

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 ON CLIMATE CRISIS, RESOURCES, ENERGY, AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD BLOOM, CHAIR

WEDNESDAY, FEBRUARY 9, 2022
9:30 A.M. – STATE CAPITOL, ROOM 127

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The public may attend this hearing in person or participate by phone. Any member of the public attending this hearing will need to wear a mask at all times while in the building location. This hearing can be viewed via live stream on the Assembly's website at <https://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 / Access Code: 131 51 27.***

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.

Dept	Request Title	Bond Fund (Prop)	2022-23 BY	Request Type	Request Description
CNRA	Extension of spending deadline for FY 2017-18 appropriation of Prop 1	Prop 1	Remaining balance	Reappropriation – Extension of Liquidation	Due to COVID-related delays, projects need additional time for project completion.
CNRA	Reappropriation – Extension of Liquidation for Proposition 84 projects selected by the Ocean Protection Council payable through the Ocean Protection Trust Fund.	N/A	Remaining balance	Reappropriation – Extension of Liquidation	Due to COVID-related delays, projects need additional time for project completion.
CNRA	Extension of spending deadline for FY 2019-20 appropriation of General Fund for MPA Monitoring	N/A	Remaining balance	Extension of Liquidation	Due to COVID-related delays, projects need additional time for project completion.
CNRA	Reduce support appropriation to ensure section balance is not exceeded.	Prop 1	-\$78,000	Hyperion Reduction	Reduction to current service level in EY 22/23 of \$78,000.
CTC	1388 - Opportunity Acquisitions	Prop 68	Remaining balance	Reappropriation	Reappropriation of funding from 19/20 Budget
CTC	Baseline Budget Adjustment	N/A	-\$100,000	N/A	Remove the \$100,000 annual local assistance appropriation from the Lake Tahoe Conservancy Account (Fund 0286) to help preserve the fund balance.
CCC	Appropriate Proposition 68 Available Balance	Prop 68	\$48,000	New Appropriation	Minimal balance available for 2022-23 to support the program thru 6/30/24.
CCC	Appropriate Proposition 68 Available Balance	Prop 68	\$4,664,000	New Appropriation	ENY 2018 was the first year of the Proposition 68 program, and the appropriation has now reverted. Program rollout took longer than anticipated. This proposal appropriates the balance available for 2022-23 to support the program thru 6/30/24.
CCC	Reappropriate Proposition 68 Balance	Prop 68	Remaining balance	Reappropriation	This request is to reappropriate the remaining Proposition 68 balance. These dollars have been annually appropriated.
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DOC	Proposition 68 Local Assistance Extension	Prop 68	Remaining balance	Reappropriation	Department of Conservation's Working Lands and Riparian Corridors Restoration program is funded by Prop 68. The Prop 68 appropriation is available to expend or encumber until June 30, 2022 with a reversion date of June 30, 2024. The grantees need additional time to complete their planting projects due to the drought.
DOC	Proposition 68 Local Assistance Extension	Prop 68	Remaining balance	Reappropriation	Department of Conservation's Working Lands and Riparian Corridors Restoration program is funded by Prop 68. The Prop 68 appropriation is available to expend or encumber until June 30, 2022 with a reversion date of June 30, 2024. The grantees need additional time to complete their planting projects due to the drought.
DOC	Reappropriation to extend period of liquidation	N/A	Remaining balance	Reappropriation	\$50,000,000 was appropriated in the 2021 Budget Act for the Department of Conservation to implement the Multibenefit Land Repurposing Program for groundwater sustainability projects that reduce groundwater use, repurpose irrigated agricultural land, and provide wildlife habitat. This reappropriation extends the period of encumbrance and liquidation to expend the funds.
CAL FIRE	Oroville Full Service Local Government Agreement	N/A	\$5,000,000	New	In March 2021, the City of Oroville City Council issued a Letter of Intent to CAL FIRE for full service fire protection services, starting on July 1, 2022. The contract would be considered at a future meeting, once all the details were finalized between the City and CAL FIRE, and LAFCO approves the request. The SB 239 (Statutes of 2016) Department of Finance notification has already been completed.
CDFW	CDFW Prop 1 Local Assistance Extension of Liquidation	Prop 1	Remaining balance	Reappropriation – Extension of Liquidation	Request an extension of liquidation of all local assistance Proposition 1 funding for CDFW from the 2018-19 Budget Act to complete projects that are extending beyond their original planned completion date of June 30, 2022.
WCB	Reappropriation: Lower American River Conservancy Program	Prop 68	Remaining balance	Reappropriation	This request is to reappropriate the unencumbered balance of the original appropriation for ongoing projects for the Lower American River Conservancy Program.
WCB	Reappropriation: Regional Conservation Investment Strategies	Prop 68	Remaining balance	Reappropriation	This request is to reappropriate the unencumbered balance of the original appropriation for ongoing projects for the Regional Conservation Investment Strategies.
WCB	Reappropriation: Natural Community Conservation Plan Implementation	Prop 68	Remaining balance	Reappropriation	This request is to reappropriate the unencumbered balance of the original appropriation for ongoing projects for the Natural Community Conservation Plan.
WCB	Reappropriation: UC Natural Reserve System	Prop 68	Remaining balance	Reappropriation	This request is to reappropriate the unencumbered balance of the original appropriation for ongoing projects for the UC Natural Reserve System.
WCB	Reappropriation: WCB General - National Recreation Areas	Prop 68	Remaining balance	Reappropriation	This request is to reappropriate the unencumbered balance of the original appropriation for ongoing projects in national recreation areas.
WCB	Reappropriation: Direct Expenditures and Grants - Wildlife Corridors	Prop 68	Remaining balance	Reappropriation	This request is to reappropriate the unencumbered balance of the original appropriation for ongoing projects supporting acquisition and restoration in wildlife corridors.
WCB	Reappropriation: Pacific Flyway Habitat Protection and Restoration	Prop 68	Remaining balance	Reappropriation	This request is to reappropriate the unencumbered balance of the original appropriation for ongoing projects Pacific Flyway Habitat Protection and Restoration.
WCB	Reappropriation: Wildlife or Fish Passage - Competitive Grants	Prop 68	Remaining balance	Reappropriation	This request is to reappropriate the unencumbered balance of the original appropriation for competitive grants to support Wildlife or Fish Passage.
WCB	Reappropriation: Sierra Nevada and Cascade Mountains - Competitive Grants	Prop 68	Remaining balance	Reappropriation	This request is to reappropriate the unencumbered balance of the original appropriation for competitive grants to in the Sierra Nevada and Cascade Mountains.
WCB	New Appropriation: Lower American River Conservancy Program for State Operations	Prop 68	\$8,000	New Appropriation	WCB is requesting a one-year increase for ongoing state operations for Lower American River Conservancy Program.
WCB	New Appropriation: Regional Conservation Investment Strategies for State Operations	Prop 68	\$4,000	New Appropriation	WCB is requesting a one-year increase for ongoing state operations for Regional Conservation Investment Strategies.
WCB	New Appropriation: Pacific Flyway Habitat Protection and Restoration for State Operations	Prop 68	\$25,000	New Appropriation	WCB is requesting a one-year increase for ongoing state operations for Pacific Flyway Habitat Protection and Restoration.

WCB	New Appropriation: Natural Community Conservation Plan Implementation for State Operations	Prop 68	\$7,000	New Appropriation	WCB is requesting a one-year increase for ongoing state operations for Natural Community Conservation Plan Implementation.
WCB	New Appropriation: UC Natural Reserve System for State Operations	Prop 68	\$9,000	New Appropriation	WCB is requesting a one-year increase for ongoing state operations for UC Natural Reserve System.
WCB	New Appropriation: WCB General - National Recreation Areas for State Operations	Prop 68	\$39,000	New Appropriation	WCB is requesting a one-year increase for ongoing state operations for WCB General - National Recreation Areas.
WCB	New Appropriation: Wildlife or Fish Passage - Competitive Grants for State Operations	Prop 68	\$34,000	New Appropriation	WCB is requesting a one-year increase for ongoing state operations for Wildlife or Fish Passage - Competitive Grants.
WCB	New Appropriation: Sierra Nevada and Cascade Mountains - Competitive Grants for State Operations	Prop 68	\$4,000	New Appropriation	WCB is requesting a one-year increase for ongoing state operations for Sierra Nevada and Cascade Mountains - Competitive Grants.
WCB	New Appropriation for Program Delivery for Proposition 50	Prop 50	\$66,000	New Appropriation	WCB is requesting to increase the ongoing appropriation of \$43,830 by \$66,000 from section 79568 for ongoing staff support for the Colorado River-Land/Water Resources Program.
WCB	New Appropriation for Projects for Proposition 50	Prop 50	\$1,300,000	New Appropriation	WCB is requesting a new appropriation of \$1,300,000 to item 3640-301-6031 for projects for the Colorado River-Land/Water Resources Program.
WCB	Reappropriation: Greenhouse Gas Reduction, Local Assistance: GGRF: EY 2017	N/A	Remaining balance	Reappropriation	This request is to reappropriate the unencumbered balance of the original appropriation to develop viable projects and encumber all funds.
WCB	New Appropriation: Stream Flow Enhancement Program	Prop 1	\$160,000	New Appropriation	WCB is requesting a new appropriation of state operations from the amount reverted for that section from Item 3640-001-6083, Budget Act of 2018, on June 30, 2021, for ongoing staff support for contracts with the State Water Resources Control Board and the Office of General Council for Stream Flow Enhancement Program.
SCC	Reversion of Unencumbered Bond Funds	Prop 68	Remaining balance	Reversion	Reversion of unencumbered funds from Prop 68 to make them available for future year's appropriations.
SCC	Reduce Support Appropriation	Prop 1	-\$25,000	Hyperion Reduction	Reduce support appropriation as support costs for Prop 1 will be going down.
SCC	Removal of Reimbursement Authority	Prop 84	- \$4,000,000	Hyperion Reduction	Remove reimbursement authority tied to Prop 84.
SCC	Removal of Reimbursement Authority	Prop 1	- \$6,000,000	Hyperion Reduction	Remove reimbursement authority tied to Prop 1.
Parks	Statewide Bond Cost Realignment	Prop 40	-\$69,000	Hyperion Reduction	To reflect economies of scale, extended implementation timelines, and increasing bond reconciliation and oversight responsibilities, the Department proposes funding adjustments between bond funds for its Statewide Bond Office and an overall reduction of \$298,000 in 2022-23 (and similar amounts in outyears) to better align its funding with its short and long-term staffing needs.
Parks	Statewide Bond Cost Realignment	Prop 50	\$10,000	New appropriation	To reflect economies of scale, extended implementation timelines, and increasing bond reconciliation and oversight responsibilities, the Department proposes funding adjustments between bond funds for its Statewide Bond Office and an overall reduction of \$298,000 in 2022-23 (and similar amounts in outyears) to better align its funding with its short and long-term staffing needs.
Parks	Statewide Bond Cost Realignment	Prop 84	-\$40,000	Hyperion Reduction	To reflect economies of scale, extended implementation timelines, and increasing bond reconciliation and oversight responsibilities, the Department proposes funding adjustments between bond funds for its Statewide Bond Office and an overall reduction of \$298,000 in 2022-23 (and similar amounts in outyears) to better align its funding with its short and long-term staffing needs.

Parks	Statewide Bond Cost Realignment	Prop 1	-\$199,000	Hyperion Reduction	To reflect economies of scale, extended implementation timelines, and increasing bond reconciliation and oversight responsibilities, the Department proposes funding adjustments between bond funds for its Statewide Bond Office and an overall reduction of \$298,000 in 2022-23 (and similar amounts in outyears) to better align its funding with its short and long-term staffing needs.
Parks	Prop 68 Rev Gen Round 2	Prop 68	\$5,750,000	New Appropriation	The Department of Parks and Recreation requests \$5,750,000 one-time from Prop 68 to fund support level projects related to revenue generation. Prop 68 allocated \$10m for revenue generation. The Department has already allocated the FY 19/20 appropriation to projects, this request is for the remaining funds left under PRC 80072.
Parks	Public Beach Restoration Program: Reappropriation of Funding	N/A	Remaining balance	Reappropriation	Request reappropriation of the unencumbered balance of the below items: Subdivision (a) of Schedule (1) of Item 3790-101-3001, Budget Act of 2016 Subdivision (c) of Schedule (1) of Item 3790-101-3001, Budget Act of 2017 Schedule (1) and (2) of Item 3790-101-3001, Budget Act of 2019
Parks	Reappropriation for Proposition 84 projects	Prop 84	Remaining balance	Reappropriation	Request reappropriation of the unencumbered balance of Prop 84 support project funding. Due to COVID related delays, these Cultural and Interpretive Exhibit projects are taking longer to encumber than originally anticipated.
Parks	Off-Highway Vehicle Trust Fund Outyear Correction	N/A	-\$240,000	Hyperion Reduction	Request for Hyperion Reduction is needed to eliminate outyear ongoing funding of \$240,000 for BY – BY+4. Funding for a program from the Off-Highway Vehicle Trust Fund ended in FY 2021-22.
BHC	BHC Prop 1 Reappropriation - Local Assistance	Prop 1	\$272,000	Reappropriation	This request is to reappropriate the balance of Prop 1 2019 Budget Act funds from Capital Outlay to Local Assistance for Ballona Creek and Baldwin Hills multi-benefit watershed projects
BHC	BHC Prop 1 Reappropriation - Local Assistance	Prop 1	\$1,500,000	Reappropriation	This request is to reappropriate the balance of Prop 1 2016 Budget Act funds from Capital Outlay to Local Assistance for multi-benefit watershed projects at Kenneth Hahn SRA
BHC	BHC Prop 40 Reappropriation - Local Assistance	Prop 40	\$2,125,000	Reappropriation	This request is to reappropriate \$2,125,000 of Prop 40 2016 Budget Act funds for infrastructure and acquisition improvements at Kenneth Hahn SRA
BHC	BHC Prop 68 Reappropriation - Local Assistance	Prop 68	Remaining balance	Reappropriation	This request is to reappropriate the balance of Prop 68 2019 Budget Act funds for infrastructure and acquisition improvements at Kenneth Hahn SRA
SDRC	Reduce Prop 1 Current Service Level Local Assistance	Prop 1	-\$910,000	Hyperion Reduction	Reduce Prop Local Assistance by \$910,000 from FY 2022-23 and shift to Planning & Monitoring.
SDRC	Shift Prop 1 Support from Program Delivery to Planning & Monitoring	Prop 1	\$67,000	New Appropriation	Add to Planning and Monitoring \$67,000 (FY 2022-23) and then \$130,000/year for BY+1 through BY+4 and ongoing until the \$910,000 is depleted.
SDRC	Reduce Prop 1 Program Delivery to Align Within 5% Cap	Prop 1	-\$11,000	Hyperion Reduction	Reduce Program Delivery by \$11,000 (FY 2022-23) and reduce Program Delivery by \$125,000 for BY+1 through BY+4.
CVMC	Reappropriation, Prop 1 Local Assistance	Prop 1	Remaining balance	Reappropriation	Reappropriate balance of unencumbered funds, if any, as of 6/30/22, PCA 20002
CVMC	Reappropriation, Prop 1 Local Assistance	Prop 1	Remaining balance	Reappropriation	Reappropriate balance of unencumbered funds, if any, as of 6/30/22, PCA 20011
CVMC	Reversion, Prop 1 Local Assistance	Prop 1	-\$2,020	Reversion - Dollar Specific	Revert funds to allow for one more year of admin support costs
CVMC	Reduce Prop 1 Program Delivery CSL & and ongoing CSL	Prop 1	-\$65,000	Hyperion Reduction	Reduce Prop 1 Program Delivery CSL & and ongoing CSL to bring total PD under the 5% cap
CVMC	Reappropriation, Prop 68 Local Assistance	Prop 68	Remaining balance	Reappropriation	Reappropriate balance of unencumbered funds, if any, as of 6/30/22, PCA 20012
CVMC	New Appropriation for Proposition 84 Program Delivery	Prop 84	\$35,000	New appropriation	Increase appropriation to cover increased costs of state-mandated IT and facilities upgrades and new services. Current appropriation is \$60,000.

SNC	Reversion of Proposition 68 bond funds	Prop 68	Remaining balance	Reversion	This request is to revert the remaining balance of Proposition 68 funds from the 2020-21 support appropriation.
SNC	Proposition 1 local assistance liquidation period extension	Prop 1	Remaining balance	Reappropriation – Extension of Liquidation	This request is to extend the liquidation period for a 2017-18 Proposition 1 local assistance appropriation to June 30, 2024.
DWR	Prop 1 Groundwater Planning Grants State Operations	Prop 1	\$26,000	New Appropriation	This request will support the SGMA grant program for the development, implementation, and continued management of groundwater plans and projects.
DWR	Prop 1 IRWM Implementation Grants State Operations	Prop 1	\$6,377,000	New Appropriation	This request will support DWR staff to administer and manage the Prop 1 IRWM grant programs that disburses approximately \$460 million in grant funds to local agencies in support of IRWM program.
DWR	Prop 1 IRWM Implementation Grants State Operations	Prop 1	-\$186,000	Reversion - Dollar Specific	This reversion and accompanying new appropriation support DWR staff to administer and manage the Prop 1 IRWM grant programs that disburses approximately \$460 million in grant funds to local agencies in support of IRWM program.
DWR	Prop 68 Groundwater Planning Grants State Operations	Prop 68	\$231,000	New Appropriation	This request will support the planning grant program to continue the development, and planning management of planning projects.
DWR	Prop 68 Groundwater Planning Grants State Operations	Prop 68	-\$163,000	Reversion - Dollar Specific	This reversion and accompanying new appropriation support the planning grant program to continue the development, and planning management of planning projects.
DWR	Prop 68 Groundwater Planning Grants State Operations	Prop 68	-\$67,854	Reversion - Dollar Specific	This reversion and accompanying new appropriation will support the planning grant program to continue the development, and planning management of planning projects.
SSJDC	Proposition 1 Reversion to Fund Ecosystem Protection, Restoration and Enhancement, Water Quality, and Water-Related Agricultural Sustainability	Prop 1	-\$606,000	Reversion - Dollar Specific	This reversion would allow for a new appropriation to fund both planning and implementation projects. The projects are three priority types: ecosystem protection, restoration and enhancement; water quality; and water-related agricultural sustainability. Projects must be consistent with statewide priorities as identified in Proposition 1, the California Water Action Plan, the current SSJDC governing statute and strategic plan, the Delta Plan, and applicable species recovery plans.
SSJDC	Proposition 1 Reversion to Fund Ecosystem Protection, Restoration and Enhancement, Water Quality, and Water-Related Agricultural Sustainability	Prop 1	-\$965,000	Reversion - Dollar Specific	This reversion would allow for a new appropriation to fund both planning and implementation projects. The projects are three priority types: ecosystem protection, restoration and enhancement; water quality; and water-related agricultural sustainability. Projects must be consistent with statewide priorities as identified in Proposition 1, the California Water Action Plan, the current SSJDC governing statute and strategic plan, the Delta Plan, and applicable species recovery plans.
SSJDC	Proposition 1 Appropriation to Fund Ecosystem Protection, Restoration and Enhancement, Water Quality, and Water-Related Agricultural Sustainability	Prop 1	\$3,173,000	New Appropriation	This appropriation would fund both planning and implementation projects. The projects are three priority types: ecosystem protection, restoration and enhancement; water quality; and water-related agricultural sustainability. Projects must be consistent with statewide priorities as identified in Proposition 1, the California Water Action Plan, the current SSJDC governing statute and strategic plan, the Delta Plan, and applicable species recovery plans.

SSJDC	Proposition 68 Appropriation to Fund Recreation and Tourism, Historic and Cultural Preservation, and Environmental Education	Prop 68	\$5,735,000	New Appropriation	This appropriation would fund planning and implementation projects of the following priority types: recreation and tourism; historic and cultural preservation; and environmental education. Projects must be consistent with statewide priorities as identified in Proposition 68, SSJDC governing statute (Division 22.3 of the PRC) and current strategic plan, the Delta Plan, and the Economic Sustainability Plan for the Sacramento-San Joaquin Delta. This appropriation would additionally fund planning and implementation projects in severely disadvantaged communities (SDAC) within the same priority types that have been identified. Proposition 68 requires that at least 20 percent of all funding be spent on projects that serve severely disadvantaged communities (SDAC) (PRC 45 Sec. 80008(a)(1) and the amount of the appropriation keeps the Conservancy consistent with this percentage.
SSJDC	Proposition 68 Reappropriation to Support Continued Program Implementation	Prop 68	Remaining balance	Reappropriation	This request is to reappropriate Item 3875-101-6088, Budget Act of 2021. This item was a local assistance item but was not initially provided extended encumbrance. SSJDC indicates extended encumbrance is needed.

Staff Recommendation: Hold Open

3125 CALIFORNIA TAHOE CONSERVANCY

ISSUE 2: AMERICANS WITH DISABILITIES ACT SITE IMPROVEMENTS

The Governor's budget requests a one-time General Fund appropriation of \$1,025,000 for small projects needed to meet current Americans with Disabilities Act (ADA) and California Building Code (Code) standards. The minor improvements, at three separate Conservancy developed recreational facilities, are necessary upgrades to create safe and equitable public access to the facilities. The three separate recreational facilities are in one project area on the north shore of Lake Tahoe all with similar needed minor improvements.

Staff Recommendation: Hold Open

ISSUE 3: CONCEPTUAL FEASIBILITY PLANNING

The Governor's budget requests \$600,000 from the Safe Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Prop 84) for conceptual and feasibility planning for future watershed improvements and forest health and fuels reduction capital outlay projects.

Staff Recommendation: Hold Open

ISSUE 4: MINOR CAPITAL OUTLAY

The Governor's budget requests \$980,000 (\$480,000 from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Prop 84) and \$500,000 Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Prop 50)) for various minor capital outlay projects. These projects involve stabilizing and improving previously acquired property, including reducing forest fuels, ensuring public safety, and completing upgrades on developed facilities.

STAFF COMMENTS

The Environmental License Plate Fund (ELPF) displays a structural imbalance for both 2021-22 and 2022-23. Specifically, the Fund Condition Statement shows proposed expenditures to significantly exceed estimated revenues. While the fund's reserve levels could help to cover the proposed expenditures for the budget year and many of the activities the Governor proposes funding from ELPF are one-time in nature, this is not a sustainable budgeting practice. Moreover, problems could arise if ELPF revenues come in lower than anticipated in the budget year. Given the surplus in the General Fund, the subcommittee may wish to consider whether to shift this fund source from ELPF to the General Fund.

Staff Recommendation: Hold Open

ISSUE 5: UPPER TRUCKEE RIVER SUNSET STABLES REACH 6 RESTORATION PROJECT

The Governor's budget requests \$500,000 in habitat conservation fund authority to study restoration and recreation opportunities and complete environmental review for the Upper Truckee River Sunset Stables Reach 6 Restoration Project.

Staff Recommendation: Hold Open

3480 DEPARTMENT OF CONSERVATION**ISSUE 6: CALIFORNIA FARMLAND CONSERVANCY PROGRAM FUND - INTEREST EARNED**

The Governor's budget requests a one-time increase in expenditure authority of \$61,000 from the California Farmland Conservancy Program Fund to spend the interest earned on the donated funds. The funds will be used for the California Farmland Conservancy Program.

Staff Recommendation: Hold Open**ISSUE 7: CALIFORNIA GEOLOGIC ENERGY MANAGEMENT DIVISION: (AB 896) OIL AND GAS WELLS AND FACILITIES: LIENS: COLLECTIONS UNIT**

The Governor's budget requests one (1.0) Associate Governmental Program Associate and funding with a total of \$154,000 in first year and \$140,000 ongoing to impose a claim and lien upon real property owned by any oil and gas operator for nonpayment of idle well fees and estimated costs for plugging and abandoning wells and other remediation work.

BACKGROUND

Idle well fees are assessed annually for the preceding calendar year and are deposited into the Hazardous and Idle-Deserted Well Abatement Fund (HIDWAF). Existing law continuously appropriates this fund to plug wells deserted by operators subject to idle well fees. HIDWAF is limited to be spent only on operators subject to idle well fees post-2017 and cannot be spent on legacy wells. The balance of the HIDWAF on June 30, 2020 was \$13,087,813.

The Division currently projects outstanding fees of \$1.3 million in the current year.

Workload History

Workload Measure	PY – 4	PY – 3	PY – 2	PY-1	PY	CY
Idle Well Fees Invoiced			\$5,790,431	\$5,687,800	\$5,519,850	\$6,208,350
Idle Well Fees Paid			\$4,597,650	\$4,179,900	\$4,135,950	\$4,909,050
Outstanding Idle Well Fees			\$1,192,781	\$1,507,900	\$1,383,900	\$1,299,300

Projected Outcomes

Workload Measure	CY	BY	BY+1	BY+2	BY+3	BY+4
Idle Well Fees Invoice	\$6,208,350	\$6,750,000	\$7,750,000	\$8,250,000	\$8,000,000	\$7,500,000

STAFF COMMENTS

This subcommittee may wish to require annual reporting on future outstanding well fees.

Staff Recommendation: Hold Open**ISSUE 8: CALIFORNIA GEOLOGIC ENERGY MANAGEMENT DIVISION: DATA INTEGRITY AND ACCESSIBILITY**

The Governor's budget requests sixteen (16.0) permanent positions and funding for document remediation for the California Geologic Energy Management Division (CalGEM) and an appropriation increase of \$3,261,000 in 2022-23, and \$3,046,000 ongoing from the Oil, Gas and Geothermal Administrative Fund to increase functionality of WellSTAR and strengthen data integrity, accessibility, reliability and consistency for internal and external use.

Staff Recommendation: Hold Open**ISSUE 9: MINES ONLINE DATABASE (SB 854)**

The Governor's budget requests one (1) permanent Information Technology Specialist position and an appropriation increase of \$197,000 in 2022-23, and \$185,000 ongoing from the Surface Mining and Reclamation Account to support the web application, security, compliance, backend database, functional enhancements and GIS integration of the Mines Online Document Storage (MODS) system.

Staff Recommendation: Hold Open

ISSUE 10: PLUGGING AND ABANDONING HAZARDOUS AND IDLE-DESERTED WELLS AND PRODUCTION FACILITIES (SB 47).

The Governor's budget requests an increase in annual expenditure authority to plug deserted wells and decommission deserted facilities from \$2 million to \$5 million beginning in fiscal year 2022-23. The Department also requests six (6.0) permanent positions and \$150,000 in limited term annual contract expenditure authority for the 2022-23 fiscal year, with a total appropriation increase of \$3,000,000 from the Oil, Gas, and Geothermal Administrative Fund.

Staff Recommendation: Hold Open

ISSUE 11: PRE-WILDFIRE GEOLOGIC HAZARD MITIGATION PLANNING & POST-WILDFIRE HAZARD IDENTIFICATION

The Governor's budget requests eight (8.0) permanent positions and an appropriation increase of \$2,713,000 in 2022-23, and \$1,865,000 ongoing from the General Fund to create a Pre-Wildfire Geologic Hazard Mitigation Planning and Post-Wildfire Hazard Identification Program.

This program would fund: (1) Pre-Fire Mud and Debris Flow and Flooding Hazard Awareness and Planning; (2) Post-Fire Watershed Emergency Assessment (WERT) focused on life/safety hazards from debris flows, flooding, rock fall, etc.; (3) Post WERT Mud and Debris Flow and Flood Hazard Emergency Planning; (4) Burn Area Monitoring and process refinement; (5) Outreach and Education; and, (6) Necessary Ongoing Support Materials.

This request also includes \$432,000 one-time for equipment including 4x4 vehicles to conduct field work, as well as field monitoring equipment such as rain gages, stream gages, LiDAR, and post-wildfire aerial/satellite imagery, with ongoing costs of \$42,000 a year.

STAFF COMMENTS

For the associated equipment costs, staff would appreciate greater detail on how many vehicles will be purchased, if they will be zero-emission vehicles, and if LiDAR mapping or other imagery could be provided at a lower cost by utilizing investments already made or proposed by other departments.

Staff Recommendation: Hold Open

ISSUE 12: STATEWIDE SEISMIC HAZARDS REDUCTION

The Governor's budget requests \$25.6 million General Fund in 2022-23, \$23.8 million in 2023-24, and \$3.7 million ongoing and twenty-one (21) permanent positions to mitigate the risk of loss of life and catastrophic economic impacts of future urban earthquakes in California.

This requests includes funding for updating outdated seismic motion recorders and seismic hazard maps.

Staff Recommendation: Hold Open

3560 STATE LANDS COMMISSION

ISSUE 13: BOLSA CHICA LOWLANDS RESTORATION PROJECT

The Governor's budget requests \$2 million in 2022-23, \$2 million in 2023-24, and \$2 million in 2024-25 from the Environmental License Plate Fund for 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. The existing operations and maintenance fund for the Bolsa Chica Lowlands Restoration Project is nearly depleted and can no longer support baseline costs.

STAFF COMMENTS

The Environmental License Plate Fund (ELPF) displays a structural imbalance for both 2021-22 and 2022-23. Specifically, the Fund Condition Statement shows proposed expenditures to significantly exceed estimated revenues. While the fund's reserve levels could help to cover the proposed expenditures for the budget year and many of the activities the Governor proposes funding from ELPF are one-time in nature, this is not a sustainable budgeting practice. Moreover, problems could arise if ELPF revenues come in lower than anticipated in the budget year. Given the surplus in the General Fund, the subcommittee may wish to consider whether to shift this fund source from ELPF to the General Fund.

Staff Recommendation: Hold Open

ISSUE 14: CROCKETT WATERFRONT CLEAN UP

The Governor's budget requests \$2,165,000 one-time General Fund appropriation in 2022-23 to facilitate removal of deteriorated infrastructure located on sovereign land at the Crockett Waterfront, west of the I-80 Bridge. Restoration work is underway to remove the most hazardous conditions; however, additional funding is necessary to further removal efforts and secure the site.

Staff Recommendation: Hold Open

ISSUE 15: RISK ASSESSMENT FOR LEASED PREMISES

The Governor's budget requests \$500,000 one-time General Fund appropriation in 2022-2023 to secure a consultant to conduct a statewide risk assessment to determine the state's liability associated with the Commission's leased premises, and to establish criteria for and develop a framework to help staff calculate appropriate levels of insurance and bonding/security for leases.

Staff Recommendation: Hold Open

ISSUE 16: SELBY SLAG REMEDIATION

The Governor's budget requests \$1,625,000 General Fund and \$2,650,000 in reimbursement authority to accept cost-sharing contributions for the preliminary plans phase of the Remedial Action Plan at Selby Slag.

Pursuant to a 1989 consent judgment, DTSC requires remediation of extensive heavy metal contamination on a 66-acre site at Selby, Contra Costa County. The State is obligated to pay a proportionate share of the hazardous waste remediation costs; the Commission's share of preliminary plans is 38 percent (\$1,625,000). The other two parties with proportionate shares are represented as reimbursement authority, with C.S. Land, LLC contributing 20 percent (\$855,000) and ASARCO the remaining 42 percent (\$1,795,500); the Commission will recover shared costs at the beginning of the phase from DTSC and C.S. Land, LLC.

Staff Recommendation: Hold Open

3720 CALIFORNIA COASTAL COMMISSION

ISSUE 17: ESSENTIAL CLIMATE RESILIENCY AND SEA LEVEL RISE SUPPORT

The Governor's budget requests \$750,000 per year ongoing in baseline from the Greenhouse Gas Reduction Fund.

STAFF COMMENTS

Given that these funds pay for staffing at the commission to support sea level rise planning, it is appropriate for these costs to go into the GGRF baseline to be treated consistent with other administration costs covered by that fund. This subcommittee may want to consider whether there are other expenditures that are annually appropriated from GGRF that should also be considered to include in the baseline budget like AB 617 implementation costs.

Staff Recommendation: Hold Open

ISSUE 18: ESSENTIAL LEGAL RESOURCES

The Governor's budget requests \$275,000 from the General Fund to permanently fund one Attorney III position. This position is needed to address the existing workload in the Legal division, which has increased significantly in recent years. The Attorney III is needed to handle workload associated with litigation, which has roughly doubled since 2015, as well as the review and processing of recorded documents for which there is a persistent backlog.

Staff Recommendation: Hold Open

ISSUE 19: INFORMATION SYSTEMS SECURITY

The Governor's budget requests one-time budget augmentation of \$128,000 General Fund to procure security upgrades and associated training to address network and systems security recommendations identified by the California Military Department Cyber Network Defense Team during Independent Security Assessments in 2017 and 2020.

Staff Recommendation: Hold Open

3780 NATIVE AMERICAN HERITAGE COMMISSION
0500 GOVERNOR'S OFFICE
0650 GOVERNOR'S OFFICE OF PLANNING AND RESEARCH

ISSUE 20: ESTABLISHMENT AND TRANSFER OF GOVERNOR'S OFFICE OF TRIBAL AFFAIRS

The Governor's budget requests a net-zero transfer of \$115,000 Environmental License Plate Fund (ELPF) ongoing and \$441,000 General Fund ongoing and 3 positions from the Commission to establish the Office of Tribal Affairs within the Governor's Office, the net-zero transfer of \$450,000 ELPF through FY 2024-25 to the Governor's Office of Planning and Research to support the California Truth & Healing Council, and \$231,000 General Fund ongoing and 2 positions to comply with the requirements of AB-275 (Statutes of 2020) and the California Native American Graves Protection and Repatriation Act (CalNAGPRA).

Staff Recommendation: Hold Open

VARIOUS

ISSUE 21: PEACE OFFICER AND LAW ENFORCEMENT LEGISLATIVE REQUIREMENTS – SB 2, SB 16, AB 26, AB 48, AB 481

The Governor's budget requests \$13,849,000 General Fund in 2022-23, \$8,789,000 ongoing, 28 positions, and 14 vehicles to comply with peace officer and law enforcement requirements associated with SB 2 (Statutes of 2021), SB 16 (Statutes of 2021), AB 26 (Statutes of 2021), AB 48 (Statutes of 2021), and AB 481 (Statutes of 2021).

The breakdown for each department's request is as follows:

- CAL FIRE requests \$7,547,000 in 2022-23, \$3,565,000 ongoing, 7 positions, and 4 vehicles to comply with SB 2, AB 481, and AB 48.
- Parks requests \$3,849,000 in 2022-23, \$3,215,000 ongoing, 13 positions, and 7 vehicles to comply with SB 2 and SB 16.
- CDFW requests \$2,035,000 in 2022-23, \$1,591,000 ongoing, 6 positions, and 3 vehicles to comply with SB 2, SB 16, and AB 26
- Cal OES requests \$418,000 ongoing and 2 positions to comply with AB 481.

LAO COMMENTS

This proposal would implement several bills related to peace officers. It is reasonable for the department to request resources to implement these pieces of legislation. However, the LAO is still reviewing this proposal to determine whether it fully aligns with the requirements of the legislation and is consistent with the approach other departments are taking to implementation.

The LAO recommends⁵⁵ that the Legislature defer action on this proposal to provide additional time for this review.

STAFF COMMENTS

Staff agrees with LAO that resources will be needed for these agencies to comply with these pieces of legislation; however, this request seems excessive. Regarding SB 2, the implementation costs depend on regulations from Peace Officer Standards and Training which have not been completed, therefore staff believes this portion of the request is premature. Regarding AB 48, this estimate is higher than the California Highway Patrol's (CHP) estimate, which would likely have more covered instances due to their size and duties. It is also unclear if these departments use kinetic energy projectiles or chemical agents for dispersing protests. Staff believes the vehicle requests are excessive and not required by the legislation. Regarding AB 481, it is unclear why permanent ongoing staff are needed to comply with a one-time deadline with minimal ongoing activities. Staff advises these departments to coordinate with CHP on their fiscal requirements to comply with these laws.

Staff Recommendation: Hold Open

3790 DEPARTMENT OF PARKS AND RECREATION**ISSUE 22: BEACH EROSION CONTROL PROGRAM: COST SHARING FOR FEDERAL PROJECTS**

The Governor's budget requests \$15,235,000 spending authority in fiscal Year 2022-23 from the Public Beach Restoration Fund (PBRF), via transfer from the General Fund, to meet federal cost-sharing requirements for construction of three beach restoration projects in Orange County, the City of San Clemente, and the Cities of Encinitas and Solana Beach.

In addition, the Governor's budget requests \$250,000 in reimbursement authority for this program to accept cost-sharing contributions from one project's local partners. Finally, the Department requests a waiver of the geographic restrictions on PBRF spending found in Harbors and Navigation Code section 69.9(b). Also included in this request is a proposal to amend existing statute regarding the cost sharing requirements for federal beach restoration projects.

Additionally, this request language to:

- 1) Provide provisional language for Fiscal Year 2022-2023, to waive Harbors and Navigation Code (HNC) § 69.9 (b) since there were not sufficient projects in the northern region approved. HNC 69.9 (b) requires any funding from the PBRF must be split 40-60 between projects north and south of the border, between the Counties of San Luis Obispo and Monterey, respectively.
- 2) Amend existing statute. HNC 65.5 states that it shall be the policy of the state to bear one half the costs of local participation required in federally funded projects. This proposal will amend HNC 65.5 to establish that it is the policy of the state to consider bearing one-half the costs of local participation in federally funded projects. This change will revise policy such that the state will fund only projects that are in alignment with state priorities.

BACKGROUND

Existing law establishes a state policy to partially fund certain beach erosion control projects that are authorized by an act of Congress and that require local cost participation. Since the passage of the PBRA, the State has funded qualifying beach restoration projects from the PBRF using the PBRA's state/local cost-sharing ratios, HNC § 69.6(a)(4-5).

Division of Boating and Waterways (DBW) requests funding for three projects in this proposal. The US Army Corps of Engineers (USACE) is the lead implementing agency for all three projects and will pay 65 to 67 percent of construction costs for each project, but only if state and local partners meet USACE cost-sharing requirements. DBW is requesting:

- (1) 2855027 Beach Erosion Control.....\$15,485,000
 Projects:
 (a) Encinitas-Solana Beach Shore Protection Project....\$11,500,000
 (b) Orange County Beach Erosion Control Project..... \$2,900,000

(c) San Clemente Shore Protection Project..... \$1,085,000
(2) Reimbursements to 2855027-Beach Erosion Control..... -\$250,000

DBW also seeks \$250,000 in reimbursement authority for the Orange County Beach Erosion Control project. This authority will allow DBW to collect matching funds from the project's local partners (County of Orange, Cities of Huntington Beach and Newport Beach, and Surfside Storm Water Tax District) as required by HNC § 69.6(a)(4-5).

Since 2000, DBW has provided \$2.8 million in local assistance grant funds to the Cities of Encinitas and Solana Beach for studies and planning related to the upcoming construction project. The USACE expects to contribute \$25 million for construction. The cities will contribute an additional \$2,000,000.

Since 2000, DBW has provided \$1.5 million in local assistance grant funds to the City of San Clemente for studies and planning related to the upcoming construction project to share costs of pre-construction activities. The current funding request seeks to augment prior authorizations totaling \$3.4 million for upcoming construction. The USACE recently updated its cost estimate to account for delays, and now expects to contribute \$9.8 million for construction. The city will contribute an additional \$800,000.

STAFF COMMENTS

The need for this General Fund transfer is a result of actions made by this subcommittee last year to keep funding the beach sand grant program ongoing despite a structural deficit in the program, while the Division was required to review the fee structure. Since the proposed trailer bill language is still pending, this subcommittee may wish to discuss this item later.

Staff Recommendation: Hold Open

ISSUE 23: VARIOUS CAPITAL OUTLAY PROJECTS

The Governor's budget requests \$14.8 million from various special funds and \$4 million General Fund for 10 capital outlay projects.

Proposal	22-23 Cost (millions)	Total Cost (millions)	Summary
Colonel Allensworth SHP – Visitor Center	0.87 SF	12.22	\$871,000 from (Proposition 68) for the working drawings phase of the Colonel Allensworth SHP Visitor Center project in Tulare County.
Fort Ross SHP: Visitor and Educational Improvements	1.81 GF	29	\$1,817,000 General Fund for the working drawings phase of the Fort Ross State Historic Park in Sonoma County.
Humboldt Redwoods State Park: Replace Founders Grove Restroom	0.63 SF	6.13	\$190,000 from (Proposition 84) and \$442,000 State Park Contingent Funds for the working drawings phase of the Humboldt Redwoods SP Replace Founders Grove Restroom in Humboldt County.
Lake Perris SRA: Replace Lifeguard Headquarters	0.67 SF	12.22	\$678,000 from (Proposition 68) bond funds for the working drawings phase of the Lake Perris State Recreation Area Replace Lifeguard Headquarters project in Riverside County.
MacKerricher State Park: Replace Water Treatment Plant	2.42 SF	3.25	\$2,424,000 from (Proposition 84) for the construction phase of this continuing project.
McGrath SB: Campground Relocation and Wetland Restoration	2.57 SF	42.93	A supplemental appropriation of \$2,576,000 - \$1,288,000 from (Proposition 40) and \$1,288,000 from (Proposition 68). \$1,434,000 for preliminary plans and \$1,142,000 for working drawings of the McGrath State Beach (SB): Campground Relocation and Wetland Restoration project in Ventura County.
Oceano Dunes SVRA: Le Sage Bridge Replacement	1.15 GF	1.15	\$907,000 General Fund for the construction phase of the continuing Oceano Dunes State Vehicular Recreation Area (SVRA): Le Sage Bridge Replacement project in San Luis Obispo County. Additionally, this request includes a transfer of \$252,000 from General Fund to Off-Highway Vehicle Trust Fund (OHVTF) for the project to reimburse prior costs using OHVTF for preliminary plans and working drawings. This transfer is in response to recent Coastal Commission decisions impacting Oceano Dunes SVRA and will reimburse the OHVTF for all costs incurred developing the project. This project will rehabilitate the Le Sage Bridge to provide critical structural improvements and enhanced design features for combined vehicle and pedestrian use.
Oceano Dunes SVRA: Pismo SB Sediment Track-Out Prevention	1.03 GF	1.03	\$1,032,000 from General Fund to Off-Highway Vehicle Trust Fund (OHVTF) for the Oceano Dunes State Vehicular Recreation Area (SVRA): Pismo State Beach (SB) Sediment Track-Out Prevention project in San Luis Obispo County. This transfer is in response to recent Coastal Commission decisions impacting Oceano Dunes SVRA and will reimburse the OHVTF for all costs incurred developing the project.
Pfeiffer Big Sur SP: Low-Cost Alternative Coastal Lodging	6.09 SF	6.46	A supplemental appropriation of \$326,000 for the working drawings phase and \$1,079,000 for the construction phase from State Park Contingent Funds and \$4,693,000 from available California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (Proposition 68) for the Pfeiffer Big Sur State Park (SP): Low-Cost Alternative Coastal Lodging project in Monterey County.

Picacho SRA: Park Power System Upgrade	0.26 SF	2.88	\$262,000 from (Proposition 68) for the working drawings phase of the Picacho State Recreation Area (SRA): Park Power System Upgrade project in Imperial County. This project will evaluate the park's current and future electrical power needs, including redundant backup, and determine sustainable options for providing reliable and cost-effective electrical power at this remote location.
Pismo SB: Entrance Kiosk Replacement	0.79 SF	1.05	\$793,000 from the Off-Highway Vehicle Trust Fund for the construction phase of the Pismo Beach State Beach (SB): Entrance Kiosk Replacement project to replace an entrance station kiosk in the North Beach Campground at Pismo State Beach.
Silver Stand SB: Low-Cost Accommodations	0.50 SF	6.00	\$500,000 from (Proposition 68) bond funds for the preliminary plans phase of the Silver Strand SB: Low-Cost Accommodations project.

Staff Recommendation: Hold Open

ISSUE 24: HUMAN RESOURCES WORKLOAD SUPPORT

The Governor's budget requests \$658,000 in one-time funding and five positions in fiscal year 2022-23 and \$620,000 ongoing from the State Parks and Recreation Fund (SPRF) and Off-Highway Vehicular Trust Fund (OHV). The one-time funding request includes \$536,000 from SPRF and \$122,000 from OHV. The ongoing funding request includes \$505,000 from SPRF and \$115,000 from OHV. The additional staff will address ongoing workload increases, enhanced reporting requirements, and complex human resource processes.

Staff Recommendation: Hold Open

ISSUE 25: NATURAL RESOURCES BONDS AND TECHNICAL PROPOSALS: REVERSION OF PROPOSITION 68 DEFERRED MAINTENANCE PROJECTS

The Governor's budget requests to revert \$15,805,000 of the amount appropriated to support critical deferred maintenance projects in 2020-21 from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Fund (Proposition 68). By reverting these dollars, the Department will have available funding for out-year phases of continuing capital outlay projects under Public Resource Code (PRC) 80070.

This proposal provides the needed funding for out-year phases of continuing Proposition 68 capital outlay projects. The reverted funds will ensure completion of the following capital outlay projects:

- Candlestick Point SRA: Initial Build-Out of Park a – This project will allow for the build-out of the Department's "first urban park" to provide core improvements, public access, and recreation enhancements.
- Colonel Allensworth State Historic Park: Visitor Center – This project will result in construction of a new visitor center building to include a reception area,

conference/multipurpose room, cultural/interpretive room, theater room, staff offices, restrooms, and kitchen/break room.

- Lake Perris State Recreation Area: Replace Lifeguard Headquarters – This project will result in demolition of the existing 45-year old lifeguard headquarters and construction of a new, multi-purpose lifeguard headquarters. The new building will be larger and provide functionalities not currently available in the existing structure such as separate male and female locker rooms for lifeguard staff, a storage room for dive team, and medical equipment.
- Old Sacramento State Historic Park: Riverfront Improvements – This project will create a space that complements the natural riverbank environment and forms a strong connection to Sacramento's Waterfront. The improvements will result in an inviting space for visitors that provides opportunities for special events, a four-season river viewing experience, and a complementary space to the Sacramento Waterfront.
- Picacho State Recreation Area: Park Power System Upgrade – This project will evaluate the park's current and future electrical power needs, including redundant backup, and determine sustainable options for providing reliable and cost-effective electrical power at this remote location.

LAO COMMENTS

This proposal would revert \$15.8 million in Proposition 68 bond funds that were previously appropriated to address the Parks' deferred maintenance backlog. By reverting these bond funds, the department would make them available to cover anticipated cost increases for some of its Proposition 68-funded capital outlay projects. The LAO does not have any specific concerns regarding providing additional funds—such as reverted Proposition 68 bond funds—to support the anticipated capital outlay project cost increases. However, the LAO notes that this proposal does not propose to replace the reverted Proposition 68 bond funds with funding from another source, such as the General Fund. Accordingly, the effect of this proposal would be to reduce the total amount of funding dedicated to addressing the department's deferred maintenance backlog relative to what the Legislature approved in 2021-22.

Parks reports that it has an extensive backlog of deferred maintenance projects, totaling roughly \$1.2 billion. The LAO finds that continuing to address this backlog is important because when repairs to key building and infrastructure components are put off, facilities can eventually require more expensive investments, such as emergency repairs (when systems break down), capital improvements (such as major rehabilitation), or replacement. The LAO notes that funding for deferred maintenance projects would likely be excluded from the State Appropriations Limit. Accordingly, the Legislature may want to consider whether it is comfortable with the Administration's proposed reduction to Parks' deferred maintenance funding or would rather backfill the lost deferred maintenance funding. In order to help facilitate the Legislature's decision making, the LAO recommends that the Legislature direct the department to provide a list of previously-proposed deferred maintenance projects that would no longer be funded should this proposal be approved. This list should include a description of each project along with its estimated cost. Such a list would enable the Legislature to assess whether it considers these

projects to be of sufficient merit to justify providing General Fund to backfill the reverted Proposition 68 funds.

Staff Recommendation: Hold Open

ISSUE 26: STATE PARKS FUTURE CAPITAL INVESTMENT

The Governor's budget requests \$50,000,000 General Fund transfer to the Natural Resources and Parks Preservation Fund for future capital outlay projects, subject to appropriation by the Legislature, potentially for acquisition, preliminary plans, working drawings, or construction to be appropriated in future budget change proposals.

Staff Recommendation: Hold Open

ISSUE 27: TRIBAL LANDS ACKNOWLEDGEMENT, AND INTERPRETATION, AND EXHIBIT IMPROVEMENTS

The Governor's budget requests \$9,778,000 one-time General Fund and six limited term positions to support California Native Americans' engagement and interpretation in state parks. Tribal land acknowledgements for all 280 state parks will be addressed through new signage and improved interpretation that will better connect the public with tribal history and contemporary experiences. Approximately 20 parks will be prioritized to update and better contextualize the history of California Native Americans in existing visitor center/museum exhibits. These improvements will bring forward California Native American voices while providing bilingual access and meeting ADA requirements.

Staff Recommendation: Hold Open

ISSUE 28: LIMEKILN STATE PARK REVENUE COLLECTIONS AND OPERATIONS

The Governor's budget requests \$1,122,000 one-time funding in fiscal year 2022-23 for ten permanent positions, five vehicles, and equipment costs and \$878,000 ongoing from the State Parks and Recreation Fund to operate, improve, and maintain Limekiln State Park. Funding this proposal would allow for the requested positions to perform revenue collection, increase park access by accepting statewide and district day use passes, perform interpretation and education activities, increase housekeeping and facility maintenance services, increase uniformed employee presence, reduce emergency response time, and expand camping opportunities. In addition, park staff will be able to provide water treatment, as well as natural and cultural resource maintenance and protection.

Staff Recommendation: Hold Open

ISSUE 29: MALAKOFF DIGGINS SHP: MINE REMEDIATION IMPLEMENTATION

The Governor's budget requests \$3,500,000 one-time General Fund to implement improvements required by the California State Water Resources Control Board (State Water Board) at Malakoff Diggins State Historic Park (SHP) for the Mine Remediation Project.

Staff Recommendation: Hold Open

ISSUE 30: RAILYARDS PROTECTION AND MAINTENANCE

The Governor's budget requests \$475,000 in fiscal year 2022-23 and \$328,000 ongoing from State Parks and Recreation (SPRF) Fund to continue the rehabilitation of the Boiler Shop in the Railyards Area of Old Sacramento State Historic Park (SHP). This funding proposal would specifically be used toward infrastructure improvements, a vehicle, ongoing staff costs, maintenance, and utilities.

Staff Recommendation: Hold Open

ISSUE 31: RELOCATE SAN DIEGO COAST DISTRICT OFFICE

The Governor's budget requests \$973,000 one-time and \$575,000 ongoing with an annual four-percent increase from the State Parks and Recreation Fund (SPRF) to relocate the San Diego Coast District (District) Office. The current District site presents multiple hazards to the public, partners, and staff. In addition, the site will be subject to several decades of construction disruptions as the United States (US) Navy begins a revitalization project of their property immediately adjacent to the office site.

Staff Recommendation: Hold Open

3810 SANTA MONICA MOUNTAINS CONSERVANCY

ISSUE 32: LIBERTY CANYON WILDLIFE CROSSING

The Governor's budget requests \$10 million General Fund to fund the Phase 2 construction of the Wallis Annenberg Wildlife Crossing at Liberty Canyon that will reconnect the Santa Monica Mountains ecosystem to help prevent the extinction of a population of mountain lions, ensure genetic diversity for area wildlife, and enhance biodiversity for the region.

The California Department of Transportation (Caltrans) and the Mountains Recreation and Conservation Authority have entered into a Memorandum of Understanding for the design and

construction of the structure, with funding already secured from numerous private donations (notably \$25 million from the Wallis Annenberg Foundation) to the National Wildlife Federation, and from Wildlife Conservation Board grants. The \$10 million will be applied to complete the Phase 2 segment of the project crossing over the Agoura Road freeway frontage road. The wildlife bridge project is a longstanding collaborative project between the Santa Monica Mountains Conservancy, Caltrans, the Mountains Recreation and Conservation Authority, the National Park Service, and the National Wildlife Federation.

If the \$10 million is appropriated in the 2022 Budget Act, by September 2022 the SMMC Board would consider a grant of the funds to local partners such as the Mountains Recreation and Conservation Authority for payment of Caltrans invoices, or potentially provide a grant directly to Caltrans for the project work.

Staff Recommendation: Hold Open

3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

ISSUE 33: REGULATORY COMPLIANCE SUPPORT

The Governor's budget requests two Environmental Scientist compliance staff positions to support BCDC's regulatory program funded from the Bay Fill Clean-up Fund.

Staff Recommendation: Hold Open

3825 SAN GABRIEL AND LOWER LOS ANGELES RIVERS AND MOUNTAINS CONSERVANCY

ISSUE 34: STATE OPERATIONS BUDGET INCREASE

The Governor's budget requests \$66,000 Environmental License Plate Fund (ELPF) ongoing to increase its state operations budget in response to increased general administrative expenses. The expected outcome is the Conservancy will have stable funding for the next five years.

STAFF COMMENTS

The Environmental License Plate Fund (ELPF) displays a structural imbalance for both 2021-22 and 2022-23. Specifically, the Fund Condition Statement shows proposed expenditures to significantly exceed estimated revenues. While the fund's reserve levels could help to cover the proposed expenditures for the budget year and many of the activities the Governor proposes funding from ELPF are one-time in nature, this is not a sustainable budgeting practice. Moreover, problems could arise if ELPF revenues come in lower than anticipated in the budget year. Given

the surplus in the General Fund, the subcommittee may wish to consider whether to shift this fund source from ELPF to the General Fund.

Staff Recommendation: Hold Open

3855 SIERRA NEVADA CONSERVANCY

ISSUE 35: SIERRA NEVADA CONSERVANCY BOUNDARY EXPANSION (SB 208)

The Governor's budget requests \$540,000 Environmental License Plate Fund in 2022-23, \$415,000 ongoing, and 3.0 positions to implement the new workload pursuant to Chapter 182, Statutes of 2021, Senate Bill (SB) 208 which modifies the regional boundary and service area of the Conservancy.

STAFF COMMENTS

The Environmental License Plate Fund (ELPF) displays a structural imbalance for both 2021-22 and 2022-23. Specifically, the Fund Condition Statement shows proposed expenditures to significantly exceed estimated revenues. While the fund's reserve levels could help to cover the proposed expenditures for the budget year and many of the activities the Governor proposes funding from ELPF are one-time in nature, this is not a sustainable budgeting practice. Moreover, problems could arise if ELPF revenues come in lower than anticipated in the budget year. Given the surplus in the General Fund, the subcommittee may wish to consider whether to shift this fund source from ELPF to the General Fund.

Staff Recommendation: Hold Open

ITEMS TO BE HEARD

0540 NATURAL RESOURCES AGENCY

ISSUE 1: IMPLEMENTATION OF THE CLIMATE RESILIENCE PACKAGE

Last year's budget approved a \$3.6 billion three year climate resilience package, of which over \$2 billion is expected to be appropriated in fiscal year 2022-2023. While many items in that package were existing programs, a few pots of funding were undefined programs or were considered "set asides" where the Legislature expected the Administration would come back to the Legislature with a funding plan.

This includes:

- 1) **Nature Based Set Aside- \$768 million.** The climate resilience package included at least \$768 million set aside for multi-benefit and nature based solutions, with at least \$593 million that is expected to be appropriated this year. Last year's resources budget trailer bill, SB 155, outlined appropriate expenditures for the nature based set aside including: (1) conservancies; (2) supporting the state's goal to conserve 30% of the state's land and waterways by 2030 (known as 30 x 30); (3) protecting fish and wildlife; (4) restoration and stewardship projects; (5) development and implementation of natural community conservation plans, habitat conservation plans, and regional conservation investment strategies; (6) activities that support healthy urban streams and rivers; (7) conservation easements; (8) wetland restoration; (9) accelerating climate smart working lands; and, (10) funding projects that are adjacent and accessible to urban populations and disadvantaged communities.

On December 15th, 2021, the Natural Resources Agency released a draft strategy on achieving the state's 30 x 30 conservation goals. The public comment period ended on January 28th, 2022.

- 2) **Extreme Heat Set Aside- \$300 million.** The climate resilience package included at least a \$300 million set aside for extreme heat measures, with at least \$150 million that is expected to be appropriated this year. SB 155 directed these funds for: (1) Heat resilient infrastructure, built, natural, and social, including, but not limited to, projects that support the installation of cool surfaces, reduce indoor and outdoor school temperatures through nature-based solutions and cool building or cool surface materials, reduce outdoor temperatures along key active transportation corridors in heat-vulnerable communities, or use nature-based solutions and cool surface materials in new and existing low-income residential projects in heat-vulnerable communities; (2) Workforce development, training, and apprenticeships that support projects previously listed; (3) climate research; (4) increased public awareness of how to prepare and respond to extreme heat; or, (5) programs that support implementation of California's extreme heat framework.

On January 10, 2022, the California Natural Resources Agency released a draft extreme heat action plan. Two public workshops were held on January 24, 2022 to solicit feedback on the Draft Extreme Heat Action Plan.

- 3) **New Extreme Heat Programs- \$200 million.** Additionally, the package allocated \$100 million to Office of Planning and Research to establish a grant program for projects that mitigate the impacts of extreme heat or the urban heat island effect, including heat action plans, providing mechanical or natural shade, increasing building and surface reflectance, providing passive or low-energy cooling strategy, and promoting evaporative cooling. Another \$100 million was allocated to the Strategic Growth Council to create a grant program for new or upgraded community resilience centers.
- 4) **Sea Level Rise- \$600 million.** The package directed \$500 million to the State Coastal Conservancy and \$100 million to the Ocean Protection Council to combat sea level rise.

PANEL

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

- Helen Kerstein, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Amanda Hansen, Natural Resources Agency
- Mark Gold, PhD, Director, Ocean Protection Council
- Amy Hutzal, Executive Officer, State Coastal Conservancy
- Krystal Acierto, Principal Program Budget Analyst, Finance
- Michael McGinness, Principal Program Budget Analyst, Department of Finance

STAFF COMMENTS

In order to understand the vision for these new programs before appropriating these funds, this subcommittee may wish to ask:

Nature Based Set Aside:

- What is the Natural Resources Agency's plan to spend the \$593 million set aside for this year?
- How much of the set-aside will be used for conservation versus outreach or restoration efforts?
- What is the state's vision for achieving the 30 by 30 conservation goal?
- Does the Administration plan to create new programs or allocate these funds through existing programs or entities like conservancies?
- Will the Legislature receive a budget change proposal on this plan and when?

Extreme Heat:

- There are over 20 state agencies and an extraordinary long list of assigned tasks and recommended actions in the draft framework. Which projects will be prioritized? How will these agencies coordinate with each other on the implementation of these tasks? And how will the public and the Legislature be able to engage and follow the implementation?
- What kind of projects would be most impactful to provide state funding this year to address extreme heat?
- How do you see the framework guiding future investments?

Sea Level Rise:

- Does the Administration intend to focus on using existing, established programs to fund projects and planning, such as the Climate Ready Program at the Coastal Conservancy, to adapt to sea level rise rather than new programs?
- What gaps, if any, does the Administration believe the existing programs may not address?

ISSUE 2: IMPLEMENTATION OF THE MUSEUM GRANT PROGRAM

Last year's budget appropriated \$50 million to the California Cultural and Historical Endowment under the Natural Resources Agency to provide grants to museums and cultural institutions. The Legislature intended these funds as an economic stimulus to museums and cultural institutions that lost revenue due to the COVID-19 pandemic. The budget prioritized funding for entities severely affected by COVID-19 and that serve underserved communities or Title 1 students.

The grant program will accept applications from January 28th to March 11th and has five technical assistance workshops scheduled over the next two weeks.

\$47.5 million is available for grants and \$2.5 million is reserved for administrative costs.

PANEL

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

- Helen Kerstein, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Bryan Cash, Chair, California Cultural and Historical Endowment

STAFF COMMENTS

Given the Legislature's desire to provide economic stimulus to museums and cultural institutions impacted by the COVID-19 pandemic, the subcommittee may wish to ask:

- When will grantees receive their award funding?

- How does CHHE plan to implement this program?
- How is CHHE performing outreach to institutions in underserved communities?
- Can the Legislature provide any additional resources to speed up the distribution of these funds?

3790 DEPARTMENT OF PARKS AND RECREATION

ISSUE 3: CALIFORNIA CULTURAL AND ART INSTALLATION IN PARKS PROGRAM

The Governor's budget requests a one-time allocation of \$50 million General Fund for a Cultural and Art Installation in Parks program. State Parks will partner with organizations, such as foundations and nonprofits, to provide direct grants to artists to develop art installations in parks throughout California. Art installations will reflect the local cultural heritage and the connectivity to natural resources of state and local parks. The installations will better connect the public with the cultural heritage of regions as well as provide contemporary experiences to visitors.

Implementation Plan. The Department will use a portion of the funds for projects that it identifies through an internal selection process. The remainder of the funds will be dedicated to local parks using a competitive process that will be developed in conjunction with other partners. Program criteria will be developed with input from the Office of Grants and Local Services, Cultural Resources Division, Interpretation and Education Division, and other partner organizations. The Department will follow internal processes for selection of applicable projects, outreach and engagement with applicable partners, and installation of approved art. Projects will be determined by a team of subject matter experts from key Department divisions and partners.

PANEL

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

- Helen Kerstein, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Armando Quintero, Director, State Parks
- Michael McGinness, Principal Program Budget Analyst, Department of Finance
- Gustavo Medrano, Finance Budget Analyst, Department of Finance

LAO COMMENTS

This proposal would provide \$50 million from the General Fund to fund art installations in state and local parks. According to the Administration, these art installations are intended to reflect the parks' local cultural heritage and the connectivity to the state's natural resources. Based on the LAO's discussion with Parks, their understanding is that the focus of this proposal would be to support new art installations, rather than to replace existing outdated exhibits. These installations could include sculptures, virtual visualizations, and interpretive signage, among other things. At this time, Parks has not yet identified details about how this program would be administered, such as the number of parks that would receive installations, the mix of types of

installations that would be funded, and the share of funding that would go towards state vs. local parks. This lack of detail makes it difficult to assess whether \$50 million is the appropriate amount of funding, or whether a smaller or larger amount would be preferable. Accordingly, the LAO recommends that the Legislature require the department to report at budget hearings on the details of its proposal to facilitate the Legislature's decision regarding its preferred level of funding for the program relative to its other priorities.

STAFF COMMENTS

To better understand this proposal and the appropriateness of its placement at the Department of Parks, this subcommittee may wish to ask:

- Why is this funding not going to the Arts Council who is more experienced with awarding grants to artists (and artists are familiar with them) and have staff for this purpose?
- Will the Arts Council partner with Parks to identify existing demands and coordinate the grant program?
- How much money will go to local parks versus state parks?
- What is Parks' internal selection process and how is this different from the competitive selection process for local parks?
- How will this program prioritize parks in underserved communities?

Separately, the subcommittee may wish to ask the Director for an update on the funding from last year for Outdoor Access for All including successes or challenges with expanding access during COVID.

Additionally, in the spirit of Outdoor Access for All, has the Administration considered a grant program to fund play structures for disabled children at state or local parks?

Staff Recommendation: Hold Open

3480 DEPARTMENT OF CONSERVATION

ISSUE 4: OIL WELL ABANDONMENT & REMEDIATION

The Governor's budget requests \$100 million in FY 2022-23 and \$100 million in FY 2023-24 from the General Fund to plug and abandon orphaned oil and gas wells and decommission attendant facilities that could pose a danger to life, health, water quality, wildlife, or natural resources.

PANEL

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

- Eunice Roh, Fiscal & Policy Analyst, Legislative Analyst's Office
- Cameron Campbell, Division of Mine Reclamation Supervisor, Department of Conservation
- Andrew Hull, Principal Program Budget Analyst, Department of Finance
- Stephen Benson, Principal Program Budget Analyst, Department of Finance

BACKGROUND**The State has over 5,000 potentially abandoned wells with cost pressures of \$974 million.**

The state has documented more than 37,000 idle wells. 17,786 of which are long-term idle wells (idle for 8 years or more), and 5,356 orphan, deserted, and potentially deserted wells, meaning there is likely no responsible solvent operator to appropriately plug and abandon the well, leaving their proper abandonment to the state. For the purposes of this request, orphan, deserted, or potentially deserted refers to wells that have been officially declared orphan after requisite financial investigation concluded it to have no solvent responsible party; deserted, as demonstrated through a final plugging and abandonment order; or potentially deserted, based on an evaluation of key evidence, such as failure to pay idle well fees or the operational history of the well, that suggests the well likely has no responsible operator. This list of orphan, deserted, and potentially deserted wells is conservative and likely to grow.

Costs associated with plugging and abandoning orphan wells and decommissioning the attendant facilities can be significant. The costs associated with abandonment and decommissioning are highly variably and depend on well and facility condition, location, and other factors. Between 2011 and 2019, CalGEM plugged and abandoned 117 wells (and some attendant facilities) across the state with a total cost of over \$13 million. Not reflecting well-specific cost drivers, the average cost to the State to plug and abandon wells since 2011 has been about \$112,000 per well. Taking their rough locations into account, CalGEM projects the cost to plug and abandon the 5,356 orphan, deserted, and potentially deserted wells in its inventory will cost approximately \$974 million.

California Could Receive Roughly \$165 Million from Federal Government. The federal Bipartisan Infrastructure Law included \$4.7 billion for orphaned well site plugging, remediation, and restoration activities. On January 31, 2022, the federal Department of the Interior announced plans for the first \$2.58 billion of these funds. The announcement indicates that California is eligible for up to \$165.58 million. Specifically:

Initial Grant Eligibility	Phase One Formula Eligibility	Total Phase One Eligibility	Estimated Total Formula Funding + Initial Grant Eligibility*
\$25,000,000	\$36,495,000	\$61,495,000	\$165,871,000

LAO COMMENTS

Deserted Wells Have Environmental, Health, and Safety Impacts. Deserted wells without proper remediation can result in negative environmental, health, and safety impacts. For example, deserted wells can leak oil and other injected fluids used for oil and gas extraction, which can contaminate nearby sources of water. In addition, deserted wells can release benzene and methane, among other air pollutants, degrading local air quality. These environmental impacts can pose health hazards, such as harm to respiratory health, to residents in nearby communities. Deserted wells can also present physical safety concerns, potentially endangering unsuspecting people and wildlife.

State Remediates About 11 Wells Annually. CalGEM is responsible for the oversight of the oil, natural gas, and geothermal industries. In the last five years, CalGEM has expended, on average, \$2 million annually from the Oil, Gas, and Geothermal Administrative Fund and the Hazardous and Idle-Deserted Well Abatement Fund to remediate roughly 11 deserted wells per year. The division identifies deserted wells to remediate by prioritizing wells that pose the highest relative risk to public health, safety, and the environment. State staff issue permits and oversee the plugging and decommissioning activities, but the division uses external contractors to implement the remediation projects.

Provides \$200 Million Over Two Years for Well Remediation. The Governor's budget proposes \$100 million from the General Fund in 2022-23 and \$100 million in 2023-24—total of \$200 million over two years—for CalGEM to plug wells and decommission facilities. The cost to plug a deserted well varies widely, but CalGEM's most recent analysis found the average cost to be about \$111,000 per well. Based on this average cost, the division would be able to remediate roughly 1,800 deserted wells with the proposed funding.

Uses Contractors to Manage Projects, Investigate, and Implement Projects. CalGEM would use the total proposed funding to hire three types of external contractors: (1) \$10 million for a construction management contractor to manage the remediation projects; (2) \$20 million for a contractor to conduct financial obligations and land ownership research; and, (3) \$160 million for contractors to plug wells and decommission facilities. In addition, the division will use \$10 million for department administrative costs. Existing

CalGEM staff would provide oversight by issuing permits, witnessing different stages of the project, and managing contracts.

Assessment

Addressing Deserted Wells Has Merit. As discussed above, deserted wells have significant negative environmental, health, and safety impacts. Well remediation projects could provide important water and air quality improvements, as well as health and safety benefits. In particular, communities near these deserted wells would benefit from these projects. Because deserted wells are concentrated in specific parts of the state, such as Los Angeles, Santa Barbara, and Ventura Counties, benefits would likely be concentrated in these geographic regions.

Request Represents a Significant Expansion of Current Well Remediation Activities Without Additional State Staff. The proposed funding is 20 times greater than the existing annual funding dedicated to well remediation and does not include additional positions for CalGEM. Furthermore, as discussed in more detail below, the state is expecting to receive a significant amount of funding from the federal government for well remediation activities. The proposal includes \$10 million for department administrative costs, but no additional positions. It is unclear how these funds will be spent and whether the funds will adequately support administration of the additional funding.

Federal Funds Available for Well Remediation, but Details Are Unclear. The federal Infrastructure Investment and Jobs Act (IIJA) includes \$4.7 billion nationwide over a five-year period for well plugging, remediation, and restoration. At the time of this analysis, the federal government had not yet issued detailed guidance about how this funding can be used. However, based on the LAO's initial understanding, the funding would go to three types of grants:

- **Initial Grants.** Initial grants provide states up to \$25 million to accelerate well remediation work. This funding has not yet been allocated, but the federal government will accept applications later this spring.
- **Formula Grants.** Formula grants provide a larger amount of funding, to be allocated on a formula basis, based on the number of job losses in the state's oil and gas industry, the number of documented deserted wells, and the projected cost to remediate these wells. This funding is intended for well remediation projects. It is unclear how much funding will be available nationwide through the formula grants. Although CalGEM submitted a notice of intent for the formula grant in December 2021, the federal government has not yet provided an estimate of how much the state is expected to be eligible for. Depending on the number of states that apply for this funding, California could receive up to hundreds of millions of dollars over the next several years.
- **Performance Grants.** Performance grants include two types of funding categories. First, it includes regulatory improvement grants of up to \$20 million, which are intended to help support states in taking steps to strengthen their regulation and oversight of deserted wells. Second, it includes grants of up to \$30 million for states that can provide matching funds for remediation activities. Both performance grant types have not yet been allocated and it is unclear when the federal government will accept applications.

Other Ways to Pay Remediation Costs May Be More Appropriate. Under the polluter pays principle, private parties who produce pollution (such as environmental damage associated with oil and gas wells) should bear the costs of managing it to prevent damage to human health or the environment. Deserted wells have no responsible solvent operator that can pay for mitigating the environmental damages. However, it may be appropriate for the current oil and gas operators to bear at least some of the cost of remediating the environmental damages from these wells—rather than the general taxpayer through the state General Fund. In fact, as mentioned earlier, current well remediation work done by CalGEM is funded by the Oil, Gas, and Geothermal Administrative Fund and the Hazardous Idle Well Abatement Fund. The main source of revenue for both funds is fees on oil and gas operators.

Recommendations

Consider Proposal in Context of Additional Guidance on Federal Funds. Additional information regarding available federal funds is expected to be available shortly. Specifically, further federal guidance regarding the amount of formula grants that the state is eligible for is expected to be available in the coming weeks. A better understanding of the total available federal funding for well remediation activities would help the Legislature determine the degree to which additional state funding for these activities (such as proposed by the Governor) is a priority.

Consider Reducing Amount of Proposed Funding. The Governor's proposal would significantly increase the current well remediation activities overseen by CalGEM. It is unclear whether the division has the capacity to administer such a large increase in state and federal funding within existing resources, given their numerous other responsibilities for the oversight of the oil and gas industries. In addition, a significant amount of federal funding for many of these activities is expected to be available over the next few years. As a result, the Legislature might want to consider reducing the amount of funding proposed by the Governor and targeting funds instead to:

- **Well and Facility Research.** Many deserted wells still need to be researched to verify well location, assess facilities, and seek ownership documentation. The Legislature could consider focusing funding exclusively on these research activities to have a better idea of the identification, scope, and cost of well remediation projects. Under this proposal, the Administration requests about \$10 million annually for such research.
- **Matching Funds for Federal Funding.** Some of the federal funds are expected to require a state match. Specifically, under the current federal guidelines, states must provide matching funds to secure up to \$30 million in performance grants. The Legislature could reduce the proposed funding to only the amount necessary to secure these available federal funds. This approach could reduce near-term state fiscal costs, allow the state to maximize available federal funding, and give the Legislature an opportunity to better evaluate the benefits and costs of the remediation activities before allocating additional state funding.

Consider Alternative Sources of Funding. Instead of funding these activities through the General Fund as proposed, the Legislature might want to consider raising fees on operators and use special funds, such as the Oil, Gas, and Geothermal Administrative Fund and the Hazardous

Idle Well Abatement Fund, that are currently funding similar work. If state matching funds for federal funding is needed faster than can be generated through fee revenues, the Legislature can consider providing a General Fund loan, to be repaid by these special funds over a period of time. This would allow the state to maximize available federal funding for well remediation activities, but also ensure the polluting industry bears the cost of remediating deserted wells.

Require Reporting on Key Program Outcomes. If funding is approved, the LAO recommends the Legislature adopt budget bill language requiring DOC to report annually (until the funds have been fully expended) on expenditures, contracts awarded, number of wells identified and remediated, and quantifiable benefits of remediation activities (such as greenhouse gas reductions, water quality improvements, and health outcomes), as well as federal funds awarded. Additional information on costs and benefits of well remediation work done by CalGEM would be helpful to the Legislature in determining whether any additional funding for these activities is warranted in the future.

STAFF COMMENTS

Given the recent award notice from the federal government, more information is needed to ensure that the state is not funding activities that would otherwise be paid for with federal funds. Helpful information could include: a list of wells that plan to be plugged under this request versus the federal funds, more details on funds expected from the federal government, and cost sharing requirements.

Additionally, this subcommittee may wish to ask:

- Given that there are an estimated 5,356 abandoned or potentially abandoned wells in the state, what is the Department's plan to prioritize which wells are plugged first?
- Will wells that may have a responsible party be plugged last?
- How will the Department ensure that California workers who were previously employed in the oil industry are hired to complete this work and paid a fair wage?
- How many wells will be plugged with federal funds? This proposal?
- Why does this proposal use taxpayer dollars instead of fees on industry activities that are typically used for oil well remediation, especially given the Legislature's actions last year to increase funding for these activities?

Staff Recommendation: Hold Open

ISSUE 5: CALIFORNIA GEOLOGIC ENERGY MANAGEMENT DIVISION: MISSION TRANSFORMATION AND OVERSIGHT

The Governor's budget requests fifty-one (51.0) permanent positions phased in over three years (17.0 in 2022-23, 34.0 in 2023-24, and 51.0 in 2024-25) and an appropriation increase of \$5,056,000 in 2022-23, \$7,561,000 in 2023-24, \$10,842,000 in 2024-25 and \$10,617,000 ongoing from the Oil, Gas and Geothermal Administrative Fund to strengthen enforcement of existing laws and regulations, limit the state's financial liability, improve public transparency, and implement chaptered legislation.

PANEL

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

- Eunice Roh, Fiscal & Policy Analyst, Legislative Analyst's Office
- Andrew Hull, Principal Program Budget Analyst, Department of Finance
- Stephen Benson, Principal Program Budget Analyst, Department of Finance
- Uduak-Joe Ntuk, State Oil and Gas Supervisor, Department of Conservation

BACKGROUND

Specifically these positions include:

- 1) Witnessing and Lease inspections – twenty-three (23.0) positions.** CalGEM seeks to maintain and expand an active field presence and oversee safer and more effective regulation of the state's oil and gas operations. The division is inadequately staffed to witness 100% of the operations requiring technical oversight as well as the critical "May" witnessing that is required in the oilfield and during UIC operations. For CalGEM staff to oversee critical fieldwork and regulatory processes sufficiently, additional staff and resources are needed to match the increase in workload and ensure that safety and environmental protection protocols are reasonably practiced. A greater field presence will improve CalGEM's ability to monitor surface expressions and oil spills such as those recently experienced in the Cymric field in Kern County.
- 2) Underground Injection Control (UIC) District UIC Project Review Backlog– fifteen (15.0) positions.** There are 779 outstanding project-by-project reviews to complete to prevent the degradation of underground sources of drinking water (aquifers) where there are injection operations. These positions will enable CalGEM to complete these inspections in four years. Once these 779 comprehensive project reviews are complete, staff will need to pivot to conducting a periodic review of all projects not less than once every three years.
- 3) UIC Headquarters Compliance Oversight– three (3.0) positions.** In addition to conducting the various and numerous project application reviews as detailed above, per the Renewal Plan, internal controls have been developed to ensure UIC project reviews

conducted by district offices are being done consistently statewide and meet the requirements of the updated UIC regulations. These controls consist of a compliance oversight evaluation conducted by headquarters staff of each project review performed by the district office. Headquarters currently has four (4.0) AOGES reviewing projects for compliance. With the new staffing the district is requesting above, UIC projects needing compliance oversight will increase as much as two to three times the current workload. As a result, three (3.0) additional AOGES will be necessary to efficiently meet the future workload in headquarters.

- 4) Federal UGS Safety Requirements Implementation – three (3.0) positions.** Additional resources are required to manage the annual submission of the Underground Natural Gas Storage (UNGS) Safety Grant application and annual progress report; participate in PHMSA led training; lead the UGS facility inspection program for PHMSA; conduct annual inspections of all UGS facilities and operators on behalf of PHMSA, and complete associated inspection reports; managing program records and documentation and maintaining program procedures; update and manage timekeeping and accounting practices for reimbursement.
- 5) Program Support Unit – five (5.0) positions.** The AGPA's will focus on Finance Liability, Assessments, Bonding, Assets, Facilities, and Transfers, process Improvement, implementing strategy, regulatory and statute implementation, change implementation, reorganization, recruitment, and outreach.
- 6) Administration Support – Two (2.0) positions.** This includes one position in the budget unit and one in the legal unit.
- 7) AB 1328 Implementation.** This request also includes \$1 million to implement AB 1328 (Holden) to study fugitive emissions, including greenhouse gases, toxic air contaminants, and volatile organic compounds, from a stratified random sample of no more than 500 idle, idle-deserted, and abandoned wells in California. The bill requires additional testing of wells that emit hydrocarbons in observable quantities, as specified.

E. Outcomes and Accountability

Field Presence

Approving this request allows CalGEM to increase district operational performance and reduce the substantial resource gap that is currently preventing it from meeting regulatory requirements.

Projected Outcomes

Workload Measure Field Presence	CY	BY	BY+1	BY+2	BY+3	BY+4
State Projected UIC PAL's Issued	3	37	75	100	150	150
Shall Witnessing (%)	93	97	100	100	100	
May Witnessing (%)	34	54	75	90	100	
Cumulative Well Inspections Completed (%)	15	30	50	75	100	

LAO COMMENTS

The LAO finds that most components of the proposal—particularly, the request related to the underground injection control (UIC) program, underground gas storage (UGS) oversight, and administration support—are reasonable based on the workload estimates and the need to fulfill federal regulations and statutory requirements. However, the LAO recommends the Legislature withhold action on this proposal, and require the department to provide additional information regarding two components: field operations and program support.

- **Field Operations (23 Permanent Positions).** In the 2021-22 budget, the Legislature approved nine field operations positions, to be phased in over three years, to increase the rate of witnessing and lease inspections. CalGEM has filled four of these positions. The proposed 2022-23 budget requests 23 additional positions to address similar workload. Because the division is still in the process of implementing the current year funding, key information about the impacts of these new resources on witnessing rates and lease inspections is still unknown. Therefore, it appears premature to approve additional resources for field operations activities before CalGEM; (1) fills the previously approved positions; and, (2) provides data on how the new resources have improved witnessing rates and lease inspections.
- **Program Support (5 Permanent Positions).** The proposal provides little information on how the requested positions for program support would increase organizational and process efficiency. Specifically, the proposal does not clearly identify the gaps in current financial management, processes, and organizational development that would be addressed nor does it describe how the additional positions would address these gaps.

For these two components of this proposal, the LAO recommends the Legislature direct the department to provide additional information to justify the request. Absent additional justification for these components, the LAO would recommend the Legislature reject the proposed positions and funding related to program support and field operations.

STAFF COMMENTS

Per the LAO's comment, the subcommittee may wish to ask:

- How will the fill existing vacancies before hiring new field operations staff?
- Will the Department provide data on how the recent positions have improved witnessing rates and lease inspections?
- What supervision will be provided for field operations staff?

Given the substantial increase for positions that are proposed to be phased in over three years (and unfilled positions granted last year), this subcommittee may want to approve the first year's positions and ask the Department to resubmit a request in future years when we have greater information to verify the performance of these positions.

Staff Recommendation: Hold Open
