

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 ON RESOURCES AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD BLOOM, CHAIR

WEDNESDAY, APRIL 25, 2018

9:30 A.M. - STATE CAPITOL, ROOM 447

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VOTE-ONLY**3720 CALIFORNIA COASTAL COMMISSION**

VOTE-ONLY ISSUE 1: WHALE TAIL LICENSE PLATE MARKETING

The Governor's budget requests \$55,000 one-time in Environmental License Plate Fund to enhance marketing and increase revenue of the Whale Tail License Plate.

Sales were robust in the early years that the plate was on the market. In recent years, sales of new Whale Tail License Plate have leveled off and declined in the past three years by an average of close to 10 percent per year. The requested funds for marketing and outreach would be used to purchase and optimize advertising on social media sites, other internet platforms with strong potential to reach likely supporters, and traditional "out-of-home" advertising on public buses and the like in coastal areas.

Staff Recommendation: Approve as Budgeted.

3900 AIR RESOURCES BOARD

VOTE-ONLY ISSUE 2: MISCELLANEOUS TECHNICAL ADJUSTMENTS (SFL)

A Spring Fiscal Letter requests to:

- Restore \$1,243,000 Motor Vehicle Account originally approved in the 2017-18 Governor's Budget. It was subsequently removed during the 2017-18 Conference Committee process with the intent that funding would be included in the Cap and Trade trailer bill. This funding was not included in any enacted 2017-18 trailer bill.
- Revert \$11,308,000 California Ports Infrastructure Security and Air Quality Improvement Account, Highway Traffic Reduction, Air Quality and Port Security Fund of 2006 (Proposition 1B) from 2014-15 and establish a new local assistance appropriation of the same amount for the Proposition 1B Goods Movement Emission Reduction Program.
- Reappropriate unexpended balances Air Pollution Control Fund provided for the expansion of the Air Monitoring Network in the 2016 and 2017 Budget Acts, and provide an extended encumbrance period until June 30, 2020.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 3: SUPPORT ENHANCED PORTABLE EQUIPMENT REGISTRATION PROGRAM (SFL)

A Spring Fiscal Letter requests \$182,000 Air Pollution Control Fund and three new positions in 2018-19 and \$363,000 annually thereafter to implement regulatory amendments to the Portable Equipment Registration Program that address compliance challenges, improve enforceability, and increase program fees.

The Portable Equipment Registration Program (PERP) is a voluntary statewide program that registers portable engines and equipment, such as air compressors, generators, wood chippers, pile drivers, and water pumps. PERP allows participants to register equipment with one entity, rather than obtaining multiple permits to operate from each local air district. Once registered in PERP, companies may operate portable equipment throughout the state without obtaining individual permits from each of California's 35 air districts. When a company registers in PERP, it must select a home air district, pay registration fees (district inspection fee included), and arrange for an inspection. CARB then distributes a portion of PERP fees to the air districts for inspection costs. PERP is a fee-based, revenue-neutral program.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 4: FREIGHT REGULATIONS REPORTING SYSTEM TO IMPROVE SECURITY AND INCREASE EFFICIENCY

The Governor's budget requests \$1,080,000 one-time from the Motor Vehicle Account to support implementation and enforcement of Air Resources Board's freight regulations to protect disadvantaged communities near ports and rail yards. This request includes \$450,000 in contract funding for the initial development of an information technology system to replace the ARB's Freight Equipment Registration Program.

The Subcommittee heard this item on March 21, 2018. The ARB's efforts to reduce emissions and health risks associated with marine and rail operations require an immense amount of recordkeeping, reporting and monitoring. The requested resources would allow the ARB to modernize the existing Freight Equipment Registration Program to improve reliability, efficiently monitor compliance, and support enforcement of its freight regulations.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 5: DIESEL REGULATION COMPLIANCE DATABASE

The Governor's budget requests \$600,000 one-time from the Motor Vehicle Account to implement provisions of SB 1 (Beall, Chapter 5, Statutes of 2017) by developing a joint database with DMV containing information on vehicle registration and information on vehicle compliance with CARB's Truck and Bus Regulation and other regulations.

SB 1 (Beall, Chapter 5, Statutes of 2017) provides funding for transportation infrastructure. SB 1 also requires CARB to establish programs to reduce emissions from motor vehicles and to work with other State agencies on air quality and greenhouse gas-related elements in the bill. The proposed joint database would allow DMV to verify that a medium-duty or heavy-duty vehicle is compliant with or exempt from CARB's Truck and Bus Regulation before allowing registration.

Staff Recommendation: Approve as Budgeted.

3560 STATE LANDS COMMISSION

VOTE-ONLY ISSUE 6: BOLSA CHICA LOWLANDS RESTORATION PROJECT

The Governor's budget requests \$2,000,000 annually for two years from the Environmental License Plate Fund to continue operations and management of the Bolsa Chica Lowlands Restoration Project in Orange County.

The Bolsa Chica Lowlands is the largest coastal wetland restoration project in the history of southern California, with a total investment of over \$150 million dollars.

If the ocean inlet closes, the tidal connection would be lost and the wetlands cannot drain, resulting in a rise in the water levels. This could not only be catastrophic for the area habitat and wildlife, it could cause flooding in the adjacent residential areas and oil fields. The State has invested significant resources into this restoration, approving this proposal would allow the state to maintain this investment.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 7: COASTAL HAZARD REMOVAL PROGRAM (SB 44)

The Governor's budget requests \$2,000,000 ongoing from tideland oil and gas revenues be transferred to the Land Bank Fund to implement its coastal hazard and legacy oil and gas well removal and remediation program, as required by SB 44 (Jackson, Chapter 645, Statutes of 2017).

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 8: RECORDS DIGITIZATION

The Governor's budget requests \$340,000 annually for two years from the Environmental License Plate Fund for records digitization and long term digital records preservation.

The Commission houses over four million, mostly paper-based, records dating from the mid-1800s. Many of these records provide the basis for the state's ownership of both its sovereign and school land assets. These records are frequently accessed by staff and by land management professionals. The current process for locating these records are built around a paper-based spatial reference tool developed in the 1950s known as the ZNE system (Zone Northing and Easting).

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 9: SELBY SLAG REMEDIATION

The Governor's budget requests \$3,045,000 one-time in General Fund to fund the State's obligation to pay a proportionate share of certain ongoing hazardous waste remediation costs at Selby, California. The Commission's share of these costs, pursuant to a 1989 Consent Judgment, is 38 percent. The activities identified for FY 2018-19 funding according to the Project Budget Forecast are estimated to cost \$7,882,700. The Commission's portion is \$2,995,426. In addition to the cost of the activities shown on the Project Budget Forecast, the Commission must contribute an estimated \$50,000 to the Department of Toxic Substances Control for its share of DTSC's staff oversight costs, which include direct and indirect labor costs attributable to the remediation effort and overseeing development of the Environmental Impact Report.

Staff Recommendation: Approve as Budgeted.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION

VOTE-ONLY ISSUE 10: ISHI CONSERVATION CAMP: REPLACE KITCHEN (SFL)

A Spring Fiscal Letter requests \$383,000 General Fund for the working drawings phase of this project to replace the kitchen/dining facility that was destroyed by fire at the existing state-owned Ishi Conservation Camp located in Tehama County. The January 10 BCP, which was heard and approved on April 4, proposed funding for the preliminary plans phase of this project. CAL FIRE reviewed the project schedule and determined that working drawings can also be initiated in fiscal year 2018-19.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 11: STATEWIDE: REPLACE COMMUNICATIONS FACILITIES, PHASE V (SFL)

A Spring Fiscal Letter requests an additional \$494,000 General Fund for the preliminary plans (\$110,000) and working drawings (\$384,000) phases of this project to install radio towers and vaults at seven telecommunication sites throughout the state. For working drawings, CalFire requests a reversion of the existing appropriation of \$1,755,000 and a new appropriation of \$2,139,000.

The 2016 Budget Act appropriated \$1,677,000 for the preliminary plans phase of this project. The 2017 Budget Act appropriated \$1,755,000 for the working drawings phase. Given the remote nature and number of the sites, the Phase V project requires additional due diligence, site lease study, and amendment fees for the preliminary plans phase. There are also increased Office of Emergency Services design fees and updated soft costs as well as Division of State Architect inspection fees to assess the Phase V projects in light of a recent breakage at one of the Phase III tower and vaults projects, for both working drawings and construction phases of the project.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 12: WESTWOOD FIRE STATION: REPLACE FACILITY (SFL)

A Spring Fiscal Letter requests \$2,072,000 Public Buildings Construction Fund for the working drawings (\$50,000) and construction (\$2,022,000) phases of this project to replace the existing Westwood Fire Station located in Lassen County, which was constructed in 1973 and has structural and operational deficiencies. The construction contract for this project went out to bid in January 2018, but the lowest bid exceeded the budgeted amount. Additional funds are needed to rebid and construct this project.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 13: INCREASED WORKERS' COMPENSATION COSTS (SFL)

A Spring Fiscal Letter requests an augmentation of \$4.1 million (\$4,019,000 General Fund and \$115,000 various special funds) starting in fiscal year 2018-19 to fund increased workers' compensation costs based on a historical average of expenditures from 2014-15 to 2016-17 and projected 2017-18 expenditures.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 14: CALIFORNIA UNDERGROUND FACILITIES SAFE EXCAVATION BOARD LOAN REPAYMENT EXTENSION (SFL & TBL)

A Spring Fiscal Letter requests budget bill language to extend the California Underground Facilities Safe Excavation Board loan repayment due date by two years, from July 1, 2019 to July 1, 2021, to provide a more reasonable repayment schedule from the non-profit one-call center fee payers' (private and municipal utilities) rates over three years instead of one.

This request also proposes trailer bill language to clean up a technical drafting error in statute made in a previous trailer bill. This change will: (1) clarify that the Board cannot take enforcement action until July 1, 2020, and (2) authorize the Board to undertake investigations prior to July 1, 2020 consistent with the previous funding approved for the Board, which included authorization of 12 investigator positions starting on July 1, 2018.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 15: BOARD OF FORESTRY EFFECTIVENESS MONITORING SERVICES (SFL)

A Spring Fiscal Letter requests \$425,000 ongoing from the Timber Regulation and Forest Restoration Fund (TRFRF) for effectiveness monitoring assistance to evaluate the effectiveness of the Forest Practice Act and associated statutes or regulations in the protection of public trust resources during commercial timber harvest on nonfederal forestlands. This request would make permanent two-year funding from TRFRF that is set to expire on June 30, 2018.

Staff Recommendation: Adopt Spring Fiscal Letter.

3860 DEPARTMENT OF WATER RESOURCES

VOTE-ONLY ISSUE 16: REAPPROPRIATIONS, EXTENSIONS OF LIQUIDATION PERIODS, REVERSIONS, AND TECHNICAL ADJUSTMENTS (SFL)

A Spring Fiscal Letter requests reappropriations, extensions of liquidation periods, reversions, and technical adjustments for various funds. These technical changes are critical to various projects, which cannot be completed by June 30, 2018.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 17: SALMON STUDIES (PROP 1) (SFL)

A Spring Fiscal Letter requests a total of \$3 million in state reimbursable authority over the next four years to receive funding from Proposition 1 administered by the Department of Fish and Wildlife, and grant matching funding from the Metropolitan Water District. The funding will be allocated over four years for two projects.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 18: SAN JOAQUIN RIVER FISH POPULATION ENHANCEMENT (PROP 13) (SFL)

A Spring Fiscal Letter requests \$43,318,000 in 2018-19 from Proposition 13 to construct facilities to improve fish populations in the San Joaquin River Watershed. The funding will support two existing positions over three years. This funding is requested as multi-year funding with three years to encumber and two years to liquidate. This request includes reallocating funds pursuant to Water Code Section 79196.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 19: WATER USE EFFICIENCY TECHNICAL ASSISTANCE (PROP 50) (SFL)

A Spring Fiscal Letter requests a reversion of \$2,749,000 and a new one-time appropriation of \$2.7 million in 2018-19 from Proposition 50 for the Water Use Efficiency Technical Assistance Program.

DWR is currently implementing several agricultural and urban water conservation statutes including Water Conservation in Landscaping Act of 2006 (AB 1881, Laird), Water Conservation Act of 2007 (AB 566, Plescia), the Water Measurement Information Act of 2007 (AB 1404, Laird), and Water Conservation Act of 2009 (SB X7-7, Steinberg). This request will continue DWR's technical assistance program to support local agencies.

Staff Recommendation: Adopt Spring Fiscal Letter.

3790 DEPARTMENT OF PARK AND RECREATIONS

VOTE-ONLY ISSUE 20: ANZA-BORREGO DESERT SP- INHOLDING ACQUISITIONS

The Governor's budget requests \$1,656,000 one-time in Federal Trust Fund authority to acquire approximately 17,000 acres of private inholdings from the Anza-Borrego Foundation. The total amount for these acquisitions is anticipated to be \$4,817,000. The Department will spend \$3,161,000 in currently available Habitat Conservation Funds authorized for acquisitions in addition to this request to provide authority to spend \$1,656,000 in federal money obtained through a Land and Water Conservation grant.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 21: CALAVERAS BIG TREES SP- CAMPSITE RELOCATION

The Governor's budget requests \$100,000 one-time in reimbursement authority for the working drawings phase to relocate approximately five existing campsites to a new location within the park, which will include leach field replacement, as needed.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 22: COMMUNITY OUTREACH AND CALIFORNIA HISTORY INTERPRETATION PROGRAMS

The Governor's budget requests \$519,000 one-time from the State Parks Protection Fund to continue efforts in establishing the Community Outreach and California History Interpretation pilot programs.

The Community Outreach Pilot Program is currently engaging underserved and underrepresented communities in the Bay Area and Los Angeles Districts. The California History Interpretation Pilot Program is actively collaborating with the University of California at El Presidio de Santa Barbara State Historic Park and California Citrus State Historic Park to transform interpretation and education within the State Park System. The ultimate goal is to develop a program framework for integrating applied scholarship through partnerships with California's public higher education systems that can be taken to scale throughout the State Park System.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 23: WITHDRAWAL OF CONSERVANCY CONSOLIDATED SERVICES (SFL)

A Spring Fiscal Letter requests a decrease of \$902,000 ongoing reimbursement authority and seven positions in 2018-19. These resources were requested through a proposal included in the Governor's budget which the Department is requesting be withdrawn.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 24: EL CAPITAN SB- NEW LIFEGUARD HEADQUARTERS

The Governor's budget requests a reversion of \$2,996,000 back to the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund (Proposition 84). These funds were unencumbered existing Capital Outlay appropriations for the El Capitan SB: New Lifeguard Headquarters project. Upon completion of initial design and studies, it was found that the necessary potable water supply and wastewater capacity do not meet the water and wastewater needs for this type of facility. The costs to upgrade these systems exceed available resources at this time, causing the Department to terminate the existing project for the time being.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 25: HUNGRY VALLEY SVRA- 4X4 OBSTACLE COURSE IMPROVEMENTS

The Governor's budget requests \$42,000 one-time from the Off-Highway Vehicle Trust Fund for working drawings to upgrade and enhance an existing 4x4 obstacle course at Hungry Valley State Vehicular Recreation Area. Improvements to the facility will provide a variety of experiences and challenges to meet the growing demand of the Off-Highway Vehicle community. An enhanced facility will encourage Off-Highway Vehicle enthusiasts to use the designated obstacle course instead of searching for more challenging terrain, possibly off limits to Off-Highway Vehicle use, resulting in excessive resource damage.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 26: INCREASE IN REIMBURSEMENT AUTHORITY- HARBORS AND WATERCRAFT REVOLVING FUND

The Governor's budget requests \$400,000 one-time in reimbursement authority from the Harbors and Watercraft Revolving Fund to cover a contract with the Department of Water Resources for Enhanced Control of Aquatic Weeds for the Delta Smelt Resiliency Strategy.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 27: LAKE DEL VALLE- BOAT RAMP REPLACEMENT

The Governor's budget requests \$132,000 one-time from the Harbors and Watercraft Revolving Fund for working drawings to replace a boat ramp at Lake Del Valle State Recreation Area. The existing boat ramp is over 40 years old and deteriorating to a condition where it poses a public safety risk. The surface is extremely slippery year-round, with an increased probability for visitors to easily slip and fall, or have their vehicles and trailers slide out of control. To improve safety and convenience for users, this project would completely reconstruct the failing boat launching ramp at this location.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 28: LAKE OROVILLE SRA- GOLD FLAT CAMPGROUND UPGRADES

The Governor's budget requests \$91,000 one-time from Proposition 84 bond funds for working drawings to upgrade the aged and failing infrastructure in Gold Flat Campground. This project will replace the outdated electrical and water distribution systems, install data conduit for future use, and overlay campground roads and campsite spurs at this popular campground. This project also creates accessible campsites along with accessible paths of travel and accessibility upgrades to the existing combination building, in order to comply with the Americans with Disabilities Act.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 29: LOS ANGELES SHP- SOIL REMEDIATION

The Governor's budget requests \$3,470,000 one-time from Proposition 40 Bond funds for the preliminary plans, working drawings, and construction phases of this project. This project will perform remediation of the arsenic and lead contamination in the soil remaining after initial clean-up through the Phase I Build-Out project completed in 2017. The remaining contaminated soil has been secluded and fenced off to the public in the northern portion of the site. Upon completion of this project, this area will be open to the public as an extension of the existing park, as originally planned.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 30: MALIBU CREEK SP- NEW STOKES CREEK BRIDGE

The Governor's budget requests \$375,000 one-time in Proposition 84 bond funds for the working drawings phase of this project. This continuing project will replace an existing, undersized arch culvert, with a bridge to restore a secondary escape route for park visitors in the event of fire or other emergencies, reduce deferred maintenance costs and disruption to campers, and restore the creek to its natural configuration.

The requested supplemental funding is necessary due to unforeseen costs related to obtaining a coastal development permit required by the Santa Monica Mountains Local Coastal Program, in accordance with the California Coastal Act. The permit is required because the project is in an area categorized as a habitat with the highest biological significance, rarity, and sensitivity. Conditions of the permit will require additional oak tree and oak woodland mitigation, and long-term monitoring that have increased total project costs.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 31: McARTHUR-BURNEY FALLS MEMORIAL SP- GROUP CAMP DEVELOPMENT

The Governor's budget requests \$276,000 one-time in Proposition 40 bond funds for the working drawings phase to develop two adjoining group camps at McArthur-Burney Falls Memorial State Park, as identified in the June 1997 General Plan. Development of the group camps is expected to increase the park's group camping capacity by 100 campers.

This request is separate and in addition to the mitigation funds received from PG&E, an existing reimbursement appropriation for this project. The requested supplemental funds are necessary due to the change in project costs resulting from the need to redistribute workload within the department.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 32: MENDOCINO HEADLANDS SP- BIG RIVER BOAT LAUNCH

The Governor's budget requests \$155,000 one-time from the Harbors and Watercraft Revolving Fund for working drawings to improve the existing beach launch at Mendocino Headlands State Park. Improvements to beach launch would include constructing a concrete boat ramp, paving the dirt boat launch parking lot, repaving the park road connecting the highway with the boat launch parking lot, constructing accessible parking spaces, and adding required signage and pavement markings.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 33: OCEANO DUNES SVRA- GRAND AVENUE LIFEGUARD TOWER

The Governor's budget requests \$146,000 one-time from the Off-Highway Vehicle Trust Fund for working drawings to develop a lifeguard tower headquarters at Oceano Dunes State Vehicular Recreation Area. The project would provide a full time, permanent observation tower throughout the year. The tower would provide preventative and responsive aquatic public safety response, medical and first aid to park visitors, an information center for visitors, an office location for lifeguards to perform administrative functions, and would satisfy mandatory training functions and activities required of the classification.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 34: OCEANO DUNES SVRA- LE SAGE BRIDGE REPLACEMENT

The Governor's budget requests \$108,000 one-time from the Off Highway Vehicle Trust Fund for the preliminary plans phase to rehabilitate the Le Sage Bridge to provide critical structural improvements and enhanced design features for combined vehicle and pedestrian use.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 35: OCOTILLO WELLS SVRA- AUTO SHOP ADDITION

The Governor's budget requests \$106,000 one-time from the Off-Highway Vehicle Trust fund for the preliminary plans and working drawings phases to convert this existing minor capital outlay Ocotillo Wells State Vehicular Recreation Area (SVRA) project to a major capital outlay project. Additional funding (a net increase of \$739,000) and an extended schedule is required due to the fire suppression system needs, which require the addition of a fire pump building and water storage tank. This project will expand the existing auto shop repair facilities by constructing an additional and larger repair bay and storage space immediately adjacent to the existing building to accommodate items in the current fleet. The unexpended balance of existing funding for this project (approximately \$678,000) is also proposed for reversion.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 36: OCOTILLO WELLS SVRA- HOLMES CAMP WATER SYSTEM UPGRADE

The Governor's budget requests \$109,000 one-time from the Off-Highway Vehicle Trust Fund for the working drawings phase of the Ocotillo Wells State Vehicular Recreation Area (SVRA) project, to provide for the construction of a new water treatment and distribution system to meet current demand and health department standards, comply with the California Department of Health Services-Drinking Water Field Operations Branch Check List of Security Measures for Water Utilities, and provide storage and protection from the desert environment.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 37: OFF-HIGHWAY VEHICLE AND BEACH EROSION CONTROL LOCAL ASSISTANCE GRANTS

The Governor's budget requests \$36,300,000 one-time and \$2,000,000 ongoing from special and federal funds (\$35,000,000 Off-Highway Vehicle Trust Fund, \$2,000,000 Recreational Trail Fund, \$1,300,00 Public Beach Restoration Fund), for various local assistance programs.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 38: PICACHO SRA- PARK POWER SYSTEM UPGRADE

The Governor's budget requests \$200,000 one-time in Proposition 40 bond funds for the study phase to evaluate the park's current and future electrical power needs, including redundant backup, and determine sustainable options for providing reliable and cost effective electrical power at this remote location. Options to be considered include, but are not limited to - photovoltaic panels on existing buildings and/or new shade structures, replacing existing diesel generators, or other mixes of conventional and renewable electrical sources. Total project cost is currently estimated at \$3,791,000.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 39: PISMO SB- ENTRANCE KIOSK REPLACEMENT

The Governor's budget requests \$136,000 one-time from the Off-Highway Vehicle Trust Fund for the working drawings phase to replace an entrance station kiosk in the North Beach Campground at Pismo State Beach. This project aims to reduce deferred maintenance by removing and replacing an entrance kiosk that is rapidly deteriorating and causing an undue burden on maintenance staff due to seasonal flooding. The entrance kiosk will be relocated to a higher elevation to prevent flood damage and ensure continued operation. Total project cost is currently estimated at \$1,039,000.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 40: PRAIRIE CITY SVRA- INITIAL EROSION CONTROL

The Governor's budget requests \$298,000 one-time from the Off-Highway Vehicle Trust Fund for the working drawings phase to address erosion issues caused by storm water runoff at park, as required by the Federal Clean Water Act. Work will include the installation of sediment basins, storm water spray fields, drainage crossings, and riparian areas. In addition, there will be drainage control measures including culverts, diversion ditches and swales. The project will meet Best Management Practices for storm water management pursuant to the Federal Clean Water Act.

A comprehensive Watershed Assessment Study, performed through a separate effort, will be used as a detailed guide in implementing this project. Total project cost is currently estimated at \$5,832,000.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 41: R.H. MEYER SP- EL MATADOR PARKING LOT GRADING AND EXPANSION

The Governor's budget requests \$320,000 one-time in Proposition 40 bond funds for preliminary plans phase to increase available parking, install permanent vault toilets, repair the beach trail, and reduce beach trail erosion through parking lot grading and the use of more durable yet permeable surfaces. The expanded parking lot will reduce the need for visitors to park along the eastbound (inland) side of the Pacific Coast Highway (PCH), which will also help to reduce the number of pedestrian versus vehicle accidents caused as visitors cross the PCH to enter the park. Total project cost is currently estimated at \$3.658 million.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 42: SAN LUIS RESERVOIR SRA- SAN LUIS CREEK RAMP REPLACEMENT AND PARKING IMPROVEMENTS

The Governor's budget requests \$135,000 one-time from the Harbors and Watercraft Revolving Fund for working drawings to improve visitor throughput at the San Luis Reservoir State Recreation Area by widening the existing two-lane boat ramp by two lanes, adding a third boarding float, and reconfiguring the parking lot. The project will also upgrade outdated fish cleaning and parking lot lighting systems. Total project cost is currently estimated at \$2,042,000.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 43: STATE COASTAL CONSERVANCY- LOWER COST COASTAL ACCOMMODATIONS PROGRAM (AB 250)

The Governor's budget requests \$293,000 annually for three years from Environmental License Plate Fund and two positions to support the initial assessment and implementation of the new Lower Cost Coastal Accommodations Program, created by AB 250 (Gonzalez Fletcher, Chapter 838, Statutes of 2017).

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 44: STATEWIDE- VEP MINOR CAPITAL OUTLAY PROGRAM

The Governor's budget requests \$643,000 one-time in Proposition 84 for enhancements and improvements of the Volunteer Enhancement Program capital outlay project, to address critical issues that include park operations, public recreation/access, energy efficiency, and resource protection/restoration.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 45: TECHNICAL ADJUSTMENT TO RE-ESTABLISH POSITIONS

The Governor's budget requests a technical adjustment to re-establish 115.2 positions that were erroneously abolished due to Government Code section 12439, in order to accurately reflect what is currently displayed in the Department of Parks and Recreation's annual budget.

Government Code (GC) §12439 established authority for the State Controller's Office (SCO) to identify and abolish positions that remained vacant for at least six consecutive monthly pay periods, either during the fiscal year or between two consecutive fiscal years. GC §12439 was repealed on June 24, 2015. Parks submitted Change in Established Positions, Standard Form 607s to re-establish 115.2 positions in FY 2014-15, however, the 607s were not received by SCO and the positions were abolished pursuant to GC §12439. It is unclear why these forms were not received by SCO.

Parks' budget has continued to display the accurate count of the Department's authorized positions. The re-establishment of Parks' 115.2 positions is a technical adjustment that is intended to ensure Parks' authorized position count with SCO reflects what is displayed in the annual budget.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 46: TOPANGA SP- REHABILITATE TRIPPET RANCH PARKING LOT

The Governor's budget requests \$3,202,000 one-time in Proposition 84 bond funds for the construction phase to rehabilitate the Trippet Ranch parking lot and surrounding area, which have been damaged by erosion and storm water. This project is intended to reduce the safety risk to the public, reduce maintenance costs and better support interpretive uses of the historic zone. Total project cost is currently estimated at \$3,737,000.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 47: McARTHUR-BURNEY FALLS MEMORIAL SP: GROUP CAMP DEVELOPMENT (SFL)

A Spring Fiscal Letter requests \$1,225,000 in General Fund for the working drawings and construction phases of this continuing project. A portion of the requested amount, \$891,000 for the working drawings and construction phases, is requested from the State Parks and Recreation Fund and is fully reimbursable with non-state funds from Pacific Gas and Electric (PG&E) obligations. The remaining \$334,000 is a supplemental appropriation request for the construction phase from Proposition 40 bond funds. This project will develop two adjoining group camps at McArthur-Burney Falls Memorial State Park as identified in the June 1997 General Plan. Development of the group camps is expected to increase the park's group camping capacity by 100 campers. Additional construction funds are necessary due to increased leach field specifications and alterations to the electrical trenching route to avoid cultural and natural resources.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 48: PFEIFFER BIG SUR SP: LOW-COST ALTERNATIVE COASTAL LODGING (SFL)

A Spring Fiscal Letter requests \$190,000 from the State Park Contingent Fund for the preliminary plans phase of the Pfeiffer Big Sur State Park: Low-Cost Alternative Coastal Lodging project, to develop up to fifteen new, low-cost, cabins at Pfeiffer Big Sur State Park. Funds for this project would come from California Coastal Commission in-lieu fees paid by developers for coastal permits. This proposal is consistent with Chapter 838, Statutes of 2017 (AB 250), which requires the state to develop and implement a Low Cost Coastal Accommodations Program to facilitate development of new, lower cost coastal accommodations. This project aligns with Parks' vision and mission to provide increased access to high-quality outdoor recreation opportunities, and it furthers the directive of the Commission to protect and provide lower-cost overnight accommodations along the coast. Total estimated project cost is \$3.5 million.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 49: REAPPROPRIATIONS: CAPITAL OUTLAY PROGRAM (SFL)

- 1) A Spring Fiscal Letter requests reappropriation of existing Capital Outlay appropriations to allow for the completion of projects currently in process. Specifically, this request proposes that Item 3790-491 be added to reappropriate funding for the following projects:
- *0001 – General Fund*
 - *Angel Island State Park: Immigration Station Hospital Rehabilitation project.* The project is currently out to bid with construction anticipated to start in the spring of 2018 and finish in the winter of FY 2018-19. This reappropriation is being proposed to complete construction without delays.
 - *Malakoff Diggins State Historic Park: Solar Panel Generator project.* The project is pending final State Fire Marshal and Division of State Architect approvals. It is anticipated that these approvals will be received and this project will proceed to bid in the spring of 2018. Working drawings phase is complete; however reappropriation of both the working drawings and construction phases is requested so that all expenses have been captured and for construction to continue without delay.
 - *0005 – Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund*
 - *San Elijo State Beach: Replace Main Lifeguard Tower project.* The construction contract has been awarded and construction is anticipated to begin soon. It is anticipated that the contract will be encumbered prior to the end of FY 2018-19; however, this reappropriation is proposed as a precaution in case the construction and equipment funds cannot be fully encumbered prior to the end of the fiscal year.
 - *0263 – Off-Highway Vehicle Trust Fund*
 - *Carnegie SVRA: Road Reconstruction project.* The project is currently in working drawings. A scope change was recently approved to make modifications necessary for pending permits. It is anticipated that this project will proceed to bid in the spring of 2018. Reappropriation is proposed to prevent any further delays.
 - *Hollister Hills SVRA: Waterline Expansion project.* The project is currently in working drawings with proceed to bid approval anticipated in fall 2018. Parks experienced administrative delays in contracts that impacted the start of design for this project. Reappropriation of the funds for the working drawings and construction phases is requested so that all project expenses can be properly applied and to prevent further delays.

- *Heber Dunes SVRA: Water System Upgrades project.* The project is currently in working drawings with proceed to bid approval anticipated in the summer of 2018. Parks experienced administrative delays in contracts that impacted the start of design for this project. Reappropriation of the working drawings and construction phases is requested so that all project expenses can be properly applied and to prevent further delays.
- *0392 – State Parks and Recreation Fund*
 - *Calaveras Big Trees State Park: Mitigation Campsite Relocation project.* The project was approved for a scope change in November 2017. The project is currently in preliminary plans and request for approval is anticipated in June 2018. However, in case there are delays in finalizing permits and/or approvals, reappropriation is requested so that all project expenses can be properly applied and to prevent further delays.
- *0516 – Harbors and Watercraft Revolving Fund*
 - *McArthur-Burney Falls Memorial State Park: Ramp and Boarding Float Replacement project.* The project is currently in preliminary plans and request for approval is anticipated in April 2018, with proceed to bid approval anticipated in June 2018. Completion of preliminary plans has been delayed because additional permitting requirements were identified during the California Environmental Quality Act (CEQA) review process. Reappropriation of working drawings and construction funds is requested to keep the project moving forward without further delays.
 - *Statewide: Department of Boating and Waterways Minor Program project.* Parks experienced administrative delays in contracts that impacted the start of design for this project. Reappropriation is requested so that the project can proceed without further delay.
- *0890 – Federal Trust Fund*
 - *Leo Carrillo State Park: Steelhead Trout Barrier Removal project.* Construction of this project is complete and mitigation efforts are now underway to comply with permitting agency requirements. Reappropriation is requested so that these efforts are completed without further delay.
 - *South Yuba River State Park: Historic Cover Bridge project.* The project is anticipated to proceed to bid approval in May 2018. Reappropriation of the construction phase is requested so that all project expenses can be properly applied and to prevent further delays.

- *6029 – California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund*
 - *California Indian Museum project.* The acquisition process has created delays for this project and renovation has yet to begin. The preliminary plans phase will start once the acquisition is finalized. Reappropriation is requested so that the project can start design without further delays.
 - *Statewide: State Park System Acquisition Program project.* Acquisitions funded through this program are in progress. Some of the acquisitions pending finalization are: California Indian Museum, Vierra North Peak, Save the Redwoods League/Otis Reagan Westing properties, and Bureau of Land Management/Red Rock Canyon. Reappropriation is requested so that all acquisitions can progress without delay and all project expenses can be properly applied.
- *6051 – Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006*
 - *Fort Ord Dunes State Park: New Campground and Beach Access project.* The project is currently in working drawings and has faced delays due to the coastal permitting process. The project team is working with the Coastal Commission to obtain the required coastal permit approvals. Proceed to bid is anticipated in August 2018. Reappropriation of the working drawings and construction phases is requested so that construction funds remain available to keep the project moving forward without further delays.
 - *Gaviota State Park: Main Water Supply Upgrades project.* The project is in preliminary plans and approval is anticipated in the fall of 2018. The project experienced administrative delays in transferring funds, contract negotiations, as well as delays due to environmental constraints. Reappropriation is requested to keep project moving forward and to prevent further delays.
 - *MacKerricher State Park: Replace Water Treatment System project.* The project is in preliminary plans with completion delayed due to environmental issues and exploratory well drillings. Design revisions are in process and preliminary plans approval is anticipated for the summer of 2018. Reappropriation of preliminary plans and working drawings phases is requested so that all project expenses can be properly applied and keep the project moving forward without delay.
 - *Malibu Creek SB: New Stokes Creek Bridge project.* The project is in preliminary plans and approval is anticipated in the fall of 2018. Due to habitat classification and coastal development permit requirements, the project experienced delays and necessitated an augmentation, which was approved in January 2018. Reappropriation of the preliminary plans and

working drawings phases is requested so that all project expenses can be properly applied and to prevent further delays.

- *Old Sacramento SHP: Boiler Shop Renovation project.* The Railyards acquisition closed in January 2018 and preliminary plans have begun. It is anticipated preliminary plans will be completed in spring 2019. Reappropriation is requested so that all project expenses can be properly applied and to prevent further delays to this project.
- *Old Town San Diego SHP: Building Demolition and Immediate Public Use project.* The project is currently in the bidding process. It is anticipated that the construction contract will be awarded in May 2018, with project completion in the summer of 2019. Reappropriation of construction funds is requested to keep the project moving forward without delay.
- *Silverwood Lake SRA: Nature Center Exhibits project.* The project is in construction and project completion is anticipated in December 2018. Reappropriation is requested so that funds area available to complete the construction phase of this project.
- *South Yuba River State Park: Historic Covered Bridge project.* The project is anticipated to proceed to bid in May 2018. Reappropriation of the construction phase is requested so that all project expenses can be properly applied and to prevent further delays.
- *Torrey Pines State Natural Reserve: Sewer and Utility Modernization project.* The project is in preliminary plans and approval is anticipated for the fall of 2019. During the preliminary plans phase, significant impacts to surrounding resources were identified. The project has thus experienced delays, and a subsequent shift of funds from working drawings to preliminary plans was approved. Reappropriation of the preliminary plans and working drawings phases is requested so that all project expenses can be properly applied and to prevent further delays to this project.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 50: REVERSIONS: CAPITAL OUTLAY PROGRAM (SFL)

- 2) A Spring Fiscal Letter requests reversion of existing Capital Outlay appropriations for completed projects and/or phases of projects. Specifically, the request proposes that Item 3790-496 be amended to revert the unencumbered balance of funding for the following projects:
- *0263 – Off-Highway Vehicle Trust Fund*
 - *Hungry Valley SVRA: Vehicle Wash Station.* The project is indefinitely delayed until Parks can develop a workable design to facilitate their vehicle wash station needs at this SVRA.
 - *Carnegie SVRA: Vehicle Wash Station.* The project is indefinitely delayed until Parks can develop a workable design to facilitate their vehicle wash station needs at this SVRA.
 - *Oceano Dunes SVRA: Pismo State Beach Sediment Track-Out Prevention.* The project is indefinitely delayed until issues with stakeholders and regulatory agencies are resolved.
 - *0516 – Harbors and Watercraft Revolving Fund*
 - *Angel Island State Park: East Garrison Mooring Field project.* The project has been cancelled due to an impasse in lease negotiations with the County of San Francisco.
 - *6051 – Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006*
 - *MacKerricher State Park: Replace Water Treatment System project.* Parks reported a revised schedule for this project that indicates construction funds will not be expended during FY 2018-19.
 - *Torrey Pines State Natural Reserve: Sewer and Utility Modernization project.* Parks reported a revised schedule for this project that indicates construction funds will not be expended during FY 2018-19.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 51: INCREASE IN HARBORS AND WATERCRAFT REIMBURSEMENT AUTHORITY (SFL)

A Spring Fiscal Letter requests \$6.5 million increase in reimbursement authority from the Harbors and Watercraft Revolving Fund annually for five years. This increase will support a contract with the Department of Water Resources for Enhanced Control of Aquatic Invasive Plants and Fish Restoration Program actions.

Enhanced aquatic weed control is identified in the California Natural Resources Agency Delta Smelt Resiliency Strategy (released in July 2016) and Salmonid Resiliency Strategy (released in July 2017) as a major action with the potential to benefit Delta Smelt and Salmonids by improving habitat conditions. Notably, both species of fishes are expected to benefit from aquatic invasive plant control. The Division of Boating and Waterways (DBW) operates an aggressive control program for submerged weed *Egeria densa* (Brazilian Waterweed), and the floating weed *Eichhornia crassipes* (Water Hyacinth), as well as other species. The contract with DWR will allow DBW to enhance their existing control program in areas identified by DWR, and to conduct detailed tracking of the aquatic weed and water quality response to these additional weed treatment areas. This project provides the resources necessary for DWR to coordinate with DBW to carry out and monitor the effects of the enhanced aquatic invasive plant control action described in the Delta Smelt Resiliency Strategy.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 52: REGIONAL INFRASTRUCTURE PROJECTS

The Governor's budget requests \$7.5 million one-time in General Fund for one-time local assistance grants for regional infrastructure projects with Anaheim Family YMCA and the City of Fullerton. Specifically, this request proposes:

- \$5 million for the Anaheim YMCA Active Living Center. The funds would be used to construct a new four-acre, 16,800 square foot indoor and outdoor facility that would include outdoor soccer arenas, an indoor gymnasium, a teaching kitchen, and community gathering spaces. Total costs are estimated to be \$10 million, with the difference between the proposed state funding and the cost to be made up by fundraising efforts. Proponents estimate that more than 3,000 residents would visit each week.
- \$2.5 million for the Fox Fullerton Theatre. The funds would be used to support the restoration of the Fox Fullerton Theatre, which was built in 1925 and is listed in the National Register of Historic Places. Renovation of the theater is already underway, and is expected to cost at least \$15 million, with the funds coming mostly from grants, donated supplies, and volunteer hours.

Staff Recommendation: Approve as Budgeted.

3940 STATE WATER RESOURCES CONTROL BOARD

VOTE-ONLY ISSUE 53: DIVISION OF FINANCIAL ASSISTANCE PROGRAM - TECHNICAL ADJUSTMENTS (SFL)

A Spring Fiscal Letter requests the following reappropriations and provisional language for multiple programs administered by the Division of Financial Assistance:

- Budget bill provisional language authorizing the reappropriation of local assistance authority in the Expedited Claim Account Program account from 2015-16 to extend the encumbrance period to June 30, 2021 and liquidation period until June 30, 2024;
- Budget bill provisional language authorizing the reappropriation of local assistance authority in the Replacing, Removing, or Upgrading Underground Storage Tank Program (RUST) and the Site Cleanup Subaccount Program (SCAP) from 2016-17 and 2017-18 to extend the encumbrance period to June 30, 2021 and liquidation period until June 30, 2024;
- Budget bill provisional language authorizing an on-going encumbrance period of 3 years and liquidation period of 3 years for both RUST and SCAP.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 54: TECHNICAL ADJUSTMENTS (SFL)

A Spring Fiscal Letter requests:

- Reappropriation of Proposition 1 local assistance authority for 2014-15 and 2015-16 to be available for encumbrance until 6/30/2021 and liquidation of encumbrance until 6/30/2023;
- Reappropriation of Proposition 84 local assistance authority for 2015-16 to be available for encumbrance until 6/30/2021 and liquidation of encumbrance until 6/30/2023;
- Extension to liquidate encumbrances for local assistance authority in Propositions 50 and 84 for 2013-14 until 6/30/2021;
- Reversion of local assistance authority in Proposition 50 for 2012-13 and 2013-14 and in Proposition 84 for FY 2013-14;
- Reappropriation of \$2.0 million in state operations authority in Proposition 1 for 2015-16;
- Reversion of state operations authority in Propositions 1 for 2015-16 and 2016-17 and 84 for 2016-17; and
- Extension to liquidate encumbrances for local assistance authority in the State Water Pollution Control Revolving Fund Small Community Grant Fund for FYs 2014-15, 2015-16, 2016-17 until 6/30/2021, and FY 2017-18 until 6/30/2022.

Staff Recommendation: Adopt Spring Fiscal Letter.

3600 DEPARTMENT OF FISH AND WILDLIFE

VOTE-ONLY ISSUE 55: DEDICATED FISH AND GAME PRESERVATION FUND REALIGNMENT (SFL)

A Spring Fiscal Letter requests a one-time increase of \$1,007,000 in 2018-19 in the Fish and Game Preservation Fund dedicated accounts and a decrease of \$688,000 on going, to better align the program expenditures of 11 dedicated accounts with associated revenues to maintain stability and structural balance. Each dedicated account with proposed increases has sufficient balances, and any proposed decrease will ensure the applicable dedicated account maintains solvency.

The realignment allows programs with revenue that is outpacing its authority to utilize the additional authority, and will reduce the authority in accounts where the authority exceeds the revenue.

Staff Recommendation: Adopt Spring Fiscal Letter.

ITEMS TO BE HEARD

ISSUE 1: ENTANGLEMENT OF ENDANGERED WHALES AND SEA TURTLES

This Subcommittee will receive a briefing from various stakeholders on entanglements of California's endangered whales and sea turtles and status of efforts to address this.

PANELISTS

- Tom Dempsey, The Nature Conservancy
- Leah Sturgis, Vice President of Wildlife Protection, Social Compassion in Legislation
- Noah Oppenheim, Executive Director, The Pacific Coast Federation of Fishermen's Associations
- John Fiotakis, Chief Executive Officer, Fiomarine
- Dave Anderson, Chief Executive Officer, Dave's Dolphin & Whale Safari & Rescue

BACKGROUND

Record high whale and sea turtle entanglements. According to the National Oceanic and Atmospheric Administration (NOAA), there were 71 cases of entangled whales off the coasts of Washington, Oregon, and California with fishing gear in 2016. This breaks the entanglement record for the third consecutive year and is the highest annual total for the West Coast since NOAA Fisheries started keeping records in 1982. The California commercial Dungeness crab fishery was the most commonly identified source of whale and sea turtle entanglements. Entanglements can drown whales or cause infected wounds and amputations that may eventually kill them.

California Dungeness Crab Fishing Gear Working Group. The California Dungeness Crab Fishing Gear Working Group (Working Group) was established in September 2015 to address the risk of whale entanglements in Dungeness crab fishing gear. The 20-member working group includes the Department of Fish and Wildlife, the National Marine Fisheries Service, the California Ocean Protection Council, commercial and recreational fishermen, environmental organization representatives, members of the whale entanglement response network, and state and federal agencies.

Working Towards Reducing Whale Entanglement Risk. For the past two years, the Working Group has been working to better understand the issue of entanglements and to identify methods to mitigate entanglement risk. In May 2017, the group identified the need for a process that could help identify circumstances that can elevate risk and develop pathways to addressing these situations. The Working Group has considered an approach that is rooted in best fishing practices and is flexible to be responsive to elevated entanglement risk.

The Whale Entanglement Risk Assessment and Mitigation Program (RAMP). The Working Group has developed a draft RAMP to support the state in working

collaboratively with fishermen, researchers, NGOs, etc. to identify and assess elevated levels of entanglement risk and determine the need for management options to reduce risk of entanglement.

The 2017-18 Pilot. The draft RAMP is in the beginning stages of development. The voluntary pilot will provide an opportunity to test out the draft RAMP's structure and function, and explore aspects of the RAMP to identify areas that need to be adjusted. During the RAMP pilot, commercial and recreational fishermen and others involved in the California Dungeness crab fishing industry are invited to review the draft RAMP approach and provide feedback on all aspects of the program. The Working Group plans to hold a number of meetings in 2018 at port locations to share information and address questions.

Lawsuit pending. The Center for Biological Diversity sued the California Department of Fish and Wildlife on Oct. 3, 2017, for violating the Endangered Species Act by permitting Dungeness crab fishing and failing to prevent rising whale and sea turtle entanglements.

STAFF COMMENTS

The number of whales entangled in fishing lines off the West Coast of the United States has been sharply rising in recent years. Funding to promote research activities related to reducing whale entanglement risks on the U.S. west coast was provided to multiple groups through NOAA Fisheries' Bycatch Reduction Engineering Program (BREP) in 2017. This funding supports research to improve understanding of current gear and fishing practices as well as potential gear modifications. BREP funding also supported a workshop in 2017 designed to bring together a diverse group to identify the most promising ideas for innovation to address the entanglement issue across the U.S. west coast.

The Subcommittee may wish to continue monitoring the progress of California Dungeness Crab Fishing Gear Working Group and its efforts to reduce whale entanglement and explore potential solutions to complement state fisheries management and protect California's wildlife, such as:

- Mandatory gear modifications (clearly marked, weighted lines with less slack)
- Reporting requirements (where, when and how many traps set, location of lost traps)
- Prohibitions on setting traps in whale and sea turtle hotspots.

Informational Item

3790 DEPARTMENT OF PARK AND RECREATIONS**ISSUE 2: FIX OUR PARKS FACILITY, ACCESS, AND VISITOR SERVICE ENHANCEMENT AND IMPROVEMENTS**

The Governor's budget requests \$61,500,000 ongoing from the State Parks and Recreation Fund and 364 full-time positions to improve the State Park System, deliver critical services that will address facilities and other infrastructure, and increase access to the State Park units. The resources requested in this proposal have been informed by the Department's Service-Based Budgeting efforts.

BACKGROUND

California State Park System. California's park system is the largest and most diverse in the nation. Administered by DPR, the park system is a network of 280 park units serving about 75 million visitors per year. State parks vary widely by type and features, including state beaches, museums, historical sites, and rare ecological reserves. The size of each of park also varies, ranging from less than one acre to 600,000 acres. In addition, parks offer a wide range of amenities including campsites, golf courses, ski runs, visitor information centers, tours, trails, fishing and boating opportunities, restaurants, and stores. Parks also vary in the types of infrastructure they maintain, including buildings, roads, power generation facilities, and water and wastewater systems.

State Park Operations. Operation of the state's park system involves various activities, including utilizing rangers to maintain public safety, providing educational and enrichment experiences to the public, maintaining facilities and trails, and performing revenue collection and other administrative activities. The state park system receives funding from many sources to support its operations, including:

- *State Parks and Recreation Fund.* The department's largest fund source for operations has been the SPRF. This fund source is proposed to support about half of the Department's operations in 2018-19. The fund is supported primarily by revenues collected from fees charged to park users. Parks frequently charge user fees, including for parking, park entrance, and specific recreational activities (such as the use of overnight campsites). The fund also receives revenue from contracts with state park concessionaires that provide certain services. Revenue from user fees and concession agreements is estimated to be about \$140 million in 2018-19.
- *General Fund.* With a few exceptions, state parks cost more to operate and maintain than they currently generate in revenue. Moreover, parks provide many broad public benefits, such as preservation of California's natural and cultural resources. For these reasons, state park operations are partly funded from the

state General Fund. The Governor's 2018-19 Budget includes \$147 million in General Fund support for DPR operations.

- *Transfers from the Motor Vehicle Fuel Account (MVFA).* Historically, fuel tax revenue that is attributable to gasoline and diesel purchased for boats and off-highway recreational vehicles usually has been transferred to the Harbors and Watercraft Revolving Fund and the Off-Highway Vehicle (OHV) Trust Fund, respectively. (Some funds, however, were transferred to SPRF instead of the OHV Trust Fund in 2016-17 to address a shortfall.) These two funds are primarily used to support opportunities for boating and OHV recreation. Recent legislation, SB 1 (Beall, Chapter 5, Statutes of 2017), which increased fuel taxes, also specified that any additional revenue from these increased taxes associated with boating or OHV usage is transferred into the SPRF. Incremental revenue from the recent fuel tax increases is projected to be \$79 million in 2018-19.
- *Other Special Funds and Bond Funds.* State parks also receive support from various special funds, including revenue from the state boating gas tax, federal highway dollars for trails, and various state revenue sources earmarked for natural resource habitat protection. In addition, since 2000, \$3.5 billion in bonds have been allocated for parks, including funding for DPR to administer grants to local park systems. If approved by voters, SB 5 would provide an additional \$1.3 billion for state and local parks.

Recent SPRF Shortfalls. Changes to DPR's budget since 2011-12 resulted in a SPRF operating deficit and depletion of the SPRF fund balance. During the recent recession, the 2011-12 and 2012-13 budgets reduced baseline General Fund support for the department by a total of \$22 million to achieve General Fund savings. In response to the reduction, the Legislature provided additional SPRF funding on a temporary basis in order to prevent the closure of state parks. This action, coupled with other one-time and ongoing spending, caused expenditures from SPRF and its subaccounts to increase by more than revenues and transfers to the fund over that period. These trends resulted in a structural deficit and drew down the SPRF fund balance. The recent passage of SB 1 provided additional revenue and eliminated the shortfall.

Over the past several years, the Department has relied on one-time augmentations to sustain core operation service levels. In 2014-15 and 2015-16, the Department received one-time augmentations from its SPRF fund balance; however, in 2016-17 a one-time transfer of fuel tax revenue initially slated to go to the Off-Highway Vehicle Trust Fund (OHVTF) was needed to both sustain operations and keep SPRF solvent.

Service-Based Budgeting (SBB). The California State Parks Stewardship Act of 2012, AB 1589 (Huffman, Chapter 533, Statutes of 2012) and AB 1478 (Blumenfield, Chapter 530, Statutes of 2012), called for the formation of an advisory council to conduct an independent assessment of the state parks system. One of the results was the design and implementation of "service-based budgeting" (SBB), which was first used in 2017. This new tool uses estimates of the number of staff hours and other costs

necessary to carry out different tasks (such as public safety patrols and specific facility maintenance tasks). These estimates are then used to calculate the amount of services parks can provide at varying levels of funding. The Department has used its SBB tool to compare current service levels across parks, as well as to estimate the level of resources necessary for each park to achieve its “optimum service level” based on its mission, facilities, and other factors. DPR then identified both across the parks system and for various types of services where there were the largest gaps between the current and optimum service levels.

LAO COMMENTS

Ensure That Needs Identified by SBB Align With Legislative Priorities. The LAO views the new SBB system as an improved approach to evaluating its current resources and estimating the largest gaps between those resources and what increases would be necessary to achieve the goals of park administrators. However, the LAO views the allocation of resources among needs as the Administration’s prioritization of different state park functions. To the extent that the Legislature’s priorities differ from the Administration’s, the LAO recommends that the Legislature could request additional information on current service levels throughout the state, the cost associated with reaching its desired service levels for certain functions, or what services are not included for funding in the proposal. Ultimately, the LAO recommends that the Legislature utilize this information to adopt a budget package that reflects its priorities.

STAFF COMMENTS

Over the past several years, DPR has been working on a tool to: (1) improve how resources are allocated; (2) increase service consistency across parks; (3) monitor spending across programmatic areas; and (4) understand under-met programmatic needs. DPR completed the data collection effort for this tool, also known as service-based budgeting (SBB), in May 2016. SBB documents all functions, across each district and park, to enable analysis of the resource requirements for each task the Department needs to perform to achieve its optimum service level. This process also revealed which tasks are currently performed, and to what extent. DPR has been able to analyze this information through high-level analytics, and for the first time can articulate through a qualitative analysis the service levels it currently provides and how it allocates its resources.

This proposal includes significant investments to address critical service level, organizational, recruitment, and access needs identified through the SBB efforts.

Staff Recommendation: Approve as Budgeted.

ISSUE 3: OFF-HIGHWAY MOTOR VEHICLE RECREATION

The Governor's budget requests \$2,845,000 in 2018-19 and \$2,681,000 in 2019-20 and ongoing from the Off-Highway Vehicle Trust Fund and 17.5 positions to implement Senate Bill 249 (Allen, Chapter 459, Statutes of 2017).

BACKGROUND

Off-Highway Motor Vehicle Recreation (OHMVR) Program. The OHMVR Program was established to manage off-highway vehicle recreation in a manner that ensures the public has access to this form of recreation, while also protecting California's natural and cultural resources. The program is administered by the OHMVR Division within DPR. The Division manages nine State Vehicle Recreation Areas (SVRAs) and provides state funding support for non-state off-highway vehicle (OHV) facilities through a grants program. A nine-member Off-Highway Motor Vehicle Recreation Commission, which is appointed jointly by the Governor, the Senate and the Assembly, aids the Division in implementing the program.

Fees collected from users of SVRAs, OHV vehicle registration fees, and fuel taxes associated with off-highway motor vehicle recreation, fund the program. These funds are deposited into the Off-Highway Vehicle Trust Fund. Upon appropriation by the Legislature, up to 50 percent of the fund may be used for a grants program and the remaining is generally available to the Division for implementing the program and managing SVRAs. The Division is required to establish soil conservation standards, make an inventory of wildlife populations and their habitats, and prepare a wildlife protection program for each SVRA.

Senate Bill 249 (Allen, Chapter 459, Statutes of 2017). The OHMVR Program was previously scheduled for a sunset on January of 2018, unless a legislative extension was established. SB 249 permanently authorizes the OHMVR program. SB 249 also defines SVRAs, clarifies the purpose for these areas, establishes standards to improve environmental protections, and clarifies the Department's roles and responsibilities to manage the SVRAs.

SB 249 expanded DPR's role to oversee environmental management for the program. Pursuant to SB 249, DPR is required to prepare and implement management wildlife habitat protection plans for the lands that are included in SVRAs. SB 249 also requires the DPR to publish plans, reports, and studies related to off-highway vehicle recreation on DPR's internet website. Additionally, DPR is required to review and update the 2008 Soil Conservation Standard and Guidelines as necessary in order to establish a generic and measurable soil conservation standard by December 31, 2020. Finally, DPR is required to monitor each SVRA annually to confirm that soil conservation standards and wildlife habitat protection plans are upheld, and that all natural, cultural, and archeological resources are properly protected within each SVRA.

SB 249 also directs DPR to convene a stakeholder process to provide opportunities for public input on ways to create a more balanced Off-Highway Vehicle Commission (Commission). DPR's recommendations will be informed by the stakeholder process and will include ways to achieve diverse public participation in the Commission process.

In addition, SB 249 includes changes to the Off-Highway Motor Vehicle Recreation Grant Program. These changes include: (1) expanding eligibility criteria for grant recipients to include certified community conservation corps and resource conservation districts, and (2) reducing the match for restoration grants from 25 percent to 10 percent. These changes may result in additional restoration project grant awards since some grantees have traditionally been unable to afford the 25 percent match, which will result in improvements to federal and local off-highway vehicle areas.

STAFF COMMENTS

SB 249 authorizes the OHV program indefinitely and expanded the duties required of DPR. The requested resources would help DPR comply with the various requirements of SB 249.

Staff Recommendation: Approve as Budgeted.

**ISSUE 4: REVENUE GENERATION PROGRAM & STATE PARKS REVENUE INCENTIVE
SUBACCOUNT (TBL)**

The Governor's budget requests \$4,935,000 ongoing from the State Parks and Recreation Fund to continue its established revenue generation program, and to support ongoing costs associated with implementation of successful Revenue Generation projects. This proposal includes \$595,000 for five revenue-generating projects.

The Governor's budget also requests trailer bill language to amend and extend the Revenue Generation Program, and to revise how money is deposited into the State Parks Revenue Incentive Subaccount. Specifically, the proposed trailer bill language:

1. Removes the annual transfer of \$4.34 million from SPRF to the State Parks Revenue Incentive Subaccount.
2. Remove the inoperative and repeal dates for the subaccount, thereby extending these provisions indefinitely.
3. Make funds in the subaccount available indefinitely for encumbrance, expenditure, and liquidation.
4. Authorize DPR to transfer to the subaccount and allocate up to 50 percent of the total amount of revenues generated by park districts that exceed their revenue targets to these districts, and to transfer to the subaccount and allocate up to 50 percent of these excess revenues for specified purposes.
5. Make the revenue in the California State Park Enterprise Fund available for encumbrance and expenditure until June 30, 2021, and for liquidation until June 30, 2023.

BACKGROUND

Revenue Generation Program. The State Park System has faced many challenges over the past several years, including budget cuts, threats of park closures, and service reductions. In 2012, the Legislature passed laws that required DPR to develop a Revenue Generation Program to engage in revenue-generating projects throughout the State Park System in order to bolster a long-term sustainable funding strategy. Specifically, SB 1018 (Committee on Budget and Fiscal Review, Chapter 39, Statutes of 2012), required DPR to develop a revenue generation program. Assembly Bill 1478 (Blumenfeld, Chapter 530, Statutes of 2012) created the State Parks Enterprise Fund and required DPR to establish a revolving loan program to improve infrastructure and provide services that generate revenue. Projects and services funded by the Revenue Generation Program are to be consistent with the mission and values of State Parks.

Since 2012, the DPR's Revenue Generation Program has invested in a wide range of projects and support functions to increase DPR's revenue and provide better visitor service. Upon successful completion of these projects, DPR evaluates the ongoing viability of these respective revenue contributions and refines the ongoing costs associated with operating these new assets and programs.

DPR pay for revenue-generating projects out of two separate funds. Assembly Bill 1478 (Blumenfield, Chapter 530, Statutes 2012) created the State Park Enterprise Fund and transferred into it \$3 million from DPR's unexpended Proposition 40 funds, and \$10 million from unexpended Proposition 84, for a total of \$13 million. The Enterprise Fund, which serves as a revolving loan program, provides working capital to pay for revenue generating infrastructure enhancements.

Senate Bill 1018 (Chapter 39, Statutes 2012) created the State Parks Revenue Incentive Subaccount (the Subaccount) within the State Parks and Recreation Fund (SPRF), and requires the Controller to annually transfer \$15.34 million into the Subaccount from SPRF. DPR may spend up to \$11 million per year on projects consistent with the administration and development of the state park system, and \$4.34 million on revenue incentives and auditing services provided by the Office of State Audits. Of the \$4.34 million, DPR has elected to fund temporary help, some capital improvements, and to support department-wide efforts to build revenue-generating programs.

Current law contains sunset language that would cease Revenue Generation Incentive Subaccount expenditure and encumbrance availability on June 30, 2019.

One-time funding provided for five projects. DPR received one-time funding in 2017-18 for five revenue-generating projects at: (1) Hearst San Simeon State Historic Monument; (2) Morro Strand State Beach; (3) South Carlsbad State Beach; (4) San Elijo State Beach; and, (5) two projects in the Central Valley District. These projects have proved to be viable revenue functions that DPR wants to continue indefinitely, which requires an ongoing augmentation of new operational levels to sustain.

STAFF COMMENTS

Approving this request would allow DPR to continue the annual appropriation of \$4,340,000 dedicated to the revenue generation program from SPRF instead of the State Parks Revenue Incentive Subaccount. This would make this expenditure authority part of its base appropriation, rather than requiring a transfer item, making it more efficient. Further, approving this request would allow DPR to continue to incentivize those state parks districts that have created revenue in excess of projected targets, a portion of that revenue, including incentive payments for meeting revenue goals.

Staff Recommendation: Approve BCP as Budgeted and Adopt TBL as proposed.

ISSUE 5: REVENUE GENERATION: RESERVATION SYSTEM (SFL)

A Spring Fiscal Letter requests a one-time increase of \$1,136,000 and an ongoing increase of \$1,185,000 from the State Parks and Recreation Fund and nine permanent positions to support the newly implemented online reservation system, ReserveCalifornia.

BACKGROUND

From Reserve America to ReserveCalifornia. Reserve America was the legacy system for creating reservations within the State Parks System. Reserve America provided services such as issuing refunds to customers and providing revenue reports to both internal and external stakeholders. The long-standing contract with Reserve America expired and DPR assumed all previous responsibilities of Reserve America through the introduction of its own reservation system, ReserveCalifornia.

DPR launched the newly created ReserveCalifornia online reservation system in early fall of 2017. The new system allows customers to create their reservations online with expanded park options previously not available under Reserve America. The design of the new reservation system connects park units statewide, which was not the case before. For example, if visitors attempt to make a reservation at a park unit that is not available, the new reservation system will show available alternative options at nearby park units. When reservations are made for a particular unit, visitors are shown available programs, such as hiking trails and interpretive programs that can be added on as a bundle with their reservation. Moreover, visitors to the site will also now be able to purchase annual passes through the sales system.

STAFF COMMENTS

DPR previously managed park reservations through contracts with outside vendors. Having an in-house system provides DPR greater control over its inventory and allows for better real-time management of its sites. With this new system, DPR can also better inform park visitors of new programs, upcoming special events, and other park updates.

Staff Recommendation: Approve as Budgeted.

3780 NATIVE AMERICAN HERITAGE COMMISSION

ISSUE 6: EXPANSION OF NATIVE AMERICAN HERITAGE (SFL)

A Spring Fiscal Letter requests \$643,000 General Fund and 10 positions in 2018-19 and \$1,286,000 General Fund in 2019-20 and ongoing, to implement state and federal statutes governing Native American tribal rights.

The State Lands Commission requests \$241,000 General Fund and two positions to accommodate the increased accounting, contracting, budgeting, and personnel services it provides to the Native American Heritage Commission.

BACKGROUND

The Native American Heritage Commission (NAHC). The NAHC, created by statute in 1976, is a nine-member body appointed by the Governor. The NAHC has statewide jurisdiction to enforce laws protecting Native American graves, sacred sites, and tribal cultural resources. The NAHC interprets, implements, or enforces seven separate statutory schemes. The scope and responsibility of the NAHC has expanded over the years due to legislation and land development. The NAHC is charged with the following:

- The Identification of Most Likely Descendants of ancient Native Americans whose human remains are inadvertently discovered, and the oversight of the process for determining the treatment and disposition of those remains (Public Resources Code section 5097.98).
- Creating, updating, and maintaining a statewide inventory of Native American sacred lands on public and private property (Public Resources Code sections 5097.94 and 5097.96).
- Maintaining a list of California Native American tribes for consultation between tribes, local governments, and CEQA lead agencies pursuant to Chapter 905, Statutes of 2004 and Chapter 532, Statutes of 2014, and determining the criteria for the inclusion of California Native American tribes on said list (Government Code sections 65352, 65352.3, and 65562.5; Public Resources Code section 21073).
- Mapping and updating maps of geographic areas, which are constantly shifting as new information is identified, of tribal traditional and cultural affiliation for California Native American Tribes in order to implement Chapter 532, Statutes of 2014 (Public Resources Code section 5097.98, subdivision (m)).
- Conducting investigations and public hearings to declare sites, Native American sacred sites, and filing legal action to prevent damage to, or provide access to, those sites on public property (Public Resources Code sections 5097.94, subdivision (g) and 5097.97).
- Implementing the California Native American Graves Protection and Repatriation Act (CalNAGPRA), which requires maintaining inventories and summaries of Native American cultural resources held by museums, agencies, and universities,

issuing subpoenas, holding hearings, publishing decisions, and defending those decisions on appeal (Public Resources Code section 5097.98, subdivision (n)(1); Health and Safety Code section 8010 et seq.).

- Prevent interference with Native American religion or damage to cemeteries or places of worship by supplementing section 5097.9, and by providing guidance in order to assist tribes in gaining access to sacred sites on public land for religious or ceremonial purposes (Public Resources Code section 5097.9).

Additionally, AB 52 (Gatto, Chapter 532, Statutes of 2014), required NAHC to create a geotechnical database of tribal territories and the governmental agencies that overlap these areas for purposes of the California Environmental Quality Act (CEQA) tribal consultation process. The Budget Act of 2015 provided \$1.6 million General Fund and five permanent positions for these activities. The Budget Act of 2017 provided \$254,000 General Fund and three positions to support increased workload associated with Sacred Lands Inventory research and consultation, and authorized NAHC to establish fees to recover the costs for providing Sacred Lands File searches.

Increase in Sacred Land File (SLF) requests. Since its establishment in 1976, NAHC's mission and statutory obligations have increased over the years. NAHC has seen an increase in requests for assistance, particularly for searches of Sacred Land Files. Based on current numbers, NAHC states that it appears this increase is a continuing trend.

Statutory authority to charge a fee for Sacred Land File (SLF). According to NAHC, the rulemaking process to implement SLF fees has not begun because of the increased demands for enforcement and compliance actions to protect cultural resources and a lack of legal staff to oversee rulemaking (the NAHC has only one attorney). NAHC anticipates the tentative fee of \$150 will be the actual fee once the rulemaking is complete. NAHC has determined this to be reasonable based on the cost of staff time, the cost of SLF software and file maintenance, and fees charged for similar inventory searches at another state agency.

LAO COMMENTS

The LAO recommends approval of this General Fund request on a one-year basis, rather than ongoing. The Department indicates that it anticipates concluding rulemaking for a new fee to cover costs associated with NAHC Sacred Lands Inventory searches and implement the fee by December 2018. This fee revenue should offset the costs identified in the BCP in out-years.

STAFF COMMENTS

NAHC intends to use the resources to meet the current workload backlog and to fulfill statutory obligations including enforcement, compliance, and mediation by adopting regulation to provide guidance and clarity to tribes, state, federal, and local agencies. The requested resources would enable NAHC to fulfill its' statutory obligations and limit

liability for the state. Further, NAHC anticipates the fee revenue from the SLF requests will take the place of the General Fund over time and the General Fund appropriation will be reduced accordingly.

Staff Recommendation: Approve as Budgeted.

3560 STATE LANDS COMMISSION

ISSUE 7: SIRMS IT PROJECT

The Governor's budget requests \$2,039,000 one-time in General Fund for the Spatially Indexed Records Management System project, which will digitize and preserve historic state sovereign land ownership records.

BACKGROUND

The State Lands Commission (SLC). The SLC, established in 1938, is tasked with managing California's sovereign lands and resources for the benefit, use, and enjoyment of the public. These lands total approximately 4.5 million acres and include tidelands, submerged lands and the beds of navigable rivers, streams, lakes, bays, estuaries, inlets, and straits.

The SLC rely on historical records that document land ownership and define the state's historical boundaries to conduct its primary business functions, leasing, environmental protection, and ensuring land use is managed in the best interests of the state. The records include paper documents that predate statehood. This accumulation of over 200 years of records has resulted in an estimated 160 different record types containing over four million documents. These paper records are housed at the State Records Center and at all five Commission locations.

The Commission has partially automated some of its business process and functions. However, staff continues to access paper documents using a manual geo-referenced title plant, comparable to a Geographical Information System, but fully dependent on manual systems, tools, and processes. The mix of paper and digital records is constantly expanding as new transactions are brought before the Commission.

STAFF COMMENTS

SLC currently has to access a mix of paper and digital records to perform its land management and leasing functions. This creates an inefficient and cumbersome process. The requested funds will support the first part of a three-phased effort to create a system to organize, classify, and digitize land ownership records. Providing SLC with the ability to have digital access to geo-referenced land ownership records will improve leasing and permitting workflow processes associated with them. This system will also improve efficiency in issuing leases and permits and identifying jurisdictional ownership.

Staff Recommendation: Approve as Budgeted.

ISSUE 8: OIL AND GAS PLUG ABANDONMENT

The Governor's budget requests \$108,500,000 in General Fund over three years to permanently secure, plug and abandon, and decommission oil wells and facilities, located onshore and offshore, in Santa Barbara and Ventura Counties. Specifically, this proposal requests for \$58,000,000 in 2018-19, \$40,000,000 in 2019-20, and \$10,500,000 in 2020-21.

BACKGROUND

SLC is responsible for state's coastal oil and gas resources. Many of California's most productive oil and gas resources are located along its coastline. In 1921, the Legislature created the first program to permit oil and gas development in the state's coastal waters. According to SLC, between 1921 and 1929 the state issued approximately 100 permits and leases, and over 850 wells were drilled in Santa Barbara and Ventura counties. Environmental concerns regarding offshore drilling have, however, led to various limitations on such development in the ensuing years. Following a large oil spill off the coast of Santa Barbara in 1969, the commission enacted a moratorium on new offshore leases, and in 1994, the Legislature enacted the California Coastal Sanctuary Act, which prohibited the state from entering into new leases for oil and gas development in the state's coastal waters. Many of the preexisting leases and facilities remain in operation and under SLC's jurisdiction. Specifically, SLC oversees leases for four offshore oil platforms in state waters: platforms Holly in Santa Barbara County, Eva and Emmy in Huntington Beach, and Esther off Seal Beach. The commission also has some jurisdiction over five artificial islands built for oil and gas drilling—four in the Long Beach Harbor, and Rincon Island in Ventura County.

State recently assumed control of two facilities after lessees declared insolvency. In two separate instances, SLC recently had to take control of offshore oil and gas drilling and production facilities. In both cases, the holders of the leases declared fiscal insolvency, failed to meet their lease obligations to remove the facilities and restore the land to its natural condition, and relinquished the facilities back to the state, resulting in the state having to assume responsibility for protecting against the release of oil into the marine environment. The two sites of these facilities are:

- **Platform Holly.** Venoco LLC held the lease for Platform Holly (and its associated processing facilities) from 1997 to 2017. ExxonMobil Corporation was a prior lessee of these facilities. The oil produced from the offshore platform flows through subsea pipelines and is processed and stored at the Ellwood Onshore Facility, which also incinerates the hydrogen sulfide gas produced at the platform. No production has taken place at Platform Holly since 2015, when the pipeline that transported the oil produced from these facilities ruptured, causing the Refugio oil spill. That pipeline, which is owned by another entity, is still not operational. In April 2017, Venoco filed for bankruptcy and quitclaimed its oil and gas leases back to SLC. Since that time, SLC has been staffing and operating Platform Holly, the associated 32 wells, and the Elwood Onshore Facility.

- **Rincon Island.** The Rincon Island Limited Partnership (RILP) held the lease for Rincon Island from 1995 to 2017. The Atlantic Richfield Company (ARCO) was a prior lessee of these facilities. This artificial island, which is connected to the shore by a causeway, has 49 wells and contains various other processing equipment and facilities. Rincon Island has not produced oil or gas since 2008, due in part to damage to the causeway that connects the island to shore. RILP failed to meet regulatory and contractual terms for several years, resulting in significant deterioration of the facilities and leading SLC to initiate termination of the lease in 2016. That termination was preempted by RILP declaring bankruptcy, and the bankruptcy court granted SLC a quitclaim of the lease in December 2017.

Currently, SLC is undertaking the initial steps to permanently plug the wells and prepare the facilities at these two sites for safe abandonment.

LAO COMMENTS

Immediate Action Needed to Address Environmental and Public Health Risks.

The LAO concurs with the administration that commencing work to plug and abandon Platform Holly and Rincon Island immediately would be prudent. The potential for an oil spill or gas leak from these active facilities poses a dangerous environmental and public health risk that should be addressed as quickly as possible. State action requires a General Fund appropriation because payouts from ExxonMobil and the RILP performance bond are uncertain and could take years to be paid. Moreover, the state is already incurring the costs of staffing, monitoring these facilities in the interim, and these costs will continue to accrue until the plugging, and abandonment activities are completed.

State Costs Could Ultimately Be Significantly Lower. While the Governor's proposal represents a significant multiyear General Fund expenditure, the ultimate cost to the state is likely to be less than the \$108.5 million that is requested. In particular, SLC is negotiating with ExxonMobil to cover a considerable portion of costs to plug and abandon Platform Holly. The commission believes that under the terms of its prior lease, ExxonMobil retains significant liability to plug, abandon, and decommission Platform Holly since the subsequent lessee is unable to do so. While ExxonMobil acknowledges these terms, it disputes the extent of that liability, and the state could pursue future litigation to resolve the dispute.

SLC Taking Steps to Protect State from Future Liability. In addition to Platform Holly and Rincon Island, the state has leased out three other offshore platforms and four artificial islands that are still operational. While SLC indicates that the lessees of those sites appear to maintain healthy fiscal solvency, the commission is taking steps to revise those lease terms to protect the state's liability and prevent a recurrence of the Venoco and RILP outcomes. Specifically, SLC is negotiating to build in conditions such as: (1) increasing the amount of the performance bonds the lessees must hold; (2) requiring the lessees to begin plugging and abandoning idle wells now, rather than delaying until the leases expire; (3) placing liens on other properties the lessees own;

and (4) establishing terms that name SLC as a priority claimant if bankruptcy were to be declared.

State Will Face Future Decisions Regarding Decommissioned Facilities. The amount of funding requested by the Governor will not cover the full costs of decommissioning Platform Holly and Rincon Island. The proposed \$108.5 million is to undertake the plugging and abandoning activities that will render the facilities safe and stable, but is not sufficient to fully remove the platform and island. SLC indicates that once the initial abandonment activities are completed, it will undertake a California Environmental Quality Act review—in collaboration with input from local residents and stakeholders—to identify the implications of removing, partially removing, or retaining and repurposing the remaining infrastructure. The Legislature should expect future budget requests for the planning and implementation of the final decommissioning phases for these sites.

Adopt Governor’s Proposals. Because Platform Holly and Rincon Island (and their associated wells and facilities) continue to pose risks to the environment and public health until they are fully plugged and secured, the LAO recommends the Legislature adopt the Governor’s proposed funding request so that work can begin immediately.

Require SLC to Provide Funding Update in 2019. Given the uncertainty surrounding how much funding SLC may ultimately receive from ExxonMobil, the LAO recommends that the Legislature require the commission to provide an update to inform the 2019-20 budget process and the need for General Fund support. This would also be a good opportunity for the Legislature to monitor the work in progress and the status of other offshore leases. Specifically, the LAO recommends the Legislature adopt supplemental reporting language requiring SLC to provide a report by January 10, 2019 that includes an update on the following:

- The status of negotiations with and amount of funding received from ExxonMobil for the Platform Holly project and the amount ultimately received from the RILP performance bond.
- The project status and work accomplished, timelines for completion, and latest project cost estimates for both Platform Holly and Rincon Island.
- The status of lease renegotiations with existing offshore platform and island lessees and the specific protections put in place to limit future state liability.

STAFF COMMENTS

Failure to secure and properly plug and abandon the Venoco and RILP wells could result in significant harms to public health and safety, and damage to the marine and coastal environment. The state would be financially liable for some degree of the remediation costs, including of the coastline and marine environment, and legally liable for any emergency event at the facilities. It is vital to take immediate steps to mitigate the potential harms from the facilities.

Staff Recommendation: Approve as Budgeted and adopt SRL as proposed by the LAO.

3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION**ISSUE 9: REGULATION ENFORCEMENT IN THE SAN FRANCISCO BAY**

The Governor's budget requests \$211,000 from the Bay Fill Cleanup and Abatement Fund in 2018-29, \$421,000 in 2019-20 and ongoing, and two positions to resolve permit violations and modernize SFBCDC's regulatory laws, policies, and regulations.

BACKGROUND

San Francisco Bay Conservation Development Commission (SFBCDC). SFBCDC, created in 1965, is a planning and regulatory agency responsible for managing the protection and use of the San Francisco Bay and its shoreline, and the Suisun Marsh. Its mission is to protect the San Francisco Bay from excessive fill, maximize public access to the shoreline, and prepare for the impacts associated with a rising bay level. Throughout its existence, SFBCDC has approved projects worth billions of dollars. SFBCDC reviews, analyzes, negotiates, and issues development permits for projects. SFBCDC also enforces its permit conditions to ensure compliance with state law.

SFBCDC's Strategic Plan Update. SFBCDC adopted its strategic plan for 2017-20 on June 2017. SFBCDC's newly updated strategic plan includes a comprehensive work plan that focuses on three specific issues:

- Continually improving our strategic daily work.
- Leading the Bay Area's efforts to increase its resilience in the face of rising sea level.
- Improving our organizational health and expanding our staff to meet and conquer these challenges head on.

STAFF COMMENTS

There is a modification to this proposal in the Natural Resources technical adjustments Spring Fiscal Letter (SFL), titled "Amendment to and Addition of Various Budget Bill Items and Reimbursements." The SFL proposes to reduce the requested amount for SFBCDC by \$180,000 for technical reasons and does not change the overall activities or staffing. Action on that amendment will be adopted separately in this Subcommittee.

SFBCDC currently has an enforcement backlog of 200 cases. Given the backlog and the complexity of permitting and enforcement cases, it appears reasonable to provide SFBCDC additional resources. However, the Subcommittee has received concerns over SFBCDC's enforcement activities. Specifically, the complaints allege inconsistent application of enforcement standards, instances of moving the goal posts, lack of proper record keeping and strident tactics by SFBCDC staff. The Subcommittee may wish to

ask SFBCDC whether it is aware of these complaints and what the Commission is doing to address these concerns.

Staff Recommendation: Hold Open.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION
3340 CALIFORNIA CONSERVATION CORPS**ISSUE 10: CALFIRE; CCC FIRE CREWS**

The Governor's budget requests a total of \$9.6 million General Fund in 2018-19, \$7.4 million General Fund ongoing, and 11 positions to:

- Make one existing fire crew at the Butte Fire Center available to CalFire, and to add an additional training Fire Captain.
- Make two existing fire crews at the Camarillo Fire Center available to CalFire, and to remedy staffing deficiencies.
- Make two fire crews at the Placer Center that were temporarily funded from the drought augmentation available to CalFire as fire crews.

BACKGROUND

The California Conservation Corps (CCCs) and CalFire collaborate to staff fire crews with corpsmembers and fire captains. Fire crews respond to a variety of emergencies including wildfires, floods, heavy snows, search and rescue operations, and earthquakes. While assigned to wildfire incidents, the fire crews are utilized primarily to construct fire lines by removing vegetation from the path of an advancing wildfire. The fire lines create a pathway for additional fire suppression resources. Fire crews may also assist fire engine crews with deployment of fire hoses over long distances, be assigned to helicopter and bulldozer activities, and be utilized in the logistical operations on major incidents, including establishing the incident base for large fires.

Fire crews are also utilized after the fire is contained by working through the fire and extinguishing hot-spots. After the fire is completely extinguished, fire crews are utilized for post-fire restoration work, which includes rehabilitating the burned land, creating water bars to prevent erosion, helping reseed the watershed, and undertaking other erosion control measures. When not responding to emergencies, the fire crews engage in conservation and community service work projects for state, federal, and local government agencies, including fuel reduction work.

The CalFire/CCC fire crews are currently housed in two locations: Butte Fire Center and Camarillo Fire Center. The Butte Fire Center is a cooperative effort between CalFire and CCC, for which CalFire owns the residential facility that houses corpsmembers. Through these cooperative efforts since July 1, 2016, CalFire operates three fire crews year-round at the Butte Fire Center.

The Camarillo Fire Center is also a cooperative effort between CalFire and CCC, for which CCC owns the residential facility that houses the corpsmembers. Since July 1, 2009, CalFire operates two fire crews year-round at the Camarillo Fire Center. The

Budget Act of 2017 included funding to ensure that two fire crews are available to CalFire at the Placer Center.

STAFF COMMENTS

These fire crews help to address resource gaps, reduce response times to emergency incidents and act as a statewide resource during major incidents, and to meet the need for increased local fuel reduction and fire prevention work projects.

Staff Recommendation: Approve as Budgeted.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION

ISSUE 11: HOWARD FOREST HELITACK BASE - ACQUISITION (SFL)

A Spring Fiscal Letter requests \$400,000 General Fund for the acquisition of a 29-acre parcel from a private party to serve as buffer land for the existing Howard Forest Helitack Base located in Mendocino County.

BACKGROUND

Howard Forest Helitack Base. The Howard Forest Helitack Base is one of ten CalFire helitack bases. Howard Forest Helitack base was established in 1972 in Laytonville, CA and was later moved in 1981 to its current location in Willits, CA. Howard Forest Helitack Base covers a 50-mile initial attack response area that encompasses over 2.8 million acres of state responsibility area (SRA), and over 730,000 acres of US Forest Service and Bureau of Land Management lands. The crew at Howard Forest Helitack Base consists of two pilots, three fire captains, and nine firefighters. In addition to the helitack crew, there are two fire engines staffed at Howard Forest Station located at Unit Headquarters on site. Howard Forest Helitack operates a UH-1H helicopter and a helitender, which is a support vehicle for the helicopter.

The helipad at the helitack base is located 50 feet from the property line. The current optimal flight path is also directly above privately held land. Should development of that land occur, it could pose encroachment issues. CalFire experienced encroachment issues at the Alma Helitack base, which ultimately resulted in a need to relocate that base.

STAFF COMMENTS

Acquiring a nearby parcel of land to ensure the optimal flight path for the helicopter is unobstructed is a more cost effective option than relocating the helitack base. Providing an adequate buffer for the helipad also enhances security of the base and the helicopter.

Staff Recommendation: Approve as Budgeted.

ISSUE 12: AVIATION PARTS AND LOGISTICS CONTRACT FUNDING (SFL)

A Spring Fiscal Letter requests \$1.651 million one-time from the General Fund for a forthcoming follow-on contract for aviation logistics support, parts, and services for 2018-19 through 2020-21.

BACKGROUND

Logistical support for CalFire's aerial wildland fire suppression fleet. CalFire maintains a fleet of aircrafts to fight fires and to provide support to ground crews. CalFire has a contract with Logistics Specialties, Inc. (LSI) for logistical support. LSI ensures the necessary parts and supplies needed to repair the aircraft fleet are on hand or easily accessible at all times.

This contract was entered into in 2013 and is scheduled to end by June 30, 2018. The Budget Act of 2016 provided additional funding through 2020-21 to ensure aviation resources have sufficient support from contracted services. CalFire started the next competitive procurement process in September 2017 for a follow-on vendor, and issued Intent to Award to LSI, on January 25, 2018. The follow-on contract with LSI will be from July 1, 2018 to June 30, 2021 with the option to extend the contract by two years to June 30, 2023. The new contract is \$1.651 million above the current base budget for these services.

STAFF COMMENTS

Due to the increased fires above historically contracted and budgeted amounts, both fixed-wing and rotary aircraft are reaching their mandatory maintenance cycles sooner and requiring a higher level of parts. Providing CalFire funding for this contract would ensure the necessary aviation assets are available and that maintenance is performed annually.

Staff Recommendation: Approve as Budgeted.

ISSUE 13: HELICOPTER ACQUISITION AND SUPPORT (SFL)

A Spring Fiscal Letter requests \$3,588,000 in General Fund for 2018-19, \$11,868,000 and 15 positions in 2019-20, \$10,535,000 in 2020-21, \$15,009,000 in 2021-22, \$14,589,000 in 2022-23, and \$13,789,000 in 2023-24. The requested resources are for the acquisition of 11 helicopters to replace the existing Super Huey helicopters with the competitively procured Sikorsky S-70i.

BACKGROUND

Current helicopter fleet. When fighting wildland fires, CalFire use helicopters to deliver fire crews and to perform water or retardant drops that slow the fires' spread. Helicopters are also used for other firefighting and fire prevention operations, medical evacuations, cargo transport, mapping, rescues, and other missions. CalFire currently has 12 Super Huey helicopters that were acquired in 1990 through the Federal Excess Personal Property Program at no cost to the state. The U.S. Army originally owned them from 1963 to 1975 for troop and cargo transport. Once acquired by CalFire, these helicopters were modified for wildland firefighting at a cost of about \$500,000 per aircraft.

Clear need to replace current fleet. The Governor's Blue Ribbon Fire Commission Report, in 2003, recommended replacement and diversification of the aging CalFire helicopter fleet and establishment of a helicopter replacement planning cycle. The Governor made replacing helicopters a top priority in the California Fire Prevention and Suppression Action Plan of 2004. The Legislature followed the next year with Assembly Bill 287 (Chapter 290, Statutes of 2005), which directed the state to replace the CalFire's aging helicopter fleet with aircraft that can meet the future needs of CalFire. The Act includes non-codified language stating the Legislature's intent to have the resources necessary to meet the future needs of CalFire and to ensure that in the event of a major disaster, such as the 2003 Southern California fire siege, adequate resources would be available to deploy quickly and efficiently.

Helicopter procurement process. CalFire and the Department of General Services (DGS) initiated a helicopter procurement process in February 2015 by drafting a Request for Information (RFI), which was released to the bidding community on April 15, 2015. An RFI is used to solicit additional information from potential vendors on what goods and/or services might be purchased in the future. The responses were due to DGS on May 1, 2015. DGS and CalFire worked through the summer and fall of 2015 to prepare helicopter specifications for a bid solicitation based on the information received. The helicopter specifications are the equivalent of the business needs of the helicopter in that they describe what the helicopter must be capable of doing so CalFire can fully meet its operational needs.

On January 18, 2016, DGS released an Invitation for Bid (IFB), with bids due to DGS on February 22, 2016. Based on this procurement schedule, the Department of Finance included a placeholder of \$100 million General Fund in the 2016-17 Governor's Budget,

anticipating at the time that a spring budget request would be made. It was the intention that the spring proposal would include a funding request for 2016-17, and detail the multi-year acquisition, support, and capital outlay costs associated with replacement helicopters.

On February 22, 2016, at the request of several helicopter vendors, DGS extended the closing date for bids to March 8, 2016. On that date, DGS conducted a public opening of vendor bids. DGS decided to cancel the IFB on March 21, 2016 because of ambiguities in the helicopter specifications language. DGS and CalFire then drafted more refined and precise language for the helicopter specifications to address the vendor concerns identified from the canceled IFB. DGS and CalFire both agreed to a project schedule that would allow the state to begin another competitive procurement process.

A Request for Proposal (RFP) was issued by DGS in March 2017 with a due date in April 2017. All bids were determined to be non-compliant and deemed drafts. In May 2017, DGS re-released the RFP to the vendor community with a due date in June 2017. DGS and CalFire reviewed the proposals and determined that two vendors offered three helicopter models that were potential candidates. After the administrative and technical reviews were completed on each helicopter make and model, it was further determined that one was non-compliant with the administrative and technical components of the request. The remaining two makes and models were determined to be compliant.

On August 2, 2017, DGS posted an Intent to Award to Air Methods/United Rotorcraft, with the technically and administratively compliant Sikorsky S-70i. The unsuccessful bidder, AgustaWestland Philadelphia Corporation, filed a protest on August 15, 2017. The Office of Administrative Hearings assigned an Administrative Law Judge (ALJ) to act as an arbitrator to hear the protest. On December 6, 2017, the ALJ ruled and found that various points assigned to the bidders in the bid evaluations needed to be adjusted based on testimony received at the hearing. However, the ALJ found that the Intent to Award was correctly offered to Air Methods/United Rotorcraft and denied the bid protest. DGS and CalFire were advised of the ALJ's decision on December 11, 2017.

STAFF COMMENTS

When CalFire first acquired the current fleet of Vietnam-era helicopters from federal military, the plan was to use them for 20 years, based on the projected availability of parts to support operations. Use of these helicopters is now going on 30 years. Since then, the Federal Aviation Administration guidelines have evolved and replacement parts more difficult to find. With the trend of longer and more intense fire seasons, there is an urgent need to replace CalFire's aging helicopter fleet.

The process to replace these helicopters has been a long 3-year journey. While there was controversy over the process, the Administrative Law Judge found that the intent to award was offered to the appropriate bidder. Further, the higher cost of these helicopters is a result of several factors. The amount cited in the original BCP is a

placeholder and was not intended to be the ceiling. Further, these helicopters are tailored for specific use by CalFire, which requires certain add-ons and retrofits.

Staff Recommendation: Hold Open.
