

**AGENDA****ASSEMBLY BUDGET SUBCOMMITTEE NO. 3****RESOURCES AND TRANSPORTATION****PART II****Assemblymember Richard S. Gordon, Chair****WEDNESDAY, MAY 25, 2011****9:00 A.M. - STATE CAPITOL ROOM 444**

<b><u>ITEM</u></b>	<b><u>DESCRIPTION</u></b>	<b><u>PAGE</u></b>
	<b><u>Consent Calendar</u></b>	2
	<b><u>Vote Only</u></b>	5
	<b><u>Items to be Heard</u></b>	
<b>8660</b>	<b>California Public Utilities Commission</b>	12
ISSUE 1	Renewable Portfolio Standard	12
<b>3360</b>	<b>Energy Resources Conservation and Development Commission</b>	14
ISSUE 1	Renewable Portfolio Standard	14
ISSUE 2	Restoring Funding to Energy Resources Program Account	15
<b>3790</b>	<b>Department of Parks and Recreation</b>	16
ISSUE 1	Public Safety Technology Modernization Project	16
<b>3860</b>	<b>Department of Water Resources</b>	18
ISSUE 1	General Fund Reduction – Proposition 1E Fund Shift	18
ISSUE 2	General Fund Reduction – Watermaster Fees	19
<b>3480</b>	<b>Department of Conservation</b>	20
ISSUE 1	Oil and Gas Permitting and Enforcement Staff Augmentation	20
<b>3540</b>	<b>Department of Forestry and Fire Protection</b>	23
ISSUE 1	Civil Cost Recovery Program	23
	<b>Various Boards and Departments Proposed for Elimination</b>	24

## CONSENT

### Department of Forestry and Fire Protection (CAL FIRE)

1. **Prop 40 Reappropriation, Technical Correction.** The Governor requests reappropriation of Proposition 40 funds (Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund) for hazardous fuels reduction and urban forestry projects. This funding was originally appropriated in the 2008 Budget Act. However, because of the bond freeze, the Department of Forestry and Fire Protection was unable to fully expend the funds. A BCP was approved for FY 2010/2011 to reappropriate the funds, but a technical error in the Budget Act language only indicated the funding to be available for liquidation. Due to this error, CAL FIRE has been unable to expend or encumber these funds. (April Finance letter)
2. **Capital Outlay-acquisition of the Blanchard Forest Fire Station.** The Governor requests \$300,000 for the acquisition of the Blanchard Forest Fire Station and adjacent property. CAL FIRE has operated the Blanchard Forest Fire Station since 1944 under a long-term lease, which is set to expire on December 31, 2012. The owner of the property is putting the property up for sale. Acquisition of this site is needed to maintain the current level of emergency response service in this area. **Staff Recommendation:** Approve April Finance letter.
3. **Capital Outlay-relocation of Shasta-Trinity Unit Headquarters.** The Governor requests \$200,000 for acquisition of a purchase option for a new site for the relocation of the Shasta-Trinity Unit Headquarters. The Shasta-Trinity Headquarters was constructed in 1938 on state-owned property located outside the City of Redding, but due to urbanization, is located in the city's core. This has resulted in increased response times. The Department recently located a site that would appear to be well-suited for the relocation. A purchase option for a new site is needed while the necessary project evaluations are completed and future funding is secured. **Staff Recommendation:** Approve April Finance letter.

### Department of Fish and Game

1. **Reimbursements, Capital Outlay.** The Governor requests \$1,404 million in Reimbursement Authority for the first phase of a new Salmon Conservation and Research Facility, which consists of preliminary plans and working drawings. This facility will contribute to the reintroduction of Chinook salmon to the San Joaquin River (SJR) and fulfill the Departments commitment under a State-Federal MOU for the SJR Restoration Program. Funding would be provided by Prop 84. **Staff Recommendation:** Approve Governor's May Revision proposal.

## Coastal Conservancy

1. **Conforming Supplemental Reporting Language.** The Subcommittee approved the Governor requests to decrease funding from the State Coastal Conservancy Fund of 1976 (Fund 0565) by \$2.4 million and provide an equivalent increase from Proposition 84 bond funds (split between two accounts) for support funding. The Senate approved this item with the following supplemental reporting language:

*On or before January 10, 2013, the State Coastal Conservancy shall submit a long-term plan for the State Coastal Conservancy spanning a 10-year period starting in 2013-14. The plans shall include funding needs should no new bond funds be made available, staffing reduction plans, and options for continued support for core functions (including the Ocean Protection Council).*

**Staff Comments.** The use of bond funds to supplant support costs raises concerns about the long-term viability of the State Coastal Conservancy when bond funds inevitably run out. Without a long-term funding source, the Coastal Conservancy may not be able to support its current staffing levels and activities, including those related to the Ocean Protection Council.

**Staff Recommendation:** Approve Senate SRL.

## Public Utilities Commission

1. **Public Safety Risk Assessment.** The Governor requests an increase of \$1,072,000 from the PUC Reimbursement Account and redirection of 4 positions from the Workforce Cap Reduction to develop, implement, and maintain a risk analysis-based public safety program to review and identify public safety risks in the gas and electric utilities sector. CEC's regulatory approach to safety has focused on compliance with state and federal mandates through spot inspections, near-misses, and after-the-fact investigations. This proposal would instead develop a model that applies risk analysis, plus independent and objective measures to reduce safety risks, and test the likely success rate of a risk management strategy. In light of the San Bruno natural gas transmission pipeline failure, staff supports PUC's request to develop and implement a risk-based safety program for gas and electric utilities. No increase in current utility fees will be required to fund the Public Safety Risk Assessment and Analysis Unit. **Staff Recommendation:** Approve Governor's May Revision proposal.

**Department of Toxic Substances Control**

- 1. Clandestine Drug Lab Cleanup Fund Shift.** The Governor is proposing a one-time reduction of \$802,000 General Fund for the Clandestine Drug Lab Cleanup (CDLC) Program in fiscal year 2011-12. According to the Department, there is sufficient expenditure authority in the pending Budget Bill to support the CDLC Program on a one-time basis with funds in the Illegal Drug Lab Cleanup Account. This reduction is necessary to address the remaining budget shortfall. The DTSC Emergency Response Program (ERP) provides hazardous materials emergency response support to state and local agencies. One Key element of ERP provides emergency cleanup of hazardous materials and contaminated lab equipment found at illegal drug labs (primarily methamphetamine labs). The number of lab responses conducted has substantially dropped since 2002 due to federal legislation funding enhanced enforcement activity and establishing tight restrictions on the availability of drug lab equipment and drug precursor chemicals need to make methamphetamine. **Staff Recommendation:** Approve Governor's May Revision proposal.

## VOTE ONLY

### Department of Fish and Game

1. **Automated Data License System—Reappropriation.** The Governor requests to reappropriate \$2,944,000 from the Fish and Game Preservation Fund and \$975,000 from the Hatchery and Inland Fisheries Fund to realign funding for the Automated License Data System (ALDS) with the current project schedule. The ALDS, which began in 2007, is an automated licensing system that will replace the Department of Fish and Game's current paper-based licensing system. The ALDS included a multi-year project funding plan that was spread over seven years. The reappropriation is needed because of previous project delays. **Staff Recommendation:** Approve Governor's May Revision proposal.

### California Conservation Corps

1. **Reappropriations Delta Service District Center.** The Governor requests \$27,480,412 reappropriation from the Public Buildings Construction Fund for the Delta Service District Center Acquisition and Construction. This project would construct a CCC residential facility to accommodate 111 corpsmembers and would replace the Stockton facility. The project was delayed when the 2008 Pooled Money Investment Board suspended interim financing loans. Interim financing necessary to complete design has since been secured for this project. Reappropriation will permit the project to continue in fiscal year 2011-12. **Staff Recommendation:** Approve Governor's May Revision proposal.
2. **Various Reimbursement Contracts.** The Governor requests an expenditure augmentation to the Collins Dugan Reimbursement Account appropriation of \$3,322,000 to enable the California Conservation Corps (Corps) to support the following contracts for corpsmembers to implement energy and landscape related projects:

Portland Energy Conservation Inc.—\$812,000 for 2011-12

California Volunteers—\$1.6 million each year for 2011-12 and 2012-13 and \$607,000 for 2013-14

Department of Transportation—\$882,000 for 2011-12 and \$533,000 for 2012-13

Reimbursements from these contracts will be deposited into the Collins Dugan Reimbursement Account to support the Corps' workforce development program that provides young adults with job, education, and life skills by serving the state through resource conservation and energy efficiency activities. **Staff Recommendation:** Approve Governor's May Revision proposal.

3. **Statewide Trails Program.** The Governor requests a two-year augmentation of \$105,000 to the Collins Dugan Reimbursement Account appropriation to fund related expenses for the continuation of a partnership between CCC and DPR to develop a pilot Statewide Trails Program. Parks received funding for this purpose through the federal

land and water conservation program, and this request will extend this pilot program for another two years. **Staff Recommendation:** Approve Governor's May Revision proposal.

### Department of Parks and Recreation

1. **Fleet Emissions Retrofit.** The Governor is requesting a one year appropriation of \$1.8 million from the State Park and Recreation Fund to continue addressing the air quality standards on older diesel vehicles as set forth by the California Air Resources Board's On and Off Road Diesel Regulations. The Governor also issued Executive Order B-2-11 on January 28, 2011, which requires state agencies to conduct an analysis of their fleets and equipment and submit the analysis to the Department of General Services (DGS). Non-essential vehicles must be sold or transferred within 120 days of the plan's approval. The executive order requires the Department of Finance to adjust departmental budgets to reflect any savings. If the Department reduces its fleet pursuant to the order, there could be some resulting savings from reduced vehicle replacement. **Staff Recommendation:** Approve as Budgeted. Direct the Department to bring the issue back at a future hearing if the Administration identifies a fleet reduction and Parks savings as a result of the executive order.
2. **Proposition 99 Funding.** The Governor requests an increase of \$98,000 in the Public Resources Account Cigarette Tobacco Products Surtax Fund. This increase will support statewide Resource Management Program activities that were previously supported by the State Parks and Recreation Fund due to previous Prop 99 reductions. There are sufficient funds to support this requested augmentation because of an increase in projected revenue. **Staff Recommendation:** Approve Governor's May Revision proposal.

### Energy Commission

1. **California Solar Initiative.** The Governor requests \$250,000 to provide a two-year extension for limited-term staffing to continue implementation of the on-going solar electric system mandates of SB 1 (Murray), Statute of 2006. SB 1 mandated the development and ongoing implementation of a program to dramatically expand the number of energy efficient, solar-powered buildings in California. SB 1 invested \$3.5 billion of public funds over 10 years for this purpose. The utilization of two existing vacant positions until June 30, 2013 is needed to satisfy the ongoing responsibilities of the Energy Commission consistent with the mandates of SB 1. Further, the continuing work of these two positions will contribute strongly to meeting Governor Brown's Clean Energy Jobs Plan to make new homes and commercial buildings in California "zero net energy." **Staff Recommendation:** Approve April Finance letter.

2. **Conversion of Positions from Energy Resources Programs Account (ERPA) to the Air Pollution Control Fund.** The Governor requests that 4 existing permanent positions mandated by AB 32 (Nunez), Statutes of 2006, be converted to the AB 32 Fee funding source. These positions support Climate Action Team activities and provide technical assistance to the Air Board on a broad range of AB 32 energy-related sources of Green House Gas (GHG) emissions. The Energy Commission received these positions in FY 07-08 for work implementing AB 32. The legislation allowed for CARB to collect a fee to cover state agency expenses in implementing the provisions of AB 32. This BCP requests conversion of the four permanent positions funding source from ERPA funds to the AB 32 Cost of Implementation Fee funds. The Administration believes that the AB 32 Fund is the most appropriate funding source. **LAO Comments:** When this April Finance Letter was first submitted, the Administration had failed to submit the statutorily required AB 32 Zero-Based Budget (ZBB), which was intended to provide information to the Legislature to justify the level of AB 32 expenditures across state government. We initially recommended that the Legislature deny the request until such time as the Administration had complied with the statutory requirement, thereby providing the Legislature the opportunity to review the Finance Letter in the context of the entire AB 32 ZBB. The Administration has since submitted the AB 32 ZBB. We find that the proposed funding shift to the AB 32 fee is justified. We therefore recommend that the Legislature approve the Governor's April Finance letter. **Staff Recommendation:** Approve April Finance letter.

### Department of Toxic Substances Control

1. **Expedited Remedial Action Program.** The Governor requests \$731,000 from the Expedited Site Remediation Trust Fund to reimburse Santa Cruz Metro for the orphan share associated with its remediation activities at the Greyhound Site in the City of Santa Cruz. Additionally, the proposal requests inclusion of Budget Bill language authorizing the Department of Toxic Substances Control to increase expenditures if costs for the Santa Cruz remediation exceed the current estimate or if remediation activities at the Golden State Technology site are completed earlier than anticipated. The Greyhound and Golden State Technology sites are the only two sites designated to receive orphan share funding that have not obtained funds. Work at the Greyhound Site is completed and work continues at the Golden State Technology site. Funds in the Expedited Site Remediation Trust Fund come from fines and penalties paid by violators of hazardous substance cleanup statutes. The Fund has a balance of over \$2.9 million to pay orphan shares. **Staff Recommendation:** Approve Governor's May Revision proposal.

### Department of Food and Agriculture

1. **Reappropriations.** The Governor requests reappropriation of two projects: the Animal Health and Food Safety Laboratory in Tulare and the Yermo Border Protection Station. The Yermo Project reappropriation is for \$47.483 million, for all phases – Acquisition, preliminary plans, working drawings, and construction. The project is in the working drawings phase. The Tulare project request reappropriates the balances in the working drawings, construction, and equipment phases. Those balances are \$44.397 million. The project is still in the preliminary plans phase. Both of the above would be paid out of the Public Buildings Construction Fund (i.e., lease-revenue bonds) **Staff Recommendation:** Approve Governor’s May Revision proposal.

### Department of Water Resources

1. **Critical Support for the California State Water Project.** On May 4, 2011, the Subcommittee approved 87 positions for SWP regulatory compliance, safety, and maintenance and denied 33 future year positions, based on LAO’s recommendation. The LAO has recently revised its proposal. According to LAO, it “recommended withholding approval of three positions for AB 32 implementation (one Associate Hydroelectric Power Utility Engineer and two Senior Hydroelectric Power Utility Engineers), pending the submission of a zero-based budget for AB 32 expenditures statewide. Although that budget has since been submitted, these positions were not included in that budget, apparently on the basis that they would not be assisting with the administration of AB 32 program implementation. Rather, these positions--characterized by the Administration as for purposes of "AB 32 compliance"--are being requested to increase the portion of renewable energy in the State Water Project's (SWP's) portfolio. After further review, we find that these positions have been justified on a workload basis and we now recommend that they be approved.” Staff concurs with LAO analysis. **Staff Recommendation:** Approve Three AB 32 Compliance Positions.
2. **Davis Dolwig Cost allocation study.** The Subcommittee heard this issue on May 4, 2011. The Committee concurred with the LAO recommendation that this budget request be denied because there are outstanding legal questions that need to be resolved before cost responsibility for SWP components can be determined. Therefore, staff concurs with LAO’s recommendation that in order to facilitate resolution of the legal questions, an alternative study by an independent third-party contractor be conducted. That third party should consist of, at a minimum, an academic with legal expertise, such as a University of California law professor. Specifically, we recommend that existing SWP contracting authority be used fully to pay for the study, and that the proposed budget bill language be amended as follows:



*The Secretary of Natural Resources shall convene a working group consisting of the Department of Water Resources, key legislative staff, Department of Finance, the Secretary for Natural Resources staff, LAO, and the State Water Contractors to determine a long-term viable solution that addresses concerns laid out in the LAO's March 19, 2009 report on Funding Recreation in the State Water Project. In its review, the working group may an independent third-party legal review of the Davis-Dolwig cost-allocation issues relating to the State Water Project within appropriate Department of Water Resources funding sources, if necessary, to determine, at a minimum: (1) what legal constraints, if any, exist to proscribe the California Legislature's ability to revise the Davis-Dolwig statute, with specific attention to the contracts signed by the department with the SWP contractors and to the SWP bond covenants; (2) whether such legal constraints conflict with the Legislature's authority to make laws and to set its expenditure priorities through its constitutionally granted authority to make appropriations; (3) how any such legal conflicts can be reconciled; and (4) what options exist to resolve the issues. For any contract entered into for this purpose, the Department of Water Resources shall submit the task order for the contract to the working group for its review and concurrence in the tasks and the working group shall meet with the independent third-party before its review begins, to set the parameters of the study, and after, to move forward under a common understanding of available reform options as developed by study's authors.. The contractor shall work in periodic consultation with working group when performing its analysis. The department shall submit this analysis to the budget committees, and relevant policy committees of both houses of the Legislature, no later than December 31, 2012.*

*The group shall meet a minimum of three times between July 1, 2011 and April 1, 2012. The department shall provide a report, in person, to the subcommittee in 2012 budget hearings on the working group's proposals for long-term solutions for funding recreation in the State Water Project.*

**Staff Recommendation:** Deny budget request; Adopt Conforming Budget Bill Language

- 3. State Water Project – Fish and Wildlife Enhancements and Recreation.** The Subcommittee heard this issue on May 4, 2011. As in the previous item, the Committee concurred in holding off on the state share of funding for this project until a new proposal for funding recreation at the state water project is brought forward. The Committee concurred with the LAO recommendation that this budget request be denied because taking action on it is premature until a more comprehensive analysis of the costs and benefits of various repair alternatives are conducted. Such analysis would afford the Legislature the opportunity to make an informed policy decision about the extent of recreation at the Lake Perris site. Because there are several possible alternatives for approaching repairs at Lake Perris, and the choice of repair alternative depends in part on the extent to which this SWP facility should continue to serve both recreational and water supply purposes. **Staff Recommendation.** Deny Proposal

**Department of Forestry and Fire Protection**

1. **Fire Protection Permanent Funding.** The Subcommittee heard this issue on February 10, 2011. The Department is requesting permanent funding of \$42.8 million from the General Fund and 73.4 positions related to the Aviation Management Unit, the Very Large Air Tanker, Victorville Air Attack Base, San Diego Helitack, Aviation Asset Coordinator, Lake Tahoe Basin (Basin) Fire Engine and Staffing, Defensible Space Program and CAL Card Support. Staff concurs with LAO's findings that the BCP has merit and has been adequately justified. **Staff Recommendation:** Approve Governor's Proposal
  
2. **Hemet Ryan Air Attack Base.** The Subcommittee heard this issue on February 2, 2011. The Governor's budget is requesting budget bill language in the 2011-12 Budget to authorize a lease for an Air Attack Base at the Hemet-Ryan Airport. Beginning in 2012-13, the annual cost to the state of the lease will be up to \$1.6 million (General Fund). Under the proposal, the Air Attack Base would be built by Riverside County and the state would enter into a lease with an option to purchase the facility. Because this is a lease proposal, rather than a new construction, staff feels that it is appropriate to move forward with in light of the realignment proposal since the lease costs could be easily renegotiated or transferred to locals if needed pending the results of the new SRA land designations. **Staff Recommendation:** Approve Governor's Proposal

**Special Resources Programs**

1. **Conforming Supplemental Reporting Language-Tahoe Regional Planning Agency.** The Subcommittee approved the Governor requests \$4.1 million for baseline ongoing activities at the Tahoe Regional Planning Agency (TRPA) on May 11, 2011. The Senate adopted Supplemental Reporting Language and Budget Bill Language as follows to ensure the highest level of cooperation among state agencies in the Tahoe Basin, to ensure adequate reporting on planning efforts to meet environmental thresholds, and to report on progress made with the Environmental Improvement Program. **Recommendation:** Adopt Supplemental Reporting Language and Budget Bill Language below to conform with the Senate.

Adopt Budget Bill Language—3110 Tahoe Regional Planning Agency

- a. TRP  
A shall, by September 1, 2011, adopt a strategy for a Regional Plan Update that, to the maximum extent practicable, provides for attainment of the environmental thresholds. The strategy shall be submitted to the California Joint Legislative Budget Committee.

Adopt Supplemental Reporting Language—3110 Tahoe Regional Planning Agency

- b. TRPA shall, by December 31, 2011, in coordination with the California Natural Resources Agency and the Nevada Department of Conservation and Natural Resources, report on its progress in developing and adopting a five-year evaluation report, including peer review coordinated by the Tahoe Science Consortium, on the status of TRPA's environmental threshold carrying capacities. To broaden scientific involvement, the peer review, shall include a majority of scientists from institutions or agencies who are not participating as signatories to the memorandum of agreement that established the consortium.

## California Tahoe Conservancy

1. **Conforming Budget Bill Language and Supplemental Reporting Language for Tahoe EIP.** The Subcommittee approved the Governor's request for \$15.8 million (multiple funding sources, no General Fund) to continue capital outlay and local assistance funding for the implementation of the Environmental Improvement Program for the Lake Tahoe Basin. The Senate adopted Supplemental Reporting Language and Budget Bill Language as follows to ensure the highest level of cooperation among state agencies in the Tahoe Basin, to ensure adequate reporting on planning efforts to meet environmental thresholds, and to report on progress made with the Environmental Improvement Program. **Recommendation:** Adopt Supplemental Reporting Language and Budget Bill Language below to conform with the Senate.

### Adopt Supplemental Reporting Language—3125 California Tahoe Conservancy

2. *To maximize the effectiveness of state resources and to better implement the Environmental Improvement Program (EIP), by December 1, 2011, the Conservancy, in coordination with the Department of Parks and Recreation, the Lahontan Regional Water Quality Control Board, the Department of Transportation, the State Lands Commission, CalFire, the Department of Fish and Game, and other appropriate state, local, and federal agencies, shall develop a report on its progress in coordinating, integrating, and recommending efficiencies in state agency planning and project implementation in the Tahoe basin, including but not limited to: joint use of staff, crews, equipment, office space, and facilities; land exchanges that would increase management efficiencies; and coordinated funding and implementation of EIP projects and programs, Caltrans' complete streets implementation action plan, climate change mitigation and adaptation strategies, and an interagency watershed-based approach to the Lake Tahoe TMDL. This report shall also identify programmatic or policy-based improvements that public agencies could make to improve the effort described in this subdivision.*
3. *The Conservancy, in coordination with TRPA and other state and local agencies, shall:*
  - i. *Provide a summary of state agency expenditures, accomplishments, priority projects and programs, and other activities and resources needed to help achieve TRPA's environmental thresholds and to fulfill California's responsibilities under the Lake Tahoe Environmental Improvement Program (EIP).*
  - ii. *Provide a summary of the agencies' progress in developing a Sustainable Communities Strategy for the Lake Tahoe basin, as required under SB 375 and AB 32, and any changes in state agency policies or practices needed to further develop and accomplish the goals of the plan.*

## ITEMS TO BE HEARD

### 8660 – PUBLIC UTILITIES COMMISSION

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#### ISSUE 1: RENEWABLE PORTFOLIO STANDARD

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**Governor's Request:** The Governor requests \$2,093,000 from the PUC Utilities Reimbursement Account and 10 new positions to implement the 33 percent Renewable Portfolio Standard (RPS). It also includes a new Governor's initiative for Clean Energy Jobs Plan, which includes a commitment to increase the quantity of renewable distributed generation in California by 12,000 Mw of localized renewable energy.

**Background:** Chapter 1, Statutes of 2011 (SBX1 2) requires the California Public Utilities Commission (PUC) to adopt the new RPS goal of 20 percent of retail sales from renewable energy sources by the end of 2013, 25 percent by the end of 2016, and the 33 percent requirement achieved by the end of 2020.

The requested resources will adjust the RPS program to meet the requirements of SBX1 2, approve transmission applications within 18 months, and establish standard terms and conditions to be used by investor-owned utilities in their contracts for eligible renewable energy.

According to the CPUC, the 6-person team implementing and administering the 20% RPS program and renewable distributed generation programs as well as the 9-person team working on renewable transmission permitting are already fully committed with current responsibilities. The CPUC requests budget authority for seven Regulatory Analyst positions, one Utilities Engineer and two Administrative Law Judges to ensure that the state meets the renewables goal of 33% by 2020.

**LAO Comments:** The Governor's proposal requests funding for one position to establish programs and processes to satisfy the "Governor's goal" of achieving 12,000 megawatts (MW) of renewable distributed generation. We think that this is a major change in policy direction that should be first evaluated and adopted by the Legislature before being implemented. We note that CPUC consultants have found that the high reliance on distributed generation may represent the most costly means of meeting the state's RPS goals. As such, the Legislature will likely want to provide its policy direction in this area.

The proposal provides that the need to permit at least three new major transmission lines in the next few years as the basis for the request for four permanent transmission-related positions. While this process is likely to be time consuming (and subject to litigation), the siting-related work nonetheless will be completed at some finite point in the future. There will be the need for ongoing inspection of lines once they are operational, but at this point, it is not possible to determine what level of staffing will be needed for any ongoing work that may be necessary. The adoption of renewable energy procurement requirements raises a number of important and complex policy issues. The Legislature has clearly demonstrated its intention to set its policy in this area, most recently by the enactment of Chapter 1 discussed above. Since the component of the May Revision proposal to pursue 12,000 MW of renewable distributed generation reflects

a major shift in policy that has not been evaluated or adopted by the Legislature, we recommend that the position authority and associated funding for the one requested position related to distributed generation be denied. In addition, we recommend that the Legislature approve the four positions requested for transmission planning and permitting on a limited-term basis, rather than on a permanent basis as requested. Once the authority for these four positions expires, the Administration can return to the Legislature with a workload analysis to justify transmission-related staffing requirements on an ongoing basis. Finally, we recommend approval of the remaining five positions requested, two of which are for a limited term, on the basis that they have been justified on a workload basis and are consistent with the Legislature's policy direction in this area.

**Staff Comments:** Given that this proposal includes a new initiative for 12,000 Mw of distributed generation that has not been vetted in the policy committees, staff concurs with the LAO that such a major change in policy direction should first be evaluated and adopted by the Legislature before being implemented.

**Staff Recommendation:** Approve LAO recommendation: reject position authority and associated funding for the one requested position related to distributed generation; approve four positions for transmission planning and permitting on a limited-term basis; and approve remaining five positions requested.

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**3360 – ENERGY COMMISSION**

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**ISSUE 1: RENEWABLE PORTFOLIO STANDARD**

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**Governor's Proposal:** The Governor requests five permanent positions and \$100,000 in one-time contract funds from the Renewable Resources Trust Fund (RRTF) to conduct the work mandated by SBX1 2 (Simitian), Statutes of 2011, and secure the needed technical contract support to meet the Energy Commission's new mandates under the law.

**Background:** The Renewables Portfolio Standard (RPS) was established by SB 1078 (Sher), Statutes of 2002, which required the state's retail sellers of electricity to procure 20 percent of their retail electricity sales with eligible sources of renewable energy by 2017. SBX1 2 increases California RPS from 20% to 33% by 2020 and expands its reach to include local publicly owned electric utilities (POUs). The new law effectively triples the number of entities now obligated to meet RPS goals. SBX 1 2, requires the Energy Commission to adopt regulations for publicly-owned utilities (POU) failing to comply with the new RPS, assess and modify RPS tracking systems and programs, and monitor RPS compliance among POUs.

**LAO Comments:** In enacting Chapter 1, Statutes of 2011, 1st Ex. Sess. (SB X1 2, Simitian), the state adopted the requirement for both IOUs and POUs to meet 33 percent of their electricity procurement from renewable resources by 2020. SBX1 2 thus increases both the percentage of electricity procurement that must be obtained from renewable resources and, by expanding the RPS requirements to POUs, significantly increases the number of entities now subject to meeting these requirements. As such, CEC's role in the implementation of the state's RPS law has increased and will now include monitoring POU RPS compliance. The Governor's May Revision proposal provides adequate workload justification. As such, we recommend the Legislature approve the Governor's May Revision proposal.

**Staff Comments:** SBX1 2 significantly modifies the RPS program and adds new and ongoing responsibilities beyond the proportionate increase in California's RPS goals from 20% to 33%. The CEC will be responsible for regulating and monitoring three times the number of RPS obligated entities.

The RRTF receives funds both from surplus investments as well as a public goods charge on utility ratepayers. The Governor's budget proposes to repay the RRTF about \$64 million from the General Fund for previous year loans. However, this public goods charge sunsets in January 2012. While staff concurs with the need for positions related to this new statutory mandate, it is not clear if the proposed funding sources will continue beyond the budget year.

**Staff Recommendation:** Approve Governor's proposal. Require the CEC to return in January with a proposal for long-term funding for these positions in supplemental reporting language if RRTF is not extended (needs 2/3 vote).

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**ISSUE 2: RESTORING \$8.4 MILLION TO ENERGY RESOURCES PROGRAM ACCOUNT**

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**Background:** In January 2011, the Senate acted, and Assembly concurred “without prejudice,” to cut \$8.4 million from the Energy Commission’s Energy Resources Program Account (ERPA) due to concerns over the Energy Commission’s decision in late November 2010 to raise the ERPA surcharge from \$.00022 to \$.00029. The Energy Commission was asked to return to the Legislature in the spring to explain why the surcharge increase was acted upon, its impact to ratepayers, and actions the Energy Commission took to reduce the pressures on the ERPA budget.

**The Commission provides the following response:**

*“In late August/early September 2010, Energy Commission Budget staff became aware of the sudden and unexpected 7 percent drop in ERPA. After discovery of the revenue drop, staff researched the drop to determine the cause and determined it was driven by the sour economy and exceptionally mild weather. After careful consideration of all options, including staff reductions, the Energy commission concluded the only viable solution was to increase the surcharge from \$.00022 to \$.00029. Even raising the ERPA surcharge to the cap (\$.00030) would not have provided enough funds to cover both the ERPA revenue shortfall and funding for SB 675 (Steinberg). The impact of the ERPA surcharge to ratepayers is \$1.90 per year (on the average ratepayer bill). The impact of going from .00022 to .00029 is 40 cents (included in the \$1.90 per year). While the Energy Commission did notify several legislative offices prior to taking this action, the Commission regrets not notifying the Legislature sooner about the severity of the ERPA fund condition.”*

**Staff Comments:** ERPA is the primary funding source for staff and operating funds at the Commission. Other than the Public Interest Energy Research Program, all other programs rely heavily on ERPA funding to meet their mandates. On top of mandatory furloughs, staffing and operating cuts and workload related to renewable siting projects and processing over \$300 million in federal stimulus (ARRA) funds, an \$8.4m cut or 12.3 percent reduction to these other programs would seriously impact activities such as: Power Plant Siting and Compliance; Environmental Protection; Strategic Transmission Planning; Desert Renewable Energy Conservation Plan; Statewide energy and peak demand forecasts; Renewable Distributed Generation analyses; Once-through cooling analysis and coordination with ARB, CallSO and SWRCB; Building Standards Development; Alternative and Renewable Fuel and Vehicle Technology Program; Energy Emergency Planning; and the California Transportation Fuel Supply and Infrastructure efforts.

A combination of operating, consultant, and staffing cuts would likely be deployed across the program areas listed above as well as critical support functions such as accounting, information technology, legal counsel, and hearing officers. The potential consequences of the \$8.4m baseline cut to the ERPA appropriation outlined above would be detrimental to the core programs at the Commission, such as siting, electricity supply and demand analysis, and renewable energy program activities.

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**STAFF RECOMMENDATION: RESTORE \$8.4 MILLION IN EXPENDITURE AUTHORITY TO ENERGY RESOURCES PROGRAM ACCOUNT**

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**3790 - DEPARTMENT OF PARKS AND RECREATION**

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**ISSUE 1: PUBLIC SAFETY TECHNOLOGY MODERNIZATION PROJECT**

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**Governor's Budget:** The Governor requests \$4,530,000 from the State Parks Recreation Fund (SPRF) to continue the Department of Parks and Recreation's (DPR) Public Safety Technology Modernization Project (Project). The proposal also requests reappropriation of \$1,620,000 from Off-Highway Vehicle Trust Fund and a reversion of \$4,530,000 to the General Fund.

**Background:** DPR provides first-response services for all mission-critical, public safety and medical emergencies to 278 State Parks including recreation areas, beaches, and cultural and historic sites throughout California. DPR is charged with the protection of approximately 75 million annual visitors along with critical public infrastructure located in State Parks including eight dams, and numerous reservoirs and lakes.

DPR is required to administer and protect the public recreating on State Park lands and resources. State Park Peace Officers (Ranger, Lifeguards, and Firefighter/Security Officers) are charged with the initial responsibility of public protection and safety response for incidents varying from enforcement issues, medical episodes, fires, and rescue operations.

Through DPR's three Communication Centers, law enforcement/public safety dispatch services are provided to more than 1,100 Peace Officers state-wide including State Park Rangers, Fish and Game Wardens, National Park Service Rangers and other agencies. With the current fifteen-year-old, DOS-based Computer Aided Dispatch (CAD) that is in eminent risk of failure and fails to meet basic dispatcher's requirements for public safety dispatch services, the quality, and timeliness of emergency response statewide is threatened. DPR argues that with the looming park closures, immediate dispatch and response will be even more critical as 70 parks will have no staff on hand to assist with emergencies.

According to DPR:

"It is crucial that DPR employ a modern CAD system to be able to efficiently and quickly administer emergency response to emergencies; with the current system, lives are at risk. Emergencies are inevitable, and DPR must have technology that assists in providing immediate response. The use of CAD is not only critical for the safety of Peace Officers (a State Park Peace Officer was shot in the line of duty at Henry Cowell State Park in 2002) but in performing many major medical rescues each year where minutes of delay in response can mean the difference between a victim living or dying."

DPR, California Highway Patrol, and the California Technology Agency are currently pursuing opportunities for consolidation of dispatching technologies. These opportunities may lead to long-term project savings. However, DPR argues that this effort does not negate the need for the currently requested funding, which is essential to addressing the fundamental and critical public health and safety concerns referenced above.



This information technology project was approved in 2007 to upgrade Parks computer aided dispatch system to improve the coordination and monitoring of peace officer activities. Parks received budget augmentations for a multi-year funding and staffing plan for the implementation of the Project. However, Parks has experienced several project delays. This request will enable Parks to continue this information technology project. This proposal will also achieve \$4,530,000 General Fund savings by shifting funding to the SPRF.

**LAO Recommendation.** While the Department has demonstrated the need for an updated dispatch system, we think that it is premature for the Legislature to approve budget-year funding for the project because many details about the ultimate scope, cost, and timeline of the project are currently unavailable as the Department is currently rescoping the project. As noted above, a revised SPR has yet to be submitted to CTA. Without prejudice to the merits of the project, we recommend that the requested budget-year appropriation from the State Parks and Recreation Fund and reappropriation from the Off-Highway Vehicle Trust Fund be denied. Given the unspent General Fund monies from a prior appropriation, we recommend that the requested reversion of these monies be approved, thereby creating a General Fund benefit. Finally, we note that the State Parks and Recreation Fund is an appropriate alternative funding source to the General Fund to support this project should and when the Legislature ultimately provides funding for it.

**Staff Comments:** Staff agrees with LAO that the Department has demonstrated a clear need for an updated dispatch system. Given that the current dispatch system appears on the brink of failure, the Committee needs to evaluate whether it is more prudent to reauthorize the project or wait until more specific details are available. The Department should be prepared to demonstrate for the Committee how the reauthorization of this project is critical to their ability meet DPR's public safety mandate.

If the Committee decides to approve this item, it may wish to consider adopting the following Budget Bill Language:

*No funds shall be expended for the Public Safety Technology Project prior to the California Technology Agency's approval of the project's Special Project Report.*

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**STAFF RECOMMENDATION:**

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**3860 – DEPARTMENT OF WATER RESOURCES**

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**ISSUE 1: GENERAL FUND REDUCTION – PROPOSITION 1E FUND SHIFT**

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**Governor's Request:** The Governor requests to temporarily shift \$16 million baseline General Fund for activities, which are supporting DWR's Flood Management programs by appropriating \$16 million of Proposition 1E funds beginning in FY 2011-12.

**Background:** Proposition 1E, approved by the voters in 2006, authorizes \$4.09 billion in general obligation bonds to improve flood protection in California. This proposal will shift \$16 million General Fund currently dedicated to levee maintenance, Delta levees, and floodplain mapping activities to Proposition 1E. These activities are eligible uses of Prop 1E bond funds.

**Staff Comments:** This will help to address the projected GF shortfall, while enabling critical flood programs to continue as scheduled. While this proposal will result in less bond funds being available for other future activities, this action is necessary in light of the magnitude of the State's fiscal crisis.

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**STAFF RECOMMENDATION: APPROVE GOVERNOR'S MAY REVISION PROPOSAL**

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**ISSUE 2: GENERAL FUND REDUCTION – WATERMASTER FEES**

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**Governor’s Request:** The Governor request a reduction of \$1,234,000 from the General Fund and a corresponding increase of \$1,234,000 in Reimbursement Authority to support the ongoing activities of the Watermaster Service Program.

**Background.** The purpose of the watermaster service is to distribute water according to established water rights. This is done by apportioning to the rightful users the available supplies in streams that have water right determinations. Under the watermaster service, water right holders are assured that their rights are protected without having to take legal action against other water users.

The Department of Water Resources currently administers the Watermaster Program to ensure that water is allocated by an impartial third party according to legal water rights established by the courts. This proposal will eliminate General Fund support for the Watermaster Program and instead would fully support the program through fees, consistent with existing statute.

**Staff Comments:** This proposal will help reduce the General Fund expenditure of the state budget. Chapter 230 (Statutes of 2004) requires all Watermaster Program administration costs to be supported by the holders of affected water rights. This budget action would conform the program’s current funding scheme to this existing state law.

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**STAFF RECOMMENDATION: APPROVE GOVERNOR’S MAY REVISION PROPOSAL**

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## 3480 - DEPARTMENT OF CONSERVATION

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### ISSUE 1: OIL AND GAS PERMITTING AND ENFORCEMENT STAFF AUGMENTATION

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**Governor's Proposal:** The Governor requests \$4,686,000 and 36 positions to strengthen Conservation's onshore and offshore regulatory programs by augmenting current permitting, environmental protection and construction site review, and underground injection control staff within the Division of Oil, Gas, and Geothermal Resources (DOGGR). The proposal will enable Conservation to meet increased permit application workload.

**Background:** Oil and gas production in California is a \$34 billion annual industry, employing more than 25,000 people with an annual payroll of over \$1.5 billion. California is the fourth largest oil-producing State in the nation, producing about 625,000 barrels per day. There are approximately 90,000 active or idle production and injection wells in the state.

DOGGR has been the regulatory agency overseeing the State's onshore and offshore oil and gas operations since 1915. Until the 2010-11 fiscal year, DOGGR had never submitted a Budget Change Proposal to address the staffing level short falls to deal with changing technology, the need for increased regulatory oversight due to urban encroachment, and the demographic landscape associated with the need for more domestic oil.

Hydraulic fracturing (fracking) is a process that involves injecting fluids into a well bore at pressures that exceed the strength of the formation (rock), thereby resulting in the formation breaking down or fracturing. This process increases the permeability of the formation and, therefore, increases the production of the resource. The Department of Conservation's Division of Oil, Gas, and Geothermal Resources (DOGGR) has the statutory authority to regulate the practice but does not currently have regulations in place. Recently, especially with the increase in the development of horizontal shale gas wells in various regions of the United States, fracking has become the focus of significant attention, some of which questions the safety of continued use of this technology. Close scrutiny by the U.S. Congress and U.S. Environmental Protection Agency (EPA) is focused on whether the practice is likely to contribute to the contamination of surface or groundwater, and whether it poses significant risks to public health or safety. The EPA and several states are in the process of exploring the issue with the intention to establish guidelines and/or regulations to address this process.

According to DOGGR:

"At this time, it would be prudent to take a minimalist approach to developing a process to regulate hydraulic fracturing in California."

DOGGR states that regulatory activities could include requiring that operators provide notice to DOGGR that they intend to perform fracturing and to maintain a list of specific chemicals used. The list of the chemicals could then be posted on a website that is accessible to the public.

“These basic requirements would provide the public with information relative to what may be occurring in their area” and “would allow DOGGR to more fully develop regulations that would be complementary to any federal regulations or guidelines that are anticipated upon completion of the EPA study; and allow DOGGR to coordinate with appropriate agencies to ensure regulations incorporate both the federal and state regulators with authorities related with water and toxics control.”

According to an Assembly Natural Resources Committee analysis of this issue, the oil and gas industry acknowledges that hydraulic fracturing has been used in California for decades.

“Reports from various sources suggest that hydraulic fracturing in California will likely increase significantly in the upcoming years. DOGGR, although having statutory authority to regulate hydraulic fracturing, has not yet developed regulations to address the activity. Moreover, DOGGR does not have information that indicates where and how often hydraulic fracturing occurs within the state, nor does it have data on the safety, efficacy, and necessity of hydraulic fracturing as currently employed in California. According to a 2008 SPE article, hydraulic fracturing “has been applied to a large scale in many Central and Southern California fields to enable economic development and reasonable hydrocarbon recovery.” The article further explains that “based on initial experience and formation properties, hydraulic fracturing has a significant potential in many Northern California gas reservoirs.”

“The Monterey shale, which stretches from Northern to Southern California, is considered the largest onshore shale opportunity in the United States. The Monterey shale has not received much attention in the past due to the lack of exploration; however, a number of oil companies have purchased leases to drill the Monterey shale that together amount to several hundreds of thousands of acres. One company is expected to spend \$100 million in the Monterey shale this year by drilling 30 wells, completing a 3D seismic survey, and leasing. If these investments produce positive results, the state could see a proliferation of hydraulic fracturing operations by various oil companies in a matter of a few years.”

**LAO Comments:** Because the Legislature lacks the information to evaluate the impact of recently added positions on DOGGR's staffing requirements going forward, it is premature to further increase the level of staffing for DOGGR at this time as the appropriate total level of staffing required by the division is unknown. As such, we recommend that the Legislature deny the Governor's May Revision proposal. Furthermore, we recommend that the Legislature direct that the Administration, in conjunction with any future-year budget change proposal related to DOGGR staffing, submit a comprehensive analysis of DOGGR's staffing requirements that includes an analysis of the impact the recent addition of 17 positions has had in enabling the division to meet the statutory duties imposed on it in an effective and timely manner.

**Staff Comments:** The Department is requesting 30 permanent positions, six limited term positions, and a baseline appropriation of \$4,686,000 from the Oil, Gas, and Geothermal Administrative Fund. Positions and funding will be used to enhance the onshore and offshore regulatory programs of DOGGR to improve environmental compliance, underground injection control, and construction site review.

This staff augmentation will allow DOGGR to provide necessary oversight of onshore fields, offshore islands, and platform operations to ensure compliance, provide timely permits to perform well operations, provide comprehensive and timely reviews of land development and construction plans over old oil field operations.

Staff concurs with the Departments comments that it would be prudent to begin collecting and disseminating data regarding hydraulic fracturing activities in California.

**Staff Recommendation:** Approve Governor's May Revision proposal; Adopt budget control language to express the intent of the Legislature that a portion of the funds appropriated in this item may be used for the collection and public dissemination of information related to hydraulic fracturing activities occurring in the state.

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## 3540 – DEPARTMENT OF FORESTRY AND FIRE PROTECTION

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### ISSUE 1: CIVIL COST RECOVERY PROGRAM

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**Governor's Budget.** The Governor's budget is requesting \$1.6 million in 2011-12 and \$1.58 million from 2012-13 to fund 10 limited-term positions to augment the Department's current program to recover state General Fund costs of fighting wildfires from responsible parties. The Department reports that the pilot program has recovered \$13.7 million for the state since its inception. Without the program, the Department recovered \$2.8 million on average. In addition to these positions, the Department is requesting \$55,000 in new equipment, which includes one new vehicle and \$492,000 in contracts.

**Background.** The Subcommittee originally approved a 14 person two-year pilot program to address a need for the state to be proactively pursuing the recovery of General Fund costs for fighting fires when liability for those fires can be assessed to private parties. From CAL FIRE's data, this pilot program has demonstrated a clear benefit to the General Fund by collecting over \$13.7 million in its first year and \$14.6 million in its second year of operation. In total, the existing program costs \$2.4 million to operate and with this augmentation total costs for the program would be \$4 million.

**Staff Comments:** The Subcommittee heard this issue on February 2, 2011. The Committee held this item open to give the Committee additional time to review due process concerns raised by the public. CAL FIRE has worked with the public over the past several months to address concerns and provides the following clarification:

*"Health and Safety Code (H&S) Section 13009.1(c) allows CAL FIRE to determine recoverable costs for fire suppression based upon the "preponderance of evidence," which includes negligent acts that may have contributed to fire starts, as well as any positive proactive measures that were employed to prevent fire starts. (The California Forestry Association) CFA and the Department recognize the opportunity to develop preventative measures or practices that reduce the risk of accidental fire starts from logging operations and the ability to implement these measures more consistently. CFA indicates that their members are willing to develop and require that best management practices (BMPs) are used by their licensed timber operators. CFA is asking the Department to consider these BMPs, if implemented and verified, as part of the preponderance of evidence when and if the Department seeks to recover fire suppression costs pursuant to H&S §13009.1 (c)."*

The Department has demonstrated a well balanced approach to its civil cost recovery program. Ken Pimlott, Director of CAL FIRE states he is "committed to assisting CFA over the coming weeks and months to develop proactive measures or BMPs to reduce the risk of accidental fire starts associated with their timber operations...While it is important that we aggressively prosecute violators of the fire laws, it is also imperative that we apply the laws fairly. This means considering the full body of evidence when preparing case reports and taking actions to recover the Department's cost for fire suppression."

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**STAFF RECOMMENDATION: APPROVE AS BUDGETED.**

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## **ELIMINATION OF BOARDS, COMMISSIONS, TASK FORCES, & OFFICES**

**Background.** The Governor's May Revision proposes to eliminate and/or consolidate several boards, commissions, task forces, and offices across state government. These include the Colorado River Board, Salton Sea Council, State Mining and Geology Board, and nine advisory committees and review panels at the Department of Fish and Game:

- Commercial Salmon Fishing Review Board
- Commercial Sea Urchin Advisory Committee
- Dungeness Crab Review Panel
- Recreational Abalone Advisory Committee
- California Advisory Committee on Salmon and Steelhead Trout
- State Interagency Oil Spill Committee Review Subcommittee
- State Interagency Oil Spill Committee
- Striped Bass Advisory Committee, and the
- Abalone Advisory Committee.

**Staff Comments.** According to the Administration, in most cases, these advisory groups are no longer necessary, have been non-functional for many years, or have completed their statutory requirements. While staff concurs with the elimination and consolidation of some of these boards and advisory committees, there are a few notable exceptions:

### **Salton Sea Restoration Council**

**LAO Comments:** The Salton Sea Restoration Council was created by Chapter 303, Statutes of 2010 (SB 51, Ducheny), following several years of discussion over the governance structure that would guide any Salton Sea restoration efforts. Several committees are to be established under the council: an executive committee that would function as the governing body, a science committee, a local government forum, and a stakeholder forum. As such, the council is required to receive significant input from non-state organizations and provides a venue for public participation. The council is charged with evaluating the range of restoration plans previously developed by the Secretary of Natural Resources, as well as any additional plans it deems necessary. The council is then required to recommend a plan to the Legislature by June 30, 2013, taking into consideration the impacts of the restoration plan on air quality, fish, and wildlife habitat, water quality, as well as the technical and financial feasibility of the restoration plan. Finally, the council is directed to oversee the implementation of the selected restoration plan, and to that end, Chapter 303 divides responsibility for specific categories of restoration actions between the Department of Water Resources (DWR) and the Department of Fish and Game (DFG). As of the writing of this analysis (May 2011), the Administration has not yet taken action to set up the council, nor has it submitted a budget request to provide for its funding support.



If the Legislature wishes to move forward with Salton Sea restoration above and beyond the required mitigation actions discussed above, multiple options for governance structures exist, of which establishing a Salton Sea Council as specified in Chapter 303 is one. In our 2008 report (predating Chapter 303), "Restoring the Salton Sea," we described various outcomes that should be achieved by the governance structure for the restoration effort. (In the report, we recommended that DWR be designated as the lead implementing entity and decision-maker for Salton Sea restoration. However, we note that there are trade-offs with such a governance structure. For example, the council structure under Chapter 303 would potentially provide more openness and opportunities for public participation in the decision-making process, while a structure with DWR as the lead would potentially be more administratively efficient. It is a policy call for the Legislature to weigh these trade-offs.) Regardless of which governance structure is chosen (whether it be the structure established by Chapter 303 or some other structure), we think that it is important for it to be clear who is "in charge" of the restoration effort and can accordingly be held accountable for its performance.

**Staff Comments:** At the May 4, 2011 Subcommittee hearing, members heard testimony from the public about the urgent need to fund projects on the ground at the Salton Sea and discussed the merit of moving forward on "no regrets" projects before the Salton Sea Council is established and priorities identified. The Committee also heard concerns raised by the LAO about proceeding with projects prior to the establishment of the Council since only \$9 million of the Restoration Fund remains unappropriated. After the hearing, DFG and DWR provided the staff with a list of projects that would be in jeopardy without this reauthorization. On May 11<sup>th</sup>, the Subcommittee took action to:

- Approve one-time funding to establish the Salton Sea Restoration; and
- Approve \$4.2 million reimbursement authority to DWR for specific Salton Sea Restoration "no regrets" projects.

According to the Administration, while it supports the restoration efforts at the Salton Sea, it is inefficient to create a new department for a limited time with only one employee. Furthermore, it argues that it would be premature to develop preferred alternatives until a viable funding plan is created.

However, the elimination of the Salton Sea Restoration Council is in direct conflict with recent Subcommittee action to approve funding to establish the Council and continue funding on "no regrets" projects.

**Staff Recommendation:** Refer the Governor's proposal for elimination of the Salton Sea Restoration Council to the appropriate policy committee for consideration. Adopt Budget Bill Language that states DWR's \$4.2 million reimbursement authority for Salton Sea Restoration is contingent on the continuation of the Salton Sea Restoration Council.

### California Advisory Committee on Salmon and Steelhead Trout

The CAC is advisory to the Joint Committee on Fisheries and Aquaculture and the Director of DFG. Over its 40+ year history, the committee has made a number of contributions to the protection of the states' fish life. The present CAC consists of 11 members and their working alternates, representing commercial fisheries, sport fishing organizations, fisheries science, Native Americans, and the general public. The members serve voluntarily without compensation. The committee serves as a diverse stakeholder collective to advise DFG on salmon and steelhead issues. Having this collective voice available to advise the DFG and Legislature on salmon and steelhead issues provides a valuable service for the state at little to no cost, and provides a mechanism for the public and interested user groups to participate and contribute their knowledge on fisheries issues in an advisory capacity. Maintaining the CAC would also appear to be consistent with the state's policies of encouraging more co-management of fisheries with the fishing community.

The members of the CAC serve voluntarily and only receive reimbursement for travel expenses. With the current freeze on travel, the CAC has not been receiving reimbursement even for those expenses. For these reasons, it is unclear what if any cost savings would be achieved by elimination of the CAC. Moreover, as the Administration indicated in the May revise, if the function served by the committee is replaced by DFG staff making multiple contacts with persons individually, it seems likely that elimination of the committee could actually result in increased costs to the state. **Staff Recommendation:** Refer the Governor's proposal for elimination of the Salton Sea Restoration Council to the appropriate policy committee for consideration

### Colorado River Board

The Colorado River Board (CRB) is responsible for developing a plan for using Colorado River Water. The board is comprised of a board of Southern California water users that receive water under California's Colorado River water rights. The board is fully funded by reimbursements from these water users. Staff has concerns with the elimination of the (CRB) as a state agency. The Colorado River Board not only develops a plan for using Colorado River water, it also represents the state on numerous multi-state working groups and is the state's point of contact for allocation of the state's 4.4 million acre feet of water rights on the Colorado River. According to the board in its representation to the federal Department of Interior, the CRB is "the State agency charged with safeguarding and protecting the rights and interests of the State, its agencies and citizens, in the water and power resources of the seven-state Colorado River System."

Staff has concerns that without the Board in place, the state may be forced to utilize a separate state agency to represent the state before the Department of Interior and in negotiations with the other seven states in the Colorado River System. The likeliest state agency would be the State Water Resources Control Board since it is charged with administering water rights in the state. This would put additional burdens on the board and the existing water rights fee payers. **Staff Recommendation:** Refer the Governor's proposal to the appropriate policy committee for consideration.