

AGENDA

ASSEMBLY BUDGET COMMITTEE NO. 3 RESOURCES AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD BLOOM, CHAIR

WEDNESDAY, MAY 10

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

VOTE-ONLY CALENDAR

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VOTE-ONLY

3970 RESOURCES RECYCLING AND RECOVERY

VOTE-ONLY ISSUE 1: ADMINISTRATIVE SUPPORT WORKLOAD

The Governor's budget requests an ongoing appropriation of \$929,000 Distributed Administration and 8.0 permanent positions for increased fiscal activity, information technology services, and departmental operations.

Over the last several years, CalRecycle has experienced an increase in reporting needs and information technology needs. In part due to new programs created by legislation (Carpet and Paint Program), migration of programs from other Departments (Office of Education and the Environment from CalEPA to CalRecycle), implementation of new funds, grants, and loan program relating to greenhouse gas emission goals, and general increase in the complexity of various functions requiring additional attention and detail.

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 2: BONZI SANITARY LANDFILL CLOSURE FUNDING

The Governor's budget requests one-time spending authority of \$4.2 million Integrated Waste Management Account (IWMA) in 2017-18 to fund the closure of the inactive Bonzi Sanitary Landfill. The budget also requests that the annual transfer from IWMA to the Solid Waste Disposal Site Cleanup Trust Fund be reduced from \$5 million to \$800,000 for 2017-18 to provide funds for this proposal.

The Bonzi Sanitary Landfill, located in Modesto, was a solid waste disposal facility that stopped accepting waste in November 2009. The site has a history of groundwater contamination and landfill gas migration violations. There have been numerous enforcement actions against the operator-owner, starting in 1984, addressing inadequate financial assurances, groundwater contamination, violations of State minimum standards, and failure to comply with permit conditions.

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 3: SB 1383: ORGANIC WASTES

The Governor's budget requests an ongoing appropriation of \$650,000 Cost of Implementation Account, Air Pollution Control Fund, and \$508,000 Integrated Waste Management Account and 6.0 permanent full-time positions to implement SB 1383 (Lara, Chapter 395, Statutes of 2016).

In 2016, the Legislature passed Senate Bill 1383 (Lara, Chapter 395, Statutes of 2016), which directed CalRecycle to reduce the State's annual organic waste disposal by at least 50 percent by 2020 and a 75 percent by 2025.

Staff Recommendation: Approve as Budgeted

VOTE-ONLY ISSUE 4: TBL - STATE AGENCIES TO RETAIN RECYCLING REVENUE

The Governor's budget proposes trailer bill language to allow state agencies to contract for recycling services and retain revenue received.

Enabling state agencies to contract and manage a recycling process that best fit their individual needs without obtaining approval from CalRecycle would promote operational efficiency. Further, allowing agencies to retain all recycling program revenues to reinvest into their recycling and waste reduction programs would provide agencies with financial incentive to implement more effective programs.

Staff Recommendation: Adopt Trailer Bill Language as Proposed

3940 STATE WATER RESOURCES CONTROL BOARD

VOTE-ONLY ISSUE 5: UNDERGROUND STORAGE TANK CLEANUP FUND SITE CLEANUP REQUEST PROCESSING WORKLOAD

The Governor's budget requests \$1 million in Underground Storage Tank Cleanup Fund (USTCF) and seven permanent positions to increase efficiency in processing claim payments. The USTCF was created to pay the out-of-pocket costs of persons required to perform work to clean up contamination from petroleum underground storage tanks (USTs). Money in the USTCF is generated by a per gallon fee paid by the UST owners.

Owner and operators of a petroleum underground storage tank (UST) has financial responsibility to pay for any damages arising from their tank operations. The USTCF was created to provide a means for petroleum UST owners and operators to meet the federal and state requirements and pay for the cleanup of contaminated soil and groundwater when a leak is discovered.

STAFF COMMENTS

The Senate Budget Committee adopted budget bill language to require the State Water Resources Control Board to report back to the Legislature, by March 1, 2018, on the number of underground storage tank cleanup claim payments completed since July 1, 2017, the average processing time of these claims payments, and a comparison of these measures to the prior two fiscal years. The State Water Resources Control Board shall also report whether the positions funded in the 2017-18 budget to expedite claim payment processing have been filled, remain vacant, or redirected, including the current duties of those positions.

This is a reasonable addition and serves to provide the Legislature additional transparency on the requested resources and whether it is meeting its intended purpose.

Staff Recommendation: Conform with Senate Action

3760 STATE COASTAL CONSERVANCY

VOTE-ONLY ISSUE 6: Appropriation for Public Access

The Governor's budget request a one-time appropriation of \$89,000 from the California Beach and Coastal Enhancement Account with provisional language to allow these funds to be used for local assistance and capital outlay in order to continue implementation of the Conservancy's Public Access, Education, and related programs. The Conservancy additionally requests for a baseline reduction of \$226,000 from the same account.

The requested funds would be used to develop, operate and maintain public access ways, including accepted offers-to-dedicate, to support public education related to coastal resources and to fund the Explore the Coast Grant Program. Funds will also be disbursed as grants to public agencies and non-profit organizations and for recreational and interpretive facilities, materials, and events.

Staff Recommendation: Approve as Budgeted

3780 NATIVE AMERICAN HERITAGE COMMISSION

VOTE-ONLY ISSUE 7: Appropriation for Public Access

A Spring Finance Letter requests \$254,000 General Fund and 3.0 positions in 2017-18, and \$485,000 ongoing to support increased work load of Sacred Lands File searches. There is also trailer bill language proposed to authorize the Native American Heritage Commission to establish fees to recover the costs of providing the services.

The Native American Heritage Commission enforces laws protecting Native American graves, sacred sites, and tribal cultural resources. The Commission also maintains a statewide inventory of Native American sacred lands on public and private property. This inventory is used to assist lead agencies and stakeholders to avoid disturbance or destruction of known tribal cultural resources.

Assembly Bill 52 (Gatto, Chapter 532, Statutes of 2014) amended CEQA considerations by adding a separate category of cultural resources, tribal cultural resources, to be considered when determining environmental impacts of CEQA projects.

Staff Recommendation: Adopt Spring Finance Letter and Trailer Bill Language as Proposed.

3790 DEPARTMENT OF PARK AND RECREATIONS**VOTE-ONLY ISSUE 8: LAKE OROVILLE SRA: BIDWELL GOLDFLAT CAMPGROUND**

A Spring Finance Letter requests provision 1 of item 3790-301-6051 be amended to remove reference to schedule 5. Preliminary plans for this project are expected to be complete by June 30, 2018 and therefore extended availability for these funds is not needed.

“3790-301-6051- For capital outlay, Department of Parks and Recreation payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006.....6,943,000 8,202,000
Schedule:

- | | | |
|-----|---|-----------|
| (1) | 0000220-Fort Ord Dunes SP: New Campground—Construction..... | 3,196,000 |
| (2) | 0000239-South Yuba River SP: Historic Covered Bridge—Construction..... | 2,810,000 |
| (3) | 0000912-El Capitan SB: Entrance Improvements—Working drawings | 378,000 |
| (4) | 0000932-Topanga SP: Rehabilitate Trippet Ranch Parking Lot—Working drawings..... | 219,000 |
| (5) | 0001451-Lake Oroville SRA: Bidwell Canyon Gold Flat Campground—Preliminary plans..... | 216,000 |
| (6) | 0001468-Statewide: VEP Minor Program—Minor projects..... | 124,000 |
| (7) | 0000697-Torrey Pines SNR: Sewer and Utility Modernization—Working drawings and construction | 1,259,000 |

Provisions:

1. Notwithstanding any other provisions of law, the funds appropriated in Schedules (3), and (4), and ~~(5)~~ of this item shall be available for encumbrance until June 30, 2019.”

Staff Recommendation: Adopt Spring Finance Letter

ITEMS TO BE HEARD

3970 RESOURCES RECYCLING AND RECOVERY

ISSUE 1: MODERNIZING THE BEVERAGE CONTAINER RECYCLING PROGRAM

The Governor's budget proposes a framework for comprehensive reform of the Beverage Container Recycling Program based on three guiding principles: (1) improving recycling and remanufacturing; (2) shared responsibility; and (3) enhancing adaptability and sustainability.

BACKGROUND

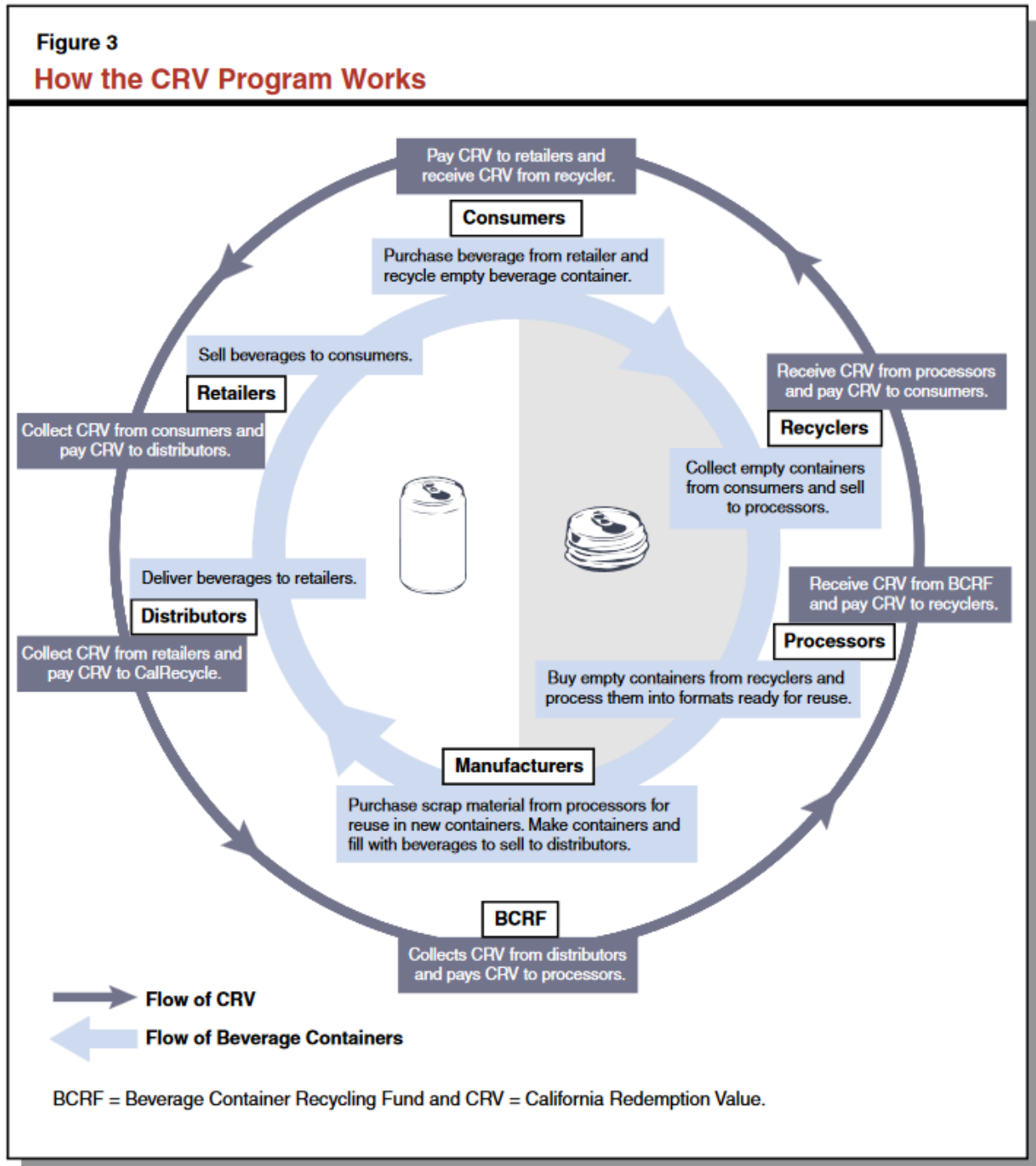
The Beverage Container Recycling Program (BCRP) was created almost 30 years ago by AB 2020 (Margolin, Chapter 624, Statutes of 1986). The statute included two goals: (1) to reduce litter and (2) to achieve a recycling rate of 80 percent for eligible containers. The program was meant to be self-funded and accomplishes this by first requiring consumers to pay a deposit for each eligible container purchased. Then the program guarantees consumer repayment of that deposit – the California Redemption Value (CRV) – for each eligible container returned to a certified recycler.

How the Program Works. The CRV program involves the flow of beverage containers and payments between several sets of parties, including consumers, retailers, recyclers, and manufacturers. At each stage, beverage containers and CRV are exchanged between participants.

The recycling of CRV containers begins after consumers have purchased and consumed a beverage. At that point, they may choose to recycle the empty container to a recycling center, curbside collector, or other collection program—which collects the containers and then sells them to a processor. The processors then sort, clean, and process the containers into formats ready for reuse and then sell it to manufacturers for use in new beverage containers or other types of products. Beverage manufacturers then combine the recycled material with virgin material to create new containers and fill them with beverages. The new beverages are sold to distributors, who deliver the beverages to retailers. Retailers then sell the beverages to consumers.

Generally, when beverage containers are exchanged, there is a corresponding CRV exchange. When consumers purchase beverages, they pay CRV to retailers. Retailers pass the CRV to beverage distributors. Beverage distributors pay CRV on all new beverage containers they sell in California, which is deposited into a fund. The fund is then used to pay CRV to processors for the containers they process. Processors pass the CRV on to the recyclers who collected the empty containers. Recyclers, in turn, pay CRV to consumers who redeem their beverage containers at a recycling center. In this way, consumers are able to recoup their CRV from the recycler, and from the

consumer’s perspective, the CRV can be viewed as a “deposit.” Similarly, other entities pay and recoup CRV in such a way that their CRV collections and costs net out to zero.



Only Certain Beverage Containers are Eligible. Whether a container is covered by the program depends on the material, size, and content of the container. Section 14504 of the Public Resources Code specifies that the following beverages sold in aluminum, glass, plastic, and bimetal containers are included in the program:

- Beer and other malt beverages
- Wine and distilled spirit coolers
- Vegetable juice 16 ounces or less in volume
- Carbonated and noncarbonated water, soda and mineral water, and similar soft drinks
- Carbonated and noncarbonated fruit drinks that contain any percentage of fruit juice
- Noncarbonated soft drinks and sport drinks
- Coffee and tea drinks
- Carbonated and noncarbonated fruit drinks

The following beverages are excluded from the program:

- Any product sold in a container that is not aluminum, glass, plastic, or bimetal.
- Wine, or wine from which alcohol has been removed, in whole or in part, whether or not sparkling or carbonated.
- Milk
- Medical food
- Infant formula
- Vegetable juice in containers 16 ounces or greater in volume
- 100 percent fruit juice in containers 46 ounces or greater in volume
- Distilled spirits
- Any beverage container product type that is not specifically included by the Act.

Ways to Redeem CRV Deposit. Participants can redeem their deposit at either a “convenience zone (CZ) recycling center or a “traditional” recycling center. CZ recycling centers are located within a half mile radius of supermarkets. These recycling centers typically serve individuals and collect a lower volume of containers than other types of recycling centers.

Traditional recycling centers are those located outside the radius of supermarkets. These recyclers usually accept large quantities of materials, frequently by truckload from municipal or commercial waste collection services.

Alternatively, a participant may “donate” their containers in their residential curbside recycling collection or take them to other community drop-off programs. Under these options, the participant does not redeem their deposit. Instead, the redemption is made by curbside or the collecting organization.

Unredeemed CRV Deposit. Despite paying the CRV deposit, not all consumers recycle their CRV-eligible containers. In 2015–16, CalRecycle reports that the Beverage Container Recycling Fund (BCRF) received roughly \$1.3 billion in deposits, but only about \$1.1 billion was spent on redemption payments. The BCRF retains unredeemed deposits, and state law requires that much of the unredeemed CRV be spent on specified recycling–related programs. These supplemental programs are not directly involved in the exchange of CRV, but they are intended to help achieve the programmatic goals of increased recycling and reduced litter. There are currently ten supplemental programs funded from the BCRF (including program administration). Such programs include subsidizing glass and plastic recycling, encouraging supermarket recycling collection sites, and providing grants for market development and other recycling–related activities. CalRecycle estimates that a total of \$257.4 million will be spent on supplemental programs in 2016–17.

Structural Deficit in the Program. High recycling rates and spending on the supplemental programs are creating a structural deficit in the BCRF. The structural deficit means that program expenditures exceed program revenues under the current mandated expenditure and revenue structure. The BCRF has operated under an annual structural deficit averaging about \$90 million since 2008-09. According to CalRecycle, the BCRF is currently operating with a projected \$50 million structural deficit for 2016-17. Based on this structural deficit and current fund balances, the department estimates that there may be insufficient funds to fully support program payments and maintain minimal reserve requirements in 2017-18. The structural deficit can fluctuate as much as tens of millions of dollars from quarter to quarter as a result of economic shifts and other factors (including scrap value rates). Previously, the gap between expenditures and revenues has been temporarily bridged through repayments of loans, particularly to the General Fund, made from the fund when it was operating at a surplus. The final loan repayment, amounting to \$82.3 million, was paid in full at the end of 2014-15.

Reforms to Address Deficit. CalRecycle has implemented several program reforms, including reduced daily load limits for redemption at recycling centers, increased monitoring of the importation of out-of-state beverage containers, and elimination of the commingled rate at buyback centers. This last reform allowed for slightly lower per-pound refund rate for loads containing a combination of CRV and non-CRV material. However, actions taken thus far have secured only partial success; while the gap is smaller, the amount of money coming into the BCRF is still insufficient to cover the amount being paid out. In order to eliminate the structural deficit and achieve a secure financial future for the fund and the programs it supports, further measures will be necessary. The following table displays the projected operating shortfall for 2016-17:

Beverage Container Recycling Fund Operating Revenues and Expenditures

Revenues and Expenditures	2016-17 Projection (millions)
Revenues from Redemption Fees	\$1,280
California Redemption Payments	1,073
Supplemental Program Expenditures	
Processing fee offsets	102.6
Handling fees	47.8
CalRecycle administration	50.7
Curbside supplemental payments	15.0
Payments to local governments	10.5
Plastic Market Development Payments	10.0
Quality Incentive Payments	10.0
Local Conservation Corps grants	6.8
Public Education	2.5
Beverage Container Recycling Competitive Grants	1.5
Subtotal Supplemental Programs	\$257.4
Total Expenditures	\$1,330.4
Balance	(\$50.4)

Source: CalRecycle Quarterly Report, November 2016

2014 State Auditor Report and Recommendations. An audit by the Bureau of State Audits (BSA), released in November 2014, confirmed both the positive impact of the first round of reforms and the need for more. The audit confirmed the BCRF structural deficit, then approximately \$100 million, and recognized that changes such as reducing or eliminating administrative fees for beverage distributors; enacting changes to mandatory payments, such as those for curbside programs or quality incentives to beverage program participants; or reducing or eliminating processing fee offsets could improve the program's financial condition.

The report made a series of recommendations, most of which the department has embraced. To ensure that it can demonstrate that its fraud prevention efforts are maximizing financial recoveries for the beverage program, BSA recommended CalRecycle modify and annually update its fraud management plan to include the following:

- Finalize a process to analyze the data the Department of Food and Agriculture provided on out-of-state containers and act on the results to identify and prosecute those committing fraud.
- Develop fraud estimates—by type of fraudulent activity—that quantify the potential financial losses to the beverage program and the methodology CalRecycle used to develop these estimates.
- Identify the amount of actual fraud in the prior year by type of fraudulent activity, such as the financial losses resulting from the redemption of out-of-state beverage containers or the falsification of reports used to substantiate program payments.
- Identify the amount actually recovered for the beverage program in the form of cash for restitution and penalties resulting from fraud.
- Contract with the Board of Equalization (BOE) to determine the feasibility and cost of transferring its revenue collection duties and audit reviews to them.
- Should CalRecycle find that it is feasible and cost-effective, pursue legislative changes that enable the BOE to collect revenues for the beverage program at the point of sale and remit the money to the beverage fund.

Legislative Analyst’s Office Review. In 2015, the Legislative Analyst’s Office (LAO) conducted a thorough review of the BCRP and determined that not only is the shortfall accurate, certain offsets place additional costs on the program and the effectiveness of some of the supplemental programs are unclear. The LAO review found the following:

- **High Recycling Rates and Spending on Supplemental Programs Create BCRF Shortfall.** The BCRF has operated under an annual structural deficit averaging about \$90 million since 2008-09. This deficit is largely due to increased recycling rates in recent years, which have resulted in a greater share of BCRF revenue being paid out for CRV. Moreover, some supplemental programs are paid on a per container basis, and therefore these expenditures increase as the number of containers redeemed increases. The combined effects of higher recycling rates—more spending on CRV payments and certain supplemental program expenditures—make it much more difficult for the BCRF to operate with a structural balance.

For the last several years, the fund balance that accumulated when recycling rates were lower was able to support this expenditure level. However, the balance is being depleted further each year, and programmatic changes will need to be made in the next few years in order to keep the fund solvent and avoid statutorily required automatic funding cuts (referred to as “proportional reductions”). Acting sooner would provide the Legislature a greater number of options to address the deficit and allow for more flexibility when implementing any changes.

- **Offsets Are Major Cost to BCRF and Do Not Clearly Support Goals.** The State subsidizes recycling by making “processing payments” from the BCRF to recyclers and processors. Processing payments are intended to cover the difference between a container’s scrap value and the cost of recycling it (including a reasonable rate of return). These payments are funded from two sources: (1) “processing fees” paid by beverage manufacturers and (2) the BCRF supplemental program, referred to as “processing fee offsets,” which reduces the amount of processing fees that manufacturers must pay.

The LAO found that, it is unclear how current processing fee offsets provided to manufacturers incentivize increased recycling. Additionally, providing offsets does not require manufacturers to consider the lifecycle costs of the materials that they use in their products. By reducing the amount of processing fees, the offsets effectively subsidize materials that are relatively more expensive to recycle.

- **Effectiveness of Some Supplemental Programs Unclear.** While supplemental programs might have merit, we find that many of the programs have not been evaluated for their effectiveness at improving recycling. This lack of evaluation makes it difficult to compare the relative cost–effectiveness of supplemental programs and to determine how they help to achieve program goals of increasing recycling and reducing litter. This information is critical in determining the best use of limited program dollars. In addition, the existing structure of “handling fee” payments currently made to certain recyclers does not maximize convenience for many consumers, and may raise convenience–zone recycler costs, resulting in higher handling fee payments from the BCRF. Finally, the department has not evaluated whether administrative fees—funds that beverage container distributors, processors, and recyclers receive to cover their administrative costs to participate in the BCRP—accurately reflect costs for these program participants.

Proportional Reduction. Under current law, if there are insufficient funds available in the BCRF to make all of the required CRV and supplemental payments, the department is required to reduce most supplemental program payments in equal proportions (commonly referred to as “proportional reductions”), in order to keep the fund in balance. The only payments from the fund that are not subject to the proportional reductions are the return of CRV to consumers, as well as program administration. Proportional reductions are problematic because they do not allow for discretion in spending based on priorities or other factors. For example, under proportional reductions, the department cannot prioritize programs that are most effective or central to the BCRP’s overall mission. Additionally, proportional reductions are very disruptive to program participants. Since all payments are reduced equally and quickly, participants can experience a significant cut in funding without much warning to plan accordingly. In 2009, CalRecycle had to implement proportional reductions to maintain the BCRF’s solvency. This included (1) reduced payments to recyclers of about 70 percent, (2) increased processing fees charged to beverage manufacturers totaling

around \$50 million, and (3) elimination of most grant and market development program funding. Based on current revenue and expenditure projections.

2014 Proposal—Phase 2 Reform. In January 2014, the budget proposed programmatic changes that were expected to result in a net increase to the BCRF annual fund balance of \$72.3 million in 2014-15, growing to \$127 million when fully implemented in 2016-17. The changes would have both raised revenue and decreased overall program expenditures, while at the same time modestly increasing specific expenditures for fraud prevention, data collection, and expanded grant programs. The Administration projected that these changes would eliminate the program's structural deficit once fully implemented, and avoid the need to implement proportional reductions.

2014 Budget and Trailer Bill Actions. The Budget Subcommittees did not approve trailer bill language and the budget proposals that would have provided the second phase of the BCRF reform. Instead, the Legislature approved trailer bill language to remove the Local Conservation Corps (LCC) from the statutory provisions of the program funding and diversified the LCC funding similar to that proposed by the Governor under the program reform proposal.

The budget also included several positions to increase audit coverage of beverage manufacturers and distributors to better protect the integrity of the BCRF. The emphasis was on collecting revenues owed to CalRecycle and mitigating risk to the fund.

2015 Legislative Oversight and Actions. The Legislature took action in the 2015 budget to make additional changes to the BCRP, specifically to address issues raised by the Legislature and BSA related to audits and compliance. These actions included:

- Targeted Activities to Improve Program Integrity. \$357,000 (BCRF) and three positions, and \$717,000 (BCRF penalty account) and seven two-year, limited-term positions, to implement targeted activities to enhance program integrity, reduce expenditures, and mitigate potential program funding shortfalls. The budget converted eight existing limited-term positions to permanent for ongoing program certification workload.
- Processor Oversight Activities. \$933,000 and 10 two-year limited-term positions to establish a pilot program with dedicated on-site investigation resources at certified processor facilities. These positions were to create a new pilot program to expand current fraud investigation activities on recyclers to processing facilities.
- Rigid Plastic Packaging Container Program. \$296,000 (BCRF) and three positions, to conduct annual rigid plastic packaging container compliance certification reviews, pursuant to recently adopted regulations, and provide additional compliance assistance tools.

Interim Reform Package. The Administration, the LAO, and members of the public testified in 2016 hearings that a reform package would stabilize funding within the BCRF. Concerns were raised regarding the closure of over 300 convenience zone recycling centers due to the scrap value of recycled materials. The closures present multiple issues ranging from reducing consumer convenience, increasing retailer costs (whether having to take back containers or pay a \$100/day fee), and reduced recycling rates.

The Assembly Budget Committee proposed an interim reform package last year that would have provided relief to both the grocers and the CZs by suspending the “take back” obligation adjusting the processing payments to the recyclers in order to bridge the gap between the cost of recycling and the cost of the scrap material.

The Assembly was asked by the Administration to hold off on the interim reform to allow them to work on a comprehensive solution. The Administration has held a series of stakeholder meetings since, but still has not provided actual language on a comprehensive proposal.

LAO COMMENTS

The LAO has made several recommendations, some of which are consistent with the Administrations framework, which could help right-size the BCRP. Specifically, the LAO recommendations include:

- **Shifting Processing Costs to Manufacturers.** The LAO recommends shifting processing costs to manufacturers. This would reduce BCRF expenditures significantly, probably eliminating the structural deficit. It would also require producers to cover the recycling costs of their products, which means that these costs are incorporated or “internalized” into the total cost of the product when it is sold. Therefore, the price that consumers pay reflects the entire cost of the product—its production and disposal. Shifting costs to manufacturers could be done in two ways, either by eliminating processing fee offsets or by moving to a market-based system where manufacturers are responsible for the recycling of materials. While either approach could work, the LAO states that the market-based approach would have several potential advantages.
- **Improving the Cost-Effectiveness of BCRP.** The LAO makes several recommendations designed to improve the cost-effectiveness of the BCRP: including (1) evaluating supplemental programs to determine how cost effective they are at achieving recycling and litter reduction goals; (2) giving recyclers more flexibility in where they locate and piloting a new payment structure in order to improve convenience for consumers; and, (3) adjusting the administrative fee to reflect the actual costs of program participation. In combination, the LAO believes these recommendations would improve the program’s financial sustainability at current and potentially higher future recycling rates.

STAFF COMMENTS

This proposal provides broad concepts for program reform, but fails to provide any actual details on how to remedy the BCRP's ongoing structural deficit. Every day that passes, grocers must continue with the inconvenience of taking back the containers or paying the \$100/day fee. Consumers in many areas continue to have limited or no access to redemption opportunities. Recycling rates have dropped considerably. Though a temporary fix is not a sustainable solution, it would still provide many of the involved participant some relief. We are nearing the end of the budget process with very little time to consider a proposal that is substantial and comprehensive from the Administration, assuming such a proposal is forthcoming. The Subcommittee may wish to consider adoption of the short-term fix from last year.

Staff Recommendation: Hold Open

VARIOUS DEPARTMENTS

ISSUE 2: VARIOUS INVESTMENT REQUESTS

The Subcommittee is in receipt of various proposals for investments in resources, environmental protection, energy and transportation from Members of the Assembly. The following proposals reflect individual Member priorities, and each Assemblymember will have an opportunity to present at this time.

K-9 RETIREMENT

Assemblymember Bill Quirk requests an annual allocation of \$100,000 in order to provide police dogs with a \$2,000 retirement plan. A police dog, commonly referred to as "K-9," is a dog that is specifically trained to assist police and other law-enforcement personnel. Their duties include searching for drugs and explosives, locating missing people, finding crime scene evidence, and protecting their handlers. The most commonly used breed is the German Shepherd. Upon retirement, police dogs often settle into peaceful lives as pets. They are often adopted by their human partners on the force. Due to the nature of their work as police dogs, they typically develop health conditions that require extensive care that can be costly.

FLOOD AND DAM REPAIRS/OROVILLE DAM SPILLWAY REPAIR

Assemblymember James Gallagher requests for an annual appropriation of \$100 million for repair and maintenance of flood control infrastructures. California recently went from being in a drought to seeing its rainiest and snowiest October-February period on record. The heavy precipitation has caused flooding, levee breaks, and sinkholes in some regions. These events, most notably the Oroville spillway breach, have generated concern over California's aging flood protection infrastructure. There is a variety of structures used to convey and control water flows and floods. These structures include levees, weirs, detention basins, dams, seawalls and bypasses.

SAFE DRINKING WATER

Various Assemblymembers request for:

- \$20 million – Increase funding in the Governor's budget for emergency relief (Drought and public health threats) including, but not limited to, statewide well replacement, permanent connections to public systems, well abandonment and debt relief.
- \$20 million – Provide additional funding to continue the State Water Board's Clean Water for Schools program.

CLEAR LAKE/CR 40

Assemblymember Cecilia Aguiar-Curry requests for:

- \$2 million for UC Office of the President to contract through the County Supervisors for research into the lake condition and impact on the local economy at Clear Lake.
- Waiver of the local match for State Emergency funding for bark beetle tree mortality (per Gov. Brown's 2015 E.O. that only 1 of 10 counties has been able to afford to match).
- \$800,000 for planning and design for the County Road 40 Yolo County bridge that the Assembly member testified on in Sub 3 with CalFire (it will eventually need a total of \$3 million).

**FRIANT KERN REVERSE FLOW PUMP
BACK PROJECT**

Assemblymember Rudy Salas requests \$7 million General Fund for the California Department of Water Resources to fund the Friant-Kern Reverse Flow Pump Back Project. The Friant-Kern Canal is a major feature of the Federal Central Valley Project, delivering water to 27 water contractors. The Friant-Kern Canal is also connected to other major pieces of water infrastructure in the state, including the California Aqueduct via the Cross Valley Canal.

TUNITAS CREEK/PESCADERO MARSH

Assemblymember Marc Berman and Assemblymember Kevin Mullin requests for:

- \$2 million for the acquisition of 58 acres adjacent to Tunitas Creek Beach.
- \$4 million Proposition 1 for the San Mateo County Resource Conservation District's Butano Channel Restoration and resiliency project in San Mateo County.

**CITRUS PEST AND DISEASE
PREVENTION PROGRAM**

Assemblymember Vince Fong requests for \$10 million General Fund for the citrus management fund within the California Department of Food and Agriculture to help prevent the spread of the invasive insect Asian citrus psyllid (ACP) and Huanglongbing (HLB), a deadly and incurable plant disease that threatens the state's residential citrus trees and commercial citrus industry.

NOXIOUS WEED MANAGEMENT

Assemblymember Jim Wood and other Members requests for \$2 million for the California Department of Food and Agriculture's Noxious Weed Management Account to support local efforts across the state to control invasive plants that damage our agriculture, water, fire safety, recreation and wildlife.

**BIG TUJUNGA CANYON GATEWAY
PARK**

Assemblymember Raul Bocanegra requests for \$10 million for the purchase of 111.1 acres of land along the Big Tujunga Wash to be preserved as open space under the stewardship of the Santa Monica Mountains Conservancy and the Arroyos and Foothills Conservancy.

**PIERCE'S DISEASE CONTROL
PROGRAM**

Various Assemblymembers request \$5 million General Fund for the Pierce's Disease Control Program within the California Department of Food and Agriculture to combat and minimize the statewide impact of Pierce's disease and its vectors in California.

EXPLORE THE COAST

Assemblymember Cristina Garcia and Assemblymember Mark Stone requests \$226,000 from the California Environmental License Plate Fund (ELPF) to support the State Coastal Conservancy's Explore the Coast Grant Program. Explore the Coast grants provide access to California's spectacular natural resources to those from disadvantaged backgrounds.

LOCAL CONSERVATION CORPS

Assemblymember Marc Levine requests \$2 million General Fund to be split equally among the 13 state-certified local conservation corps (LCC). The LCCs employ disadvantaged youth to work on environmental projects, such as restoring community parks and constructing trails to improve park access, restoring habitat, recycling and providing emergency services in response to disasters.

ALISO CANYON AIR QUALITY

Assemblymember Dante Acosta requests \$2 million for the South Coast Regional Air Quality Management District to supplement their Long-term Health Study regarding the Aliso Canyon gas leak. In October 2015, the Aliso Canyon gas storage facility operated

by SoCal Gas suffered a catastrophic natural gas leak that became the largest in US history.

CA GROW

Assemblymember Jacqui Irwin and other Members requests \$3 million for the Buy California Program, also known as CA Grown, to support California's local agricultural community. There are over 76,000 farms and ranches in California that support a \$54 billion dollar industry.

WEST COYOTE HILLS OPEN SPACE PROJECT

Assemblymember Sharon Quirk-Silva requests for funding to acquire as many remaining acres (207-plus acres) of undeveloped portion of a 510 acre property that has been the subject of land use planning and development review in the City since the early 1970s, to be preserved as open space in West Coyote Hills.

AB 693 FIX (EGGMAN, CHAPTER 582, STATUTES OF 2015)

The proposed fix to AB 693 (Eggman, Chapter 582, Statutes of 2015) would change the amount of funding available for the Multifamily Affordable Housing Solar Roofs Program from 10 percent of the 15 percent of Investor Owned Utilities (IOU) auction allowance revenue to 10 percent of the total IOU consignment allowance auction revenue.

CITATION MONEY FROM PG&E FOR BUTTE FIRE

There has been a request by Assemblymember Frank Bigelow that the \$8.3 million awarded to the State from PG&E in relation to the damages caused by the 2015 Butte Fire, be directed to the affected counties of Amador and Calaveras.

TELEHEALTH NETWORK

Assemblymember Joaquin Arambula is requesting a budget appropriation of \$10 million for the California Telehealth Network from the California Advanced Services Fund. This money will provide telehealth services in medically-underserved and rural communities in California.

LAKEVIEW TERRACE: FENTON AND TERRA BELLA SIDEWALK CONSTRUCTION PROJECT

There has been a request by Assemblymember Raul Bocanegra for \$300,000 to complete a sidewalk construction project in Lakeview Terrace.

GLENDALE RIVERWALK PROJECT

Assemblymember Laura Friedman requests the inclusion of \$20 million for the third and final phase of Glendale's Riverwalk project.

AUTONOMOUS VEHICLE DEVELOPMENT AT GoMENTUM STATION

Assemblymember Timothy Grayson requests \$3.5 million appropriated to the Contra Costa Transportation Authority to support the shared autonomous vehicle pilot program currently in progress and for other related work on the project.

CITY OF BALDWIN PARK

There has been a request by Assemblymember Blanca Rubio for \$6.5 million for various projects in the City of Baldwin Park.

GOLD LINE EXTENSION

There has been a request by Assemblymember Freddie Rodriguez for \$32 million to expand the Gold Line extension from Azuza eastward towards Claremont.

Staff Recommendation: Hold all proposals open for consideration with other proposals.
