AGENDA

ASSEMBLY BUDGET COMMITTEE NO. 3 RESOURCES AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD BLOOM, CHAIR

WEDNESDAY, APRIL 5, 2017

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

ITEMS FOR VOTE-ONLY

ITEMS TO BE HEARD

ITEMS FOR VOTE-ONLY

3360 CALIFORNIA ENERGY COMMISSION

VOTE-ONLY ISSUE 1: ENERGY END-USE SURVEY FUNDING AUGMENTATION

The Governor's budget requests $5.8 million in one-time contract funding from the Petroleum Violation Escrow Account for energy end-use surveys.

BACKGROUND

The Energy Commission is required to produce an energy demand forecast every two years that becomes the basis for procurement planning at the California Public Utilities Commission (CPUC) and is used to measure progress towards various greenhouse gas policies in California. California code also requires completion of a commercial, residential and industrial survey four years to inform the demand forecast. The requested funds would augment existing funding allocated for the commercial end-use survey and the residential appliance saturation survey, and provide funding for a full-scale analysis of industrial energy use. The commercial end-use survey is primarily funded with Electric Program Investment Charge (EPIC) funds, which cannot be used to survey natural gas end-uses or any end-use in publicly owned utility service areas.

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 2: CLEAN ENERGY AND POLLUTION REDUCTION ACT OF 2015 (SB 350)

The Governor's budget requests 8.0 permanent positions and $9.1 million from the Cost of Implementation Account (COIA) (including three-year funding of $305,000 annually for two temporary positions, and $7.6 million COIA for resources approved in 2016-17, which included 29.5 permanent positions and $3.5 million in ongoing contract funds) to comply with and implement SB 350 (De León, Chapter 547, Statutes of 2015).

BACKGROUND

The request for COIA funds changes the funding provided in the 2016 Budget Act from the Air Pollution Control Fund civil penalty resources, to a more appropriate fund source. Three of the proposed positions will attempt to address the poor-quality contractor work performed on energy retrofits. The other five positions would 1) develop a new renewable portfolio standard (RPS) rulemaking for public owned utilities (POU) to establish rules for optional compliance measures; 2) support the increased volume and complexity of certification of facilities under the expanded RPS program with new eligibility rules; 3) support the increase in verification of utility electricity generation data under the expanded RPS program; 4) collaborate with CAISO and propose necessary program changes so that the RPS program is responsive to advancements in grid operation; and 5) conduct technical evaluation and coordinate with CAISO and CPUC on policy development so that the intended benefits of the RPS as stated in SB 350 are realized, including the "reliable operation of the grid."

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 3: COMPLIANCE WITH BUILDING ENERGY EFFICIENCY STANDARDS (SB 1414)

The Governor's Budget requests 1.0 permanent position and $386,000 (including $250,000 in contract funds for two years) from the Energy Resources Programs Account (ERPA), to comply with SB 1414 (Wolk, Chapter 678, Statutes of 2016).

BACKGROUND

SB 1414 requires the Energy Commission by January 1, 2019, and in consultation with the Contractors State License Board (CSLB), local building officials, and other stakeholders, to approve a plan to promote compliance of central air conditioners and heat pumps with the Building Energy Efficiency Standards. The Energy Commission must evaluate the best available technological and economic information so that the plan is feasible at a reasonable cost to government, industry, and homeowners. The Energy Commission must consider the impact of the plan on property owners; manufacturers, distributors and contractors; local governments; building officials; and the CSLB. The Energy Commission must allow for public comment on the proposed plan. The Energy Commission may adopt regulations to increase compliance with permitting and inspection requirements, and associated sales and installations, consistent with the plan.

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 4: EXPANSION OF POWER SOURCE DISCLOSURE PROGRAM (AB 1110)

The Energy Commission requests 1.0 permanent position and $117,000 from ERPA to comply with and implement AB 1110 (Ting, Chapter 656, Statutes of 2016).

BACKGROUND

AB 1110 requires the Energy Commission to implement changes to the Energy Commission's Power Source Disclosure program; adopt a methodology for calculating the greenhouse gas (GHG) intensity for electricity purchases; establish new program guidelines by January 1, 2018; collect GHG intensity data from retail suppliers; ensure no double-counting of GHG emissions or environmental attributes associated with any reported electricity; and determine how retail suppliers disclose unbundled renewable energy credits as a portion of their annual retail sales.

Staff Recommendation: Approve as Budgeted

2600 CALIFORNIA TRANSPORTATION COMMISSION

VOTE-ONLY ISSUE 5: TRANSPORTATION SYSTEM PLANNING AND OVERSIGHT

The Governor's Budget requests $395,000 in State Highway Account and Public Transportation Account funds for two permanent positions and one reclassified position to implement the legislative priorities of the Active Transportation Program (ATP) and new statewide and regional transportation planning requirements.

BACKGROUND

ATP is a competitively awarded statewide grant program that funds projects that increase biking and walking. The program received about $123 million in state and federal funds. To accommodate the workload associated with this program CTC has been redirecting one full time position and other staff as needed. This redirection is negatively affecting workload and two additional permanent positions are needed.

SB 486 (DeSaulnier, Chapter 917, Statutes of 2014) requires the Commission to adopt the four-year State Highway Operation and Protection Program (SHOPP) and approve the 10-year SHOPP Plan. The Commission received on Senior Transportation Engineer in the 2016 Budget Act to assist in carrying out SB 486 workload. However, it became clear a Supervising Transportation Engineer was required and in 2016-17 the position was reclassified. This proposal would provide funding for the reclassified position.

Staff Recommendation: Approve as Budgeted

2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS)

VOTE-ONLY ISSUE 6: INFORMATION TECHNOLOGY ENTERPRISE SECURITY

The Governor's Budget requests $4.0 million from the State Highway Account and six permanent positions to upgrade and improve the Information Technology Cyber Security Program.

BACKGROUND

Various audits and assessments by the US Department of Homeland Security, the California State Auditor and others have found gaps in Caltrans' mandatory compliance with federal, state, and other IT security directives. These gaps threaten Caltrans' workers productivity, exposes sensitive data, and could impact the transportation system. Caltrans plans to initiate a security program upgrade in 2017-18 that will become a part of its ongoing operations. The Governor's budget request includes funding for six permanent positions and training costs; $1.7 million in consultant contracts in 2017-18, $1.1 million in 2018-19, and $500,000 ongoing; and onetime software and hardware expenses of $1.4 million and $425,000 ongoing.

Staff Recommendation: Approve as Budgeted

2665 HIGH SPEED RAIL AUTHORITY

VOTE-ONLY ISSUE 7: HIGH-SPEED RAIL PROPERTY MANAGEMENT

The Governor's Budget requests $750,000 Property Fund for expenses associated with owning property.

BACKGROUND

The CHSRA annually receives proceeds from leases and rents from properties it owns. If a property is not ready for demolition or construction CHSRA may lease it back to former owners. CHSRA has collected $1.5 million from current leases. The CHSRA is currently paying for property-related costs from its capital appropriations, which could be offset by using this revenue stream, and thereby preserving Proposition 1A bond funds for other project activities. These funds may be used to pay taxes on acquired properties, pay for utilities connected to the properties, and fix other deficiencies on the properties.

Staff Recommendation: Approve as Budgeted

2670 BOARD OF PILOT COMMISSIONERS

VOTE-ONLY ISSUE 8: RENT INCREASE

The Governor's budget request $129,000 for the Board of Pilot Commissioners.

BACKGROUND

The Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun (BOPC) requests a budget augmentation of $129,000, increasing by $8,000 each year, from the Board of Pilot Commissioners' Special Fund. This will offset increased costs associated with renting office space in San Francisco. The Department of General Services has negotiated a new lease for the existing facility. The first year cost for the new lease will be $25,611 an increase of $129,329 and the new lease includes annual increases.

Staff Recommendation: Approve as Budgeted

2720 CALIFORNIA HIGHWAY PATROL

VOTE-ONLY ISSUE 9: PHONE SYSTEM REPLACEMENT

The Governor's Budget requests $2.8 million from the Motor Vehicle Account to upgrade the phone equipment and related infrastructure at several of its facilities in the Sacramento region, and provisional authority for an additional $1.0 million upon approval by the Department of Finance with prior notification to the Joint Legislative Budget Committee for costs associated with design, asbestos abatement, and general construction.

BACKGROUND

The existing phone CHP system at several facilities in the Sacramento area was installed in 1979 and 1998. Due to the age of this system, there have been numerous system failures which require the department to hire a contractor familiar with the obsolete system. This proposal would allow CHP to upgrade the phone system to the latest technology, Voice Over Internet Protocol (VoIP).

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 10: INTEGRATED DATABASE MANAGEMENT SYSTEM FUNDING

The Governor's Budget proposes one-time funding of $894,000 from the Motor Vehicle Account to cover the costs associated with the department's use of the California Department of Technology's Integrated Database Management System (IDMS).

BACKGROUND

Costs for IDMS used to be distributed across multiple departments. However, over time, many departments have upgraded their IT systems to more current platforms leaving only a few departments to bear the costs of maintaining the platform. As CHP has been working to migrate off IDMS, CHP has been receiving a series of one-time augmentations of $894,000 since 2012-13. The CHP is implementing the replacement project in 2017-18 and this should be the last year of funding as the department should be off the current system by January 2018. The requested one-time funds are necessary to continue the operation of CHP's legacy systems on IDMS until the new system if fully implemented.

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 11: CLOUD-BASED DISASTER RECOVERY SOLUTION

The Governor's Budget requests two positions and $1.2 million in 2017-18 from the Motor Vehicle Account to establish a cloud-based disaster recovery solution, with ongoing costs of $900,000 annually.

BACKGROUND

The State Administrative Manual requires that all state-owned data be kept secure and available during any disaster. The CHP's current disaster recovery relies on an antiquated tape backup solution to provide off-site data backup. In the event of a disaster, it could take up to three months to procure new equipment, retrieve tapes from the offsite location, and begin to restore mission critical systems and data. By moving the CHPS' disaster recovery environment to the cloud, CHP could restore mission critical systems in 24 hours.

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 12: INCREASE IN REIMBURSEMENT AUTHORITY

The Governor's Budget requests a permanent budget augmentation of $14 million in reimbursement authority.

BACKGROUND

The CHP performs a variety of extraordinary services for other state and local agencies as well as private companies, such as traffic enforcement during Caltrans construction and special events, dispatching Freeway Service Patrol, and Freeway Callbox assistance. Before CHP enters into any of these agreements for services, they are vetted to ensure it does not interfere with CHP’s core responsibilities. The level of extraordinary services CHP can provide is limited by a fiscal threshold called the Reimbursement Authority that is currently $103 million. Unscheduled reimbursements that exceed this threshold do not offset any upfront costs charged to the Motor Vehicle Account and as a result reduce the resources available for normal operations. Since 2013-14, CHP’s billings for reimbursable services have exceeded its reimbursable authority. The primary cause for exceeding reimbursement authority has been the addition of new contracts for reimbursable work for several state agencies, including the Lottery Commission and Alcohol Beverage Control. Additionally, as officer pay has increased, the cost of existing reimbursement contracts has increased. Adoption of this proposal would allow CHP to have adequate authority to collect payment for all reimbursable activities.

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 13: AREA OFFICE REPLACEMENTS

The Governor's Budget requests $143.4 million Motor Vehicle Account funds for six area office replacement projects.

BACKGROUND

The proposed area office replacements are summarized in the table below. All of these buildings were built in the 1960’s or 1970’s. These projects are critical because in all cases both the facility no longer meets the CHP’s programmatic requirements and the seismic criteria required for state-owned buildings.

CHP Proposed Area Office Replacements
(In Millions)

Area Office	Project Phase	2017-18 Request	Project Cost
Humbolt	Acquisition and performance criteria phase	$2.5	$36.8
Quincy	Acquisition and performance criteria phase	$2.1	$34.1
El Centro	Design build phase	$30.4	$34.7
Hayward	Design build phase	$38.1	$53.1
Ventura	Design build phase	$37.1	$44.4
San Bernardino	Design build phase	$33.2	$38.5
Total Proposed Capital Costs		**$143.4**	**$241.6**

STAFF COMMENTS

The Humbolt and Quincy area office replacement projects are new requests. The Subcommittee previously approved the El Centro, Hayward, Ventura, and San Bernardino area office replacements.

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 14: KELLER PEAK TOWER REPLACEMENT

The Governor's Budget requests $223,000 from the Motor Vehicle Account to replace the radio tower at Keller Peak.

BACKGROUND

A fully-operational 100-foot communication tower at Keller Peak provides radio coverage in western San Bernardino and Riverside counties for the CHP, as well as three other emergency services agencies. In January 2016, the 28 year-old CHP radio communications tower collapsed due to metal deterioration and weight from inclement weather. The tower was not salvageable. Currently, wooden poles are being installed on a temporary basis and will need replacement. The estimated total cost of a new tower is $2.3 million and it is anticipated the project would be completed in Fall 2020. This request funds the preliminary plans phase. In 2018-19, working drawings would cost $279,000 and construction would cost $1.7 million in 2019-20.

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 15: STATEWIDE PLANNING AND SITE IDENTIFICATION

The Governor's Budget requests $800,000 from the Motor Vehicle Account to identify suitable parcels for replacing up to three field offices, as well as, provisional language to allow augmentations up to $2 million for entering into purchase options.

BACKGROUND

This proposal is a continuation of the site selection process originally approved in the Budget Act of 2013. While not a commitment to a specific project, the results of planning and site selection drive future capital outlay requests for replacement offices. Site searches for offices have been problematic in the past, as it has been difficult to locate five acre parcels of land with appropriate freeway access and acceptable radio communication pathways. As a result, site selection and acquisition can take years longer than anticipated. CHP has determined that approximately 75 of the 111 total offices potentially need replacement due to seismic issues. With such a large inventory of facilities in need of replacement and the difficulty in finding and obtaining appropriate sites, allowing for planning and site identification to be approved simultaneously helps address these problems.

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 16: SANTA ANA AREA OFFICE REPLACEMENT-PROVISIONAL LANGUAGE

The Governor's Budget requests provisional language to allow the CHP, in cooperation with the Department of General Services (DGS) and the Department of Finance to enter into a build-to-suit lease/purchase or a lease with the option to purchase, to provide for a new Santa Ana area office.

BACKGROUND

The Santa Ana facility serves a portion of the Greater Los Angeles Area. The facility was constructed in 1968, has seismic and operational deficiencies, and was identified for replacement. However, since 2013-14 after numerous searches for appropriate sites, no viable options were identified for the capital outlay process. As a result, this language would provide DGS, on behalf of CHP, the ability to enter into a build-to-suit lease/purchase with an option to purchase. The proposed language is below.

Pursuant to Schedule (1) of this item [note: Statewide: Planning and Site Identification of Item 2720-301-0044] and Section 13332.10 of the Government Code, the Department of General Services, with the consent of the Department of the California Highway Patrol, may enter into a lease-purchase agreement for a build-to-suit lease facility to replace the area office in Santa Ana, subject to Department of Finance approval of the terms and conditions of the agreement. In accordance with Property Acquisition Law, the State Public Works Board will need to authorize the acquisition prior to execution of any lease-purchase agreement by the state.

Staff Recommendation: Approve as Budgeted

2740 DEPARTMENT OF MOTOR VEHICLES

VOTE-ONLY ISSUE 17: IGNITION INTERLOCK DEVICE PROGRAM (SB 1046)

The Governor's Budget requests funding from the Motor Vehicle Account (MVA) as follows: $730,000 in one-time funding and 5.0 positions 2017-18, $671,000 and 7.0 positions in 2018-19, and $1.9 million and 26.0 positions in 2019-20 to implement SB 1046 (Hill, Chapter 783, Statutes of 2016).

BACKGROUND

SB 1046 (Hill), Chapter 783, Statutes of 2016 extends the previously-authorized Ignition Interlock Devices (IID) pilot and fully implements the program January 1, 2019, to January 1, 2026 for repeat DUI offenders, and first time offenders under judicial discretion and requires them to install IIDs in their vehicles for six to 48 months. The bill requires a report of outcomes by January 1, 2025. The bill authorizes DMV to collect an administrative fee to cover its reasonable costs. Under the existing four-county pilot, the department charges a $45 fee. DMV plans to cover the entire program cost with the administrative fee and plans to have the fee in place by the January 1, 2019 implementation date, at which point the MVA funding will be offset by the fee revenue.

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 18: AUTOMOBILE DISMANTLING TASK FORCE (AB 1858)

The Governor's Budget requests funding from the Motor Vehicle Account as follows: $294,000 in 2017-18, $282,000 in 2018-19, and $147,000 in 2019-20 to implement AB 1858 (Santiago, Chapter 449, Statutes of 2016). The existing investigations unit will absorb the workload using overtime and blanket position funding authority.

BACKGROUND

AB 1858 requires DMV to collaborate with the Board of Equalization, CalEPA, the Department of Toxic Substance Control, the State Water Resources Control Board, CalRecycle, and the California Air Resources Board until January 1, 2020, to review and coordinate enforcement and compliance activity related to unlicensed, unregulated, and underground automobile dismantling activities. It also requires that DMV and its partner agencies submit a report to the Legislature on unlicensed and unregulated vehicle dismantling activities on or before January 1, 2019.

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 19: FIELD OFFICE PROJECTS

The Governor's Budget requests $19.2 million MVA for four field office projects.

BACKGROUND

The proposed field office replacements are summarized in the table below. All of these buildings were built in the 1960's or 1970's. These projects are critical because in all cases the facilities have numerous deficiencies and either do not meet the functional needs of the DMV and/or the seismic criteria required for state-owned buildings.

DMV Proposed Field Office Projects
(In Millions)

Field Office	Project Phase	2017-18 Request	Project Cost
Inglewood Replacement	Construction Phase	$15.1	$17.2
San Diego (Normal Street) Replacement	Working drawing phase	$1.5	$22.1
Oxnard Reconfiguration	Preliminary plans phase	$0.4	$5.8
Reedley Replacement	Acquisition phase	$2.2	$18.4
Total Proposed Capital Costs		**$19.2**	**$63.5**

STAFF COMMENTS

The Oxnard reconfiguration project and the Reedley field area office replacement project are new requests. The Subcommittee previously approved the replacement of the Inglewood and San Diego (Normal Street) field offices.

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 20: STATEWIDE PLANNING AND SITE IDENTIFICATION

The Governor's Budget requests $750,000 from the Motor Vehicle Account to identify suitable parcels for replacing up to two field offices and to develop studies for both the identified replacements and approximately three reconfiguration/renovation projects. This proposal also requests provisional language to allow augmentations up to $1 million for entering into purchase options.

BACKGROUND

This proposal is modeled after CHP's statewide planning program which has proven more effective in identifying viable replacement sites than the traditional capital outlay process. This process of concurrent planning and site identification can reduce the overall time from project concept to completion by approximately one year.

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 21: INGLEWOOD SWING SPACE

The Governor's Budget requests $2.0 million (MVA) one-time costs and $407,439 (MVA) in ongoing costs for temporary field office swing space to house Inglewood field office staff and a permanent office.

BACKGROUND

The previously-approved Inglewood Field Office On-Site Replacement project, involves demolishing the old office and building the new office on the same site. During this time temporary office space is needed. In addition, the ongoing costs will pay for a permanent relocation of the Inglewood Investigations division, which will not have space in the Inglewood field office upon completion of the On-Site Replacement.

Staff Recommendation: Approve as Budgeted

ITEMS TO BE HEARD

2665 CALIFORNIA HIGH-SPEED RAIL AUTHORITY

ISSUE 1: PROJECT UPDATE AND CALTRAIN ELECTRIFICATION PROJECT (INFORMATIONAL)

The High Speed Rail Authority will provide a project update. Then a panel including HSRA will discuss the Caltrain project and federal funding.

Speakers:

- Jeff Morales, High Speed Rail Authority
- Seamus Murphy, Caltrain
- Rosanne Foust, San Mateo Economic Development Association
- Carl Guardino, Silicon Valley Leadership Group

BACKGROUND

The High-Speed Rail Authority was established in 1996 by SB 1420 (Kopp, Chapter 796, Statutes of 1996) for purposes of planning and constructing a high-speed train system to connect the state's major population centers. The project was partially funded following the passage of the High-Speed Rail Passenger Bond Act (Proposition 1A) in 2008, which allowed the state to sell $9 billion in general obligation bonds for the development and construction of the high-speed rail line while imposing certain requirements on the project.

Business Plan Required Every Two Years. HSRA is required to prepare and submit a business plan outlining key elements of the project to the Legislature every two years. The 2012 plan proposed to accelerate the benefits of high-speed rail through a "blended approach" which utilizes and upgrades existing rail infrastructure wherever possible, combined with increased early investment in the bookends. The purpose of this early investment was to enhance regional rail service in two major population centers while simultaneously paving the way for future high-speed rail service. At that time, the primary rationale for a southern-oriented initial operating segment (IOS) (as opposed to a northern connection to San Francisco) was that the densely populated Los Angeles Basin could provide the high levels of ridership needed to operate the system without a subsidy. The intent was to complete the northern connection to San Francisco once the IOS was operational and ridership levels could be demonstrated. The 2014 Business Plan maintained the project's cost estimates at $68 billion, proposed a number of potential revenue sources, and revised HSRA's ridership and revenue forecasts, but did not significantly alter the construction plan.

Most Recent Plan Changed Direction of Construction. The 2016 Business Plan is the first provided by HSRA since construction on the ICS started and the Legislature appropriated a portion of the Cap and Trade program revenues to the project. Also, it provides updated cost and schedule information. In addition, it proposes significant changes to the construction plan and sequencing originally outlined in the 2012 Business Plan. Key elements of the plan include the following:

- Change to develop to the IOS north—from the central valley to San Jose.
- Full funding plan for northern IOS.
- Updated cost and schedule estimates for Phase 1 (including projected savings).
- Expanded project scope in Burbank-to-Anaheim Corridor (using projected savings).
- Concepts for full funding of the total Phase 1.

Funding Plans Submitted in January 2017. On January 3rd, 2017, HSRA submitted proposed funding plans to the Department of Finance and the Joint Legislative Budget Committee for the San Francisco to San Jose Peninsula Corridor and the Central Valley segments of the proposed high speed rail project. Under the provisions of Proposition 1A, the Director of Finance must review the plans within 60 days and determine whether they meet the requirements to allow HSRA to spend Proposition 1A funds on the project segments. The two funding plans are detailed below.

Funding Sources for High Speed Rail

	San Francisco to San Jose	Central Valley Segment
State Funding	$741 million	$4.84 billion
Federal Funding	$978 million	$2.97 billion
Local Funding	$262 million	NA
Total Funding	$1.98 billion	$7.81 billion

A major component of the San Francisco – San Jose Peninsula Corridor plan was the electrification of Caltrain—totaling $1.98 billion. Electrification will cut commute times, save fuel costs, improve air quality and reduce traffic congestion in the short-term, while providing a critical link between San Jose and San Francisco for the statewide high-speed rail system in the long-term. Among various funding sources for the electrification project, this plan identified approximately $600 million in Proposition 1A bond funds and $647 million in federal “Core Capacity funds.” However, on February 17, the Federal Transit Administration (FTA) deferred the execution of the Core Capacity grant agreement in order to be considered part of the development of the federal budget proposal for the 2018 fiscal year, thus jeopardizing $647 million in project funding identified in the plan.

The federal government recently published a budget proposal that included significant cuts to a variety of transportation grant programs. This puts the availability of significant federal funding in doubt. HSRA has indicated that, while the Central Valley Segment does not depend on any further federal funding to complete, the San Francisco – San Jose Peninsula Corridor (and any future segments) would need to identify new sources of funding before work could proceed.

Current Status. From July 2006 to June 2016, California invested $2.3 billion in constructing high speed rail. Overall, this investment has resulted in about 20,000 job-years of employment and generated up to $4.1 billion in total economic activity. About 52 percent of the spending has occurred in disadvantaged communities and the program has paid more than $244 million to certified Small, Disadvantaged and Disabled Veteran Businesses in California. As of March 17, 2017, HSRA had acquired 1,075 of the 1,702 parcels required for the first four construction packages on the Initial Operating Segment, and had 11 active construction sites across 119 miles of right of way.

STAFF COMMENTS

The high speed rail project is moving forward in the Central Valley and making a strong positive economic impact in the region. The project has the potential to do this in other regions of the state as well. The “bookend projects” in the Bay Area and Los Angeles are key to the implementation of successful project as well as to ensuring that this project does all it can to transform how people move in the state. The Committee may wish to consider what it can do at the state level to ensure that the project has the necessary funding to move forward.

Staff Recommendation: No Action Necessary. Informational Only.

3360 CALIFORNIA ENERGY COMMISSION

The Governor's budget includes $486.2 million for the Energy Commission in 2017-18, a decrease of $172.2 million or 26.2 percent from the current year. All of the Commission’s budget is special fund and provides for 672.6 personnel.

ISSUE 2: ENERGY EFFICIENCY PROGRAMS AND ENFORCEMENT (INFORMATIONAL)

The focus of this presentation is on the Energy Commission’s work in the area of energy efficiency standards and enforcement of those standards for appliances. Efficiency standards play a significant role in helping states meet energy savings goals.

Speakers:
- Rob Oglesby, California Energy Commission
- Paul Jacobs, California Energy Commission
- Professor Marbach, Sacramento State University

BACKGROUND

California’s appliance standards program dates to the 1970s, when the state began to pursue standards before the enactment of federal legislation. When the federal government opted not to issue standards under its legislative mandate in 1982, other states joined California and developed state standards. These state initiatives helped create the consensus for new federal legislation in 1987 (the National Appliance Energy Conservation Act or NAECA), the EPA Acts of 1992 and 2005, and EISA 2007. While the NAECA preempted state action on federally covered consumer products (with limited exceptions as discussed later), California has continued to develop efficiency standards for other products and technologies.

California’s standards program has contributed to substantial improvements in energy efficiency. Since its inception, the program has saved consumers over $75 billion on electricity bills alone (2013). In addition to saving energy, appliance and equipment standards help reduce greenhouse gas (GHG) emissions and other air pollution, improve electric system reliability, and save consumers and businesses significant amounts of money over the life of the equipment.

Energy Efficiency Standards: Appliances

The Energy Commission is mandated to create energy efficiency standards for all new appliances not covered by federal energy efficiency standards. To develop these standards, the Energy Commission seeks information from manufacturers, industry associations, energy efficiency advocates, and other stakeholders. Public workshops are held to solicit comments about the scope of new appliance energy efficiency standards. The Energy Commission develops appliance test procedures to ensure compliance and labeling requirements to inform consumers about the efficiency of appliances covered under these standards. Once approved, they are included within the state's appliances energy efficiency database that contains listings for all appliances certified by the Energy Commission as meeting current standards. Some of the types of products that California has established, or is the process of establishing energy efficiency standards for include: battery chargers, faucets, pool pumps, televisions, toilets, general service incandescent lamps, and external power supplies.

To ensure compliance, the Energy Commission conducts statewide surveys among retailers and has the authority to fine retailers that sell appliances that do not meet federal and state energy efficiency standards. California's appliance energy efficiency standards are critically important to reducing energy consumption in buildings, saving Californians money, and reducing GHG emissions. For example, electric appliances use more than half the electricity consumed in buildings. Thus, reducing the consumption of these plug loads will be necessary if California is to reach its zero-net energy goals.

State and Federal Interaction

At the federal level, the U.S. Department of Energy (DOE) has been responsible for setting minimum appliance standards and test procedures for an array of residential and commercial appliances and equipment since 1987. As of 2000, federal appliance efficiency standards had reduced U.S. electricity use by 2.5 percent and carbon emissions by nearly 2 percent. Due to new standards contained in the Energy Policy Act of 2005, the Energy Independence and Security Act of 2007, and additional DOE rules, total electricity savings from already adopted federal standards are projected to increase 682 billion kilowatt-hours (kWh) per year or 14 percent of the projected total U.S. electricity use in 2025.

States are preempted from setting their own standards for the products covered by federal standards and federal energy efficiency standards have been established for about 50 products representing about 90 percent of home energy use. However, states can apply for waivers of preemption for products that are covered by federal law. California for instance was granted a waiver for metal halide lamp fixtures. In addition, as of February 2014, 11 states (Arizona, Connecticut, Georgia, Maryland, Nevada, New Hampshire, New York, Oregon, Rhode Island, Texas, Washington, and the District of Columbia) have adopted one or more appliance efficiency standards for products not covered by federal standards.

STAFF QUESTIONS

1. What will CEC continue to do to in the future to make forward progress with energy efficiency?

Staff Recommendation: No Action Necessary. Informational Only.

ISSUE 3: ELECTRIC VEHICLE CHARGING INFRASTRUCTURE (INFORMATIONAL)

The Committee has requested the Energy Commission discuss its investments in the development of an electric vehicle (EV) charging infrastructure in California. This topic is relevant because the Administration's proposal to use State Highway Account funds for building EV charging stations at state rest areas is discussed later in this agenda.

BACKGROUND

The Energy Commission coordinates with federal, State, local and private entities to strategically fund and deploy electric vehicle charging stations. One such collaborative effort, the West Coast Electric Transportation Corridors project, has identified existing, planned, and potential sites along the State's major transportation corridors that are good candidates for future electric vehicle infrastructure investment. The Energy Commission has allocated funding to more than 500 direct-current fast chargers (both currently installed and in the construction phase) along these corridors.

Since 2010, the Energy Commission has invested over $123 million in publicly accessible electric vehicle infrastructure. Of this amount, $64.9 million from the Energy Commission's Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) has provided funding to support nearly 40 percent of this charging infrastructure. The figure below shows charging outlets by type funded with ARFVTP.

Table 1: Charging Outlets Funded by ARFVTP as of March 2017

	Private Installations		Publicly Accessible Installations				Total
	Single Family Residential	Private Fleet	Multiunit Dwelling	Commercial	Workplace	Corridor	
Installed	3,936	107	327	2,570	263	94	7,297
Planned	0	0	18	741	161	461	1,381
	3,936	**107**	**345**	**3,311**	**424**	**555**	**8,678**
Subtotal	**4,043**		**4,635**				

$9.5 million has funded 43 readiness planning and implementation grants to help regions plan for alternative fuel vehicle deployment, new fueling infrastructure, and permit streamlining. In addition, $49 million has funded incentives for all-electric and plug-in hybrid electric vehicles via the Air Resources Board Clean Vehicle Rebate Project.

STAFF COMMENTS

The Committee may want to ask the Energy Commission where and how many public and private EV charging stations are needed in the state? How far is the state from reaching that goal? Who should pay for this infrastructure? Is it the role of the public or private sector?

Staff Recommendation: No Action Necessary. Informational Only.

ISSUE 4: REALIGN THE ENERGY RESOURCES PROGRAMS ACCOUNT EXPENDITURES

The Governor's Budget requests a reduction and realignment of $15.4 million from the Energy Resources Programs Account (ERPA) to reduce the fiscal demands on ERPA while aligning program activities with other appropriate funding sources.

BACKGROUND

The ERPA funds state operations for many of CEC's core programs. It has a structural shortfall of about $20 million. The Governor's budget proposes the following actions to reduce pressure on the fund:

- Convert 3.0 positions and $200,000 in baseline contract funding from ERPA to the Appliance Efficiency Enforcement Subaccount for a reduction of $662,000;
- Reduce $4.9 million in ERPA baseline contract authority for power plant planning, siting, and compliance activities;
- Shift 35.0 positions from ERPA to the Alternative and Renewable Fuel and Vehicle Technology Fund for a reduction of $4.8 million; and
- Reduce baseline expenditure authority by $5 million to align with actual expenditures.

The figure below show's ERPA's fund condition for 2015-16 through 2021-22. Even after adoption of the Governor's proposed actions, a shortfall of $5 million reappears in 2019-20 and grows to nearly $21 million in 2021-22.

Energy Resources Program Account Fund Balance (In Millions)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue/ Transfers	$118.3	$116.6	$94.6	$86.5	$78.4	$70.5	$62.6
Expenditures	$77.3	$97.5	$83.7	$83.7	$83.4	$83.4	$83.4
Fund Balance	**$41.0**	**$19.1**	**$11.0**	**$2.8**	**($5.0)**	**($13.0)**	**($20.8)**

STAFF QUESTIONS

1. What can be done to eliminate ERPA's structural shortfall?

STAFF COMMENTS

The Administration proposes reasonable actions to address ERPA's shortfall in the budget year and these will help to ensure the fund remains solvent for the next couple of years. However, a longer-term solution is needed.

Staff Recommendation: Approve as Budgeted

ISSUE 5: ONE-TIME EXPENDITURE AUTHORITY FOR UNSPENT PIER NATURAL GAS FUNDS

The Energy Commission requests approval for one-time expenditure authority of $5.9 million in unspent funds from the Public Interest Research, Development and Demonstration (PIER) Natural Gas Subaccount for research efforts.

BACKGROUND

Natural gas research catalyzes innovation to reduce energy use in natural gas using appliances, industrial processes, solar water heating, combined heat and power, renewable natural gas, and to make natural gas operations safer by improving overall pipeline operations. The 2017-18 research will focus on natural gas safety, responding to climate impacts of the natural gas system, and responding to the California drought.

At the request of the CPUC, in its Natural Gas Research and Development Program – Proposed Program Plan and Funding Request for Fiscal Year 2016-17, the Energy Commission identified $5.9 million in unspent accumulated PIER Natural Gas Subaccount funds resulting from projects that came in under budget. These funds can no longer be applied to a new agreement because they have either exceeded the two-year encumbrance period or the additional four-year liquidation period. Additionally, because the Energy Commission pays agreements after the work is completed, some of these unspent funds are the result of accrued interest for approved agreements awaiting an invoice. The use of these supplemental funds will be for the following research and 10 percent for program administration:

- Natural gas infrastructure safety and integrity.
- Long-term role and impact of natural gas in a carbon constrained context.
- Water heating of existing buildings to demonstrate the cost-effective retrofit solutions.

The Energy Commission has submitted the expenditure plan to the CPUC and anticipates CPUC review and approval of the supplemental plan by May 2017.

STAFF COMMENTS

The CPUC is targeting an April 27 business meeting for approval of the Natural Gas Supplemental Budget Plan. If there are any delays it would go to the May business meeting at the latest. Staff recommends waiting until CPUC review and approval of the plan before approving the Governor's budget proposal.

Staff Recommendation: Hold Open

ISSUE 6: AMENDMENT TO THE 2016 BUDGET ACT: REDUCTION OF FUNDING FOR THE LABS

The Governor's budget proposes to reduce the Energy Commission's budget by $3 million General Fund.

BACKGROUND

The 2016 Budget Act included $15 million General Fund (budgeted in state operations) and language requiring a competitive grant process including a provision for the federal cost share for alternative fuel applied research and demonstration solicitations, and (2) $3 million General Fund (local assistance) for the federal cost share for alternative fuel applied research and demonstration solicitations (intended to provide matching funds for successful federal awards).

STAFF COMMENTS

According to the Department of Finance, the proposed reduction of $3 million will impact the number of awards and the breadth of research, but the Energy Commission can still meet the intent of the original proposal. The Energy Commission has already released a competitive solicitation for the federal cost share and issued contingent awards. This was done first to allocate $3.6 million in federal cost share funding since it had a shorter encumbrance deadline than the $15 million, and because DOE had two active solicitations out that California entities were competing in. The Energy Commission is able to fund the $3.6 million federal cost share awards with a portion of the remaining $15 million.

For the remaining $11.4 million, the CEC released a standard competitive solicitation on January 23, 2017 to support research and pre-commercial demonstration of fungible low carbon fuels synthesis by providing funding for cutting-edge, pre-commercial low-carbon fuel production processes that result in the development of bio-oil as an intermediate fuel with wide-scale adoption potential, and that support California's transportation sector and greenhouse gas emission reduction efforts.

The Committee may wish to learn more about the specific impacts of this proposed reduction and why the reduction is being proposed.

Staff Recommendation: Reject the Governor's Proposal.

2660 CALTRANS

ISSUE 7: SUSTAINABILITY PROGRAM AND ZERO EMISSION VEHICLE INFRASTRUCTURE

The Governor's budget requests provisional language to provide initial funding of up to $20 million State Highway Account funds (matched with up to $20 million federal funds) for its zero-emission vehicle (ZEV) project.

BACKGROUND

The Governor's 2016 ZEV Action Plan lists actions for state agencies to take to aid ZEV market growth. From this plan, Caltrans took direction to install 30 new EV charging stations at public locations (such as rest areas and roadside stops) by December 2018. Caltrans has redirected staff from other workload (such as the development of construction projects for the state highway system) to work on this project.

Under the Governor's proposal, the state would use State Highway Account funds to install 30 public DC fast charging units across the state. The total cost could range from roughly $30 million to $90 million with the cost at each location ranging from $1.1 to $3.8 million (including a cost of approximately $500,000 per station). In some locations, such as public rest stops, the state would pay for the electricity used at these stations and in other locations it may charge for the electricity; however, this is unlikely to be a source of significant revenue.

Since the Governor's plan was developed, many sources of funding for nonresidential EV charging infrastructure have become available. The main sources are:

Source	Description	Funding
California Energy Commission	Grants for EV infrastructure.	$17 million
Investor Owned Utilities	PG&E, SCE, and SDGE had pilot projects approved by the California Public Utilities Commission in 2016 to develop charging stations and filed additional plans for more extensive programs in early 2017.	Over $800 million
Volkswagen (VW) Settlement Funds from the 2.0-Liter Partial Consent Decree entered by the U.S. District Court for the Northern District of California on October 25, 2016	VW is investing $800 million over the next 10 years on ZEV infrastructure, education, and access activities. In the first funding cycle, about $120 million will fund the installation of charging infrastructure that will consist of (1) approximately 350 community charging stations ($45 million) and (2) a long distance highway network ($75 million) with 50+ charging stations along high-traffic corridors between cities. There is consideration for infrastructure in areas such as state parks. Over 400 stations will be operational by mid-2019.	$120 million (2017 through mid-2019)

STAFF COMMENTS

Both the public and private sector are currently making large investments in EV and ZEV charging infrastructure in the state. These investments will help to develop a charging network making driving electric vehicles across the state more of a reality. Because State Highway Account funds are limited and the state's transportation infrastructure needs are so great, it is critical that Caltrans look to other sources of funding and ensure that the cost of building these stations at rest areas is kept to a minimum. The cost of Caltrans' current proposal seems high when recent literature states that the average cost of a public fast charging station ranges from between $50,000 to $100,000 per station. Staff recommends the Committee direct Caltrans and the Administration work with the Legislature to influence where and how funds from the VW settlement are invested in California and that Caltrans more fully explore obtaining Energy Commission grants for these projects. In addition, Caltrans should strive to reduce the cost of installing these charging stations.

Staff Recommendation: Hold Open

ISSUE 8: TOLL BRIDGE MAINTENANCE

The Governor's Budget requests an increase of up to $24.5 million in State Highway Account (SHA) reimbursement authority for the Bay Area Toll Bridge (BATA) maintenance work upon execution of a revised Memorandum of Understanding (MOU).

BACKGROUND

BATA assumed funding responsibility for maintenance of the seven Bay Bridges in 1998. AB 144 (Hancock, Chapter 71, Statutes of 2005) amended this responsibility and requires maintenance of each of the Bay Area state-owned toll bridges to be funded by BATA *upon the completion of seismic work*. According to Caltrans, all the retrofit work is completed and Caltrans and BATA agree in concept that the reimbursement authority must be raised and negotiations have begun for a new services agreement and MOU.

Under the current reimbursement agreement, BATA provides roughly $10 million in reimbursements to Caltrans that does not cover the cost of all of the maintenance work required for the toll bridges. Caltrans estimates the cost of doing all of the work needed to provide proper preventative and routine maintenance for all the bridges is $34.4 million. As a result, Caltrans is seeking an increase in BATA reimbursements of $24.5 million. Some of the work that Caltrans is proposing to seek reimbursement from BATA for is for services that Caltrans has not sought reimbursement for in the past, such as tow services ($8.2 million annually) and security surveillance camera repairs and upgrades ($100,000 annually).

STAFF COMMENTS

The increase in reimbursement that Caltrans is seeking from BATA is significant and includes services that were not included in the past. In addition, according to Caltrans, BATA may not agree to reimburse maintenance costs until the Toll Bridge Seismic program is officially closed, rather than when the seismic opening date was achieved. As a result, the negotiations may be contentious. The initial plan from Caltrans was submitted to BATA on March 30th. This will be negotiated in April and May. The Committee may wish to hold this issue open until it has more information about how the negotiations have gone and a better idea of the agreed upon level of reimbursement.

Staff Recommendation: Hold Open

ISSUE 9: PLANNING PROGRAM PROJECT INITIATION DOCUMENT ZERO-BASED BUDGET

The Governor's budget requests 332 positions and $58.0 million in State Highway Account (SHA) funds. This is a reduction of 30 positions and $4.2 million SHA.

BACKGROUND

State law requires Caltrans to complete a PID before a project can be programmed in the State Transportation Improvement Program (new highway construction projects that add capacity to the highway system). A PID is also required before a project can be programmed for funding in the State Highway Operations and Protection Program (SHOPP), which is for maintenance projects. The PID contains project information such as the identification of the transportation problem that will be addressed, an evaluation of alternatives, as well as the estimated schedule, cost, and scope.

The request for 322 positions includes 235 positions for SHOPP, 15 positions for state-sponsored projects, 21 positions for local-sponsored projects, and 61 positions for technical engineering and administrative staff. As shown below, the 235 positions will work on 437 PIDs in 2017-18 and 439 PIDs in 2018-19. In addition, Caltrans will use about 10 positions to maintain a $500 million queue of PIDs should unanticipated programming capacity in the SHOPP become available.

SHOPP Program	# of PIDs in FY 2017–18 Workload	# of PIDs Targeted for Completion in FY 2017–18	# of PIDs Carrying Over into FY 2018–19	# of PIDs in FY 2018–19 Workload	# of PIDs Targeted for Completion in FY 2018–19	# of PIDs Carrying Over into FY 2019–20[1]
Bridge	90	36	54	89	77	12
Collision Reduction	75	40	35	72	51	21
Mandates	64	22	42	66	62	4
Mobility	48	20	28	45	44	1
Roadway/Roadside	108	57	51	114	106	8
Emergency	47	47	0	47	41	6
Facilities	5	5	0	6	6	0
Relinquishment	0	0	0	0	0	0
Asset Management Pilot	0	0	0	0	0	0
Total SHOPP	**437**	**227**	**210**	**439**	**387**	**52**
Non-SHOPP	**125**	**19**	**106**	**121**	**121**	**0**
Total	**562**	**246**	**316**	**560**	**508**	**52**

Based upon historical carryover data. Carryovers cannot be identified until PID development begins in FY 2018-19.

STAFF COMMENTS

The Committee may wish to ask Caltrans how priorities such as complete streets, multi-objective asset management, and climate change are being incorporated into PIDs. Staff has no concerns with the proposal, but notes that an increase in funding for transportation may result in an increased need in staff to develop PIDs.

Staff Recommendation: Approve as Budgeted

ISSUE 10: INFORMATION TECHNOLOGY INFRASTRUCTURE REPLACEMENT

The Governor's Budget requests $12.0 million in State Highway Account funds to replace outdated information technology (IT) infrastructure.

BACKGROUND

As of June 2016 Caltrans has 10,938 IT infrastructure devices worth approximately $60 million. About 55 percent of these devices will reach the end of their useful life by June 2017. The devices to be replaced in this request have been identified as the highest priority for business operations and most likely to fail. The age of some of this equipment has contributed to recent failures such as legal case management system server crashed due to an overheated CPU causing the loss of a day and a half of work for staff. Below is a summary of the devices to be replaced and the number of positions and hours of work needed to perform the work.

Workload Analysis

Device Type	Quantity	Average Hours to Replace	Level of Effort to Replace (Hours)	Full Time Equivalent FY 17-18	Costs (000's)
Network	869	18	15,642	9	$ 6,002
Server	126	42	5,292	3	3,013
Storage	86	80	6,880	4	2,906
Total	**1,081**	**140**	**27,814**	**16**	**$11,921**

STAFF COMMENTS

The Committee may wish to consider if given the advances in technology, replacement is the most cost-effective option for addressing aging infrastructure. The BCP provides an alternative option of migrating all servers and storage capacity to the California Department of Technology's (CDT) CalCloud program, without replacing servers and storage appliances at Caltrans. Caltrans has indicated that this would limit long-term maintenance costs and free up staff for more high-priority IT projects. However, Caltrans has also indicated that many applications are not designed for the cloud, and may require significant reworking to ensure compatibility. The CDT has indicated that this alternative will require ongoing annual costs, would migrate specific applications to CalCloud, and may not necessarily include all of the most aged and vulnerable equipment. To determine those costs, a more in-depth review of Caltrans' IT applications and infrastructure is currently underway. Specifically, Caltrans is working with CDT to review the entire Caltrans IT infrastructure design, applications and equipment, and expects to have a plan and cost for Alternative 2 by this spring.

Staff Recommendation: Hold Open

ISSUE 11: HIGH-SPEED RAIL PROJECT REIMBURSEMENT AUTHORITY

The Governor's Budget requests 14 two-year limited term positions and $2.3 million in State Highway Account Reimbursement authority for services rendered on behalf of the California High Speed Rail Authority (CHSRA).

BACKGROUND

The CHSRA entered into a reimbursement agreement years ago with Caltrans to use its expertise in eminent domain and to take advantage of the cost-effective attorney billing rate of $88 per hour versus $475 per hour for private firms with similar expertise. The original interagency agreement between CHSRA and Caltrans, which expires June 2017, will be extended through June 2022 consistent with CHSRA's 2016 Business Plan. Caltrans Legal Division received 233 new eminent domain and inverse condemnation cases in 2015. In addition, it is estimated that about 75 percent, or 185, of the current 247 cases will go through the eminent domain process for the current segment. The 14 requested positions will work on the 650 remaining parcels on the Madera to Shafter segment. This is a decrease of two positions from the number requested for the two previous years.

Staff Recommendation: Approve as Budgeted

2660 CALTRANS
6440 UNIVERSITY OF CALIFORNIA

ISSUE 12: UC INSTITUTE OF TRANSPORTATION STUDIES

The University of California (UC) has requested $9 million to fund the Institute for Transportation Studies (ITS).

BACKGROUND

The Legislature established the Institute for Transportation and Traffic Engineering in 1947. Now known as UC ITS, it uses UC researchers from more than 30 disciplines to advance the state of the art in transportation engineering and planning, to serve as a source of information to state, regional and local transportation agencies, and to provide knowledge transfer and continuous education to practicing transportation engineers and planners in California. ITS has four branches—UC Berkeley, UC Davis, UC Irvine, and UCLA. ITS staff explore problems ranging from chronic traffic congestion to persistent air pollution, increasing climate change, impacts of local and global goods movements, and access for disadvantaged areas and groups.

The UC Regents approved a request in 2016-17 for a total ongoing funding augmentation of $9 million from the Public Transportation Account (PTA) that would be phased-in over three years and includes an annual inflationary augmentation for future years. The Regents are considering the one-time funding provided last year as the first of the three years of phased-in funding. According to UC, this request provides funding sufficient to establish permanent, ongoing programmatic infrastructure that will allow ITS to respond to state policy makers' requests for ad hoc guidance and to engage actively with California governments at all levels.

The 2016 Budget Act provided $3 million in one-time funding and requires UC ITS to collaborate with the State Transportation Agency on an expenditure plan describing the outcomes and benefits of the uses of these funds. The budget also required some of these funds to be used to complete a post implementation review of Caltrans' Project Resourcing and Scheduling Management Information (PRSM) system. The figure on the next page shows how the $3 million was allocated by campus and activity.

Budgets by Campus

	Multicampus Projects	Berkeley	Irvine	Davis	UCLA	Total	
Budget augmentation allocation to campuses as determined by MOU formula (and UCOP set aside)	$99,000	$529,178	$685,752	$804,035	$882,035	$3,000,000	*Allocation determined by MOU formula*
Campus shares allocated to PRSM	$-	$72,965	$94,554	$110,863	$121,618	$400,000	*Prorated across campuses for PRSM*
Campus budgets for research	$-	$456,213	$591,198	$693,172	$760,417	$2,501,000	*Target budget per campus*
Budgeted to specific projects (not PRSM, not Rapid Response)	$-	$406,213	$558,927	$643,172	$675,417	$2,283,729	*Budgeted in project proposals (specific topics)*
Budgeted for Rapid Response / demand responsive research	$-	$50,000	$32,271	$50,000	$85,000	$217,271	*Budgeted for rapid response (non-specific topics)*

STAFF COMMENTS

The Committee should ask UC ITS to describe how the additional $3 million investment is benefitting the state. If the investment has translated into additional ITS services for the state, the Committee may wish to consider making the $3 million augmentation ongoing. The Committee may also want to find out how an increased investment of up to $9 million annually (as proposed) would benefit the state.

Staff Recommendation: Hold Open

2720 CALIFORNIA HIGHWAY PATROL

ISSUE 13: PRIVACY AND RISK MANAGEMENT PROGRAM

The Governor's Budget requests 12.0 permanent positions, 2.0 limited-term positions, and $1.8 million (MVA) to establish a Privacy and Risk Management Program to protect personally identifiable information stored in CHP's IT systems.

BACKGROUND

The CHP relies on high-speed networks and computing devices to easily share and access information. The State Administrative Manual requires state organizations to establish an Information Security program, Privacy and Risk Management Program, and Business Disaster Recovery/Business Continuity Program. Additionally, CHP is required to comply with multiple regulations, including the Information Practices Act, which requires agencies to establish appropriate and reasonable administrative, technical, and physical safeguards to ensure confidentiality or records and to protect against anticipated threats or hazards. The department is also required to maintain the integrity of any personally identifiable information it collects to protect individuals against identity theft.

Recent security assessments have found significant gaps in CHP's cybersecurity efforts as they pertain to privacy protections and risk management, and have identified specific areas where improvement is needed. State organizations comparable in size typically have 25-30 staff performing information security functions. CHP currently has one position.

Of the 14 positions requested, the two limited-term positions would initially monitor, track, and develop projects to mitigate risks to CHP's IT assets. The nine requested positions would supplement staffing in customer services and field support and replace positions currently filled by sworn law enforcement with IT staff. Finally, three positions would work on restructuring the server infrastructure to ensure proper delegations and separation of duties according to state and federal standards

STAFF COMMENTS

CHP currently only has one staff position performing this type of workload. It is unclear if the level of resources requested will be adequate to ensure if information is secure, since similar sized offices sometimes have nearly double the staff performing information security functions.

Staff Recommendation: Approve as Budgeted

ISSUE 14: CHP COMMISSIONER MANDATORY RETIREMENT AGE: PROPOSED TRAILER BILL LANGUAGE (LEGISLATIVE PROPOSAL)

Adoption of trailer bill language that would allow the current Commission to serve until April 2019.

BACKGROUND

In 2013, the Legislature enacted SB 215 (Beall, Chapter 778, Statutes of 2013) language to suspend the CHP age 60 mandatory retirement age for the Commissioner until December 31, 2017. Extending the suspension until April 2019 would allow the current Commissioner to serve through the end of Governor Brown's final term and allow for some time for the new Governor to appointment someone, so that there is not a vacancy in this critical position.

STAFF COMMENTS

Staff recommends approval of this proposal.

Staff Recommendation: Adopt placeholder trailer bill language to extend the sunset date for excluding the CHP Commissioner from the mandatory retirement age of 60 until April 1, 2019.