

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

Assemblymember Ira Ruskin, Chair

**WEDNESDAY, APRIL 21, 2010
STATE CAPITOL, ROOM 447
9:00 A.M.**

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Consent Calendar

Conservation Corps

1. **Proposition 84 California Conservation Corps (CCC) Projects** - \$3 million reappropriation of Proposition 84 bond funds and \$3 million reversion to keep projects moving that were delayed due to the bond freeze and to correct an inadvertent over-appropriation approved for the CCC in 2009-10.
2. **Collins Dugan OE&E:** \$2.2 million augmentation in authority from the Collins Dugan Account. This fund is supported by reimbursements from other agencies that pay the Corps for their services. This augmentation is anticipated to give the corps enough expenditure authority from this fund to allow them to fund projects without having to submit Section 28 letters to the Legislature when they are contracted for their services.
3. **Proposition 84 Local Corps Project Funds: Proposition 84 Local Corps Project Funds (Jan 10 and April Finance Letter):** Reappropriate the balances of the 2008-09 and 2009-10 Proposition 84 appropriations for Local Conservation Corps grants. Increases the use period requested for the funds from one to five years (consistent with other bond programs).
4. **Fresno Local Conservation Corps:** \$659,000 Proposition 12 appropriation to fund Fresno County Economic Opportunities Commission/Local Conservation Corps projects. Funding has been made available following the sale of a Proposition 12 funded local corps property and subsequent deposit of the proceeds back to the state.
5. **Collins Dugan Authority to Fund Sponsor Project Requests (Jan 10 and April Finance Letter):** 1) \$1.8 million augmentation to Collins Dugan Expenditure authority to allow the Corps to expend funds from other agencies that hire the corps for work on ARRA funded projects.
6. **ADA Restrooms:** \$1,700,000 from Collins Dugan funds to construct a restroom that complies with ADA requirements in the Placer and Greenwood Centers.

Colorado River Board of California

1. No budget change proposals approve base budget as proposed.

Department of Fish and Game

1. **Public Safety Communications:** \$270,000 from Fish and Game Preservation Fund and \$30,000 from Oil Spill Preservation and Admin. Fund to purchase 75 portable radios for Game Wardens that meet all state interoperability guidelines.
2. **Law Enforcement Safety Gear:** \$378,000 from the preservation fund for 350 tasers and associated accessories for Fish and Game Wardens.
3. **Automated License Data System:** Reappropriation of unused budget authority to continue the Automated License Data System Project. This project was paused by the Office of the Chief Information Officer in order to address cost increases vendor issues. The project has a new vendor and is anticipated to be piloted this fall.

4. **Management of Wild Pig Populations:** \$515,000 from Duck and Wild Pig dedicated accounts to fund monitoring activities and duck and pig habitat projects statewide.
5. **Regulatory Review and Permitting:** \$580,000 in reimbursement authority and three new permanent positions to provide staffing for the purposes of processing environmental reviews for Orange County Transportation Authority, Sempra Energy/Southern California Gas Company, and Tejon Ranch. This proposal will be funded by these entities.
6. **Klamath River Fish Tagging and Monitoring:** \$1.9 million (reimbursement authority), one permanent position, and six Temporary Help positions to implement Iron Gate Hatchery (IGH) responsibilities under the Klamath Hydroelectric Settlement Agreement (Agreement).
7. **Coastal Wetland Management:** \$275,000 and 2.5 positions funded by reimbursements to manage the restoration of the Bolsa Chica and Upper Newport Bay Ecological Reserves as well as monitor restoration activities in Santa Barbara, Ventura, Los Angeles, Orange and San Diego Counties
8. **Due Diligence Review for Land and Endowment Holders:** \$387,000 in reimbursement authority to review qualifications of non-profit organizations applying to hold mitigation lands and to conduct oversight of these organizations in their management and stewardship capacities.
9. **AB 1423 (Berryhill) Implementation** – Shared Habitat Alliance Recreational Enhancement Program: \$59,000 from the Non-Dedicated Fish and Game Preservation Fund and ½ position to implement AB 1423 (Berryhill). This is consistent with the fiscal analysis of the bill.
10. **AB 825 (Blakeslee): Enforcement of Crab Trap Restrictions:** \$100,000 from the non-dedicated Fish and Game Preservation Fund to implement AB 825 (Blakeslee) to provide for overtime costs to cover an additional 300 hours of shore-side inspections of commercial crab vessel landings and 200 additional hours in large boat patrols. This is consistent with the fiscal analysis of the bill.

Wildlife Conservation Board

1. **Reappropriation of Proposition 84 (April Finance Letter):** \$3.4 million in Proposition 84 for Ecosystem Restoration on Agricultural Lands projects that have been delayed due to the bond freeze.

Department of Parks and Recreation

1. **California Museum Collection Center – Tenant Improvements:** \$14.2 million (Prop 84) to provide tenant improvements and the necessary infrastructure to preserve and protect the state's cultural artifacts. Additionally, the Governor requests BBL to make these funds available only upon approval of new facilities for the Museum (whether through a lease or acquisition).

2. **Bond Funded Programs:** The Department is proposing the continuation of the following Bond funded:
 - **Cultural Stewardship Program:** \$1.27 million in the budget year
 - **Natural Heritage Stewardship Program:** \$1.8 million
 - **Interpretive Exhibit Program:** \$1.58 million
 - **Large Natural Resources Projects:** \$1.4 million
3. **Increased Program Delivery for Prop 40 Railroad Technology Museum Grant Program:** Technical correction to provide \$232,000 from Proposition 40 for the management of the program.
4. **Increased Public Resources Account – Proposition 99:** \$2.77 million appropriation from Proposition 99 to support department Resources Management Program activities mandated under Proposition 99.

Department of Water Resources

1. **Water Use Efficiency Technical Assistance and Science Program:**
2. **Water Supply Reliability and Urban Streams Restoration Program:** \$794,000 in Fiscal Year (FY) 2010-11 from unused Proposition funds for water supply reliability projects. 2) \$9.1 million in Local Assistance Funds to continue the Urban Streams Restoration Program.
3. **Sacramento Valley Water Management Program:** \$8 million in Proposition 204 funds for local assistance for the Sacramento Valley Water Management and Habitat Protection Measures Program that were funded in the Proposition.

ITEMS TO BE HEARD

3340 – CALIFORNIA CONSERVATION CORPS

ISSUE 1: FLEET REPLACEMENT

Governor's Budget Proposal

The California Conservation Corps (CCC) is requesting \$2.91 million in 2010-11 and \$1.43 million in 2011-12 augmentation from the Collins Dugan Account to fund replacement of crew carrying vehicles and vans to allow CCC to (1) meet its operational needs and health and safety concerns related to crew transportation and (2) comply with the California Air Resources Board's on-road diesel regulations.

Year	#/Type	Cost (in thousands)
2010-11	34/crew carrying vehicles	\$2,210
2010-11	20/passenger vans	700
2011-12	22/crew carrying vehicles	1,430

Staff Comments

The Conservation Corps is largely funded through reimbursements from entities that contract with the corps for their services. The proposal before the subcommittee is to fund the partial replacement of the Corps fleet with funding generated from services provide from other entities. The Corps is proposing to replace these vehicles in order to meet two overlapping objectives: 1) to replace an aging fleet that poses safety issues and has exceeded its useful life span; and, 2) to meet the on-road and off road diesel emission regulations adopted by the Air Resources Board.

In addition to this partial fleet replacement proposal, the CCC also reports that it has already met the Governor's requirement under executive order S-14-09 to reduce their overall fleet by 15 percent. The CCC reports that a majority of the vehicles that were eliminated were considered back-up vehicles for use when other crew carrying vehicles or vans were not useable due to maintenance.

Through discussions with the Corps, there is a clear need to replace their crew carrying vehicle fleet as the majority of the fleet is over 20 years old which attributes to elevated safety issues and non compliant emissions. Because of the age of the vehicles, it is not cost effective to retrofit these vehicles to meet ARB diesel regulations. As for the crew carrying vans, these vehicles have gasoline, rather than diesel, engines and do not have to comply with ARB regulations. However, because they are mostly over 20 years old, these vans also pose safety and dependability issues for the CCC. Because this proposal represents the replacement of vehicles that are: 1) necessary for the primary mission of the CCC; 2) pose dependability and safety issues because of their age; and, 3) do not meet emissions requirements, staff recommends that this proposal be approved as budgeted.

Staff Recommendation Approve as budgeted

3790 – DEPARTMENT OF PARKS AND RECREATION

ISSUE 1: EMPIRE MINE

Governor's Budget Proposal

The Governor's Budget is proposing a \$4.1 million General Fund augmentation to fund ongoing evaluation, analysis, and implementation of remediation of Empire Mine. The remediation of Empire Mine is court ordered in the Consent Decree for the lawsuit, *Waterkeepers Northern California v. California Department of Parks and Recreation*. Remediation measures included in this project include, but are not limited to, removing contaminated materials, capping areas of contaminants, expansion of wetland remediation areas, remediation of mine pool discharge from Magenta Drain, storm water management, minimizing soil erosion, and realignment of trains around closed areas.

Background

Empire Mine SHP is the site of one of the oldest, largest, deepest, longest, and richest gold mines in California. Closed in 1956, the mining operations left the land contaminated with various dangerous chemicals, including arsenic, cyanide, mercury, thallium, manganese, and iron. In order to create a park, the state purchased the mine property from Newmont Mining Corporation in 1974 and assumed all rights and responsibility to the title and interest and responsibility for the free flowing of water from the Magenta Drain tunnel running beneath. The park consists of 856 acres containing many of the mine's buildings and the entrance to 367 miles of abandoned and flooded mine shafts.

As the owner of the Empire Mine lands, Parks was sued for alleged violations of the Federal Clean Water Act. The lawsuit was settled on January 13, 2006, through a consent decree in federal court. The consent decree requires Parks to immediately implement corrective measures to mitigate the impacts from toxic soils and contaminated surface water discharges to the local watershed. The project is also under order by the Department of Toxic Substances Control (DTSC) and the Central Valley Regional Water Quality Board.

Beginning in FY 2005-06, the state began providing funding to determine the presence of contaminants at the mine, and each year since has funded corrective measures. For the current FY, Parks was provided \$5.7 million and six positions to continue remediation efforts.

Staff Comments

The proposed request for funding, the fifth year in a multi-year plan, would respond to the orders mentioned above, including a March 2009 amendment (#2) to the Cleanup and Abatement Order issued by DTSC and the California Regional Water Quality Control Board (Water Board). Activities would include ongoing treatment of the groundwater discharge from the Magenta Drain Portal.

Currently, the state is in arbitration with Newmont to determine responsibility for the contamination. In the meantime, due to health and safety concerns, as well as the legal liability of the state, staff recommends approval of the request.

Staff Recommendation: Approve as budgeted

ISSUE 2: ORANGE COAST SPECIAL EVENT PROGRAM

The Governor's Budget

The Governor's Budget requests \$230,000 in reimbursement authority and three positions to administer the Large Special Event Program in the Orange Coast District. This program administers large events such as weddings, corporate picnics, and concerts that take place at state park beaches or facilities.

Background

Special Event permits allow short-term use of Parks lands or facilities for sporting events, historical pageants, fiestas, musical concerts, weddings, receptions, banquets, or similar types of activities. They have become increasingly popular in the Orange Coast District (OCD), which includes Crystal Cove State Park; and Corona Del Mar, Bolsa Chica, Huntington, Doheny, San Clemente, and San Onofre State Beaches.

Staff Comments

Although the OCD Special Events Program was historically staffed on an ad hoc basis, the number of events has increased, forcing redirections. While the statute restricts the Department from charging fees to generate a profit from these activities, fee revenue has been helpful to the district to fill funding gaps from budget cuts. As an example, 2008-09 fee receipts exceed \$1.3 million, or nearly 10 percent of the district's \$13.3 million budget.

In order to further reduce its reliance on uncertain GF allocations during the state's ongoing fiscal crisis and to ensure ongoing support for programs with proven public support, the OCD proposes to hire three Office Technicians to help coordinate its Special Events Program and increase the number of special events held at district parks.

Staff feels that OCD's Special Events Program is beneficial to the district as it assists with unstable budget revenue and creates a revenue stream that is used to improve the parks that host these events – making them more desirable for public enjoyment. Staff shares some concern raised in Senate subcommittee whether revenues generated from these events should remain with the orange county park system, as they are currently, or whether some portion of them should be distributed statewide to benefit other park districts that do not share the location advantages of OCD.

When this item was heard in the Senate, it was held open to discuss the distribution of special event revenue. Staff recommends that this proposal be held open while this discussion occurs.

Staff Recommendation: Hold Open

3885 – DELTA STEWARDSHIP COUNCIL

ISSUE 1: DELTA WATER LEGISLATION: ESTABLISHMENT OF DELTA STEWARDSHIP COUNCIL

Governor's Budget Proposal

The Governor's budget proposes a total of \$49.1 million and 58 positions for the council for 2010–11. Of these positions, 50 are CALFED positions that would be transferred from various state agencies (mainly the Secretary and CalFire) to the council. Eight positions would be new—the council's seven-member board and an assistant to the chair. Most of the council's funding would come in the form of bond-funded reimbursements (\$29.8 million), direct bond appropriations (\$9.7 million), and the General Fund (\$5.9 million). Additionally, the council budget would provide funding for \$42.7 million in contracts with outside contractors and other state agencies. Of that total, \$16 million (paid for with reimbursements from DWR) would be earmarked for the development of the Delta Plan. The budget also assumes that the council would contract for a project director (at an as-yet-undetermined amount), who would develop a process and schedule to accomplish the Delta Plan, to make presentations to the council, and to ensure integration of the Delta Plan. Under the Governor's budget plan, this contracted project director would report to an executive-level staff member at the council.

Background

The council's main statutory assignment is the development and adoption of the Delta Plan, a planning document to guide state and local agency actions within the Delta. The plan is intended to further the state's goals of ecosystem health and water supply reliability which are to guide the state's actions in the Delta. The plan would guide the state's coordination efforts with other levels of government, and take into account other state Delta planning efforts, including the BDCP process (which the LAO discuss in greater detail below).

As part of its development of the Delta Plan, the council is required to consider the BDCP currently being developed by DWR and a group of stakeholders (including state environmental agencies, local water agencies, and environmental organizations). The council is not required to incorporate the BDCP into the Delta Plan, however, unless certain conditions are met. Specifically, Department of Fish and Game must determine that the BDCP meets the qualifications to be deemed a natural community conservation plan. Also, the BDCP must have been approved as a habitat conservation plan that meets requirements in the federal endangered species law. The BDCP is being developed to create a long-term conservation strategy for the Delta. When complete, the plan would provide the basis for the issuance of endangered species permits necessary to allow operations of both the state and federal water projects in the Delta for the next 50 years.

This BDCP planning process is voluntary. The stakeholders and the departments participating in this planning process are not required to adopt this plan when it is completed. If the BDCP were not adopted, then the state and federal water projects would again be at risk of being held in noncompliance with endangered species laws. These agencies would therefore be required to achieve compliance with endangered species laws by the more traditional regulatory permitting process.

In order to ensure that the Delta Plan and the BDCP mesh well, the council is expected to closely monitor and, to some degree, participate in the BDCP process. However, state law also contemplates that the council will independently review the BDCP and make recommendations as to how it would be implemented.

LAO Comments

In general, the LAO believes the council's budget proposal follows legislative direction regarding the transfer and use of existing resources to establish the council. However, the LAO recommends two modifications to the proposed budget. The LAO finds that the work that would otherwise be assigned to a project direction contractor should instead be handled by one or more of the proposed 19 executive-level staff proposed for the council. Accordingly, the LAO recommends reducing the council's budget by \$200,000 (bond funds), our estimate of the approximate annual cost of such a contract.

The proposal to continue the current contract arrangement for a BDCP liaison is also problematic. The current contractor for the council is the Metropolitan Water District of Southern California. Contracting with such a major stakeholder of the BDCP could compromise the ability of the council to conduct its BDCP-related work objectively and without the perception that it was being unduly influenced by one party to the BDCP process. Thus, the LAO recommends reducing the council's budget by \$79,000 (bond funds) to eliminate the contract for the remaining six months of the contract (June through December 2010). The LAO believes the liaison functions could likewise be handled by one of the council's executive-level staff.

Long-Term Financing Approach Needed

How Will Implementation of the Delta Plan Be Financed? The new legislative water package requires that implementation of the Delta Plan to be developed by the council by January 2012. However, the water package did not provide a long-term financing plan (the proposed water bond was not designed to fund all components of the legislative package), including for implementation of the Delta Plan. Thus, it is not clear how implementation of a new Delta Plan would be able to proceed in a timely manner as contemplated in the recent legislation.

As the LAO has noted in the past, the LAO believes development of a long-term plan to guide the state's investments in the Delta is warranted. In the absence of such a plan, it has been difficult for the Legislature to evaluate numerous Delta-related funding requests. The development of a long-term financing plan should await the completion of a number of Delta-related assessments. However, these assessments are now largely complete. The two-year timetable for development and implementation of a Delta Plan makes it all the more imperative that such a long-term financing plan also be developed and put in place.

The LAO also continues to believe that such a financing plan should reflect the implementation of the "beneficiary pays" funding principle, whereby the public and private beneficiaries of a state expenditure pay an appropriate share of costs based on the benefit received. The LAO has elaborated on the analytical arguments for this approach in past analyses of resources issues.

Council Should Develop a Long-Term Financing Plan for Delta Improvements. Based on these findings, the LAO recommends that the Legislature adopt statutory language as a

part of the budget directing the council to develop a comprehensive long-term financing plan for state expenditures to implement the Delta Plan in conjunction with the Governor's 2011-12 budget proposal. The plan should identify a long-term funding strategy to support the ongoing operations of the council and the Delta Conservancy. This plan should be based on the beneficiary pays principle and should clearly delineate public versus private benefits of ongoing state operations expenditures and capital projects reflected in the Delta Plan. If new fees are proposed to carry out actions recommended in the Delta Plan, the fees should be reasonable and proportionate to the benefits directly received by the fee payer. Finally, as the LAO has often recommended in the past, bond financing should be used only for capital projects that have long-term benefits, and for reasonable administrative costs related to those capital projects

Staff Comments

At the hearing, the Council should be prepared to comment on all of the LAO's recommendations. Staff concurs with the LAO's recommendation that there is a need for the Administration to conduct a full workload analysis of the Delta Stewardship Council in order to establish a budget that truly aligns resources with their needs. While it would be helpful to have this assessment completed with this budget package to adequately evaluate these proposals, time constraints create a justifiable need to extend such a review until next year. At the hearing, the Subcommittee may wish to discuss with the LAO and the Administration whether it would be of value to expand this recommendation to include all resources associated with the implementation of the Water Package. Lastly, through discussions with Council staff, it appears that contracts discussed by the LAO have been shifted to the Department of Water Resources.

As with the prior issue, this proposal is part of a larger package of issues that related to the implementation of last year's water legislation and staff recommends that it remain open.

Staff Recommendation: hold open

3840 DELTA PROTECTION COMMISSION

ISSUE 1: DELTA PROTECTION COMMISSION COMPLIANCE WITH DELTA WATER LEGISLATION

Governor's Budget Proposal

The Governor's budget is requesting to augment the Delta Protection Commission by \$2 million in 2010-11 (\$900,000 for consulting), \$400,000 ongoing from the Environmental License Plate Fund.

Currently, the Commission has 3.1 staff, this funding will augment the Commission' staff by the following 3 permanent and 3 1-year limited term positions:

- 1 staff counsel
- 1 deputy director – CEA 1
- 1 1-year limited term Research Program Specialist II
- 2 1-year limited term environmental planners
- 1 office technician

Background

Under SB 7X1 (Simitian and Steinberg), the Delta Protection Commission is required to prepare and submit recommendations to the Legislature by July 2010 regarding the potential expansion of the Primary Zone; completion of an economic sustainability plan for the Delta by July 1 2011; completion of the process for establishment of a Delta National Heritage Are; review analysis of land use proposals in the Primary Zone and completion of a management plan in order to make recommendations to the Delta Stewardship Council, and provide support to the Delta Conservancy as a member of the Advisory Committee.

Staff Comments

While staff feels that the resources requested in the proposal are appropriate for the preparation of the economic sustainability plan for 2011, there is some concern that the Commission's ongoing budget may not be adequate to support their integral role in supporting the Delta Conservancy and serving as a major forum for Delta counties to participate in Delta issues as major policy decisions are made and implemented in the coming years.

As with the prior issue, this proposal is part of a larger package of issues that related to the implementation of last year's water legislation and staff recommends that it remain open.

Staff Recommendation: Hold Open

3600 – DEPARTMENT OF FISH AND GAME

ISSUE 1: WILDLIFE CORRIDORS

Governor's Budget Proposal

The Administration is requesting \$340,000 in Reimbursements and 1 2-year limited-term position and \$218,000 in contracts for GIS data modeling to continue the Department's Wildlife Corridor Program. This program is responsible for creating, distributing and maintaining data on essential wildlife corridors for individual regions of the state.

Background

Since 2007, the Department of Fish and Game has been conducting a statewide assessment of essential wildlife corridors. The goal of this effort is to assemble habitat data through mapping and surveys, and use it to influence the initial stages of infrastructure planning. AB 2785 (Ruskin) required the Dept. of Fish & Game to identify the most essential wildlife corridors and habitat linkages in California, and make the information available to all other agencies and to the public.

Through existing resources, the Department, in partnership with Caltrans, commissioned a team of technical consultants to produce this statewide assessment of essential habitat connectivity. This statewide assessment is anticipated to be used by transportation planners and conservation scientists and planners from state and federal agencies. Having a comprehensive analysis of wildlife and habitat connectivity will allow users to work collectively to plan for transportation projects in a way that minimizes habitat fragmentation and avoids essential wildlife corridors or linkages. Additionally, these maps hopefully will allow limited conservation funding to be prioritized on the most important areas that provide suitable habitat and landscape level connectivity.

Staff Comments

While the statewide assessment provides broad-scale data for statewide planning, it does not provide fine enough scale data for local "general-plan" level. Due to the bond freeze, funding provided in prior years for contracting for finer-scale eco regional data was delayed however staff understands that contracted work has continued. The proposal before the subcommittee would be to approve contracting funds to continue eco-regional assessments which will allow local governments and other land use agencies to use this data in land use planning.

At the hearing, the Department should be prepared to give the subcommittee an update on its Wildlife Corridor Program that includes a discussion on:

- Discuss the current status of the program, how much of the state has been surveyed and what are the key milestone dates and achievements for the program.
- Identify the benchmarks that the department will use to measure the success of this program.

Staff does not have any issues with this proposal and recommends that it be approved as budgeted.

Staff Recommendation: Approve as budgeted

ISSUE 2: FACILITIES HEALTH AND COMPLIANCE

Governor's Budget Proposal

The Department of Fish and Game (DFG) is requesting \$1.65 million to replace a major facility for the Central Valley Bay Delta Branch. This proposal includes \$1.1 million (\$550,000 Non-Dedicated FGPF and \$550,000 Federal Trust Fund) in one-time expenditures for employee relocation, modular workstations, and network services. Additionally, DFG is requesting \$525,000 in ongoing costs for operations of the new facility.

The Department cites in their proposal that the current building is unsuitable because they do not meet ADA, seismic, or California building codes. Additionally, the building is in need of infrastructure repairs (HVAC, plumbing, and electrical) and is not large enough to house the 130 staff that currently occupy the space that was originally leased for 70 employees. Lastly, the location of a raceway behind the facility in 2009 has increased public traffic through their parking area and other impacts such as garbage and vandalism.

Staff Comments

The Department has occupied this building since the early 90's during which time there has been an elevating focus from the state on Delta issues. Concurrently, staffing at the facility has grown 85 percent; the building is in a serious need of repair, is much smaller than the desired space for a staff of 130 employees, does not allow them the logistical space to maneuver large vehicles or boats and is on a high speed thoroughfare without sufficient parking.

Staff generally concurs with the expressed need to make this move. Staff, however, does have some concern with the \$857,000 (or \$6,500 per employee) that is being requested for one-time costs for modular furniture and workstations. At the hearing, DFG and the Department of Finance should be prepared to justify this level of expenditure and discuss with the subcommittee how these costs are determined.

Staff Recommendation: Approve as budget if one time costs are determined to be justified.

ISSUE 3: GAME WARDEN INCREASE

Governor's Budget Proposal

The Department of Fish and Game is requesting \$2 million in 2010-11 and an ongoing augmentation of \$1.4 million from the Non-Dedicated Fish and Game Preservation Fund (FGPF) to support 7 new game wardens to augment existing coastal enforcement staff.

Staff Comments

Staff does not have any issues with this increase in staffing as this is in line with the Legislature's repeated push for increased warden staffing levels, there is adequate funding in the non-dedicated FGPF to support this staffing augmentation, and staff understands that staffing levels on the coast are not sufficient to enforce coastal fishing and marine protection laws.

In prior years, the Subcommittee has raised concern with the staffing levels and recruitment and retention of statewide Fish and Game Wardens. The Department has commented to staff that they have seen a reduction in the amounts of wardens leaving the force for other law enforcement positions and an increase in their ability to require cadets to their academy and graduate them out into the force. At the hearing, the Department should present to the subcommittee on:

- 1) How many game wardens DFG currently employs?
- 2) The rate of retention with a comparison over the last 5 years.
- 3) The amount of cadets in the last two years that:
 - a) enter the academy;
 - b) graduate the academy; and,
 - c) become game wardens.
- 4) Examples of enforcement activities that the requested wardens will be engaged in.

Staff Recommendation: Approve as budgeted

ISSUE 4: DELTA ENVIRONMENTAL REVIEW

Governor's Budget Proposal

The Governor's Budget is requesting a total of \$807,000 for increased permitting workload related to the Department of Water Resources Delta Levee Program and permitting and restoration programs under the Bay Delta Conservation Plan (BDCP). Workload for this proposal will be split as follows:

1. Delta Levee Program: \$451,000 baseline augmentation and \$25,000 in one time costs from reimbursement expenditure authority from the DWR's Proposition 84 allocation. These funds will be used to support one Environmental program Manager 1 who will function as a supervisor and two staff environmental scientist to conduct permitting workload related to DWR's Delta Levee Program.
2. Permitting and Restoration: \$300,000 baseline augmentation and \$25,000 in one-time costs in funding allocated from the Ecosystem Restoration Program portion of Proposition 84. This funding will fund one Senior Environmental Scientist, and two Environmental scientists to conduct project reviews, and coordinate the regional implementation of the BDCP.

Background

Through the Delta Levee Program, the DFG performs assessments of existing habitats, determines potential impacts of levee work, suggests alternatives to avoid or reduce impacts to fish and wildlife resources, develops mitigation plans, assists with the preparation of local plans for 76 reclamation districts, and provides advice early in the planning process on larger restoration projects. The DFG also validates that levee maintenance and construction expenditures by the DWR and reclamation districts in the Sacramento-San Joaquin Delta (Delta) result in no net loss of habitat. Reclamation districts cannot be reimbursed without this determination.

The Permitting and Restoration Program ensures that threatened and endangered fish and wildlife resources in the Delta are conserved, restored, and recovered. Timely issuance of California Endangered Species Act (CESA) permits, water rights reviews, and CALFED Ecosystem Restoration Program (ERP) implementation of restoration and recovery actions are integral to statewide water supply delivery and reliability. Permitting and Restoration Program projects relate to statewide water planning and design; the protection of rivers, lakes, and streams; flood control; and other actions involving water supply operations, water quality, recreational facilities, and transportation infrastructure.

Staff Comments

While staff does not have concerns with the workload presented in this proposal, the subcommittee may want to discuss with the Department how it intends to fund this proposal if Proposition 84 funds are not available due to cash shortages (though recent bond sales appear to have negated issues with bond cash shortages)

Staff Recommendation: Approve as budgeted

ISSUE 5: SAN JOAQUIN RIVER RESTORATION

Governor's Budget Proposal

The Department is requesting \$8.8 million reimbursement authority (funded by the Resources Agency's \$100 million Proposition 84 allocation) in support of ongoing restoration activities to restore the San Joaquin River. If approved, this would be the fourth year of this five agency program. To-date, approved budget change proposals have been as follows:

2007-08 -- \$1.2 million; 2008-09 -- \$6.3 million; and 2009-10 -- \$10.5 million

The requested funds would be used for continuing work on the first phase of channel and structural improvements and related research pursuant to the requirements of the settlement agreement

Background

A 2005 Federal Court preliminary holding in *NRDC v. Rogers* held that the United States Bureau of Reclamation and its contractors, in their operation of Friant Dam since 1945, had not complied with state law, which requires dam owners to release sufficient water to keep downstream fish in good condition. A settlement, which incorporated a separate Federal-State Memorandum of Understanding (MOU), agreed to by Governor Schwarzenegger and signed by the Secretary for Resources, was accepted by the Federal Court in May 2006. The MOU commits the DFG and the DWR to participate in the San Joaquin Restoration Program (SJRRP) created under the settlement. Funding for the implementation of the settlement was anticipated to come from the following sources:

- About \$200 million in bond funds from Props 84 and 1E
- Up to \$300 million of additional Federal appropriations requiring a non-federal cost-share of an equivalent amount
- Central Valley Project Improvement Act (CVPIA) – Up to \$2 million annually of other Friant Division water users CVPIA Restoration Fund payments
- Friant Surcharge Collections – Friant contractors' environmental fee expected to average about \$5.6 million per year
- Friant Capital Repayment – Friant division water users' capital component of their water rates redirected into the San Joaquin River Restoration Fund

Staff Comments

Although there has been a consistent expectation that the Federal Government will step in and be a stronger fiscal partner, to date the San Joaquin River Restoration Program has been largely a state financed effort. In order to fulfill the requirements of the Settlement Agreement, the program will require more than double the funding provided in Proposition 84 and 1E. At the hearing the Department should comment on how much it anticipates the Federal Government will commit to this project and what the expected timeline will be for those funds. While staff does have concerns that this is a state-led effort to-date, staff does continue to recommend that the proposal be approved so that necessary work to meet the requirements of the Settlement Agreement can be met.

Staff Recommendation: Approve as budgeted

ISSUE 6: DIESEL RETROFIT PROGRAM

Governor's Budget Proposal

The Administration is requesting \$1.6 million from the Non Dedicated FGPF to retrofit 23 on-road vehicles and 58 off-road diesel powered vehicles and equipment in its fleet. This funding request is divided between two fiscal years: \$1.04 million in 2010-11 and \$580,000 in 2011-12.

Background

In 2007, the Air Resources Board (ARB) adopted On-Road and Off-Road regulations to reduce pollution caused by diesel engines and to reduce the harmful public health impacts of diesel exhaust. ARB's original regulations required that public and private fleet owners either retrofit or replace non compliant vehicles. Since their adoption, the ARB has granted extensions to compliance schedules for private fleet owners. These extensions have not been extended to public fleets

Staff Comments

Through discussions with the ARB, staff understands that the Board may be taking up the issue of granting compliance relief for public fleets in a summer Board hearing. Because any adjustment to required compliance schedules would impact this request, staff recommends that the subcommittee keep this issue open until there is more opportunity to discuss this issue with the Board in future subcommittee hearings. Ultimately, staff would recommend that the subcommittee approve a funding level that is consistent with the actual budget-year needs of the Department. Because it appears that there may be future relief granted to public agencies through a decision that will be made after the budget process, staff suggests that the subcommittee explore options for budget bill language that would allow for funding levels to correspond with compliance needs.

Staff Recommendation: Hold Open

ISSUE 7: DELTA FLOW CRITERIA

Governor's Budget Proposal

The Administration is requesting 5 positions (including 2.2 temporary positions) and \$1 million (Proposition 84) to implement the Delta in-stream flow criteria requirements of Chapter 5, Statutes of 2009 (SB X7 1; Simitian)

Background

SBX7 1, part of a package of water-related legislation adopted in the 2009 Seventh Extraordinary Session, requires (among many things) the DFG or the DWR to develop recommendations for in-stream flow criteria of the Delta within 12 months after the date of enactment of the bill (which was November 12, 2009). This assessment is part of a series of "early actions" required under SBx7 1 that will contribute to the State Water Resources Control Board developing final Delta flow criteria.

Staff Comments

According to the Department, requested Proposition 84 resources would allow the department to: (1) complete in-stream flow studies on priority streams in the Delta to determine how much water is needed to establish suitable habitat types and water quality; (2) continue to work with appropriate agencies to minimize negative effects on fisheries, wildlife, or habitat by the operation of managed lakes, reservoirs, and diversions; and (3) take significant steps to implement a new In-Stream Flow Program (as required by both SBX7 1 and Public Resources Code Sections 10000 – 10005). The DFG indicates that existing resources are insufficient to carry out these responsibilities; however, staff resources are being redirected to meet the 12-month deadline.

Staff does not have concerns with the staffing levels requested for this workload. However, staff is concerned that the actual analyses that are conducted by the Department and recommended to the Water Board for the final in-stream flow standard will be used as a foundation of policy decisions in the delta. At the hearing, the Department should be prepared to give an overview of how in-stream flow analyses will be integrated into the BCDP and the decision making of the Delta Stewardship Council. Because this proposal is associated with other Delta related proposals that will be decided upon together as a package, staff recommends that this proposal be held open.

Staff Recommendation: Hold Open

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ISSUE 1: FLOODSAFE

Governor's Budget Proposal

The Department is requesting \$210 million (Propositions 1E, 84 and 13) and 15 new permanent full-time positions, 13 new limited term positions and 9 existing positions to support the ongoing implementation of their FloodSAFE Program. This request is divided between the 4 different "functional areas" of the programs as follows:

Functional Area 1 – Emergency Response: The goal of this functional area is to improve the state's flood forecasting and provide adequate materials and improved coordination with locals to quickly respond to flooding events. Examples of expenditures in this area include the deployment of rock material in the delta to be ready in the occurrence of levee failure; levee inspection improvements; improved flood forecasting; and outreach to local responders. To-date, the Department has been appropriated \$32.2 million for this functional area.

The Governor's budget is requesting \$14 million and 9 new positions in this area for: improvements in flood monitoring; climate data collection and runoff forecasting; reservoir operations and river forecasting; and flood operation emergency response. This funding is for ongoing programs.

Functional Area 2 – Operations and Maintenance: The goal of this functional area is to make sure that levees, flood corridors, channels and other flood management facilities are maintained and are in working order. Examples of expenditures include inspections of 293 miles of DWR maintained levees, repair of 114 critical flood-damage sites, conducting vegetation management activities on the Sacramento River flood control projects, completion of sediment removal in the Yolo Bypass and Tisdale Bypass, and control system upgrades at the Sutter Bypass Pumping Plants. To-date, the Department has been appropriated

The Governor's budget includes \$1 million from Proposition 1E funds and 4 new positions to support long range efforts to provide environmental mitigation as required for sediment removal and levee repair sites. This represents the first year of funding specifically for these activities.

Functional Area 3 – Floodplain Risk Management: The goal of this functional area is to reduce the consequences of flooding by rivers by identifying floodplains to better inform local planning decision making. Examples of prior expenditures include floodplain mapping program, technical assistance to local agencies, building code updates, and 100/200 year Sacramento-San Joaquin floodplain maps

The Governor's budget is requesting \$11.1 million for this area for alluvial fan floodplain evaluation and central valley floodplain evaluation and delineation. This represents the first year of funding specifically for these activities.

Functional Area 4 – Flood Projects and Grants: This functional area contains the majority of FloodSAFE expenditures. The goal of this area is to repair, rebuild or construct new flood protection projects. Prior expenditures of the program include: urban area early

implementation projects on the Feather River, Natomas Basin, Star Bend and Bear River; flood protection corridor program; Sacramento River Flood Control System and Delta Levee Flood Protection Program.

The Governor's Budget is requesting \$143 million (Propositions 84, 1E and 13) to support: State-Federal Flood Control System Modifications (\$50 million); Dutch Slough Tidal Marsh Habitat Restoration (\$3.5 million); Flood Control Subventions Program (\$40 million); Flood Protection Corridor Program (\$20 million); Yuba Feather Flood Protection Program (\$5.9 million); Central Valley Nonstructural Grant Program (\$29 million); North Delta Flood Control and Ecosystem Restoration Project (\$5 million). All of the funding in this proposal except for the Central Valley Non-Structural Grant Program (\$29 million) is an ongoing expense.

Functional Area 5 – Evaluation and Engineering: The goal of this functional area is to perform evaluations and assessments of the State-Federal Flood Control System in the Central Valley and the Delta. Prior expenditures in this area include the development of a GIS data base of the system, performing core samples of urban project levees, and various levee and hydrological analyses.

The Governor's budget is requesting a total of \$2 million in contract support for follow up efforts for the Delta Risk Management Strategy study. This proposal is an ongoing expense.

Functional Area 6 – Flood Management Planning: The Goal of this functional area is to assess how to integrate all of the different flood facilities, operations and other projects into one system. Some examples of this area include the issued draft of the California Water Plan Update 2009, five regional central valley flood protection planning forums, and working groups with local agencies. Funding for this functional area has been in place since 2007-08, primarily for the update of the California Flood Plan.

The budget is proposed to continue funding for the Statewide Flood Planning Management Program (\$5.9 million) and the development of the FloodSAFE Conservation Strategy (\$9.5 million) and provide new funding for Delta Subsidence Reversal (\$8.25 million).

Staff Comments

Generally, the majority of these programs have had funding approved for them in prior years and this proposal represents a continuation of their activities. Staff does not have any issues with those expenditures that are ongoing from prior years. Staff does note, however, the following are new efforts included in this proposal: 1) mitigation monitoring (\$993,000); flood plain risk management (\$11.1 million); Central Valley Non Structural Grant Program (\$29 million); implementation of Action North Delta Flood Control and Ecosystem Restoration Grants (\$5 million); Delta Subsidence (\$8.75 million); and the Central Valley Flood Protection Plan. Staff has questions whether the Central Valley Non Structural Grant Program, which is funded from floodway corridor funding, is actually using the funding for corridors or for levee improvements. At the hearing the Department should be prepared to respond to how this funding is proposed for use and how it lines up with the intended use written into the bond.

Staff Recommendation: Approve proposal as budgeted if Central Valley Non structural Grant is justified at the hearing.

ISSUE 2: SALTON SEA CONSERVATION IMPLEMENTATION

Governor's Budget Proposal

The Department is requesting \$4 million in reimbursement authority through 2012 to support restoration activities on the Salton Sea. These funds will be provided through reimbursements from the Department of Fish and Game and the Resources Agency and will be used to construct shallow habitat on the sea as is outlined in the 2007-08 Salton Sea Management Plan.

Background

The Colorado River Quantification Settlement Agreement between the State, Federal Government, Imperial Irrigation Agency and the City of San Diego establishes water allocations from the Colorado River and the state's obligation for Salton Sea Ecosystem Restoration. The 2007 Salton Sea Management Plan was adopted by the Resources Agency to guide the restoration activities. The proposed funding in this request would be for the creation of low depth habitat for Salton Sea fish such as Tilapia and Pupfish.

Staff Comments

Funding for this effort has been approved for the last three years to implement the management plan. Staff does not have any issues with this proposal however at the hearing; the Department should be prepared to provide the subcommittee with an update on Salton Sea Restoration activities to-date.

Staff Recommendation: Approve as budgeted

ISSUE 3: MULTI BENEFIT WATER PLANNING AND FEASIBILITY STUDIES

Governor's Budget Proposal

The Governor's budget is requesting \$30.6 million over 3 years from Proposition 84 to fund planning and feasibility studies related to California future water needs. This proposal is broken into the following sections:

- **Climate Change Evaluation and Adaptation:** \$7.6 million over 3 years and 6 positions to conduct detailed evaluations of current and projected climate change impacts on the State's water supply and flood control systems and identify potential system redesign alternatives and other adaptation responses to climate change.
- **Urban and Agricultural Water use Efficiency:** \$2.45 million over 3 years and 9 positions to begin feasibility studies for new water conservation technologies, develop new Best Management Practices, utilize remote sensing technology for water use measurement, facilitate water transfers, manage agricultural and urban conservation grants, support an agricultural water use measurement program, conduct outreach and provide technical assistance to various entities.
- **Completion of CALFED Surface Storage Studies:** Reappropriation of \$4.4 million from 2008-09 and 18.1 positions for the completion of surface storage studies for: 1) North of Delta Offstream Reservoir (Sites); 2) Los Vaqueros Reservoir Expansion; and 3) the Upper San Joaquin River Basin Storage Investigation (Temperance Flat).
- **Integration of Flood Management and Water Supply Systems:** \$5.2 million reappropriation from 2008-09 and 7.3 positions to continue funding a multi-disciplinary team to conduct studies to evaluate system reoperation potential with the goals of improving water supply reliability, improving water quality, protecting and restoring ecosystem health, and expanding flood protection.
- **Implementation of California Water Plan Recommendations:** \$5.9 million appropriation and \$5.05 million reappropriation and 13.2 positions conduct outreach, collect data and facilitate regional planning needed to update the California Water Plan

Staff Comments

Generally speaking, Proposition 84 allocated funding for all of the planning activities discussed in this proposal. Additionally, all of these activities have been funded in prior budgets and these requests either represent a need for new funding to continue those activities or a reappropriation where projects were delayed due to the bond freeze. At the hearing, the Department should be prepared to update the subcommittee on the status on the Surface Storage Studies.

Staff Recommendation: Approve as budgeted.

ISSUE 4: SAN JOAQUIN RIVER RESTORATION

Governor's Budget Proposal

The Department is requesting \$8.8 million reimbursement authority (funded by the Resources Agency's \$100 million Proposition 84 allocation) in support of ongoing restoration activities to restore the San Joaquin River. If approved, this would be the fourth year of this five agency program. To date approved budget change proposals have been as follows:

2007-08 -- \$4.2 million; 2008-09 -- \$3.5 million; and 2009-10 -- \$13.8 million

The requested funds would be used for continuing work on the first phase of channel and structural improvements and related research pursuant to the requirements of the settlement agreement

Background

A 2005 Federal Court preliminary holding in *NRDC v. Rogers* held that the United States Bureau of Reclamation and its contractors, in their operation of Friant Dam since 1945, had not complied with state law, which requires dam owners to release sufficient water to keep downstream fish in good condition. A settlement, which incorporated a separate Federal-State Memorandum of Understanding (MOU), agreed to by Governor Schwarzenegger and signed by the Secretary for Resources, was accepted by the Federal Court in May 2006. The MOU commits the DFG and the DWR to participate in the San Joaquin Restoration Program (SJRRP) created under the settlement. Funding for the implementation of the settlement was anticipated to come from the following sources:

- About \$200 million in bond funds from Props 84 and 1E;
- Up to \$300 million of additional Federal appropriations requiring a non-federal cost-share of an equivalent amount;
- Central Valley Project Improvement Act (CVPIA) – Up to \$2 million annually of other Friant Division water users CVPIA Restoration Fund payments;
- Friant Surcharge Collections – Friant contractors' environmental fee expected to average about \$5.6 million per year; and,
- Friant Capital Repayment – Friant division water users' capital component of their water rates redirected into the San Joaquin River Restoration Fund.

Staff Comments

Although there has been a consistent expectation that the Federal Government will step in and be a stronger fiscal partner, to date the San Joaquin River Restoration Program has been largely a state financed effort. In order to fulfill the requirements of the Settlement Agreement, the program will require more than double the funding provided in Proposition 84 and 1E. At the hearing the Department should comment on how much it anticipates the Federal Government will commit to this project and what the expected timeline will be for those funds. While staff does have concerns that this is a state-led effort to-date, staff does continue to recommend that the proposal be approved so that necessary work to meet the requirements of the Settlement Agreement can be met.

Staff Recommendation: Approve as budgeted

ISSUE 5: AGRICULTURAL DRAINAGE REDUCTION TO IMPROVE DELTA WATER QUALITY

Governor's Budget Proposal

The Governor's budget is requesting \$1 million (\$394,000 for staff and \$606,000 for grants) in the budget year to begin implementation of a new five-year program to provide grants for projects that eliminate discharges of agricultural subsurface drainage water from the west side of the San Joaquin Valley into the San Joaquin River (SJR). The resources requested would develop their work plan, prepare, solicit, and evaluate the Request for Proposal. The total expected cost for this program is expected to be \$38.6 million over a five year period.

Eligible grant entities will be farmers that drain into the west side of the SJR and types of projects will be divided into four categories:

Conservation measures: Projects that reduce the volume of subsurface drainage effluent while at the same time saving water for other beneficial uses. These measures include source reduction, shallow groundwater table management and groundwater management.

Reuse Measures: Projects that reduce the amount of subsurface drainage effluent while at the same time making additional water available for irrigation and other beneficial purposes. This will involve measuring comprise reuse in salt tolerant crops, regional integrated drainage management systems, reuse in wildlife habitats, wetlands and pastures.

Treatment Measures: Physical, chemical and or biological processes that remove salts and/or harmful constituents from subsurface agricultural drainage water prior to discharging into the San Joaquin River.

Disposal Measures: Enhanced evaporation systems that whelp to store the salts from concentrated agricultural subsurface drainage water.

Staff Comments

This is a new program and the resources requested would generally be for developing local assistance program criteria to address West Side agricultural drainage. The Department has requested \$606,000 in local assistance funds for the first year of this program with the funding level increasing annually to \$15.3 million in FY 2014.

The proposed activities are consistent with the following bond section

PRC 70529(a). Projects that reduce or eliminate discharges of salt, dissolved organic carbon, pesticides, pathogens and other pollutants to the San Joaquin River. Not less than forty million (\$40,000,000) shall be available to implement projects to reduce or eliminate discharges of subsurface agricultural drain water from the west side of the San Joaquin Valley for the purpose of improving water quality in the San Joaquin River and the Delta.

The subcommittee may want to discuss with the department how it came up with the different grant categories sited above, how it determined that \$606,000 was an appropriate level to start the program, and when it anticipates that it will be ready to begin awarding grants in the budget year and. Because this is a new program, staff recommends that the subcommittee approve the staffing as ongoing but only approve the local assistance funds.

Staff Recommendation: Approve staffing as budgeted, local assistant for 1 year appropriation

ISSUE 6: GREENHOUSE GAS EMISSION REDUCTION INITIATIVE

Governor's Budget Proposal

The Governor's budget is requesting \$326,000 (Air Pollution Control Fund) and 2 new permanent full time positions to assist with the implementation of water related measures in the AB 32 Scoping Pan. These positions will assist local water suppliers with water efficiency measures to increase water use efficiency and energy efficiency in order to reduce greenhouse gas emissions. Additionally, these positions will coordinate with the integrated regional water management planning efforts in order develop a more focused strategy within the program of using grant funds to reduce emissions.

Background

The Department currently co-chairs the Climate Action Team's Water-Energy Subgroup and participates in most of the other subgroups as well. To-date, the Department has used staffing supported by Proposition 84 to evaluate climate change impacts and adaptation strategies as well as participate in AB 32 implementation with the Air Resources Board. This proposal would provide funding from new AB 32 administrative fees to support staff specifically for the implementation of the Scoping Plan; leaving proposition 84 funding for adaptation and impact assessment.

Staff Comments

At the hearing, the Department may want to delineate for the subcommittee how the workload being proposed for the positions is distinct from that already being conducted by existing DWR positions. Additionally, the Department may want to discuss how these positions will integrate with other positions in the Air Resources Board and new positions being requested by the State Water Resources Control board in order achieve the goals of the scoping plan.

Staff notes that various departments are requesting new resources for AB 32 Scoping Plan implementation. Staff recommends that these proposals be held open at this time as to give the subcommittee adequate time to evaluate all of them as a package.

Staff Recommendation: Hold Open

ISSUE 7: E-FUND FOR EMERGENCY PREPAREDNESS

Governor's Budget Proposal

The Governor's budget is proposing to redirect \$1 million from their existing budget to a new Emergency Fund (E Fund) item in the budget in order to allow the department to quickly access the funds and initiate emergency response activates when emergencies are identified. This proposal includes budget bill language that would:

- Allow for funds in the E Fund to be used exclusively for the Department's responses to imminent threats of flooding with a duration of no more than 7 days per event;
- Specify that if additional funds are needed, the Department of Finance be authorized to transfer funds from Item 9840 ("contingencies and emergencies item" which is funded by the General Fund) to the E Fund item without prior legislative notification.
- Allow the Department to transfer funds from the E Fund item back to the original sources, either the Department's base budget or Item 9840, if the Department has determined that the funds are not ultimately needed

Staff Comments

Currently, the Department must patch together existing funds within their base budget to fund the immediate response activities of a flood event. This process of patching together funds is time consuming and places the Department in a position where they are knowingly expending beyond their budgeted funding level. The proposal before the subcommittee would provide the Department with a mechanism to quickly access funding during a genuine flood emergency for limited time period. This authority would be triggered only when there the Department's State-Federal Operations Center is activated. Once these funds are spent, the proposal would then give the Department of Finance the authority to replenish the E-fund for additional need.

The LAO has raised concerns that this proposal gives the Department a revolving door access to the General Fund because of the unlimited authority for this fund to be replenished without legislative approval. The fear, the LAO states, is that this authority will be used in the future to fund non-emergency activities and General Fund costs will subsequently escalate beyond the scope of this proposal.

Staff feels that there is clear merit in providing an easier way for the Department to access funding to respond quickly to an emergency to minimize food risk and overall costs. However, staff shares the concerns of the LAO and recommends that the subcommittee discuss with the Department options for placing parameters around this proposal that would require legislative approval or review of these funds.

Staff Recommendation: Hold open and direct staff to develop compromise.

ISSUE 8: SUPPORT FOR CALIFORNIA WATER COMMISSION

Governor's Budget Proposal

The Governor's budget is requesting \$817,000 and 6 positions to fund staffing for the 9 member California Water Commission that currently has no staff or appointed members. This proposal has a complex funding package with the majority of funding coming from State Water Project Funds (\$550,000) and a combination of existing General Fund (\$111,000) and bond funds (\$85,000). In total, this proposal needs \$75,000 in new budget authority.

Background

Under SB X7 2 (Cogdill), over \$3 billion of continuously appropriated funding in the Safe, Clean, and Reliable Drinking Water Supply Act of 2010 (Bond Act of 2010) would flow through the Commission. Since the Commission is currently inactive and without staff, this proposal would provide the necessary staffing to process those funds through the Commission if the Bond is approved. If the Bond Act of 2010 is not approved in the budget year, the Department argues that the resources are still needed as the Commission plays a major oversight role in eminent domain decisions and is required to approve a resolution for those decisions to move forward.

Staff Comments

Staff feels that there is merit in this proposal if the Water bond Act of 2010 is passed this year since SB X7 2 (Cogdill) gives the Water Commission significant new responsibilities in the expenditure of Water Bond Act funds. Staff has concerns, however, that while the Commission does have workload associated with eminent domain decisions and approval of non internal administrative procedures, there may not be enough workload to justify a full-time CEA IV, Staff Council III, Senior Engineer and two clerical staff for the Commission if the Bond Act is not approved.

Additionally, this proposal is part of a larger package of issues that related to the implementation of last year's water legislation. Staff recommends that the subcommittee keep this proposal and related proposals open so that they can be considered in following hearings as a package.

Staff Recommendation: Hold Open

ISSUE 9: GROUNDWATER MONITORING PROGRAM

Governor's Budget Proposal

The Governor's Budget is requesting \$1.3 million and 5 new positions in the budget year to implement the provisions for establishing a groundwater monitoring program pursuant to SB X7 6 (Steinberg/Pavley). The funding for this request is being reverted from unused Proposition 50 funds for the Red Bluff Diversion Dam project.

Background

Under SB X7 6 (Steinberg/Pavley) the Department is charged with the responsibility of implementing a new groundwater monitoring program throughout the state. With the resources requested in this proposal, the Department will conduct the following activities:

- Implement the prescribed procedures for determining responsible groundwater monitoring entities for purposes of monitoring and reporting groundwater elevations in all basins or subbasins;
- Develop standards for reporting of groundwater elevation data'
- Commence to identify the extent of groundwater elevation monitoring occurring in each basin, and subbasin; and
- In conjunction with other public agencies, conduct an investigation of the state's groundwater basins and report its findings to the Governor and Legislature.

Staff Comments

Staff feels that the Department has provided adequate workload for the 5 new engineering geologist positions requested to fulfill the requirements of SB X7 6 (Steinberg/Pavley) and as such does not have concerns with this proposal.

As with the prior issue, this proposal is part of a larger package of issues that related to the implementation of last year's water legislation. Staff recommends that the Subcommittee keep this proposal and related proposals open so that they can be considered in following hearings as a package.

Staff Recommendation: Hold Open

ISSUE 10: WATER CONSERVATION ACT OF 2009

Governor's Budget Proposal

The Governor's budget is requesting a total of \$33.1 million and 15 new positions in the budget year for the following:

Implementation of the Governor's 20X20X20 Plan: 5 positions and \$1.25 million in the budget year from Proposition 84 for planning efforts and technical assistance related to implementing the Governor's 20X20X20 Plan for urban per capita water use reduction. Activities to be funded in this workload include: develop industrial water use reporting procedures, initiate new landscape water conservation programs, help local agencies accelerate replacement of appliances, and provide technical assistance to local agencies. Total funding for this workload is expected to be \$2.6 million over a three year period.

Implementation of Water Conservation Act of 2009: 10 new positions and \$3.89 million from Proposition 84 in the budget year for the development of strategies and grant programs to reduce agricultural water use. Activities to be funded in this proposal include development of new urban water use reduction targets, providing incentives to achieve reductions, review urban water management plans, develop methodologies for agricultural water use efficiency, develop standardized forms for water use reporting, develop grant eligibility requirements, adopt regulations for commercial water use, and the review of various water planning efforts to ensure that they are maximizing water conservation. Total spending for this proposal over three years will be \$9.9 million.

Two-Gates Fish Protection Demonstration Project Fund Swap: The Department is proposing that the Legislature swap the \$28 million from Proposition 84 appropriated last year for two gates in SB X7 1 with \$28 million from Proposition 50 funds in order to free up Proposition 84 funds to fund the Delta Stewardship Council and the creation of the Delta Plan.

LAO Comments

Two-Gates Project Should Be Put on Hold. The LAO recommends that the Legislature approve the Governor's proposal to revert the Proposition 84 bond funding for the Two-Gates Fish Protection Demonstration Project. However, the LAO recommends that it not approve at this time the administration's proposal to appropriate an identical amount of Proposition 50 funding for the project. This project should be put on hold until such time as the federal government again agrees to support the project and the state has had an opportunity to reevaluate the proposal.

Staff Comments

The workload provided by the Department for these activities appears to be reasonable considering the activities that will be required to achieve meet the urban and agricultural water reduction targets of SB X7 7. At the hearing, the Department should be prepared to provide an update on Two-Gates and whether the Federal Government plans on moving forward with the project.

As with the prior issue, this proposal is part of a larger package of issues that related to the implementation of last year's water legislation and staff recommends that it remain open.

Staff Recommendation: hold open