existing Capital Outlay appropriations for completed projects and/or phases of projects.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 40: FISCAL STABILITY FOR BOATING PROGRAMS

The May Revision requests \$10.7 million General Fund in 2021-22, 2022-23, 2023- 24, and 2024-25 to cover costs associated with the aquatic invasive species (AIS) program and \$10 million General Fund in 2023-24 and 2024-25 to fund Davis-Dolwig Transfers.

Also included in this request is a proposal to reduce to the vessel registration fee increase proposed in the 2021-22 Governor's Budget. Parks, Division of Boating and Waterways (DBW), requests an addendum to its Governor's Budget Fiscal Stability for Boating Programs proposal that reduces the previous increase to vessel registration fees to align with activities associated with registration such as Department of Motor Vehicle (DMV) Costs, Financial Aid Programs, and associated overhead, and to fund broader obligations such as AIS treatment and Davis-Dolwig liabilities from General Fund.

This proposal retains the previously requested \$20 million General Fund proposed for Davis-Dolwig transfers, as well as the suspension of the public and private loan programs, the public beach restoration program, and expenditure reductions for state operations and local assistance grant programs. The Governor's Budget proposal increased the vessel registration fee from \$10 to \$35 on an annual basis. Pursuant to this addendum, the vessel registration fee would increase from \$10 to \$20 on an annual basis. This proposal results in fund solvency through 2024-25.

This proposal includes trailer bill language corresponding trailer bill language.

STAFF COMMENTS

The committee should:

- Reject the Governor's proposed trailer bill language to increase vessel fees.
- Instead, provide an additional \$9.3 million General Fund annually from 2021-22 to 2024-25 to support the Harbors and Watercraft Revolving Fund (for a total transfer from the General Fund to the Harbors and Watercraft Revolving Fund of \$30 million annually from 2021-22 through 2024-25).
- Preserve the Beach Sand Replenishment Program.
- Adopt Budget Bill language that requires Parks, in consultation with stakeholders and staff of relevant fiscal and policy committees of the Legislature, to develop a proposal that includes a combination of fee increases, expenditure reductions, and other actions designed to keep the fund in structural balance on an ongoing basis.
- The Budget Bill language shall also require the department to present this proposal to the Legislature for consideration no later than January 10, 2023.

Staff Recommendation: Approve with General Fund and reporting per staff comment.

VOTE-ONLY ISSUE 41: PUBLIC SAFETY DISPATCH RADIO CONSOLE REPLACEMENT

The Department of Parks and Recreation requests a one-time increase of \$1,600,000 General Fund in fiscal year 2021-22 for the replacement of 29 obsolete dispatch consoles. These consoles are utilized in the Department's two communication centers for mission critical radio communications between dispatchers, Department peace officers, Department non-peace officer personnel, Department of Fish and Wildlife wardens, and allied agencies.

Staff Recommendation: Approve as budgeted.

3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

VOTE-ONLY ISSUE 42: CONTINUATION OF ENFORCEMENT SUPPORT STAFFING

The San Francisco Bay Conservation and Development Commission (BCDC) requests an extension of \$511,000 Bay Fill Cleanup and Abatement Fund annually for three years to continue supporting BCDCs enforcement program.

This proposal includes trailer bill language to clarify that enforcement activities are an eligible use of the Bay Fill Cleanup and Abatement Fund.

STAFF COMMENTS

The 2019 California State Auditor's report identified a suite of issues limiting SFBCDC's ability to protect the Bay. These issues include a growing backlog of enforcement cases, failure to conduct site visits or actively protect its jurisdiction. The audit further concluded that these concerns are collectively the result of the Commission's lack of a coherent enforcement process and insufficient guidance from the commissioners. The report included recommendations that SFBCDC revitalize its enforcement efforts. One such recommendation was for the Legislature to clarify that the intended use of the Bay Fill Cleanup and Abatement Fund is for the physical cleanup of the Bay, rather than enforcement staff salaries. In response to the findings and recommendations of the audit, Assemblymember Mullin introduced AB 2809 in 2020. Among other things, the bill would prohibit the use of the Bay Fill Cleanup and Abatement Fund for enforcement staff salaries. That provision was deleted as the bill passed through the Appropriations Committee in order to reduce the cost of the measure. This proposal and trailer bill language directly undercuts Assemblymember Mullin's efforts and the Auditor's recommendation.

The committee should:

- Reject the trailer bill
- Replace the use of the Bay Fill Cleanup and Abatement Fund with General Fund

Staff Recommendation: Approve per staff comment to change funding source and reject trailer bill.

3835 BALDWIN HILLS CONSERVANCY

VOTE-ONLY ISSUE 43: BALDWIN HILLS CONSERVANCY TECHNICAL PROPOSAL: REAPPROPRIATION OF 2018 PROPOSITION 1 LOCAL ASSISTANCE

The May Revision requests a technical adjustment to reappropriate Proposition 1 Local Assistance as published in the 2018 Budget Act to continue implementation of existing authorized programs.

Staff Recommendation: Approve as Budgeted.

3860 DEPARTMENT OF WATER RESOURCES

VOTE-ONLY ISSUE 44: SYSTEMWIDE FLOOD RISK REDUCTION: YOLO BYPASS PHASE I IMPLEMENTATION

The Department of Water Resources (DWR) is requesting the reversion of \$3 million of Proposition 68, The California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018, and a new appropriation of \$3 million of Proposition 68, Public Resources Code Section 80145 (a)(1)(A)&(C), for the Systemwide Flood Risk Reduction, Yolo Bypass Phase I Implementation Program. DWR is also requesting the reversion of \$4.6 million of Proposition 1, The California Water, Supply, and Infrastructure Improvement Act of 2014, and a new appropriation of \$4.6 million from Proposition 1, Chapter 11 Section 79781, for the Systemwide Flood Risk Reduction program with a change in phase from Design-Build to Preliminary Plans. DWR requests all funds with a three year encumbrance and two year liquidation period for implementing flood system improvement projects.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 45: URBAN FLOOD RISK REDUCTION - STATE COST SHARE FOR EMERGENCY SUPPLEMENTAL FUNDING

The Department of Water Resources (DWR), is requesting \$67 million General Fund in 2021-22, \$113.8 million in 2022-23, \$17.2 million in 2023-24, and \$26.9 million in 2024-25 to support the state cost-share requirement of the American River Commons Features (ARCF) 2016 project, a critical flood risk reduction project that is being implemented by the United States Army Corps of Engineers (USACE). DWR requests a three-year encumbrance period for the \$67 million. This request will support project payments to USACE, real estate acquisitions, utility relocations, and contract work needed to meet responsibilities as outlined in the Project Partnership Agreement with USACE, as well as funding for three existing positions to address resource needs for large flood projects. Without this funding, the state cannot meet the cost-share obligations associated with the Budget Bill Act (BBA) 2018, \$1.8 billion federal appropriation that accelerated this project and protects approximately 514,000 Californians and over \$55 billion in assets.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 46: VARIOUS REAPPROPRIATIONS

This proposal requests technical corrections to previously requested reappropriations to support various bond programs. These technical changes are critical to various projects which cannot be completed by June 30, 2021.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 47: CALCONSERVE FUND TBL

The Administration states that the proposed trailer bill language is necessary to facilitate the requested accompanying reversion for \$7 million from the CalConserve Water Use Efficiency Revolving Fund that was created after the passage of Proposition 1. Originally, the fund had \$10 million to provide loans to local agencies for water conservation and water use efficiency projects, but due to low demand, only one \$3 million project has been funded. The subsequent new appropriation of \$7 million from Proposition 1 that is requested as part of the Administration's Water Resilience Package will be used for the purposes of providing direct and indirect support to water suppliers, especially small and rural systems, via investigations, training, and projects. This could include system leak identification and preventative maintenance before a system experiences water shortages.

Staff Recommendation: Approve and conform to the final Drought Resiliency package as negotiated by the Assembly, Senate, and the Governor.

3930 DEPARTMENT OF PESTICIDE REGULATION

VOTE-ONLY ISSUE 48: PESTICIDE NOTIFICATION NETWORK

The Department of Pesticide Regulation (DPR) is requesting \$10 million General Fund in 2021-22 for planning and initial development costs for a statewide Pesticide Notification Network. These resources will provide funding for procuring the vendors to assist DPR in Stages 2 - 4 of the Project Approval Lifecycle (PAL), Department of Technology oversight, a System Integration vendor, and resources for temporary help. This will protect the health of pesticide-impacted communities and provide equitable access to important information about pesticide use.

Staff Recommendation: Approve as budgeted.

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

VOTE-ONLY ISSUE 49: TRANSITION TO SAFER, SUSTAINABLE PEST MANAGEMENT

The Department of Pesticide Regulation (DPR) requests \$16.75 million (\$8.25 million General Fund and \$8.5 million DPR Fund) and 44.0 positions in 2021-22, and the California Department of Food and Agriculture (CDFA) requests \$11.75 million General Fund in 2021-22, as part of a comprehensive proposal to support the state's transition to safer, sustainable pest management. Additionally, DPR proposes to replace the current flat-fee mill assessment on pesticide sales with a risk-based tiered mill assessment, where higher toxicity pesticides are assessed a higher fee. Once fully phased in by 2024-25, the tiered mill assessment is anticipated to generate approximately \$45 million in additional revenue annually to the DPR Fund. The additional revenue will fund various DPR and CDFA programs and will increase support to the County Agricultural Commissioners (CACs) for local pesticide use enforcement activities to accelerate the state's transition away from harmful pesticides.

STAFF COMMENTS

The Assembly needs more time to vet the impacts of the tiered mill fee on pesticide use in the State.

Given the budget surplus, the Committee should:

- Reject the tiered mill assessment
- Approve \$90 million General Fund for a two-year limited term (\$45 million annually) in 2021-22 and 2022-23
- Adopt budget bill language to link monitoring and oversight and enforcement actions

- Conform to the final Sustainable Agriculture package as negotiated by the Assembly, Senate, and the Governor.

Staff Recommendation: Approve per staff comment.

3940 STATE WATER RESOURCES CONTROL BOARD

VOTE-ONLY ISSUE 50: AMERICAN RESCUE PLAN ACT WATER ARREARAGES

The Water Board requests \$1 billion from the federal American Rescue Plan Act (ARPA) funds to address COVID-19 Pandemic related water system customer arrearages and revenue gaps quantified by the State Water Resources Control Board in a survey of community water systems conducted in November 2020.

STAFF COMMENTS

This proposal can provide substantial relief to customers struggling to pay bills during COVID.

The Legislature may wish to change the implementing agency or provide more detail on who should receive relief.

Staff Recommendation: Approve \$1 billion subject to details worked out in a final agreement of the Senate, Assembly, and Governor.

VOTE-ONLY ISSUE 51: AUGMENTATION TO UNDERGROUND STORAGE TANK CLEANUP FUND, SITE CLEANUP SUBACCOUNT, AND SCHOOL DISTRICT ACCOUNT.

The State Water Resources Control Board requests the following: (1) an additional \$200 million from the Underground Storage Tank Cleanup Fund (USTCF) on a onetime basis for reimbursing costs associated with clean-up of contamination from leaking petroleum underground storage tanks. (2) Baseline increase \$728,000 in state operations from the USTCF and 5.0 permanent positions for the Accounting Office. (3) One-time increase of \$2 million local assistance from the School District Account with an encumbrance period of 3 years (June 30, 2024) and liquidation period of 3 years (June 30, 2027) for reimbursing costs associated with cleaning up contamination from leaking petroleum USTs on school district properties. (4) Baseline increase of \$16.7 million local assistance and \$804,000 state operations ongoing from the Site Cleanup Subaccount and 4.0 permanent positions for reimbursing costs, and for technical and administrative costs associated with private sites undergoing or in need of investigation and remediation of harm or threat of harm caused by existing or threatened surface or groundwater contamination.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 52: GROUNDWATER SUSTAINABILITY PLAN REVIEW

The State Water Resources Control Board requests \$1,962,000 in General Fund with an extended encumbrance period through June 30, 2024, to support 3 existing positions that will provide detailed reviews of Groundwater Sustainability Agencies' sustainability plans in preparation for possible State intervention under the Sustainable Groundwater Management Act.

Staff Recommendation: Approved as Budgeted.

VOTE-ONLY ISSUE 53: TECHNICAL ADJUSTMENTS: REAPPROPRIATIONS

The State Water Resources Control Board (State Water Board) requests a reappropriation of funds as follows:

- (1) Extend the encumbrance period to June 30, 2022, and the liquidation period to June 30, 2025, for General Fund local assistance in AB 72 (Chapter 1, Statute of 2018) for Water System Administrators;
- (2) Extend the encumbrance period to June 30, 2022, and the liquidation period to June 30, 2025, for General Fund local assistance in AB 74 (Chapter 23, Statute of 2019) for Emergency Funds to disadvantage communities (DAC) & household (HH) (Provision 1), Wildfire Recovery (Provision 2), Emergency Funds-DAC (Provision 2.5), and Provision 2.6 (a) through (k) and provision 3;

- (3) Extend the encumbrance period to June 30, 2022, and the liquidation period to June 30, 2025, for General Fund local assistance established in SB 74 (Chapter 6, Statute of 2020) for Fish Shellfish Public Health Advisories per AB 762.

Staff Recommendation: Approved as Budgeted.

VOTE-ONLY ISSUE 54: SITE CLEANUP PROGRAM INVESTIGATION AND CLEANUP

The State Water Resources Control Board requests \$4,282,000 in reimbursement authority and 21.0 permanent positions to oversee cleanup of contaminants including Per- and Polyfluoroalkyl Substances (PFAS) source investigation orders sent by the Water Boards to airports, chrome plating facilities, bulk fuel terminals and refineries.

Staff Recommendation: Approved as Budgeted.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL

VOTE-ONLY ISSUE 55: ARGONAUT MINE DAM PROJECT PHASE II STORMWATER UPGRADE CONSTRUCTION SUPPLEMENTAL FUNDING

The Department of Toxic Substances Control requests \$1.4 million Coronavirus Fiscal Recovery Fund of 2021 one-time to supplement the \$2.1 million General Fund approved in the 2020 Budget Act for Phase II of the Eastwood Multiple Arch Dam (Argonaut Dam) stormwater upgrade construction project at the Argonaut Mine in Jackson, California. Further refinement of the design, investigation into the depth to bedrock along the placement of the piping, and the city of Jackson's utilities placement crossing the proposed stormwater drainage path resulted in a revised \$3.5 million cost estimate.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 56: BKK FACILITY: COORDINATED THIRD-PARTY ENFORCEMENT INITIATIVE

The Department of Toxic Substances Control requests \$282,000 Toxic Substances Control Account annually for two years to implement a Third-Party Enforcement Initiative in coordination with the BKK Working Group, a group of approximately 50 cooperating potentially responsible parties. The Third-Party Enforcement Initiative will conduct cost recovery against approximately 12,000 third party arrangers who sent hazardous substances to the BKK Class I Hazardous Waste Landfill (Site) with the objective of recovering past and future response costs incurred by DTSC and the BKK Working Group at the Site. This proposal is contingent on the passage of the Department of Toxic Substances Control Governance and Fee Reform, which will provide a sustainable funding source for the Toxic Substances Control Account.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 57: DEPARTMENT OF JUSTICE INCREASED LEGAL FEES

The Department of Toxic Substances Control requests \$977,000 in 2021-22 and ongoing, split between the Hazardous Waste Control Account, Toxic Substances Control Account, and Lead-Acid Battery Cleanup Fund to cover increased Department of Justice hourly rates for client agencies, which went into effect September 1, 2019.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 58: DEPARTMENT OF TOXIC SUBSTANCES CONTROL GOVERNANCE AND FISCAL REFORM

This proposal requests 15.0 positions and \$3 million General Fund in fiscal year 2021-22 to establish the Board of Environmental Safety (Board) within the Department of Toxic Substances Control. The Board will set and review fees through regulation, hear permit appeals, and provide strategic guidance to the department. Costs would shift to special funds in subsequent years.

This proposal also includes statutory changes to:

(1) revise the Environmental Fee rates and the hazardous waste fee rates and structure and (2) authorize the Board to set future fee rates under a capped fee-setting authority, based on appropriations by the Legislature.

This proposal also requests a \$29 million General Fund backfill for the Hazardous Waste Control Account and \$11.5 million General Fund backfill for the Toxic Substances Control Account in 2021-22. The May Revision proposal also includes \$500 million General Fund over 3 years to accelerate progress toward the cleanup of contaminated properties and the revitalization of environmental justice communities.

STAFF COMMENTS

The department's workload analysis released in January 2021 revealed shocking resource gaps that are clearly contributing the department's inadequate performance in meeting its statutory requirements and mission. The January proposal will not only provide the resources necessary to address the structural deficit but also sets up the department to have additional resources in the next year to address some of its most urgent needs. The May Revision provides additional GF to the department so that these additional resources are available in BY (see the next two agenda items).

While the administration's proposal has incorporated many aspects of reform critical to the Assembly, the proposal needs additional accountability provisions to ensure that the Legislature and public can measure the impact of reform efforts so that it can better determine what future additional reforms might be needed and judge future funding requests.

Staff Recommendation: Approve with placeholder trailer bill language.

VOTE-ONLY ISSUE 59: EXIDE: ADDITIONAL RESIDENTIAL CLEANUP FUNDING

The Department of Toxic Substances Control requests a loan of \$291 million General Fund to the Toxic Substances Control Account over three years (\$100 million in 2021-22, \$100 million in 2022-23, and \$91 million in 2023-24) to clean up an additional 2,740 residential properties surrounding the former Exide Technologies facility in Vernon, California with a representative lead concentration above 200 parts per million.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 60: EXIDE: COST RECOVERY

The Department of Toxic Substances Control (DTSC) requests 6.0 positions and \$16.5 million (\$14 million General Fund, \$2.5 million Lead-Acid Battery Cleanup Fund (LABCF)) in fiscal year 2021- 22; and \$2.5 million LABCF in 2022-23 and annually thereafter. Of the \$14 million General Fund, \$12.9 million is for Attorney General's Office legal services and \$1.1 million is for outside bankruptcy counsel to support Exide cost recovery efforts. The \$2.5 million will fund the 6.0 requested positions and 6.0 existing positions.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 61: EXIDE: ONGOING CLOSURE AND ENVIRONMENTAL ACTIONS AT THE VERNON FACILITY

The Department of Toxic Substances Control requests \$132 million General Fund one-time as a loan to the Toxic Substances Control Account to complete closure activities and to conduct additional needed cleanup at the former Exide Technologies, Inc. facility in Vernon, California. These funds will address the known, immediate onsite threats to public health and environment. Of the total amount requested, \$109.8 million would be dedicated to facility closure and corrective action; the remaining \$22.2 million would be transferred to the Site Operation and Maintenance Account for long-term monitoring and operations and maintenance costs.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 62: EXIDE: RESIDENTIAL CLEANUP

The Department of Toxic Substances Control requests a loan of \$31.4 million General Fund to the Toxic Substances Control Account to reach the goal of cleaning 3,200 properties identified within 1.7 miles of the former Exide Technologies facility (Exide facility) in Vernon, California. Of this amount, \$23.9 million will be used to fund contracts and \$7.5 million will be used for support costs to complete cleanup activities at residences, schools, parks, daycare centers, and childcare facilities near the former Exide facility.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 63: IMPLEMENTATION OF THE VIOLATIONS SCORING PROCEDURE REGULATIONS

The Department of Toxic Substance Control (DTSC) requests 11.0 permanent positions and \$3.5 million Hazardous Waste Control Account (HWCA) in 2021-22, \$3.1 million HWCA in 2022-23, and \$2.6 million HWCA annually thereafter to fully implement the Violation Scoring Procedures (VSP) adopted pursuant to Chapter 611, Statutes of 2015 (SB 673 The positions are essential to follow through on DTSC's commitment to communities, regulated entities, and the Legislature that DTSC establish clear criteria for use in making determinations on hazardous waste permits. The criteria are integral to DTSC's programmatic reforms designed to improve the protectiveness, timeliness, legal defensibility, and enforceability of DTSC's permitting program.). This request is contingent upon the adoption of the DTSC Governance and Fiscal reform proposal, which will provide a long-term and stable funding source to support this request. The funding for this request in 2021-22 will be supported by an increase to the General Fund backfill for the Hazardous Waste Control. Funding beyond 2021-22 will be supported by increased fee revenues provided by the DTSC Governance and Fiscal reform proposal.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 64: INFORMATION TECHNOLOGY SECURITY UNIT

The Department of Toxic Substances Control requests 4.0 permanent positions and \$1.3 million in 2021-22 and 2022-23, and \$880,000 annually thereafter from various funds to provide additional resources for cybersecurity. This request will allow for the continuous identification and mitigation of emerging and evolving cybersecurity threats. This request is contingent upon the adoption of the DTSC Governance and Fiscal reform proposal, which will provide a long-term and stable funding source to support this request. A portion of the funding for this request in 2021-22 will be supported by increases to the General Fund backfills for the Hazardous Waste Control Account and the Toxic Substances Control Account. Funding beyond 2021-22 will be supported by increased fee revenues provided by the DTSC Governance and Fiscal reform proposal.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 65: NATIONAL PRIORITIES LIST AND STATE ORPHAN SITES

The Department of Toxic Substances Control requests a transfer of \$19.55 million from the Toxic Substances Control Account to the Site Remediation Account to fund the state's National Priorities List obligations and state orphan sites with Priorities 1A, 1B, and 2.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 66: RESOURCE CONSERVATION AND RECOVERY ACT AUTHORIZATION

The Department of Toxic Substances Control requests 17.0 permanent positions that will be phased-in over two years: 10.0 permanent positions and \$1.2 million Hazardous Waste Control Account (HWCA) in 2021-22 (Phase I), and 7.0 permanent positions and \$2.5 million HWCA in 2022-23 (Phase II) and ongoing to establish the Resource Conservation and Recovery Act (RCRA) Grant Unit to address a federal RCRA authorization backlog and ensure continued program equivalency. This request is contingent upon the adoption of the DTSC Governance and Fiscal reform proposal, which will provide a long-term and stable funding source to support this request. The funding for this request in 2021-22 will be supported by an increase to the General Fund backfill for the Hazardous Waste Control. Funding beyond 2021-22 will be supported by increased fee revenues provided by the DTSC Governance and Fiscal reform proposal.

Staff Recommendation: Approve as budgeted.

3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

VOTE-ONLY ISSUE 67: BEVERAGE CONTAINER RECYCLING PILOT PROJECT GRANT

\$10 million in 2021-22 from the Beverage Container Recycling Fund to provide grants for the Beverage Container Recycling Pilot Project Program (Pilot Program). This proposal also proposes statutory changes to expand the Pilot Program.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 68: BEVERAGE CONTAINER RECYCLING PILOT PROJECT STAFFING EXTENSION

The Department of Resources Recycling and Recovery requests \$129,000 in fiscal year 2021-22, \$250,000 in 2022-23, \$378,000 from 2023-24 through 2025-26, and \$312,000 in 2026-27 from the Beverage Container Recycling Fund (BCRF) to extend the temporary staffing resources needed to administer, implement, maintain, and provide fiduciary oversight with the expansion of the Beverage Container Recycling Pilot Project Program (Pilot Program).

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 69: EMERGENCY DEBRIS REMOVAL OFFICE ADDITIONAL STAFFING

The Department of Resources, Recycling and Recovery requests \$891,000 General Fund and 6.0 permanent, full-time positions in fiscal year 2021-22 and \$880,000 General Fund ongoing to provide resources to adequately manage the workload for debris removal operations. The additional positions are necessary for CalRecycle to manage contracts, hold contractors responsible, fully reconcile funds, and coordinate federal reimbursements.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 70: REGULATIONS DEVELOPMENT UNIT

The Department of Resources Recycling and Recovery requests 5.0 permanent, full-time positions and \$767,000 in 2021-22 and \$757,000 ongoing from various special funds to develop a Regulations Development Unit to provide support, coordination, and expertise in regulations development.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 71: SAN DIEGO FIELD OFFICE RELOCATION

The Department of Resources Recycling and Recovery requests one-time authority of \$255,000 from the Beverage Container Recycling (BCRF) to relocate its regional office, housed in the San Diego State Office Building, as it is being disposed of in accordance with AB 1164 Surplus State Real Property: Disposal (2019-2020). CalRecycle also requests ongoing increased expenditure authority of \$53,000 in fiscal year 2022-23, \$60,000 in 2023-24, \$67,000 in 2024-25, and \$74,000 in 2025-26 from the BCRF to pay for the increased lease costs.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 72: FOOD SERVICE PACKAGING EXEMPTION TBL

The May Revision requests to exclude from the definition of “food service packaging” products defined as drugs, devices, or medical food pursuant to federal law, as provided. The proposal would also exclude from the definition, products used at specified facilities, including, but not limited to, health care faculties, residential care facilities, and community care facilities, as defined, that are intended to assist the facility’s residents or other individuals receiving care at the facility or to otherwise protect the facility’s residents’ or other individuals’ health or safety, if the facility determines that the products, or their functional equivalents, are not on the list developed by CalRecycle.

STAFF COMMENTS

The language in (c)(4) seems to be very broad. A question arises as to whether the reference to “containers” creates a loophole at these health facilities for their cafeterias/onsite eateries that are accessible by the public. This proposed trailer bill language may be more appropriate to consider through the legislative policy process.

Staff Recommendation: Reject.

3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY
0509 GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT (GO-BIZ)

VOTE-ONLY ISSUE 73: CIRCULAR ECONOMY PACKAGE

The May Revision includes a request, for CalRecycle and GO-Biz, for \$130 million General Fund one-time to administer programs that are intended to develop and implement projects to improve and optimize technology and infrastructure to build progress towards a circular economy and achieve the state's statutory climate, source reduction, reuse, and recycling goals.

The proposal includes General Fund one-time spending as follows:

- \$50 million Climate Catalyst Fund Recycling Infrastructure
- \$5 million Food Waste Prevention and Rescue Grants
- \$5 million Increase Community Composting Opportunities
- \$35 million Invest in New Composting and Anaerobic Digester Facilities
- \$20 million Expand Co-Digestion Capacity of Wastewater Facilities
- \$15 million Recycling Technology Feasibility Grants

STAFF COMMENTS

The state has significant needs in infrastructure to reduce the amount of waste generated and increase the recycling and composting rates of the residual waste.

The May Revise proposal will put forward meaningful investments towards expanding the organics recycling infrastructure that appears to build off previous investments from GGRF for similar purposes. Adopting some Legislative guidance on the uses of these funds will improve the Legislature's ability to access the success of the organics and co-digestion programs.

This proposal also recognizes the shortage of recycling infrastructure in the state to increase the likelihood that materials collected for recycling are actually transformed into new products. To ensure that these funds are truly working towards a circular economy, staff recommends the adoption of TB to require the department to only fund "product to product" projects where recycled materials are made into new recyclable products rather than non-recyclable products or fuels.

The May Revise proposal states the intent to build progress towards "source reduction." However, the only element geared towards source reduction is the \$5M towards food recovery. However there may be opportunities to improve source reduction through other reuse programs.

This proposal has considerable overlap with existing Assembly priorities; however more discussion is needed on the specific investments that are proposed. Staff recommends that the Subcommittee approve the overall level of resources as part of the budget package but defer the programmatic allocations at this time.

The committee should:

- Approve the overall \$130 million General Fund with allocation details to be determined in a final agreement between Senate, Assembly, and the Governor.

Staff Recommendation: Approve per staff comment.

8570 DEPARTMENT FOOD AND AGRICULTURE

VOTE-ONLY ISSUE 74: AGRICULTURAL AND RURAL ECONOMIC ADVISOR

The California Department of Food and Agriculture requests \$199,000 General Fund and 1.0 permanent position ongoing to support the activities necessary to develop and implement strategies for improving California's rural, agriculturally based economies.

STAFF COMMENTS

This was a component of AB 417 (Arambula, 2019) that was vetoed due to lack of inclusion in the budget.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 75: BEE SAFE PROGRAM

The California Department of Food and Agriculture requests one-time funding of \$2,126,000 General Fund in 2021-22 to continue operating a statewide Bee Safe Program to promote and protect a safe, healthy food supply through the protection of bees.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 76: VARIOUS CAPITAL OUTLAY PROJECTS**Blythe Border Protection Station Relocation**

The California Department of Food and Agriculture (CDFA) requests a \$2,964,000 General Fund reduction for the acquisition phase and a \$36,000 General Fund increase for the preliminary plans phase of the Blythe Border Protection Station Relocation Project due to a relocation of the project to a new site. The relocation to a new site also necessitates a reappropriation of acquisition funding from the 2018 Budget Act.

MR Infrastructure Package- One-Time Deferred Maintenance

The California Department of Food and Agriculture requests \$2 million General Fund in 2021-22 to provide maintenance support for critical infrastructure projects.

Needles Border Protection Station Relocation

The California Department of Food and Agriculture (CDFA) requests \$10,371,000 General Fund for the acquisition and preliminary plans phases of the Needles Border Protection Station (BPS) Relocation project (located in San Bernardino County), which currently has inadequate capacity to meet increased traffic flows. The new station will be located west of the current location.

Turlock North Valley Animal Health Laboratory Replacement

The California Department of Food and Agriculture (CDFA) requests \$88,565,000 from the Public Buildings Construction Fund for the design-build phase of the Turlock North Valley Animal Health Laboratory Replacement project to build a new full-service California Animal Health and Food Safety Laboratory System (CAHFS) laboratory in the northern San Joaquin Valley to replace the existing obsolete CAHFS Turlock laboratory.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 77: FAIRGROUNDS OPERATIONAL SUPPORT AND DEFERRED MAINTENANCE

The California Department of Food and Agriculture (CDFA) requests \$60 million General Fund on a one-time basis to provide fairground operational support and address fair deferred maintenance needs. Of this amount, \$50 million is for operational support of state affiliated fairs and an assessment of fairgrounds located on state-owned land to determine their potential for alternate use/development and \$10 million is requested to address deferred maintenance needs with a priority on fairgrounds that are used to support emergency operations.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 78: IMPACT ASSESSMENT AND ALIGNMENT OF REGULATORY REPORTING REQUIREMENTS FOR AGRICULTURE

The California Department of Food and Agriculture (CDFA) requests \$6 million one-time General Fund for regulatory alignment and efficiencies, including \$4 million in 2020-21 to engage a consultant to evaluate and implement the alignment of regulatory reporting activities across state agencies to reduce unnecessary burdens to farmers and ranchers in their efforts to meet regulatory compliance. The Budget also includes \$2 million in 2021-22 to support a business assessment to explore the establishment of a unified licensing portal at the Department of Food and Agriculture.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 79: HEALTHY, RESILIENT, AND EQUITABLE FOOD SYSTEMS

The California Department of Food and Agriculture (CDFA) requests one-time funding of \$67.5 million General Fund in 2021-22 to develop a healthier, more resilient, and more equitable food system.

This request includes:

- \$20 million for the California Farm to School Incubator Grant program,
- \$12 million for the California Urban Agriculture Grant Program,
- \$15 million for the California Nutrition Incentive Program,
- \$20 million for the Healthy Stores Refrigeration Grant, and
- \$500,000 for the Senior Farmers Market Nutrition Program.

Additionally, CDFA requests an encumbrance period of three years and a liquidation period of three years to administer these funds.

STAFF COMMENTS

This proposal has considerable overlap with existing Assembly priorities, especially the California Nutrition Incentive Program and the Healthy Stores Refrigeration Grant.

However this BCP is part of the larger Sustainable Agriculture package and staff recommends that the Subcommittee approve the overall level of resources as part of the budget package but defer the programmatic allocations at this time.

Additionally, staff recommends requiring supplemental reporting language for the department to complete a report evaluating the effectiveness of the following programs within this proposal: (1)

California Farm to School Incubator Grant Program, (2) Urban Agriculture Grant Program, and (3) Healthy Refrigeration Grant Program.

Staff Recommendation: Approve per staff comment.

VOTE-ONLY ISSUE 80: ECONOMIC RECOVERY AND HIGH-ROAD JOB GROWTH

The California Department of Food and Agriculture (CDFA) requests \$46 million General Fund in 2021- 22 to aid California's farmers, ranchers, and agriculture industry in their recovery from the economic effects of COVID-19.

CDFA also requests provisional language for an extended encumbrance period.

The funds requested will be allocated to the following programs:

- \$2 million one-time – Technical Assistance Program for Underserved Farmers
- \$10 million one-time – New and Beginning Farmer Training and Farm Manager Apprenticeship Program
- \$4 million one-time – Impact Assessment and Alignment of Regulatory Reporting Requirements for Agriculture (Shift of early action proposal into 2021-22)
- \$30 million one-time – Fresno-Merced Future of Food (F3) Innovation Initiative

LAO COMMENTS

We recommend the Legislature direct the department to provide additional information regarding the Fresno-Merced Future of Food Innovation Initiative (\$30 million of this proposal). Specifically, CDFA should provide additional information to justify the request, including how this funding will be implemented and what specific activities it will fund. Absent these details, it is difficult to analyze what the potential economic benefits the proposal would provide. If the department is unable to provide this information, we would recommend that the Legislature reject the proposal.

STAFF COMMENTS

This proposal is part of the overall Sustainable Agriculture Package.

Staff recommends that the Subcommittee approve the overall level of resources as part of the budget package but defer the programmatic allocations at this time.

Staff Recommendation: Approve with details to be determined in a final agreement between the Senate, Assembly, and Governor in the final Sustainable Agriculture Package.

VOTE-ONLY ISSUE 81: EXTENSION OF ENCUMBRANCE AND LIQUIDATION DEADLINES FOR OFFICE OF ENVIRONMENTAL FARMING AND INNOVATION

The California Department of Food and Agriculture (CDFA) requests an extension on the expenditure, encumbrance and liquidation deadlines for several Climate Smart Agriculture programs and a Pesticide Economic Analysis and Research Grant Program within CDFA's Office of Environmental Farming and Innovation.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 82: FAIRGROUND AND COMMUNITY RESILIENCE CENTERS

The California Department of Food and Agriculture (CDFA) requests \$150 million General Fund onetime for Fairground and Community Resilience Centers. Funding would be available to improve both local fairground and other community facilities to enhance the state's emergency preparedness capabilities, particularly in response to climate change. Funding could be used to support infrastructure for emergency evacuation, shelter, base camps during emergency events, and critical deferred maintenance. Elements for this infrastructure may include cooling and heating centers, clean air centers, and extended emergency evacuation response centers with community kitchens, shower facilities, broadband, back-up power and other community needs due to wildfires, floods, and other emergencies or climate events.

Staff Recommendation: Approve as proposed, and of the \$150 million allocate \$10 million to Cal Expo.

VOTE-ONLY ISSUE 83: PET LOVER'S SPECIALIZED LICENSE PLATE GRANT PROGRAM (SB 673)

The California Department of Food and Agriculture requests \$650,000 in Specialized License Plate Fund annually for three years to continue the Pet Lover's Specialized License Plate Program, which provides grants to qualifying spay and neuter facilities that result in low-cost or no-cost animal sterilization services.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 84: PRODUCE SAFETY PROGRAM CONTINUATION FUNDING

The California Department of Food and Agriculture (CDFA) requests \$8,665,000 in Federal Fund authority in 2021-22 and \$8,428,000 in 2022-23 and \$7,922,000 in 2023-24 and ongoing and 24.0 new positions to support enhancements of the Produce Safety Program.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 85: SUSTAINABLE CALIFORNIA GROWN CANNABIS PILOT PROGRAM

The California Department of Food and Agriculture (CDFA) requests one-time funding of \$9 million General Fund in 2021-22 to develop and implement the Sustainable California Grown Cannabis Pilot Program. Additionally, CDFA requests an encumbrance period of three years.

The SCGC Pilot Program is intended to provide funding to incentivize licensed legacy outdoor cannabis growers to participate in the collection of data to benchmark best practices to reduce the environmental impact of cannabis water and energy use; pest management and fertilizer practices; and to enhance soil health. The pilot will be conducted in at least three counties with a minimum of 10 outdoor cannabis growers for valid data collection to benchmark practices.

STAFF COMMENTS

This BCP is part of the larger Sustainable Agriculture package and staff recommends that the Subcommittee approve the overall level of resources as part of the budget package but defer the programmatic allocations at this time.

Staff Recommendation: Approve \$776 million overall for a Sustainable Agriculture Package with details to be determined in a final agreement between the Senate, Assembly, and Governor.

VOTE-ONLY ISSUE 86: CLIMATE SMART AGRICULTURE ACCOUNT

The Governor's Budget proposes trailer bill language to establish the Climate Smart Agriculture Account in the Department of Food and Agriculture Fund, which will be a depository for moneys received from federal, state, industry, philanthropic, and private sources. The proposal makes funding out of this account continuously appropriated to the department.

STAFF COMMENTS

According to the Administration, the intention of the Account is that it could be used to fund incentives for climate smart agriculture as well as cover the administration costs for those funds. CDFA also wishes to have the flexibility to accept philanthropic and other funds for any relevant Environmental Farming Act program, which is why this language is not limited to the Healthy Soils Program. The rationale provided for allowing these funds to be continuously appropriated is that the department does not know the amount or nature of the funds that it might receive and this would allow CDFA to act quickly on any philanthropic or other funds to support climate smart programs. The department does not know how much funding it may receive. It would be prudent to require state funds to be subject to appropriation by the Legislature for oversight and accountability purposes instead of allowing for continuous appropriation. Also, it would be appropriate to require the department to report on receipts and expenditures of funds in this new account to ensure transparency and accountability.

Staff recommends:

- Approve as proposed except require state funds be subject to appropriation by the Legislature and add reporting language to the TBL that does the following:
 - (a) In any fiscal year in which funds are received into or expended from the Climate Smart Agriculture Account, the department no later than December 31 following the close of the fiscal year, shall submit to the Legislature an overview of the account's income and expenditures.
 - (b) A report to be submitted pursuant to this section shall be submitted in compliance with Section 9795 of the Government Code.

Staff Recommendation: Approve per staff comment.

VOTE-ONLY ISSUE 87: CLIMATE SMART AGRICULTURE FOR SUSTAINABILITY AND RESILIENCY
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The MR proposes an additional \$372.6 million in investments for the agricultural sector. The MR also proposes shifting some GGRF funds. This is a total of \$572.6 million in funds in 2021-22 with (\$320 million General Fund, \$210 million Greenhouse Gas Reduction Fund (GGRF), and \$42.6 million Air Pollution Control Fund (APCF)) and \$150 million General Fund in 2022-23 to support six Climate Smart Agriculture for Sustainability and Resiliency programs. CDFA and CARB are requesting an extended encumbrance period. CDFA will prioritize funding to socially disadvantaged farmers and ranchers and those in disadvantaged communities.

Healthy Soils Program (CDFA) - appropriates an additional \$70 million for a total of \$100 million (\$40 million GGRF) to scale up healthy soils on farms and ranches statewide.

Livestock Methane Reduction (CDFA) - \$60 million general fund for the Alternative Manure Management Program (AMMP) and Dairy Digester Research and Development Program (DDRDP).

Pollinator Habitat Program (CDFA) - \$30 million general fund for a new program to fund pollinator habitat and forage on working lands in partnership with private landowners and federal, state, and local entities.

Technical Assistance for Conservation Management Plans (CDFA) - \$20 million general fund for stand-alone technical assistance grant program for development of conservation plans, carbon farm plans, and transition to organic plans to focus on carbon and water.

Alternatives to Open Agricultural Burning Incentive Program (CARB) - \$150 million General Fund for continued implementation of the Valley Air District's Alternatives to Open Agricultural Burning Incentive Program to support the phase out of open agricultural burning by incentivizing the use of alternatives aimed at reducing fine particulate matter air pollution in the San Joaquin Valley. Incentive funding for the Ag Burning Program is required to ensure that agricultural burning is

phased out by the end of 2024. The funding will support the use of alternatives to agricultural burning and provide sufficient time to develop more sustainable processes.

FARMER (CARB) - Allocates an additional \$42.6 million in Air Pollution Control Funds, in addition to \$170 million in GGRF, for agricultural diesel engine replacement.

LAO COMMENTS

The LAO recommends the Legislature consider how the programs in this package would interact with the Governor's climate catalyst fund proposal. This package would provide funds to several programs, such as dairy digesters and equipment replacement, many of which would be projects that the administration intends to finance with the climate catalyst fund. The Legislature will want to ensure that these proposals complement one another and do not create duplicative efforts.

STAFF COMMENTS

Transitioning to more sustainable and resilient agriculture is a priority for the Assembly, especially during times of drought.

This proposal has considerable overlap with existing Assembly priorities; however more discussion is needed on the specific investments that are proposed.

Staff recommends that the Subcommittee approve the overall level of resources as part of the budget package but defer the programmatic allocations at this time.

Staff Recommendation: Approve \$776 million overall for a Sustainable Agriculture Package with details to be determined in a final agreement between the Senate, Assembly, and Governor.

VARIOUS

VOTE-ONLY ISSUE 88: NEW NATURAL RESOURCES BUILDING RENT INCREASE

The Natural Resources Agency, Department of Conservation, CALFIRE, and Department of Fish and Wildlife, and Department of Parks and Recreation request a total of \$6,731,000 General Fund onetime, and \$6,421,000 General Fund ongoing to support increased rental costs at the Natural Resources Agency's new facility.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 89: CLIMATE RESILIENCE PACKAGE

\$1.3 billion General Fund investment over three years to help meet the state's priority climate goals and to support the state's most climate vulnerable communities. \$784 million in 2021-22, \$420 million in 2022-23, and \$140 million in 2023-24.

Climate Resilience Package (\$ in millions)			
Category	Department	Program	May Revision 2021-22
Heat	California Natural Resources Agency	Urban Greening (\$200 million over two years)	\$100
	Department of Community Services and Development	Low Income Weatherization	\$50
	California Energy Commission	BUILD Program (\$100 million over two years)	\$50
Sea Level Rise	Ocean Protection Council	Coastal Wetland Restoration (\$200 million over two years)	\$100
	Department of Parks and Recreation	State Parks Sea Level Rise Adaptation Strategy	\$11.5
Community Resilience	Strategic Growth Council	Transformative Climate Communities (\$420 million over three years)	\$140
		Regional Climate Collaboratives (\$20 million over two years)	\$10
	Office of Planning and Research	Climate Adaption & Resilience Planning Grants (\$25 million over two years)	\$15
		Vulnerable Communities Platform & Cal-Adapt Mapping	\$5
	California Environmental Protection Agency	Environmental Justice Initiative (\$25 million over two years)	\$15
Other	Department of Conservation	Oil Well Abandonment and Remediation	\$200
		Biomass to Hydrogen/Biofuels Pilot	\$50
	Office of Planning and Research	Fifth Climate Assessment	\$22
	Air Resources Board	Fluorinated Gas Reduction Incentive Program	\$15
Total			\$784

Heat- \$200 million in 2021-2022:California Natural Resources Agency (CNRA)

The Urban Greening Program grants funding for projects that reduce greenhouse gases by sequestering carbon, decreasing energy consumption, and reducing vehicle miles traveled while also transforming the built environment to protect communities from extreme heat and other climate threats, expand access to nature and increase public health. The program is regularly oversubscribed with requests far exceeding available resources by \$677 million during the last four rounds.

Department of Community Services and Development (CSD)

Low-Income Weatherization Program Multi-Family Energy Efficiency and Renewables (LIWP Multi-Family) program provides investments and services to improve the energy performance of low-income multi-family housing in disadvantaged and low-income communities through the installation of energy efficiency measures such as efficient heating and air conditioning systems, appliances, attic insulation, lighting and many other energy-saving measures, as well as through the installation of rooftop solar PV systems. Currently, approximately 40 - 50 additional projects (4,000 – 5,000 units) are in development and will be completed by June 2022 when the program will sunset if additional dollars are not appropriated.

California Energy Commission (CEC)

The CEC is preparing to launch the Building Initiative for Low-Emissions Development (BUILD) Program in late 2021, which will support the deployment of near-zero-emission building technologies in new residential housing, focusing on low-income developments, but only in investor owned utility service territory. The additional funding requested here will be used to support a complementary grant program for greening projects and cool surface projects (additional to measures required for energy efficiency compliance) in new and existing low-income residential projects. Greening projects such as strategically placed trees, use of native plants, and green infrastructure improvements as well as cool surface projects such cool roofs, cool sidewalks, beneficial building materials and community space pavements will offer multiple beneficial outcomes including better on-site air quality, reduced energy demand, local resilience and mitigation of wildfire risk.

Sea-Level Rise- \$111.5 million in 2021-2022:Ocean Protection Council (OPC)

OPC's Strategic Plan to Protect California's Coast and Ocean sets a target to protect, restore or create an additional 10,000 acres of coastal wetlands by 2025. Inclusion of \$200 million over two years provides critical funding to advance coastal wetland restoration in the state to meet this target. OPC will coordinate closely with partner state coastal management agencies, including the State Coastal Conservancy, to identify the highest coastal resilience wetlands restoration priorities, strategically invest funds to optimize biodiversity, coastal resilience and carbon sequestration and to efficiently allocate resources to manage coastal wetland creation and provide restoration grants.

California Department of State Parks (Parks)

This request will provide funding to support the implementation of State Parks Sea Level Rise Adaptation Strategy (SLR Strategy), which outlines a range of decision support tools, policies and actions that drive Sea Level Rise adaptation into State Park planning and project development processes. This one-time funding of \$1.5 million will support the development of these tools – including guidelines for conducting vulnerability assessments, management alternatives for coastal resilience, coastal flooding and erosion incident response guidelines, mapping of multiple resource types, economic analysis tools, etc. – that will guide future project and program investments.

In addition, \$10 million in one-time funds will underwrite critical demonstration projects at various points in the implementation process. This includes park specific vulnerability assessments and resilience projects that maximize protections provided by “natural infrastructure” in the form of natural dunes provides for adjacent roads, buildings and parking lots. Costs for these projects range from \$100,000 to several million and will only increase in costs the longer they are delayed.

Community Resilience- \$185 million in 2021-2022

Strategic Growth Council (SGC)

The Transformative Climate Communities (TCC) program supports development of infrastructures in the State’s most disadvantaged communities through projects that integrate multiple, cross-cutting approaches to reduce greenhouse gas emissions. The program funds place-based, catalytic projects that include infrastructure investments in energy, transportation, active transportation, housing, urban greening, land use, water and waste efficiency, and other areas, while also increasing job training, economic, health and environmental benefits. The program has invested in eight communities to date. The MR proposes \$420 million over 3 years, with \$140 million in 2021-2022.

The Regional Climate Collaboratives Program (RCC) would equip collaboratives of multi-disciplinary partners including community-based organizations, local government, businesses, and others to participate in and implement multi-benefit strategies around State priorities. RCC will build capacity for more effective engagement in key planning processes, including climate adaptation/resilience and just transition/economic resilience, with a focus on integrating environmental justice approaches and aligning with funding opportunities. Collaboratives would provide robust capacity building services in communities including partnership. The MR proposes \$20 million over 2 years, with \$10 million in 2021-2022.

Office of Planning and Research (OPR)

The Integrated Climate Adaptation and Resiliency Program (ICARP) is the State’s climate adaptation program, charged with coordinating adaptation efforts. OPR will develop grant guidelines, leveraging the ICARP Technical Advisory Council, the only state public body specifically focused on climate adaptation implementation and policy alignment. Grant recipients will also submit case studies to the ICARP Adaptation Clearinghouse, ensuring information sharing and peer to peer learning across communities. The MR proposes \$25 million over 2 years, with \$15 million in 2021-2022.

California Environmental Protection Agency (CalEPA)

The Environmental Justice Initiative, \$25 million over 2 years, with \$15 million in 2021-22, will provide direct financial assistance to organizations for projects they undertake to address environmental and climate justice and resilience challenges at the local/grassroots level and increase the capacity of the state's on-the-ground partners. In light of this one-time General Fund investment, the May Revision includes a withdrawal of the EJ Small Grants proposal included in the Governor's Budget.

Department of Conservation (DOC)

\$200 million to properly plug orphan wells or idle wells, decommission attendant facilities, complete associated environmental remediation, and research decommissioning activities to evaluate methane reduction impacts of plug and abandonment. Average costs of \$100,000 per well means DOC could plug 2/3 of the 3,000 orphaned wells they estimate.

LAO COMMENTS

The Governor is proposing an unprecedented increase in spending for climate response activities. To ensure the ultimate package the Legislature adopts is coordinated, strategic, and comprehensive, we recommend considering this package in tandem with other proposed packages—such as those related to water, cap-and-trade, wildfire, and disaster preparedness—so that, in combination, all of the Legislature's climate-related priorities are reflected at its desired levels. Given the magnitude of the spending and number of activities being proposed, the Legislature may want to defer decisions on this package until later in the summer.

This would allow to the Legislature time to:

- (1) learn more about the Governor's proposals—especially for programs and initiatives that are being proposed for the first time;
- (2) craft implementing statutory language to ensure sufficient oversight and accountability (such as program eligibility and prioritization criteria and data to be collected); and
- (3) incorporate key legislative priorities, such as components of climate bond proposals that the Legislature has been considering. Some key factors to consider:
 - Are there certain activities or areas of focus that are high priorities for the Legislature that are not included or sufficiently emphasized in the Governor's package? For example, the two legislative bond proposals include significantly more funding for activities to respond to the threat of sea-level rise compared to the Governor's package.
 - What type and amount of support should the state provide for local governments as compared to focusing on state-level activities and assets?

- What are the overall outcomes the state is seeking, and how will it know whether those objectives are achieved? Should there be any additional focus on identifying and measuring outcomes?

STAFF COMMENTS

Overall, this package shows promising investments in addressing climate change including sea level rise and extreme heat. Some of these programs are new and may be more impactful by increasing spending to existing programs that have a proven track record to help local governments design programs to adapt to extreme heat, sea level rise, and reduce emissions.

Additionally, the Senate is proposing \$3.675 billion over three years for these efforts.

The Assembly will discuss the potential of increasing the amount to possibly match the Senate's investment in next week's full budget committee.

Staff Recommendation: Hold open pending final budget architecture.

VOTE-ONLY ISSUE 90: INVESTMENTS TO ACCELERATE PROGRESS ON THE STATE'S CLEAN ENERGY GOALS

\$910 million one-time investment from the General Fund and \$1.9 million Public Utilities Commission Utilities Reimbursement Account ongoing to prepare for SB 100 implementation, to support clean energy investments, to prepare for energy emergencies, and energy system wildfire mitigation.

Clean Resilient Energy Expenditure Plan
(Dollars in Millions)

Investment Category	Department	Program	Total
SB 100 implementation and preparedness	CPUC	SB 100 interagency planning	\$13.8
	CPUC	Energy Division management and support	\$1.9 PUCURA
	CEC	SB 100 interagency planning	\$4.2
	CEC	Local government grants	\$2.0
	CDFW	Terrestrial renewable energy permitting	\$15.3
Interagency approach to offshore wind energy	OPC, Coastal Commission, CDFW	Interagency offshore wind environmental analyses	\$6.5
	CEC	Offshore wind energy community outreach, engagement, and technical analyses	\$2.2
	CEC	Humboldt offshore wind port investments	\$11
Clean energy investments	CEC	Incentives for long-duration storage	\$350
	CEC	Green hydrogen: power plant demonstration and grants to scale electrolyzers and end uses	\$110
	CEC	Industrial decarbonization	\$250
	CEC	Food production investment program	\$125
Emergency planning and preparedness	CEC	Energy emergency planning	\$1.5
	CPUC	Supplementary funding for Flex-Alert	\$10

Investment Category	Department	Program	Total
	OES	Filsinger Energy Partners- Operational Observer (OES)	\$8.7
Total			\$912

Funding Existing Staffing with General Fund:

CPUC Interagency Planning- \$13.8 million General Fund- For SB 100 Interagency Planning for 3 years, the CPUC requires limited-term funding for 18 positions. In addition, contract funds of \$740,000 annually are required for the support of consultants, hardware, software, and equipment to conduct analysis, support transparency, and aid in modeling tasks. Because these activities are likely to continue and increase over this initial period, supplemental funding may be requested in the 2024-2025 budget cycle.

CEC SB 100 interagency planning- \$4.2 million general fund in undefined existing staffing resources.

CEC Offshore wind energy community outreach, engagement, and technical analyses-\$2.2 general fund for staffing.

Department of Fish and Wildlife renewable energy permitting- \$15.3 in general fund. The Department has at least 71 renewable energy projects in development or implementation that require environmental review and/or permitting. Permitting for state public trust resources includes California Endangered Species Act (CESA) Incidental Take Permits (ITP) for state-listed threatened, endangered, and candidate species and LSA Agreements to protect fish and wildlife resources from adverse impacts from alterations to rivers, streams, and lakes. The Department is currently CEQA Lead agency on three renewable energy projects which are highly complex.

Ocean Protection Council, DFW, and Coastal Commission Interagency offshore wind environmental analyses- \$6.5 million GF with \$2.125 million GF to OPC, \$0.875 mil GF Coastal Commission, and \$3.5 million to DFW. Staffing to support offshore wind analysis.

CPUC Energy Division management and support- \$1.9 PUCURA- Nine permanent staff (five managerial positions to align staffing ratios and four administrative support positions).

Planning Grants:

CEC Capacity building grants for local governments- \$2.0 general fund for local government grants that would support their participation in the long-term State energy planning efforts.

CEC North Coast offshore wind integration and long-duration energy storage- to provide a grant of up to \$0.8 million (general fund) to develop an engineering and design-build study that prepares for being ready to deploy long-duration energy storage, potentially green hydrogen, with a North Coast offshore wind energy project. The CEC would provide grant administration, technical assistance for grant implementation and transmission analyses and assist with public outreach and engagement.

CEC Humboldt offshore wind port investments- \$11 million general fund for the Humboldt Bay Harbor, Recreation, and Conservation District's match requirement for a \$55 million federal grant and to finish additional environmental and engineering work.

Clean Energy Investments

CEC Incentives for long-duration storage- \$350 million in general fund. This funding would support the development of a range of long duration energy storage projects throughout the state and would occur in phases with the goal of continuously scaling up the size of the projects. The first phase of projects is expected to include 10 to 15 different demonstration projects. The second phase will include less projects (7 to 10), but of a much larger scale than the first phase. The knowledge gained and the experience from both phases is expected to move these long duration energy storage technologies into commercialization for rapid deployment without the need for additional public funding and be able to compete for future utility and other contracts.

CEC Green hydrogen: power plant demonstration and grants to scale electrolyzers and end uses- \$110 million from general fund for grants. Technology demonstrations represent a major scaling up in capability to generate and produce green hydrogen. Funding will be used in several technical areas including the blending of hydrogen with natural gas for use in existing power plants with a goal of reaching a 50 percent green hydrogen blend. Additionally, this funding will address the on-site production of green hydrogen and the on-site use of green hydrogen in applications including the transportation, industrial, and agricultural industries.

This funding will demonstrate the value of scaling green hydrogen production and use in 6-9 commercial scale projects within two focus areas:

- **Power plant demonstration:** Project will develop one or more large green hydrogen generating facilities to generate and transport the green hydrogen to the power plant; install necessary storage equipment for green hydrogen used at the power plant; plant will evaluate the blending of the hydrogen with natural gas for the operation of the power plant.
- **Electrolyzers and end-uses:** Provide grants to support the production of green electrolytic hydrogen for delivery/use in California facilities in order to reduce the cost of producing green hydrogen and reduce the cost of converting facilities to offset natural gas use with hydrogen, or a hydrogen blend, at the facility. Work with local communities and environmental justice groups to identify project sites that are consistent with social and environmental justice principles.

CEC Industrial decarbonization- \$250 million in general fund for grants. This is one-time funding for the California Energy Commission to provide and administer a grant program for the purchase and deployment of advanced technologies and equipment and to develop and deploy novel decarbonization technologies and strategies for the industrial sector. Grants will target primary emitters of greenhouse gases according to California Air Resources Board's GHG inventory, such as petroleum refineries, oil and gas extraction facilities, cement, chemicals, food processing and glass industries. The most common process across the industrial sector, which accounts for more than half of the industrial GHG emissions is heating. Except for food processing, these industries use high-temperature heating that is hard to electrify. Investing in the demonstration of emerging cross-cutting technologies for the decarbonization of high

temperature heating at full scale will provide the needed technical performance data and financial information needed to promote private investments and encourage adoption of these technologies.

The grant program would award funds to industrial facilities, researchers, equipment manufacturers/vendors, and project aggregators to (1) electrify processes that use natural gas and other fossil fuels including high temperature heating, (2) incorporate energy storage, solar, wind and/or other renewable energy sources into industrial processes, (3) increase energy efficiency, (4) develop and deploy carbon capture and utilization processes to reduce or eliminate greenhouse gas emissions, and/or (5) develop and deploy other decarbonization strategies such as renewable gas, green hydrogen, or solar thermal, and/or changing material inputs and process methods to reduce carbon dioxide produced for processes.

CEC Food Production Investment Program- \$125 million in general fund for grants. FPIP provides grants to California food producers to install energy efficiency and renewable energy technologies that will reduce operating costs and greenhouse gas (GHG) emissions. This funding will allow for the FPIP to expand and include other emerging decarbonization technologies and strategies beyond energy efficiency and renewable energy. Eligible projects would include electrification of natural gas or other fossil fuel using processes, incorporation of photovoltaics, energy storage, or other renewable energy sources, energy efficiency, develop and deploy carbon capture and utilization processes to reduce or eliminate greenhouse gas emissions, and develop and deploy other decarbonization strategies.

Currently, FPIP has administered all available funding, totaling approximately \$116 million, and has not been allocated additional funds since 2018. To date, FPIP has funded 51 grant awards at 67 project sites.

Emergency Planning and Preparedness

CEC Energy emergency planning - \$1.5 million in general fund for undefined existing staffing needs.

CPUC Supplementary funding for Flex-Alert - \$10 million onetime general fund to supplement and expand FlexAlerts during energy shortages.

CalOES Filsinger Energy Partners - Operational Observer- \$8.7 million in general fund. As PG&E continues to develop and implement wildfire mitigation projects, oversight is needed. Filsinger Energy Partners has been acting as an operations observer since PG&E exited from bankruptcy. This effort would extend the contract with Filsinger Energy Partners to continue Operational Observer activities for another 12 months. All costs of this contract are reimbursed by PG&E according to the terms of a bankruptcy court order. Southern California Edison (SCE) implemented a Wildfire Mitigation Plan (WMP) in 2019, and updated the plan for years 2020 through 2022 to build upon the successes and lessons learned. These resources would also allow the state to get a better understanding of SCE's overall Public Safety Power Shutoffs program and how the WMP supports that.

LAO COMMENTS

- Planning, Permitting, and Preparedness Activities. Many of these activities will be necessary to meet climate goals. However, it is often unclear why existing resources are insufficient and/or why state General Fund should support activities that are typically funded by other state/local funds. In addition, lack of capacity at state and local agencies might not be main barrier to renewable deployment (e.g., land use conflicts at local level might be more significant factor). Request for funding is one-time but some workload is ongoing. Given long-term nature of SB 100 program goals, for some proposals, Legislature could consider deferring action until next year to allow time for review.
- Funding for Demonstrations and Early Deployment. State support for demonstrations and early stage technologies can play an important role in overall climate policy portfolio, and administration has selected reasonable areas of focus. Relying on state General Fund, rather than ratepayer funding, is a reasonable approach because electricity rates already are very high. For new programs, limited detail available on project selection criteria and how outcomes will be evaluated. Substantial administrative workload and effort needed to establish new programs, allocate funding, and oversee projects. Since many of the activities do not need to begin immediately, consider delaying action to allow more time for review and discussion.

STAFF COMMENTS

While the Assembly appreciates investments in a clean energy future and decarbonizing the hardest to reach sectors, this funding should be considered in totality with the other proposed packages and the total funding amount determined in next week's full budget committee.

Many of these programs are new and have limited details, but could jump start investments in green hydrogen and offshore wind.

Other investments use General Fund to cover existing staff resources that are largely paid by ratepayers. Shifting ratepayer costs to General Fund may help reduce energy bills while Californians are struggling to pay these costs.

The Assembly should approve:

- \$35 million General Fund for implementation of SB 100.
- \$20 million General Fund for activities related to offshore wind development.
- \$11.5 million for emergency preparedness activities.

The Assembly should defer action on the following items in order to determine the appropriate levels of funding and programmatic details:

- \$835 million for a variety of clean energy research, development, and deployment activities

- \$8.7 million for operational observer contracts for later agreement between the Senate, Assembly, and Governor.

Staff Recommendation: Approve pursuant to staff comment.

VOTE-ONLY ISSUE 91: WATER RESILIENCE AND DROUGHT PACKAGE

A total of \$3.475 billion is requested for Fiscal Year 2021-2022, \$883.5 million in 2022- 23, and \$3.5 million ongoing across six departments. This proposal also requests to shift \$50 million that was proposed for Sustainable Groundwater Management Act (SGMA) Program and State Water Efficiency and Enhancement Program (SWEET) grants for 2020-21 early action into 2021-22 including \$30 million in federal funds for SGMA and \$20 million General Fund for SWEET.

Investment Category	Department	Program	Early Action 2020-21	Proposed 2021-22	Total
Resilient Forests & Landscapes	CAL FIRE	Forest Health Program	\$155	\$100	\$255
		Forest Improvement Program for Small Landowners	\$10	\$40	\$50
		Forest Legacy & Reforestation Nursery	\$8	\$17	\$25
		Urban Forestry	\$10	\$13	\$23
		Tribal Engagement	\$1	\$19	\$20
	State Parks, Fish & Wildlife & State Lands Commission	Stewardship of State-Owned Land	\$30	\$123	\$153
	Conservancies	Project Implementation in High-Risk Regions	\$69	\$61	\$130
Wildfire Fuel Breaks	CAL FIRE	CAL FIRE Unit Fire Prevention Projects	\$10	\$40	\$50
		Fire Prevention Grants	\$123	\$80	\$203
		Prescribed Fire & Hand Crews	\$15	\$35	\$50
	California Conservation Corps	Forestry Corps & Fuel Reduction Projects	\$0	\$20	\$20
	Department of Conservation	Regional Forest & Fire Capacity	\$50	\$60	\$110
Community Hardening	Cal OES & CAL FIRE	Home Hardening	\$25	\$0	\$25
	CAL FIRE	Defensible Space Inspectors	\$2	\$6	\$8
	CAL FIRE & University of California	Land Use Planning & Public Education Outreach	\$0	\$7	\$7
Science-Based Management	CAL FIRE	Ecological Monitoring, Research & Adaptive Management	\$3	\$17	\$20
	Natural Resources Agency	Remote Sensing	\$0	\$15	\$15
	Air Resources Board & Water Board	Permit Efficiencies	\$0	\$4	\$4
Forest Sector Economic Stimulus	IBank & GO-Biz	Climate Catalyst Fund & Market Strategy	\$16	\$33	\$49
	CAL FIRE	Workforce Training	\$6	\$18	\$24
	Office of Planning & Research	Market Development	\$3	\$0	\$3
Total			\$536	\$708	\$1,244

LAO COMMENTS

The Legislature could consider the immediate drought response proposals separately from the other water supply and habitat programs. For example, the Legislature could pass a drought response package as part of the June budget, and defer decisions on the longer term programs until later in the summer so it has time to learn more, define program details, and develop a statutory implementation plan.

One consideration for the Legislature to keep in mind is how much funding is dedicated to qualified capital outlay and is therefore not subject to the Gann Limit/SAL, as compared to how much is. This will factor into the overall budget architecture.

If the Legislature chooses to establish some of the proposed new programs, it should consider creating a statutory framework for each program to guide implementation, including prioritization criteria, eligible and ineligible types of projects, the degree to which funds should be allocated on a competitive vs. state-selected basis, intended goals/outcomes, and reporting requirements on outcomes and funded projects.

In most cases, the Governor is proposing to administer this funding using existing positions. Whether departments have sufficient capacity to administer these large programs quickly and efficiently without additional staff is unclear.

The Legislature may want to consider other water-related activities that are not included in the Governor's package that have been legislative priorities in the past, such as:

- Funding for state conservancies to undertake watershed restoration projects.
- Integrated Regional Water Management program grants.
- Residential water conservation/efficiency incentives, such as for rebates to replace lawns or appliances.

STAFF COMMENTS

As many parts of California are in extreme drought conditions including an emergency declaration from the Governor, California must invest in efforts to help communities have access to clean water, protect the natural environment impacted by drought, and ensure a resilient water future as the climate continues to change and droughts are more and more common.

Some of the programs proposed by the Governor are new and the funds may better directed at existing programs that can produce rapid results as water level continue to decrease.

This funding should ensure access to clean drinking water, including increased investments in PFAS remediation.

Additionally, this proposal makes prudent investments in improving Clear Lake and the Salton Sea.

This proposal has considerable overlap with existing Assembly priorities; however more discussion is needed on the specific investments that are proposed.

Staff recommends that the Subcommittee approve the overall level of resources as part of the budget package but defer the programmatic allocations at this time.

Staff Recommendation: Approve per staff comment.

VOTE-ONLY ISSUE 92: WILDFIRE AND FOREST RESILIENCE STRATEGY

Building on the \$536 million early action investments already approved by the Legislature, the Governor is proposing an additional \$708 million.

Investment Category	Department	Program	Early Action 2020-21	Proposed 2021-22	Total
Resilient Forests & Landscapes	CAL FIRE	Forest Health Program	\$155	\$100	\$255
		Forest Improvement Program for Small Landowners	\$10	\$40	\$50
		Forest Legacy & Reforestation Nursery	\$8	\$17	\$25
		Urban Forestry	\$10	\$13	\$23
		Tribal Engagement	\$1	\$19	\$20
	State Parks, Fish & Wildlife & State Lands Commission	Stewardship of State-Owned Land	\$30	\$123	\$153
	Conservancies	Project Implementation in High-Risk Regions	\$69	\$61	\$130
Wildfire Fuel Breaks	CAL FIRE	CAL FIRE Unit Fire Prevention Projects	\$10	\$40	\$50
		Fire Prevention Grants	\$123	\$80	\$203
		Prescribed Fire & Hand Crews	\$15	\$35	\$50
	California Conservation Corps	Forestry Corps & Fuel Reduction Projects	\$0	\$20	\$20
	Department of Conservation	Regional Forest & Fire Capacity	\$50	\$60	\$110
Community Hardening	Cal OES & CAL FIRE	Home Hardening	\$25	\$0	\$25
	CAL FIRE	Defensible Space Inspectors	\$2	\$6	\$8
	CAL FIRE & University of California	Land Use Planning & Public Education Outreach	\$0	\$7	\$7
Science-Based Management	CAL FIRE	Ecological Monitoring, Research & Adaptive Management	\$3	\$17	\$20
	Natural Resources Agency	Remote Sensing	\$0	\$15	\$15
	Air Resources Board & Water Board	Permit Efficiencies	\$0	\$4	\$4
Forest Sector Economic Stimulus	IBank & GO-Biz	Climate Catalyst Fund & Market Strategy	\$16	\$33	\$49
	CAL FIRE	Workforce Training	\$6	\$18	\$24
	Office of Planning & Research	Market Development	\$3	\$0	\$3
Total			\$536	\$708	\$1,244

STAFF COMMENTS

As California prepares for another unprecedented fire season with worsening drought conditions, investments must be made in reducing ignition sources, fire prevention efforts, replanting trees

and improving urban forests, and helping local communities fight fires with increased hand crews for Contract Counties.

The Subcommittee should increase the Governor's proposed funding to \$1 billion to match the funding allocated by the Senate, but with allocation details to be determined in a final agreement between the Senate, Assembly, and Governor.

Staff Recommendation: Approve \$1 billion per staff comment.

VOTE-ONLY ISSUE 93: ZERO EMISSION VEHICLE PACKAGE

Invests \$3.232 billion over three years in zero-emission vehicles and infrastructure, of which \$965 million was in the January budget.

ZEVs typically include hydrogen, electric, and plug in electric hybrid vehicles.

Investment Category	Department	Program	Governor's Budget	May Revision 2021-22	Total 2021-22
Low Carbon Transportation & ZEV Strategy	Air Resources Board	Clean Trucks, Buses & Off-Road Equipment	\$315	\$87	\$402
		Clean Cars 4 All & Transportation Equity Projects (\$400 million total)	\$150	\$0	\$150
		Clean Vehicle Rebate Project (\$400 million total)	\$0	\$134	\$134
	Air Resources Board & California Energy Commission	Drayage Trucks & Infrastructure (\$470 million total)	\$0	\$160	\$160
		Drayage Pilot Project	\$0	\$65	\$65
		Transit Buses & Infrastructure (\$290 million total)	\$0	\$100	\$100
		School Buses & Infrastructure (\$450 million total)	\$0	\$150	\$150
	California Energy Commission	Clean Transportation Program/ ZEV Infrastructure	\$500	(\$500)	\$500
		ZEV Manufacturing Grants (\$250 million total)	\$0	\$125	\$125
	GO-Biz	ZEV Market Development Strategy	\$0	\$5	\$5
Total			\$965	\$826	\$1,791

New proposals in the May Revision include:

\$400 million for CVRP over 3 years, but only for low and middle income customers.

Revokes the January proposal to extend and securitize the AB 8 vehicle, tire, and boat fees until 2046 and instead extends the fee until 2035 and appropriates \$500 million from the General Fund for ZEV infrastructure via the Energy Commission's Clean Transportation Program.

\$250 million to the CEC for ZEV Manufacturing Grants over 2 years.

\$5 million to GO-BIZ for ZEV Market Development Strategy.

An additional \$250 million in 2022-23 and 2023-24 to expand Clean Cars 4 All to all air districts.

\$470 million over 3 years for vehicle incentives and infrastructure for drayage trucks.

\$65 million for a drayage truck and infrastructure pilot project.

\$290 million over 3 years for vehicle incentives and infrastructure for transit buses.

\$450 million over 3 years for vehicle incentives and infrastructure for school buses.

An additional \$87 million for Clean Trucks, Buses & Off-Road (CARB) from the Air Pollution Control Fund.

The BCP estimates: The additional \$1.275 billion in medium and heavy duty vehicles and infrastructure should put 1,150 zero-emission drayage trucks, 1,000 zero-emission school buses, and 1,000 transit buses on California roads.

The light duty vehicle incentives estimate to put 100,000 families in zero-emission vehicles.

The combined January and May proposals allocate 64% for vehicle incentives, 28% for infrastructure, and 8% for manufacturing and market development. The total directs 58% of funds for medium and heavy duty vehicles, 34% for light duty vehicles, and 8% for manufacturing and market development. This is 63% medium and heavy duty and 37% light duty when excluding manufacturing and market development.

These investments fund hydrogen and electric vehicles and infrastructure.

LAO COMMENTS

- Funding for various ZEV activities builds on existing programs, but substantial increase in the amount of funding.
- Prioritizes heavy-duty (\$1.1 billion in BY) over light-duty (\$600 million). Reasonable approach, especially if air quality is a key priority.
- Includes significant funding for both infrastructure and vehicles for light-duty. Both have potential to increase ZEV adoption.
- Limited information about what most effective programs are. Consider requiring the administration to develop a robust plan for program evaluation before spending money.
- Proposed extension of AB 8 fees could have merit, but consider delaying AB 8 fee extension since it is not necessary as part of this budget package and doesn't expire until 2024.
- Significant expansion of grants to manufacturers of clean vehicles and related equipment to expand production in California. Program has allocated a total of \$55 million to 26 manufacturing projects since 2008-09. However this proposal has:
 - No detailed statutory structure around this program.
 - Administration indicates grants would be provided to "several" manufacturers.

- No clear environmental benefits, the state already has existing program targeting ZEV manufacturing (CAEATFA), and our office generally opposes subsidies targeted at certain businesses without strong economic development justification.

STAFF COMMENTS

This proposal has considerable overlap with existing Assembly priorities; however more discussion is needed on the specific investments that are proposed.

This plan leaves out other low emission transportation alternatives like near-zero emission trucks and e-bikes. A future proposal should allow funding for e-bikes and funds for non-attainment air districts to replace diesel trucks with near zero emission vehicles that are lower cost and start reducing emissions immediately while zero-emission options are manufactured.

Additionally, trailer bill language may be needed to ensure the transportation equity pot does not end existing programs to focus solely on Clean Cars For All which requires a trade in vehicle. Additionally, limiting CVRP to only low income customers while ZEV prices are still higher than comparable new gas cars will slow widespread market adoption of ZEVs.

While CEC's Clean Transportation Program does fund market development incentives now, \$250 million is a drastic increase. Trailer bill language may be needed to limit the maximum grant per company, or encourage workforce standards, or locations for investments.

Staff recommends that the Subcommittee approve the overall level of resources as part of the budget package but defer the programmatic allocations at this time.

Staff Recommendation: Approve per staff comment.

VARIOUS

VOTE-ONLY ISSUE 94: BROADBAND

The Subcommittee will take an action to allow the administration's Broadband proposal to advance in the budget process.

BACKGROUND

The May Revision includes a proposed \$7 billion broadband expansion, over three years. The proposal contains the following elements:

- An Open Access Middle-Mile Broadband Network—\$4 Billion. The administration proposes to install an open access (which means open to all potential internet service providers) middle-mile network near the state's highways at an estimated total cost of \$4 billion. This cost estimate uses a statewide average cost per mile that is based on past California Department of Transportation (Caltrans) projects that installed fiber-optic cables (either as standalone projects or in combination with other construction activities). The number of miles to install is based on the total length in miles of the state's highways, with some of the length removed to account for existing or planned broadband infrastructure projects. The product of the statewide average cost per mile and the total length in miles of the state's highways equals the estimated total cost of the middle-mile network.
- Last-Mile Broadband Projects—\$2 Billion. To connect communities and households to the new open access middle-mile network, the administration proposes to create a new account within CPUC's CASF program to award grants for last-mile broadband infrastructure projects. (We understand proposed trailer bill language is likely to provide additional information about this new CASF program account.)
- A "Loan Loss Reserve Account"—\$500 Million. The administration proposes to create another new CASF program account—a loan loss reserve account—to help secure financing for locally owned broadband infrastructure projects sponsored by counties, municipalities, and tribes. (We understand proposed trailer bill language is likely to provide more information about this new CASF program account.)
- Broadband Improvements for Telecommunications Companies in CPUC's California High Cost Fund A Program—\$500 Million. Lastly, the administration proposes to support broadband infrastructure improvements for telecommunications companies that participate in CPUC's California High Cost Fund A Program. (Proposed trailer bill language is likely to provide additional information about changes to the California High Cost Fund A Program.)

STAFF COMMENTS

The need for affordable modern broadband access is a shared goal between the Governor and the Legislature. The May Revision proposal, especially the large middle mile investment, offers a new and unexpected solution that needs further analysis. The overall proposal is one of the largest infrastructure proposals the State has considered—the overall costs of \$7 billion is larger than the total \$6.5 billion project costs for the 11-year project to replace the eastern span of the Bay Bridge. Making such a large commitment of resources implicitly makes a promise to California about transformational outcomes in broadband affordability, connectivity, and speed. We need to be sure we can keep that promise if this investment is made.

Staff believes that an agreement on a \$7 billion overall Broadband investment can be reached by the end of session in 2021, but that further deliberation of the details, a funding plan that matches a more realistic implementation time frame, and consideration of the interplay of the State investment on possible federal infrastructure funds needs to be addressed. The proposed staff recommendation would allow initiative to move forward, but also reflect that the Assembly is not yet ready to agree to an investment of this size with such little information within the next three weeks.

Staff Recommendation: Adopt Placeholder Trailer Bill, Defer Scoring of the Project to Final Budget Package.

8660 PUBLIC UTILITIES COMMISSION

VOTE-ONLY ISSUE 95: UTILITIES BANKRUPTCY UNIT AND GOLDEN GATE ENERGY

The May Revision includes two proposals related to utility bankruptcies.

BACKGROUND

The May Revision proposes \$7.5 million one-time to reauthorize resources to support CPUC's ability to respond to utility bankruptcies. These funds were originally appropriated in 2019-20 for three years, but due to technical oversight were only available for expenditure one year. This would authorize expenditures through fiscal year 2021-22.

Additionally, the May Revision includes Trailer Bill Language to amend the Corporations Code to prevent the Secretary of State from reserving the name Golden State Energy for any entity other than the one created in existing law.

STAFF COMMENTS

This one-year extension of the unit and trailer bill proposal provide the PUC with continued authority for a limited period.

Staff Recommendation: Adopt May Revision and Trailer Bill Language.

VOTE-ONLY ISSUE 96: ACCOUNTS RECEIVABLE AUDIT

The May Revision includes funding to address accounts receivables.

BACKGROUND

The May Revision includes \$314,000 ongoing to strengthen CPUC's Accounts Receivable Unit to address findings from a recent audit.

STAFF COMMENTS

The PUC was not discharging old, uncollectable debts, which resulted in recent media coverage of its accounting practices. This additional funding will result in more attention to this minor accounting issue.

Staff Recommendation: Adopt May Revision.

VOTE-ONLY ISSUE 97: LIFELINE CASELOAD ADJUSTMENT

The May Revision adjusts the caseload for the Lifeline program.

BACKGROUND

The May Revision reflects technical shifts to the Lifeline program's caseload. The California Lifeline Program provides discounts on home phone and cell phone services to qualified households. The adjustments increase that Item 8660-001-0471 by \$5,119,000 ongoing and decrease Item 8660-101-0471 by \$2,867,000 ongoing to reflect new caseload projections and an extension of COVID-19 Pandemic service protections.

STAFF COMMENTS

These caseload changes were anticipated and are a routine adjustment included in the May Revisions. Staff recommends approving the January budget caseload estimates and the May Revision adjustments.

Staff Recommendation: Adopt Lifeline caseload, as adjusted by May Revision.

VOTE-ONLY ISSUE 98: PUBLIC PURPOSE PROGRAM REVENUE

The May Revision proposes allowing borrowing between Public Purpose Program funds.

BACKGROUND

The May Revision It is requests budget bill language and statutory changes to amend the Public Utilities Code to provide for loans between the telecommunications Public Purpose Programs to prevent insolvencies arising from the continued decline of intrastate revenues.

STAFF COMMENTS

The proposed language resembles mechanisms that have been used in other special funds to allow for improved cash flow management. However, this proposal could have some interplay with the larger broadband discussion, causing some concern regarding how this interfund transfer could impact the array of programs offered by the PUC. Staff recommends denying this May Revision proposal at this point but will continue to dialog with the administration and stakeholders to try to find a consensus solution to this problem.

Staff Recommendation: Deny May Revision.

VARIOUS

VOTE-ONLY ISSUE 99: CAP AND TRADE FUNDING

The Assembly will advance the Greenhouse Gas Reduction Fund expenditure plan in the budget process.

BACKGROUND

The Governor's January budget included the following Cap and Trade investment plan:

Cap and Trade Expenditure Plan (Dollars in Millions)					
Investment Category	Department	Program	Early Action 2020-21	Budget Year 2021-22	Total
Equity Programs	Air Resources Board	AB 617 - Community Air Protection	\$125	\$140	\$265
		AB 617 - Local Air District Implementation	\$0	\$50	\$50
		AB 617 - Technical Assistance to Community Groups	\$0	\$10	\$10
	Water Board	Safe and Affordable Drinking Water (\$130 million total)	\$30	\$24	\$54
Low Carbon Transportation & ZEV Strategy	Air Resources Board	Clean Trucks, Buses, & Off-Road Freight Equipment	\$165	\$150	\$315
		Agricultural Diesel Engine Replacement & Upgrades	\$90	\$80	\$170
		Clean Cars 4 All & Transportation Equity Projects	\$74	\$76	\$150
Natural & Working Lands	CAL FIRE	Healthy & Resilient Forests (SB 901) (\$75 million included in 2020 Budget)	\$125	\$200	\$325
	Department of Food & Agriculture	Healthy Soils	\$15	\$15	\$30
Total			\$624	\$745	\$1,369

STAFF COMMENTS

The May Revision provides sizable General Fund investments in programs that overlap with the Cap and Trade investment plan, which opens up possibilities for programmatic funding beyond this one pot of special fund revenue. The Administration's proposed Cap and Trade spending plan reflects some top Assembly priorities in resources, such as the AB 617 air pollution prevention funding and clean drinking water. However, the Assembly is primarily concerned

with the overall funding for these priorities rather than the source of funds. Staff recommends assuming \$1.4 billion in Cap and Trade discretionary revenue for the budget year as part of the package and that these expenditures are included in the broader climate, ZEV, and clean energy investment discussions.

Staff Recommendation: Assume the Appropriation of Greenhouse Gas Reduction funds and defer action on allocating these funds.

2600 CALIFORNIA TRANSPORTATION COMMISSION

VOTE-ONLY ISSUE 100: LOCAL STREETS AND ROADS TBL

The budget includes trailer bill language making changes to the Maintenance of Effort requirement for local governments that receive funding from the state for their local streets and roads.

BACKGROUND

In order to receive state funds for local streets and roads, funds, cities and counties are required to meet a MOE requirement. This ensures that state roads funds do not supplant existing levels of general revenue spending on local streets and roads. MOE requirements are calculated annually.

STAFF COMMENTS

This item was heard at the March 17, 2021, hearing.

Staff Recommendation: Adopt placeholder trailer bill language.

2660 DEPARTMENT OF TRANSPORTATION (CALTRANS)

VOTE-ONLY ISSUE 101: HAZARDOUS MATERIAL REMOVAL AT ENCAMPMENTS

The Governor's budget includes a permanent increase in State Highway Account (SHA) funds of \$20,600,000 beginning in 2021-22, for the Division of Maintenance (Maintenance) at Caltrans to dedicate resources for Hazardous Material Removal at Encampments.

BACKGROUND

Caltrans maintenance of the State Highway System (SHS) includes mitigating homelessness issues that impact system safety. The Governor's Executive Order N-23-20 identifies numerous impacts to Californians related to homelessness within public right-of-way and calls for innovative solutions to address these impacts. Caltrans recently committed to utilizing dedicated contract resources for hazardous material removal.

STAFF COMMENTS

This item was heard at the March 17, 2021, hearing. Concerns were raised about the uncertainty about the ongoing costs of hazardous material removal and therefore staff recommends limited-term funding to assess the workload for ongoing funding.

Staff Recommendation: Approve 2-year limited-term funding to assess workload.

VOTE-ONLY ISSUE 102: PROJECT DELIVERY WORKLOAD – CAPITAL OUTLAY SUPPORT

The Department of Transportation requests a net increase of \$107.4 million and 548 Full Time Equivalents from the 2021-22 Governor's Proposed Budget for the Capital Outlay Support (COS) Program project delivery workload.

BACKGROUND

Capital Outlay is the funding mechanism for construction contracts and right of way acquisition on projects that preserve and improve the state highway system. The COS Program provides the funding and resources necessary to develop (design) and oversee the construction of projects. The COS Program also provides oversight and/or independent quality assurance of projects developed by local entities on the state highway system.

STAFF COMMENTS

This item was heard at the May 5, 2021, hearing. No concerns were brought up at that hearing.

Staff Recommendation: Adopt Spring Finance Letter.

VOTE-ONLY ISSUE 103: REIMBURSEMENT HIGH SPEED RAIL – REIMBURSEMENT AUTHORITY

The May Revision includes two-year limited term reimbursement authority of \$3.4 million and 14 positions for legal services rendered on behalf of the California High Speed Rail Authority.

BACKGROUND

The Department of Transportation (Caltrans) requests two-year increase of 14 limited-term positions and a total of \$3,397,000 (\$2,268,000 in personal service (PS), \$129,000 in operating expense (OE), and an additional \$1,000,000 for litigation costs (OE)) in State Highway Account Reimbursement authority for services rendered on behalf of the California High Speed Rail Authority. These resources will provide ongoing legal services to the California High Speed Rail Authority in real property acquisition and management for the Central Valley Madera to Shafter segment. The additional two years will allow continuous work on cases without interruption.

STAFF COMMENTS

This item should be heard in conjunction with the larger discussion on High Speed Rail. Please see Item number 2665 High Speed Rail for additional information.

Staff Recommendation: Defer without prejudice.

VOTE-ONLY ISSUE 104: ENCAMPMENT RELOCATION LIAISONS AND HOMELESS SERVICES LIAISONS

The Department of Transportation (Caltrans) requests a two-year, limited term increase of 20 positions and \$2,721,000 (\$2,538,000 in Personal Services (PS) and \$183,000 in Operating Expense (OE)) beginning in 2021-22, for the Division of Maintenance (Maintenance) to establish dedicated resources for Homeless Encampment Liaisons statewide.

BACKGROUND

Dedicated resources are requested for Encampment Liaisons due to the increasing demand on Caltrans to coordinate and support efforts to relocate people experiencing homelessness from within the state right of way. Encampment Liaisons will collaborate with local experts on homelessness, to offer suitable shelter and critical care services. Caltrans is responsible for the preservation and maintenance of the State Highway System (SHS), keeping each roadway, structure, safety convenience, and device in the safe and usable condition to which it was improved or constructed. People taking shelter on Caltrans-owned rights of way impacts the ability for Caltrans specialized staff to perform their work and may cause impacts to public safety.

As the number of people experiencing homelessness on Caltrans's right of way increases, Caltrans must take a coordinated, humane, and effective approach, working closely with local partners to relocate people into appropriate shelters and paths toward long-term housing and stability. This coordinated approach helps provide real and lasting solutions to end homelessness for thousands of people living on state right of way, and reduces the risk of people returning to seek shelter within the infrastructure of the SHS.

STAFF COMMENTS

Addressing encampments is a complex issue. Staff recommends budget bill language to provide accountability and reporting requirements between Caltrans and local agencies to ensure that roles and responsibilities are defined by both partners.

Staff Recommendation: Adopt May Revision proposal and placeholder budget bill language.

VOTE-ONLY ISSUE 105: IT REFRESH

The May Revision requests an ongoing increase in the State Highway Account (SHA) funds of \$10.6 million in operating expense to implement the replacement of the most critical end-of-life (IT) infrastructure equipment per analysis and recommendations identified in the July 2020 Application Roadmap study.

BACKGROUND

In California's transportation system information technology infrastructure (servers, storage appliances, network devices and cybersecurity tools) support Caltrans critical operations including management of freeway traffic, ramps, lanes and lights, and maintenance of highways and bridges. The same IT infrastructure supports informing the public of road hazards, changes to driving conditions, and warnings about congestion on the roadway with alternative routing suggestions via changeable traffic signs. The 12 Transportation Management Centers (TMC) operate in partnership with the CHP.

In 2017-18 Caltrans received a one-time augmentation of \$12 million to address the replacement of the most critical end-of-life infrastructure devices. Additionally, in 2017-18 Caltrans included a BCP to continue this replacement effort that led to the California Department of Technology recommending that Caltrans develop an Information Technology Architecture Roadmap. The Roadmap was completed in July 2020. The requests in this proposal are consistent with that Roadmap.

STAFF COMMENTS

Staff has no concerns with this May Revision proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 106: TRANSPORTATION SYSTEM NETWORK REPLACEMENT

The May Revision includes \$5,540,000 and 10 positions one-time in State Highway Account (SHA) funding to work on the Transportation System Network Replacement (TSNR) development. This request is supported by Caltrans TSNR implementation plan as part of the California Department of Technology's (CDT) Project Approval Lifecycle (PAL) process.

BACKGROUND

The TSNR system development effort has been identified as a high priority project in the California State Transportation Agency Traffic Records System Roadmap and is one of the main goals of the Traffic Records Coordination Committee California Strategic Traffic Safety Data Plan. The requirement to comply with the federal mandates correlates directly with strategies/objectives described in the Caltrans Strategic Management Plan.

STAFF COMMENTS

Staff has no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 107: ADOPT A HIGHWAY CLEAN CALIFORNIA INITIATIVE TBL

The May Revision proposes trailer bill language to authorize Caltrans to provide a \$250 stipend to an individual, organization, agency, or business upon completion of a scheduled cleanup and abatement of litter pursuant to an agreement.

STAFF COMMENTS

Staff is reviewing the new proposals included in the May Revision including new trailer bill proposals. Staff recommends deferring action on this proposal to allow additional time for review.

Staff Recommendation: Defer without prejudice.

VOTE-ONLY ISSUE 108: CLEAN CALIFORNIA INITIATIVE

The May Revision includes \$1.5 billion in one-time General Fund resources for a three-year effort to clean up garbage statewide, beautify the state's transportation network, educate the public about the harms of litter, and create long-lasting litter deterrents.

BACKGROUND

Specifically, this includes:

- \$418 million for litter abatement activities, strengthening trash collection efforts by Caltrans and partners to eliminate over one million cubic yards of trash from state routes, increasing access to waste facilities and providing free monthly disposal days.
- \$430 million for state beautification projects, implementing sustainable, green beautification projects that enhance safety and transform dividing highways into public spaces that unify communities.
- \$444 million for local beautification projects, supporting communities, students, and local artists by working together to create meaningful, livable spaces and establishing a local grant program to match efforts that enhance communities and reduce litter on local streets, tribal land, and near transit centers.
- \$75 million for grants for hundreds of art installations on the state and local transportation system.
- \$50 million for a public education campaign and outreach to schools and students.
- \$83 million over three years for project design, construction, local support and engagement, and administration required to deliver this initiative.

STAFF COMMENTS

Staff is continuing to review new proposals included in the May Revision. There are portions of this proposals that staff recommends approval and other portions that should be deferred to allow additional time to review.

Staff Recommendation: Adopt May Revision proposal for \$418 million over three years for litter abatement on the state highway system. Approve the related support and project costs. Defer action on \$874 million over three years for state and local beautification projects for later consideration. Reject \$75 million for arts grants.

VOTE-ONLY ISSUE 109: INDIRECT COST RATE PROPOSAL TBL

SB 848 (Committee on Budget and Fiscal Review), Chapter 46, Statutes of 2018 placed a temporary cap on the indirect overhead rate Caltrans could charge self-help counties for engineering work, which expires on July 1, 2021. It also required a report on the impact of that cap on Caltrans work performed for self-help counties by July 1, 2021.

BACKGROUND

Caltrans does work on behalf of Self-Help Counties who develop projects on the state highway system, in addition to cities, regional transit and transportation agencies, certain state agencies, and private entities. Caltrans recovers the cost of these services and charges these entities a rate that covers the cost of both administrative and program functional rates.

The Self-Help Counties are 24 local county transportation agencies that have passed a countywide sales tax measure to fund transportation projects. In 2018 these counties received an exemption from full cost recovery for Caltrans' services. Since 2018 they have paid only for direct costs.

The current exemption for Self-Help counties sunsets in July of 2021. A report on work Caltrans has performed for Self-Help counties in the last three years is due at the same time. While capping overhead rates leads to a reduction in funding for the State Highway Account that funds the State Highway Operation and Protection Program, which provides funding for major rehabilitation of the State Highway System, it also saves money for Self Help counties that they can then spend on their own local transportation projects.

STAFF COMMENTS

Absent the required report, it is difficult to assess whether the cap made a measurable impact either on Caltrans' finances or on the level of work they performed for Self Help counties. The proposed trailer bill language will allow for the assessment before the ending the exemption.

Staff Recommendation: Adopt placeholder TBL.

2665 HIGH-SPEED RAIL AUTHORITY

VOTE-ONLY ISSUE 110: GOVERNOR'S JANUARY PROPOSALS

This issue summarizes the two proposals related to the High-Speed Rail included in the Governor's January proposal.

BACKGROUND

1. **High Speed Rail Property Fund.** The budget includes an increase of \$3.25 million in the annual appropriation for 2021-22 through 2022-23 for a total appropriation of \$4 million and an increase of \$1.75 million ongoing for a total appropriation of \$2.5 million from the leases and rents proceeds received that have been deposited into the Property Fund as part of the acquisition and ownership of real property.
2. **IT Transition.** The budget includes a workload adjustment to reduce 25.4 consultant position FTEs for an annual savings of \$7.34 million and to add 17 permanent state positions and \$2.73 million in FY 2021-22, and ongoing. This results in a net annual savings of \$4.61 million and a net reduction of 8.4 Full-Time Equivalents (FTE) positions.

STAFF COMMENTS

These two proposals should be considered within the overall context of the Authority's Business Plan, the Legislature's plan and future federal funding. Deferring action on this item will allow more time for the federal infrastructure plan to come together and the possibility to leverage additional federal funds for California.

Staff Recommendation: Reject without prejudice.

VOTE-ONLY ISSUE 111: MAY REVISION PROPOSALS

This issue summarizes the four May Revision proposals related to High Speed Rail.

BACKGROUND

1. **Central Valley Segment.** The May Revision includes \$4.2 billion in Proposition 1A authority for the High Speed Rail Authority to complete high-speed rail construction in the Central Valley, advance work to launch service between Merced and Bakersfield, advance planning and project design for the entire project, and leverage potential federal funds. This request includes Budget Bill language to extend authority through June 30, 2026, and to clarify the segment of the project on which these funds will be used.
2. **Expanded Project Delivery Support.** The May Revision includes \$10.7 million in Proposition 1A bond authority and 56 positions in fiscal year 2021-22 and ongoing for pre-construction and pre-procurement activities on the Merced and Bakersfield extensions of the High-Speed Rail project. Implementing preconstruction activities such as utility relocation, addressing right-of-way issues, and early contract engagement for the Merced to Bakersfield extensions could help prevent many of the delays and complications the Project experienced on the initial 119 mile segment between Madera and Shafter.
3. **Initial Operating Segment, Reappropriation of Federal Funds.** The May Revision includes a reappropriation of existing federal authority for the acquisition and design-build phases of the Initial Operating Segment, Section 1 (i.e. Central Valley Segment). Existing authority expires June 30, 2022, and it is anticipated that additional time is needed to encumber these funds, consistent with the timeline for the expenditure of Prop 1A for the Central Valley Segment.
4. **Phase 1 System Planning.** The May Revision includes \$100 million in one-time bond authority to provide Proposition 1A General Obligation Bonds (Prop 1A) for the performance criteria phase to support planning, project development, and environmental review for the Phase 1 system (San Francisco to Los Angeles / Anaheim) as noted in the California High-Speed Rail Authority's Draft 2020 Business Plan.

STAFF COMMENTS

These four proposals should be considered within the overall context of the Authority's Business Plan, the Legislature's plan and future federal funding. Deferring action on this item will allow more time for the federal infrastructure plan to come together and the possibility to leverage additional federal funds for California.

Staff Recommendation: Defer without prejudice.

2720 CALIFORNIA HIGHWAY PATROL (CHP)

VOTE-ONLY ISSUE 112: CHP ENHANCED RADIO SYSTEM

The budget includes a reappropriation of \$339,000 Motor Vehicle Account (MVA) funding for the working drawings phase of the Sawtooth Ridge site of the CHP Enhanced Radio System (CHPERS) Phase 1 Replace Towers and Vaults project. The working drawing phase has been delayed due to challenges in acquiring the site. This reappropriation will allow work to continue once site acquisition has been completed.

STAFF COMMENTS

Staff has no concerns with this proposal.

Staff Recommendation: Adopt Spring Finance Letter.

VOTE-ONLY ISSUE 113: RADIO CONSOLE REPLACEMENT PROJECT III

The Governor's budget proposes a one-time augmentation (Motor Vehicle Account) of \$2.271 million in 2021-22 and \$2.223 million in 2022-23 to address cost increases associated with services provided by the California Governor's Office of Emergency Services, Public Safety Communications related to the Dispatch Radio Console Replacement Project approved in 2018-19.

STAFF COMMENTS

This item was heard at the March 17, 2021, hearing. There were no concerns with the merits of the proposal. Questions were raised about the solvency of the MVA account. However, the May Revision shifts the resources for the REAL ID from the MVA account to the General Fund providing some relief to the MVA account.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 114: REPLACEMENT OF PORTABLE RADIOS

The Governor's budget proposes \$8.604 million permanent augmentation from the Motor Vehicle Account to replace portable radios and accessories that have exceeded the life expectancy, are out of warranty, and unserviceable.

STAFF COMMENTS

This item was heard at the March 17, 2021, hearing. There were no concerns with the merits of the proposal. Questions were raised about the solvency of the MVA account. However, the May Revision shifts the resources for the REAL ID from the MVA account to the General Fund providing some relief to the MVA account.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 115: WIRELESS IN-CAR-CAMERA SYSTEM MAINTENANCE AND OPERATIONS SUPPORT

The budget includes a permanent augmentation of \$14.2 million from the MVA for the ongoing maintenance and operation of the Wireless In-Car Camera System, including ongoing funding for 12 previously approved positions.

STAFF COMMENTS

This item was heard at the March 17, 2021, hearing. There were no concerns with the merits of the proposal. Questions were raised about the solvency of the MVA account. However, the May Revision shifts the resources for the REAL ID from the MVA account to the General Fund providing some relief to the MVA account.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 116: BALDWIN PARK AREA OFFICE REPLACEMENT

The May Revision includes \$54,285,000 (General Fund) for the design-build phase of the Baldwin Park Area Office Replacement. The existing facility no longer meets the CHP's programmatic requirements nor the seismic criteria required for state-owned buildings. The existing property is too small for an on-site replacement. The total estimated project cost is \$56,017,000.

BACKGROUND

Baldwin Park Area Office Replacement: The amount of \$54,285,000 is requested for the design-build phase. The project includes construction of an approximately 37,000 square-foot, single-story main office and 7,000 square-foot auto service building on six acres. The facility includes secure covered parking for the patrol vehicles and public parking. Additional site improvements include a fuel island and canopy, emergency generator, communications tower and vault, and a photovoltaic system. Total project costs are estimated at \$56,017,000, including performance criteria (\$1,732,000) and design-build (\$54,285,000). The design-build amount includes \$46,184,000 for the construction contract, \$1,386,000 for contingency, \$2,361,000 for architectural and engineering services, \$464,000 for agency retained items, and \$3,890,000 for other project costs. The property was transferred to the CHP in May 2019. Estimated date for release/publication of the Request for Proposals (RFP) is April 2022. The performance criteria began in July 2018 and is estimated to be complete in April 2022. Design-build is anticipated to begin in March 2023 and be completed in May 2025.

STAFF COMMENTS

The May Revision provides the unique opportunity to plan and invest in the state's office building infrastructure and replacements. Staff has no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 117: GOLD RUN AREA OFFICE REPLACEMENT

The May Revision includes \$1,463,000 (General Fund) for the acquisition phase of the Gold Run Area Office Replacement. The existing facility no longer meets the CHP's programmatic requirements and has numerous structural deficiencies. In addition, the existing site has experienced noticeable mass movement over the past several years. The CHP proposes to relocate the Gold Run facility, and in order to streamline the capital outlay process, the CHP proposes the design-build procurement method. The total estimated project cost is \$43,085,000.

BACKGROUND

Gold Run Area Office Replacement: The amount of \$1,463,000 from the General Fund for the acquisition phase of this project to acquire approximately five usable acres to build a new approximately 22,000 square-foot area office with attached automotive service facility. The facility will also include public parking and secured covered parking for the patrol vehicles, a communications tower and vault, a fuel island with above-ground storage tank and canopy, and an emergency generator. Total project costs are estimated at \$43,085,000, including acquisition (\$1,463,000), performance criteria (\$2,004,000), and design-build (\$39,618,000). The design-build amount includes \$32,032,000 for the construction contract, \$961,000 for contingency, \$2,371,000 for architectural and engineering services, \$300,000 for agency retained items, and \$3,954,000 for other project costs. The current project schedule estimates acquisition will occur in June 2022 and performance criteria will begin in July 2022 and be approved in September 2024. Design-build is anticipated to begin in February 2025 and be completed in September 2027.

STAFF COMMENTS

The May Revision provides the unique opportunity to plan and invest in the state's office building infrastructure and replacements. Staff has no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 118: HUMBOLDT AREA OFFICE REPLACEMENT

The May Revision proposes \$1,593,000 (General Fund) (\$1,167,000 for the acquisition phase and \$426,000 for the performance criteria phase) for the Humboldt Area Office Replacement project. The existing facility no longer meets the CHP's programmatic requirements nor the seismic criteria for state-owned buildings. The existing property is too small for an on-site replacement. The total estimated project cost is \$45,604,000.

BACKGROUND

Humboldt Area Office Replacement: The amount of \$1,167,000 for the acquisition phase and \$426,000 for the performance criteria phase for this project that includes the acquisition of an approximately eight-acre site and construction of a 35,500 square-foot main office with dispatch facility and auto service building. The facility will also include public parking and secured covering parking for the patrol vehicles, communications tower and vault, fuel island with above-ground storage tank and canopy, emergency generator, and photovoltaic system. Total project costs are estimated at \$45,604,000, including acquisition (\$1,467,000), performance criteria (\$2,141,000) and design-build (\$41,996,000). The amount requested for acquisition, \$1,167,000 reflects that \$100,000 has previously been encumbered. Similarly, the amount requested for performance criteria, \$426,000, reflects that \$1,715,000 has previously been encumbered. The design-build amount includes \$33,840,000 for the construction contract, \$1,016,000 for contingency, \$2,588,000 for architectural and engineering services, \$513,000 for agency retained items, and \$4,039,000 for other project costs. Acquisition is anticipated to be completed in July 2022. Performance criteria began in July 2019 and is expected to be completed in February 2024. Design-build is estimated to start in February 2024 and be completed in September 2026.

STAFF COMMENTS

The May Revision provides the unique opportunity to plan and invest in the state's office building infrastructure and replacements. Staff has no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 119: KELLER PEAK TOWER REPLACEMENT

The May Revision proposes a reversion of \$1,819,000 and a new appropriation of \$2,635,000 from the Motor Vehicle Account for the construction phase of the Keller Peak Tower Replacement project. The tower replacement is necessary to restore full communications capabilities, with room for future expansion. The increased costs of \$816,000 are primarily due to a larger than expected foundation, communication equipment and road repair costs.

BACKGROUND

Keller Peak Tower Replacement: \$2,635,000 for the construction phase. The project will consist of a fully operational 80-foot communications tower, with antennas, foundation and feedline bridge. Total project costs are estimated at \$3,268,000, including preliminary plans (\$223,000), working drawings (\$410,000), and construction (\$2,635,000). The construction amount includes \$1,706,000 for the construction contract, \$85,000 for contingency, \$409,000 for architectural and engineering services, and \$435,000 for other project costs. The preliminary plans started in July 2017 and were approved in April 2019. Working drawings began in April 2019 and are expected to be approved in December 2021. Construction is anticipated to begin in May 2022 and be completed in December 2023.

STAFF COMMENTS

The May Revision provides the unique opportunity to plan and invest in the state's infrastructure and replacements. Staff has no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 120: QUINCY AREA OFFICE REPLACEMENT

The May Revision includes \$43,934,000 (General Fund) for the design-build phase of the Quincy Area Office Replacement. The existing facility no longer meets the CHP's programmatic requirements, nor the seismic criteria required for state-owned buildings. The existing property is too small for an on-site replacement. The total estimated project cost is \$46,074,000.

BACKGROUND

Quincy Area Office Replacement: The amount of \$43,934,000 is requested for the design-build phase. The project includes construction of a new approximately 24,500 square-foot area office with attached auto service bays on five acres. The facility will also include secured covered parking for the patrol vehicles and public parking. Additional site improvements include a communications tower and vault, a fuel island with above-ground storage tank and canopy, and an emergency generator. Total project costs are estimated at \$46,074,000, including acquisition (\$490,000), performance criteria (\$1,650,000) and design-build (\$43,934,000). The design-build amount includes \$36,119,000 for the construction contract, \$1,083,000 for contingency, \$2,767,000 for architectural and engineering services, \$211,000 for agency retained items, and \$3,754,000 for other project costs. Estimated date for release of Request for Proposals (RFP) is March 2022. Performance criteria began in May 2019 and is estimated to be complete in March 2022. Design-build is anticipated to begin in January 2023 and be completed in April 2025.

STAFF COMMENTS

The May Revision provides the unique opportunity to plan and invest in the state's office building infrastructure and replacements. Staff has no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 121: SANTA FE SPRINGS AREA OFFICE REPLACEMENT

The May Revision proposes \$53,522,000 (General Fund) for the design-build phase of the Santa Fe Springs Area Office Replacement. The existing facility no longer meets the CHP programmatic requirements nor the seismic criteria required for state-owned buildings. The existing property is too small for an on-site replacement. The total estimated project cost is \$55,469,000.

BACKGROUND

Santa Fe Springs Area Office Replacement: The amount of \$53,522,000 for the design-build phase. The project includes construction of an approximately 44,000 square-foot, single-story main office and auto service building on 5.2 acres. The facility includes secure covered parking for the patrol vehicles and public parking. Additional site improvements include a fuel island and canopy, emergency generator, communications tower and radio vault, and a photovoltaic system. Total project costs are estimated at \$55,469,000, including performance criteria (\$1,947,000) and design-build (\$53,522,000). The design-build amount includes \$45,275,000 for the construction contract, \$1,358,000 for contingency, \$2,464,000 for architectural and engineering services, \$478,000 for agency retained items, and \$3,947,000 for other project costs. A transfer of jurisdiction for the site is anticipated to be completed upon funding approval. Estimated date for release/publication of Request for Proposals (RFP) is May 2022. Performance criteria began in August 2018 and is estimated to be complete in May 2022. Design-build is anticipated to begin in February 2023 and be completed in June 2025.

STAFF COMMENTS

The May Revision provides the unique opportunity to plan and invest in the state's office building infrastructure and replacements. Staff has no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 122: MR INFRASTRUCTURE PACKAGE ONE-TIME DEFERRED MAINTENANCE

The May Revision proposes \$10,000,000 budget augmentation in 2021-22 from the General Fund to complete a prioritized subset of the CHP's deferred maintenance project list.

BACKGROUND

The requested funding will assist the CHP in completing the most critical maintenance and repair projects at various CHP facilities throughout the state. The total amount necessary to complete all deferred maintenance projects for the CHP is approximately \$40,500,000. The requested \$10,000,000 will allow the CHP to fund and complete the 37 of the most critical projects. The project list can be found here:

https://esd.dof.ca.gov/Documents/bcp/2122/FY2122_ORG2720_BCP4760.pdf

STAFF COMMENTS

The May Revision provides the unique opportunity to fund deferred maintenance projects statewide. Staff supports using one-time funding on deferred maintenance.

Staff Recommendation: Adopt May Revision Proposal.

VOTE-ONLY ISSUE 123: FLEET TELEMATICS IMPLEMENTATION

The May Revision proposes provisional language to allow the augmentation of the CHP's budget by up to \$1,442,000 to fund one Associate Governmental Program Analyst position and the costs related to the installation and operation of the Department of General Services telematics system.

BACKGROUND

In 2011, California Public Resources Code (PRC) §25722.5 and Executive Order (EO) B-2-11 were issued. The PRC §25722.5 requires DGS, in consultation with the California Air Resources Board, to develop and adopt specifications and standards for all passenger cars and light-duty trucks that are purchased or leased on behalf of, or by, state offices, agencies, and departments to achieve policy objectives related to minimizing environmental and economic costs. This section also states that an authorized emergency vehicle is exempt from the requirements of this section. Executive Order B-2-11 requires state agencies to provide and update their fleet asset information to DGS on a monthly basis.

Pursuant to PRC §25722.5 and EO B-2-11, DGS issued State Administrative Manual (SAM) Management Memorandum #21-01 on January 13, 2021. The memorandum stated that because the process to collect and report on fleet asset data is manual in nature, cumbersome, and time consuming, the installation of telematics would automate the process and reduce the workload associated with fleet data collection and reporting. The memorandum provided direction to all state agencies on new telematics installation and usage requirements for the state fleet as outlined in new SAM section 4122.

A telematics system includes a vehicle-tracking device installed in a vehicle that allows the sending, receiving, and storing of telemetry data. The device included in the state contract is installed in the On-Board Diagnostics (OBD II) port of each fleet asset. The telematics data captured can include location, speed, idling time, harsh acceleration or braking, fuel consumption, vehicle faults, and more. Using reports generated by the company managing the tracking device data, the data is added by the participating state agency into DGS templates and then uploaded into the agency's and DGS' fleet management software.

STAFF COMMENTS

This proposal will provide CHP with resources to have telematics services installed and activated on CHP owned fleet assets. Staff has no concerns.

Staff Recommendation: Adopt May Revision.

2740 DEPARTMENT OF MOTOR VEHICLES (DMV)

VOTE-ONLY ISSUE 124: EXTENSION OF REAL ID; EXTENSION OF REAL ID RESOURCES AND OPERATIONAL IMPROVEMENTS

This item summarizes the Governor's budget and May Revision proposals related to the Extension of the Real ID.

BACKGROUND

1. **January proposal:** The budget includes 1,612 positions and \$186.3 million in 2021-22, including one-time and ongoing funding, to continue implementation of the federally mandated REAL ID Act. This includes ongoing resources to fund a communication campaign and customer service improvements such as the REAL ID Automated Document Verification Project (RADVP) and a range of online chat services to improve access to DMV's services outside of the field offices. Additionally, this proposal will continue funding operational improvements such as increased management, training, kiosks, and Office of Public Affairs staffing.
2. **May Revision:** The May Revision includes 257.7 permanent positions and \$186.3 million in Fiscal Year (FY) 2021-22, \$105.7 million in FY 2022-23, \$86.3 million in FY 2023-24, and \$30.8 million in FY 2024-25 General Fund to continue implementation of the federally mandated REAL ID Act. This request shifts the costs of the existing REAL ID and Operational Improvements request submitted with the 2021-22 Governor's Budget from the Motor Vehicle Account to the General Fund. The REAL ID Act requires individuals to present federally compliant DL/IDs, or another federally accepted document, to board an airplane and enter secure federal facilities, beginning May 3, 2023. The requested resources will ensure DMV is adequately resourced to meet REAL ID demand to provide Californians with federally compliant DL/IDs by the implementation deadline.

STAFF COMMENTS

Staff recommends providing resources for the REAL ID until 2023-24, which will allow DMV to return to the Legislature with an updated assessment of the resources needed to implement REAL ID on an ongoing basis.

Staff Recommendation: Adopt January and May Revision proposal with the following modifications: 1) Provide Real ID resources until 2023-24; and 2) remaining resources as proposed in January and May.

VOTE-ONLY ISSUE 125: DEFERRED MAINTENANCE

The May Revision includes a General Fund (GF) appropriation for various Deferred Maintenance Projects. This funding will preserve the condition and extend the useful life of the infrastructure.

BACKGROUND

The list of deferred maintenance projects are outlined below:

Department Name:	Department of Motor Vehicles	
Facility Location	Project Title and Description	Estimated Cost
	HVAC Design/Construction	
Oakland Coliseum	HVAC design and replacement	\$ 525,000
El Cerrito	HVAC replacement	\$ 1,097,000
Pasadena	HVAC replacement	\$ 525,000
Pomona	HVAC replacement	\$ 500,000
Santa Clara	HVAC replacement	\$ 500,000
Davis	HVAC replacement	\$ 475,000
Whittier	HVAC replacement	\$ 580,000
Van Nuys	HVAC replacement	\$ 1,100,000
Los Angeles	HVAC design and replacement	\$ 825,000
Merced	HVAC design and replacement	\$ 250,000
Newhall	HVAC design and replacement	\$ 525,000
Riverside	HVAC design and replacement	\$ 300,000
Seaside	HVAC design and replacement	\$ 340,000
		\$ 7,542,000
	Roof Replacement - Construction	
Montebello	Re-roof 1-Ply w/complete tear off	\$ 750,000
Davis	Re-roof 1-Ply w/complete tear off	\$ 250,000
Santa Clara	Re-roof 1-Ply w/complete tear off	\$ 425,000
Hawthorne	Re-roof 1-Ply w/complete tear off	\$ 350,000
Sacramento Broadway	Re-roof 1-Ply w/complete tear off	\$ 683,000
		\$ 2,458,000
	Total	\$ 10,000,000

STAFF COMMENTS

Staff supports using one-time funding for deferred maintenance.

Staff Recommendation: Adopt May Revision Proposal.

VOTE-ONLY ISSUE 126: DIGITAL ACCELERATION, FACILITIES, AND TALENT ACQUISITION

This item summarizes General Fund requests for various projects designed to continue improving DMV services and meet customer needs.

BACKGROUND

The May Revision includes \$103,050,000 in one-time General Fund resources for the following:

- Digital Acceleration: The May Revision includes \$50.2 million for 30 projects that are intended to enhance the overall customer experience of DMV customers.
- Facilities Improvements: The May Revision includes \$39.9 million for 12 facility projects, including updating DMV's headquarters to begin steps to reduce the total field office footprint.
- Mobile Driver Licenses: The May Revision includes \$10 million for DMV to create electronic driver licenses and identification cards.
- Talent Acquisition and Training: The May Revision includes \$3 million for seven training and recruitment projects.

STAFF COMMENTS

Staff supports facilities improvements for DMV headquarters and field offices. Additional time is needed to review the portions of this proposal that address digital acceleration, mobile driver licenses and talent acquisition.

Staff Recommendation: Adopt resources for Facility Improvements; and Defer without prejudice resources for Digital Acceleration, Mobile Drivers Licenses, and Talent Acquisition.

VOTE-ONLY ISSUE 127: DIGITAL EXPERIENCE PLATFORM (DXP) PROJECT

The May Revision includes \$54,360,000 from the MVA in 2021-22, \$69,295,000 in 2022-23, and \$69,850,000 in 2023-24 for the DXP project. The DXP project is a comprehensive, multi-year project for DMV to replace its aging legacy core system to provide a more modern customer experience, prevent outages, and adapt to future changes and demands. To fund a portion of the DXP project, it is requested that statutory changes be added to extend the current incremental \$1 Business Partner Automation Fee, originally established to fund 20 percent of the Front-End Sustainability project, from the current December 31, 2023, sunset date to December 31, 2025.

The May Revision also includes \$6,914,000 of previously approved funds for the Front-End Sustainability Project, which has been divided into two projects: the Legacy System Stabilization Project and the DXP Project referenced above. The two projects are being conducted concurrently because the legacy system must be stabilized so that DMV services can continue to be provided to the public while a replacement is built.

STAFF COMMENTS

This is a comprehensive May Revision proposal and staff needs additional time to review and invites additional discussion with DMV. Staff has no concerns with the Reappropriation.

Staff Recommendation: Approve the reappropriation of \$6.9 million for Front-End Stability; and defer without prejudice the DXP project.

VOTE-ONLY ISSUE 128: EXTEND SUNSET DATE OF THE BUSINESS PARTNER AUTOMATION \$1 FEE TBL

This TBL extends the current incremental \$1 Business Partner Automation Fee, originally established to fund 20 percent of the Front-End Sustainability project, from the current December 31, 2023, sunset date to December 31, 2025.

STAFF COMMENTS

This proposal should be considered with the DXP project outlined above. Staff is requesting additional time to review the DXP and therefore would defer action on this TBL at this time.

Staff Recommendation: Defer without prejudice.

VOTE-ONLY ISSUE 129: DMV DELANO FIELD OFFICE REPLACEMENT

The May Revision includes \$16,982,000 General Fund (GF) to fund the construction phase of the continuing DMV Delano Field Office Replacement Project. Acquisition was funded in 2015-16 for \$1,229,000.

BACKGROUND

Design-Bid-Build projects: Delano Field Office Replacement – \$16,982,000 for construction phase. The project includes the acquisition of a three-acre site and construction of a new 10,360 square feet efficiently designed facility. The total project costs are estimated at \$19,694,000, including acquisition (\$1,229,000), preliminary plans (\$688,000), working drawings (\$795,000), and construction (\$16,982,000). The construction amount includes \$13,907,000 for the construction contract, \$695,000 for contingency, \$1,013,000 for architectural and engineering services, \$264,000 for agency-retained items, and \$1,103,000 for other project costs. Acquisition occurred in May 2018 and preliminary plans were completed in April 2019. The working drawings began in July 2019 and were completed in January 2021. Construction is scheduled to begin in October 2021 and is estimated to be completed in April 2023.

STAFF COMMENTS

The May Revision funding level provides the opportunity to invest and plan in the state's office building upgrades and replacements. Staff has no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 130: DMV INGLEWOOD SWING SPACE

The May Revision includes one-time costs of \$651,000 in 2021-22, \$3,187,000 in 2022-23, \$854,000 in 2023-24, and \$284,000 in 2024-25 from the General Fund to seek a temporary swing space facility near Inglewood, California. This request is in support of the corresponding 2015-16 approved capital outlay DMV Inglewood Field Office On-Site Replacement Project. This funding will allow DMV to continue collecting revenues and serving the general public at the current service levels, which would otherwise be negatively affected due to customers overcrowding surrounding field offices if there was a temporary office closure.

BACKGROUND

DMV received approval for a FY 2015/16 Capital Outlay Budget Change Proposal (COBCP) for the onsite replacement of the Inglewood Field Office located at 621 North La Brea Avenue, Inglewood, in the County of Los Angeles. During the construction phase, a new purpose-built customer service field office will be constructed, bringing the Inglewood Field Office up to code and standards for accessibility, Fire/Life/Safety, seismic, energy, mechanical, electrical, and plumbing systems. While construction is being completed, DMV will need temporary leased swing space in the Inglewood area to maintain the required customer service terminals.

STAFF COMMENTS

The May Revision funding level provides the opportunity to invest and plan in the state's office building upgrades and replacements. Staff has no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 131: DMV OXNARD FIELD OFFICE SWING SPACE

The May Revision includes one-time costs of \$487,000 in 2021-22, \$1,999,000 in 2022-23, \$670,000 in 2023-24, and \$503,000 in 2024-25 from the General Fund to seek a temporary swing space facility near Oxnard, California. The current field office needs to close while repairs to the building exterior, corrections to walkway, and curb ramp accessibility is in process. It is imperative that the department establish a temporary field office swing space to continue serving customers and collecting revenues at the current service level. The surrounding field offices (Santa Paula, Thousand Oaks, and Ventura) cannot accommodate redirected customers as all surrounding offices experience parking lot and lobby congestion that cannot support additional customers. Additionally, the surrounding facilities will likely experience higher wear and tear that would further deteriorate the conditions of these offices and increase the maintenance costs to DMV.

BACKGROUND

While the office is closed for construction, DMV will need temporary leased swing space in the Oxnard area. Without a temporary swing space, the Oxnard Field Office's closure, anticipated to last for over two years, will result in the redirection of approximately 400 customers each day to surrounding DMV field offices. This office currently has 14 production terminals and will reduce the transaction processing capacity by about 190,000 transactions per year if swing space is not obtained. The surrounding field offices to be impacted include Ventura (10.5 miles away), Santa Paula (18.4 miles away), and Thousand Oaks (24.9 miles away). Currently, each of these three surrounding offices continues to have their own facility challenges, which are detailed in the justification section below. These existing challenges would be exacerbated if Oxnard swing space is not available and additional customers are redirected to these surrounding offices during the Oxnard Field Office closure.

STAFF COMMENTS

The May Revision funding level provides the opportunity to invest and plan in the state's office building upgrades and replacements. Staff has no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 132: INGLEWOOD FIELD OFFICE REPLACEMENT PROJECT

The May Revision includes \$18,814,000 General Fund (GF) to fund the construction phase of the Inglewood Field Office Replacement Project. The preliminary plans phase was funded in 2015-16 for the amount of \$1,017,000 from the Motor Vehicle Account (MVA). The working drawings phase was funded in 2016-17 for the amount of \$1,027,000 from the MVA. The total project cost is estimated to be \$20,858,000 from the MVA and GF. Budget bill language is also requested to extend the availability of construction authority as swing space will need to be secured first.

BACKGROUND

Design-Bid-Build projects: Inglewood Field Office Replacement – \$18,814,000 for construction phase. The state-owned Inglewood building is 20,864 gross square feet and 47 years old. The proposed project will provide a new, safe, appropriately sized and efficiently designed facility on the existing site for use by the DMV's Field Operations Division. The total project costs are estimated at \$20,858,000, including preliminary plans \$1,017,000, working drawings \$1,027,000 and construction \$18,814,000. The construction amount includes \$15,343,000 for the construction contract, \$767,000 for contingency, \$1,068,000 for architectural and engineering services, \$318,000 for agency retained items, and \$1,318,000 for other project costs. Preliminary plans and working drawings are completed, but working drawings will need to be updated to conform to current design and code changes. In addition, swings space will need to be secured. The construction contract is estimated to be awarded in October 2022 and construction completed in April 2024.

STAFF COMMENTS

The May Revision funding level provides the opportunity to invest and plan in the state's office building upgrades and replacements. Staff has no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 133: OXNARD FIELD OFFICE RECONFIGURATION

The May Revision includes \$13,462,000 General Fund to fund the working drawings and construction phase of the continuing Oxnard DMV Field Office Reconfiguration Project. The preliminary plan phase was funded in 2017-18 for \$418,000 and working drawing phase was funded in 2018-19 for \$414,000 but was subsequently reverted. The preliminary plans phase was augmented by \$83,000 in 2019-20. The working drawing and construction phases are to be funded in 2021-22 for \$13,462,000. The estimated total project cost is \$13,963,000. Budget bill language also is requested to extend the availability of construction authority as swing space will need to be secured first.

BACKGROUND

Design-Bid-Build projects: Oxnard Field Office Reconfiguration – \$13,462,000 for the working drawings and constructions phases. This project will address physical infrastructure deficiencies, reuse existing underutilized space, and address numerous code deficiencies. Total project costs are estimated at \$13,963,000 including preliminary plans (\$501,000), working drawings (\$1,266,000), and construction (\$12,196,000). The construction amount includes \$9,946,000 for the construction contract, \$696,000 for contingency, \$864,000 for architectural and engineering services, \$314,000 for agency-retained items, and \$376,000 for other project costs. The preliminary plans started July 2017 and were completed in August 2020. The working drawings are estimated to begin in July 2021 and be completed by December 2022. Construction is scheduled to begin in April 2023 and be completed in July 2024.

STAFF COMMENTS

The May Revision funding level provides the opportunity to invest and plan in the state's office building upgrades and replacements. Staff has no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 134: REEDLY FIELD OFFICE REPLACEMENT

The May Revision includes \$18,435,000 General Fund to fund the construction phase of the continuing Reedley Field Office Replacement project. Acquisition was funded 2017-18 for \$2,173,000. The preliminary plan phase was funded in 2018-19 for \$1,142,000. The working drawings phase was funded in 2019-20 for \$1,164,000. The acquisition, preliminary plans, and working drawings phases were all funded by the Motor Vehicle Account, State Transportation Fund (MVA). The estimated total project cost is \$22,914,000 (MVA and General Fund).

BACKGROUND

Design-Bid-Build projects: Reedley Field Office Replacement – \$18,435,000 for construction phase. This project includes a three-acre site and provides a new, 13,701 square foot efficiently designed facility. This facility will include adequate parking for staff and consumers, an attached drive test canopy, a motorcycle testing area, and is also planned to be a Zero Net Energy building. Total project costs are estimated at \$22,914,000, including acquisition (\$2,173,000), preliminary plans (\$1,142,000), working drawings (\$1,164,000), and construction (\$18,435,000). The construction amount includes \$15,034,000 for the construction contract, \$752,000 for contingency, \$1,046,000 for architectural and engineering services, \$311,000 for agency retained items, and \$1,292,000 for other project costs. Acquisition occurred in September 2018. The preliminary plans began in August 2018 and completed in March 2020. The working drawings began in April 2020 and will be completed by June 2021. Construction is scheduled to begin in June 2022 and be completed in December 2023.

STAFF COMMENTS

The May Revision funding level provides the opportunity to invest and plan in the state's office building upgrades and replacements. Staff has no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 135: SAN FRANCISCO FIELD OFFICE

The Department of Motor Vehicles (DMV) requests \$2,572,000 General Fund to fund for the performance criteria phase of the San Francisco Field Office Replacement project. This project will replace on-site the existing 60-year-old state-owned building that has significant seismic and structural issues. This building is also inefficient and non-compliant with the California Building Codes.

BACKGROUND

Design-Build project: San Francisco Field Office Replacement Project – \$2,572,000 for the performance criteria phase. The project includes demolishing the existing 23,247 square-foot two-story field office, and constructing a new approximately 20,000 square-foot single-story field office on the existing site. This facility will include adequate parking for staff and consumers, an attached drive test canopy, and is also planned to meet Zero Net Energy (ZNE) requirements. Total project costs are estimated at \$36,233,000, including performance criteria phase (\$2,572,000) and design build phase (\$33,661,000). The design build phase amount includes \$27,421,000 for construction contract, \$1,371,000 for contingency, \$2,173,000 for architectural and engineering services (A&E), \$491,000 for agency retained items, and \$2,205,000 for other project costs. The performance criteria phase will begin in July 2021 and be completed in September 2022. The design build phase is scheduled to begin in July 2023 and be completed in December 2026.

STAFF COMMENTS

The May Revision funding level provides the opportunity to invest and plan in the state's office building upgrades and replacements. Staff has no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 136: SANTA MARIA FIELD OFFICE

The May Revision includes \$18,127,000 General Fund, to fund the construction phase of the continuing Santa Maria Field Office Replacement project. Acquisition was funded in 2015-16 for \$2,637,000. The preliminary plans (\$897,000) and working drawings (\$914,000) phases were funded in the 2016-17 for \$1,811,000. The acquisition, preliminary plans, and working drawings phases have been funded by the Motor Vehicle Account, State Transportation Fund (MVA). The working drawings phase was reappropriated to 2018-19. The estimated total project cost is \$22,575,000 (MVA and General Fund).

BACKGROUND

Design-Bid-Build projects: Santa Maria Field Office Replacement – \$18,127,000 for the construction phase to provide a new approximately 13,000 square-foot field office on three acres. This facility will include adequate parking for staff and consumers, an attached drive test canopy, a motorcycle testing area, and is also planned to be a Zero Net Energy building. Total project costs are estimated at \$22,575,000 including acquisition (\$2,637,000), preliminary plans (\$897,000), working drawings (\$914,000), and construction (\$18,127,000). The construction amount includes \$14,725,000 for the construction contract, \$736,000 for contingency, \$1,235,000 for architectural and engineering services, \$307,000 for agency retained items, and \$1,124,000 for other project costs. Acquisition occurred in September 2017. The preliminary plans were completed in June 2019. The working drawings began in June 2019 and are estimated to be completed by June 2021. Construction is scheduled to begin in June 2022 and are estimated to be completed in December 2023.

STAFF COMMENTS

The May Revision funding level provides the opportunity to invest and plan in the state's office building upgrades and replacements. Staff has no concerns with this proposal.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 137: STATE-TO-STATE VERIFICATION (S2S) PROJECT

The May Revision includes additional funding and resources of \$9.6 million, including funding equivalent of 11.0 temporary help positions in 2021-22 and \$21.6 million, including funding equivalent of 111.0 temporary help positions in 2022-23 for onetime information technology (IT) resources to develop and implement the new S2S system and resources to handle the additional workload anticipated in 2022-23. The request includes one-time IT resources of \$14.0 million for project and contract management, business analysis, data extraction and cleansing, and system integration. In 2021-22, \$3.6 million will be immediately available for expenditure on July 1, 2021 and the remaining \$6 million is requested to be available through provisional budget language contingent upon approval of the Stage Four Project Readiness/Approval.

BACKGROUND

The REAL ID Act of 2005 was passed by Congress in response to the events of 9/11 and includes new requirements for state driver licensing agencies (SDLAs) to abide by in order for its DL/ID cards to be used to board a domestic flight or visit a military base or certain federal facilities. In accordance with 6 CFR § 37.29, federal regulations state:

- (a) An individual may hold only one REAL ID card. An individual cannot hold a REAL ID driver's license and a REAL ID identification card simultaneously. Nothing shall preclude an individual from holding a REAL ID card and a non-REAL ID card unless prohibited by his or her State.
- (b) Prior to issuing a REAL ID driver's license or identification card,
 - a. A State must check with all other States to determine if the applicant currently holds a driver's license or REAL ID identification card in another State.
 - b. If the State receives confirmation that the individual holds a driver's license in another State, or possesses a REAL ID identification card in another State, the receiving State must take measures to confirm that the person has terminated or is terminating the driver's license or REAL ID identification card issued by the prior State pursuant to State law, regulation or procedure.

With S2S, each state must check with all other states to determine if the applicant currently holds a federally non-compliant DL or REAL ID compliant DL or ID card in another state prior to issuance of a REAL ID compliant DL card or ID. The department anticipates submitting a subsequent request for 2023-24 and ongoing resources based on the workload identified after S2S is implemented.

STAFF COMMENTS

Resources included will help DMV comply with the requirements under REAL ID.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 138: HEAVY-DUTY INSPECTIONS AND MAINTENANCE PROGRAM (SB 210)

The May Revision includes \$1,170,000 from special funds in 2021-22 to complete the PAL process for an IT project that builds a system for DMV to receive truck smog emission data from the California Air Resources Board (CARB). This system will allow DMV to place holds on the registration renewals of non-compliant trucks. Provisional language is requested that provides an additional \$523,000 once DMV completes Stage 4 of the PAL process.

BACKGROUND

SB 210 (Leyva, 2020) requires CARB, in consultation with the Bureau of Automotive Repair and DMV, to create a maintenance and inspection program for non-gasoline, heavy-duty vehicles with a gross vehicle weight rating over 14,000 pounds. Prior to registration or the transfer of ownership, CARB must collaborate with the DMV to confirm compliance or exemption from the Heavy-Duty Vehicle Inspection and Maintenance Program. Registered owners who fail a smog inspection may obtain a \$50 Temporary Operating Permit (TOP) from DMV until the vehicle passes inspection, assisting in the enforcement of clean air standards.

The statute includes a mandate for CARB to consult with state agencies, including DMV to develop and demonstrate a solution that shows potential for readily bringing vehicles into this new program. To remain compliant with the requirements of SB 210, DMV and CARB must implement a data exchange by July 2023 and withhold registrations for non-compliant vehicles by October 2023.

CARB and DMV are anticipating the Heavy-Duty Vehicle Inspection and Maintenance Program for non-gasoline motor vehicles with a gross vehicle weight rating of more than 14,000 pounds to be implemented/operational for vehicle registration and transfer transactions effective October 2023, with DMV supporting a data exchange of vehicles in compliance with CARB emission standards in July 2023. In order to meet the anticipated implementation date, the department must implement an IT solution to ensure compliance with SB 210. The proposed system will interface with the core DMVA legacy system to integrate functionality and transfer data with CARB on vehicles suitable for registration by the DMV. DMV is requesting one-time funding for FY 2021/22, which includes project support to complete the Project Approval Lifecycle (PAL) and award the HATS contract (March 2022). A multi-year IT project is required to comply with the requirements of SB 210.

STAFF COMMENTS

Staff has no concerns with the resources for this Legislative proposal from 2020.

Staff Recommendation: Adopt May Revision proposal.

VOTE-ONLY ISSUE 139: DRIVER LICENSE RENEWAL ALTERNATIVES TBL

This proposal would allow DMV to permit certain drivers and identification card applicants to renew via the virtual field office that otherwise would have to visit a field office.

STAFF COMMENTS

Staff is continuing to review new proposals included in the May Revision including TBLs.

Staff Recommendation: Defer without prejudice.

VOTE-ONLY ISSUE 140: DRIVER LICENSE AND IDENTIFICATION CARD APPLICATION SIGNATURE AND THUMB/FINGERPRINT

This proposal would allow an applicant for a duplicate identification card to renew online, and allows customers to convert their driver licenses to identification cards online.

STAFF COMMENTS

Staff is continuing to review new proposals included in the May Revision including TBLs.

Staff Recommendation: Defer without prejudice.

VOTE-ONLY ISSUE 141: ELECTRONIC REPORTING OF COMMERCIAL AND FLEET INSURANCE TBL

This proposal requires that commercial and fleet liability insurance policies be reported to the DMV electronically instead of by mail.

STAFF COMMENTS

Staff is continuing to review new proposals included in the May Revision including TBLs.

Staff Recommendation: Defer without prejudice.

VOTE-ONLY ISSUE 142: CA VEHICLE CODE: PUBLICATION TBL

This proposal repeals the requirement that the DMV publish, print, and distribute hard copies of the California Vehicle Code.

STAFF COMMENTS

Staff is continuing to review new proposals included in the May Revision including TBLs.

Staff Recommendation: Defer without prejudice.

VOTE-ONLY ISSUE 143: USED MOTOR VEHICLE SALES TAX GAP AND TBL

The May Revision includes \$5,889,000 in reimbursement authority in 2021-22, one-time, to provide for reimbursement from the California Department of Tax and Fee Administration (CDTFA) to continue the process of collecting sales and use tax from used car dealers and continue the PAL process to build an IT system to automate the process. Chapters 8 and 14, Statutes of 2020 (AB 85 and 82) require DMV to collect sales tax upon sale of a used vehicle instead of requiring used car dealers to remit sales tax quarterly to CDTFA.

Given that collecting sales tax from all used car dealers requires a manual process, it is requested that statutory changes be added to allow DMV to implement in phases while it builds the automated IT system. After January 1, 2023, all dealers must report and remit sales taxes to DMV.

STAFF COMMENTS

Staff has no concerns with this proposal however would like additional time to review the proposed trailer bill language.

Staff Recommendation: Adopt May Revision resources and defer without prejudice action on the TBL.

0521 SECRETARY TRANSPORTATION AGENCY (CALSTA)

VOTE-ONLY ISSUE 144: TRANSPORTATION DEVELOPMENT ACT TBL

The Governor's budget proposes trailer bill language to make changes to the Transportation Development Act (TDA) related to the distribution and uses of funding for transit.

STAFF COMMENTS

This item was heard at the March 17, 2021, hearing. Staff supports extending the hold harmless provisions of AB 90; however staff has concerns with the TDA process proposed by the Administration in the TBL.

Staff Recommendation: Adopt Placeholder TBL.

VOTE-ONLY ISSUE 145: NEPA DELEGATION TBL

The May Revision proposes TBL to extend indefinitely the authority of the Secretary of Transportation to assume the responsibilities of the United States Secretary of Transportation under the federal National Environmental Policy Act of 1969 and other federal environmental laws for any railroad, public transportation, or multimodal project undertaken by state agencies, as specified.

Existing law provides that the State of California consents to the jurisdiction of the federal courts with regard to the compliance, discharge, or enforcement of these responsibilities. Existing law repeals these provisions on January 1, 2022.

STAFF COMMENTS

Staff recommends adopting the trailer for a set amount of time rather than adopting indefinitely.

Staff Recommendation: Adopt Placeholder TBL.

**0521 SECRETARY TRANSPORTATION AGENCY (CALSTA)
2660 DEPARTMENT OF TRANSPORTATION (CALTRANS)****VOTE-ONLY ISSUE 146: TRANSPORTATION INFRASTRUCTURE FUNDING**

The May Revision includes funding at both Caltrans and the California State Transportation Agency (CalSTA) for major investments in transportation infrastructure. Specifically, the May Revision includes roughly \$11 billion in additional funding for transportation infrastructure and related zero-emission vehicle (ZEV) efforts.

BACKGROUND

The May Revision includes funding at both Caltrans and the California State Transportation Agency (CalSTA) for major investments in transportation infrastructure. Specifically, the May Revision includes roughly \$11 billion in additional funding for transportation infrastructure and related zero-emission vehicle (ZEV) efforts. This includes:

- Los Angeles Olympics—\$1 billion General Fund to deliver critical projects in time for the 2028 Olympic Games.
- Priority Transit and Rail Projects—\$1 billion General Fund for transit and rail projects statewide that improve rail and transit connectivity between state and regional/ local services.
- Active Transportation—\$500 million General Fund to advance projects that increase the proportion of trips accomplished by walking and biking, increase the safety and mobility of nonmotorized users, advance efforts of regional agencies to achieve greenhouse gas reduction goals, enhance public health, and benefit many types of users, especially in disadvantaged communities.
- High Priority Grade Separations and Grade Crossing Improvements—\$500 million General Fund to support critical safety improvements throughout the state.
- State Highway Rehabilitation and Local Roads and Bridges—\$2 billion (\$1.1 billion special funds through 2028, and \$968 million federal funds) to support the advancement of priority State Highway Operation and Protection Program (SHOPP) projects, Interregional Transportation Improvement Program (ITIP) projects, and local road and bridge investments.
- Zero-Emission Rail and Transit Equipment Purchases and Infrastructure—\$407 million (\$100 million General Fund, \$280 million Public Transportation Account, and \$27 million federal funds) to demonstrate and purchase or lease state-of-the-art, clean bus and rail equipment and infrastructure that eliminate fossil fuel emissions and increase intercity rail and intercity bus frequencies.

STAFF COMMENTS

Staff recommends support for the Transportation Infrastructure Funding package. Staff recommends approving the funding pots and providing placeholder language in order to gather more information on what project selection and project prioritization looks like for the various pots of funding.

Staff recommends deferring action on the Zero-Emission Rail and Transit Equipment purchases.

Staff Recommendation: Adopt \$1 b for LA 2028; \$1 b for Priority Transit and Rail Projects; \$500 M for Active Transportation; \$500 M for High Priority Grade Separation and Grade Crossings; \$2 Billion for State Highway Rehabilitation and Local road and Bridges; and defer action on the Zero-Emission Rail and Transit Equipment Purchases. Adopt placeholder language that specifies project selection and project prioritization in all funding pots.

3600 DEPARTMENT OF FISH AND WILDLIFE

VOTE-ONLY ISSUE 147: DRIFT GILL NET TRANSITION PROGRAM (SB 1017)

\$1.3 million one-time to cover payments to voluntary participants to complete the Drift Gill Net Transition program pursuant to Chapter 844, Statutes of 2018 (SB 1017).

Staff Recommendation: Approve as budgeted.
