

# AGENDA

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

ASSEMBLYMEMBER STEVE BENNETT, CHAIR

WEDNESDAY, MARCH 29, 2023  
9:30 A.M. – STATE CAPITOL, ROOM 447

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*The public may attend this hearing in person or participate by phone. 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](mailto: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 54 47**.*

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## **VOTE-ONLY CALENDAR**

### **3360 CALIFORNIA ENERGY COMMISSION**

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<b>VOTE-ONLY ISSUE 1: BUILDING DECARBONIZING FINANCING AND INCENTIVE ASSISTANCE PROGRAM (SB 1112, BECKER)</b>
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The Governor's budget requests \$422,000 Energy Resources Programs Account ongoing for 1.0 permanent staff scientist position (Energy Commission Specialist III) and 1.0 permanent staff attorney position (Attorney III) to implement the requirements of SB 1112 (Becker). SB 1112 requires the CEC to coordinate with the Governor's Office of Business and Economic Development (GO-BIZ), California Public Utilities Commission (CPUC), and the State Treasurer's Office (STO) to identify state and federal financing and incentive options that will enable electric utilities and Community Choice Aggregators (CCAs) to provide zero-emission, clean energy, and decarbonizing building upgrades. In coordination with the listed agencies, CEC is also to apply for federal financing or investment solutions (where applicable), provide technical assistance to electric utilities and CCAs applying for state and federal funding, and assess and deliver a report describing statutory changes necessary to improve access to Federal financing or investment solutions, to the Legislature by December 31, 2023. These tasks are new for the CEC and would require 2.0 permanent staff to fulfill the requirements of this bill.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 2: FUNDING TO EXPAND AND IMPROVE ENERGY RELIABILITY MODELS (SB 1020, LAIRD)**

The Governor's budget \$1 million of onetime funds from the Cost of Implementation Account for contract support to rapidly improve and expand the current reliability models to encompass the whole state and address both system and local reliability.

This bill requires the CEC, CPUC, and CARB to develop an annual joint agency reliability progress report that reviews system and local reliability, with a particular focus on summer reliability. The first report is required by December 1, 2023, and annually thereafter. The report is to identify challenges and gaps, if any, to achieve system and local reliability and identify the cause of any delays in achieving compliance with capacity procurements required by CPUC. The report scope is consistent with the requirements in Chapter 61, Statutes of 2022 (AB 205) for the development of a report to the Legislature by January 31, 2023, that reviews how reliability was managed in 2022 and provides a projection of the magnitude of reliability issues in 2023 to 2026, inclusive. However, the scope of the analysis required by SB 1020 is more expansive as it looks to reliability under the SB 100 targets, and is not restricted to 2023 to 2026, inclusive.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 3: IMPLEMENTING HOURLY ELECTRICITY RETAIL RESOURCE ACCOUNTING (SB 1158, BECKER)**

The Governor's budget requests \$214,000 Energy Resources Programs Account and 1.0 permanent position to lead SB 1158 rulemaking activities and develop regulations for adoption by July 1, 2024, and to support ongoing analysis and implementation of hourly retail resource accounting and cross-program data harmonization efforts.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 4: SOLAR EQUIPMENT LIST DIRECT APPROPRIATION**

The Governor's budget requests four-year limited-term direct appropriation of \$1,281,000 from the Public Utilities Commission Utilities Reimbursement Account (PUCURA, Fund 0462) to fund the CEC's Solar Equipment List Program and replace the current Interagency Agreement (IA) funding mechanism.

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**Staff Recommendation: Approve as budgeted.**

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**8660 CALIFORNIA PUBLIC UTILITIES COMMISSION**

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**VOTE-ONLY ISSUE 5: CALSPEED TESTING CONTINUATION**

The Governor's budget requests \$2,988,000 through fiscal year 2025-26 and \$1,902,000 in ongoing budget authority from the Public Utilities Commission Utilities Reimbursement Account (Fund 0462) for three (3.0) positions, and other related program contracts, computers, devices, licenses, training subscriptions, and hardware to continue the CalSPEED program. This includes:

- \$2,388,000 for program-related contracts, devices, licenses, subscriptions, and hardware for two drive tests up to 2025-26.
- \$1,302,000 for the equipment, service plans, contracts for only one drive test after 2025-26.

The CPUC will return with a future proposal for additional ongoing costs after evaluating the operation of CalSPEED program beyond 2025-26 following the end of monitoring period and reimbursements of \$1 million for the T-Mobile and Sprint merger.

The CalSPEED Mobile project uses a widely accepted, open-source testing engine called iPERF to measure mobile broadband throughput, latency, download speed, upload speed, and other indicia of service quality from the point of view of the consumer experience. CalSPEED's test code and results are both completely transparent and available to the public. This differs from commercial speed test applications with proprietary test methods whose measurement details are not published publicly.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 6: CORRECTIONS: COMMUNICATIONS (SB 1008)**

The Governor's budget requests \$626,000 in ongoing budget authority for three (3.0) positions to develop, implement, enforce, and support new Service Quality (SQ) rules for Incarcerated Persons Calling Services (IPCS) providers, as mandated by Chapter 827, Statutes of 2022 (Senate Bill 1008). SB 1008 requires the CPUC to develop service quality rules applicable to IPCS providers.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 7: ELECTRIC TRANSMISSION RATES ADVOCACY**

The Governor's budget requests \$1,500,000 in budget authority per year for three years from the Public Utilities Commission Utilities Reimbursement Account (Fund 0462) and position authority for five (5.0) positions to continue CPUC advocacy for California ratepayers at the Federal Energy Regulatory Commission (FERC).

These positions seek to reduce transmission costs. Since 2008, California transmission utilities have increased their capital additions (and increased their rate base on which they earn a rate of return) by over 385 percent, from \$4.6 billion in 2008 to \$22.4 billion in 2022. Consequently, the High Voltage Transmission Access Charge which all California ratepayers must pay for operating the high-voltage transmission grids has increased from \$3.83 per megawatt hour (MWh) in 2009 to \$16.39 per MWh today—an increase of over 325 percent. At the same time, California load (demand) has declined since 2009 by 8.7 percent from 216.7 million MWh to 197.9 MWh.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 8: ELECTRICITY: ELECTRICITY PLANNING AND PROCUREMENT**

The Governor's budget requests \$3,313,000 from the Public Utilities Commission Utilities Reimbursement Account (PUCURA, Fund 0462): \$1,825,000 for eight (8.0) positions; \$400,000 per year for four years; and \$1,000,000 ongoing for consulting services, \$28,000 for software licenses and \$60,000 in one-time funding for training. This funding is to implement multiple requirements from four new bills: Senate Bill (SB) 1174, SB 887, SB 1158, and SB 1020.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 9: ELECTRICITY: STORAGE FACILITIES: STANDARDS AND RECORDS (SB 1383)**

The Governor's budget requests \$1,109,000 in ongoing budget authority for five (5.0) positions; \$523,000 in limited-term funding; \$500,000 per year for two years for technical engineering consultants; and \$85,000 ongoing for specialized field equipment and training from the Public Utilities Commission Utilities Reimbursement Account (Fund 0462) to implement Chapter 725, Statutes of 2022 (Senate Bill 1383) to establish standards and regulations for battery maintenance and a safety storage oversight program, to audit and enforce the implementation and development of energy storage technology safety standards, and to provide maintenance and operating oversight.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 10: FEDERAL ENERGY REGULATORY COMMISSION AND FEDERAL COURTS OF APPEAL LITIGATION CONTRACT**

The Governor's budget requests one-time budget authority of \$1,300,000 (\$650,000 in fiscal year 2023-24 and \$650,000 in 2024-25) from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) to extend a legal services contract with outside counsel who represents the CPUC in active litigation before Federal Electric Regulatory Commission (FERC) and Federal Courts of Appeal.

For 20 years, the CPUC has been coordinating with other parties representing Californians' interests in this effort to obtain refunds to Californians related to the 2000-01 Energy Crisis, and to date, these parties have obtained settlements of the so-called "Long-Term Contract Claims" in excess of \$7.7 billion (not including the \$1.6 billion secured from a natural gas corporation). This request is being made to continue federal court and FERC litigation against the last two Long-Term Contract Claims, which could produce upwards of an additional \$3.5 billion in recovery of overcharges (inclusive of interest).

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 11: LOW-INCOME UTILITY CUSTOMER ASSISTANCE PROGRAMS: CONCURRENT APPLICATION PROCESS (SB 1208)**

The Governor's budget requests \$815,000 ongoing budget authority for four (4.0) positions and \$500,000 one-time funding over two years for information technology (IT) consulting services from the Public Utilities Commission Utilities Reimbursement Account (Fund 0462) to fulfill the mandates of Chapter 840, Statutes of 2022 (Senate Bill 1208) by developing a concurrent application process for income-qualified programs.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 12: NET ENERGY METERING: CONSTRUCTION OF RENEWABLE ELECTRICAL GENERATION FACILITIES: PREVAILING WAGE (AB 2143)**

The Governor's budget requests \$1,347,000: \$319,000 in ongoing budget authority for two positions; \$179,000 in limited-term funding; \$750,000 ongoing for a consultant for outreach to mandatory reporters to collect the required reporting information for the CPUC; and \$200,000 one-time over two years for a consultant to support the development of a statewide residential distributed energy resources legislative report from the California Public Utilities Commission Reimbursement Account (Fund 0462) to implement Chapter 774, Statutes of 2022 (Assembly Bill 2143).

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 13: PUBLIC ADVOCATES OFFICE – SAFETY GEOGRAPHIC INFORMATION SYSTEMS ANALYSIS**

The Governor's budget requests one permanent, full-time Public Utilities Regulatory Analyst (PURA) III position and \$171,000 to the Public Utilities Commission Public Advocates Office Account (PUCPAOA) to address ongoing workload stemming from the increased need to analyze geographic information systems (GIS) data when reviewing electric and gas utilities safety-related proposals and projects.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 14: PUBLIC UTILITIES COMMISSION: CUSTOMER RENEWABLE ENERGY SUBSCRIPTION PROGRAMS AND THE COMMUNITY RENEWABLE ENERGY PROGRAM (AB 2316)**

The Governor's budget requests \$1,103,000 ongoing budget authority for five positions; \$500,000 one-time over two years; and \$10,000 for four years from the Public Utilities Commission Utilities Reimbursement Account (Fund 0462) to implement Chapter 350, Statutes of 2022 (Assembly Bill 2316), including reviewing existing customer renewable energy subscription programs, evaluating whether those programs achieve the specified goals of the legislation, and modifying the programs as necessary. AB 2316 also requires the CPUC to consider whether it is beneficial to ratepayers to establish the Community Renewable Energy (CRE) program, a new community-level renewable generation program.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 15: SERVER ROOM AND TELECOMMUNICATIONS CLOSETS ONGOING MAINTENANCE COSTS AT SAN FRANCISCO HEADQUARTERS**

The Governor's budget requests \$365,000 ongoing budget authority from various special funds (Distributed Administration) to provide sustained support for necessary maintenance of Information Technology (IT) infrastructure in its San Francisco headquarters.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 16: STRENGTHEN CPUC ADMINISTRATIVE FUNCTIONS**

The Governor's budget requests \$592,000 in ongoing budget authority for two (2.0) positions from various special funds (Distributed Administration) to strengthen its administrative oversight of its programs, and improve support of and compliance within the Administrative Services Division and Legal Division.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 17: SUPPORT FOR COMMUNICATIONS REGULATORY PROGRAMS**

The Governor's budget requests \$210,000 in ongoing budget authority from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) and position authority for eight (8.0) positions to fulfill statutory mandates and operational needs in functional areas under the CPUC's regulatory oversight of communications services in California.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 18: TRANSPORTATION ELECTRIFICATION: ELECTRICAL DISTRIBUTION GRID UPGRADES (AB 2700)**

The Governor's budget requests \$300,000 in ongoing budget authority for cloud services from the Public Utilities Commission Utilities Reimbursement Account (Fund 0462) to store data related to Chapter 354, Statutes of 2022 (Assembly Bill 2700).

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 19: WATER COMPLIANCE AND ENFORCEMENT**

The Governor's budget requests \$419,000 per year for three years from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) for CPUC Water Division compliance and enforcement actions.

A 2020 Consultant Report found there were no resources monitoring utility compliance with regulations, rules, and Standard Practices, and that the Division lacked a meaningful, proactive compliance monitoring program.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 20: WATER CORPORATIONS: RATES (SB 1469)**

The Governor's budget requests \$950,000 ongoing authority for four (4.0) positions from the Public Utilities Commission Utilities Reimbursement Account (Fund 0462) to implement Chapter 890, Statutes of 2022 (Senate Bill 1469) to, upon application by a water corporation with more than 10,000 service connections, consider and authorize the implementation of a mechanism that separates the water corporation's revenues and its water sales.

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**Staff Recommendation: Approve as budgeted.**

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## NON-PRESENTATION ITEMS

### 3790 PARKS AND RECREATION

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#### ISSUE 1: ADA TUCKER CONSENT DECREE

The Governor's budget requests \$23,200,000 one-time General Fund to complete additional Americans with Disabilities Act (ADA) improvements under the Tucker Consent Decree.

**Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.**

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#### ISSUE 2: HUMBOLDT REDWOODS STATE PARK: REPLACE FOUNDERS GROVE RESTROOM

The Governor's budget requests \$4,052,000 from available Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Proposition 84) and \$1,861,000 State Park Contingent Funds for the construction phase of the Humboldt Redwoods SP Replace Founders Grove Restroom in Humboldt County. This project will demolish the existing restroom facility, which is currently out of service, as well as the parking lot at Founders Grove, and construct new restroom and parking facilities with the necessary infrastructure in an alternative location. The new site will also include a new water source and treatment system, and a new accessible trail connection to Founders Grove.

This is a continuing project.

To accommodate the increase in visitation over recent years and anticipated future years, the capacity of both the facilities and trail need to be scaled accordingly. The Department will seek donations to cover the increase in total project cost.

**Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.**

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**ISSUE 3: KINGS BEACH SRA: RECREATIONAL PIER REPLACEMENT AND SUPPORT BUILDINGS**

The Governor's budget requests \$1,046,000 in reimbursement authority for the working drawings phase of the Kings Beach State Recreation Area (SRA): Recreational Pier Replacement and Support buildings project in Placer County. This project will relocate the existing pier, construct a new support building for park operations, and provide access and recreational improvements, consistent with the 2018 General Plan. Design funds for this project will come from fully executed grant agreements between the Department and the California Tahoe Conservancy in the amount of \$650,000 and the Department and the State of California, Wildlife Conservation Board in the amount of \$700,000, for a total of \$1,350,000. The Department will seek additional grant funds for the construction phase of this project.

This is a continuing project.

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**Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.**

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**ISSUE 4: LAKE PERRIS SRA: REPLACE LIFEGUARD HEADQUARTERS**

The Governor's budget requests \$12,575,000 from available California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (Proposition 68) bond funds for the working drawings phase of the Lake Perris State Recreation Area (SRA) Replace Lifeguard Headquarters project in Riverside County. This project will result in demolition of the existing 45-year-old lifeguard headquarters and construct 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 the dive team, and medical equipment.

This is a continuing project.

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**Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.**

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**ISSUE 5: LOCAL ASSISTANCE: OFF-HIGHWAY VEHICLE TRUST FUND**

The Governor's budget requests \$30,000,000 in fiscal year 2023-24 from the Off-Highway Vehicle (OHV) Trust Fund for local assistance grants.

**Background**

The intent for local assistance grants is to make funds available to aid local agencies throughout the state. The program detailed in this proposal reinforces the Department's mission and Strategic Plan by providing additional funding opportunities for California's local, state, and special districts to acquire, develop, construct, maintain, administer, and conserve the state's trails and areas for the use of off highway motor vehicles.

The OHV Recreation Act of 1988 provides for well-managed off-highway vehicle recreation in the State of California by providing financial assistance to cities, counties, districts, federal agencies, state agencies, educational institutions, federally recognized Native American Tribes, and nonprofit entities. The OHV local assistance program administered by the Off-Highway Motor Vehicle Recreation Division 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 OHVTF provides state funds to local and state agencies and other organizations for grants that are generally for parks, recreation, and resources related projects.

In 2021-22, the OHMVR Division was impacted by the COVID-19 pandemic. As parks were closed at certain times throughout the year and cleaning costs were increasing, the OHMVR Division management reduced the amount of local assistance funding to \$29,000,000. With the parks open and expenditures stabilizing, the OHMVR Division increased the local assistance authority to \$34,000,000 in 2022-23. After careful review of the OHVTF expenditures versus revenue, the OHMVR division is requesting to decrease the amount of local assistance authority to a conservative \$30,000,000 in fiscal year 2023-24. This reduction will allow the OHMVR Division to assess the impacts of inflation of fuel costs and electric vehicle use on revenue, especially fuel tax revenue, and balance the increasing costs of support operations.

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**Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.**

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**ISSUE 6: MALIBU CREEK SP: NEW STOKES CREEK BRIDGE**

The Governor's budget requests \$7,296,000 from available California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018 (Proposition 68) bond funds for the construction phase of the continuing Malibu Creek State Park (SP): New Stokes Creek Bridge project in Los Angeles County. This project will replace an existing, undersized arch culvert with a bridge to restore a secondary escape route for park visitors in the event of fire or other emergencies, reduce deferred maintenance costs and disruption to campers, and restore the creek to its natural configuration.

This is a continuing project.

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**Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.**

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**ISSUE 7: MOUNT DIABLO SP: VISITOR CENTER**

The Governor's budget requests \$2,612,000 in reimbursement authority from the State Parks and Recreation Fund for the construction phase of the Mount Diablo State Park (SP): Visitor Center. This continuing project includes replacing a small existing visitor center trailer with a larger visitor center, remodeling the existing restroom and site to meet accessibility standards, and constructing an outdoor interpretive pavilion. The Mount Diablo Interpretive Association (MDIA) has agreed to donate the design drawings and specifications for this project, subject to state review and approvals, and will provide funding to the Department to pay all state costs for design review, project management and construction.

This is a continuing project.

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**Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.**

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**ISSUE 8: OFFICE OF GRANTS AND LOCAL SERVICES FEDERAL GRANT PROGRAM ADMINISTRATIVE SUPPORT**

The Governor's budget requests \$904,000 in FY 2023-24 and \$859,000 ongoing for five additional positions from the Federal Trust Fund (FTF) to meet grant program delivery obligations for the Land and Water Conservation Fund (LWCF) program, Outdoor Recreation Legacy Partnership (ORLP) program, and the Statewide Comprehensive Outdoor Recreation Plan (SCORP). The Department's Office of Grants and Local Services (OGALS) will experience significant workload increases due to the President's 2023 federal budget which proposes \$232,000,000 for stateside local assistance. California's share of these funds will be approximately \$20,000,000 annually based on the federal distribution formula.

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**Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.**

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**ISSUE 9: OLD SACRAMENTO STATE HISTORIC PARK: RIVERFRONT IMPROVEMENTS**

The Governor's budget requests \$324,000 from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Fund (Proposition 68) for the working drawings phase of the Old Sacramento State Historic Park (SHP): Riverfront project in Sacramento County. This continuing 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.

This is a continuing project.

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**Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.**

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**ISSUE 10: PERMITTING COMPLIANCE AND HABITAT MANAGEMENT PLAN FOR RESTORATION AND ENHANCEMENT IN FORT ORD DUNES STATE PARK – NATURAL RESOURCES OBLIGATION**

The Governor's budget requests \$4,694,000 one-time in fiscal year (FY) 2023-24, seven permanent positions, 12 vehicles, and \$1,166,000 ongoing from General Fund (GF) for Federal Endangered Species Act, Section 10 compliance as specified in the Habitat Conservation Plan (HCP) and deed covenants that stipulate the Department's obligations for lands referred to as Ford Ord Dunes State Park (Fort Ord Dunes SP).

**Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.**

**ISSUE 11: PICACHO SRA: PARK POWER SYSTEM UPGRADE**

The Governor's budget requests \$2,123,000 from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access Fund (Proposition 68) for the construction 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. Options to be considered include, but are not limited to, photovoltaic (PV) panels on existing buildings and/or new shade structures, replacing existing diesel generators, or other mixes of conventional and renewable electrical sources.

This is a continuing project.

**Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.**

**ISSUE 12: SILVER STRAND SB: LOW-COST ACCOMMODATIONS**

The Governor's budget requests \$500,000 from California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Fund (Proposition 68) bond funds for the working drawings phase of the Silver Strand SB: Low-Cost Accommodations project. This continuing project will allow for the planning and initial development of low-cost accommodations at Silver Strand SB.

This is a continuing project.

**Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.**



**ISSUE 13: SONOMA OPEN SPACE AREA OPERATIONS**

The Governor's budget requests \$3,000,000 in reimbursement authority, four positions, and four vehicles in fiscal years 2023-24, 2024-25 and 2025-26 from the State Parks and Recreation Fund (SPRF) to manage the open space park lands within the Sonoma Developmental Center (SDC). The requested funding will cover basic equipment and operation costs for additional staff and seasonal staff to address associated workload increases from the added acreage from SDC such as maintenance, installations, repairs, and vegetation management.

**Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.**

**ISSUE 14: STATE HISTORIC REHABILITATION TAX CREDIT PROGRAM**

The Governor's budget requests \$443,000 in one-time funding and three positions in fiscal year 2023-24 and \$416,000 ongoing from the General Fund to handle increased workload in the Office of Historic Preservation (OHP) from the implementation of the State Historic Rehabilitation Tax Credit (SHRTC) enacted by Chapter 703, Statutes of 2019 (SB 451). The new state tax credit program was fully funded beginning January 2022, and the requested staff will work with the California Tax Credit Allocation Committee (CTCAC) to carry out program requirements as well as review and approve applications for the state tax credits.

**Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.**

## ITEMS TO BE HEARD

### 0650 OFFICE OF PLANNING AND RESEARCH

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#### ISSUE 1: GENERAL FUND SOLUTIONS AND IMPLEMENTATION UPDATE

Over the 2021 and 2022 climate packages, this subcommittee adopted significant funding to the Office of Planning and Research (OPR) and the Strategic Growth Council (SGC). These departments are typically under the jurisdiction of Assembly Budget Subcommittee number 4. To address the deficit, the Governor's budget proposes reductions and delays to some of these appropriations. These include:

**OPR:**

- \$75 million reduction to the Extreme Heat and Community Resilience Program. This retains \$100 million of the total or 57%.
- \$125 million reduction to the Regional Climate Resilience Program. This retains \$125 million of the total, or 50%.

**SGC:**

- \$105 million reduction the Transformative Climate Communities Program. This retains \$315 million of the total, or 75%.
- Delays \$85 million in the 2023-2024 Fiscal Year (FY) to the 2024-2025 FY for the Community Resilience Center Program. This retains the \$270 million total and will result in \$25 million in FY 23 and \$245 million in FY 24.

The total funding provided to these two entities in the climate packages includes:

## OPR/SGC Climate Package Appropriations

*Highlighted Rows Indicate Programs Governor Proposes for Budget Solutions  
General Fund, Unless Otherwise Noted (In Millions)*

Program	Department	2021-22	2022-23	2023-24	Totals
Transformative Climate Communities Program	SGC	115	165	140	420
Community Resilience Centers	SGC	—	110	160	270
Regional Climate Resilience Program	OPR	25	125	100	250
Climate Adaptation and Resilience Planning Grants	OPR	10	10	5	25
Regional Climate Collaboratives	SGC	10	10	—	20
CA Volunteers: Climate Action Corps	OPR	5	5	5	15
Vulnerable Communities Platform and CalAdapt Mapping	OPR	5	—	—	5
Market Development (Wildfire Package)	OPR	3	2	2	7
Community-Based Public Awareness Campaign	OPR	-	6	14	20
<b>Totals</b>		<b>173</b>	<b>433</b>	<b>426</b>	<b>1,032</b>

### PANEL

- Scott Morgan, Chief Administrator, Office of Planning and Research
- Lynn von Koch-Liebert, Executive Director, Strategic Growth Council
- Yumi Sera, Executive Director, Office of Community Partnerships and Strategic Communications
- Kevin Clark, Staff Finance Budget Analyst, Department of Finance
- Mark Jimenez, Principal Program Budget Analyst, Department of Finance
- Rachel Ehlers, Deputy Legislative Analyst, Legislative Analyst's Office

### LAO COMMENTS

#### Extreme Heat

**Recent Budgets Committed \$749 Million for Extreme Heat.** Recent budgets have committed a total of \$749 million over four years—\$10 million in 2020-21, \$70 million in 2021-22, \$348 million in 2022-23, and \$322 million in 2023-24—for various departments to address the risks posed by extreme heat. These activities are displayed in Figure 16. Almost all of this funding comes from the General Fund, but a small portion—\$15 million for the Farmworker Low-Income Weatherization Program—comes from GGRF. Notably, while most of this funding was part of a 2022-23 budget package focused on addressing extreme heat, some was also included as part of a 2021-22 package focused on climate resilience.

Figure 16

**Recent and Planned Extreme Heat-Related Augmentations**

Highlighted Rows Indicate Programs Governor Proposes for Budget Solutions  
General Fund, Unless Otherwise Noted (In Millions)

Program	Department	2020-21 and 2021-22	2022-23	2023-24	Totals
<b>Greening Programs</b>		<b>\$80</b>	<b>\$237</b>	<b>\$143</b>	<b>\$460</b>
Urban Greening Program	CNRA	\$50	\$100	\$100	\$250
Urban Forestry Program	CalFire	30	20	10	60
Green Schoolyards Program	CalFire	—	117 <sup>a</sup>	33	150
<b>Community Resilience</b>		<b>—</b>	<b>\$50</b>	<b>\$125</b>	<b>\$175</b>
Extreme Heat and Community Resilience Program	OPR	—	\$50	\$125	\$175
<b>Weatherization Programs</b>		<b>—</b>	<b>\$40</b>	<b>\$25</b>	<b>\$65</b>
Low-Income Weatherization Program	CSD	—	\$25	\$25	\$50
Farmworker Low-Income Weatherization Program	CSD	—	15 <sup>b</sup>	—	15
<b>Education and Outreach Programs</b>		<b>—</b>	<b>\$20</b>	<b>\$28</b>	<b>\$48</b>
Protections for vulnerable populations	CDPH, DIR, CDSS	—	\$14	\$14	\$28
Community-based public awareness campaign	OPR	—	6	14	20
<b>Agricultural Programs</b>		<b>—</b>	<b>\$1</b>	<b>\$1</b>	<b>\$2</b>
Animal Mortality Management Program	CDFA	—	\$1	\$1	\$1
Origin Inspection Program	CDFA	—	0.3	0.3	0.5
<b>Totals</b>		<b>\$80</b>	<b>\$348</b>	<b>\$322</b>	<b>\$749</b>

<sup>a</sup> Includes \$100 million for the Urban Forestry Program for schools and childcare facilities provided through a budget control section.

<sup>b</sup> Funded from the Greenhouse Gas Reduction Fund.

CNRA = California Natural Resources Agency; CalFire = California Department of Forestry and Fire Protection; OPR = Governor's Office of Planning and Research; CSD = Department of Community Services and Development; CDPH = California Department of Public Health; DIR = Department of Industrial Relations; CDSS = California Department of Social Services; and CDFA = California Department of Food and Agriculture.

**Extreme Heat Funding Supports Variety of Programs.** About 60 percent of the funding over the four years—\$460 million—is to support programs to expand green spaces in urban areas, schools, and childcare centers. Just under one-quarter of the funding—\$175 million—is for a program intended to help communities prepare for the impacts of extreme heat. The remaining funding—totaling \$115 million—is for programs to support weatherizing housing occupied by individuals with lower incomes, conduct education and outreach on extreme heat for certain vulnerable populations, and mitigate the impacts of extreme heat in pest and livestock management.

**Extreme Heat Represents New Area of State Focus.** Historically, the state has not provided significant funding explicitly to mitigate the impacts of extreme heat. The package includes existing, expanded, and new activities. Some of the recently funded programs—such as the Urban Greening Program, Urban Forestry Program, and Low-Income Weatherization Program—represent existing activities that have received support from the state in the past, however, these programs have not historically focused narrowly on the goal of addressing extreme heat. Rather, they have had other core goals—such as enhancing landscapes or improving energy efficiency—but they can also help with heat mitigation. Previous funding typically was not provided from the General Fund, but rather from alternative sources such as general obligation bonds or GGRF. Some of the funding displayed in Figure 16 is to

augment existing programs and activities to add a focus on extreme heat. For example, funding is included for the Department of Industrial Relations to expand its existing outreach, education, and strategic enforcement efforts to improve worker protections from heat-related illnesses. Finally, some of the augmentations are supporting the creation of new programs. For example, the Extreme Heat and Community Resilience Program is a new program at the Governor's Office of Planning and Research (OPR) aimed at helping communities prepare for the impacts of extreme heat.

### Governor's Proposed Extreme Heat Reductions (in Millions)

Program	Department	Total Augmentations	Proposed Reductions			New Proposed Amounts
			2020-21 Through 2022-23	2023-24	Total	
Extreme Heat Programs Proposed for Solutions						
Urban Greening Program	CNRA	\$250	—	-\$100	-\$100	\$150
Extreme Heat and Community Resilience Program	OPR	175	-\$25	-50	-75	100
Urban Forestry Program	CalFire	60	-20	-10	-30	30
Subtotals		(\$485)	(\$45)	(\$160)	(\$205)	(\$280)
All Other Extreme Heat Funding		264	—	—	—	264
Extreme Heat Totals		\$749	-\$45	-\$160	-\$205	\$544

**Note:** Cuts to urban forestry and urban greening were discussed on the 3/1/23 hearing.

For extreme heat, the Governor proposes reductions to three programs. The largest is \$100 million from the Urban Greening Program, a longstanding program that funds plans and projects aimed at developing additional green spaces (such as by adding trees or drought-tolerant plants). Significant reductions are also proposed for the new Extreme Heat and Community Resilience Program (\$75 million out of \$175 million) and \$30 million from the Urban Forestry Program, which is a longstanding program managed by CalFire that focuses on supporting tree planting in local communities.

**Proposes to Retain Most of the Funding That Was Previously Committed.** While the Governor reduces a larger share of funding for extreme heat as compared to most of the other thematic areas, the proposal still would maintain most of it. The Governor proposes to maintain 73 percent of the funding for extreme heat. This includes retaining 89 percent of the funding already appropriated (in 2020-21 through 2022-23) and half of the funding planned for 2023-24.

**Legislature Could Consider Making Reductions to Some Other Programs.** To the extent the Legislature needs to identify additional solutions, either because the budget condition worsens in the coming months or because it would like alternatives to some of the Governor's proposals, it has various options to consider. In particular, the Legislature could make more significant reductions than the Governor proposes to funding for programs or projects in 2023-24 or subsequent years. Some examples of specific programs that the LAO thinks are reasonable for the Legislature to consider reducing, in addition to those discussed above, include:

- **OPR's Community-Based Public Awareness Campaign.** This is a new program to conduct a public awareness campaign about the risks of extreme heat, focused on vulnerable communities. While a greater state focus on mitigating the effects of extreme heat is warranted given the health risks it poses, particularly to vulnerable groups, this

particular program is new and thus its effectiveness is uncertain. Moreover, starting in 2022-23, OPR also received a separate \$65 million ongoing annual General Fund augmentation to establish and operate an Office of Community Partnerships and Strategic Communications. In addition to running the above program, this office has base funding for general communications about important state issues. The Legislature could retain the \$6 million that was provided for the public awareness campaign in 2022-23, but eliminate the \$14 million planned for 2023-24. This would enable the Legislature to treat the 2022-23 funding as a pilot and evaluate its effectiveness—and relationship to other OPR activities—prior to determining whether additional funding is merited.

**STAFF COMMENTS**

This item is just related to OPR and SGC funding, which is included in LAO's larger community resilience and extreme heat packages. Many of the departments included in LAO's thematic packages were scheduled at other hearings.

Many of the programs proposed to be cut were newly created in the budget last year and this Subcommittee may want to ask:

**Extreme Heat and Community Resilience:**

- What are the next steps for guideline development?
- When will applications be accepted and scored?
- What types of projects do you intend to fund?
- How are you working with other extreme heat programs like Urban Forestry and Urban Greening?
- How are you determining which communities are most impacted by extreme heat?

**Regional Climate Resilience:**

- What are the next steps for guideline development?
- When will applications be accepted and scored?
- What types of projects do you intend to fund?
- For the incentive dollars, how are you working with other programs that might address specific climate concerns that are funded individually?
- For the incentive dollars, how are you ensuring that funds are distributed equitable throughout the state?
- Does cutting this program in half in its infancy send a signal to local governments that regional climate planning and coordination is not important and that the State should continue to fund siloed programs?

**Community Resilience Centers:**

- What are the next steps for guideline development?
- When will applications be accepted and scored?

- What types of projects do you intend to fund?
- Given the small amount of funds that would remain in FY 23 if the delay is adopted, how will you prioritize which projects are funded? Are you considering applications from Air Districts that run existing programs?

Community-Based Public Awareness Campaign:

- Why is \$20 million the correct amount?
- What will these funds cover and how long do you anticipate this funding to last?
- What efforts are you taking to coordinate these communications with similar state efforts on the drought and energy conservation?

Transformative Climate Communities:

- What communities have received funding already?
- How and which communities are still in the process of receiving money?
- How much federal money do you hope to receive to offset the proposed cuts?

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**Staff Recommendation: Hold Open.**

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## 3790 PARKS AND RECREATION

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### ISSUE 2: GENERAL FUND SOLUTIONS AND IMPLEMENTATION UPDATE

The Governor's budget proposes to cut the following appropriations:

- \$150 million from the total \$380 million for the Statewide Parks Program.
- \$95 million from the total \$95 million for the Indian Heritage Center.
- \$31 million from the total \$169 million for deferred maintenance.
- \$15 million from the total \$50 million that was set aside for future capital outlay projects.

#### PANEL

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

#### LAO COMMENTS

##### Parks, Museums, and Access

##### Recent and Planned Funding Augmentations

**Recent Budgets Provided Various One-Time Augmentations.** Over the past few years, the state has committed significant one-time funding to support parks, museums, and improving public access to parks and open space. As shown in Figure 23, these augmentations provide a combined total of about \$1.5 billion over a five-year period, almost all from the General Fund. Of this amount, \$1.3 billion has already been appropriated (in either 2021-22 or 2022-23), \$88 million is planned for appropriation in 2023-24, and \$124 million is planned for appropriation in a future year. (In addition to the items displayed in the figure, the state also provided numerous augmentations in recent years to specific legislative-priority park, museum, and access projects through budget control sections.)



Figure 23

**Major Recent and Planned Parks, Access, and Museum One-Time Augmentations**

Highlighted Rows Indicate Programs Governor Proposes for Budget Solutions  
General Fund, Unless Otherwise Noted (In Millions)

Program	Department	2021-22 and 2022-23	2023-24	2024-25 and 2025-26	Totals
<b>Competitive Grants for New or Improved Parks Space</b>		<b>\$419</b>	<b>\$56</b>	<b>\$94</b>	<b>\$569</b>
Statewide Parks Program <sup>a</sup>	Parks	\$230	\$56	\$94	\$380
Urban Rivers and Waterways Program	Parks	154	—	—	154
Recreational Trails and Greenways Program	CNRA	35	—	—	35
<b>Specific Projects</b>		<b>\$459</b>	<b>\$5</b>	<b>—</b>	<b>\$464</b>
Wildfire repair projects at specific state parks	Parks	\$124	—	—	\$124
Indian Heritage Center	Parks	95	—	—	95
India Basin project <sup>a</sup>	Parks	50	—	—	50
Jewish summer camps	CNRA	40	—	—	40
Alameda-Tesla expansion area	Parks	31	—	—	31
Sacramento Railyards	Parks	30	—	—	30
Allensworth State Park and Entrepreneurship Center	Parks, CNRA	30	—	—	30
John Muir Trail projects	CNRA	23	—	—	23
Designated museums	CNRA	16	—	—	16
Public Beach Restoration Fund transfer	Parks	15	—	—	15
San Francisco Greenhouse Project	CNRA	6	—	—	6
Redondo Beach Park	CNRA	—	\$5	—	5
<b>Access-Related Programs</b>		<b>\$132</b>	<b>\$27</b>	<b>\$30</b>	<b>\$189</b>
Outdoor Equity Grants Program <sup>a</sup>	Parks	\$65	\$25	\$25	\$115
Library Pass and other pilot programs <sup>a</sup>	Parks	23	—	—	23
K-12 access <sup>a,b</sup>	Parks	21	2	5	28
Explore the Coast Program <sup>a</sup>	SCC	14	—	—	14
Whale Tail Program <sup>a</sup>	Coastal Commission	10	—	—	10
<b>Interpretation and Art-Related Programs</b>		<b>\$50</b>	<b>—</b>	<b>—</b>	<b>\$50</b>
Cultural Art Installation Program	Parks	\$25	—	—	\$25
African American history and engagement	Parks	15	—	—	15
Tribal acknowledgment and interpretation	Parks	10	—	—	10
<b>Other Programs</b>		<b>\$276</b>	<b>—</b>	<b>—</b>	<b>\$276</b>
Deferred maintenance	Parks	\$169	—	—	\$169
Museum Grant Program	CNRA	50	—	—	50
Future capital outlay	Parks	50	—	—	50
Property acquisitions	Parks	6	—	—	6
<b>Totals</b>		<b>\$1,335</b>	<b>\$88</b>	<b>\$124</b>	<b>\$1,548</b>

<sup>a</sup> Included in 2021-22 Outdoors for All package.

<sup>b</sup> Includes \$3.2 million in 2020-21 and \$2.4 million ongoing from the Environmental License Plate Fee Fund.

Parks = Department of Parks and Recreation; CNRA = California Natural Resources Agency; and SCC = State Coastal Conservancy.

**Most of These Augmentations Were Not Included in Packages.** The 2021-22 budget grouped several of these augmentations into an “Outdoors for All” package. However, unlike many of the other thematic areas discussed in this report, most of the recent augmentations for parks, museums, and access were not adopted by the Legislature as part of defined packages, but rather as stand-alone proposals.

**Funding Supported Various Programs and Activities.** As shown in Figure 23, recent and planned augmentations support a variety of types of programs and projects, most of which are administered by Parks or CNRA. Close to 40 percent of the funds—\$569 million—is for competitive grant programs to create new or improve upon existing parks and other open spaces. About 30 percent of the funds—\$464 million—is to support specific local, state, federal or nonprofit projects. The remaining funds—totaling \$515 million—are for programs focused on increasing access to parks (such as through providing transportation or free admission to parks), improving interpretation and art programming in parks, and supporting various other programs. This represents an unusually large amount of General Fund support for these types of activities, many of which have traditionally been funded largely from general obligation bonds.

## Governor's Proposals

**Proposes Several Program Reductions.** The Governor proposes some notable reductions to a few programs, as shown in Figure 24. The largest proposed reductions are to the Statewide Parks Program, which is a long-standing competitive grant program focused on creating new local parks and improving existing parks in disadvantaged communities. Specifically, the Governor proposes to: (1) eliminate \$75 million appropriated for the program in 2022-23; and, (2) reduce the funding planned for the program in 2023-24 through 2025-26 from a total of \$150 million to \$75 million.

Figure 24

### Governor's Proposed Parks, Museum, and Access Budget Reductions

2021-22 Through 2025-26 (In Millions)

Program	Department	Total Augmentations	Proposed Reductions	New Proposed Amounts
<b>Programs Proposed for Solutions</b>				
Statewide Parks Program	Parks	\$380	-\$150	\$230
Indian Heritage Center	Parks	95	-95 <sup>a</sup>	—
Recreational Trails and Greenways Program	CNRA	35	-35	—
Deferred maintenance	Parks	169	-31	138
Museum Grant Program	CNRA	50	-29	21
Future capital outlay	Parks	50	-15 <sup>a</sup>	35
Explore the Coast Program	SCC	14	-3	11
Subtotals		(\$793)	(-\$358)	(\$435)
<b>All Other Parks, Museum, and Access Funding</b>		\$755	—	\$755
<b>Totals</b>		<b>\$1,548</b>	<b>-\$358</b>	<b>\$1,190</b>

<sup>a</sup> The Governor proposes to revert funding that was deposited in a specific fund for these activities back to the General Fund. The Governor categorizes these as fund shifts rather than reductions.

Parks = Department of Parks and Recreation; CNRA = California Natural Resources Agency; and SCC = State Coastal Conservancy.

The Governor also proposes to eliminate \$35 million appropriated in 2022-23 for the Recreational Trails and Greenways Program, which is an existing program that provides competitive grants to support nonmotorized infrastructure in parks and other outdoor recreational areas. Additionally, the Governor proposes to reduce \$31 million from the \$185 million appropriated in 2021-22 to help Parks address its over \$1.2 billion backlog of deferred

maintenance projects. (Parks funding for deferred maintenance was reduced by \$16 million in 2022-23, leaving a net increase of \$169 million over those two years.) Finally, the proposal would reduce \$29 million from the \$50 million appropriated in 2021-22 for the Museum Grant Program, which is a competitive grant program that prioritizes funding for museums that serve underserved communities or were severely affected by COVID-19.

In addition, the Governor proposes to revert \$110 million of General Fund that was previously set aside in a designated fund for specific park-related activities but is not urgently needed. Of this funding, \$95 million was set aside to support the completion of a new Indian Heritage Center. This project is currently in the initial planning phases and the administration indicates that it intends to request additional funding—potentially from lease revenue bonds—when it reaches the construction phase. The remaining \$15 million that the Governor proposes to revert was part of a 2022-23 appropriation to support the identification and completion of future Parks capital outlay projects, which are not anticipated to be undertaken at this time. (The Governor presents these reversions as fund shifts rather than reductions.)

***Proposes to Retain Most of the Funding That Was Previously Approved.*** Even with the reductions discussed above, the Governor proposes to maintain roughly three-quarters of the intended General Fund for parks, museums, and access-related programs and projects—\$1.2 billion of \$1.5 billion. Notably, the Governor proposes to not only maintain most of the funding that has already been appropriated for these activities (79 percent) but also most of the funding intended for the budget year and future years (65 percent).

## **Assessment**

While all of the Governor's proposed solutions come with trade-offs, on balance, the LAO finds them to be reasonable given the difficult choices that the Legislature is likely to face in the coming year.

***Given Potential for Other Funding Availability, Proposed Reductions to Statewide Parks and Greenways Programs Appear Reasonable.*** The largest reductions the Governor proposes are for the Statewide Parks Program and the Recreational Trails and Greenways Program. These are both programs that serve valuable goals, including improving and enhancing parks and open spaces with a focus on underserved communities. Nonetheless, funding for these types of activities is generally needed with less urgency than funding for many other areas within the climate, resources, and environment policy areas because they do not address the most immediate climate risks—which often disproportionately affect these same communities. Additionally, the federal government has recently provided increasing support for similar types of programs. Specifically, since 2018, the amount of federal funding available to California from the Land and Water Conservation Fund (LWCF) program—which provides matching funds for state and local parks projects—has roughly tripled. The state now anticipates receiving over \$20 million in formula-based funds annually from LWCF, as well as access to competitive grant funds. Notably, LWCF is not a direct replacement for state dollars, since it requires a 50 percent match and comes with various compliance and other requirements. However, it can provide a complementary source of support to help cover the costs of local and state parks projects, and can help mitigate some of the impacts of modest reductions to state

funding for these types of projects. Moreover, these programs have historically been funded with bond funds. Thus, if the Legislature were to consider proposing a bond, these types of programs could be included if they were high legislative priorities. For these reasons, the LAO thinks the Governor's proposed reductions merit legislative consideration.

***Reducing Deferred Maintenance Funding Would Mean Fewer Projects, but Likely No Major Near-Term Impacts.*** The LAO also thinks it is reasonable for the Legislature to consider reducing the amount of deferred maintenance funding for Parks, as proposed by the Governor. Taking care of state assets—such as through addressing backlogs of deferred maintenance—is a core state responsibility and important to ensuring those facilities and locations can serve Californians for decades to come. However, Parks has received large augmentations to help it address its backlog of deferred maintenance in recent years, in part due to the healthy condition of the General Fund. Moreover, many of Parks' projects are not of high urgency to protect health and safety. For example, these projects include completing assessments of artifacts, replacing interpretive signs, and repairing pavement. Given the change in the General Fund condition, pulling back some of these funds seems justifiable.

***Most Funding Not Yet Needed for Indian Heritage Center Project.*** The Governor's proposal to shift funding for the Indian Heritage Center also seems reasonable. Reverting the money that was designated for this project back to the General Fund would help solve the 2023-24 budget problem. Notably, these funds are not needed immediately, since the project is still in the early planning phase. When the project is ready for construction—expected to be 2027—depending on the budget condition, the Legislature could decide what fund source to provide for its support (such as General Fund or lease revenue bonds). As such, adopting the Governor's proposal essentially would shift the timing of the costs associated with this project, but would eventually result in at least the same overall costs for the General Fund.

***Legislature Could Consider Making Reductions to Some Other Programs.*** To the extent that the Legislature needs to identify additional solutions either because the budget condition worsens in the coming months or because it would like to reject some of the Governor's proposed solutions, the Legislature has various options that the LAO thinks are reasonable candidates to consider. In particular, the Legislature could consider making more significant reductions to funding for programs or projects in 2023-24 or out-years than the Governor proposes. Since this funding has not yet been appropriated, it has not been committed to specific projects, and as such, making reductions would generally be less disruptive. Some programs the Legislature could consider reducing include:

- ***Cultural Art Installation Program.*** The Legislature could consider reducing funding appropriated in 2022-23 to create this new program. This program is intended to support grants to artists to develop permanent and temporary art installations in state and local parks. These activities have the potential to enhance park users' experiences but do not meet an urgent need or address a core state responsibility. The LAO notes that a portion of the funding for this program—\$5.7 million of \$25 million—has been encumbered. However, the first funds are not anticipated to be provided to projects until July 2023, so a large share of this funding likely could be reduced with only modest disruptions.

- **Outdoor Equity Grant Program.** The Governor proposes to maintain all of the planned funding for this program, including the \$25 million annually planned for 2023-24 and 2024-25. This is a relatively new program, established pursuant to Chapter 675 of 2019 (AB 209, Limón) and first funded with \$20 million from the General Fund on a one-time basis in 2020-21. The goals of this program are worthwhile—to help enable underserved youth to have more outdoor educational experiences. However, because the program is new, data are not yet available to enable the Legislature to evaluate its effectiveness. The Legislature could wait to see the outcomes of the \$85 million already appropriated before determining whether to provide additional funding.
- **Statewide Parks Program.** While the Governor proposes some reductions to the Statewide Parks Program, the proposal would retain \$25 million annually from 2023-24 through 2025-26. The Legislature could consider further reductions to this program should it need to identify additional General Fund solutions, although taking such action would come with trade-offs. Specifically, reductions would result in fewer projects to rehabilitate and construct local projects which are valuable to local communities, particularly the economically disadvantaged communities on which this program focuses. However, these projects typically do not represent urgent health and safety issues. Moreover, funding from federal programs or a potential bond could potentially support similar types of activities, as discussed above.

## Recommendations

**Modify Governor’s Proposals Related to Parks, Museums, and Access Consistent With Legislative Priorities.** The LAO recommends the Legislature develop its own package of budget solutions based on its priorities and the guiding principles the LAO identifies in this report. Based on our review, the LAO thinks it is reasonable for the Legislature to consider adopting the Governor’s proposed solutions—such as for the Statewide Parks Program, Recreational Trails and Greenways Program, Parks deferred maintenance projects, and the Museum Grant Program—since they align with many of the principles identified in this report. The LAO also recommends the Legislature consider adopting additional solutions, either in place of or in addition to those proposed by the Governor. Some other areas that the LAO thinks merit potential consideration for reduction include: (1) the Cultural Art Installation Program; and, (2) reductions to programs slated for additional funding in 2023-24 or out-years, such as the Outdoor Equity Grants Program, and Statewide Parks Program.

### STAFF COMMENTS

Staff notes that this item is just related the Department of Parks and Recreation. The LAO thematic analysis covers departments and programs that were already discussed in previous hearings, but staff notes that the Administration did state previously that the Recreational Trails and Greenways Program duplicates programs at the Department of Parks and Recreation.

This Subcommittee may wish to ask:

- What are the program differences between the federal Land and Water Conservation Fund (LWCF) program and the Recreational Trails and Greenways program?
  - When do you anticipate the federal money will end?
- How much funding from the Cultural Art program has been committed to date?
  - Why does the department feel that this program is so important to implement so quickly especially when the State is facing a deficit?
  - How were you able to spend these funds in a manner of months when CNRA's Museum Grant Program for example, which was founded in 2021 in help museums losing revenue as a result of the COVID 19 pandemic and provided permanent ongoing staff, just recently awarded half of the money appropriated and the administration is proposing to cut the rest?
  - Can you tell us the average size of the grant awards, where they are going, and how you determined who and where these funds should go to?
- How do you plan to allocate the \$35 million for future capital outlay projects? Will these come before us as BCPs?

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**Staff Recommendation: Hold Open.**

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**ISSUE 3: NEW STATE PARK - DOS RIOS RANCH DAY USE PUBLIC ACCESS**

The Governor's budget requests \$5,838,000 one-time funding in fiscal year (FY) 2023-24 for 17 positions, 21 vehicles and equipment costs, and \$3,319,000 ongoing from the General Fund (GF) to establish and open Dos Rios Ranch as a new state park for day-use operations to create recreation opportunities and park access to historically underserved communities in the Central Valley. Funds initially allocated for acquisition of a new state park in 2021-21 Governor's Budget will now be used for larger planning efforts, as well as any acquisition costs.

This proposal plans for temporary office space and visitor facilities, 17 permanent positions, and 21 vehicles to open the 1,603-acre property for visitor day-use operations and natural resource management. The Department has consulted with River Partners and used other similarly managed park units to determine the staffing and equipment need.

**PANEL**

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

**STAFF COMMENTS**

Staff supports this proposal and notes at some point in the future ongoing costs could be shifted to special fund once visitors start paying admission fees.

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**Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.**

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