

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 ON RESOURCES AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD BLOOM, CHAIR

WEDNESDAY, APRIL 18, 2018

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

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VOTE-ONLY**3480 DEPARTMENT OF CONSERVATION**

VOTE-ONLY ISSUE 1: LEASING COST INCREASE

The Governor's budget requests \$831,000 ongoing from the Oil, Gas, and Geothermal Administrative Fund to pay the increased leasing costs for the new facilities in Long Beach.

The Division of Oil, Gas, and Geothermal Resources (Division) regulates onshore and offshore oil, gas, and geothermal well operations throughout the State by enforcing laws for the conservation of petroleum and geothermal resources. The Division's mission is to prevent damage to life, health, property, the environment, and natural resources by ensuring that wells are properly drilled, operated for production and injection purposes, repaired, and plugged and abandoned.

The Division has increased by 109 positions over the past eight years, which led to additional facility space needs. The Division, working with the Department of General Services, selected a location in Long Beach last year and entered into a lease agreement.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 2: MINERAL RESOURCE CLASSIFICATION

The Governor's budget requests \$509,000 in 2018-19, \$951,000 in 2019-20 and ongoing from the Mine Reclamation Account, and four positions for increased mineral and land classification activities.

The Surface Mining and Reclamation Act of 1975 requires the State Geologist to classify mineral resource deposits throughout the State in order to provide land-use permitting agencies information on the amounts and qualities of regionally available mineral resources. To date, the State Geologist has classified approximately 40 percent of the State's lands for significant mineral resources, including about 28 percent of the State for construction-grade aggregate resources that impact about 80 percent of the State's population.

Classification studies are updated approximately every 10 years to provide the most current information to land use planners and decision makers. Some previously classified regions have not been updated in 20 years or more due to reduced funding and staffing levels since the early 2000s.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 3: PROPOSITION 40 - CALIFORNIA FARMLAND CONSERVANCY PROGRAM (SFL)

A Spring Fiscal Letter requests the following:

- \$1,956,000 one-time from Proposition 40 for local assistance.
- A decrease of \$1,202,000 in the current Proposition 40 support appropriation from \$488,000 to \$250,000 from 2018-19 thru 2020-21 and reduce \$488,000 support funds to \$0 in 2021/22 (a decrease of \$1,202,000).

Staff Recommendation: Adopt Spring Fiscal Letter

VOTE-ONLY ISSUE 4: PROPOSITION 40 - SOIL CONSERVATION FUND (SFL)

A Spring Fiscal Letter requests to increase the reserve limit of the Soil Conservation Fund from \$2.536 million to \$5 million. This adjustment would help insulate the Department's farmland conservation programs from volatility in the Soil Conservation Fund's source of revenue - Williamson Act contract cancellation fees - by enabling the Department to capture excess revenue in good years to develop a reserve for lean years.

Staff Recommendation: Adopt Spring Fiscal Letter

8570 DEPARTMENT OF FOOD AND AGRICULTURE

VOTE-ONLY ISSUE 5: CERTIFIED FARMERS' MARKET PROGRAM

The Governor's budget requests \$265,000 in Department of Food and Agriculture Fund in 2018-19, \$215,000 in 2019-20, and \$190,000 annually thereafter to create a database for the Certified Farmers' market (CFM) Program and to enhance and maintain county and market manager training programs to ensure uniform enforcement of CFMs across the state.

Current law authorizes certified farmers to market and sell their agricultural products directly to consumers and exempts them from minimum size, labeling, standard pack, and container requirements. Due to increasing instances of cheating at CFMs, including vendors selling fraudulently labeled products and reselling fruits and vegetables directly from wholesale markets, CDFA convened two working groups to construct a model that would support inspection and enforcement needs. The recommended solution was an online database that is accessible by certified producers, CDFA, CFM managers, market operators, and county personnel.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 6: FARMER EQUITY ACT OF 2017 (AB1348)

The Governor's budget requests \$139,000 ongoing in General Fund and one position to implement AB 1348 (Aguiar-Curry, Chapter 620, Statutes of 2017).

According to the 2012 USDA National Agriculture Statistics Survey, less than 20 percent of California farms are operated by women. In addition, 12 percent of California farm operators are Spanish, Hispanic, or Latino; 2 percent are American Indian or Alaska Native; 6 percent are Asian; 0.6 percent are Black or African American; and 0.4% are Native Hawaiian or other Pacific Islander. The 2012 census also shows that farmers of color tend to farm smaller farms, earn less money on average, and receive 36 percent less in government funding than their white counterparts.

AB 1348 (Aguiar-Curry, Chapter 620, Statutes of 2017) created the Farmers Equity Act to ensure that socially disadvantaged farmers and ranchers are included in state food and agriculture policy making. CDFA intends to create a position within its Executive Office to ensure inclusion of socially disadvantaged farmers and ranchers in the development, adoption, and enforcement of the Food and Agricultural laws, regulations, policies and programs.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 7: FEED SAFETY RULE IMPLEMENTATION

The Governor's budget requests \$716,000 (\$68,000 one-time and \$648,000 ongoing) in federal fund authority and four positions to enhance the existing Feed Inspection Program to meet the expanded scope of work in grants from the US Food and Drug Administration (FDA) related to recent federal animal food safety rules.

The Feed Inspection Program regulates the manufacturing, use, labeling, and distribution of feed to ensure a clean and wholesome supply of meat and milk. The Food Safety Modernization Act (FSMA) signed into law in 2011 expanded the FDA's authority to regulate the animal food supply by focusing on preventing animal food safety problems, developing new prevention-focused standards and new enforcement tools, establishing a clear regulatory framework, and enhancing partnerships with federal, state, local, territorial, and tribal agencies. The expanded scope of FSMA requires CDFA to conduct additional inspections, both in number and type to taking into account the new mandates.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 8: FOOD LABELING (AB 954)

The Governor's budget requests \$294,000 in General Fund (\$269,000 one-time and \$25,000 ongoing) to implement AB 954 (Chapter 787, Statutes of 2017), which seeks to promote consistent terminology and use of quality and safety dates on food projects sold in California.

In California, milk products, eggs, and shellfish are required by law to include a "sell-by" date. CDFA regulates milk and eggs, and the Department of Public Health (DPH) regulates shellfish. Federal law only requires infant formula to provide a "use-by" date to ensure the product's safety. Most food manufacturers choose to include dates on food products to indicate when a product should be consumed to ensure optimal quality. However, discretion is left to the manufacturer to decide the length of time and temperature at which the food is held to determine the product's best quality.

AB 954 (Chiu, Chapter 787, Statutes of 2017) requires CDFA, in consultation with DPH, to publish information that encourages food manufacturers, processors, and retailers responsible for the labeling of food products to voluntarily use specified "best by" and "use by" labels that communicate quality and safety dates, respectively.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 9: PET LOVER'S SPECIALIZED LICENSE PLATE GRANT PROGRAM (SB 673)

The Governor's budget requests \$440,000 in Pet Lover's Fund, within the Specialized License Plate Fund, to implement the provisions of SB 673 (Newman, Chapter 813, Statutes of 2017), to utilize funding from specialized license plates to award grants to qualifying spay and neuter facilities that offer low-cost or no-cost animal sterilization services.

SB 673 allocates the revenue raised from the sale of the Pet Lover's license plate to CDFA upon appropriation and requires CDFA to establish a grant program to eligible veterinary facilities that offer low-cost or no-cost animal sterilization services.

Currently, there are approximately 8,100 assigned Pet Lover's specialized license plates, which is only 600 above the required 7,500 plates to maintain the specialized license plate. If the number of assigned plates drops below 7,500 for more than one year, the Department of Motor Vehicles will stop issuing the plate. Because the number of assigned plates is close to the minimum threshold, CDFA will be utilizing marketing and promotional activities to encourage plate renewals, as well as new applicants.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 10: STATE ORGANIC PROGRAM ENFORCEMENT AND OUTREACH

The Governor's budget requests \$671,000 (\$87,000 one-time and \$584,000 ongoing) in Department of Food and Agriculture Fund and three positions for the State Organic Program (SOP) to:

- Promulgate regulations,
- Modify the SOP database,
- Conduct new inspections,
- Provide training for SOP constituents on protocols for new registration and enforcement processes.

California is the only state with its own organic program. SOP requires organic producers, processors, handlers, retailers, wholesalers, and brokers to register with CDFA to verify SOP compliance throughout the production and supply chain.

AB 1826 (Stone, Chapter 403, Statutes of 2016), revised and recast the California Organic Products Act; revised the composition of the California Organic Products Advisory Committee; revised registration fee payment tiers based on gross product sales; and revised required information provided during registration and for recordkeeping.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 11: RELOCATION: YERMO AGRICULTURAL INSPECTION STATION (SFL)

A Spring Fiscal Letter requests the reappropriation of the construction phase funding for the Yermo Agricultural Inspection Station Relocation project, located in Mountain Pass, CA. A total of \$47.5 million lease revenue bond authority was authorized for this project.

Staff Recommendation: Adopt Spring Fiscal Letter

VOTE-ONLY ISSUE 12: AMENDMENT TO BUDGET BILL ITEM 8570-001-0001 (SFL)

A Spring Fiscal Letter requests that Item 8570-001-0001 be increased by \$317,000 to provide funding for ratified increases in salaries and benefit rates for employees in the California Animal Health and Food Safety Laboratory System. While these employees are University of California employees governed by its bargaining contracts, salaries and benefits are funded by the California Department of Food and Agriculture via contract.

Staff Recommendation: Adopt Spring Fiscal Letter

3930 DEPARTMENT OF PESTICIDE REGULATION

VOTE-ONLY ISSUE 13: SENIOR TOXICOLOGISTS FOR HUMAN HEALTH ASSESSMENT REVIEW

The Governor's budget requests \$539,000 from the Department of Pesticide Regulation Fund and 3.0 permanent positions to meet the department's risk assessment workload.

A risk characterization presents qualitative or quantitative estimates of the likelihood that any of the hazards associated with the pesticide will occur in exposed people. It examines how well the data supports conclusions about the nature and presence or absence of risks, and describes how the risk was assessed and where assumptions and uncertainties exist.

DPR uses risk assessments to estimate quantitatively the nature and likelihood of adverse health effects in humans and to provide health-protective estimates of risks to specific subpopulations exposed under certain conditions. As a regulatory agency, DPR uses risk assessments to provide the scientific basis for decisions about new regulations, use restrictions, and mitigation activities to lower the risk of adverse effects from pesticide exposure.

The science of risk and exposure analysis has also evolved in the last five years to include sophisticated computational and quantitative analyses.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 14: SWPP WASTEWATER

The Governor's budget requests \$717,000 from the Department of Pesticide Regulation Fund (DPRF) in 2018-19, \$677,000 ongoing from the DPRF, and 2.0 permanent positions to address increased workload in the Surface Water Protection Program.

The Surface Water Protection Program (SWPP) operates to prevent pesticides from adversely affecting California's surface waters. The program is divided into prevention, monitoring, assessment, mitigation, regulation, and outreach. Before any pesticide products can be sold or used in California, it must be registered with the Department of Pesticide Regulation (DPR). Before DPR registers a pesticide, DPR scientists evaluate the pesticide's potential hazard and exposure to people and the environment. Through the SWPP, DPR evaluates the likelihood of the off-site movement and possible impacts of pesticide products on the aquatic environment. DPR also reviews and evaluates proposed pesticide labeling and data to support registration and give special attention to the potential for environmental damage, including interference with the attainment of environmental standards and toxicity to aquatic biota.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 15: INFORMATION SECURITY OFFICER (SFL)

A Spring Fiscal Letter requests \$159,000 ongoing from the Department of Pesticide Regulation Fund to establish one Information Security Officer position to remediate deficiencies identified in various security survey and assessment reports.

Current law requires state entities to comply with information security and privacy policies and ensure compliance with all security and privacy laws, regulations, rules, and standards specific to the governing the administration of their programs.

Through an independent and an internal audit, DPR has identified deficiencies in the policy, procedures, and risk assessment areas. DPR also identified the lack of sufficient staffing resources to meet the workload demands of information security.

Staff Recommendation: Adopt Spring Fiscal Letter

3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

VOTE-ONLY ISSUE 16: EEI CURRICULUM PRINTING AND FULFILLMENT

The Governor's budget requests \$1.1 million one-time, divided proportionately between the Integrated Waste Management Account, the Department of Pesticide Regulation Fund, the Waste Discharge Permit Fund, and the State Water Quality Control Fund to continue to provide the Education and Environment Initiative Curriculum in printed form for 2018-19.

The curriculum was created as a model to foster environmental literacy among all California students. Educator demand for the curriculum increased dramatically, beginning approximately three years ago, and has remained robust over the past several years. Despite this success, the community of users represents less than 25 percent of the curriculum target.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 17: FUNDING ALIGNMENT FOR LCC GRANT STAFF

The Governor's budget requests to adjust the funding mix for administration of Local Conservation Corps grants. Specifically, this proposal requests to decrease expenditure authority in Beverage Container Recycling Fund of \$380,000 and increase expenditure authority of \$211,000 from Electronic Waste Recovery and Recycling Account.

The Local Conservation Corps (LCC) program was established in 1993 to support the success of disadvantaged youth through community recycling services and litter abatement projects. From 1993 through 2014, LCCs' activities related to recycling were supported by grants funded entirely from the Beverage Container Recycling Fund. The Budget Act of 2014 provided additional grant funding, \$8 million per year from the E-Waste Account, \$5 million from the Tire Fund, and \$2 million from the Oil Fund. When this grant funding was initially appropriated, there was no proportionate complement in authorized positions or authorized expenditures in the additional funds.

These adjustments would align the cost of administration at CalRecycle with the Local Conservation Corps Grant program's funding appropriations.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 18: IMPROVING RECYCLING REDEMPTION OPPORTUNITIES (AB 458)

The Governor's budget requests \$216,000 from the Beverage Container Recycling Fund ongoing for three years (2018-19, 2019-20, 2020-21), and \$110,000 one-time from the BCRF for 2021-22 to implement SB 458 (Weiner, Chapter 648, Statutes of 2017).

Over 93 percent of San Francisco lies more than one half-mile from a recycling center, the highest percentage of any major city in the state. This means that 579 corner stores and small supermarkets lacking a recycling center within their half-mile convenience zone must redeem large volumes of cans and bottles for cash, regardless of capacity or cleanliness, or be subject to in-lieu fees totaling nearly \$40,000 per year location. These types of closures have occurred statewide, including in rural areas.

SB 458 authorizes up to five recycling pilot projects to improve bottle redemption opportunities in unserved convenience zones, as well as relieve dealer requirements to redeem beverage containers in-store within the pilot boundaries.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 19: INFORMATION TECHNOLOGY HELP CENTER PERMANENT STAFFING

The Governor's budget requests \$57,000 from the Distributed Administration Account to convert current blanket-funded positions to permanent positions. No position authority is being requested.

CalRecycle currently has 2.25 positions and 4 student assistants performing most of the day-to-day IT Help Center support for CalRecycle. These positions are currently funded from blanket spending authority, which is intended for limited duration use. The workload has been consistent over many years and CalRecycle anticipates it to be ongoing.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 20: AB 1613 REAPPROPRIATION

The Governor's budget requests the extension of unexpended Greenhouse Gas Reduction Fund program administration spending authority until fiscal year 2019-20, as originally authorized via AB 1613 (Committee on Budget, Chapter 370, Statutes of 2016).

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 21: BONZI SANITARY LANDFILL CLOSURE FUNDING REAPPROPRIATION (SFL)

A Spring Fiscal Letter requests the reappropriation of \$4.2 million in the Integrated Waste Management Account for 2018-19. This one-time appropriation was authorized in the 2017-18 Budget Act to fund the closure of the inactive Bonzi Sanitary Landfill. Due to circumstances outside of the department's control, CalRecycle requires additional time to encumber these funds.

Staff Recommendation: Adopt Spring Fiscal Letter.

3980 OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT

VOTE-ONLY ISSUE 22: INFORMATIONAL STAFFING AND FUNDING

The Governor's budget requests \$194,000 in 2018-19 (\$52,000 General Fund and \$142,000 from various special funds), \$172,000 ongoing (\$46,000 General Fund and \$126,000 from various special funds) to fund the reclassification of two existing OEHHA positions being redirected to OEHHA's IT branch and upgrade three existing IT positions to support OEHHA's web-based technologies and remediate IT security audit findings.

OEHHA has expanded its reliance on web-based technologies and supporting infrastructure that were developed and maintained by external contracted resources at an annual cost of over \$400,000. This proposal will enable OEHHA to support the newly implemented web based technologies internally and to address recent IT Security Audit findings, establish the required Information Security Program and IT Risk Management Program, and improve website access management and IT Assets Management programs.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 23: SHIFT FUNDING SOURCE FOR INDICATORS OF CLIMATE CHANGE IN CALIFORNIA

The Governor's budget requests the permanent redirection of \$301,000 from the Used Oil Recycling Fund to the Cost of Implementation Account to support 1.5 positions to develop and present indicators of climate change and its impacts on California in technical reports, and to expand the dissemination of this information through interactive web pages, plain language summary reports, and fact sheets.

Climate change indicators describe observed trends in the many aspects of climate change, from emissions of greenhouse gases to changes in air and ocean temperatures. Examples of climate change indicators are Sierra Nevada snowmelt runoff, incidence of large wildfires, and changes in forest vegetation distribution and animal migration patterns. Current law designates OEHHA as the lead agency for the development of environmental indicators on behalf of California Environmental Protection Agency. Funding for this purpose was provided through a series of interagency agreements (IAA), beginning in 2007-08. The Budget Act of 2017 provided 1.0 position funded by the IAA. Previously, OEHHA redirected the equivalent of 2.7 existing positions funded from the Used Oil Recycling Fund.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 24: POSITION AUTHORITY FOR LIBRARIAN

A Spring Fiscal Letter requests one permanent position to serve as Librarian to perform systematic searches of the scientific literature regarding the health effects of chemicals and related subjects. The University of California Berkeley notified OEHHA that it would no longer be able to provide library services as of June 2018. OEHHA will redirect existing funding to support the new position.

Staff Recommendation: Approve as Budgeted.

3340 CALIFORNIA CONSERVATION CORPS

VOTE-ONLY ISSUE 25: ADDITIONAL ADMINISTRATIVE RESOURCES

The Governor's budget requests \$321,000 one-time (\$177,000 General Fund, \$144,000 Collins-Dugan Reimbursement Account), \$316,000 ongoing (\$175,000 General Fund, \$141,000 Collins-Dugan Reimbursement Account) and three positions to support increased workload due to the new C3 database system, FI\$CAL and other new compliance obligations by CalHR.

The CCC's Administrative Services Division provides support to the CCCs in the following areas:

- **Human resources:** processing hiring documents, payroll transactions, and workers' compensation claims; monitoring/resolving health/safety issues, assist centers in disciplinary issues, etc.
- **Business services:** preparing and executing contracts, purchase orders, and service agreements in support of the daily operations at the centers. This includes purchasing uniforms, foodstuff, kitchen and laundry supplies, project tools, etc.
- **Information technology:** maintaining computers and laptops in good working order and ensuring online services are connected (and troubleshoot when necessary) for corpsmembers to complete their educational requirements.
- **Accounting:** reconciling and paying invoices on services rendered as a result of executed contracts, purchase orders, and service orders; issuing collection invoices on reimbursement projects completed, etc.
- **Budget management:** distributing/monitoring funds to the centers to support the costs of daily operations; analyzing and preparing complete reimbursement contracts/projects for approval.

The workload in this division has increased over the years due to an increasing corpsmember population as well as additional workload generated by the new C3 system, which replaced the antiquated CADCARS legacy system in February 2017.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 26: FACILITY SUPPORT AND MAINTENANCE RESOURCE NEEDS

The Governor's budget requests \$1,045,000 one-time (\$577,000 General Fund, \$468,000 Collins Dugan Reimbursement Account), \$845,000 ongoing (\$466,000 General Fund, \$379,000 Collins Dugan Reimbursement Account) and seven positions to provide ongoing facility needs at the residential and non-residential centers and to comply with Executive Order (EO) B-18-12 and the Green Building Action Plan.

Specifically, the request includes five maintenance mechanics to address 361,000 square feet of buildings at the residential centers and one maintenance mechanic at headquarters to serve as mobile support for the non-residential centers. Many of the CCC facilities are in excess of 50 years old. These positions will provide technical expertise on:

- Maintenance, repair, and oversight of the major specialized systems, equipment, buildings and grounds;
- Daily health and safety and sanitation review of equipment and facility;
- Providing instruction to and supervision of corpsmembers in the areas of upkeep, maintenance and operations of facility; and
- Participating in training provided by manufacturers during installation of the specialized systems and equipment to ensure warranty compliances.

EO B-18-12 and the Green Building Action Plan requires the CCC to continually measure, monitor, report and oversee water and energy conservation and sustainability of its facilities in order to reduce greenhouse gas emissions. This request also includes an associate construction analyst to perform these duties.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 27: GREENWOOD CENTER KITCHEN AND DINING BUILDING REPAIR

The Governor's budget requests \$344,000 one-time from the Collins Dugan Reimbursement Account to replace the foundation infrastructure for the Greenwood Center.

The Greenwood Center is located in the rural foothills of El Dorado County and was constructed in 1982. The Greenwood Center's facilities include dormitories, a dining hall, classrooms, computer lab, recreational facilities, and outdoor space along with administrative and supply/tool buildings.

Due to evidence of interior floor subsidence and wall/floor separation at the facility, the CCC requested for a site investigation and evaluation from DGS. On March 20, 2017, a structural engineering firm hired by DGS noted the deterioration of the foundation piers presented a safety issue and needed to be address immediately.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 28: RESIDENTIAL CENTER, UKIAH- REPLACEMENT OF EXISTING RESIDENTIAL CENTER

The Governor's budget requests \$2,866,000 one-time in General Fund to fund the preliminary plan phase to replace the existing Ukiah Residential Center located in Mendocino County, which was built in the 1930s.

The Budget Act of 2015-16 appropriated \$200,000 General Fund for a site search for several capital outlay projects, including Ukiah. The Budget Act of 2016-17 appropriated \$100,000 General Fund for the site evaluation of Ukiah. The Budget Act of 2017-18 appropriated \$1,834,000 General Fund for the acquisition phase. At this time, DGS is working on site selection with an anticipated Public Works Board agenda item within the next few months.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 29: NONRESIDENTIAL CENTER, LOS ANGELES- ACQUIRE AND RENOVATE EXISTING NONRESIDENTIAL CENTER

The Governor's budget requests \$169,000 General Fund to acquire a two-story building (about 9,800 square feet) situated on one acre owned by the City of Los Angeles.

The CCC is currently leasing this facility from the City of Los Angeles for \$1 per month and operates this facility as its non-residential center serving 65 corpsmembers. The facility is in need of various renovations to meet seismic standards, and to comply with the Americans with Disabilities Act compliance. The lessor has refused to make any improvements to bring the facility up to building code, but has expressed interest in selling the property to the state.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 30: RESIDENTIAL CENTER, FORTUNA- RENOVATION OF EXISTING RESIDENTIAL CENTER

The Governor's budget requests \$1,052,000 General Fund for preliminary plans to renovate the existing Fortuna Residential Center located in Humboldt County to address functional and structural deficiencies, and to add a new multipurpose building.

The CCC provides young adults, aged 18 to 25 (veterans up to age 29), life skills training and hard work in environmental conservation, fire protection, and emergency services.

The Fortuna Residential Center is one of eight residential centers, which serve as a hub of CCC service delivery.

Staff Recommendation: Approve as Budgeted.

3125 CALIFORNIA TAHOE CONSERVANCY

VOTE-ONLY ISSUE 31: AQUATIC INVASIVE SPECIES AND FOREST HEALTH STRATEGIC LEADERSHIP AND SUPPORT

The Governor's budget requests \$345,000 annually for three years (\$195,000 Proposition 1 Bond fund, \$100,000 Federal Trust Fund, and \$50,000 Lake Tahoe Science and Lake Improvement Account) and two positions to continue to lead and provide strategic direction of multi-agency and stakeholder aquatic invasive species groups, and to continue to provide strategic leadership of the Lake Tahoe West Restoration Partnership. The requested funding will be used to contract for outside planning and monitoring supplemental services. This proposal also requests to revert \$585,000 in Proposition 1 planning and monitoring funds that were appropriated in FY 2015-16.

The Environmental Improvement Program (EIP) is the Tahoe basin's strategy for protecting and restoring ecosystems and watersheds. The EIP, led by the Tahoe Conservancy, is a partnership between over 50 federal, state, and local agencies and private partners. The Tahoe Conservancy is also the lead entity for the Lake Tahoe West Restoration Partnership, an interagency, landscape-level, large-scale (60,000 acres) forest ecosystem restoration planning and implementation project on the west shore of Lake Tahoe.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 32: CONCEPTUAL FEASIBILITY PLANNING (JAN 10 BCP & SFL)

The Governor's budget requests \$450,000 one-time (\$90,000 Proposition 12, \$78,000 Habitat Conservation Fund, and \$282,000 Federal Trust Fund) to support initial conceptual and feasibility planning for new Conservancy project proposals and opportunities along the Upper Truckee River. This proposal also requests to revert \$90,000 from the unencumbered balance of Item 3125-301-0005 in the Budget Act of 2014.

In 1997, the State of California joined the State of Nevada, the Federal Government, the Tahoe Regional Planning Agency, and other partners in a commitment to fund and implement the Environmental Improvement Program (EIP). The EIP is the Tahoe basin's strategy for protecting and restoring ecosystems and watersheds. The EIP originally identified \$908 million worth of projects in the initial 10-year period. An updated EIP in 2010 identified \$2.4 billion worth of projects. California's funding commitment for the second phase of the EIP is identified at an additional \$415 million.

A Spring Fiscal Letter requests a fund shift to increase Prop 40 by \$282,000 and decrease Federal Trust Fund by the same amount due to less than anticipated federal funds.

Staff Recommendation: Adopt BCP and Spring Fiscal Letter

VOTE-ONLY ISSUE 33: LOCAL ASSISTANCE GRANTS FOR AQUATIC INVASIVE SPECIES AND NEARSHORE PROJECTS

The Governor's budget requests \$100,000 annually for 2 years from the Lake Tahoe Science and Lake Improvement Account to increase local assistance from \$350,000 to \$450,000 to control aquatic invasive species and other nearshore activities.

Aquatic invasive species control is a high priority for the Tahoe basin. In response to this priority, the Conservancy is responsible for coordinating and granting Lake Tahoe Science and Lake Improvement Account funds for nearshore aquatic invasive species projects. The current aquatic invasive species implementation plan has identified over \$9.5 million in funding needs.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 34: MINOR CAPITAL OUTLAY (JAN 10 BCP & SFL)

The Governor's budget requests \$700,000 (\$204,000 Tahoe Conservancy Fund and \$496,000 Federal Trust Fund) for minor capital outlay projects. This proposal also requests to revert \$204,000 from the unencumbered balance of Item 3125-301-0568 in the Budget Act of 2014.

Minor capital outlay projects include design and implementation improvements needed to secure the sites of Conservancy acquisitions such as erosion control, upgrades on developed facilities to comply with Americans with Disabilities Act requirements, and others.

A Spring Fiscal Letter requests a fund shift from the proposal to increase Prop 50 by \$496,000 and decrease Federal Trust Fund by the same amount due to less than anticipated federal funds.

Staff Recommendation: Adopt BCP and Spring Fiscal Letter.

VOTE-ONLY ISSUE 35: OPPORTUNITY ACQUISITIONS (JAN 10 & SFL)

The Governor's budget requests \$200,000 one-time (\$111,000 Lake Tahoe Acquisitions Fund and \$89,000 Federal Trust Fund) for acquisition activities involving roadless subdivisions, high priority watersheds, lakefront areas, and other environmentally sensitive or significant resource areas. This proposal also requests to revert \$111,000 from the unencumbered balance of Item 3125-301-0720 in the Budget Act of 2014.

The Conservancy was established in 1984 for the purposes of protecting and restoring Lake Tahoe's natural environment, including water quality, air quality, and wildlife habitat; acquiring, restoring, and managing lands; preserving the scenic beauty and recreational opportunities of the region; and providing public access.

A Spring Fiscal Letter requests an additional \$85,000 from Prop 12 in anticipation of cost increases in pre-acquisition activities and the strategic acquisition of environmentally sensitive or significant resource areas. A fund shift is also requested to increase Prop 50 by \$89,000 and decrease Federal Trust Fund by the same amount due to less than anticipated federal funds.

Staff Recommendation: Adopt BCP and Spring Fiscal Letter.

VOTE-ONLY ISSUE 36: TAHOE PINES RESTORATION PROJECT (SFL)

A Spring Fiscal Letter requests \$693,000 for the construction phase of the Tahoe Pines Restoration Project. This proposal also requests a reversion of the unencumbered balances of approximately \$323,000 from Item 3125-301-0262, Budget Act of 2017, and \$200,000 from Item 3125-301-0286, Budget Act of 2017. This is a net reversion of \$523,000 and a net funding increase of \$693,000. The additional funds are requested to account for an error in the initial construction cost estimate and increased labor costs as there is a lack of contractors available during Tahoe's limited construction season. This proposal also requests to change the project title and identification number to clarify the intent of the project.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 37: LAKE TAHOE BASIN FOREST MANAGEMENT PROGRAM SUPPORT (SFL)

A Spring Fiscal Letter requests \$225,000 (\$150,000 Federal Trust Fund and \$75,000 in reimbursement authority) annually for three years and two positions to support the Lake Tahoe Basin's Forest Management Program and increase the pace and scale of forest restoration work in the region to reduce the risks associated with catastrophic wildfires, drought, climate change, and the bark beetle epidemic.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 38: SOUTH TAHOE GREENWAY SHARED USE TRAIL PHASES 1B & 2 (SFL)

A Spring Fiscal Letter requests \$3,173,000 (\$2,523,000 Proposition 12 and \$650,000 in reimbursement authority) for a local assistance grant to El Dorado County for the completion of working drawings and construction of the South Tahoe Greenway Shared Use Trail Phases 1B & 2 Project (Project). The Conservancy further requests to revert the 2017-18 capital outlay appropriation for the working drawings phase of the Project as well as unencumbered funds from previous Proposition 12 appropriations.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 39: PROPOSITION 1 PLANNING AND MONITORING (SFL)

A Spring Fiscal Letter requests \$420,000 Proposition 1 in 2018-19 and \$195,000 Proposition 1 in 2019-20 and 2020-21 to support planning and monitoring for projects to protect and restore the Tahoe Basin's resources. The Conservancy further requests language to revert \$810,000 in unencumbered Proposition 1 local assistance funding appropriated in fiscal year 2015-16 to support this proposal.

Staff Recommendation: Adopt Spring Fiscal Letter.

3875 SACRAMENTO-SAN JOAQUIN DELTA CONSERVANCY

VOTE-ONLY ISSUE 40: FEDERAL TRUST FUND AUGMENTATION (SFL)

A Spring Fiscal Letter requests a one-time increase of \$490,000 to its existing Federal Trust Fund appropriation to support a previously awarded grant from the United States Bureau of Reclamation and a new grant from the United States Environmental Protection Agency.

Staff Recommendation: Adopt Spring Fiscal Letter.

VOTE-ONLY ISSUE 41: OFFICE SPACE EXPANSION (SFL)

A Spring Fiscal Letter requests \$201,000 from the Environmental License Plate Fund in 2018-2019 (\$104,000 for one-time expenses to expand its office space, and \$97,000 for lease expenses). Specifically, the ongoing lease expenses requested beginning in 2019-2020 are as follows:

- 2019- 2020: \$103,000
- 2020- 2021: \$110,000
- 2021- 2022: \$117,000
- 2022- 2023 and annually thereafter: \$68,000

Staff Recommendation: Adopt Spring Fiscal Letter.

3460 COLORADO RIVER BOARD OF CALIFORNIA

VOTE-ONLY ISSUE 42: ADMINISTRATIVE UNIT OFFICE TECHNICIAN POSITION

The Governor's budget requests one permanent, full-time office technician position to address increasing workload associated with routine and clerical functions in the Administrative Unit. The cost of this request will be absorbed within existing reimbursement authority.

The Colorado River Board represents the State of California and its member agencies in discussions and negotiations with the other six Colorado River Basin states, federal, state and local governmental agencies as well as the government of Mexico regarding the management of the Colorado River and its natural resources.

Staff Recommendation: Approve as Budgeted.

3840 DELTA PROTECTION COMMISSION

VOTE-ONLY ISSUE 43: RECREATION CHAPTER UPDATE FOR ECONOMIC SUSTAINABILITY PLAN

The Governor's budget requests \$200,000 one-time from the Environmental License Plate Fund for consultant work to inform the update to the recreation chapter of the Economic Sustainability Plan for the Sacramento-San Joaquin Delta. The consultant will address emerging trends in Delta recreation, including economic impacts of non-motorized boating such as kayaking and stand-up paddle boarding, Delta visitation information including facility access, and identifying recreation and tourism barriers.

The Delta Protection Commission's mission is to protect, maintain, enhance and enrich the overall quality of the Delta environment and economy, with a focus on agriculture, recreation, and natural resources. The Delta Reform Act of 2009 affirmed the Delta Protection Commission as the appropriate agency to identify and provide recommendations to the Delta Stewardship Council on methods of preserving the Delta as an evolving place as the Council develops and implements the Delta Plan. Among other duties, the 2009 amendments to the Delta Protection Act of 1992 require the Commission to prepare an economic sustainability plan for the Delta region.

Staff Recommendation: Approve as Budgeted.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION

VOTE-ONLY ISSUE 44: BIEBER FOREST FIRE STATION, HELITACK BASE- RELOCATE FACILITY

The Governor's budget requests \$2,922,000 one-time in lease revenue bond funds for the construction phase of this project to replace the existing Bieber Forest Fire Station/Helitack Base (located in Lassen County) that is more than 50 years old.

The Budget Act of 2007 appropriated \$19,938,000 in lease revenue bond funding to CalFire for this project. The approved scope of work includes relocating the Bieber Fire Station and Helitack Base to a newly acquired site, and construction of a 3-bay apparatus building. The Budget Act of 2014 appropriated an additional \$4,258,000 for acquisition, and costs to restart the project after a six-year suspension. This project has experienced significant delays attributed to acquiring land and security bond funding, additional funding is required to complete this project.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 45: REAPPROPRIATION- SAN MATEO AND SANTA CRUZ UNIT HEADQUARTERS RELOCATION AUTOMOTIVE SHOP AND SAN LUIS OBISPO UNIT HEADQUARTERS REPLACEMENT

The Governor's budget requests reappropriation of funding authority for the construction phase of the San Mateo/Santa Cruz Unit Headquarters Relocation Automotive Shop and the working drawing and construction phases of the San Luis Obispo Unit Headquarters Replacement projects.

The San Mateo/Santa Cruz Unit project is delayed due to an extended plan review by the State Fire Marshal along with potential design changes based on that review. The San Luis Obispo Unit project is delayed due to additional CEQA coordination required by the City of San Luis Obispo.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 46: TELECOMMUNICATION STAFF

The Governor's budget requests \$604,000 in General Fund in 2018-19, \$507,000 in 2019-20, and \$486,000 in 2020-21 and ongoing, and 3.0 positions to address the increased workload related to telecommunications systems.

There are state and federal mandates related to radio interoperability, frequency management, and coordination between firefighters and public safety personnel. CalFire currently has five technical service staff statewide ensuring these mandates are met as well as coordinate all radio related purchasing, inventory, replacement cycles, and synchronized distribution. Three of these positions are assigned to statewide duties, which include facility battery backups, dispatch logging recorders, aircraft radio logistics and deployment support. Two of the positions are assigned to units, which gives each the responsibility to cover half of the state.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 47: VARIOUS MINOR PROJECTS

The Governor's budget requests \$3,818,000 one-time in General Fund to perform five projects:

- Demolish an existing resource management trailer in the Mendocino Unit and design and construct a new administration building.
- Replace critical infrastructure items at the Hermit Springs and Skull Creek Fire Stations.
- Replace underground water distribution lines and the telephone/signal conduits at Parlin Fork Conservation camp.
- Renovate existing deteriorated shower and restroom facilities in inmate dormitories at the Mt. Bullion and Rainbow Conservation Camps.
- Replace the existing electrical generation system at Wilbur Springs Fire Station.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 48: ENHANCED INDUSTRIAL DISABILITY LEAVE (SB 334)

The Governor's budget requests \$4,200,000 one-time in General Fund, upon approval by DOF, for the estimated increased costs to the workers' compensation budget and to cover fill behind costs for injured workers, as required by SB 334 (Dodd, Chapter 857, Statutes of 2017). Funding to implement SB 334 will annually be one-time until there is data that shows the incremental increases directly relate to SB 334 and the enhanced industrial disability leave benefit.

SB 334 provides enhanced industrial disability leave to CalFire firefighters who are temporarily (more than 22 days) disabled in the course of state employment. The bill also entitles those eligible to receive an amount equivalent to their net salary for a period not to exceed 52 weeks.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 49: TECHNICAL CLEANUP: STATE RESPONSIBILITY AREA FIRE RESPONSIBILITY FUND

The Governor's budget requests technical cleanup trailer bill language to correct a fund name and amend Public Resources Code §4213.05, changing "State Responsibility Area Fire Responsibility Fund" to "State Responsibility Area Fire Prevention Fund."

Staff Recommendation: Adopt TBL as proposed.

3810 SANTA MONICA MOUNTAINS CONSERVANCY

VOTE-ONLY ISSUE 50: ELPF- ENVIRONMENTAL EDUCATION

The Governor's budget requests \$100,000 one-time from the Environmental License Plate Fund for the Naturalist Explorer Leadership Program or similar programs to introduce young adults from disadvantaged communities to the outdoors and trains them as interpretive naturalists.

The Naturalist Explorer Leadership Program is a comprehensive environmental education and youth leadership program that introduces young adults from disadvantaged communities to the outdoors and trains them as interpretive naturalists. The program focuses on the natural and cultural history of the Santa Monica Mountains and encourages the development of teamwork, leadership, and interpretive skills.

The Budget Act of 2017-18 appropriated \$20,000 for this purpose, which help to facilitate three naturalist explorer units, each with 12-15 participants. This request seeks to continue and expand the program.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 51: TRIANGLE RANCH ACQUISITION (SFL)

A Spring Fiscal Letter requests \$300,000 for support and \$25,000,000 for local assistance from Proposition 68 and \$2,275,000 for local assistance from Proposition 1. The Conservancy also requests the local assistance funds be available for encumbrance and expenditure until June 30, 2020.

These funds will be used for the acquisition of a 321 acre property known as Triangle Ranch, consistent with the Santa Monica Mountains Comprehensive Plan, the Rim of the Valley Trails Corridor Master Plan, the Los Angeles County River Master Plan, the San Gabriel and Los Angeles Rivers Watershed and Open Space Plan.

Staff Recommendation: Adopt Spring Fiscal Letter.

3855 SIERRA NEVADA CONSERVANCY

VOTE-ONLY ISSUE 52: PROPOSITION 84 NEW APPROPRIATION

The Governor's budget requests \$392,000 one-time in Proposition 84 funds for local assistance grants, program delivery, planning and monitoring to accomplish the Conservancy's mission to improve the environmental, economic, and social well-being of the Sierra Nevada Region. Specifically, \$300,000 for local assistance, \$52,000 for program delivery, and \$40,000 for planning and monitoring. This proposal also requests to revert the remaining balances for program delivery from 2016-17 and 2017-18.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 53: PROPOSITION 1 SUPPORT AND LOCAL ASSISTANCE (SFL)

A Spring Fiscal Letter requests \$100,000 one-time in Proposition 1 funds for planning and monitoring, and \$4.7 million one-time in Proposition 1 for local assistance. The funding request is currently scheduled for appropriation in 2019-20. This request seeks to accelerate this Proposition 1 allocation. This proposal additionally requests budget bill language to make the local assistance funding available for encumbrance or expenditure until June 30, 2020 and for liquidation until June 30, 2023.

Staff Recommendation: Adopt Spring Fiscal Letter.

3110 SPECIAL RESOURCES – TAHOE REGIONAL PLANNING AGENCY

VOTE-ONLY ISSUE 54: SALARY ADJUSTMENTS

The Governor's budget requests \$74,000 ongoing from the Environmental License Plate Fund for salary merit increases for staff.

The Tahoe Regional Planning Agency (TRPA) was formed in 1969 through a bi-state compact between California and Nevada. The TRPA is mandated to protect the environment of the Lake Tahoe Basin through land-use regulations and is one of only a few watershed-based regulatory agencies in the United States. The TRPA is not in the California budget system, and compensation changes do not automatically adjust its budget. During its recent budget cycle, Nevada added a total of \$36,795 to TRPA's allocation to cover salary increases. This increase is conditioned on California contributing in the 2:1 ratio called for in the TRPA Compact (CA § 66800-66801).

Staff Recommendation: Approve as Budgeted.

3760 STATE COASTAL CONSERVANCY

VOTE-ONLY ISSUE 55: BEL MARIN KEYS RESTORATION CONSERVANCY PROJECT DEVELOPMENT SPECIALIST

The Governor's budget requests one three-year limited-term position to manage a capital outlay project on the state-owned Bel Marin Keys property in Marin County. The Conservancy will be constructing a levee at Bel Marin Keys in 2018-19 as the first phase of a large wetlands restoration project. The Conservancy will manage the project and anticipates funding the construction with the Habitat Conservation Fund. The Conservancy anticipates that this project will take three years to complete.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 56: COASTAL ACCESS ACCOUNT LOCAL ASSISTANCE APPROPRIATION

The Governor's budget requests \$200,000 ongoing from the Coastal Access Account to increase the current service level from \$550,000 to \$750,000. The Conservancy is requesting this increase because there is a surplus of funds available in the Coastal Access Account and the demands for funding for these types of activities currently exceeds current appropriation levels. The Conservancy requests that \$600,000 be appropriated for local assistance and \$150,000 be appropriated for state operations as part of the Conservancy's baseline support budget.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 57: ELPF APPROPRIATION FOR EXPLORE THE COAST

The Governor's budget requests \$225,000 ongoing from the Environmental License Plate Fund to support the Explore the Coast grant program.

The Conservancy's Explore the Coast Grant program funds encourages Californians to explore and experience the coast by funding a wide range of programs with a focus on people from underserved communities and those with disabilities who otherwise have fewer opportunities to visit the coast. Many projects provide environmental education about the ocean, coast, and San Francisco Bay to K-12 students, targeting schools in low-income communities.

This program historically relied on the California Beach and Coastal Enhancement Account (whale tail funds) which has been decreasing in recent years and is no longer a reliable source of funding.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 58: STATE COASTAL CONSERVANCY- LOWER COST COASTAL ACCOMMODATIONS PROGRAM (AB 250)

The Governor's budget requests \$293,000 ongoing for three years from the Environmental License Plate Fund and two positions for state operations to support the implementation of the new Lower Cost Coastal Accommodations Program.

AB 250 (Gonzalez Fletcher, Chapter 838, Statutes of 2017) established the Lower Cost Coastal Accommodations Program to facilitate improvement of existing, and development of new, lower cost accommodations within 1¹/₂ miles of the coast. The bill directs the Conservancy to take specified actions, including developing clear and measurable objectives, designing implementation measures to preserve affordability, and consulting with appropriate public agencies, conservation organizations, and community groups. It also authorizes, but does not require, the Conservancy to develop a pilot program for projects involving for-profit private entities. Conservancy projects to date involve projects on coastal public lands.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 59: STATE OPERATIONS BASELINE ADJUSTMENT

The Governor's budget requests \$1,000,000 ongoing from the Environmental License Plate Fund to increase the Conservancy's baseline budget and \$600,000 in Proposition 50 funds for state operations. The funding requested would supplant various dwindling funding sources that are unable to continue ongoing levels of support. This proposal results in no net increase.

The State Coastal Conservancy is the oldest of the state conservancies. Its mission is to enhance coastal resources, increase public access to the coast, preserve coastal agriculture, restore urban waterfronts, support environmental education and address the impacts of climate change.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 60: PROPOSITION 84 LOCAL ASSISTANCE (SFL)

A Spring Fiscal Letter requests an increase of \$12,439,000 in Proposition 84 funding for local assistance. As the Conservancy nears the end of its allocation from Proposition 84, most of the funds included in this proposal would be used for the completion of ongoing efforts which were initiated using funds from Proposition 84 and the implementation of completed plans, many of which were completed using funds from Proposition 84. The funds are needed to ensure that progress on several major ongoing efforts is not interrupted or halted, which would slow or even prevent the achievement of several major goals contained in the Conservancy's Strategic Plan and the purposes of Proposition 84. The funds are needed to implement priority actions of several statewide plans and priorities, including restoration of coastal resources, construction of regional trails and preparation for the impacts of climate change.

Staff Recommendation: Adopt Spring Fiscal Letter

3640 WILDLIFE CONSERVATION BOARD

VOTE-ONLY ISSUE 61: WILDLIFE RESTORATION FUND-MINOR CAPITAL OUTLAY (PUBLIC ACCESS)

The Governor's budget requests \$1,000,000 from the Wildlife Restoration Fund for minor capital outlay projects within the Wildlife Conservation Board's Public Access Program.

The Wildlife Conservation Board (WCB) was created by legislation in 1947 to administer a capital outlay program for wildlife conservation and related public recreation. WCB's three main functions are land acquisition, habitat restoration and development of wildlife oriented public access facilities. To accomplish these functions, WCB selects, authorizes and allocates funds for the purchase of land and waters suitable for recreation purposes and the preservation, protection and restoration of wildlife habitat. WCB approves and funds projects that set aside lands within the state for such purposes, through acquisition or other means, to meet these objectives. WCB also authorizes the construction of facilities for recreational purposes on property in which it has a proprietary interest.

Staff Recommendation: Approve as Budgeted.

0540 NATURAL RESOURCES AGENCY

VOTE-ONLY ISSUE 62: CLEAR LAKE (AB 707) (SFL)

A Spring Fiscal Letter requests \$250,000 Environmental License Plate Fund ongoing to implement Assembly Bill 707 (Aguiar-Curry, Chapter 842, Statutes of 2017). AB 707 established the Blue Ribbon Committee for the Rehabilitation of Clear Lake (Committee) within the Natural Resources Agency and requires the Committee to meet quarterly for discussion, reviewing research, planning, and providing oversight regarding the environmental health of Clear Lake. The Committee is required to provide an annual report to the Governor and Legislature on its activities.

Staff Recommendation: Adopt Spring Fiscal Letter

VOTE-ONLY ISSUE 63: VARIOUS TECHNICAL ADJUSTMENTS (SFL)

A Spring Fiscal Letter requests various technical reappropriations, reversions, reversions with associated new appropriations, and baseline appropriation adjustments to continue implementation of previously authorized programs, explained on the chart below:

Department Name	Title	Amount	Proposition/ Fund	Item of Appropriation	Original Enactment Year	Reason
Natural Resources Agency	Reappropriation		6076 California Ocean Protection Trust Fund 6083 Proposition 1	0540-001-6076 0540-101-6076 0540-101-6083	2016-17 2013-14 2015-16	To allow additional time to encumber funds.
Natural Resources Agency	Reappropriations	\$500,000	6029 Prop 40 - \$500,000 residual funds	0540-101-6029	2018-19	To appropriate the remaining Proposition 40 funds for the California River Parkways Program.
Office of Exposition Park Management	Deferred Maintenance Reappropriation		0001 General Fund	3100-001-0001	2016-17	To allow additional time to encumber funds.
Energy Commission	Reimbursement Authority for Transmission Siting Cases	\$1,250,000	0465 Energy Resources Programs Account	3360-001-0465 3360-501-0995	2018-19 2019-20 2020-21	To allow the Energy Commission to invoice the CPUC for work performed by Energy Commission staff under an Interagency Agreement supporting the PUC's electric transmission siting cases and other proceedings requiring electricity system studies.

Energy Commission	Energy End-Use Survey Funding Reappropriation	Up to \$5,825,000 of unexpended balances from Item 3360-001-0853, Budget Act of 2017	0853 Petroleum Violation Escrow Account	3360-490	2017-18	To allow additional time to encumber funds.
Conservation	WellSTAR Reappropriation		3046 Oil, Gas, and Geothermal Administrative Fund	3480-001-3046	2017-18	To allow additional time to encumber funds.
Department of Forestry and Fire Protection	Local Government Cash Flow Loan Repayment Extension		0001 General Fund	3540-001-0001	N/A	To extend the repayment date for the General Fund cash flow loan from September 30 to November 15 of the fiscal year following the one in which the loan is made.
Department of Forestry and Fire Protection	Yolo County Bridge Extended Liquidation	\$800,000	0001 General Fund	3540-101-0001	2017-18	To enable the County to complete all phases of the project based on its current project schedule.
Coastal Conservancy	Net Zero Shift in Reimbursement Authority		0140 Environmental License Plate Fund 0565 State Coastal Conservancy Fund	3760-001-0140 3760-001-0565	2018-19 2018-19	State Coastal Conservancy requests a net zero shift of \$467,000 in reimbursement authority between 3760-001-0565 and 3760-001-0140 based on recent changes to its operating budget.
Coastal Conservancy	Proposition 50 Reversions		6031 Prop 50	3760-101-6031	2014-15	To true up remaining allocations from Proposition 50 consistent with point in time decisions included in the Governor's Budget.
State Parks	2016 Deferred Maintenance Funds Reappropriation		0001 General Fund	3790-001-0001	2016-17	To allow additional time to encumber funds.
State Parks	Reappropriation for Administrative Delays	Up to \$19,225,000	0392 State Parks and Recreation Fund	3790-001-0392	2017-18	To allow additional time to encumber funds.
State Parks	Harbors and Watercraft Revolving Fund Revision	\$400,000	0516 Harbors and Watercraft Revolving Fund	3790-001-0516	2018-19	To decrease reimbursements by \$400,000 to align the Department of Parks and Recreation's and the Department of Water Resources' Governor's Budget requests related to implementation of the Delta Smelt Resiliency Strategy.

Santa Monica Mountains Conservancy	Technical Adjustments	\$(5,000)	6029 Prop 40 6031 Prop 50 6051 Prop 84	3810-001-6051 3810-301-6029 3810-301-6031 3810-301-6051	2018-19 2014-15 2015-16 2014-15 2015-16 2013-14 2014-15 2015-16	Santa Monica Mountains Conservancy requests reappropriation of these funds due to project delays which result in a need for extended authority.
SFBCDC	Bay Fill Clean-Up and Abatement Technical Adjustment	\$(180,000) and \$(219,000) on-going	0914 Bay Fill Clean-Up and Abatement Fund	3820-001-0914	2018-19	To align the appropriation with corrected costs for increased regulation enforcement in the San Francisco Bay.
Baldwin Hills Conservancy	Proposition 84 Reversions		6051 Prop 84	3835-001-6051	2016-17 2017-18	To align appropriated authority with the Conservancy's remaining allocation balances based on updated point-in-time information.
San Diego River Conservancy	Reappropriation Prop 1		6083 Prop 1	3845-101-6083	2015-16	To allow additional time to encumber funds.

Staff Recommendation: Adopt Spring Fiscal Letter.

ITEMS TO BE HEARD

0555 CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

ISSUE 1: ENVIRONMENTAL JUSTICE SMALL GRANTS

The Governor's budget requests a total of \$1,500,000 one-time (\$375,000 each from the Air Pollution Control Fund, the California Beverage Container Recycling Fund, the Waste Discharge Permit Fund, and the Toxic Substance Control Account) to implement the Environmental justice Small Grants Program. The grant program will award grants to non-profit entities and federally recognized tribes located in areas adversely affected by environmental pollution and hazards.

BACKGROUND

The Environmental Justice Small Grants Program. AB 2312 (Chu, Chapter 994, Statutes of 2002) established an Environmental Justice Small Grants Program under the CalEPA for the purpose of providing small grants to community-based, grassroots, nonprofit organizations located in areas adversely affected by environmental pollution and hazards that are involved in work to address environmental justice issues. The grants may be used to:

- Resolve environmental problems through distribution of information.
- Identify improvements in communication and coordination among agencies and stakeholders in order to address the most significant exposure to pollution.
- Expand the understanding of a community about the environmental issues that affect their community.
- Develop guidance on the relative significance of various environmental risks.
- Promote community involvement in the decision making process that affects the environment of the community.
- Present environmental data for the purposes of enhancing community understanding of environmental information systems and environmental information.

The program does not have a consistent source of funding. The enabling statute did not include funding. In the Governor's signing message for AB 2312, he directed "the Boards and Departments within the California Environmental Protection Agency to allocate sufficient monies from sources other than General Fund to implement the Program. This would include funds continuously appropriated to those organizations, including funds established for the cleanup of waste tires, used oil and water pollution." However, a consistent funding source never materialized. In the years since its inception, the program has relied on donations for funding.

STAFF COMMENTS

Polluting facilities such as landfills, refineries, and rail yards are often located in disadvantaged communities. These communities suffer the brunt of the effect of climate change. As the state endeavors to meet stringent climate goals, it is important to prevent any segment of the population from bearing a disproportionate impact of pollution. Providing the Environmental Justice Small Grants Program with additional funds would help affected communities play a direct role in the decision-making process to address environmental justice issues.

However, the Toxic Substance Control Account is currently under pressure. The Subcommittee may wish to ask CalEPA how it plans to maintain solvency in this account.

Staff Recommendation: Approve as Budgeted.

8570 DEPARTMENT OF FOOD AND AGRICULTURE

ISSUE 2: BEE SAFE PROGRAM

The Governor's budget requests \$1.853 million from the General Fund to develop a Bee Safe program. Specifically, this proposal includes:

- \$1.5 million for CDFA to contract with counties to enforce existing laws on hive registration and other laws intended to prevent apiary thefts.
- \$353,000 for CDFA to provide outreach and education to counties and stakeholders regarding best management practices, as well as pesticides and the safe movement of colonies.

BACKGROUND

Bees are critical to agriculture. Many crops in California are dependent on the state's estimated 740,000 domestic bee colonies (excludes wild bees) for pollination. In addition to domestic colonies, beehives are transported from out-of-state into California in order to ensure there are enough bees to pollinate certain crops. For example, in order to pollinate over 900,000 acres of almonds grown in California every year (with a value of about \$5 billion in 2016), about 650,000 beehives are temporarily transported into California. In addition to pollinating commercial crops such as almonds, bees pollinate ornamental plants, fruits, and vegetables grown at private residences and in public spaces such as parks.

Bees' are dying at a troubling rate. In 2006, beekeepers in the United States reported that a mysterious affliction, dubbed Colony Collapse Disorder (CCD), was causing widespread die-offs of bees. Scientists agree that CCD was likely caused by a combination of environmental and biological factors, but nothing specific has been confirmed or proven. CCD is no longer causing large-scale colony death in North America, but beekeepers all over the United States are still reporting troubling colony losses – as high as 45 percent annually.

Existing efforts to promote bee health. Beekeepers are required by law to register the number of colonies and the location of each beehive with the county agricultural commissioners (CACs), or with CDFA where there isn't a CAC. Regulations require any person intending to apply any pesticide labeled "toxic to bees" to a blossoming plant to ask the local CAC, or designee, whether there are registered beekeepers with colonies located within a one-mile radius of the application site. The CAC provides the pesticide applicator with the contact information of registered beekeepers who wish to be notified in the affected areas. The applicator must give these beekeepers 48 hours notification before the intended application. This notification period is intended to give beekeepers an opportunity to take action to protect their colonies, such as temporarily moving them.

Recent legislation, AB 1259 (Levine, Chapter 380, Statutes of 2015) requires the Department of Fish and Wildlife to consider authorizing placing beehives on department-managed wildlife areas for bee foraging opportunities. This is intended to provide beekeepers with more opportunities to move their beehives to safe locations when pesticide applications are scheduled near the location of their hives.

LAO COMMENTS

The LAO recommends the Legislature:

- **Approve one year of funding to establish the Bee Safe Program.** The Bee Safe program would help county agricultural commissioners (CACs) address a number of threats to the state's bee population including die-offs from contact with pesticides that are toxic to bees and early identification of pests and diseases that can affect bees. Representatives for the CACs have indicated that counties need additional training for their inspectors and access to state-level expertise to address an increasing number of bee-related issues. The Bee Safe Program would help to address these issues.
- **Consider its options regarding how to fund the Bee Safe Program before approving ongoing General Fund support as proposed by the Governor.** Though it is appropriate to fund the program with General Fund given its broad benefit to the public, it is also appropriate to fund the program using fee revenues from regulated beekeepers, who would be the program's main beneficiaries. Fee-based funding could be accomplished by establishing a new fee on beekeepers or expanding the scope of the existing apiary registration fee. Ultimately, it is a policy decision for the Legislature whether to fund the Bee Safe Program with (1) General Fund as proposed by the administration, (2) a mix of General Fund and fees on beekeepers, or (3) entirely through fees on beekeepers.
- **Adopt budget bill language requiring CDFA to provide a report to the Legislature by January 10, 2019.** Specifically, require the reporting of: (1) annual revenues collected by counties under the current apiary registration fee, (2) county costs to administer the apiary registration program, and (3) options to align fee revenues with county costs and responsibilities. This information would be helpful to the Legislature in determining the appropriate cost share for the Bee Safe Program.

STAFF COMMENTS

Honeybees provide significant benefit to many agricultural industries in California. The widespread die-off of bees in the recent years have generated concerns over its impacts on the security of our food supply. The proposed Bee Safe program would help address a number of threats to the state's bee population. However, the Subcommittee

might want to consider whether the cost to operate this program should be shared with regulated beekeepers.

Staff Recommendation: Hold Open.

ISSUE 3: BLYTHE BORDER PROTECTION STATION REPLACEMENT

The Governor's budget requests \$9,348,000 in General Fund for the acquisition of land to replace the Blythe Border Protection Station in Riverside County.

BACKGROUND

System of border protection stations (BPS) designed to prevent invasive species from entering CA. Approximately 95 percent of all invasive species that have become established in California have been introduced as hitchhikers on materials brought by people. CDFA maintains 16 BPS on the major roadways from Oregon, Nevada and Arizona into California to prevent invasive species from entering the state.

Invasive species are economically and environmentally devastating to California agriculture and natural habitats. Invasive species threaten the safety of California's food supply; kill urban and forest trees; reduce natural biodiversity by outcompeting native species; clog waterways and water delivery systems; render rangeland, recreational areas and other public and private lands unusable; result in trade restrictions; and increase pesticide and herbicide use.

Lessons learned from invasions of the Glassy-winged Sharpshooter, Red Imported Fire Ant, and Mediterranean fruit fly serve as reminders of the potential economic and ecological effects of invasive species.

STAFF COMMENTS

The Blythe BPS was built in 1961 and was not designed for the amount and type of use required of it today. Furthermore, since its construction, two additional routes have been added, making it possible for vehicles to bypass Blythe and avoid agricultural inspection. Investing in a new station to replace Blythe to better perform early detection of invasive species is likely more cost effective than to combat it after they have entered California.

Staff Recommendation: Approve as Budgeted.

ISSUE 4: CITRUS PEST AND DISEASE PREVENTION PROGRAM

The Governor's budget requests \$5 million (\$2.5 million in General Fund and \$2.5 million in Ag Fund) to enhance Asian Citrus Psyllid and Huanglongbing suppression activities.

BACKGROUND

Citrus Is a Major Crop in California. According to CDFA, in 2015, California accounted for over 40 percent of the U.S. citrus production. In that year, the total value of California's oranges, grapefruit, lemons, and mandarins was estimated at \$1.7 billion. About 90 percent of California's citrus industry is located in five counties (Fresno, Kern, Tulare, Ventura, and Riverside). In addition to commercial citrus crops, CDFA estimates over 50 percent of residential properties have at least one citrus tree.

Huanglongbing (HLB) Is Fatal for Citrus Trees. Asian Citrus Psyllid (ACP) is a non-native insect pest that serves as the vector for HLB. When the ACP feeds, it injects a toxin that causes citrus tree leaves to twist and die. More importantly, ACP is the vector of the bacterium that causes HLB, an incurable disease that eventually causes trees to die. Infected trees must be removed and destroyed to ensure they do not serve as a reservoir for the bacteria. The first HLB-infected tree in California was confirmed in Hacienda Heights in 2012. HLB can have a significant effect on citrus production. According to a study by the University of Florida, from 2006-07 through 2013-14 the state's orange production declined by an estimated 24 percent due to HLB. The economic impacts of HLB in Florida over the eight-year period were estimated to be losses of \$7.8 billion in cumulative industry output, or an annual average loss of \$975 million.

State Performs Suppression and Enforcement Activities. In recent years, the citrus industry has provided funding for the state's efforts to detect and eradicate ACP and HLB. The Plant Health and Pest Prevention Services division investigates the existence of pests, determines the probability of its spread, and determines the feasibility of its control or eradication.

CDFA creates quarantine boundaries upon detection of ACP or HLB in a new area. Notices are then placed on all businesses or properties where citrus nursery stock, host plants, or citrus fruit is grown, processed, or stored. After an emergency quarantine becomes effective, agreements are signed with these entities to allow the movement of fruit and nursery trees within and out of the quarantine area under specific conditions, such as passing an inspection. Ongoing enforcement and oversight visits occur (no less than monthly) to ensure the entities are adhering to the compliance agreement conditions.

LAO COMMENTS

The LAO recommends the Legislature:

- **Approve Governor’s Proposal.** Given the recent increases in the square miles under quarantine for both ACP and HLB, the growing number of trees infected with HLB over the past few years, and the threat ACP and HLB pose to the state’s citrus industry, we believe the request is reasonable.
- **Require CDFA to report on whether the proposed resources are sufficient to address the threat posed by ACP and HLB to the state’s citrus crops.** Specifically, the department should report on (1) whether the measures it is currently implementing are sufficient to suppress ACP and HLB, (2) whether there are additional measures that the state should implement to suppress ACP and HLB, and (3) what would be the costs of implementing any such measures. This information would help the Legislature to assess all of the available options for improving suppression of ACP and HLB, and the costs associated with implementing these options.

STAFF COMMENTS

The Huanglongbing (HLB) disease and its vector, the Asian Citrus Psyllid (ACP) has had a significant impact on citrus trees in California. The Legislature made several one-time appropriations to augment the citrus industry’s efforts to suppress the spread of ACP and HLB. This proposal is consistent with those actions.

Staff Recommendation: Approve as Budgeted.

ISSUE 5: DEVELOPMENT OF PESTICIDE ALTERNATIVES

The Governor's budget requests \$529,000 ongoing from the General Fund and one position for CDFA's Office of Pesticide Consultation and Analysis to support research and testing of alternatives for pesticides that are being considered for deregistration in California. This includes biocontrol efforts.

BACKGROUND

Office of Pesticide Consultation and Analysis (OPCA). OPCA is part of the Office of Environmental Farming and Innovation, within CDFA's Executive Office. OPCA was formed in 1992 after the separation of CDFA's pesticide regulatory functions and subsequent formation of the California Environmental Protection Agency's Department of Pesticide Regulation. OPCA's primary role is to provide DPR analysis of the economic impacts of pesticide regulations they are considering. Several classes of pesticides are being evaluated by DPR for regulation, including pyrethroids, neonicotinoids and organophosphates.

California has a lot of specialty crops. California's agricultural production includes more than 400 commodities. Most of these commodities are considered "specialty" crops with relatively low acreage but high-value fruits, nuts and vegetables. California is the number one agricultural production state with the most specialty crops, some of which are not grown anywhere else in the country.

The Interregional Research Project No. 4 (IR-4) was created to address shortage of pesticide projects for specialty crops. The IR-4 program in California is a federally funded program that seeks to address the shortage of pesticide products for specialty crops. In collaboration with UC Davis, UC Riverside and UC's Kearney Agricultural Research and Extension Center, IR-4 works with farmers and agricultural scientists to conduct research and petition the Environmental Protection Agency for tolerances for specific pesticides. The IR-4 program favors both synthetic and organic products which are a reduced risk to public health and work well in integrated pest management systems.

STAFF COMMENTS

While CDFA is requesting resources to conduct research on pesticide alternatives, DPR is also extremely backlogged in reviewing their applications for biopesticides. According to the BioPesticide Association, applications seeking for approval of natural alternatives to synthetic chemical pesticides have gone from an average of 19 months to up to 3 or 4 years to approve. When considering this BCP, the Subcommittee may wish to consider the best approach to ensure the availability of pesticide alternatives.

Staff Recommendation: Hold Open.

ISSUE 6: OFFICE OF FARM TO FORK

The Governor's budget requests \$429,000 in General Fund for a two-year limited term basis to continue funding for 2.4 existing positions in the Office of Farm to Fork to administer remaining federal Food Insecurity Nutrition Incentive Program grant funding.

BACKGROUND

The California Nutrition Incentive Program (CNIP). AB 1321 (Ting, Chapter 442, Statutes of 2015) established CNIP, within CDFA's Office of Farm to Fork. The purpose of CNIP is to increase consumption of healthy foods through direct purchase of California grown fruits, vegetables, and nuts by low-income consumers participating in CalFresh (California's program name for Supplemental Nutrition Assistance Program (SNAP)), the Special Supplemental Nutrition Program for Women, Infant, and Children (WIC), Supplemental Security Income (SSI), and CalWORKs.

Participants using their benefit dollars receive additional healthy food as an incentive (e.g. spend \$5 worth of benefits on fruits and vegetables and receive \$10 worth of fruits and vegetables). The program aims to: (1) increase the health of low-income consumers, many of whom also participate in Med-Cal; (2) support California farmers by increasing demand for their products; and (3) generate local economic activity.

CNIP leverages federal dollars. AB 1321 was also designed to help California take advantage of matching federal funding through the federal Food Insecurity Nutrition Incentive (FINI) Grant Program, which provides matching federal dollars for programs helping Supplemental Nutrition Assistance Program Education (SNAP-Ed) customers increase their fruit and vegetable consumption.

Previous funding for CNIP. The Legislature appropriated \$2.5 million in general fund for CNIP for both 2016-17 and 2017-18. The Office of Farm to Fork used this appropriation as non-federal matching funds to secure a \$3.9 million FINI grant to provide incentives throughout the state under CNIP. CNIP also received \$200,000 from SNAP-Ed funds through the California Department of Public Health.

STAFF COMMENTS

The requested resources would allow CDFA to continue administrative oversight over \$3 million of FINI grant money.

Staff Recommendation: Approve as Budgeted.

ISSUE 7: USE OF ANTIMICROBIAL DRUGS ON LIVESTOCK (SB 27)

The Governor's budget requests \$2.668 million (\$121,000 one-time and \$2,547,000 ongoing) in General Fund and 11 permanent positions to address the full implementation of SB 27, which introduces limits on antibiotic use in livestock and stewardship practices to reduce antimicrobial resistance; and it provides antimicrobial availability through licensed retail stores and/or new regulations.

BACKGROUND

SB 27 (Hill, Chapter 758, Statutes of 2015). SB 27 prohibits the use of medically important antimicrobial drugs (MIAMs) for the treatment of livestock animals except as a prescription of feed directive from a licensed veterinarian, or if a licensed veterinarian deems the MIAMs necessary: (1) to treat a disease or infection; (2) to control the spread of disease or infection; (3) in relation to surgery or a medical procedure; or, (4) for prophylaxis to address an elevated risk of contraction of a particular disease or infection.

SB 27 also requires CDFA to develop a program to track antimicrobial drug use in livestock and the emergence of antimicrobial-resistant bacteria; and requires CDFA to develop antimicrobial stewardship guidelines and best management practices on the proper use of these drugs.

Opposition concerns. A coalition of opposition of various environmental and consumer organizations raised concerns regarding CDFA's implementation of SB 27. They submitted a letter stating that CDFA has not issued clear guidance or regulations on preventative (prophylactic) use of antibiotics or taken steps to collect representative antibiotics sales and use data. According to the coalition, CDFA has failed to delineate prohibited uses of antibiotics and to ensure that the prohibition is understood and applied to achieve the law's objectives.

More specifically, a concern has been raised that by CDFA proposing to let veterinarians determine for themselves whether antibiotic use is "regular," without any additional guidance, that this will likely lead to wide divergence in practices, with the potential for practitioners using antibiotics in ways the law prohibits and contrary to the Legislature's intent. In addition, opposition states that CDFA has failed to collect any data on antibiotic sales and usage in California, contrary to SB 27's mandate to monitor this information, which is essential to implement the law and identify better stewardship practices.

CDFA's response to opposition. According to CDFA, their Antimicrobial Use and Stewardship (AUS) advisory committee have been working together to gather input from all stakeholders and diverse experts in the field. CDFA has performed extensive outreach to educate and engage the public through a variety of forums including publications, presentations, and in-person visits. CDFA believes antimicrobial stewardship must be a coordinated effort that combines promoting best management

practices to minimize the occurrence of disease and decrease the overuse of antibiotics. CDFA has been working to develop the framework that will inform future use of antibiotics.

Support comments. A coalition of various agricultural organizations also submitted a letter of support for this proposal. The coalition indicates that they worked closely with the author of the legislation during its consideration and SB 27 was crafted to ensure a balance between the judicious use of antibiotics without placing unnecessary burdens on veterinarians that could lead to animals being denied proper care. The coalition believes that the resources requested in this BCP are necessary to ensure proper implementation of the monitoring, stewardship, and oversight roles of CDFA.

STAFF COMMENTS

The crux of the issue rests on two provisions of the bill, which states, “A medically important antimicrobial drug may also be used when, in the professional judgment of a licensed veterinarian, it is needed for prophylaxis to address an elevated risk of contraction of a particular disease or infection (Food and Agriculture Code, section 14402 (b)).” This language is subject to the prohibition of another section, which states, “Unless the administration is consistent with subdivision (a), a person shall not administer a medically important antimicrobial drug in a regular pattern. (Food and Agriculture Code, section 14402 (b)).”

Opposition asserts that these two sections taken together means that antibiotic use “in a regular pattern” for prophylaxis is prohibited. Opposition further asserts that additional clarity from CDFA is needed in order to determine what constitutes a “regular pattern of use” to ensure that the limits on antibiotic use are clear and adhered to, as intended by SB 27.

On the other hand, supporters think that the bill was drafted to allow that very decision to be made by veterinarians. Supporters also assert that SB 27 was crafted to balance the judicious use of antibiotics without undercutting a veterinarian’s medical judgement, which may potentially lead to improper proper care.

Staff Recommendation: Hold Open.

3480 DEPARTMENT OF CONSERVATION

ISSUE 8: DESERTED WELL PROGRAM (SB 724)

The Governor's budget requests \$1,646,000 in 2018-19, \$1,598,000 annually from 2019-20 until 2021-22, and \$598,000 2022-23 and ongoing from the Oil, Gas, and Geothermal Administrative Fund to develop and implement a Deserted Well/Facility Plugging and Remediation Program and to carry out additional deserted well and production facility work required in SB 724 (Lara, Chapter 652, Statutes of 2017).

BACKGROUND

The cost of plugging and abandoning idle wells is shared between state and local governments. There are approximately 29,000 idle wells and 1,500 deserted wells in California. The growing numbers of idle or deserted wells and facilities pose a significant risk to human health and the environment. They are also costly for the state and local governments. Historically, the State has taken the lead in plugging and abandoning the well or in decommissioning the production facility. The local governments would pay for tangential costs associated with the work. These tangential costs can include relocating residents who must vacate homes in close proximity to wells, removing or relocating utility lines that are within the vicinity of the heavy equipment needed to properly plug and abandon the well, and other mitigation measures required to lessen the health and safety impacts to local residents

SB 724 (Lara, Chapter 652, Statutes of 2017). SB 724 raises the Department of Oil, Gas, and Geothermal Regulation's statutory expenditure limit for remediating hazardous wells from \$1 million to \$3 million annually through 2021-22. In addition to providing greater budget authority, SB 724 clarifies that the DOGGR can decommission the production facilities associated with a hazardous well, or deem a specific portion of the production facility itself hazardous, even if the well is properly plugged and abandoned. SB 724 enables DOGGR to order the removal of equipment such as tanks, flowlines, headers, gathering lines, wellheads, heater treaters, pumps, valves, compressors, injection equipment, and pipelines. SB 724 also requires DOGGR to establish criteria for prioritizing deserted wells and facilities for remediation.

STAFF COMMENTS

Deserted wells are currently being managed on an ad hoc basis. Providing DOGGR with resources to initiate a comprehensive Deserted Well/Facility Plugging and Remediation Program would help create a process to identify, prioritize, and address deserted wells. Having a process in place can help identify common risk factors, which can be used to determine the priority of wells on a statewide basis and addressing those wells to prevent damage to life, health, property, and the environment.

Staff Recommendation: Approve as Budgeted.

ISSUE 9: ENFORCEMENT PROGRAM

The Governor's budget requests \$1,211,000 ongoing from the Oil, Gas, and Geothermal Administrative Fund and six permanent positions to develop the new Centralized Statewide Enforcement Program.

BACKGROUND

The Division of Oil, Gas, and Geothermal (DOGGR). California is one of the largest oil producers in the nation. DOGGR regulates these oil extraction operations and administers laws for the conservation of petroleum and geothermal resources. One of the DOGGR's missions is to prevent damage to life, health, property, and natural resources by ensuring that wells are properly drilled, operated for production and injection purposes, repaired, and plugged and abandoned. DOGGR is also mandated to collect production and injection data, well histories and summaries, and all surveys and logs run on wells.

Enforcement actions lack consistency. There are over 55,000 active production and injection wells and approximately 29,000 idle production and injection wells in the State. The operation of these wells could pose financial risk and cause harm to life, health, property, and natural resources if not operated properly.

DOGGR issues Notice of Violations to operators that are non-compliant with state law. Field inspectors or engineers typically issue these notices, which have occurred to varying degrees of consistency and standard across the district offices. Furthermore, although statutes have established the criteria and maximum civil penalty amounts, DOGGR has yet to develop a comprehensive methodology to determine consistent and appropriate civil penalty amounts for individual cases.

Enforcement actions ineffective at enforcing compliance. DOGGR issues Notice of Violations to operators that are non-compliant with state law. Continued non-compliance by those operator triggers DOGGR to issue an Order to Comply. In many cases, these operators continue to be non-compliant and DOGGR lacks the resources and expertise to force compliance.

In 2010, DOGGR requested an independent U.S. Environmental Protection Agency audit, and in 2011 that audit identified shortcomings in the Underground Injection Control Program. These findings prompted DOGGR to develop a Renewal Plan to conduct regulatory overhaul, new regulations, modernizing data management, and ensuring a high-quality workforce.

To implement the Renewal Plan and to enforce compliance with state law, DOGGR needs a centralized enforcement program to initiate, track, and follow-up on enforcement actions to ensure compliance and statewide consistency.

STAFF COMMENTS

Non-compliance by oil and gas operators poses a major threat to human health and safety and that of the environment. A centralized and comprehensive statewide enforcement program would enable DOGGR to have an effective compliance program.

Staff Recommendation: Approve as Budgeted.

ISSUE 10: REGULATORY FIELD INSPECTION
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The Governor's budget requests \$4,252,000 in 2018-19, \$3,664,000 in 2019-20 and ongoing from the Oil, Gas, and Geothermal Administrative Fund and 21 positions to increase inspections and enforcement, assess and mitigate the risk of urban encroachment on oil and gas fields, and work with local agencies to assist with the protection of water resources.

BACKGROUND

Increasing number of "critical" wells. There are over 55,000 active production and injections wells and approximately 29,000 idle production and injection wells in California. If a well is within a certain distance from a building intended for human occupancy, the well is deemed "critical." Many wells that were not deemed critical when they were drilled are now being considered critical due to urban encroachment.

Los Angeles, for example, was sparsely populated when oil was first discovered in the region in the mid-19th century. Today, it is the second most populous city in the nation. Los Angeles also has 50 percent of the state's critical wells, the most urbanized oil and gas province in the world, with drilling and production activities within feet of residential and commercial structures, schools, streets, parks, and airports.

While urbanization of oil properties is less in the Inland and Coastal Districts, new developments are increasingly on the periphery or within active and abandoned oil producing properties. These two districts combined have 41 percent of the critical wells in the State.

District	Well Count	% Critical	# Critical	% Of Critical Wells in CA
Southern	32,751	82%	26,856	50%
Inland	94,788	16%	15,166	28%
Coastal	25,069	28%	7,019	13%
Northern	10,979	43%	4,721	9%

Inadequate field inspections. Currently law requires DOGGR to conduct field inspections, including random periodic spot check inspections, to ensure oil and gas production facilities are compliant with regulations. Typical regulatory field duties include witnessing plugging and abandonment operations, cementing, environmental lease inspections, pipeline and tank tests, blowout prevention equipment tests, mechanical integrity tests, and underground injection control tests.

Currently, DOGGR is unable to inspect 100 percent of operations mandated by statute, regulation and/or agreements with other agencies. The current level of field staffing only allow for inspections to take place in the Inland and Southern Districts at the rate of 30 percent of oil and gas leases, and 15 percent of wells annually. Inspecting pipeline and

tank integrity testing occurs even less frequently and generally relegated to testing after pipelines and tanks have ruptured or leaked. Due to lack of resources, some wells, pipelines, and tanks have not been inspected in years.

Further, DOGGR does not regularly track the number of inspections it conducted in 2016 and 2017 that were performed on critical wells

DOGGR field inspection workload can vary due to a number of factors. The amount of annual inspection workload is somewhat uncertain from year to year. There are a number of factors that can affect DOGGR's field inspection workload. These factors include:

- *Market Forces That Impact Amount of Oil and Natural Gas Production.* The amount of oil and natural gas produced in California varies from year to year depending on market factors. Generally, significant production slowdowns in California's oil and natural gas industry result in a decrease in enforcement-related workload for the division.
- *Travel Time to Field.* In the Inland and Coastal districts, the amount of time it takes to witness oil and natural gas operations and testing varies depending on the distance the inspector has to travel to get to the field. In the Southern district, travel time may vary due to traffic congestion in the Los Angeles metro area. As a result, the amount of time it takes for an inspector to witness an operation can vary significantly from observation to observation. Due to the factors described above, it is difficult to determine the precise number of field inspectors necessary to ensure that the division complies with its mandate to observe all shall-witness operations and has the capacity to observe may-witness operations deemed critical.

LAO COMMENTS

Approve Three-Year Funding. The LAO recommends the Legislature approve the Governor's proposal on a three-year, limited-term basis, rather than on an ongoing basis. In the LAO's view, the amount of annual inspection workload is uncertain because (1) the department has not tracked the number of unobserved critical may-witness operations and testing activities and (2) variability in workload due to market conditions and other factors. By approving funding for the positions for three years, the department would need to report back to the Legislature on its progress towards improving its oversight of oil and natural gas field operations if it requests ongoing resources in the future.

Require Annual Reporting on Completion of Mandated Oversight Activities. The LAO recommends the Legislature enact budget trailer legislation to require the department to annually report the following information statewide by district: (1) number of shall-witness and may-witness operations performed, (2) number of shall-witness and may-witness operations observed by DOGGR, (3) number of critical may-witness

operations performed, and (4) number of critical may-witness operations observed. This information would help the Legislature to monitor the division's progress towards complying with mandated inspection requirements. The department could fulfill this reporting requirement by posting the information to their website or preparing a written report for the Legislature. The information would also help inform the Legislature's decision about the level of permanent resources needed for the division to perform inspection and enforcement activities.

STAFF COMMENTS

Additional resources would increase DOGGR's field presence and allow for appropriate levels of field oversight of oil and gas wells, facilities, and activities to ensure that California's oil and gas operations are protected, properly regulated, efficient, and safe. However, staff agrees with the LAO's assessment that limited term funding with a reporting requirement would allow the Legislature to better assess the level of permanent resources needed for DOGGR to perform inspection and enforcement activities.

Staff Recommendation: Approve funding for three years and adopt placeholder TBL to require annual reporting on completion of mandated oversight activities as proposed by the LAO.

ISSUE 11: TSUNAMI HAZARD MAPPING

The Governor's budget requests \$495,000 one-time from the Strong-Motion Instrumentation and Seismic Hazards Mapping Fund to initiate the tsunami hazard zone delineation tasks legislatively mandated by the Seismic Hazard Mapping Act of 1990, and prepare probabilistic tsunami hazard inundation maps for utilization in the 2019 update of the California Building Code in the design of critical and essential facilities.

BACKGROUND

The California Geological Survey. The California Geological Survey (CGS) is one of the oldest geological surveys in the United States, serving as a primary source of geologic information for California's government agencies, businesses, and public. The CGS maps and analyzes data about the state's diverse geologic settings and features, earthquakes, other geologic hazards and mineral resources to better care for life, property, commerce, and the natural environment.

The California Geological Survey Tsunami Hazard Program. Tsunamis are relatively rare events in California, however, should one occur, millions of coastal residents and visitors are at risk. The Cape Mendocino earthquake in 1992 had a magnitude of 7.2 and generated a minor tsunami along the north coast. This initiated the creation of the California Geological Survey (CGS) Tsunami Hazard program.

The Seismic Hazard Mapping Act of 1990 includes hazards related to tsunamis. In response to the 1989 Loma Prieta earthquake, the California Legislature enacted the Seismic Hazard Mapping (SHM) Act of 1990. The purpose of the SHM Act is to assist cities, counties and state agencies to protect the public health and safety from the effects of seismic hazards caused by earthquakes. This is accomplished by identifying potentially hazardous areas so that state and local governments can require site-specific investigations that lead to mitigation measures. The initial language of the SHM Act included hazards from soil liquefaction, earthquake-triggered landslides, and amplified ground shaking. Following the 1992 Cape Mendocino earthquake, which caused a tsunami along California's north coast, language was added to the SHM Act to address hazards related to tsunamis.

The CGS Tsunami Hazard program is primarily support by Federal Funds. CGS serves as the scientific representative for California on the National Tsunami Hazard Mitigation Program Coordinating Committee, a state and federal cooperative responsible for developing policies and standards for tsunami mitigation efforts in the United States and its territories.

The CGS Tsunami Hazard program also work closely with the California Governor's Office of Emergency Services (Cal OES) Earthquake and Tsunami Program, and the Tsunami Research Center at the University of Southern California to produce statewide tsunami inundation maps and preparedness information for California.

For the past decade, the CGS Tsunami Hazard program has received all of its funding from federal government sources. Federal funding agencies, primarily the National Oceanic and Atmospheric Administration and the Federal Emergency Management Agency, have supported both CGS and CalOES staff in tsunami hazard mapping for evacuation and response planning. These agencies have also supported contracts with the University of Southern California and the California Coastal Commission to perform specialized modeling, map development, and product implementation. In recent years, federal funding has resulted in initiation of probabilistic tsunami hazard analysis (PTHA) maps in California and initiation of a detailed technical review of the PTHA methodology. These products are still in its early stages.

STAFF COMMENTS

A recent study by the United States Geological Survey indicates that a large tsunami event could cause coastal flooding that would cost California billions of dollars and years of recovery. This study also found that 80-90 percent of the damage could be preventable with appropriate mitigation planning and emergency response efforts.

Funds from NOAA and FEMA enabled the CGS to complete the initial probabilistic tsunami hazard analysis mapping of hazards from distant tsunamis. There continues to be a need for improvements, enhancements, and maintenance of maps and other products to ensure coastal residents, and physical assets are protected. Investing in these mitigation efforts upfront could save us a lot more in the end.

Staff Recommendation: Approve as Budgeted.

ISSUE 12: WELL STATEWIDE TRACKING AND REPORTING (WELLSTAR)

The Governor's budget requests \$15,012,000 in 2018-19, \$5,545,000 in 2019-20, \$2,540,000 in 2020-21, and \$1,327,000 ongoing from the Oil, Gas, and Geothermal Administrative Fund to continue the development and implementation of Well Statewide Tracking and Reporting (WellSTAR), a centralized database system to help run operations and meet the requirements of recent legislation.

BACKGROUND

Various enacted legislation imposes reporting requirements on DOGGR. Due to increasing concerns over public transparency and accountability of oil and gas operations in California, the Legislature enacted multiple pieces of legislation to require DOGGR to collect specified information in order to evaluate its impacts on the environment.

- **SB 4 requires data collection on oil and gas wells.** SB 4 (Pavley, Chapter 313, Statutes of 2013) provided a statutory framework for the comprehensive regulation of oil and gas production in California in order to provide greater transparency and accountability to the public regarding well stimulation treatments, its impacts on the environment and the disposal of well stimulation wastes. Regulations adopted on July 1, 2015 require the collection of large amounts of complex oil and gas data related to well stimulation jobs to be evaluated, permitted validated, inspected, and monitored. This data includes, but not limited to, directional surveys, geophysical well logs, well construction details, well completion details, drill stem tests, fracture stimulations and micro-seismic data, core logs, mud logs, pressure transient test data, and production and injection data.
- **SB 1281 requires data collection on water produced during oil and natural gas drilling operations.** SB 1281 (Pavley, Chapter 561, Statutes of 2013) requires DOGGR to collect information on water produced during oil and natural gas drilling operations in order to evaluate how industry practices affect groundwater. The data must be collected on a quarterly basis and annually report an inventory of all unlined oil and gas field sumps to the State Water Resources Control Board and Regional Water Quality Control Boards. SB 1281 also requires detailed reporting of water use by type, amount, and source, as well as additional reporting on produced water, water treatment and recycling efforts, and disposition of all water used or produced. This reporting must be done at both the individual well level, and the overall field level.
- **SB 855 requires annual report on the Underground Injection Control Program.** SB 855 (Committee on Budget and Fiscal Review, Chapter 718, Statutes of 2010) required DOGGR to provide an annual report to the

Legislature on various features of the Class II Underground Injection Control Program.

Inadequate record keeping imperils drinking water supplies. An audit conducted by the US EPA in 2011 revealed serious problems with the way DOGGR managed its Class II Underground Injection Control Program. Through this audit, DOGGR acknowledged that that nearly 2,500 wells have been permitted to inject oil and gas waste into protected aquifers, a clear violation of the Safe Drinking Water Act. DOGGR admitted that poor communication, inadequate record-keeping, inconsistent information, and general confusion among the agencies responsible for overseeing the injection well program led to permits being issued that allowed drinking water supplies to potentially be poisoned by dangerous byproducts of oil and gas production.

Legislature approved several rounds of funding for WellSTAR. The Legislature approved 10 million in 2015-16, \$10 million in 2016-17, and \$21 million in 2017-18 for the development of WellSTAR, an oil and gas data management system.

DOGGR is collaborating with the Ground Water Protection Council (GWPC) to implement WellSTAR. WellSTAR will leverage the Risk Based Data Management System (RBDMS) from GWPC. RBDMS is a data information management system developed to track oil, gas, injection well, and source water protection that is currently used in 23 states. WellSTAR will be a modernized version of RBDMS to include newer technology as well as functionality unique to California resulting from enacted legislation.

WellSTAR is designed to give DOGGR, other state agencies, industry, and the public an integrated information system that provides centralized information on oil and gas production operations. WellSTAR is also meant to address many of the systematic problems within DOGGR, including poor recordkeeping and the lack of modern data tools and systems.

WellSTAR project is on schedule and on budget. According to the December 2017 Independent Project Oversight Report (IPOR) prepared by California Department of Technology, the overall health of the WellSTAR project is “satisfactory,” meaning no corrective action is necessary at this time. For example, the project is operating (1) on schedule, (2) within the approved budget, and (3) within the approved scope. The project is also meeting other requirements for a satisfactory rating in seven other areas tracked on IPOR’s independent project oversight dashboard (such as having an approved staff management plan in place).

LAO COMMENTS

Approve Only Budget-Year Funding. The LAO recommends that the Legislature only approve the request for \$15 million in 2018-19 to fund the next year of WellSTAR design, development, and implementation. By taking this year-by-year approach to funding, the Legislature would ensure that the Administration would have to return with

an additional funding request annually as part of the Governor's budget proposal until the project has reached the maintenance and operations stage in 2020-21. This would trigger a review of WellSTAR's development and implementation as part of the annual state budget process, thereby ensuring an opportunity for the Legislature to exercise further oversight of the project.

STAFF COMMENTS

A modern integrated information system would bring DOGGR in line with the digital age. Such a system would help increase transparency and strengthen the state's oversight of oil and gas production by improving data collection and analysis, and streamlining operations and processes. This system is also necessary for implementation on of the various requirements on DOGGR.

Staff Recommendation: Approve the requested amount for 2018-19.
