

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE No. 3 ON RESOURCES AND TRANSPORTATION****ASSEMBLYMEMBER RICHARD BLOOM, CHAIR****WEDNESDAY, MARCH 27, 2019****9:30 A.M. - STATE CAPITOL, ROOM 447****VOTE-ONLY CALENDAR**

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VOTE-ONLY**3720 CALIFORNIA COASTAL COMMISSION**

VOTE-ONLY ISSUE 1: LEGAL SUPPORT

The Governor's budget requests \$130,000 General Fund and one position to address increased workload relating to recorded documents, litigation, and an increased number of Public Records Act requests.

Over the last five years, the Commission has experienced an increased workload in the area of litigation and Public Records Act requests. This increased workload has exacerbated the Commission's backlog of processing recorded documents. Failure to address the recorded documents backlog means that some permittees will continue to be delayed in project commencement. Complaints regarding delays in the recorded document process, in turn, increases workload for the Commission. Inadequate legal review of recorded documents can lead to future litigation or enforcement problems, which impose burdens on the public and create additional workload for the agency.

Staff Recommendation: Approve as budgeted.

3560 STATE LANDS COMMISSION

VOTE-ONLY ISSUE 2: CRITICAL BUSINESS TECHNOLOGY NEEDS

The Governor's budget requests \$525,000 (\$231,000 General Fund, \$52,000 Marine Invasive Species Control Fund, \$210,000 Oil Spill Prevention and Administration Fund, and \$32,000 School Land Bank Fund) and one permanent position in 2019-20 and \$320,000 ongoing (\$141,000 General Fund, \$32,000 Marine Invasive Species Control Fund, \$127,000 Oil Spill Prevention and Administration Fund, and \$20,000 School Land Bank Fund).

The requested resources will be used to address various IT needs resulting from new mandates and policies. These include CalHR's new reporting mandate, the statewide "Cloud First" IT initiatives, and Public Records Act requirements.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 3: SCHOOL LANDS FORESTRY INVENTORY

The Governor's budget requests \$184,000 School Land Bank Fund and 1.0 permanent position in 2019-20, and \$149,000 annually thereafter. The requested resources would be used to manage and develop school lands into a permanent and productive resource base. The requested position would collaborate with other public agencies that manage forest resources and would be responsible for maintaining and managing the Commission's inventory of forested land. The Commission intends to conduct an inventory to assess the health, species, size, and density of its forested land.

The Commission manages approximately 458,843 acres of fee-owned school lands for the benefit of California State Teachers' Retirement System. Of these, approximately 55,000 acres are forested. This request is a result of the Commission's participation in the Forest Climate Action Team and the 2018 Forest Carbon Plan.

Staff Recommendation: Approve as budgeted.

3760 STATE COASTAL CONSERVANCY

VOTE-ONLY ISSUE 4: RESERVE FOR GRANT ACCEPTANCE

The Governor's budget requests a one-time transfer of \$10 million from the General Fund into the State Coastal Conservancy Fund and ongoing reimbursement authority to provide a balance in the fund to pay upfront costs for various reimbursable grants that the Conservancy receives every year from state, local, and federal agencies, as well as private entities. The funds would be used exclusively to provide a source of upfront cash for reimbursable expenditures.

The appropriated funds would be used to pay upfront project expenditures that would be reimbursed by grants received from state, federal, and local sources. As reimbursements are received, they would be deposited back into the State Coastal Conservancy Fund to replace the expended funds. Funds would be tracked separately from other Conservancy funds held in the State Coastal Conservancy Fund.

Staff Recommendation: Approve as budgeted.

3790 DEPARTMENT OF PARKS AND RECREATION

VOTE-ONLY ISSUE 5: OCEANO DUNES ENVIRONMENTAL COMPLIANCE

The Governor's budget requests to make permanent \$815,000 in one-time spending authority from the Off-Highway Vehicle Trust Fund originally approved in the Budget Act of 2017. The ongoing funding will support four positions and equipment for the environmental conservation programs and regulatory compliance mandates at Oceano Dunes State Vehicular Recreation Area in San Luis Obispo County.

The park continues to be the subject of numerous regulatory actions and lawsuits focused on endangered species management (Western Snowy Plover and California Least Tern), air pollution, and coastal dunes dust control requirements.

Staff Recommendation: Approve as budgeted.

VOTE-ONLY ISSUE 6: LOCAL ASSISTANCE, OFF-HIGHWAY VEHICLE TRUST FUND

The Governor's budget requests \$35 million in 2019-20 and 2020-21 from the Off-Highway Vehicle Trust Fund for local assistance program compliance.

The OHV local assistance program supports the planning, acquisition, development, maintenance, administration, operation, enforcement, restoration, and conservation of trails, trailheads, areas and other facilities associated with the use of off-highway motor vehicles and programs involving off-highway motor vehicle safety or education.

The intent for local assistance grants is to make funds available to aid local agencies to acquire, develop, construct, maintain, administer, and conserve the State's trails and areas for the use of off-highway motor vehicles

Staff Recommendation: Approve as budgeted.

3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

VOTE-ONLY ISSUE 7: RELOCATION TO BAY AREA METRO CENTER

The Governor's budget requests \$127,000 General Fund in 2019-20 for increased leasing costs, which increase annually thereafter, to move to the San Francisco Bay Area Metro Center Regional Headquarters building to co-locate with its regional planning partners.

The Budget Act of 2018 provided \$3,020,000 for one-time tenant improvements and moving costs for SFBCDC's move to the Metro Center. The estimate at the time was \$3,020,000 one-time. Since that time, it was discovered the rental cost data the state and Bay Area Headquarters Authority were working and negotiating from was outdated and did not reflect updated market numbers for the lease in the bay area. Therefore, rent in the new headquarters building is expected to be higher than originally estimated. BCDC's annual rent in the Metro Center building would start at \$1,125,000, which is approximately \$127,000 more than SFBCDC's 2019-20 rent at the Hiram Johnson State Office Building in San Francisco where DOJ will backfill.

Staff Recommendation: Approve as budgeted.

ITEMS TO BE HEARD

3720 CALIFORNIA COASTAL COMMISSION

ISSUE 1: ADMINISTRATIVE PENALTIES/ENFORCEMENT PROGRESS REPORT (INFORMATIONAL)

The Subcommittee will receive a briefing from the Coastal Commission on the status of their enforcement program.

BACKGROUND

The California Coastal Commission. The California Coastal Commission was established by voter initiative in 1972 and later made permanent by the Legislature through the enactment of the California Coastal Act of 1976. In partnership with coastal cities and counties, The Coastal Commission plans and regulates the use of land and water in the coastal zone. The Commission also implements a Coastal Access Program, which seeks to maximize public access to and along the coast and maximize public recreational opportunities in the coastal zone.

Typical public access violations. Typical access violations include:

- Illegal “No Parking” or “No Trespassing” signs on public lands.
- Unauthorized physical barriers such as fences, locked gates, boulders or hedges blocking public rights of way.
- Security guards employed by homeowners to eject visitors from public beach areas.
- Unfulfilled permit conditions requiring trails, parking spaces and other amenities that were required in connection with the approval of new construction in the coastal zone.

Administrative penalty authority provided to curb public access violations. The Budget Act of 2014 amended the Coastal Act by authorizing the Coastal Commission administrative penalty authority as a tool for deterring and resolving Coastal Act violations related to public access more quickly. Specifically, this authorized the California Coastal Commission to impose an administrative civil penalty, by majority vote and at a duly noticed public hearing, on a person who intentionally and knowingly violates the public access provisions of the California Coastal Act.

As part of this authority, the Commission must submit a report to the Legislature by January 15, 2019, detailing the Commission’s implementation of this authority over the preceding four-year period.

STAFF COMMENTS

The Coastal Commission submitted their Enforcement Progress Report on January 15, 2019. It summarizes the Commission's actions to implement their new administrative penalty authority for public access violations. The report indicates that penalty authority has greatly reduced costs

through increased efficiencies, and also greatly benefitted the public in terms of new access and funds deposited into the Violation Remediation Account.

Staff Recommendation: No action. Informational only.

ISSUE 2: INCREASED LEASE COST

This Subcommittee did not receive a budget change proposal for the increased lease cost for the California Coastal Commission. The Coastal Commission instead, includes \$1.3 million in new ongoing General Fund for higher rent costs in the new office location within its base budget.

BACKGROUND

The Coastal Commission's headquarters is in San Francisco. In addition to its headquarters in San Francisco, the Coastal Commission maintains six regional district offices: North Coast, North Central Coast, Central Coast, South Central Coast, South Coast, and San Diego Coast to provide accessibility to, and participation by, the public.

The North Central Coast District Office is located at Headquarters and serves four counties (Sonoma, Marin, San Francisco, and San Mateo) from the north end of Sonoma County at the Gualala River to the San Mateo/Santa Cruz County border near Año Nuevo State Reserve in the south, approximately 258 miles of coastline. It encompasses three offshore National Marine Sanctuaries.

According to the Coastal Commission, San Francisco is a central location between Northern California and Southern California, making it easily accessible by other District offices, appointed members, public officials, local governments, and the public served by the Coastal Commission. They further assert that the current headquarters is close to the Coastal Commission's sister agencies, the San Francisco Bay Conservation and Development Commission who is also in San Francisco and the State Coastal Conservancy in Oakland. Staff works closely with these agencies. The Coastal Commission's human resources office provides personnel services for the SFBCDC.

Approved funds for the Coastal Commission to address increased lease cost at its San Francisco Headquarters and its North Coast District Office. The Budget Act of 2018 provided \$1,409,000 ongoing in General Fund for the Coastal Commission to address the increased leasing costs at its San Francisco Headquarters and the North Central Coast District office.

LAO COMMENTS

Coastal Commission Increased Lease Costs. The budget proposal includes \$1.3 million in new ongoing General Fund for higher rent costs in the new office location to which the Coastal Commission is moving in the budget year. This would be in addition to the \$1.4 million ongoing that the Legislature approved in 2018-19 for such costs. The Administration, however, did not submit a formal proposal or justification for why additional funds are needed and what alternatives were considered. Rather, the new funds were simply built into the Department's base budget.

STAFF COMMENTS

The Administration did not submit a budget change proposal on this item nor included it in a consolidated BCP. Instead, this funding increase was simply built into the Coastal Commission base budget. The Administration asserts that provisional language adopted in the 2018 Budget Act authorized this maneuver. While funding for the increased cost might be reasonable, this Subcommittee does not have the ability to evaluate it. Staff recommends holding this item open until this Subcommittee receives additional justification for the increased funds.

Staff Recommendation: Hold Open.

3720 CALIFORNIA COASTAL COMMISSION**3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION****ISSUE 3: COASTAL ADAPTATION**

The Governor's budget requests \$3.3 million in ongoing Greenhouse Gas Reduction Fund to assist local governments in their sea-level rise adaptation efforts. Specifically, the proposal includes:

- \$1.8 million and four positions for the San Francisco Bay Conservation and Development Commission to support the region's sea-level rise planning efforts. The agency would use the funding for 4 new positions and 12 existing positions, in part, to help develop the Bay Area's first Regional Shoreline Adaptation Plan. Additional activities would include increased outreach to disadvantaged communities, enhanced technical support to cities and counties that are undertaking adaptation projects, and increased capacity to implement BCDC's regulatory role in reviewing and permitting projects and ensuring that they adequately incorporate sea-level rise adaptation.
- \$1.5 million to the California Coastal Commission. \$750,000 would be used to provide grants to local jurisdictions to help update their Local Coastal Programs, including by conducting sea-level rise vulnerability assessments and updating their land use policies. Based on prior years, this likely would fund about five grants per year. The other \$750,000 would fund Coastal Commission staff to provide technical assistance, document review, and support for those efforts.

BACKGROUND

Sea-level rise is a threat to California's coast. Climate scientists have developed a consensus that one of the effects of a warming planet is that global sea levels will rise. The degree of sea-level rise, however, is still uncertain, and depends, in part, upon whether global greenhouse gas emissions and temperatures continue to increase. Recent estimates project that compared to 2000, sea levels along the California coast south of Mendocino will rise between 1.5 inches and 1 foot by 2030, between 5 inches and 2 feet by 2050, and between 1.4 feet and 5.5 feet by 2100. These changes will impact both human and natural resources along the coast, as they increase the risk of flooding and inundation of buildings, infrastructure, wetlands, and groundwater basins. Climate change is also projected to contribute to more frequent and extreme storms, which will bring tides further ashore and exacerbate flood risk. A 2014 sea-level rise report by the scientific organization, Climate Central, estimated that a five-foot increase in water levels along California's coast, due to sea-level rise, storms, and tides would affect roughly 500,000 people, 645,000 acres, 210,000 homes, and \$105 billion of property value. Rising seas will also erode coastal cliffs, dunes, and beaches—affecting shorefront houses, businesses, infrastructure, and recreation. According to the state's *Safeguarding California Plan*, for every foot of sea-level rise, 50 to 100 feet of beach width could be lost.

Multiple state departments work on protect coastal resources. While responsibility to prepare for and respond to the impacts of sea-level rise lies primarily with the affected local

communities, a number of state departments are engaged in these activities as well. The primary state departments working on coastal issues and their major sea-level rise-related roles are:

- **California Coastal Commission.** Regulates the use of land and water in the coastal zone, excluding the San Francisco Bay Area. (The coastal zone generally extends 1,000 yards inland from the mean high tide line.) Reviews and approves Local Coastal Programs (LCPs, discussed below). Maintains permitting authority over proposed projects in areas in the coastal zone with no approved LCP and for state-managed lands such as state parks.
- **SFBCDC.** Reviews and issues regulatory permits for projects that would fill or extract materials from the San Francisco Bay, and works to preserve public access along the Bay's shore. Leads the Bay Area's ongoing multiagency regional effort to address the impacts of sea-level rise on shoreline communities and assets, including multiple adaptation planning efforts.
- **Ocean Protection Council.** Coordinates the activities of ocean-related state departments. Allocates grants for sea-level rise and climate adaptation projects and research. Conducts and distributes data and information to help local jurisdictions and state departments plan for sea-level rise, including developing the guidance document discussed below.
- **State Coastal Conservancy.** Allocates grants for, and undertakes, projects to preserve, protect, and restore the resources of the California coast and the San Francisco Bay Area. Provides grants for planning and projects through its Climate Ready Program, explicitly to increase the resilience of coastal communities and ecosystems to climate change impacts, such as sea-level rise.
- **State Lands Commission.** Stewards sovereign state lands, including those located between the ordinary high water mark of tidal waters and the boundary between state and federal waters three miles offshore. Monitors sovereign state lands the Legislature has delegated to local municipalities to manage in trust for the people of California. (These "trust grants" stipulate how cities and counties can use these waterfront and submerged lands, such as for piers, ports, harbors, airports, or recreation.) Oversees assessments that grant trustees are required to conduct for how they plan to adapt to sea-level rise, pursuant to AB 691 (Muratsuchi, Chapter 592, Statutes of 2013).

State has been engaged in sea-level rise planning and data collection. The state has published a number of comprehensive and helpful reports in recent years concerning sea-level rise projections and steps the state and local governments might take to respond. Among these is the *State of California Sea-Level Rise Guidance Document*, which was initially adopted in 2010 and most recently updated in 2018. This document—developed by the Ocean Protection Council in coordination with other partner agencies—provides: (1) a synthesis of the best available science on sea-level rise projections and rates for California; (2) a stepwise approach for state agencies and local governments to evaluate those projections and related hazard information in their decision-making; and, (3) preferred coastal adaptation approaches. Other sea-level rise -related plans and reports the state has released in recent years include several iterations of the *Safeguarding California Plan* (each of which consists of multiple companion

reports), the *California State Hazard Mitigation Plan*, and *Paying It Forward: The Path Toward Climate-Safe Infrastructure in California*.

State law encourages coastal communities to develop LCPs. Enacted in 1976, the California Coastal Act encourages the 76 cities and counties along the coast to develop plans—known as Local Coastal Programs—to guide development in the coastal zone. The LCPs specify the appropriate location, type, and scale of new or changed uses of land and water, as well as measures to implement land use policies (such as zoning ordinances). The Coastal Commission reviews and approves these plans to ensure they protect coastal resources in ways that are consistent with the goals and policies of the Coastal Act. Local governments have incentives to complete certified LCPs, as they can then handle development decisions themselves (although stakeholders can appeal such decisions to the Coastal Commission). In contrast, any project undertaken in the coastal zone, in communities without certified LCPs, must attain a permit from the Coastal Commission. As of June 2018, nearly 90 percent of the applicable geographic area was covered by a certified LCP. Most of these LCPs, however, were developed around 30 years ago—long before the need to account for the potential effects of climate change and sea-level rise. As such, some coastal communities are beginning to work on updating their LCPs, including by conducting sea-level rise vulnerability assessments, undertaking adaptation planning, and updating their land use policies.

State has provided GGRF funding for coastal planning and adaptation. In both 2017-18 and 2018-19, the state provided GGRF to three state departments for coastal adaptation activities—Coastal Conservancy, Coastal Commission, and BCDC. A total of \$6 million was provided in 2017-18 and \$5 million in 2018-19. In each year, the funds were provided on a one-time basis, and were not included in the Governor’s original proposals, but rather, were added by the Legislature through the course of budget negotiations. The funded programs and activities at each department have the primary goal of assisting coastal communities in assessing their sea-level rise vulnerability, planning for rising tides, and implementing adaptation projects.

Coastal adaptation activities has also received funding from other state sources. The recent GGRF appropriations supplemented other funding at these three departments for similar activities. For example, over the past five years the Coastal Commission has awarded \$6 million in grants for vulnerability assessments and LCP updates, funded through appropriations from the General Fund and bonds. Similarly, between 2013 and 2015, the Coastal Conservancy awarded \$7.3 million in grants through its Climate Ready Program using state bonds and special funds. Additionally, many of the other programs and activities at these departments are related to sea-level rise adaption. For example, the Coastal Conservancy’s governing board adopted a comprehensive climate change policy and amended its project selection criteria to require that *all* Coastal Conservancy projects must be designed with climate change in mind—even those funded by other Coastal Conservancy grants and programs apart from its Climate Ready Program. The state has also provided funding for the Ocean Protection Council to conduct sea-level rise preparation activities, including research and data dissemination. For example, in 2018-19 the Legislature appropriated \$10 million from Proposition 68 for the Ocean Protection Council to dedicate to projects that assist coastal communities, including grants for local sea-level rise adaptation projects.

Does not propose GGRF for the State Coastal Conservancy. In contrast to the current and prior years, the Governor's budget would not provide GGRF for the Coastal Conservancy in 2019-20. According to the Administration, this is because the Coastal Conservancy has other available funding—primarily from Propositions 1 (2014) and 84 (2006)—for purposes consistent with the Climate Ready Program. The Administration states that significant overlap exists between the Climate Ready Program's objectives and other bond-funded programs the Coastal Conservancy is undertaking, such that additional GGRF is not essential.

Governor's proposals meet important needs. While the magnitude and timing of sea-level rise still are unknown, scientists are confident that some level of rise is certain. To moderate the severity of the impacts these changes will bring, California's coastal communities need to begin planning now for how they will respond over the coming decades. The proposed funding would allow SFBCDC and the Coastal Commission to assist local governments in their adaptation efforts. While most of the sea-level rise adaptation actions must be undertaken by local jurisdictions, the state can help by facilitating regional collaboration and coordination (as with the SFBCDC funding) and by providing funds to encourage communities to assess their vulnerability and plan their responses (as with the Coastal Commission funding). Additionally, these allocations are consistent with the uses and priorities for which the Legislature has directed funds in previous years.

State has vested interest in preparing coastal assets for sea-level rise. While the funds are supporting efforts that benefit individual communities, these activities also have statewide value. Although most of the development along the coast is owned by either private entities or local governments—not the state—the state has a strong rationale for helping ensure that local jurisdictions plan and take action to adapt to sea-level rise; in order to minimize costly and traumatic damage for state residents and their property. Additionally, serious public health and safety impacts could occur if proper steps are not taken to prepare for how sea-level rise will affect certain coastal infrastructure. This includes threats to drinking water (from impacts to coastal groundwater aquifers and water treatment plants), sewage treatment, local transportation infrastructure, and essential facilities such as hospitals and schools. The state also owns and is directly responsible for maintaining certain coastal highways that face significant risk from sea-level rise. Moreover, the economy and tax base—both local and statewide—would be negatively affected by significant damage to certain key coastal infrastructure and other assets, such as ports, airports, railway lines, beaches and parks used for recreation, as well as high-technology companies located along the San Francisco Bay. The state also is charged with overseeing natural resources on behalf of the public trust, and thus, is responsible for protecting public access to the coast and the health of coastal wetlands, wildlife, and habitats.

Additional state assistance to local communities likely will be needed in future years. Local governments along the coast face costly challenges and difficult decisions for how they will respond to the impacts of sea-level rise. They will need to grapple with which existing properties, infrastructure, and natural resources to try to protect from the rising tides (and how they might do so), which to modify or move, and which may be unavoidably affected. State departments are making efforts to assist coastal communities in these efforts by providing research, data and guidance, as well as grants for planning and projects. Given the magnitude of the challenges sea-level rise will bring in the coming decades, however, coastal communities

likely will look to the state for more help in future years—including additional fiscal resources, policy guidance, and statutory changes.

LAO COMMENTS

Adopt Governor’s proposals. Because the proposed funding would assist local governments in their sea-level rise adaptation efforts, the LAO recommends the Legislature adopt the Governor’s proposals to provide \$1.8 million to SFBCDC and \$1.5 million to the Coastal Commission in ongoing GGRF. The state has a vested interest in ensuring local jurisdictions are prepared to protect coastal resources from rising seas. Facilitating regional collaboration and providing funds for local adaptation planning are appropriate supporting roles for state departments to play.

Explore additional ways to assist local communities in adapting to rising sea levels. While the Governor’s proposals represent helpful and justifiable activities for state departments to undertake, additional steps likely will be needed to help support local communities’ significant planning and response needs in the coming years as threats from sea-level rise become more pressing. The LAO recommends the Legislature continue to work with state departments, local governments, and coastal residents to identify the most effective ways for the state to help adapt to the impacts of rising seas. These could—and likely will—include additional data collection and research, policy changes, and funding appropriations. For example, the state may want to provide more funding for and/or enact additional requirements around local adaptation planning—whether through the Local Coastal Program (LCP) process or some other approach. The recent state-produced reports mentioned earlier contain data and recommendations that can help guide state and local actions in the coming years. Additionally, the Legislature can continue to convene experts—as it has with several policy and select committee hearings in recent years—to help solicit input as to the progress of local adaptation planning and how the state can most effectively contribute to sea-level rise (SLR) preparation efforts. Some of the key questions for the Legislature to explore in the coming months and years could include:

- **State vs. Local Role.** Which activities are appropriate for the state to undertake, and which should be local responsibilities? Are there decisions that have traditionally been made at the local level in which the state should become involved to protect public safety and statewide interests?
- **Adaptation Progress.** What is the status and pace of local governments’ progress in preparing for SLR? Are there certain high-risk regions that are not making sufficient progress? Are there steps the state should take to help facilitate, expedite, or compel additional progress?
- **Funding.** What are the most effective uses of state funding to address SLR? What fund sources are available and appropriate for state-level SLR efforts? Are there additional tools that the state or local governments could use to generate additional funding for these efforts, and does the Legislature need to take steps to authorize such tools?
- **Research and Data.** Is there additional information the state should collect and provide to assist local governments in their SLR planning? How are scientific understandings and

projections of SLR evolving, and how should this change the guidance the state is providing to local governments?

- **State Assets.** What steps should the state take to protect assets for which the state has primary responsibility—such as highways and state-owned buildings—from the effects of SLR? Does the state have a long-term adaptation plan—including time lines, cost estimates, and identified funding—for these assets? Has a state entity been identified to help coordinate and oversee these actions?
- **Current LCP Process.** Why are certain jurisdictions opting not to update their LCPs (or, in some cases, not to have an LCP certified in the first place)? Do particular barriers exist within the LCP process that the Legislature can help address? Are there ways the state should modify the LCP process to better regulate planning, development, and decision-making in the coastal zone?

The LAO recommends the Legislature adopt these proposals because of the potential future impacts of sea level rise. The LAO also recommends that the Legislature continue to work with state and local entities to identify the most effective ways to support local communities' planning and response needs, including ongoing assessments of progress, how these efforts should be funded, and what additional research and data is needed.

STAFF COMMENTS

While staff has no concerns with this proposal, this proposal would create an ongoing pressure in the Greenhouse Gas Reduction Fund. Conversations on the GGRF expenditure plan is still ongoing. As such, staff recommends deferring action on this item until the Legislature gets a better sense on how to proceed with the various calls on the Fund and how to prioritize those needs.

Staff Recommendation: Hold Open.

3560 STATE LANDS COMMISSION**ISSUE 4: SPATIALLY INDEXED RECORDS MANAGEMENT SYSTEM (SIRMS) - PROJECT AND OPERATIONS**

The Governor's budget requests \$1,245,000 General Fund one-time, \$777,000 ongoing, and 3.0 positions to fund the Spatially Indexed Records Management System (SIRMS) project.

BACKGROUND

The State Lands Commission (SLC). The SLC, established in 1938, is tasked with managing California's sovereign lands and resources for the benefit, use, and enjoyment of the public. These lands total approximately 4.5 million acres and include tidelands, submerged lands and the beds of navigable rivers, streams, lakes, bays, estuaries, inlets, and straits.

SLC has over 200 years' worth of historical records. The SLC rely on historical records that document land ownership and define the state's historical boundaries to conduct its primary business functions, leasing, environmental protection, and ensuring land use is managed in the best interests of the state. The records include paper documents that predate statehood. This accumulation of over 200 years of records has resulted in an estimated 160 different record types containing over four million documents. These paper records are housed at the State Records Center and at all five Commission locations. The Commission has partially automated some of its business process and functions. However, staff continues to access paper documents using a manual geo-referenced title plant, comparable to a Geographical Information System, but fully dependent on manual systems, tools, and processes. The mix of paper and digital records is constantly expanding as new transactions are brought before the Commission.

The Spatially Indexed Records Management System project (SIRMS). The SIRMS project, when complete, will provide geo-referenced, digital accessibility land ownership records. SIRMS will improve leasing and permitting workflow processes associated with them. SIRMS will assist staff in, more efficiently issuing leases and permits, identifying jurisdictional ownership, improving workflows, and eventually, allowing the public to access the historical records electronically.

STAFF COMMENTS

SLC currently has to access a mix of paper and digital records to perform its land management and leasing functions. In recognition of this inefficient and cumbersome process, the Legislature previously approved the planning phase and first year implementation costs to create a system to organize, classify, and digitize land ownership records. This request is for the second year implementation costs. Providing SLC with the ability to have digital access to geo-referenced land ownership records will improve leasing and permitting workflow processes associated with them. This system will also improve efficiency in issuing leases and permits and identifying jurisdictional ownership.

Staff Recommendation: Approve as budgeted.

3790 DEPARTMENT OF PARKS AND RECREATION

ISSUE 5: ADMINISTRATIVE SUPPORT STAFFING

The Governor's budget requests \$1,740,000 General Fund one-time, \$1,633,000 General Fund ongoing beginning in 2020-21, and 12 positions to support the increasing fiscal demands, address control agency audits, reduce backlogs, and support new and ongoing departmental operations in the Accounting Services and Business Management Services Sections.

BACKGROUND

The new accounting system, Fi\$Cal. The Financial Information System for California, better known as Fi\$Cal, is California's statewide accounting, budget, cash management and procurement IT system. The State Controller, the State Treasurer, and the Directors of the Departments of Finance and General Services signed a Memorandum of Understanding in 2007 to formalize the cooperative partnership to support the development of the Fi\$Cal system. In July 2016, Fi\$Cal was formally recognized as a new department that implements, maintains and operates the Fi\$Cal system.

Migration to Fi\$cal is creating backlogs. According to DPR, the transition to Fi\$cal is creating backlogs and new workload. Many processes that were automated in the previous fiscal system have now become manual; one-step extracts now require numerous steps to achieve the same results in the new system; and processes that occurred on a monthly basis now require daily, weekly, and monthly action. DPR asserts that it does not have permanent staff to meet the demand for fiscal tracking, reporting, auditing, and procuring.

DPR further asserts that it has implemented mitigating efforts to help with the transition, but these resolutions cannot continue without additional personnel; current staff has worked over 10,000 hours of overtime since the transition. Temporary help has been hired, and the Department has created numerous databases and systems in an attempt to automate processes. In addition, DPR has redirected staff from other units, and administrative managers have contributed over 11,800 additional hours of transitional and live work.

STAFF COMMENTS

The new Fi\$cal system is meant to increase efficiency overtime. Transitioning to a new system creates additional workload for the Department. However, this workload should decrease over time. The Subcommittee may wish to ask the Department why the requested resources are ongoing.

Staff Recommendation: Approve as budgeted.

ISSUE 6: CALIFORNIA INDIAN HERITAGE CENTER STAFFING

The Governor's budget requests \$428,000 General Fund ongoing and three positions to patrol, maintain, and develop the California Indian Heritage Center property.

BACKGROUND

A museum for California Tribes. The concept for a museum for California Tribes originated in 1927 with a loan to the state from Benjamin Hathaway of nearly 40,000 objects. A temporary facility to store, exhibit, and educate the public about these collections came to fruition in 1940 with the construction of a 4,300 square foot building at Sutter's Fort State Historic Park, funded by the Native Daughters of the Golden West. In 1950, the state purchased the collection, hired its first professional staff, and developed new exhibits.

California Indian Heritage Center. Senate Bill 2063 (Brulte, Chapter 290, Statutes of 2002) appropriated \$5 million to establish the California Indian Cultural Center and Museum Task Force. The bill also directs this taskforce to advise and make recommendations to the Department regarding development of a new museum, including its location, design, content, and governance structure.

The task force adopted the name "California Indian Heritage Center (CIHC)." The Department, CIHC, and community representatives selected the West Sacramento site at the confluence of the Sacramento and American Rivers after assessing several alternatives.

The Budget Act of 2018 included funding for the construction of the CIHC. The 2018-19 Budget includes \$100 million General Fund to construct the CIHC, and \$100 million in matching State Park Contingent Fund authority for costs to be funded through gifts or donations. The CIHC, when complete, will include up to approximately 120,000 square feet of building space, equipment and furnishings, outdoor plazas and venues, along with interpretive/educational trail connections to the Sacramento River.

This project is envisioned to draw visitors from across California, the nation, and the world to this center of statewide significance for cultural preservation, learning and exchange, land stewardship based on native values, and a place to engage all visitors in celebrating the Living Cultures of California Tribes.

STAFF COMMENTS

The envisioned project constitutes a decades-long collaboration between the Department, California tribal communities, and interested philanthropic entities. It fulfills long-standing promises and demonstrates the state's commitment to, and responsibility for, collaborating with California tribal communities throughout the state to communicate their history, and work together to preserve California tribal cultural heritage. Total estimated project cost is \$200 million.

During earlier attempts to acquire the property from the City of West Sacramento, DPR acknowledged that the property would require additional resources to manage, such as patrols

and site maintenance. DPR had requested the City to cover the operating costs for the property, but the City rejected the request. With \$100 million approved in last year's budget for the project, and the desire to restart acquisition negotiations with the City, DPR agreed to cover the cost of operating the property, immediately upon transfer of title. DPR anticipates acquisition of the property by July 2019 and will need to begin patrols and maintaining the property at the beginning of 2019-20.

Staff Recommendation: Approve as budgeted.

ISSUE 7: CALIFORNIA MUSEUM

The Governor's budget requests \$1 million General Fund ongoing for local assistance funding to the California Museum to support the museum's mission to engage and educate the public on California history.

BACKGROUND

The California Museum was created to share the contents of the State Archives with the Public. The Museum's exhibitions emphasize stories that reflect all aspects of California's diverse population and culture, with emphasis on the contributions of women and under-represented groups.

The Museum educates the public on California's diversity and unique influence on the world of ideas, innovation, art, and culture through interactive experiences. The California Museum offers educational programs for students and teachers that focus on history, social science, visual arts, and English language arts Common Core standards.

The Museum also offers lesson plans and classroom materials to educators. Signature Exhibits for the Museum include the California Hall of Fame; 31st Star, the lead up to California becoming a state; California Indians: The First People; California's Missions; California's Remarkable Women; and others.

STAFF COMMENTS

August 18, 2020 will commemorate the centennial anniversary of the 19th Amendment to the United States Constitution, which prohibits the states and the federal government from denying the right to vote to citizens of the United States on the basis of sex.

DPR intends to use the requested fund to support the Museum's efforts to develop and operate additional content celebrating one hundred years of women's suffrage and gender justice. These exhibits are intended to expand on existing content that documents the significant roles and achievements of remarkable women in strengthening, shaping, and serving California and their roles as community leaders and activists, business leaders, inventors, entertainers, mothers, daughters, sisters, and partners.

Staff Recommendation: Approve as budgeted.

ISSUE 8: REPLACEMENT OF EMERGENCY FLEET

The Governor's budget requests a one-time increase in spending authority of \$1.8 million in 2019-20 and \$1.7 million in 2020-21 from the General Fund to replace aging motorized equipment. The 2019-20 funding will be used to procure two vessels and a fixed-wing aircraft, and the 2020-21 funding will be used to procure two vessels and a type I firefighting apparatus.

BACKGROUND

DPR has a fleet of public safety equipment. DPR operates a fleet of marine vessels, aircraft, fire apparatus and other public safety equipment to protect the natural and cultural resources at more than 280 park units, which provide direct service millions of visitors, and the surrounding communities. These are specialized equipment and apparatus and are part of the State's Office of Emergency Services response plan.

DPR's fleet of equipment are antiquated. DPR currently deploys four specialized vessels to patrol the coastal waters of the Pacific. These vessels have a hull designed with a specialized deep "V" at the stern, allowing them to drive through surf without capsizing or sinking. They also have the unique ability to drive backwards without danger of submersion. In addition, these vessels contain two motors and associated outdrives allowing the boat to pivot 360 degrees, in place. The vessels are designed for swimmer and rescuer safety with a large swim step, and outdrives/propellers located mid-hull to avoid propeller-related injuries. These vessels are responsible for more than 1,000 swimmer rescues per year, 80 vessel assists per year, and patrol approximately 27 miles of high-use coastline.

Three of the currently deployed vessels are over 20 years old (32, 30, and 21 years, respectively), are worn out, inadequate, and have sustained significant damage over the years due to the environmental conditions of the ocean surf. The fourth vessel is 12 years old; however, was extensively refurbished in 2016, and does not need to be replaced.

The DPR also maintains a 33-year-old aircraft, which patrols more than 800,000 acres of Anza Borrego Desert State Park, Ocotillo Wells State Vehicular Recreation Area, Salton Sea State Recreation Area, and Picacho State Recreation Area to assist with locating lost or injured hikers, ecological studies, and law enforcement related duties. In addition, the Department deploys large firefighting vehicles and equipment, which provides service to the public and protects some of the most valued historical structures in the state. This fire apparatus also serves to assist with controlled burns for maintenance and success of some of the world's most sensitive habitats.

STAFF COMMENTS

Modernizing the specialized emergency mobile equipment will not only assist in proper response to emergencies, but will greatly assist in helping to meet DPR's mission of protecting and preserving California's natural and cultural resources. The vessels patrol marine protected areas, monitoring these sensitive underwater parks for natural damage, as well as human destruction.

Staff Recommendation: Approve as budgeted.

ISSUE 9: VARIOUS CAPITAL OUTLAY PROJECTS

The Governor's budget requests \$19,062,000 from various funds for a number of capital outlay projects. Specifically, this proposal requests for the following:

Project Title	Description
Calaveras Big Trees SP: Campsite Relocation (continuing)	Requests \$1.8 million reimbursement authority for the construction phase of the Calaveras Big Trees State Park: Campsite Relocation project in Calaveras County. This continuing project includes relocation of approximately five existing campsites to a new location within the Calaveras Big Trees State Park.
Colusa-Sacramento River SRA: Boat Launching Facility (new)	Requests \$397,000 Harbors and Watercraft Revolving Fund one-time for the preliminary plans phase of the Colusa-Sacramento River State Recreation Area (SRA): Boat Launching Facility project in Colusa County. This project will redesign and improve the existing boating support facilities in anticipation of the completion of a new boat ramp. The project includes replacement, relocation, and improvements to the existing boating support facilities, camping facilities, and day-use area as well as installation of utility systems and construction of road and multi-use paths.
El Capitan SB: Entrance Improvements (continuing)	Requests \$2.6 million Proposition 84 bond funds and \$1 million in reimbursement authority for the construction phase of the El Capitan State Beach (SB): Entrance Improvements project in Santa Barbara County. This continuing project addresses safety and operational issues by including construction of an alternate safe route for pedestrians and bicyclists, increased space for today's larger vehicles on the park road and entrance area, replacement of a culvert with a bridge to allow the endangered steelhead trout a barrier free passage, and replacement of the aging and damaged entrance kiosk.
Fort Ross SHP: Cultural Trail (continuing)	Requests \$2.5 million Proposition 40 bond funds one-time for the construction phase of the Fort Ross State Historic Park (SHP): Cultural Trail project in Sonoma County. This continuing project includes construction of the Fort Ross Cultural Trail, adding a new trail segment to the California Coastal Trail.
Fort Ross SHP: Visitor and Educational Improvements (new, \$29M ETPC)	Requests \$3.9 million General Fund one-time for the preliminary plans phase of the Fort Ross State Historic Park (SHP): Visitor and Educational Improvements project in Sonoma County. This project includes construction of new cabin accommodations, replacement of the water treatment system, accessibility upgrades for the existing kitchen and restroom, demolition of existing cabins for tent camping, stabilization of the historic Lambing Barn, and adaptive rehabilitation of ranch era historic structures for classrooms and interpretive areas.
Hungry Valley SVRA: 4x4 Obstacle Course Improvements (continuing)	Requests \$451,000 Off-Highway Vehicle Trust Fund for the Hungry Valley State Vehicular Recreation Area (SVRA): 4x4 Obstacle Course Improvement project in Los Angeles County. This continuing project includes upgrade and enhancement of an existing 4x4 obstacle course at Hungry Valley SVRA.

Lake Del Valle SRA: Boat Ramp Replacement (continuing)	Requests \$940,000 Harbors and Watercraft Revolving Fund for the construction phase of the Lake Del Valle State Recreation Area (SRA): Boat Ramp Replacement project in Alameda County. This continuing project will replace an existing boat ramp, which is over 40 years old, deteriorating, and a public safety risk due to its extremely slippery surface.
Lake Oroville SRA: Gold Flat Campground Upgrades (continuing)	Requests \$1.3 million Proposition 84 bond funds for the construction phase of the Lake Oroville State Recreation Area (SRA): Gold Flat Campground Upgrades project in Butte County. This continuing project will upgrade aged and failing infrastructure, by including replacement of the outdated electrical and water distribution systems, installation of data conduit for future use, and overlay of campground roads and campsite spurs. The project will also construct accessible campsites and accessible paths of travel and accessibility upgrades to the existing combination building.
Oceano Dunes SVRA: Le Sage Bridge Replacement (continuing)	Requests \$97,000 Off Highway Vehicle Trust Fund for the working drawings phase of the Oceano Dunes State Vehicle Recreation Area (SVRA): Le Sage Bridge Replacement project located in San Luis Obispo County. This continuing project includes rehabilitation of 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 (continuing)	Requests \$95,000 Off Highway Vehicle Trust Fund for the working drawings phase of the Oceano Dunes State Vehicle Recreation Area (SVRA): Pismo State Beach (SB) Sediment Track Out Prevention project in San Luis Obispo County. This continuing project includes construction of several dirt track-out prevention measures at park exits to help ensure that dirt from vehicles does not track-out from Oceano Dunes SVRA and Pismo SB onto public roads.
Ocotillo Wells SVRA: Auto Shop Addition (continuing)	Requests \$1.3 million Off-Highway Vehicle Trust Fund for the construction phase of the Ocotillo Wells State Vehicle Recreation Area: Auto Shop Addition project located in San Diego County. This continuing project will expand the existing auto shop repair facilities by including construction of an additional and larger repair bay and storage space immediately adjacent to the existing building to accommodate items in the current fleet. Parks must provide safe working conditions for all staff. Currently, Ocotillo Wells SVRA staff are forced to complete maintenance and repairs to vehicles outdoors, unsheltered in the extreme weather conditions found at this desert park.
Ocotillo Wells SVRA: Holmes Camp Water System Upgrade (continuing)	Requests \$1.2 million Off-Highway Vehicle Trust Fund for the construction phase of the Ocotillo Wells State Vehicular Recreation Area (SVRA): Holmes Camp Water System Upgrade project in San Diego County. This continuing project includes construction of a new water treatment and distribution system to meet current demand and health department standards, comply with the California Department of Health Services-Drinking Water Field Operations Branch (DHS-DWFOB) Check List of Security Measures for Water Utilities, and provide storage and protection from the desert environment.

<p>Old Sacramento SHP: Boiler Shop Renovation (continuing)</p>	<p>Requests \$423,000 Proposition 84 bond funds for the working drawings phase of the Old Sacramento State Historical Park (SHP): Boiler Shop Renovation project located in Sacramento County. This continuing project includes critical improvements to the historic Boiler Shop in the Downtown Sacramento Railyards. The project will address hazardous material abatement, structural seismic stabilization, and improvements to the building exterior shell, interior core improvements, and related utilities to ensure Boiler Shop is clean and safe</p>
<p>Pfeiffer Big Sur SP: Low-Cost Alternative Coastal Lodging (continuing)</p>	<p>Requests \$178,000 State Park Contingent Funds for the working drawings phase of the Pfeiffer Big Sur State Park (SP): Low-Cost Alternative Coastal Lodging project in Monterey County. This continuing project includes construction of up to 15 new, lower-cost alternative lodging cabins along the coast to enhance visitor experience and increase visitation by non-traditional users within Pfeiffer Big Sur SP. Funds for this project will come from the California Coastal Commission (Commission) as a donation of in-lieu mitigation fees totaling \$3,462,000 over the next several years.</p>
<p>R.H. Meyer Memorial SB: El Matador Parking Lot Grading and Expansion (continuing)</p>	<p>Requests \$181,000 Proposition 40 bond funds for the working drawings phase of the R.H. Meyer Memorial State Beach (SB): El Matador Parking Lot Grading and Expansion project in Los Angeles County. This continuing project includes increasing available parking to help reduce pedestrian and vehicle accidents, installing permanent vault toilets, repairing the beach trail, and reducing beach trail erosion through parking lot grading and the use of more durable yet permeable surfaces.</p>
<p>San Luis Reservoir SRA: San Luis Creek Ramp Replacement and Parking Improvements (continuing)</p>	<p>Requests \$1.7 million Harbors and Watercraft Revolving Fund for the construction phase of the San Luis Reservoir State Recreation Area (SRA): San Luis Creek Ramp Replacement and Parking Improvements project in Merced County. This continuing project will improve visitor throughput by widening the existing two-lane boat ramp by two lanes, adding a third boarding float, and reconfiguring the parking lot. The project will also upgrade outdated fish cleaning and parking lot lighting systems.</p>

BACKGROUND

California’s park system. California State Parks represents the most diverse natural and cultural heritage holdings of any land management agency in California. The largest in the United States, California’s park system consist of over 260 park units, 280 miles of coastline, 625 miles of lake and river frontage, nearly 18,000 campsites, 3,000 miles of hiking, biking and equestrian trails, and 450 miles of off-highway vehicle trails on nearly 1.3 million acres. Historical units included missions, forts, the gold discovery site at Coloma, Hearst San Simeon, Jack London’s home, Bidwell Mansion and many other sites.

These lands support a stunning array of the state’s landscape provinces, environmentally sensitive habitat areas, threatened species, ancient Native American sites and historic facilities. With almost twenty-five percent of California’s magnificent coastline under its care, California State Parks manages the state’s finest coastal wetlands, estuaries, and dune systems.

STAFF COMMENTS

Most of the proposed capital outlay projects are later phases of previously approved projects. Staff has no concerns with the proposed projects.

Staff Recommendation: Approve as budgeted.

8570 DEPARTMENT OF FOOD AND AGRICULTURE**ISSUE 10: CALIFORNIA BIODIVERSITY INITIATIVE**

The Governor's budget requests \$4,220,000 General Fund one-time, \$3,901,000 General Fund in 2020-21 and ongoing and eight positions to initiate the planning and coordination of the workload associated with the California Biodiversity Initiative-A Roadmap for Protecting the State's Natural Heritage. This proposal also includes funding to restart CDFA's noxious weed management program, as well as provisional language to make this funding available for encumbrance or expenditure over a two-year period.

BACKGROUND

In 2018, Governor Brown's Executive Order (OA EC B-54-18) established the Roadmap, which embraces the broad goals of securing the future of all existing native California Species by preserving, protecting, recovering and increasing the ecosystems and native species distributions. The goal is also to improve ecological conditions, ecosystem functions and natural processes vital for sustaining these ecosystems across California. The Roadmap focuses on several goals that are relevant to the mission of CDFA. These goals include:

- Establishing the California Biodiversity initiative Working Group: The cross-agency working group will be co-chaired by the Director of the Department of Fish and Wildlife and the Secretary of the Department of Food and Agriculture to facilitate coordinated actions to achieve the state's biodiversity goals. Government must work across its Institutions such as: the California Landscape Conservation Cooperative; California Biodiversity Council; Strategic Growth Council; Department of Conservation; Governor's Office of Planning and Research; Ocean Protection Council; Department of Parks and Recreation; Fish and Game Commission; Natural Resources Agency; and, California Environmental Protection Agency.
- Accelerating and Streamlining Prevention, Detection and Management of invasive Species and Pests: California has an interest in minimizing the threats posed by invasive species and pests. The Roadmap calls for the expansion of programs to prevent, detect and manage invasive species and pests; develop California-specific invasive species risks assessments; support and expand early detection programs and evaluate and improve weed management efforts.
- Expanding Seed Banking and Collection to Create a Hedge Against Extinction: Expanding seed and germplasm banking is a hedge against permanent loss of native plant biodiversity. California Plant Rescue is a collaborative project involving the Department of Fish and Wildlife, CDFA, the California Native Plant Society, Consortium of California Herbaria, the National Center for Genetic Resources Preservation and several California's arboreta, botanic gardens, universities and other non-governmental organizations. This network preserves the future of California's native flora by collecting seeds of California species for long-term preservation in secure regional seed banks. In two years, this program has collected and stored the seeds of over 300 seed accessions of 95 rare plant taxa. The plan should advance a statewide seed banking effort to

conserve the native plant biodiversity of California and to develop an official California Seed Bank, as a distributed network of currently existing seed banks. This effort could include generating philanthropic support.

- Establishing a Soil Carbon Map of California: The soil carbon map will serve as an indicator of soil health, which is key to ecosystem health and maintenance of biodiversity. There are current projects that map soil carbon in California, including, the University of California, Davis Web Soil Survey and the compost eligibility mapping tool developed by the California Air Resources Board.

Germplasm bank. This proposal states, “California currently does not have a germplasm bank to preserve and protect its native plant species. A fully staffed germplasm facility is needed for collecting and storing the native plant species in a central location and ensure their long-term viability...CDFA requests one-time funding of \$125,000 for a feasibility study for a germplasm facility.”

Seed banking of California’s flora is underway. The California Plant Rescue Program (CaPR) is a collaboration of various universities and non-profit organizations. The CaPR program is currently working on banking seeds for every rare plant, and 563 of the 1,164 taxa have been saved thus far.

STAFF COMMENTS

Staff generally does not have concerns with this proposal. However, this proposal includes a request for one-time funding of \$125,000 for a feasibility study for a germplasm facility. Based on feedback from stakeholders, it appears there exist germplasm banks in California and the collection and storage of native plant species are underway. The Subcommittee may wish to ask whether such a study is necessary and whether it makes sense to create a separate state-run seed and germplasm banking program.

Staff Recommendation: Hold Open.

ISSUE 11: CITRUS PEST AND DISEASE PREVENTION PROGRAM RESOURCES

The Governor's budget requests \$5 million ongoing (\$2.5 million General Fund and \$2.5 million Department of Food and Agriculture Fund) and 65 positions to build a dedicated Citrus Pest and Disease Prevention Division within CDFA to enhance Asian Citrus Psyllid (ACP) and Huanglongbing (HLB) detection, suppression and eradication activities throughout the state.

BACKGROUND

Citrus is a major crop in California. According to CDFA, in 2017 California accounted for 51 percent of the U.S. citrus production. In that year, the total value of California's oranges, grapefruit, lemons, mandarins, and tangerines was estimated at about \$2.2 billion. About 90 percent of California's citrus industry is located in six counties (Fresno, Kern, Tulare, Ventura, Riverside, and San Diego). In addition to commercial citrus crops, CDFA estimates over 50 percent of residential properties have at least one citrus tree.

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

CDFA performs suppression and enforcement activities. The Plant Health and Pest Prevention Services division investigates the existence of pests, determines the probability of its spread, and determines the feasibility of its control or eradication.

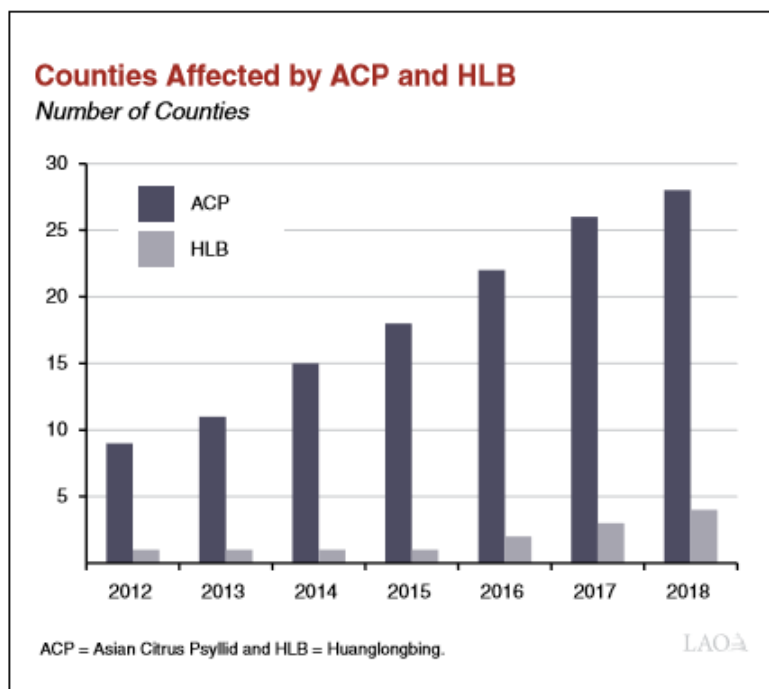
CDFA creates quarantine boundaries upon detection of ACP or HLB in a new area. Notices are then placed on all businesses or properties where citrus nursery stock, host plants, or citrus fruit is grown, processed, or stored. After an emergency quarantine becomes effective, agreements are signed with these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

Funding for suppression activities. The industry provides funding for ACP and HLB suppression activities through a self-assessment of up to \$0.09 per carton (equivalent to 40 pounds of citrus fruit). Funds raised through the industry self-assessment—as much as \$21 million in recent years—are deposited into the Citrus Disease Management Account in the Food and Agriculture Fund. Until 2017-18, the industry also provided about \$500,000 per year to reimburse CDFA for citrus grove surveys that involve trapping insects and analyzing the results of trapping efforts. In addition, the state and federal governments have provided funding for

suppression and eradication activities in prior years. In 2018-19, the Department estimates it will spend a total of \$41 million (of \$49 million budgeted) on suppression and eradication activities. This amount includes \$10 million in one-time General Fund support and \$16.3 million from the Food and Agriculture Fund.

ACP/HLB suppression and eradication activities are sometimes affected by other pest outbreaks. Core citrus program activities can be delayed or not conducted at all if emergencies such as fruit fly or other significant agricultural pest infestations occur. For example, in November and December 2017, the majority of the staff working on the citrus program were redirected to work on a major Mediterranean fruit fly infestation in Los Angeles County, delaying survey, treatment, and HLB tree removal activities.

ACP and HLB continue to spread. Data indicates that the area affected by ACP and HLB has increased substantially in California in recent years. The figure below shows that, from 2012 through 2018, the number of counties where ACP has been detected more than tripled, from 9 to 28, and the number of counties with an HLB infected tree grew from one to four. Over this period, the number of square miles under quarantine for ACP more than tripled from 25,813 to 87,656. Similarly, between 2014 and 2018 the number of square miles under quarantine for HLB increased more than nine-fold, from 92 to 850, and the number of trees identified as infected with HLB grew from 1 to 906.



Source: LAO

Creation of a dedicated Citrus Pest and Disease Prevention Division would help ensure a continuous effort to suppress ACP and HLB. The creation of a dedicated workforce would help ensure that the state’s program to suppress and eradicate ACP and HLB has sufficient dedicated resources to perform key functions throughout the year. The state’s citrus program has at times been disrupted by outbreaks of other pests. When outbreaks occurred, such as the

one that occurred when a major Mediterranean fruit fly infestation occurred in Los Angeles County, CDFA redirected staff away from ACP and HLB suppression and eradication activities in order to address a more immediate threat.

LAO COMMENTS

Approve Governor's proposal. The LAO recommends the Legislature approve the Governor's request for funding to suppress ACP and HLB. Given the recent increases in the spread of both ACP and HLB, the growing number of trees infected with HLB over the past few years, and the threat ACP and HLB pose to the state's citrus industry, the LAO believes the request for additional staff resources and a dedicated division is reasonable.

Require CDFA to report at budget hearings on current-year expenditures. The LAO recommends the Legislature require CDFA to report at budget hearings on projected spending in the current year on ACP and HLB suppression and eradication activities. Specifically, the Department should report on why it anticipates that \$7.8 million of the funds appropriated for the program in 2018-19 are projected to remain unspent. This total includes \$3.9 million from the Food and Agriculture Fund and \$3.4 million in Federal Funds.

Require CDFA to report on ongoing efforts to manage spread of ACP and HLB. The LAO recommends the Legislature require CDFA to report at budget hearings on the status of its efforts to address the spread of ACP and HLB, including whether the proposed level of resources will be sufficient on an ongoing basis to address the threat posed by ACP and HLB to the state's citrus crops. Specifically, the Department should report on: (1) why the measures it is currently implementing have been insufficient to stop the continuing geographic spread of ACP and HLB; (2) how the Governor's proposal would address any shortfalls in the current program; (3) what targets and outcomes CDFA would use to measure the effectiveness of its ACP/HLB suppression efforts; and, (4) whether there are additional measures that the state should implement to suppress ACP and HLB. This information would help the Legislature assess CDFA's progress to date, for suppression of ACP/HLB, and establish reasonable expectations for suppression of ACP/HLB in the future.

STAFF COMMENTS

The Huanglongbing (HLB) disease and its vector, the Asian Citrus Psyllid (ACP) is one of the most devastating diseases of citrus. Since its discovery in Florida in 2005, citrus acreage in that state has declined significantly. Creating a dedicated division in CDFA to perform suppression activities to address the threat posed by ACP and HLB, is a prudent one.

However, there is opposition to this proposal. In a letter submitted to this Subcommittee, Californians for Pesticide Reform, Pesticide Action Network, and the Natural Resources Defense Council assert that many of the pesticides used to control ACP, the pest that leads to HLB, are highly toxic. According to the letter, the pesticides used include the potent human neurotoxicant chlorpyrifos and neonicotinoid pesticides, which are hazardous to bees. The letter further notes that the proposal fail to serve the state's organic farmers who cannot rely on synthetic inputs, and thus unlikely to eradicate HLB disease across the state. And finally, the letter proposes CDFA develop a comprehensive program to increase citrus plant health and effective disease management, and immediately begin reducing reliance on pesticide applications such as with

chlorpyrifos, a potent human neurotoxicant, in order to protect California's citrus agriculture from HLB.

Staff Recommendation: Hold Open.

ISSUE 12: DEFERRED MAINTENANCE

The Governor's budget requests \$3 million General Fund one-time to address critical structural deficiencies at the Hawaii Fruit Fly Rearing Facility and the Plant Pest Diagnostic Center in Sacramento.

BACKGROUND

State has a large deferred maintenance backlog. Maintenance includes the recurring, usual upkeep needed to preserve and extend the useful life of facilities. When maintenance is delayed or does not occur, we refer to this as deferred maintenance. The Administration's 2018-19 Budget estimates that the state has \$67 billion in deferred maintenance, most of which is in the transportation area. In 2015-16, 2016-17 and 2018-19, the state provided almost \$1.3 billion for deferred maintenance, mostly from the General Fund (non-Proposition 98).

CDFA has received deferred maintenance funding in the last four years. The Budget Acts of 2015, 2016, 2017, and 2018 provided support for critical fire/life/safety infrastructure projects. In 2014-15, the Budget Act appropriated \$2 million General Fund to CDFA for fire alarm and water infiltration repairs at the Plant Lab and replacement of lights, roofing, inspection doors, etc., at various Border Protection Stations. In 2015-16, CDFA received \$7 million General Fund to address fire/life/safety projects at various fairgrounds throughout the state and \$2 million for various repairs at the Plant Lab, the California Animal Health and Food Safety Laboratory System (CAHFS) facility in San Bernardino, and the Alturas Border Protection Station. In 2016-17, the Budget Act appropriated \$3 million for some fire/life/safety projects at the CAHFS facility in San Bernardino, the Pierce's Disease Control Program Bio Control facility in Arvin, and various Border Protection Stations, as well as an additional \$4 million to address additional fire/life/safety projects at various fairgrounds. The Budget Act of 2018 contains \$1 million for replacing the flooring at the Plant Lab and various repairs at the Pierce's Disease Control Program, the Benton Border Protection Station and the Tulare Border Protection Station. The Budget Act of 2018 also includes \$3 million for deferred maintenance projects at the fairs.

CDFA has identified 45 projects, totaling \$14,476,000 in deferred maintenance needs. CDFA has prioritized its existing deferred maintenance needs and requests \$3 million in 2019-20 to address issues at two locations: the Hawaii Fruit Fly Rearing Facility and the Plant Lab. These projects are critical for the safety and functionality of each facility.

The Hawaii Fruit Fly Rearing Facility has a need of \$1.174 million to replace the heating, ventilation and air conditioning system that no longer functions properly. Due to the climate in this location, a reliable system is needed to maintain the environmental conditions necessary to produce sterile medflies. The necessary replacement of this system will address this issue.

The Plant Lab has a \$1.826 million need to address water intrusion repairs, replacement of failed window systems and the ponding issues in some areas of the building. Continuing water issues can bring mold and other damages over time that would be more costly and hazardous to address in the future. CDFA has just completed the replacement of the lab's roof. This requested funding will allow CDFA to further protect the lab from additional water damage.

STAFF COMMENTS

Reducing the backlog of deferred maintenance projects is important for protecting the state’s investments in its facilities. When adequate routine maintenance is not performed, it can sometimes trigger repairs that are more expensive in the future.

Staff Recommendation: Hold Open.

ISSUE 13: TURLOCK NORTH VALLEY ANIMAL HEALTH LABORATORY REPLACEMENT

The Governor's budget requests \$3.946 million General Fund one-time for the Performance Criteria Phase of the design-build project to build a new full-service California Animal Health and Food Safety (CAHFS) Laboratory System in the northern San Joaquin Valley to replace the existing, obsolete CAHFS Turlock laboratory.

BACKGROUND

The California Animal Health and Food Safety Laboratory System (CAHFS). CAHFS is a network of four laboratories throughout California, providing broad-based surveillance for diseases in agriculture to ensure food and animal feed safety. CAHFS serves to prevent, detect, contain and eliminate livestock and poultry disease outbreaks through livestock and poultry necropsy examinations (animal autopsy) submitted by vets or animal owners to determine the cause of illness or death of an animal. CAHFS also tests environmental samples submitted to assist with diagnosing diseases, certifying animals/environments are free from disease (often a requirement prior to import/export), and to maintain flock or herd health.

CAHFS has four laboratories strategically located throughout the state. Located in Davis, Turlock, Tulare, and San Bernardino, these laboratories serve as an early warning system to rapidly detect diseases of concern so they can be contained by CDFA before they spread. The laboratory system offers the following testing disciplines:

Current Capabilities with Existing Infrastructure:

Discipline	Davis	Turlock	Tulare	San Bernardino
Pathology	Avian/Mammalian	Avian Only	Avian/Mammalian	Avian/Mammalian
Histology	Avian/Mammalian	Avian Only	Avian/Mammalian	Avian/Mammalian
Immunology	Avian/Mammalian	Avian Only	Avian/Mammalian	Avian/Mammalian
Bacteriology (Including Parasitology)	Avian/Mammalian	Avian Only	Avian/Mammalian	Avian/Mammalian
Molecular Biology/Biotechnology	Bacteria/Virus	Bacteria Only	Bacteria/Virus	Bacteria Only
Serology	Avian/Mammalian	Avian Only	Avian/Mammalian	Avian/Mammalian
Toxicology	Yes	No	No	No
Food Safety	Yes	No	No	Yes

Laboratories in Davis, Tulare, and San Bernardino provide full-service necropsies and testing on biological samples (eg. blood, tissue biopsies, etc.). Turlock is the only laboratory that is restricted to poultry testing. The laboratory in Turlock opened in 1958 and has two on-site trailers for a total square footage of 5,100. The laboratory can only accept avian (bird) species and cannot provide mammalian necropsy/pathology services. According to CDFA, the testing limitations of the Turlock laboratory leave a gap in the surveillance system given the large population of cattle, sheep and other livestock in the northern central valley of California. CDFA further asserts that the existing laboratory does not meet current standards for diagnostic testing, lacks adequate biocontainment safeguards, and cannot be modified to comply due to its age, the presence of asbestos, and the size and location of the existing site.

STAFF COMMENTS

This proposal continues a previously approved BCP to replace the laboratory facility in Turlock with a full-service animal health laboratory. The total estimated cost of this project is \$54.1 million. Multiple DGS studies as well as CAHFS' accrediting body notes that the existing Turlock laboratory does not meet current laboratory standards. The laboratory was built in 1958 and is not designed for modern day biosafety, biocontainment or testing.

Staff Recommendation: Approve as budgeted.

ISSUE 14: VARIOUS TECHNICAL ADJUSTMENTS

The Governor's budget requests for “technical baseline appropriation adjustments to continue implementation of previously authorized programs and chaptered legislation proposals without an appropriation.” Specifically, this BCP contains seven distinct proposals, each is listed below:

- **Technical Adjustment to Convert Blanket Positions to Authorized Positions.** Request to convert six blanket positions to permanent authorized positions pursuant to Budget Letter 18-16. This is a request for position authority only with no increase in expenditure authority.
- **Federal Milk Marketing Order and Quota Implementation Program Establishment.** Request of a reduction of 34 positions to close the Dairy Marketing Branch and the Milk Pooling Branch due to the establishment of the Federal Milk Marketing Order on November 2018. CDFA also requests \$799,000 in Department of Food and Agriculture Fund authority, ongoing, to support five positions that were reclassified to comply with the request from the dairy industry to maintain the existing quota program.
- **Mountain Pass Border Protection Station Operations Expansion.** Requests \$724,000 General Fund and eight positions in 2019-20 and ongoing to operate additional lanes at the new Border Protection Station in Mountain Pass based on expanded design capacity.
- **Office of Information Technology Services Infrastructure.** Requests \$930,000 in distributed administration and one position in 2019-20 and \$142,000 and one position in 2020-21 and ongoing to: (1) operate and monitor CDFA's network and security infrastructure; (2) migrate to the California Department of Technology's (CDT) Tenant Managed Services Data Center environment; and, (3) replace critical equipment that has reached the end of its useful life.
- **Development of Pesticide Alternatives.** Requests \$671,000 Department of Food and Agriculture Fund (Ag Fund) authority in 2019-20 and ongoing for the Office of Pesticide Consultation and Analysis, to support the scientific development of biological control efforts and testing of alternatives for pesticides being considered for deregistration in California.
- **Industrial Hemp Positions.** Requests for six positions for the development, enforcement, and administration of the Industrial Hemp Program.
- **Organic Waste Management.** Requests \$140,000 General Fund and one position in 2019-20, through 2025-26, to administer AB 1981 (Limón, Chapter 633, Statutes of 2018).

BACKGROUND

Only one of the seven proposals in the BCP are technical. Of the seven distinct proposals in the BCP, only one of them can be considered technical in nature—the conversion of blanket positions to authorized positions.

Six proposal would fund new activities and/or expand existing activities. These are not “technical,” but rather represent fresh initiatives meriting a dedicated analysis. Specifically, the nontechnical proposals are:

- **Federal Milk Marketing Order and Quota Implementation Program Establishment.** The Budget Act of 2018 included trailer bill language to authorize CDFA to establish a California specific quota system after joining the Federal Milk Marketing Order. This request would enable CDFA to keep California’s quota system in place.

The U.S. Department of Agriculture (USDA) uses marketing orders to regulate the sale of dairy products. These marketing orders are binding on all handlers of the commodity within the geographic area of regulation once it is approved. The order may limit the quantity of goods marketed, or establish the grade, size, maturity, quality, or prices of the goods. This system allows producers to promote orderly marketing through collectively influencing the supply, demand, or price of a particular commodity. Research and promotion can be financed with pooled funds.

California, prior to November 2018, had a state-specific pricing system for dairy that is separate from the USDA. CDFA is the regulatory agency charged with overseeing this system. In order to perform this function, CDFA monitors conditions in the dairy market place and establishes the minimum price that must be paid by processors to producers. One item of the California-based system that is distinct from the federal system, is quota, which is an asset transferred between Grade A (fluid milk) dairy producers on a monthly basis. The Federal Order does not include a quota system.

- **Mountain Pass Border Protection Station (BPS) Operations Expansion.** The Mountain Pass BPS was approved by the Legislature in the 1990s and was completed in August 2018. It replaced the Yermo BPS on Interstate 15 and was designed to accommodate higher traffic volume on I-15 as well. The Mountain Pass BPS was built with more lanes to help create a better flow of traffic. This request is to staff the newer, larger BPS.

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

- **Office of Information Technology Services Infrastructure.** In 2016, CDFA underwent a security audit by the California Military Department on behalf of the California Department of Technology. This request is part of CDFA's continued effort to reform, improve and enhance performance of CDFA's IT infrastructure.

Since the audit, CDFA's Office of Information Technology Services (OITS) has established a Project Management Office; developed an Enterprise Architecture; categorized and classified all program data; purchased Information Technology (IT) Asset Management software; documented and improved on processes; purchased hardware to

accelerate system response time in remote offices; and, developed policies for cybersecurity. According to CDFA, some of the findings identified in the audit still need to be implemented.

- **Development of Pesticide Alternatives.** In 2018-19, CDFA received \$529,000 in General Fund to support scientific development of alternatives for pesticides being considered for deregistration in California. This request is for CDFA to sponsor additional research projects.

The Office of Pesticide Consultation and Analysis within CDFA provides DPR with unbiased analysis of potential pesticide regulatory impacts and pest management alternatives that may result in economic impacts to the agriculture food production sector. According to CDFA, despite the augmentation received in the Budget Act of 2018, OPCA retains a shortfall in resource authority necessary to fully implement plans to develop pesticide alternatives. This proposal will be funded from a reserve from the mill assessment on agricultural pesticide sales that is deposited into the Ag Fund. CDFA's Memorandum of Understanding with DPR will include language that specifically allows CDFA to utilize the funding for the research requested in this proposal.

- **Industrial Hemp Positions.** SB 566 (Leno, Chapter 398, Statutes of 2013), also known as the California Industrial Hemp Farming Act, requires CDFA to establish registration and renewal fees to be paid by growers of industrial hemp for commercial purposes. This proposal would allow CDFA to establish the Industrial Hemp Program. The federal Agricultural Improvement Act of 2018 (commonly referred to as the farm bill) legalized industrial hemp and allows states to regulate the production of industrial hemp.

SB 566 authorized the commercial production of industrial hemp in California and established an Industrial Hemp Advisory Board. Although chaptered in 2013, the California Industrial Hemp Farming Act was not effective until the Adult Use of Marijuana Act (Proposition 64, November 2016) made the Food & Ag Code Division 24 operative on January 1, 2017.

The California Industrial Hemp Farming Act requires that CDFA establish a registration fee and appropriate a renewal fee to be paid by growers of industrial hemp for commercial purposes and seed breeders, not including an established agricultural research institution, to cover the actual costs of implementing, administering, and enforcing the provisions of Food & Ag Code Division 24.

Organic Waste Management. AB 1981 (Limón, Chapter 633, Statutes of 2018) requires CalEPA to coordinate with several other state agencies, including CDFA, to develop and implement policies to aid in diverting organic waste from landfills by promoting the composting of specific organic waste, and by prompting the appropriate use of that compost in California. The bill also specifies the purpose of promoting the appropriate use of that compost through the state to improve the state's soil organic matter. CDFA anticipates that it will be engaged in research and technical work to inform the development of new policies to promote the production and application of compost. This request is to support the workload associated with that.

LAO COMMENTS

Require administration provide sufficient justification prior to approving new budget proposals for 2019-20. The Legislature must feel comfortable that the proposals contained in the consolidated BCP are justified before approving them. The Legislative Analyst's Office has requested certain information from the Administration, and will share it with legislative staff and others who may request it from the LAO, but there might be individual issues for which members require additional information. To that end, the LAO recommends legislative staff and members request additional information about any of the proposals for which they believe additional detail and rationale is needed. This should not be difficult or time-consuming for the Administration, as presumably CDFA had to prepare similar justification for the Department of Finance before its requests were included in the Governor's budget.

Direct administration to provide BCPs when proposing new or extended positions and activities in the future. The LAO recommends the Legislature direct the Administration to revert to the long-standing practice of providing standalone BCPs, specifically for proposals that include: (1) new positions; (2) funding for new activities; and/or, (3) extensions of funding, activities, and/ or positions that the Legislature previously had authorized only on a limited-term basis. This will better enable the Legislature to exercise its oversight role over how state funds are used and ensure that funds are spent effectively and for well-justified purposes. The consolidated BCP approach makes sense for proposals that are truly technical in nature, such as reversions and reappropriations for similar purposes.

STAFF COMMENTS

This BCP contains seven distinct proposals and most of them are not technical adjustments. Calling it a "BCP making technical adjustments" is a gross mischaracterization.

Staff Recommendation: Hold Open.

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