

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 3
ON CLIMATE CRISIS, RESOURCES, ENERGY, AND TRANSPORTATION****ASSEMBLYMEMBER RICHARD BLOOM, CHAIR****WEDNESDAY, FEBRUARY 3, 2021
9:30 A.M. – STATE CAPITOL, ROOM 437**

Due to the regional stay-at-home order and guidance on physical distancing, seating for this hearing will be very limited for press and for the public. All are encouraged to watch the hearing from its live stream on the Assembly's website at <https://www.assembly.ca.gov/todaysevents>.

We encourage the public to provide written testimony before the hearing. Please send your written testimony to: BudgetSub3@asm.ca.gov. Please note that any written testimony submitted to the committee is considered public comment and may be read into the record or reprinted.

A moderated telephone line will be available to assist with public participation. The public may provide comment by calling the following toll-free number: [877-692-8957](tel:877-692-8957), access code: [131 54 37](tel:1315437)

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NON-PRESENTATION ITEMS

0540 NATURAL RESOURCES AGENCY

ISSUE 1: NATURAL RESOURCES AGENCY BOND AND TECHNICAL PROPOSALS

The Governor's budget requests for appropriations and reappropriations from various bonds, reversions, reversions with associated new appropriations, and other technical adjustments to continue implementation of existing authorized programs. The charts below details each item.

Natural Resources Bonds Adjustments (Whole Dollars)				
Department	Request Title	Bond	Amount	Request Description
CNRA	Proposition 1 Technical Adjustment	1	-46,000	The Natural Resources Agency requests a technical update to current levels of baseline funding to ensure that available balances are not exceeded.
CNRA	Reallocate Unappropriated Balance	12	-128,131	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-216,205	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-220,723	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-39,662	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-15,266	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-52,191	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-31,330	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-31,529	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-1,876	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-2,176	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-8,134	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-6,667	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.

CNRA	Reallocate Unappropriated Balance	12	-31,529	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-15,784	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Ocean Protection Council: Prop 68 Local Assistance Grant Funds (Chapter 9)	68	6,500,000	The Ocean Protection Council request continuation of bond funds for projects that improve biodiversity and climate resilience by increasing coastal and marine ecosystem health, including projects related to marine protected areas, sustainable fisheries, plastic pollution, and kelp forest recovery, consistent with Proposition 68 and the Strategic Plan to Protect California's Coast and Ocean for 2020-2025.
CNRA	Reversion	84	up to (\$39,323)	Request to partially revert Item 0540-101-6051/20 up to (\$39,323).
CCC	Reallocate Unappropriated Balance	12	-44,681	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CCC	Reallocate Unappropriated Balance	12	-329,610	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
DOC	Reallocate Unappropriated Balance	12	-960	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
DOC	Agriculture and Open Space Mapping: reversion	13	-150,000	The Department of Conservation requests a reversion to ensure bond section limits not exceeded
DOC	Extend appropriation by 1 year, through June 30, 2022, so grant funds can be fully expended.	40	Balance	The Department of Conservation request a Reappropriation of one year for California Farmland Conservancy Program.
CDFW	Proposition 1 Adjustments for Watershed Restoration	1		The Department of Fish and Wildlife requests a reappropriation of Proposition 1 funding to support watershed restoration.
CDFW	Proposition 12 Reallocation for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.	12	-1113676	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CDFW	Proposition 84 Adjustments for the Biodiversity Conservation Program	84	Balance	The Department of Fish and Wildlife requests a reappropriation of Proposition 84 funding to support biodiversity conservation program.
CDFW	Proposition 84 Adjustments for the Hunting, Fishing, and Public Use Program	84	Balance	The Department of Fish and Wildlife requests a reappropriation of Proposition 84 funding to support the Hunting, Fishing, and Public Use Program.
WCB	Proposition 1 Local Assistance Funding for Stream Flow Enhancement	1	29800000	The Wildlife Conservation Board request continuation of Proposition 1 funding to continue investment of state resources in enhancing stream flows to achieve critical conservation outcomes though competitive grants for multi-benefit ecosystem and watershed protection and restoration. The appropriate projects and strategies for enhancing stream flows will vary across geographies and conservation objectives but will typically include one or more of the following tools:
				- water transactions (e.g., lease, purchase, source-switch, seasonal exchange);
				- irrigation efficiency and water infrastructure improvements (e.g., diversion, conveyance, and on farm projects);
				- reservoir reoperations, both at existing and new storage;

				- improved surface and ground water management, including conjunctive use;
				- reconnecting flood flows with restored flood plains; and
				- wet meadow restoration.
WCB	Proposition 1 Adjustments for the San Joaquin River Conservancy	1	Balance	The Wildlife Conservation Board requests a reappropriation of Proposition 1 funding to support continuation of existing local assistance programs.
WCB	Proposition 1 Adjustments for Stream Flow Enhancement	1	Balance	The Wildlife Conservation Board requests a reappropriation of Proposition 1 funding to support continuation of existing local assistance programs.
WCB	Proposition 12 Adjustments for Natural Community Conservation Planning	12	61,272	The Wildlife Conservation Board requests continuation of Proposition 12 funding for Project Delivery and local assistance.
WCB	Proposition 12 Adjustments to Match for Threatened or Endangered Species Partnerships	12	151,699	The Wildlife Conservation Board requests continuation of Proposition 12 funding for Project Delivery and local assistance.
WCB	Proposition 12 Adjustments for Habitat for Threatened and Endangered Species	12	33,086	The Wildlife Conservation Board requests continuation of Proposition 12 funding for Project Delivery and local assistance.
WCB	Proposition 12 Adjustments for Specified Central Coast Listed Species	12	145	The Wildlife Conservation Board requests continuation of Proposition 12 funding to support Specified Central Coast listed species.
WCB	Proposition 12 Adjustments for the San Joaquin River Conservancy Program	12	1,798	The Wildlife Conservation Board requests continuation of Proposition 12 funding to support the San Joaquin River Conservancy program.
WCB	Proposition 12 Adjustments to the Natural Community Conservation Planning Program	12	-956	The Wildlife Conservation Board requests a reversion of Proposition 12 funding to support a new appropriation.
WCB	Proposition 12 Adjustments for Habitat for Threatened and Endangered Species	12	-821	The Wildlife Conservation Board requests a reversion of Proposition 12 funding to support a new appropriation.
WCB	Proposition 12 Adjustments to the Habitat for Threatened and Endangered Species Program	12	-1,805	The Wildlife Conservation Board requests a reversion of Proposition 12 funding to support a new appropriation.
WCB	Proposition 12 Reversion to Support a New Appropriation	12	-2,516	The Wildlife Conservation Board requests a reversion of Proposition 12 funding to support a new appropriation.
WCB	Proposition 12 Adjustments for Specified Central Coast Listed Species	12	-127	The Wildlife Conservation Board requests a reversion of Proposition 12 funding to support a new appropriation.
WCB	Proposition 12 Adjustments for Habitat for Threatened and Endangered Species	12		The Wildlife Conservation Board requests a reappropriation of Proposition 12 State Operations funding for continued Project Delivery Funding and local assistance.
WCB	Proposition 12 Adjustments for Specified Central Coast Listed Species	12		The Wildlife Conservation Board requests a reappropriation of Proposition 12 funding for continued Project Delivery Funding and local assistance.
WCB	Proposition 12 Adjustments to Match for Threatened or Endangered Species Partnerships	12		The Wildlife Conservation Board requests a reappropriation of Proposition 12 funding for continued Project Delivery Funding and local assistance.
WCB	Proposition 12 Adjustments for Natural Community Conservation Planning	12		The Wildlife Conservation Board requests a reappropriation of Proposition 12 State Operations funding for Project Delivery Funding and local assistance.
WCB	Proposition 12 Continued Funding for Project Delivery and Local Assistance	12	73,876	The Wildlife Conservation Board requests continuation of Proposition 12 funding for Project Delivery and local assistance.
WCB	Proposition 12 Adjustments for Specified Central Coast Listed Species	12	90,865	The Wildlife Conservation Board requests continuation of Proposition 12 funding for Project Delivery and local assistance.
WCB	Proposition 12 Continued Funding for Project Delivery and Local Assistance	12	157,259	The Wildlife Conservation Board requests continuation of Proposition 12 funding for Project Delivery and local assistance.

WCB	Proposition 68 Adjustments for Pacific Flyaway Fish Passage and Sierra Nevada and Cascade Mountains Programs	68	22750000	The Wildlife Conservation Board requests continuation of Proposition 68 local assistance funding to support existing programs.
WCB	Proposition 68 Adjustments for Pacific Flyaway Fish Passage and Sierra Nevada and Cascade Mountains Programs	68	8,500,000	The Wildlife Conservation Board requests continuation of Proposition 68 local assistance funding to support continuation of Pacific Flyway Habitat Protection and Restoration projects.
WCB	Proposition 68 Adjustments for Wildlife or Fish Passage Competitive Grants	68	2,750,000	The Wildlife Conservation Board requests continuation of Proposition 68 local assistance funding to support continuation of grants for wildlife and fish passage projects.
WCB	Proposition 68 Adjustments for Sierra Nevada and Cascade Mountains Competitive Grants	68	15500000	The Wildlife Conservation Board requests continuation of Proposition 68 local assistance funding to support continuation of projects that support the protection, restoration, and improvement of upper watershed lands in the Sierra Nevada and Cascade Mountains.
WCB	Proposition 84 Adjustments for the San Joaquin River Conservancy	84	Balance	The Wildlife Conservation Board request to reappropriate Proposition 84 funding for San Joaquin River Conservancy Projects and Acquisitions.
SCC	Reappropriation of remaining balance, 2017 Budget Item 3760-101-0005 Close down Prop 12 by 06/30/2024	12		The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
Parks	Statewide Bond Costs	12	-194,000	The Department of Parks and Recreation requests a reduction of Proposition 12 funding for bond affordability purposes.
Parks	Statewide Bond Costs	12	807,000	The Department of Parks and Recreation requests additional funding to provide statewide bond management and oversight for the bond fund.
Parks	Reversion Parks Capital Outlay Projects	12	-4417000	The Department of Parks and Recreation requests reversion of appropriated funds to correct a technical error from a previous reversion and new appropriation. This change results in no impact to previously expressed total project costs.
Parks	Reversion Parks Capital Outlay Projects	12	-215,000	The Department of Parks and Recreation requests reversion of appropriated funds to correct a technical error from a previous reversion and new appropriation. This change results in no impact to previously expressed total project costs.
Parks	Reallocate Unappropriated Balance	12	-146,913	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
Parks	Reallocate Unappropriated Balance	12	-20,846	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
Parks	Reallocate Unappropriated Balance	12	-69,207	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
Parks	Reallocate Unappropriated Balance	12	-1,667	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
Parks	Reallocate Unappropriated Balance	12	-12,507	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
Parks	Reallocate Unappropriated Balance	12	-4,169	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.

Parks	Reallocate Unappropriated Balance	12	-6,254	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
Parks	Reallocate Unappropriated Balance	12	-6,254	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
Parks	Consolidate all P40 grant pot PD balances into two pots	40		N/A
Parks	Reversion request of \$136,000 from 2019 Budget Item 3790-301-6029, Project: 0000633	40	-136,000	The Department of Parks and Recreation requests partial reversion of the specified project funds to remedy an over-committed bond allocation.
Parks	Reversion request of \$37,000 from 2019 Budget Item 3790-301-6029, Project: 0003197	40	-37,000	The Department of Parks and Recreation requests partial reversion of the specified project funds to remedy an over-committed bond allocation.
Parks	Statewide Bond Costs	50	11,000	The Department of Parks and Recreation requests additional funding to provide statewide bond management and oversight for the bond fund.
Parks	Statewide Bond Costs	68	219,000	The Department of Parks and Recreation requests EY and outyear funding to provide statewide bond management and oversight for the bond fund.
SMMC	Reappropriation. Extension of encumbrances and expenditure period	1	Balance	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
SMMC	Reappropriation of remaining balance, 2014 Budget Item 3810-301-0005 Close down Prop 12 by 06/30/2024	12		The Conservancy requests a reappropriation of remaining balance, 2014 Budget Item 3810-301-0005 Close down Prop 12 by 06/30/2024
SMMC	Reappropriation of remaining balance, 2015 Budget Item 3810-301-0005 Close down Prop 12 by 06/30/2024	12		The Conservancy requests a reappropriation of remaining balance, 2015 Budget Item 3810-301-0005 Close down Prop 12 by 06/30/2024
SMMC	Reappropriation of remaining balance, 2015 Budget Item 3810-30101-0005 - Close down Prop 12 by 06/30/2024	12		The Conservancy requests a reappropriation of remaining balance, 2015 Budget Item 3810-30101-0005 - Close down Prop 12 by 06/30/2024
SMMC	Reappropriation of remaining balance	12		The Conservancy requests a reappropriation of remaining balance, 2015 Budget Item 3810-30102-0005 - Close down Prop 12 by 06/30/2024
SMMC	Reappropriation of remaining balance	12		The Conservancy requests a reappropriation of remaining balance, 2015 Budget Item 3810-30103-0005 Close down Prop 12 by 06/30/2024
SMMC	Reallocate Unappropriated Balance	12	-312	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
SMMC	Reappropriation. Extension of encumbrances and expenditure period	40		The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
SMMC	Reappropriation. Extension of encumbrances and expenditure period	50		Reappropriation. Extension of encumbrances and expenditure period. All funds are encumbered by projects expected to be completed summer of 2022.
SMMC	Reappropriation	84	Balance	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
SMMC	Reappropriation	84	Balance	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
SMMC	Reappropriation	84	Balance	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
SJRC	Increase in Prop 84 support funding for Planning and Monitoring.	84	250,000	The Conservancy requests additional funding for planning and monitoring.
BHC	BHC Prop 1 Reappropriation	1	Balance	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.

BHC	BHC Prop 40 Reappropriation	40		The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
BHC	New appropriation for Planning and Monitoring.	84	110,000	The Conservancy requests additional funding for planning and monitoring.
BHC	Reappropriation	84	Balance	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
CVMC	Reappropriation of remaining balance, 2015 Budget Item 3850-101-6083, reappropriated per Chap. Stats. 2018	1	Balance	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
CVMC	Reappropriation of remaining balance, 2018 Budget Item 3850-101-6083	1	Balance	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
CVMC	Reappropriation of remaining balance, 2018 Budget Item 3850-101-0005	12		The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
CVMC	Reallocate Unappropriated Balance	12	-54	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CVMC	Reappropriation of remaining balance, 2018 Budget Item 3850-101-6029	40		The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
SNC	Proposition 1 Reversion	1	-20,903	The Sierra Nevada Conservancy requests this reversion to stay within Proposition 1 bond allocations.
DWR	Regional Assistance Programs	1	437,000	The Department of Water Resources request funding for continued program delivery support for the implementation of local projects that support the Sustainable Groundwater Management Act.
DWR	Regional Assistance Programs	1	-131,549	The Department of Water Resources request a reversion to afford a new request that would support the implementation of local projects that support the Sustainable Groundwater Management Act.
DWR	Regional Assistance Programs	1	1,500,000	The Department of Water Resources request funding to support continuation of local assistance projects in implementing the Sustainable Groundwater Management Act.
DWR	Regional Assistance Programs	1	-1500000	The Department of Water Resources request a reversion to afford a new request that would support the implementation of local projects that support the Sustainable Groundwater Management Act.
DWR	Regional Assistance Programs	68	74,000	The Department of Water Resources requests an appropriation to continue the Urban Streams Restoration Program, which supports community-local agency partnerships to address local flood risks, restore urban streams, and recreate new open space environments that enhance the communities and watersheds. The USRP uses allocated funds to support engagement with disadvantaged communities and assist in building local capacity for urban creek revitalization. This request will augment the program's existing appropriations to support grant management, provide additional technical assistance, and prospect for new projects to support with remaining bonds.
DWR	Regional Assistance Programs	68	375,000	The Department of Water Resources requests a continuation of funding to support groundwater sustainability planning and management within medium and high priority basins and assist in the development and implementation of Groundwater Sustainability Plans GSP(s) in reaching sustainability in accordance with SGMA.

DWR	Regional Assistance Programs	68	-193,967	The Department of Water Resources requests a reversion to allow for the affordability of the new Urban Streams Restoration Program request.
DWR	Regional Assistance Programs	68	-100,000	The Department of Water Resources requests a reversion to allow for the affordability of the new Urban Streams Restoration Program request.
DWR	Regional Assistance Programs	68	-104,335	The Department of Water Resources requests a reversion to allow for the affordability of the new Urban Streams Restoration Program request.
DWR	Regional Assistance Programs	68		The Department of Water Resources requests a continuation of funding to support groundwater sustainability planning and management within medium and high priority basins and assist in the development and implementation of Groundwater Sustainability Plans GSP(s) in reaching sustainability in accordance with SGMA.
DWR	Regional Assistance Programs	84	1,000,000	The Department of Water Resources request continuation of Proposition 84 funding to support planning and monitoring within the Integrated Regional Water Management Grant Program
DWR	Regional Assistance Programs	84	217,000	The Department of Water Resources request continuation of Proposition 84 funding to support Planning and Monitoring activities for the San Joaquin River Water Quality Improvement Program.
DWR	Regional Assistance Programs	84	33,000	The Department of Water Resources request continuation of Proposition 84 funding for Planning and Monitoring activities to support the Urban Streams Restoration Program.
DWR	Regional Assistance Programs	84	-120,753	The Department of Water Resources requests a partial reversion to fund a proposed increase to DWR's 2021-22 support appropriation and outyears for Planning and Monitoring activities for the Delta Water Quality Grants Program.
DWR	Regional Assistance Programs	84	-207,902	The Department of Water Resources requests a partial reversion to fund a proposed increase to DWR's 2021-22 support appropriation and outyears for Planning and Monitoring activities for the Delta Water Quality Grants Program.
DWR	Regional Assistance Programs	84	-138,000	The Department of Water Resources requests a partial reversion to fund a proposed increase to DWR's 2021-22 support appropriation and outyears for Planning and Monitoring activities for the Delta Water Quality Grants Program.
SSJDC	Community and Economic Development Program Implementation	68	318,000	The Conservancy requests continuation of Proposition 68 funding to assist grantees in developing and implementing grant programs.
SSJDC	Community and Economic Development Program Implementation	68	-300,000	The Conservancy requests a reversion necessary to ensure adequate funding is available for new appropriation.
SSJDC	Community and Economic Development Program Implementation	68	146,000	The Conservancy request continuation of Proposition 68 funds to support community and economic enhancements.
SSJDC	Community and Economic Development Program Implementation	68	-293,000	The Conservancy requests a reversion necessary to ensure adequate funding is available for new appropriation.
SSJDC	Community and Economic Development Program Implementation	68	-146,000	The Conservancy requests a reversion necessary to ensure adequate funding is available for new appropriation.
SSJDC	Community and Economic Development Program Implementation	68	-607,000	The Conservancy requests a reversion necessary to ensure adequate funding is available for new appropriation.
SDRC	Reappropriate remaining Prop 1 funds	1	0	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.

Various CNRA Technical Adjustment Requests				
Department	Request Title	Amount	Fund	Request Description
WCB	Natural Resources Bonds and Technical Proposals: Baseline Reimbursement Adjustment	350000	Reimbursement (0995)	WCB is requesting a baseline increase in reimbursement authority of \$350,000 to provide sufficient authority to accept reimbursements for staff support from the San Joaquin River Conservancy (SJRC), the California Department of Fish and Wildlife (CDFW) on programs and projects under the Sport Fish Restoration Act (SFRA), and the Department of Forestry and Fire Protection.
Coastal Commission	Natural Resources Bonds and Technical Proposals: Whale Tail License Plate Marketing	\$55,000	Environmental License Plate Fund (0140)	The Coastal Commission requests \$55,000 from the Environmental License Plate Fund (ELPF) on an ongoing basis, to continue marketing for the WHALE TAIL License Plate. This in an extension of previously approved resources.
CalFire	Resources Agency Technical Proposals: Greenhouse Gas Reduction Fund Reappropriations	Remaining balances	Greenhouse Gas Reduction Fund (3228)	CAL FIRE requests reappropriation of the following items to provide additional time to implement critical forest health and fire prevention programs and projects: (1) Item 3540-001-3228, Budget Act of 2017 for Fire Protection; (2) Item 3540-001-3228, Budget Act of 2018 for Resource Management; (3) Item 3540-003-3228, Budget Act of 2018 for Resource Management; and (4) Item 3540-003-3228, Budget Act of 2019 for Resource Management.
SNC	Sierra Nevada Conservancy Fund Cash Flow Transfer Technical Correction	\$ -	Sierra Nevada Conservancy Fund (8120)	A net-zero technical correction for the Sierra Nevada Conservancy's budget galley to more accurately display expenditure authority from the Sierra Nevada Conservancy Fund. Expenditure authority of \$1,450,000 is provided to the Conservancy on an annual basis for the sole purpose of helping to meet the Conservancy's cashflow needs associated with receiving grant funds and other reimbursements in arrears, which was facilitated by a one-time transfer in the 2019 Budget Act. The annual Budget Act specifies this amount is available solely for the purposes of helping the Conservancy manage grants and other agreements that require the Conservancy to expend funds in advance of receipt of grant-related reimbursements. To more accurately reflect the intent and purpose of this expenditure authority, and to more accurately display the fund condition, an offsetting negative adjustment of \$1,450,000 has been added to a non-Budget Act item. This is more accurate from a budgeting perspective given the expenditure authority is intended for cashflow purposes only and will ultimately be reimbursed within the same fiscal year. The Budget Act authority for the Conservancy will remain at the same level; this correction is for technical budgeting display purposes only.
SDRC	One-Time Appropriation of Reverted Funding	\$40,000	Environmental License Plate Fund (0140)	One-time appropriation of reverted funds from prior years. This will ensure SDRC's ability to continue existing and future grants.
OPC	Natural Resources Bond and Technical Proposals: Extension of Liquidations	\$ -	Ocean Protection Trust Fund (6076)	An extension of liquidation of approximately \$4 million which have been encumbered to support long-term monitoring and outreach and education projects for the state's network of marine protected areas. Many of these projects are experiencing delays due to COVID and grantees require additional time to complete data collection, project implementation, and invoice for work conducted.
OPC	Natural Resources Bond and Technical Proposals: Extension of Liquidations	\$ -	General Fund (0001)	An extension of liquidation of approximately \$2.5 million, which have been encumbered as part of a \$9.5M grant to support long-term monitoring for the state's network of marine protected areas. Many of these research projects are experiencing delays due to COVID and grantees require additional time to complete data collection and invoice for work conducted.

DPC	Natural Resources Bond and Technical Proposals: Great Master Trail Reappropriation	\$ -	Environmental License Plate Fund (0140)	A reappropriation of approximately \$200,000 for the Great Master Trail Plan as a result of staff that were assigned to this work are now a COVID-19 Contact Tracers. Loss of staff will delay completion of the Master Plan beyond the liquidation period of the funds.
DSC	Natural Resources Bond and Technical Proposals: Reappropriation	\$ -	General Fund (0001)	This request is for an extension of liquidation of approximately \$796,000 to continue implementation of existing authorized programs. Delays were due to inability to complete field or lab work due to COVID19.
DSC	Natural Resources Bond and Technical Proposals: Reappropriation	\$ -	Environmental License Plate Fund (0140)	This request is for an extension of liquidation of approximately \$279,000 to continue implementation of existing authorized programs. Delays were due to inability to complete field or lab work due to COVID19.
Parks	Division of Boating and Waterways Reappropriations	\$ -	Public Beach Restoration Fund (3001)	These funds have been encumbered to support ongoing but incomplete public beach restoration projects.
Parks	Reappropriation of Legislative Investments	\$ -	General Fund (0001)	Local assistance grants from this item have been awarded. The reappropriation request is for the portion of the funding used for administrative oversight of grant projects.
Parks	Reappropriation of Recreational Trails Program	\$ -	Recreational Trails Fund (0858)	Reappropriation of this funding is requested due to unanticipated project delays.
CEC	Reappropriation of Alternative and Renewable Fuel and Vehicle Technology Fund (ARFVTF)	\$ -	Alternative and Renewable Fuel and Vehicle Technology Fund (3117)	Reappropriation of this funding to extend the liquidation period by one year is necessary because projects have been delayed as a result of the COVID-19 response.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

ISSUE 2: YOUTH COMMUNITY ACCESS GRANT PROGRAM POSITIONS

The Governor's budget requests three permanent positions to support the Youth Community Access grant program. Positions will be funded with existing funding authority.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

3600 DEPARTMENT OF FISH AND WILDLIFE

ISSUE 3: OCEAN RESOURCES ENHANCEMENT AND HATCHERY PROGRAM SUPPORT (AB 1949)

The Governor's budget requests \$135,000 in 2021-22, and \$124,000 in 2022-23 and ongoing from the Federal Trust Fund to implement AB 1949 (Boerner Horvath, Chapter 345, Statutes of 2020). AB 1949 makes a number of revisions to the Ocean Resources Enhancement and Hatchery Program, such as revising and clarifying the membership of the Ocean Resources Advisory Panel, their roles and responsibilities. The bill also adds an independent scientific advisory committee and requires a solicitation of additional input from a variety of different stakeholders. The requested funds would be used to develop and facilitate an independent scientific committee and the associated administrative, contracting, and reporting duties.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

ISSUE 4: STATE OWNED PROGRAM INCOME REVENUE AND EXPENDITURES

The Governor's budget proposes an adjustment to move revenue and expenditures from the Wildlife Restoration Fund to a Fish and Game Preservation Fund dedicated account, resulting in a net authority increase in the amount of \$114,000. This adjustment supports the Department's compliance with the Code of Federal Regulations for revenue earned on federally funded, state-owned lands. This proposal includes trailer bill language to authorize the shift of funds to the Fish and Game Preservation Fund.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

3860 DEPARTMENT OF WATER RESOURCES

ISSUE 5: CLIMATE VULNERABILITY AND ADAPTATION STRATEGY FOR A SAN JOAQUIN BASIN WATERSHED

The Governor's budget requests \$4,190,000 one-time (\$2,100,000 from Proposition 68 and \$2,090,000 from the Environmental License Plate Fund) to conduct an assessment to prepare for climate vulnerability in the San Joaquin Basin. This proposal has three components: (1) working with local partners on a flood focused climate vulnerability and adaptation strategy for a San Joaquin Basin watershed; (2) supporting Regional Flood Management Planning groups to identify multi-sector, multi-benefit projects; and (3) evaluate lower San Joaquin River flood risks. Work will be performed by five existing positions and consultants.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

ISSUE 6: DELTA EMERGENCY PREPAREDNESS RESPONSE AND RECOVERY PROGRAM

The Governor's budget requests \$9.5 million (\$6.5 million for 2021-22, \$1.5 million for 2022-23, and \$1.5 million for 2023-24) in Proposition 1 funding to continue the work of the Delta Grants & Flood Emergency Preparedness, Response, & Recovery Program. This funding will support local assistance grants and two existing positions to improve regional self-reliance by enhancing existing flood emergency preparedness, response, and recovery capabilities of local agencies within the Delta. The funding will also support existing staffing to manage projects and perform maintenance on State Delta Emergency Facilities that increase the state's capability to efficiently store, manage, and quickly deploy its material inventories when necessary to support flood emergency response in the region.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

ISSUE 7: DELTA LEVEES SYSTEM INTEGRITY PROGRAM SUPPORT

The Governor's budget requests \$89.2 million in Proposition 1 (\$12.86 million for state operations and \$76.34 million for local assistance) and \$13.092 million in Proposition 68 for local assistance to continue the Delta Levees System Integrity Program, which protects the public and water supply for 27 million people while enhancing Delta habitat. This funding will support activities including state operations and local assistance grants for levee maintenance, repairs, improvement, habitat mitigation, and enhancement projects in the Sacramento-San Joaquin Delta

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

ISSUE 8: FLOODPLAIN MANAGEMENT, PROTECTION AND RISK AWARENESS PROGRAM

The Governor's budget requests \$28.5 million one-time from Proposition 68 (\$3.1 million for state operations and \$25.4 million for local assistance) to support the planning and implementation of integrated watershed based collaborative flood risk management activities through the Floodplain Management, Protection and Risk Awareness Program.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

ISSUE 9: GROUNDWATER RECHARGE TECHNICAL ASSISTANCE

The Governor's budget requests \$2 million from Proposition 68 (\$650,000 annually for two year, and \$700,000 in 2023-24) for state operations to work with local agencies to holistically plan and assess water availability, conveyance infrastructure, on-farm recharge sites, opportunities for adjusting upstream reservoir operations based on weather forecasts, requirements for environmental river flows, among many other factors. This planning work is critical to the successful implementation of groundwater recharge projects.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

ISSUE 10: PROPOSITION 50 DELTA WATER QUALITY AND FISH FACILITIES

The Governor's budget requests \$25 million from Proposition 50 for projects that improve water quality or ecological conditions within the Sacramento – San Joaquin Delta. The requested funding would be administered as grants for the planning and construction of projects that achieve any of the following objectives:

1. Improvements to the quality of municipal water supply sources for the City of Stockton.
2. Improvements to Delta water quality, including but not limited to projects that address conditions contributing to harmful algal blooms, low dissolved oxygen, mercury contamination from upstream mines, and invasive aquatic species.
3. Enhanced ecological conditions for threatened and endangered fish species, including but not limited to projects that reduce entrainment associated with unscreened agricultural diversions in the Cache Slough region.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

ISSUE 11: RIVER RESTORATION ACTIVITIES TO PROTECT CALIFORNIA'S SPECIES AND ECOSYSTEMS

The Governor's budget requests \$17.85 million in Reimbursement Authority (\$6.6 million in 2021-22, \$4.75 million in 2022-23, \$5.9 million in 2023-24 and \$300,000 in 2024-25 and 2025-26) and \$22.6 million in Federal Fund Authority (\$7.9 million in 2021-22, \$8.7 million in 2022-23, \$3 million in 2023-24, \$2 million in 2024-25 and \$1 million in 2025-26) to support state operations within its Integrated Water Management programs. The request will allow DWR to receive and use funds from the Federal Government to continue work on the Riverine Stewardship Program and the San Joaquin River Restoration Program in order to protect, restore, and enhance the natural environment.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

ISSUE 12: SECURITY AND EMERGENCY MANAGEMENT PROGRAM

The Governor's budget requests two full-time positions for the Security and Emergency Management Program (SEMP) to support DWR's emergency management program and improve emergency preparedness through the development and implementation of a department wide emergency training and exercise program. These two positions will be funded by the State Water Project (SWP), redirecting existing budgetary resources to establish two dedicated emergency training positions: (1) Emergency Management Coordinator/Instructor I and (1) Emergency Management Coordinator/Instructor II. The costs associated with annual contractor support for emergency training and exercises, and other resources will be redirected to support a dedicated training and exercise program that results in a zero net increase in costs.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

ISSUE 13: SWP FACILITIES FISH & WILDLIFE ENHANCEMENT AND RECREATION—PERRIS DAM REMEDIATION PLAN

The Governor's budget requests \$4.4 million Proposition 84 to support 7.2 existing positions and fund development, rehabilitation, acquisition and restoration related to providing public access to recreation and fish and wildlife enhancement (RFWE) resources at Perris Dam, a State Water Project (SWP) facility. The total project cost is \$252.4 million, of which the RFWE component is 32.2% or \$81.27 million. This program will also be supported by approximately \$22.9 million in SWP funds for 2021-22.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

ISSUE 14: SYSTEM WIDE FLOOD IMPROVEMENT PROJECT

The Governor's budget requests \$1 million one-time from Proposition 1 to support existing staff and contract work needed for the lower Yolo bypass project. Work will include levee setbacks, creation or enhancement of floodplains and bypasses, land acquisition and levee improvements and repairs.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

ISSUE 15: STATE WATER PROJECT: AGING INFRASTRUCTURE

The Governor's budget requests authority for 150 permanent full-time positions funded by the State Water Project to be phased in over four years as follows: 67 positions in 2021-22; 35 positions in 2022-23; 32 positions in 2023-24; and 16 positions in 2024-25. The requested positions will provide DWR with the resources and means to:

- 1) Increase maintenance, refurbishment, repair, and replacement of aging infrastructure.
- 2) Continue to develop and implement DWR's Asset Management Program.
- 3) Perform studies, expand existing maintenance and facility inspections, execute preventative design and construction efforts, develop new or update existing guidelines and standards, adopt new technologies and system enhancements.
- 4) Continue to address the adverse effects of subsidence along the SWP by implementing design, environmental permitting, and construction activities that will optimize resiliency and improve operational flexibility of the SWP as well as support safe and reliable delivery of water.
- 5) Implement new Dam Safety Emergency Action Planning, emergency preparedness, and physical security enhancements.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

3940 STATE WATER RESOURCES CONTROL BOARD

ISSUE 16: AMADOR COUNTY LOCAL PRIMACY REVOCATION

The Governor's budget requests \$206,000 ongoing from the Safe Drinking Water Account and one position to carry out public small water system regulatory program for Amador County. The County's Primacy Delegation has been terminated per request of the County and oversight of the delegated public water systems is now with the State Water Board.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

ISSUE 17: COMPUTER-BASED OPERATOR CERTIFICATION TESTING

The Governor's budget requests \$850,000 Drinking Water Operator Certification Fund and \$150,000 Wastewater Operator Certification Fund ongoing to administer computer based testing. This would expand the availability and frequency of testing throughout California and help drinking water and wastewater facilities continue to comply with state and federal safe drinking water and clean water regulatory requirements.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

ISSUE 18: INDUSTRIAL STORM WATER DISCHARGE COMPLIANCE

The Governor's budget requests \$951,000 ongoing from the Waste Discharge Permit Fund and six permanent positions, to assist in permit enrollment and assist regional boards in responding to requests from industrial facility owners.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

ITEMS TO BE HEARD

0540 NATURAL RESOURCES AGENCY

ISSUE 1: PROPOSITION 68: HABITAT FUNDING

The Governor's budget requests \$125 million Proposition 68 funds for its Protecting California's Rivers, Streams and Watersheds Program.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Brian Fuller, Budget Analyst, Department of Finance
- Bryan Cash, Assistant Secretary for Administration and Finance, Natural Resources Agency
- Jennifer Norris, Deputy Secretary for Biodiversity and Habitat, Natural Resources Agency
- Rachel Ehlers, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Sergio Aguilar, Principal Program Budget Analyst, Department of Finance
- Nancy Vogel, Director of the Governor's Water Portfolio Program, Natural Resources Agency

BACKGROUND

Proposition 68. Also known as the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act, Proposition 68 was approved on June 5, 2018. This measure provides \$4 billion in general obligation bonds for a variety of critical needs in the areas of natural resources and environmental protection. Proposition 68 includes specific dollar amounts for a number of purposes, one of which is for \$200 million for voluntary agreements (Section 80114).

Public Resources Code Section 80114. Subdivision (d) of PRC Section 80114, provides the Natural Resources Agency with the ability to use the funding for projects as long as they meet the purposes of sections 79732 and 79736 of the Water Code. Specifically, subdivision (d) specifies that, "If no voluntary agreements are submitted [to the Water Board by Fish and Wildlife] on or before June 1, 2018, any remaining funds [from the 200 million originally allocated] shall be available to the Natural Resources Agency for the purposes of Sections 79732 and 79736 of the Water Code." Section 79732 of the Water Code refers to 13 purposes for expenditures of bond funds. Section 79736 of the Water Code lists five statewide obligations for which funds could be spent: Salton Sea Restoration, Tahoe Compact, Central Valley Project Improvement Act, Klamath Agreements, and San Joaquin River Restoration Agreement.

Prior appropriation from Section 80114. The Budget Act of 2019 appropriated \$70 million to the Natural Resources Agency from Section 80114 of Prop 68. The Agency has encumbered

\$50 million of those funds for 15 fish passage and habitat restoration projects along Central Valley rivers. The Agency established a set of criteria for those projects seeking funding. In order to qualify, the projects would have to meet the at least one of the following selection criteria:

- Advance at least one recognized species recovery plan or effort;
- Be almost certain to deliver identified benefits to target species;
- Provide durable, long-term benefits;
- Be feasible to implement within a clear, reasonable timeframe;
- Be planned for completion by an experienced project team; and,
- Be supported by a wide variety of governmental and non-governmental partners.

LAO COMMENTS

Appropriate \$125 Million Proposition 68 Funds to Address Legislature’s Priorities for Habitat Restoration. The LAO recommends the Legislature approve the proposed funds to help improve habitat conditions for threatened and endangered species, but add budget bill language to provide guidance for CNRA on how to prioritize use of the funds. For example, this could include language (1) requiring that funds be allocated through a competitive grant program, (2) specifying prioritization criteria to be used for selecting projects, and/or (3) identifying amounts to be used for specific statewide obligations.

The LAO provides the following points to support its recommendation:

Significant Need for Restoration Projects Along Central Valley Rivers. Multiple native fish species—including salmon and steelhead—have experienced severe population declines over the past few decades, due in part to habitat loss and degradation. As such, a strong rationale exists for spending state money to improve conditions along the Sacramento and San Joaquin Rivers and their tributaries to help these species recover.

Proposed Approach Would Allow Administration Broad Discretion Over How Funds Get Used. Because the bond language governing the allowable uses of these funds is very broad, the Governor’s proposal would allow CNRA to determine exactly how to prioritize use of these funds across potential projects and whether to expend a portion on one or more of the specified statewide obligations.

- **Competitive Grant Program Would Provide Some Transparency, but Still Defers Important Decisions to CNRA.** The proposed approach of developing a competitive grant program to allocate these funds is more structured and transparent than CNRA selecting projects without a public prioritization and scoring process—as it did for the \$50 million provided in 2019-20. However, neither the bond nor proposed budget bill language provides much guidance over specific priorities or areas of focus for designing the program. As such, the proposal would leave these up to CNRA to determine. Moreover, neither the bond nor budget language requires that CNRA allocate funds through a competitive grant program.

Legislature Could Provide Statutory Guidance to Ensure Expenditures Reflect Its Priorities. Should the Legislature have particular priorities for these funds—such as specific endangered species upon which it wants to focus, or one or more of the allowable statewide obligations—it could direct CNRA to focus on those objectives through language in the budget bill.

- **Could Define Priorities for Grant Program.** Additionally, the Legislature could codify project prioritization criteria to guide development of a competitive grant program for allocating these funds. These criteria could include the selection priorities suggested by the administration—should the Legislature find them reasonable—as well as any additional or alternative areas of focus.

STAFF COMMENTS

There were a lot of concerns raised by advocates during the 2019 budget deliberations over the \$70 million for voluntary agreements. Concerns include making sure the funds were targeted to resolve conflict and to advance voluntary agreements, and not for mitigation projects that are already otherwise required by law. Given the number of concerns received at the time, this Subcommittee adopted the following provisional language:

"On or before April 1, 2020, the Natural Resources Agency shall provide a report to the appropriate subcommittees that consider the State Budget and the Legislative Analyst's Office on voluntary agreement expenditures pursuant to Section 80114 of the Public Resources Code that includes all of the following: (a) a list of the specific projects for which the agency has approved the expenditure of this funding and the associated costs of those projects, (b) confirmation that this funding is not being used to fulfill any mitigation requirements imposed by law, consistent with Section 80020 of the Public Resources Code, (c) confirmation that use of this funding is consistent with the existing water quality standards and objectives, as they may be amended, or as implemented through the voluntary agreement process, (d) a description of the prioritization criteria and processes used to select the projects to be funded with these moneys, and (e) an update on the status of voluntary agreements subject to Section 80014 of the Public Resources Code."

The Natural Resources Agency (CNRA), citing PRC 80114(d), allocated \$50 million to 15 fish passage and habitat restoration projects along Central Valley rivers.

While CNRA is correct in their ability to use the funds outside of voluntary agreements as long as it is consistent with the purposes of Sections 79732 and 79736 of the Water Code, these mitigation projects are competitive for other pots of funding. The general understanding for the funds in Section 80114 was that it would go toward supporting non-mitigation projects that can ultimately promote voluntary agreements.

The Subcommittee may wish to ask CNRA to provide an update on the status of voluntary agreements. Further, since Proposition 68 specified these funds for voluntary agreements submitted by June 2018, and that deadline has passed, how much discretion should the Legislature provide CNRA in deciding how these funds are used moving forward? The

Subcommittee may wish to consider provisional language to: (1) require the funds be allocated through a competitive grant program; (2) specify prioritization criteria to be used for selecting projects; and/or, (3) identify amounts to be used for specific statewide obligations.

Staff Recommendation: The committee may wish to consider adopting provisional language to provide CNRA guidance in distributing of the funds.

0540 NATURAL RESOURCES AGENCY
3560 STATE LANDS COMMISSION
3840 DELTA PROTECTION COMMISSION
3845 SAN DIEGO RIVER CONSERVANCY
3860 DEPARTMENT OF WATER RESOURCES

ISSUE 2: VARIOUS ELPF-FUNDED PROPOSALS

The Governor's budget requests the use of the Environmental License Plate Fund (ELPF) for a number of proposals. Specifically:

- \$4.543 million ELPF for the move to the new Natural Resources headquarter facility.
- \$2 million ELPF for continued operations and management responsibilities for the Bolsa Chica Lowlands Restoration Project in Orange County.
- \$131,000 ELPF for the transition of accounting, budget, human resources, and procurement services to be provided by the Department of General Services' (DGS') Contracted Fiscal Services division.
- \$11,000 ELPF for DGS's contracted HR services. DGS provides budgeting, accounting, and human resource services for the conservancy.
- \$40,000 ELPF for the San Diego River Conservancy to fulfill existing grant agreements
- \$2,090,000 for the Department of Water Resources to conduct an assessment to prepare for climate vulnerability in the San Joaquin Basin.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Sergio Aguilar, Principal Program Budget Analyst, Department of Finance
- Brian Fuller, Budget Analyst, Department of Finance
- Bryan Cash, Assistant Secretary for Administration and Finance, Natural Resources Agency
- Rachel Ehlers, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Jennifer Lucchesi, Executive Officer, State Lands Commission
- Karla Nemeth, Director, Department of Water Resources

BACKGROUND

The Proposals. Each of the proposals slated for ELPF funding is detailed below:

- **California Natural Resources Agency: New Resources Building Move and Demobilization Costs.** The Governor's budget requests \$4,543,000 one-time Environmental License Plate Fund for the move to the new CNRA headquarter facility, which will house multiple agency departments. The funds would be used to secure services to perform tasks associated with completing required decommissioning and moving activities for office furniture/equipment and staff members. Total cost for the move activities and the physical decommission activities for office furniture/equipment related to the buildings being vacated and 4,100 staff members was done utilizing cost factors provide to CNRA by DGS' moving consultant. Cost was calculated on \$1,108 per person x 4,100 = \$ 4,542,800.
- **State Lands Commission: Bolsa Chica Lowlands Restoration Project.** The Governor's budget requests \$2 million ELPF one-time to fund continued operations and management responsibilities for the Bolsa Chica Lowlands Restoration Project in Orange County. Operations and management costs average \$2 million annually, including required dredging, consultants, repairs, and other operational costs. Without continued funding, the Commission will be unable to perform required management activities, leading to a seasonal accumulation of sand at the mouth of the ocean inlet and forcing its closure. Closure of the inlet would have catastrophic impacts to the wetland habitat, its endangered species, and other valuable public resources, resulting in a significant net loss to the state's coastal wetlands and endangering the \$157 million investment. Closure may also cause flooding in the adjacent neighborhood and a pre-existing on-site oil operation, a significant liability to the state.
- **Delta Protection Commission: Contracted Fiscal Services Support.** The Governor's budget requests \$131,000 ELPF one-time to support the transition of accounting, budget, human resources, and procurement services to be provided by the DGS' Contracted Fiscal Services division.
- **San Diego River Conservancy: Department of General Services (DGS) Human Resources (HR) Services.** The Governor's budget requests \$11,000 ELPF for DGS's contracted HR services. DGS provides budgeting, accounting, and human resource services for the conservancy.
- **San Diego River Conservancy: One-Time Appropriation of Reverted Funding.** The Governor's budget requests \$40,000 ELPF appropriation in order to fulfill existing grant agreements. The Conservancy received two multi-year grants, one from the State Coastal Conservancy in June 2018 and the second from the State Water Quality Control Board in January 2018. These grants were reimbursable agreements, whereby the Conservancy provided funding under its own grants to non-profit agencies for project implementation and retained 10% withholding from each invoice. The withheld amounts must be paid upon closure of the completed project. However, the accumulated withholding was deposited in the fund but the appropriation authority has since reverted. The new appropriation will fulfill the Conservancy's obligations under existing grant agreements.

- **Department of Water Resources: Climate Vulnerability and Adaptation Strategy for a San Joaquin Basin Watershed.** The Governor's budget requests \$4,190,000 one-time (\$2,100,000 from Proposition 68 and \$2,090,000 from the Environmental License Plate Fund) to conduct an assessment to prepare for climate vulnerability in the San Joaquin Basin. This proposal has three components: (1) working with local partners on a flood focused climate vulnerability and adaptation strategy for a San Joaquin Basin watershed; (2) supporting Regional Flood Management Planning groups to identify multi-sector, multi-benefit projects; and, (3) evaluate lower San Joaquin River flood risks. Work will be performed by 5 existing positions and consultants.

Environmental License Plate Fund (ELPF). The ELPF was established in 1979 and supports various resources and environmental protection programs. The fund is primarily supported from the sale and renewal of personalized motor vehicle license plates, as well as a portion of fees on the sale and renewal of certain specialty license plates.

Public Resources Code (PRC) Section 21190 requires ELPF money to be used only to support identifiable projects and programs of specified entities, such as state agencies, and restricts the use of these funds to the following purposes:

- Control and abatement of air pollution.
- Acquisition, preservation, restoration of natural areas or ecological reserves.
- Environmental education.
- Protection of no game species and threatened and endangered plants and animals.
- Protection, enhancement, and restoration of fish and wildlife habitat and related water quality.
- The purchase of real property consisting of sensitive natural areas for the parks systems and deferred maintenance projects at state parks.
- Reduction or minimization of the effects of soil erosion and the discharge of sediment into the waters of the Lake Tahoe region, including the restoration of disturbed wetlands and stream environment zones.

LAO COMMENTS

Shift Move Costs From ELPF to Other Fund Sources. The LAO recommends using an alternative funding approach to support the costs of moving to the new Natural Resources building, the Delta Protection Commission, and the San Diego River Conservancy proposals. Doing so would ensure compliance with state law. Moreover, a shift could be structured to reduce overall costs to ELPF, thereby increasing confidence that the fund will continue to be solvent at the end of 2021-22. The LAO provides two options for legislative consideration:

- **Option 1: Swap With General Fund.** The budget includes numerous General Fund proposals to support activities that clearly would be allowable for ELPF, such as a one-time \$20 million proposal to fund deferred maintenance at state parks. The budget could instead fund the move with General Fund and use a mix of General Fund and ELPF for

deferred maintenance. This would have no net impact on either the General Fund or ELPF but would ensure use of ELPF consistent with state law.

- **Option 2: Spread Costs Among Various Funds That Support Resources Programs Being Moved.** CNRA and the departments being moved to the new building are supported by the General Fund and numerous special funds, and most of these funds can be used to support departments' administrative costs. The budget could apportion the proposed \$4.5 million to these funds in proportion to the number of employees being moved for each department and the relative share of department costs borne by their special funds. This approach would reduce ELPF costs but increase costs on other funds, including the General Fund. However, these would be one-time costs, and the impact to each individual fund would be relatively small.

The LAO provides the following points to support its recommendation:

Might Not Be an Allowable Use of ELPF. State law specifies that ELPF may only be used for projects and programs that meet specified purposes, such as restoration of natural areas, protection of threatened and endangered species, deferred maintenance at state parks, and public education. It does not appear that funding the relocation of staff and equipment is consistent with any of the specified allowable uses. In addition, the Governor proposes a total of \$142,000 from ELPF for administrative costs at the Delta Protection Commission and San Diego River Conservancy that are similarly questionable.

ELPF Projected to Have Small Fund Balance. The Administration's fund condition statement for ELPF estimates that the fund will have a \$2.1 million fund balance at the end of 2021-22. While positive, this fund balance is small, representing just 3 percent of estimated revenues. In part, the small fund balance reflects one-time budget proposals totaling \$8.8 million from ELPF, including the \$4.5 million to move to the new Natural Resources building.

Prior-Year Numbers Not Final. According to the Administration, it has not finalized prior-year calculations for revenues or expenditures, and it asserts that revenues will be higher than estimated, and expenditures will be lower than estimated. If correct, the fund balance could be higher than what is shown in the fund condition statement. However, the administration has not yet provided the Legislature with information to substantiate this.

Revenue Uncertainty. The pandemic could affect the demand for personalized and legacy license plates, which might be considered discretionary purchases for drivers facing economic hardships. To the extent that occurs, it would depress ELPF revenues, potentially over multiple fiscal years.

STAFF COMMENTS

The various projects and activities seeking funding appears to have merit and should be funded. The issue lies with the proposed source of funding. ELPF is projected to have a fund balance of \$3 million in 2021-22, which is relatively small. There are also uncertainties in the fund moving forward due to economic conditions.

Fund condition aside, there are also questions as to whether ELPF is an appropriate fund to support these activities. While an argument can be made for using ELPF to fund the activities detailed in each of these proposals, there are questions as to whether they meet the requirements of PRC Section 21190.

The Natural Resources Agency and its departments have a mission to restore natural resources, improve habitat and other related purposes for public benefit. Funding activities that directly further these goals are clearly consistent with the purpose of ELPF. However, does this extend to funding administrative activities at these departments in order to enable them to fulfill their mission? Is this too tenuous of an argument?

A couple of these proposal are recurring and they received funding in the past from the General Fund, namely the Natural Resources Agency Headquarter relocation and the Bolsa Chica Lowlands Restoration Project. It is unclear why the Administration would propose funding these proposals with ELPF instead, especially when there is a substantial General Fund surplus anticipated in 2021-22. It should be noted that there is some uncertainty within ELPF.

Further, these proposals, coupled with others in the past that proposed the use of the Tire Recycling Management Fund and the Lead Acid Battery Fund for mildly related things, presents an alarming pattern. This is particularly concerning because there are several revenue generating proposals pending this year with a super majority vote threshold. The Administration has repeatedly declared in prior hearings that fees with a super majority vote is fungible. What assurances does the Legislature have that the Administration won't continue to misappropriate special funds in order to replace the use of General Fund?

Staff Recommendation: Funding these requests from the Environmental License Plate is inappropriate, staff recommends using General Fund or a more appropriate fund source.

3600 DEPARTMENT OF FISH AND WILDLIFE**ISSUE 3: BIODIVERSITY ENHANCEMENTS/STRATEGIC ONE-TIME INVESTMENTS,
WILDLIFE HABITAT RESTORATION AND PUBLIC RECREATION FOR UNDERSERVED COMMUNITIES**

The Governor's budget requests for:

- \$41.75 million one-time General Fund to make progress toward safeguarding California's biodiversity, increasing access opportunities on state lands, and finding long-term solutions to restore our natural ecosystems.
- \$3.34 million one-time in Proposition 12 funds to restore and enhance wildlife habitat and provide visitor amenities on selected state lands to enhance biodiversity conservation and provide equitable access for diverse communities.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Sergio Aguilar, Principal Program Budget Analyst, Department of Finance
- Miriam Kaplan, Budget Analyst, Department of Finance
- Chuck Bonham, Director, Department of Fish and Wildlife
- Rachel Ehlers, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

BACKGROUND

The Service Based Budgeting (SBB) Project at DFW. The Budget Act of 2018 required the Department to undergo a service based budgeting (SBB) review. The service-based budget process is intended to analyze the Department's ability to meet service levels required to achieve its mission, accounting for existing statutes, state and federal requirements, public and stakeholder expectations, the need for scientific rigor, reasonable operations necessary for ecosystem-based management and biodiversity conservation, and policy considerations based on best available science. This process identified service standards to meet the Department's mission, described the tasks needed to accomplish the identified mission service standards, compared current service levels to identified mission service standards, and considered one-time improvement actions to reduce gaps in service.

The SBB review is intended to inform the future budget based on staff time needed to complete these tasks. The SBB project is projected to conclude in 2021, when the Service Based Budget Review Report is due to the Legislature.

Governor's Executive Order N-82-20. On October 7, 2020, Governor Newsom signed Executive Order N-82-20, which directs state agencies to deploy a number of strategies to store carbon in the state's natural and working lands and remove it from the atmosphere. The order

also sets a goal to conserve 30 percent of the state's land and coastal water by 2030 to fight species loss and ecosystem destruction.

The proposals include investments in a range areas. The proposals request \$41.8 million General Fund and \$3.3 million in Proposition 12 for equipment, technology, process and efficiency improvements and others. Specifically, the proposals requests for the following:

- Human Wildlife Conflict Response (\$7.0 million)
- Air Support to Protect and Monitor our Natural Resources (\$4.5 million)
- Modernizing California's Fish Hatchery Operations (\$7.0 million)
- Efficient Management of State Wetlands (\$9.0 million)
- Priority Vegetation Map Concept (\$5.5 million)
- Offshore Patrol Vessel Support to Protect our Marine Resources (\$4.5 million)
- Public Access and Recreation for Underserved Communities (\$3.5 million)
- Fishing and Hunting Licenses Modernization (\$750,000)

According to the proposals, these investments will implement the Governor's Executive Order N-82-20 and better allow the Department to conserve the environment and maintain biodiversity.

The Department further asserts that the proposed investments are supported by information from its service-based budget review. The service-based budget's findings highlight that the greatest areas of needed capacity include restoration and enhancement to improve habitat and species diversity and resilience to climate change, as well as development of public recreational and educational programs, outreach, partnerships, and site amenities to foster engagement with tribal, local, and underserved communities.

LAO COMMENTS

Approve a One-Time CDFW Funding Package That Reflects Legislative Priorities. Given the Department's significant deficiencies in meeting its mission service levels, the LAO finds that spending one-time funds to upgrade CDFW's service levels to be worthwhile. The Legislature could approve the Governor's proposal, which the LAO believe is a reasonable mix of activities that could yield multiple benefits. Alternatively, the Legislature could modify the proposal to fund a different mix of activities based on what it views to be the highest statewide priorities.

Direct CDFW to Identify Special Funds to Support Hunting and Fishing License Proposal. The LAO recommends that the Legislature direct CDFW to report back by May 15, 2021 with potential alternative sources of funding that could support this proposal. To the degree that special funds could offset some or all of the \$750,000 proposed from the General Fund, that freed up funding could be redirected to other General Fund priorities, either within CDFW or in other policy areas.

Require CDFW to Report Back With Long-Term Options to Address Service Deficiencies. The LAO recommends directing CDFW to report to the Legislature with specific ideas for making progress on addressing the service deficiencies highlighted by the SBB review, particularly for habitat and species conservation, including options for long-term funding. This report could be

incorporated into the SBB presentation CDFW is required to make in legislative oversight hearings by April 2021.

The LAO provides the following points to support its recommendations:

Helps Reduce Some Existing Service Gaps Without Committing Ongoing Funding.

Overall, the Governor’s proposals seem reasonable and could yield multiple benefits.

- **Proposals Could Yield Multiple Benefits.** The equipment and land management upgrades likely would decrease staffing and maintenance costs and improve effectiveness. Addressing human-wildlife encounters would protect the needs of both groups, as well as reduce department staffing requirements. Enhancing visitor amenities would improve public access. Mapping vegetation would inform future species and habitat management decisions.
- **Amount of Benefit Uncertain.** CDFW could not quantify the degree to which these proposals would improve its ability to meet its mission in the different SBB service areas. For example, purchasing new hatchery egg-sorting machines should be able to close the gap between “mission” and “current” SBB service levels, both by reducing the number of staff hours needed to meet CDFW’s mission (through negating the need for staff to conduct manual sorting) and increasing current service levels (through staff being freed up to accomplish additional tasks). However, CDFW stated that using the SBB system to calculate the degree to which its proposals would reduce existing service gaps would take too much time, and they would not be able to quantify the improvements until their next SBB review cycle.

Does Not Focus on Service Area Where CDFW Has Largest Gap. While a few components of the proposed package would address species and habitat conservation—most notably the vegetation mapping—most do not. CDFW states this is because most of the needed work in that area would require additional staff and ongoing funding, and that the state’s fiscal condition precludes such augmentations.

- **Unclear How Administration Plans to Address Deficiencies.** CDFW has not presented a long-term plan for how it will make progress on carrying out its mission related to species and habitat conservation. Moreover, these responsibilities likely will increase with the challenges presented by a changing climate.

Legislature Could Consider Alternative Package of One-Time Investments. While CDFW’s proposed package of activities is reasonable, it is not the only option. The Legislature could select an alternative mix of one-time activities to support.

- **Example: Target Funding for Other Conservation Activities.** The Legislature could work with CDFW to design a one-time funding package that is more targeted around species and habitat conservation activities, including potentially providing up-front funding to cover multiyear, high-priority activities (such as developing recovery plans for particular threatened species).

- Example: Shift Funding to Augment Proposed Conservation Efforts. The Legislature could opt to upgrade visitor amenities at fewer CDFW sites than proposed by the Governor and instead spend more on vegetation mapping to complete a greater portion of the state. (Roughly 60 percent of the state has been mapped thus far; CDFW estimates that its proposal would help complete an additional 15 percent to 20 percent.)

Hunting and Fishing License Proposal Likely Could Be Funded—at Least Partially—by Special Funds. The creation of a mobile application for hunters and anglers is reasonable. Since it would provide value for users, the existing fees CDFW collects from these groups could be an appropriate funding source for this project.

STAFF COMMENTS

According to CDFW, the SBB exercise revealed that service areas with the largest gaps include species and habitat restoration, permitting and environmental protection. Each of the proposed expenditures appears to be one-time expenditures that can generally help, but they do not appear to be focused on those largest gaps. Given the myriad of things the Department can reasonably fund to close those gaps, how did the Department decide on these items to fund first? Are there other activities that could be funded with one-time monies that would focus more directly on species and habitat restoration and permitting?

Closing these service gaps would likely require long term ongoing funding. What is the Department's solution to this? How does the Department intend to address these service gaps beyond these one-time proposed expenditures?

Staff Recommendation: The Subcommittee may wish to ensure that the projects proposed for funding are used to close the largest service gaps identified and work with the Department to explore a work plan to fully close those gaps identified in the SBB.

3860 DEPARTMENT OF WATER RESOURCES

ISSUE 4: SUSTAINABLE GROUNDWATER MANAGEMENT PROGRAM

The Governor's budget requests \$60 million General Fund (\$30 million in 2020-21 and \$30 million in 2021-22) for grants that support local planning and implementation of Groundwater Sustainability Plans across critically over-drafted basins.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Brian Fuller, Budget Analyst, Department of Finance
- Karla Nemeth, Director, Department of Water Resources Sergio Aguilar, Principal Program Budget Analyst, Department of Finance
- Kris Tjernell, Deputy Director, Department of Water Resources
- Rachel Ehlers, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Sergio Aguilar, Principal Program Budget Analyst, Department of Finance
- Steven Springhorn, Acting Deputy Director, Department of Water Resources

BACKGROUND

Sustainable Groundwater Management Act (SGMA). In 2014, amidst a major drought, the SGMA was signed into law establishing the first statewide structure for managing California's groundwater resources, but relying on local agencies to draft plans for state review. The Act consists of three legislative bills and provides a framework for long-term sustainable groundwater management across California.

SGMA requires the formation of Groundwater Sustainability Agencies (GSAs) to form in high- and medium-priority basins by June 30, 2017. The GSAs for critically over drafted basins submitted their first draft Groundwater Sustainability Plans (GSPs) in January 2020, and other at-risk basins will submit plans in 2022. GSAs will have until 2040 to achieve groundwater sustainability.

DWR's role in SGMA implementation. DWR has a regulatory role as well as an assistance role in SGMA implementation. DWR established the Sustainable Groundwater Management Program (SGMP) in 2015 to fulfill these dual roles. DWR prioritized basins, accepted proposed GSAs, and developed regulations governing how the plans must be prepared. DWR helps the locals in preparing and implementing their GSPs through technical, planning, and financial support. This includes, providing facilitation support, direct technical support, data, information, tools, and funding.

Sustainable Groundwater Management Grant Program. The Sustainable Groundwater Management (SGM) Grant Program consists of two programs that support SGMA

implementation: (1) the SGM Planning Grant Program; and, (2) the SGM Implementation Grant Program.

The SGM Planning Grant Program provides funds for activities that support the development of GSPs. Two rounds were funded by Proposition 1, awarding a total of \$92.5 million, with \$16.2 million for planning that serve severely disadvantaged communities. The third round was funded by both Proposition 68 and Proposition 1 awarding \$47.5 million.

The Budget Act of 2019 appropriated \$88 million from Proposition 68 for the Department to competitively award in the newly created SGM Implementation Grant Program. The purpose of this grant program is to support planning, design, and construction for projects and management actions that will help implement GSPs.

LAO COMMENTS

The LAO recommends adopting the full \$60 million in the 2021-22 Budget. The LAO recommends that the Legislature provide additional financial assistance to GSAs to help ensure effective implementation of SGMA, but minimize administrative complexity by appropriating all the funds in the budget year for one consolidated grant program rather than providing half of the requested funds through early action in the current year as proposed by the Governor.

The LAO provides the following points to support its recommendation:

Proposal Addresses Important State Priority. Critically over drafted (COD) basins face the double challenge of experiencing the most severe imbalance between groundwater usage and available groundwater resources, as well as the most expedited SGMA time lines to begin addressing that imbalance. Additional funding could help facilitate success in these initial phases of SGMA implementation.

Allocation Approach Makes Sense. The proposed approach of allocating funding through the existing Proposition 68-funded competitive grant program—rather than developing a new program—would minimize administrative hurdles and help to ensure that proposed projects are assessed using a transparent selection approach consistent with the priorities in the SGMA legislation.

No Compelling Rationale for Early Action. It is unclear why expediting appropriation of half the funding by a few months is essential, given these are not emergency projects and the first round of Proposition 68 funding is still in the process of being awarded.

Splitting Funding Adds Unnecessary Administrative Complexity. Allocating the proposed funding in two additional grant solicitations of \$30 million—compared to one solicitation of \$60 million—would add administrative complexity for the department and applicants.

STAFF COMMENTS

Successful SGMA implementation is imperative. This proposal would provide \$30 million General Fund annually for the next two years for grants to support local planning and implementation of GSPs across COD basins. This additional funding will further the likelihood of successful GSP implementation.

This Subcommittee has received some concerns from a number of organizations over how DWR plans to evaluate the GSPs. The concerns stem from the fact that the majority of the GSPs submitted identify no early actions to address over pumping, and assumes overdraft will continue at close to current levels for most of the 20-year period. This would allow shallow wells in those regions to continue going dry as water levels go down. Given the concern, these groups are asking for at least 10 percent of the funding be redirected for technical assistance grants to ensure continued engagement of impacted disadvantaged communities in plan implementation and at least 30 percent of the funding go to projects that protects drinking water, including implementing drinking water mitigation programs, in a manner that provides direct and tangible benefits to disadvantaged communities related to water supply and/or quality, and are supported by an adequate analysis of and mitigation for their water supply and water quality impacts.

The Legislature has labored over establishing a sustainable funding source to help communities, especially those in disadvantaged communities, gain access to clean water. Many of these communities are located in over drafted basins. The Subcommittee might wish to ask:

- How the Department is taking these concerns into consideration?
- How does the Department intend to mitigate this impact on domestic well owners?
- Is it necessary to appropriate the \$30 million as early action?

Staff Recommendation: The Subcommittee may wish to consider provisional language to ensure harmony in the implementation of SGMA and the SAFER program at the Water Board.

ISSUE 5: URBAN FLOOD RISK REDUCTION - STATE COST SHARE FOR EMERGENCY SUPPLEMENTAL FUNDING

The Governor's budget requests additional funding for the state cost-share requirement of the American River Commons Features (ARCF) 2016 project. Specifically, the request includes:

- \$67 million General Fund in 2021-22;
- \$113.8 million in 2022-23;
- \$17.2 million in 2023-24; and,
- \$26.9 million in 2024-25.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Brian Fuller, Budget Analyst, Department of Finance
- Karla Nemeth, Director, Department of Water Resources
- Kris Tjernell, Deputy Director, Department of Water Resources
- Rachel Ehlers, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Sergio Aguilar, Principal Program Budget Analyst, Department of Finance
- Jeremy Arrich, Division Chief, Department of Water Resources

BACKGROUND

The American River Common Features 2016 (ARCF 2016) Project. The ARCF 2016 Project is part of the Urban Flood Risk Reduction program and is a critical flood risk reduction project that is being implemented by the United States Army Corps of Engineers (USACE).

The ARCF 2016 Project consists of the construction of levee improvement measures that address seepage, stability, erosion, and overtopping concerns identified for the East levee of the Sacramento River downstream of the American River to Freeport (Pocket Area), East levee of the Natomas East Main Drainage Canal, Arcade Creek, and Magpie Creek, as well as erosion control measures along the American River, and widening of the Sacramento Weir and Bypass to deliver more flood flows into the Yolo Bypass.

The ARCF 2016 Project makes a significant reduction in the overall identified flood risk in the Central Valley.

Federal funding for ARCF 2016. The ARCF 2016 project received \$1.565 billion in federal appropriations through the Bipartisan Budget Act of 2018 (BBA 2018). Not only did the BBA 2018 appropriation fully fund the federal cost share, it also required the project to be implemented in five years versus the originally planned ten-year implementation timeframe. To leverage this federal funding and take advantage of the accelerated schedule, the state is

responsible for providing \$570 million of funding for both cost-share payments to USACE and funds for acquisition of real estate and relocation of utilities.

LAO COMMENTS

The LAO finds that the Governor's package of flood proposals likely would protect public safety, mitigate future damage, and leverage significant federal funds. Moreover, his proposed approach of focusing most of the funding on the Central Valley has merit, as this is where flood risk and state responsibility are most significant. As such, the LAO recommends the Legislature adopt the Governor's package of flood management proposals.

STAFF COMMENTS

Most of state cost share obligation for the ARCF 2016 Project has already been met through previous appropriations and credits. Funding this request would enable the state to fully draw down over \$1.5 billion federal dollars and to continue this flood reduction project in the Central Valley.

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

3860 DEPARTMENT OF WATER RESOURCES
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION
3790 DEPARTMENT OF PARKS AND RECREATION

ISSUE 6: ONE-TIME DEFERRED MAINTENANCE ALLOCATION

The Governor's budget requests \$105 million General Fund for deferred maintenance across three departments. Specifically:

- \$75 million for DWR.
- \$10 million for CalFire.
- \$20 million for Parks.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Sergio Aguilar, Principal Program Budget Analyst, Department of Finance
- Jeremy Arrich, Division Chief, Department of Water Resources
- Mike Duggan, Department of Forestry and Fire Protection
- Brian Dewey, Department of Parks
- Rachel Ehlers, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Brian Fuller, Budget Analyst, Department of Finance
- Tony Favro, Department of Parks

BACKGROUND

Deferred maintenance at DWR. The state is responsible for operating and maintaining a flood risk reduction levee system that extends 1,600 miles and includes a number of pumping plants, weirs, and other structures. These facilities require routine maintenance and repair to keep them in acceptable condition and to preserve and extend their useful lives. When such maintenance is delayed or does not occur, it is referred to as deferred maintenance. Deferred maintenance also refers to deferred repair efforts from older high water or flood event.

The 2017 Central Valley Flood Protection Plan update, which is California's strategic blueprint to improve flood risk management in the Central Valley, identified the estimated deferred maintenance needs for continued operations of the flood management system in the Central Valley at \$12 billion over 30 years.

Deferred maintenance at CalFire. CalFire's facility inventory consists of approximately 2,600 state-owned structures, which collectively exceed 3.5 million square feet in total. Most of these facilities were constructed between 1930 and 1970, with over 80 percent having been built prior to 1970. CAL FIRE is responsible for ongoing maintenance and facility repairs for use by CAL FIRE staff, cooperators, and the public. The funding requested would enable CalFire to begin

addressing its existing \$157 million backlog of deferred maintenance projects, which includes critical infrastructure that houses public safety staff around the clock, throughout the year. Projects include basic needs such as heat, air, water, and safety system maintenance and repairs (e.g. fire alarm control panels, smoke and carbon monoxide detectors, fire suppression systems, etc.), fixture and structural repairs, and implementation of energy retrofit programs, all to increase energy efficiency and resource sustainability and more readily achieve statewide goals.

Deferred maintenance at Parks. The State Park System consists of over 5,000 buildings, approximately 1.6 million acres of land and 280 park units. Parks' maintenance budget has not kept pace with the increase in its size or visitation over the years. Often, when Parks is required to redirect funding to higher priority activities, such as public safety or revenue generation, lower priority activities suffer a loss of support resources. This lack of funding for ongoing maintenance results in a deferred maintenance backlog. Currently, the deferred maintenance backlog is approximately \$1.27 billion with over 5,000 unique projects. The funding requested would allow the Department to fund the construction of various high-priority deferred maintenance projects currently in the design and permitting.

STAFF COMMENTS

Reducing the backlog of deferred maintenance projects is important for protecting the state's investments in its facilities. When adequate routine maintenance is not performed, it can sometimes trigger repairs that are more expensive in the future. Given the large deferred maintenance backlog at all three departments, the Subcommittee may wish to ask each department:

- How do you plan on prioritizing this funding?
- What is the status of funding provided in previous years?
- Have you allocated all the prior year funding for specific projects?
- Were there any barriers in expending funds?

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.

3940 STATE WATER RESOURCES CONTROL BOARD

ISSUE 7: SITE CLEANUP PROGRAM INVESTIGATION AND CLEANUP

The Governor's budget requests \$4,282,000 in reimbursement authority and 21 permanent positions to oversee cleanup of contaminants including per- and polyfluoroalkyl substances source investigation orders sent by the Water Boards to airports, chrome plating facilities, bulk fuel terminals and refineries.

PANEL

The following individuals will participate virtually in the discussion of this issue:

- Andrew Hull, Budget Analyst, Department of Finance
- Joaquin Esquivel, Chair, State Water Resources Control Board
- Rachel Ehlers, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Sergio Aguilar, Principal Program Budget Analyst, Department of Finance
- Karen Mogus, State Water Resources Control Board
- John Russell, State Water Resources Control Board

BACKGROUND

Site Cleanup Program. The Water Board and the Regional Water Quality Control Boards operate the Site Cleanup Program, which is responsible for oversight of investigation and cleanup efforts at over 3,900 contaminated sites to protect water quality, human health, and the environment. A key objective of the program is to support the reuse of contaminated properties (brownfields).

Case types vary, ranging from large industrial manufacturing sites, and former military sites, to small dry cleaners. The Site Cleanup Program also oversees sites with a wide range of contaminants including petroleum, pesticides, metals, and chlorinated hydrocarbons (solvents) which are highly toxic and persistent in nature.

The Site Cleanup Program staff is funded primarily through direct billing (cost recovery) of dischargers who have either requested oversight or have been ordered by the Water Boards to conduct investigation and cleanup efforts.

Caseload and backlogged cases. Statewide, there are about 4,000 open cases which include active and inactive cleanup cases. Approximately 81 positions support oversight for about 2,800 of the open cases primarily through cost recovery from responsible parties. Due to several reasons including but not limited to, staff resources, insolvent dischargers, restrictions in property access, etc., the Site Cleanup Program has a backlogged caseload of approximately 1,000 cases.

Per- and polyfluoroalkyl substances (PFAS). PFAS represents a suite of over 6,000 manmade chemicals used in a wide variety of products due to its water repellency and stability at very high temperatures. Some products include cleaning products, paints, water-resistant fabrics, water-resistant carpeting, and fire-fighting foams.

PFAS contamination in soil and groundwater presents a significant threat since it is highly toxic, mobile in groundwater, and will not degrade in nature. All these factors contribute to increased concern with potential impact to water supply sources and drinking water wells from these contaminants if source investigations and cleanups are not completed in a timely manner and with adequate oversight by the regional water boards.

There are numerous PFAS cases, and they continue to grow. The Site Cleanup Program is the primary Water Boards program overseeing the Statewide PFAS initiative to identify sites that may be contaminated with PFAS and issue directives for investigation and potential cleanup. By spring 2021, the Water Board will have issued 462 investigation orders to 30 airports, 271 chrome plating facilities, and 161 bulk fuel terminals/refineries to investigate the presence of PFAS in soil and groundwater.

The Water Board anticipates that approximately 270 of the 462 PFAS sites will detect PFAS in soil and groundwater requiring further investigation and eventual cleanup. Thus, the Site Cleanup Program will add approximately 270 new PFAS cases to its active cases by the end of 2020-21 fiscal year. Beyond 2020-21 fiscal year, the Water Board will be targeting other airports, fire training areas, and other industrial sites that may have used PFAS at their facilities. As such, the Water Board anticipate an increase of active PFAS cases beyond the 2020-21 fiscal year.

STAFF COMMENTS

Given the widespread use of PFAS and its persistence in the environment, PFAS levels from past and current uses can accumulate and result in increasing levels of toxic contamination. It would be prudent to provide the Water Board with additional resources to address the increasing number of PFAS cases. The Subcommittee may wish to ask the following questions:

- How far would these new resources help get the state toward addressing statewide PFAs contamination problems?
- Since these resources would address identifying which sites are contaminated and need cleaning, is there a plan or timeline in place to undertake the clean-up once those sites are identified?
- What is the expected cost of cleanup?
- Are responsible parties typically identified for PFAS contamination, or will the state have to take responsibility for funding and cleaning up some sites?

Staff Recommendation: Absent member questions or input from the public at this hearing, Staff recommends this item be considered for a vote-only calendar when the Committee takes action.
