

AGENDA**ASSEMBLY BUDGET COMMITTEE NO. 3 RESOURCES AND TRANSPORTATION****ASSEMBLYMEMBER RICHARD BLOOM, CHAIR****TUESDAY, MAY 23****10:30 A.M. - STATE CAPITOL, ROOM 437****PART A**

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VOTE-ONLY

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION

VOTE-ONLY ISSUE 1: HELICOPTER PROCUREMENT REAPPROPRIATION

In a May Revision proposal, CalFire requests to reappropriate the funds allocated last year for the procurement of replacement helicopters in order to extend the encumbrance period. The Budget Act of 2016 appropriated \$12 million for CalFire to purchase one helicopter in 2016-17. DGS issued a Request for Proposal in March 2017, and vendor bids were received in May 2017.

STAFF COMMENTS

These bids are currently being evaluated. Contract award could occur in late June 2017. However, if the funds are not encumbered by June 30, 2017, the requested reappropriation language provides for the current appropriation to be used should there be potential delays.

Staff Recommendation: Approve May Revision Proposal.

VOTE-ONLY ISSUE 2: CLIMATE ADAPTATION EXTENDED FIRE SEASON

The May Revision proposes an ongoing appropriation of \$42.379 million (\$42.070 million General Fund, \$309,000 Special Funds and Reimbursements), 18.5 positions, and 276.1 ongoing seasonal firefighters to add 42 year-round engines to the existing 10 year-round engines and to extend fire engine and helitack base ground crew staffing in the fall and spring.

STAFF COMMENTS

This proposal was heard on May 16. CalFire has had to rely on executive orders and/or emergency drought declarations over the last several years to provide emergency funds to address increased fire suppression needs. This request brings CalFire's resources in line with its actual needs. Further, the General Fund portion of this budget request will be offset by a commensurate reduction in the Emergency Fund starting in FY 2017-18, which results in a zero net cost to the General Fund.

Staff Recommendation: Approve May Revision Proposal.

VOTE-ONLY ISSUE 3: CAD HARDWARE AND SERVICE REFRESH

The May Revision proposes \$7.063 million General Fund in 2017-18, and \$1.3 million annually thereafter through 2021-22, to update the Altaris Computer Aided Dispatching (CAD) system.

STAFF COMMENTS

This proposal was heard on May 16. The CAD system is CalFire's primary dispatch system used at CalFire's Emergency Command Centers, the Academy, and the Information Technology Services Headquarters Lab facility. The CAD system is also CalFire's primary automation tool used to facilitate initial attack dispatching operations by tracking the movement of CalFire personnel in order to dispatch resources to an emergency.

Continued CAD operation requires ongoing maintenance and support for both software and hardware components. This request would enable CalFire to continue effectively dispatching resources to respond to 911 calls.

Staff Recommendation: Approve May Revision Proposal.

VOTE-ONLY ISSUE 4: EMERGENCY DROUGHT ACTIONS

The May Revision proposes a reduction of \$49.281 million General Fund from the January Governor's Budget of \$90.984 million, resulting in a total request in Fiscal Year 2017-18 of \$41.703 million (\$38.718 million General Fund and \$2.984 million SRA Fire Prevention Fund).

STAFF COMMENTS

This proposal was heard on May 16. Based on updated weather and fuel conditions, CalFire is reducing the \$90.984 million to \$41.703 million. The majority of the savings come from reducing the extended fire season staffing in recognition of the climate adaptation budget request, eliminating the surge helicopter pilots, and reducing the number of exclusive use large and very large air tankers.

The remaining funding requested would be used to address the massive tree mortality and bark beetle infestation, as detailed in the October 30, 2015, Governor's State of Emergency Proclamation on the tree mortality epidemic.

CalFire currently conducts prescribed fire burning as a method to reduce fire fuel. Prescribed fire is used in a variety of landscapes and contexts in northern California. Prescribed fire is a tool used in wildfire hazard reduction, ecosystem restoration, vegetation management, and wildlife habitat enhancement. Prescribed fire is used by

state and federal land management agencies, timber companies, tribes, non-governmental organizations (including fire safe councils), and private landowners, among others.

Increasing prescribed fire after this wet year will improve forest health and make California's forests more resilient for future droughts. Given the closing window of time, which our forestlands can be thinned before dead trees fall in large numbers, staff recommends increasing funding to CalFire for prescribed burning activities. Staff additionally recommends trailer bill language to specify the use of those funds for cooperative prescribed burning on forestlands, and for CalFire to identify, plan, conduct environmental review and implement high priority prescribed fire projects.

Staff Recommendation: Approve May Revision Proposal. Add budget bill language and approve \$10 million in grant funds from State Responsibility Area Fire Prevention Fund for activities including, but not limited to, dead tree removal within the SRA and related prevention activities such as prescribed fire. Approve placeholder trailer bill language to appropriate \$10 million General Fund for prescribed burning with tribes, the U.S. Forest Service, and other partners, that improve water quality in upper watersheds, forest health, and resilience to future droughts.

VOTE-ONLY ISSUE 5: YOLO COUNTY ROAD 40 LOW WATER BRIDGE REPLACEMENT

BACKGROUND

The Yolo County Road 40 Low Water Bridge (CR40) is a low crossing over Cache Creek that is nearly 100 years old. In 2008, Caltrans inspected the bridge and found that the supports were so undermined, there was a chair lodged under one of the concrete bases. In 2009, Caltrans rated CR 40 for a zero-ton load, effectively rendering it unusable.

On July 29, 2015, the Rocky Fire ignited in Lake County. During that incident, nearly 70,000 acres burned in 8 days. Due to extremely dry conditions, the fire quickly spread, consuming approximately 20,000 of the 70,000 acres in just 5 hours. Hampering the containment of this fire was the closed CR40. Fire equipment had to make a 50 mile detour in order to move resources to necessary areas, which, extended travel time by several hours for heavy equipment.

The funding needed for the bridge replacement project is estimated to be \$3 million. Approximately \$800,000 would be necessary in the first two years for design and engineering, and \$2.2 million would be needed in the third year for construction.

STAFF COMMENTS

The Subcommittee heard testimony on this topic on March 29, 2017. This is a significant public safety issue given the fire risk in that region. Rebuilding the CR 40 would ensure that future emergency response efforts are not hindered by insufficient infrastructure.

Staff Recommendation: Appropriate \$3 million General Fund for CalFire to administer local assistance grants to Yolo County for the replacement of the CR 40 Bridge.

VOTE-ONLY ISSUE 6: LOCAL MATCH REQUIREMENT – TREE MORTALITY CRISIS**BACKGROUND**

The multi-year drought exacerbated the bark beetle infestation, killing millions of trees. The massive tree die-off is of such a scale that it significantly worsens wildfire risk in many areas of the state. Several counties have declared local state of emergencies due to this epidemic tree mortality. In October 2015, the Governor issued an emergency proclamation to mobilize additional resources for the safe removal of dead and dying trees. This Executive Order also approved California Disaster Assistance Act (CDAA) funds to assist local governments in the removal of dead and dying trees.

In order to be eligible for these funds, local jurisdictions are responsible for putting up a 25 percent match. Many of the counties identified as the top 10 "high hazard" counties by the Governor's Tree Mortality Task Force are also rural counties that are unable to meet the match requirement. To date only Tuolumne County has been able to meet match, and had to do so by exhausting their county general fund reserves.

STAFF COMMENTS

"High hazard" counties are typically rural counties with fewer resources. Waiving the local match requirement for these counties would enable them to take advantage of state funds to help mitigate fire risk by removing the dead and dying trees.

Staff Recommendation: Waive local match requirements for counties categorized as "high hazard" by the Governor's Tree Mortality Task Force.

3900 AIR RESOURCES BOARD**VOTE-ONLY ISSUE 7: IMPLEMENTATION OF VOLKSWAGEN CONSENT DECREE**

The Governor's Budget requests \$2.3 million Air Pollution Control Fund and 14 positions to implement provisions of the Volkswagen Consent Decree for activities related to:

- Emissions Modification Program - \$1.6 million and ten positions.
- ZEV Investment Plans - \$135,000.
- Mitigation Trust - \$490,000.

STAFF COMMENTS

The Subcommittee heard this item on May 3. The requested resources are justified. However VW submitted its ZEV investment plan in late February and the public version plan appears to have missed the mark in terms of alignment with California's priorities especially as it relates to investments in disadvantaged communities. The public version of the investment plan also provided little evidence that VW is coordinating its infrastructure investments with other existing plans, including those by the investor-owned utilities and local governments, nor little guidance as to how this first round of investment fits into VW's larger 10-year strategy for the Investment Commitment. The ARB is working with VW to refine and better align the investment plan, as well as ways to monitor progress.

To ensure VW's investment plans and the Mitigation Trust expenditure are aligned with California's priorities and that transparency is built into the process, staff recommends adopting budget bill language that requires the ARB to:

- Only approve a ZEV investment plan that contains the following:
 - Investments that benefit low-income or disadvantaged communities. These investments include, but are not limited to, community charging at workplaces, retail centers, and multi-unit dwellings, and car-share programs. These investments shall be no less than 35% of the investments.
 - Requirements for progress reports from Electrify America regarding the implementation of the plan.
- Provide periodic updates to the Legislature as subsequent ZEV Investment Plans are issued for public comment.

Staff Recommendation: Approve as budgeted and adopt budget bill language.

VOTE-ONLY ISSUE 8: IMPLEMENTATION OF THE 3.0 LITER VOLKSWAGEN CONSENT DECREE - SFL

A Spring Finance Letter requests \$25 million in local assistance from the Air Pollution Control Fund for 2017-18, 2018-19, 2019-20, and 2020-2021 to support the zero-emission vehicle-related aspects of the Enhanced Fleet Modernization Program Plus-Up program or the zero-emission vehicle-related aspects of similar vehicle replacement programs.

STAFF COMMENTS

The Subcommittee heard this item on May 3. The \$25 million that the ARB will receive is one-time money. Staff recommends adopting budget bill language to require the ARB to use these funds for the Enhanced Fleet Modernization Program Plus-up Pilot Project. This program currently only exists in the San Joaquin and South Coast air districts but expansions in the San Diego, Bay Area, and Sacramento air districts are pending. In recognition of the move to expand the Plus-up Pilot Program statewide and the fact that this is an administrative-intensive program, staff recommends that ARB be authorized to use these funds to improve administrative efficiencies, including, but not limited to, creating an eligibility verification tool that will qualify participants for the Plus-up program as well as other clean car financial assistance programs.

Staff Recommendation: Approve as budgeted. Adopt budget bill language to require the ARB to use these funds for the Enhanced Fleet Modernization Program Plus-up Pilot Project and other investments that enable EFMP Plus-Up to be efficiently expanded statewide.

VOTE-ONLY ISSUE 9: SPECIALIZED DIESEL ENFORCEMENT SECTION

A May Revision proposal requests 10.0 positions and an ongoing appropriation of \$1,623,000 (\$812,000 Vehicle Inspection and Repair Fund and \$811,000 Motor Vehicle Account), to form a specialized enforcement team that would focus enforcement efforts in disadvantaged communities and at warehouses and distribution centers within or near these communities. This proposal also request a one-time appropriation of \$160,000 for four specialized vehicles to be used to conduct field inspections, and \$150,000 in annual contract funds.

STAFF COMMENTS

This proposal was heard on May 16. Focusing enforcement efforts at warehouses and distribution centers is an effective way to determine whether regulatory requirements are being met and engines / after-treatment emissions controls are well maintained and properly operating

Staff Recommendation: Approve May Revision Proposal.

VOTE-ONLY ISSUE 10: MOBILE SOURCE AUDIT AND COMPLIANCE PROGRAM ENHANCEMENT

The May Revision proposes 9.0 positions and \$1,960,000 (including \$1,206,000 for 7.0 positions and three year funding of \$450,000 in annual contracts from the Air Pollution Control Fund, and \$304,000 for 2.0 positions from various other special funds) to help strengthen its mobile source emission oversight program.

STAFF COMMENTS

This proposal was heard on May 16. Recent discoveries such as Volkswagen's defeat device to circumvent the ARB's emissions program underscore the importance of the mobile source program. This request would enhance and strengthen the program and ensure vehicles operating in California are complying with air quality standards.

Staff Recommendation: Approve May Revision Proposal.

VOTE-ONLY ISSUE 11: IMPLEMENTATION OF SB 1

The May Revision proposes 1.0 position and \$165,000 from various special funds to begin implementing SB 1.

STAFF COMMENTS

This proposal was heard on May 16. This request is consistent with SB 1 and is in furtherance of California's air quality goals. SB 1 (Beall, Chapter 5, Statutes of 2017) created the Road Maintenance and Rehabilitation Program and the Solutions for Congested Corridors Program. The bill acknowledges the impact of the transportation sector on California's air quality. As such, the bill requires the ARB to develop and implement new tracking, compliance, and enforcement processes so that reductions in emissions from motor vehicles are achieved, and to work in concert with other state agencies as an expert consultant for air quality and greenhouse gas related elements in the bill.

Staff Recommendation: Approve May Revision Proposal.

VOTE-ONLY ISSUE 12: LOCAL AIR DISTRICTS SUBVENTION FUNDING**BACKGROUND**

The Air Pollution Control Act of 1947 authorized one or more counties to form local air districts. California has 35 districts; they range from small, single county districts such as Lassen, to multi-county agencies such as the Bay Area and South Coast AQMDs.

In general, the local air districts are responsible for control of stationary sources of emissions. These sources range in size from small gas stations and autobody shops, up to large power plants, refineries, and manufacturing facilities.

The local air districts receive subvention funds to support program activities. These funds are allocated from the Motor Vehicle Account through the budget of the California Environmental Protection Agency, under the Air Resources Board. Local subvention funds were initially provided in 1972, and were increased several times to address the costs of inflation. For roughly twenty years, however, there were no adjustments for inflation, which doubled district costs over that period.

Over the past 20 years, there has been substantial increases in programmatic responsibilities. Both environmental and industry groups recognized the need for, and actively supported, adequate funding for these programs. In the budget for FY 2000-2001, the Legislature therefore increased local subvention by \$7.6 million dollars (equal to the cost of inflation during those twenty years) and the Governor approved the increase. The total amount of local subvention remained unchanged in the budget for FY 01-02. For most districts, the subvention funds received account for ten percent or less of the total district budget, however the programs supported with these funds cannot be fully funded in any other way. Unfortunately, subvention funds were cut by 33% in FY 02-03, and have remained the same until today. Since FY 02-03, however, inflation has increased by over 35%.

Over the last several years, there has been an increasing emphasis (including legislative mandates) on district efforts to address environmental justice concerns, especially with respect to air toxics and public outreach. Stakeholders have increasingly demanded assignment of staff and other resources to this effort; and the erosion of the value of subvention funding due to inflation makes it extremely difficult for districts to do this while maintaining other vital programs. In addition, the focus on climate change and strategies to reduce greenhouse gases and short-lived climate pollutants will continue to require district participation, planning, and enforcement, yet districts rarely receive the financial consideration provided to state agencies. Finally, there has been a dramatic increase in demand for air agencies to have emergency response capability; districts will need significant funding for the specialized personnel and equipment needed to accomplish this.

STAFF COMMENTS

This Subcommittee heard testimony on this issue on May 3. The local air districts serve an important role in attaining California's air quality goals. Providing the local air districts with additional resources would enable them to better perform their legislative mandate. The Subcommittee may wish utilize the Air Pollution Control Fund to increase the subvention payments, which currently paid for through the Motor Vehicle Account, and in following with that fund source, require that the local air districts use this increase to improve monitoring, public outreach, and compliance of air district rules in "hot spot" areas afflicted with multiple sources of air toxic and pollutants.

Staff Recommendation: Appropriate \$10 million Air Pollution Control Fund ongoing to reinstate subvention amounts at 2000/2001 levels with an adjustment for inflation thereby increasing the current annual Subvention allocation of \$10,111,000 to \$20,111,000. Adopt budget bill language to require that the funds be prioritized on improving air quality in communities with high cumulative air pollution burdens.

3600 DEPARTMENT OF FISH AND WILDLIFE**VOTE-ONLY ISSUE 13: RESTRUCTURING THE FISH AND GAME PRESERVATION FUND**

The Governor's Budget proposes the following to address the structural imbalance of the Fish and Game Preservation Fund (FGPF) non-dedicated account:

- Trailer bill language to increase commercial landing fees by \$12.4 million, and
- Trailer bill language to eliminate the Lifetime License Trust Account and transfer \$8.7 million from approximately \$12.5 million in the Lifetime License Trust Account (LLTA) to the FGPF non-dedicated account. Hereafter, approximately \$750,000, which would otherwise go to the LLTA, would be deposited into the FGPF non-dedicated account.

BACKGROUND

The Subcommittee heard this item on March 22. The FGPF is the DFW's largest single fund source and supports a multitude of program activities. In recent years, expenditures have exceeded revenues in the non-dedicated account of the FGPF, with the gap reaching over \$20 million annually beginning in 2014-15. In the past, the department has been able to sustain FGPF program activities by utilizing the balance in the reserve and lowering actual expenditures, thereby creating savings. However, the current situation is not sustainable. Expenditures have continued to increase and the fund balance continues to decrease, which, without action, will lead to a projected deficit in 2018-19. This proposal attempts to resolve the majority of FGPF's non-dedicated account deficit through commercial landing fees, which represents an increase of 1300 percent.

STAFF COMMENTS

Though an increase is justified, a sudden 1300 percent increase at a time when commercial fisheries are financially strained is draconian. Further, the FGPF non-dedicated account would still have a deficit in the next budget year even if this proposal were to be adopted. This is not a practical or sustainable solution.

Staff Recommendation: Adopt trailer bill language to eliminate the Lifetime License Trust Account and transfer the funds as proposed. Reject trailer bill language to increase commercial landing fees. Adopt budget bill language requiring the department to (1) reconvene Vision Stakeholders to provide an update on the status of the Vision recommendation implementations; (2) provide a report regarding the same to the Legislature by October 1, 2017; and (3) undergo a zero-based budget evaluation in time for implementation by fiscal year 2018-19.

VOTE-ONLY ISSUE 14: HARMFUL ALGAL BLOOM (HAB) SAMPLING PROGRAM

The Governor's budget requests \$1.7 million in 2017-18 and \$996,000 annually thereafter from the Fish and Game Preservation Fund non-dedicated account to develop and implement a new program to collect and analyze samples harmful algal blooms to prevent fishery closures.

STAFF COMMENTS

The Subcommittee heard this item on March 22. The proposed funding source for this program is the Fish and Game Preservation Fund, which is expected to be insolvent by 2018 to the tune of \$20 million. Although the proposed program has merit, staff recommends rejecting this item until there is a sustainable remedy for the FGPF non-dedicated account's structural deficit.

Staff Recommendation: Reject this Proposal.

VOTE-ONLY ISSUE 15: MONITORING AND REPORTING WATER DIVERSIONS

The Governor's budget requests \$1.8 million ongoing from the Fish and Game Preservation Fund non-dedicated account for the Department to comply with SWRCB's emergency regulation for measuring and reporting on the diversion of water.

The proposed funding would be for the Department to conduct an assessment of the equipment and costs it will need to comply with the law. The Administration indicates it will submit a subsequent budget request in future years for the funding to purchase and install the measurement devices, and potentially for additional staff to oversee their operation and maintenance.

STAFF COMMENTS

The Subcommittee heard this item on March 22. The proposed funding source for this program is the Fish and Game Preservation Fund, which is expected to be insolvent by 2018 to the tune of \$20 million. Although the proposed program has merit, staff recommends only approving funding for the first year until there is a sustainable remedy for the FGPF non-dedicated account's structural deficit. Further, this request is for resources to conduct an initial assessment of where the department is diverting water and what resources would be needed to comply with the new law. These assessments represent one-time activities and do not justify a need for ongoing resources.

Staff Recommendation: Approve \$1.8 million for 2017-18.

VOTE-ONLY ISSUE 16: 2017-18 DROUGHT MODIFICATIONS

The May Revision proposes \$2.6 million General Fund for legacy drought response activities; this is a \$5.6 million General Fund reduction from the Governor's January budget of \$8.2 million.

STAFF COMMENTS

This proposal was heard on May 16. As a result of improved conditions and significantly increased precipitation this year, DFW no longer requires additional resources for new infrastructure, terrestrial monitoring, salmon passage criteria, and increased law enforcement. This request maintains a budget of \$2.6 million to support acoustic monitoring in the Delta and maintenance of infrastructure procured during the drought.

Staff Recommendation: Approve May Revision Proposal.

VOTE-ONLY ISSUE 17: VOLUNTARY AGREEMENTS FOR SACRAMENTO – SAN JOAQUIN RIVER

The May Revision proposes \$1.1 million General Fund and five positions to provide resources to negotiate, complete, and implement voluntary agreements in tributaries to the Sacramento-San Joaquin Rivers and the Delta. These agreements are intended to create water supply and regulatory certainty for water users, and improve ecological flow and habitat for species.

STAFF COMMENTS

This proposal was heard on May 16. DFW is currently involved in many, if not most, tributaries to the Sacramento and San Joaquin Rivers and working directly with irrigation districts and water agencies through existing administrative processes. This includes Federal Energy Regulatory Commission relicensing of hydroelectric facilities, through collaborative discussions about ecological flow and restoration programs, and through programs like the DFW's Voluntary Drought Initiative.

Staff Recommendation: Approve May revision proposal and adopt budget bill language as suggested by the LAO to ensure that General Fund supported staff is targeted for work that serves/improves public trust resources and not private interest.

8570 DEPARTMENT OF FOOD AND AGRICULTURE**VOTE-ONLY ISSUE 18: PLANT PEST PREVENTION SYSTEM**

The Governor's budget requests the following resources to fortify the infrastructure of the state's pest prevention system:

- For 2017-18: \$1.8 million General Fund, \$2.6 million in Department of Food and Agriculture Fund authority, and 190.5 positions (25.5 permanent positions and a conversion of 165 temporary positions to permanent positions).
- For 2018-19 and ongoing: \$1.9 million General Fund, \$2.9 million in Agriculture Fund and \$570,000 of Reimbursements and 194 positions (29 permanent positions and a conversion of 165 temporary positions to permanent positions)

STAFF COMMENTS

The Subcommittee heard this item on April 19. California is a major agricultural producer. CDFA's plant pest prevention system works to investigate the existence of pests, determines the probability of its spread, and determines the feasibility of its control or eradication. Since the time of the hearing, it has been brought to the Subcommittee's attention that there is an additional concern regarding resource needs to combat Pierce's Disease. Vineyards statewide are being impacted. However, state funds that previously went to CDFA's Pierce Disease Control Program were cut in 2011.

Staff Recommendation: Approve as Budgeted. Additionally approve \$5 million General Fund for the Pierce Disease Control Program to combat and minimize the statewide impact of Pierce's Disease and its vectors in California.

VOTE-ONLY ISSUE 19: TURLOCK NORTH VALLEY LABORATORY REPLACEMENT

The Governor's budget requests \$3.088 million General Fund to construct the North Valley Animal Health Laboratory, a new full-service animal health laboratory in the northern San Joaquin Valley.

STAFF COMMENTS

The Subcommittee heard this item on April 19. Multiple DGS studies as well as CAHFS' accrediting body notes that the existing Turlock laboratory does not meet current laboratory standards. The laboratory was built in 1958 and is not designed for modern day biosafety, biocontainment or testing. The testing limitations of the Turlock Laboratory leave a gap in the surveillance system given the large population of cattle, sheep and other livestock in the northern central valley of California.

Staff Recommendation: Approve as Budgeted.

VOTE-ONLY ISSUE 20: GGRF CLEANUP – DAIRY DIGESTERS

The Governor's budget proposes language to clarify that Government Code section 16428.86 only applies to projects that utilize digester technology as part of livestock manure management operations and dairy manure management operations.

STAFF COMMENTS

The Subcommittee heard testimony on this item on March 15.

Staff Recommendation: Adopt Trailer Bill Language as Proposed.

VOTE-ONLY ISSUE 21: SMALL DAIRY CLIMATE CHANGE RESEARCH

On April 19, 2017, the Subcommittee discussed methane reduction strategies associated with California's dairy and livestock industry. One of the discussion items during that hearing was the need to further understand the greenhouse gas emission levels and appropriate reductions for smaller dairies. The Subcommittee adopted Supplemental Reporting Language to request the department create a small dairy action plan.

STAFF COMMENTS

During the Great Recession, the Department of Food and Agriculture eliminated General Fund positions and resources that allowed it to conduct research. Providing a small investment in research at the department will allow it to retain experts to provide a more substantial and useful report to the Legislature.

Staff Recommendation: Appropriate \$250,000 General Fund for Small Dairy Climate Change Research.

VOTE-ONLY ISSUE 22: MILK POOLING TRAILER BILL LANGUAGE

The May Revision proposes trailer bill language to authorize CDFA to establish a stand-alone milk quota program.

STAFF COMMENTS

This proposal was heard on May 16. California has a state-specific pricing system for dairy that is separate from the USDA. In February 2017, the USDA recommended establishing a federal order that would incorporate California dairy. USDA is now in the process of taking public comments on the recommendation. USDA is scheduled to host

an official vote of California dairy farmers between late fall of 2017 and early spring of 2018 on whether to join the federal order.

If California dairy farmers choose to join the federal order, the existing California milk pricing system (which includes a quota system) would be repealed, but there would be no quota system under the federal order.

Staff Recommendation: Approve Trailer Bill Language.

3860 DEPARTMENT OF WATER RESOURCES

VOTE-ONLY ISSUE 23: DROUGHT EMERGENCY RESPONSE

The May Revision proposes \$9.5 million General Fund for emergency drinking water projects and the Save our Water Campaign. This is \$8 million reduction from the Governor's January budget of \$17.5 million for DWR to carry out drought-related activities.

STAFF COMMENTS

This item was heard on May 16. This proposal reduces funding for DWR's drought response activities but continues to support the following needs:

- \$5 million local assistance and related support costs for emergency drinking water projects in areas of diminished groundwater supplies in the Central Valley,
- \$3.5 million for projects that enhance conditions for Delta smelt, and
- \$1 million for the Save Our Water campaign to focus on "Making Water Conservation a California Way of Life."

Staff Recommendation: Approve this May Revision proposal.

VOTE-ONLY ISSUE 24: DAM SAFETY AND EMERGENCY FLOOD RESPONSE

The May Revision proposes the Administration's dam safety and emergency response proposal, which was initially submitted to the Legislature as a current year proposal in February 2017. Specifically, the MR proposal includes:

- \$6.5 million as a General Fund loan to the Dam Safety Fund, to be repaid from revenue generated from dam safety fees, and 12 positions to support the following program enhancements. This includes:
 - \$3 million for the Department of Water Resources (DWR) Division of Safety of Dams to conduct more extensive evaluations of

- appurtenance structures, such as spillways, gates, and outlets; and,
 - \$3.5 million for DWR to review and approve required inundation maps and coordinate the review of emergency plans.
- \$1.9 million General Fund and four positions for the Office of Emergency Services to review and approve dam-related emergency response plans, and coordinate with local emergency management agencies on incorporation into all-hazard emergency plans (there is a distributed administration adjustment in the amount of \$175,000 to conform to this action).
- \$387.1 million Proposition 1 funding for DWR to accelerate a portfolio of flood control projects over the next two fiscal years.

	Program Area	Prop 1 Available	Total Appropriation
Delta	Urban Flood Risk Reduction	\$295	\$65
	Delta Levee Subventions		\$27
	Delta Special Projects		\$57.1
	“Systemwide” Flood Risk Reduction		\$130
	Emergency Response		\$10
Central Valley and Coastal Watersheds	Coastal Watershed Flood Risk Reduction	\$100	\$27
	Central Valley Tributary Projects		\$50
	“Systemwide” Flood Risk Reduction		\$21
Total			\$387.1

- Trailer bill language to require dams to have an emergency action plan that is updated every ten years, updated inundation maps every ten years, or sooner if specific circumstances change, and provide DWR with enforcement tools, including fines and operational restrictions for failure to comply.

STAFF COMMENTS

The May Revision proposal is nearly identical to what was proposed in February. The only changes include two technical changes in the trailer bill language and an extended repayment period for dam operators to repay the General Fund Loan.

This item was heard on May 16. Staff has no concerns with the dam safety portion of the proposal but recommends the following funding categories instead:

Program Category	Amount (in millions)	
	Governor	Assembly
Delta		
System wide flood risk reduction projects	\$ 130.0	\$ 43.3
Urban Flood Risk Reduction Program	\$ 65.0	\$ 21.7
Delta Special Projects Program	\$ 57.1	\$ 19.0
Delta Levee Subventions Program	\$ 27.0	\$ 9.0
Emergency response projects	\$ 10.0	\$ 3.3
<i>Subtotal</i>	\$ 289.1	\$ 96.4
Statewide		
Central Valley tributary projects	\$ 50.0	\$ -
Coastal watershed flood risk reduction projects	\$ 27.0	\$ 9.0
Central Valley system wide flood risk reduction projects	\$ 21.0	\$ 7.0
<i>Subtotal</i>	\$ 98.0	\$ 16.0
Total	\$ 387.1	\$ 112.4

Staff Recommendation: Adopt dam safety proposal and revise the proposed Prop 1 expenditure plan with the one detailed above (totaling \$112.4). Adopt budget bill language to schedule the appropriations in specific expenditure categories, so that the administration must come back to the Legislature to request a change if it wants to redirect funding in a different manner, and include language that funding must be spent in accordance with the framework established in the 2017 CVFPP update.

VOTE-ONLY ISSUE 25: FLOOD STRUCTURE MAINTENANCE – FEDERAL FUNDS

STAFF COMMENT

Recent damage to the Oroville Spillway is expected to cost over \$275 million to repair. The State expects federal disaster relief and ratepayer funds to be made available during the budget year for repairing the damage from the rains this winter. In order to avoid delays in funding this needed work, the Subcommittee may wish to add a control section to the budget to allow the state to accept and expend funds received.

Staff Recommendation: Adopt budget bill language to authorize the State to accept and expend these funds, subject to Joint Legislative Budget Committee notification.

3860 DEPARTMENT OF WATER RESOURCES
3940 STATE WATER RESOURCES CONTROL BOARD
3600 DEPARTMENT OF FISH AND WILDLIFE

VOTE-ONLY ISSUE 26: OPEN AND TRANSPARENT WATER DATA ACT (AB 1755)

In a May Revision proposal, the Administration requests to appropriate \$200,000 Environmental License Plate Fund to support the initial development of the Open and transparent Water Data Act, established by AB 1755 (Dodd, Chapter 506, Statutes of 2016)

STAFF COMMENTS

A Spring Fiscal Letter requesting expenditure authority if it received donations from outside entities was heard and adopted on May 3. This proposal complements the Spring Fiscal Letter by providing one-time funding to begin development of the strategic plan and initial data protocols while donations to the Water Data Administration Fund are pursued.

Staff Recommendation: Approve May Revision Proposal.

**3860 DEPARTMENT OF WATER RESOURCES
3940 STATE WATER RESOURCES CONTROL BOARD****VOTE-ONLY ISSUE 27: WATER CONSERVATION AS A WAY OF LIFE - TBL**

The Governor's budget proposes trailer bill language to make water conservation a way of life. Specifically, the proposal would:

- Require the State Water Resources Control Board (SWRCB), in consultation with the Department of Water Resources (DWR) to set long-term urban water use efficiency standards by May 20, 2021;
- Authorize SWRCB, in consultation with DWR, to adopt interim standards for urban water conservation and water use by emergency regulation.
- Require SWRCB, prior to adopting emergency regulation, to provide at least 60 days for the public to review and comment on the proposed regulation, and to hold a public hearing.
- Authorize the SWRCB authority to issue cease and desist orders to enforce all adopted regulations in the same manner that they have been able to for emergency conservation regulations during the drought.
- Authorize the SWRCB to set emergency conservation regulations for one year instead of 270 days.
- Require urban water suppliers to submit a water shortage contingency plan and conduct a drought risk assessment every five years, and submit a water budget forecast annually.
- Expand existing requirements to require agricultural water suppliers providing water to over 10,000 irrigated acres of land to prepare, adopt, and submit plans by April 1, 2021, and every five years thereafter.
- Require agricultural water suppliers to:
 - Develop an annual water budget for the agricultural water service area.
 - Identify agricultural water management objectives and implementation plans.
 - Quantify measures to increase water use efficiency, and
 - Develop an adequate drought plan for periods of limited supply.

STAFF COMMENTS

The Subcommittee heard this item on May 3. In addition to the proposed trailer bill language, there are eight measures simultaneously moving through the legislative process that seeks to accomplish a similar goal of achieving long-term water

conservation and drought resilience. Some of the bills propose a near-identical approach to the trailer bill and some of the bills propose competing approaches. Many indicated the desire for this proposal to be negotiated in the policy process.

In order to allow stakeholders the opportunity to continue working on the best way to build drought resiliency in the legislative process, staff recommends rejecting this proposal without prejudice at this time.

However, there is also clear signal from stakeholders and the Administration that water conservation and drought resilience is a priority. Should the policy process not result in a solution, the subcommittee intends to take this issue up again as part of the budget clean-up process.

Staff Recommendation: Deny without prejudice.

VOTE-ONLY ISSUE 28: SAFE DRINKING WATER

BACKGROUND

California communities and schools continue to face severe challenges to access safe drinking water. The water in more than 1 million Californians' homes fails to meet safe drinking water standards, and thousands of wells have gone dry. Even with the Governor's recent declaration ending the state's five year drought, residents, primarily in small, disadvantaged communities still live in crisis due to groundwater contamination. Too many California children lack safe drinking water both at home and at school.

STAFF COMMENTS

The Subcommittee heard testimony on this on March 22. To address safe drinking water challenges in the state, staff recommends funding for the following:

\$8 million: Replacement of Domestic Wells from drought and other emergencies (DWR)

- Cost of connecting homes to community water systems for reasons of private well failure or contamination. Should include: construction of water main and water service, fees charged by water systems (e.g. capacity fees), connection of homes (meter to house), and abandonment of old wells. These solutions must be permanent in nature, with infrastructure and capacity that is adequate to meet the need. Funding should be accessible to local governments, public water systems, and non-profit community based-orgs.

\$7 Million – Emergency repair fund (SWRCB)

- Replacement of failed wells (current backlog of households seeking well replacement is estimated to be \$21M worth of need that is not currently covered). Increased flexibility in determining households eligibility for the funds would be helpful; qualifications can be challenging for some households. Refinancing for low-income homeowners who previously financed well replacement on high-interest credit card or other high-cost financing.
- Emergency repairs to community water systems that lack the funds to make immediate repairs/replacement of failed system components. Examples: well collapse, burned-out pumps, leaking tanks and water lines, contamination by fecal bacteria (repair problems & implement chlorination).

\$5 Million- Investment in Public Wastewater to meet Critical Public Health Needs (SWRCB)

- Cost of connecting homes to public wastewater systems for reasons of septic system failure or inadequacy (e.g. inadequate capacity) or lack of wastewater treatment. Should include: construction of wastewater mains and wastewater service, fees charged by wastewater systems (e.g. capacity fees), on-site connection of homes (meter to house), and abandonment of septic or other waste disposal infrastructure (e.g. cesspools). These solutions must be permanent in nature, with infrastructure and capacity that is adequate to meet the need. Funding should be accessible to local governments, public water systems, and non-profit community based-orgs.
- Emergency Sewer System Repairs

\$4 million – Access to Safe Drinking Water (SWRCB)

- Point-of-use treatment for domestic wells and public water systems, including schools and public facilities, where water does not meet primary drinking water standards.
- Bottled water for domestic wells and public water systems suffering from drought impacts or that do not meet primary drinking water standards.
- Technical Assistance and outreach to assess vulnerability to failing wells, contaminated drinking water sources and other public health

Staff Recommendation: Adopt budget bill language to appropriate \$24 million General Fund for activities as detailed above.

3940 STATE WATER RESOURCES CONTROL BOARD**VOTE-ONLY ISSUE 29: DROUGHT RESOURCES – UPDATED REQUEST**

The May Revision proposes a \$4.7 million General Fund reduction. The Governor's January budget proposed \$5.3 million for drought-related activities. The requested reduction will maintain a budget of \$600,000 to support four positions to conduct drought-related compliance and enforcement issues currently underway at the State Water Resources Control Board.

STAFF COMMENTS

This item was heard on May 16. The increased precipitation in 2017 improved water supply conditions in many areas of the state. As result, the State Water Resources Control Board no longer requires additional resources for water curtailments and emergency change petitions.

Staff Recommendation: Approve May Revision Proposal.

VOTE-ONLY ISSUE 30: IMPLEMENTATION OF CONSERVATION RESPONSIBILITIES

The May Revision proposes five positions to establish a new conservation unit within the Office of Research, Planning, and Performance to support efforts consistent with the April 2017 report "Making Water Conservation a California Way of Life."

STAFF COMMENTS

This item was heard on May 16. This proposal assumes water standard requirements will be enacted in 2017, whether through the budget process or legislative process. Staff recommends approving this request contingent upon the enactment of water standard requirements.

Staff Recommendation: Approve May Revision proposal contingent upon the enactment of water standard requirements.

VOTE-ONLY ISSUE 31: IRRIGATED LANDS REGULATORY PROGRAM

The Governor's budget requests \$1 million in authority from the Waste Discharge Permit Fund and 5 positions to support ongoing regulatory efforts to protect drinking water sources and reduce nitrate loading to groundwater.

BACKGROUND

The Subcommittee heard this item on March 22. The ILRP is currently in operation within four of the nine water quality control board regions. This represents about 6.6 million acres out of a total of 8.8 million acres of irrigated agricultural land in California. SWRCB estimates another 1.7 million acres will be enrolled into the ILRP as three of the remaining five water quality control board regions move to implement the ILRP.

According to SWRCB, there has been a systematic increase in workload over the last decade and current staffing levels are insufficient to protect surface water bodies impacted by agricultural runoff and inadequate to properly regulate discharges to groundwater.

STAFF COMMENTS

Based on the current enrolled acres, the ILRP is generating approximately \$5.1 million and current expenditures are approximately \$5.8 million (program and redirected cost). Therefore, the program currently has a deficit of \$700,000 and is being offset by the WDPF fund reserve.

Staff Recommendation: Approve as Budgeted.

3930 DEPARTMENT OF PESTICIDE REGULATION**VOTE-ONLY ISSUE 32: Pesticide Registration Database Management System (PRDMS) Funding Realignment**

The Governor's budget requests to revert and reappropriate \$3.4 million in Department of Pesticide Regulation Fund with a four-year encumbrance period for the Pesticide Registration Data Management System (PRDMS).

STAFF COMMENTS

The Subcommittee approved this proposal on April 19. The Senate approved and additionally adopted budget bill language to require the department to review the current product registration fees that were increased to support the development of the pesticide registration database system and report back to the Legislature on April 27th, 2019, on a timeline for product registration fee decreases pursuant to project completion.

This represents a reasonable addition, as it would provide the Legislature with additional information on the progress of the project and how the fees are being used.

Staff Recommendation: Conform to Senate.

3885 DELTA STEWARDSHIP COUNCIL**VOTE-ONLY ISSUE 33: DELTA STEWARDSHIP COUNCIL TRAILER BILL LANGUAGE**

The May Revision proposes trailer bill language to extend the term limit of the Chairperson position at the Delta Protection Commission from four years to eight years.

STAFF COMMENTS

This item was heard on May 16. Whether to extend the term of the Delta Protection Commission Chairperson from four to eight years is a policy question. The Subcommittee may wish to ask the Administration to advance this proposal through the legislative process instead of during May Revision of the budget process.

Staff Recommendation: Reject May Revision Proposal.

3760 STATE COASTAL CONSERVANCY**VOTE-ONLY ISSUE 34: EXPLORE THE COAST GRANT PROGRAM****BACKGROUND**

The Conservancy's Explore the Coast Grant program encourages all Californian's to explore and experience our spectacular coast. Explore the Coast grants fund a wide range of programs that bring people to the coast, increase stewardship of coastal resources, and provide educational opportunities.

Several projects funded transportation for school groups from inland areas to the ocean and San Francisco Bay, particularly people from underserved communities and those with disabilities who otherwise have fewer opportunities to visit the coast. Many projects have provided environmental education about the ocean, coast, and San Francisco Bay to K-12 students, targeting schools in low-income communities.

STAFF COMMENTS

The Subcommittee heard this item on May 10. The Governor's January budget proposed a \$226,000 reduction in the program due to projected fund conditions.

Staff Recommendation: Appropriate \$226,000 Environmental License Place Fund to support the Explore the Coast Grant Program.

3560 STATE LANDS COMMISSION**VOTE-ONLY ISSUE 35: PLUG AND ABANDONMENT OF PLATFORM HOLLY AND ELLWOOD BEACH PIERS**

The May Revision proposes a one-time General Fund loan of \$10 million to provide adequate staffing for Platform Holly and the Ellwood Onshore Facility, and the plugging and abandonment of the oil wells on the platform and at the Ellwood Beach Piers.

STAFF COMMENTS

This item was heard on May 16. The State Lands Commission continues to pursue options for financial recovery, whether from the performance surety bond or other liable parties. Providing the Commission a loan in the meanwhile would allow the Commission to continue to maintain the facilities and begin to plug and abandon the wells to reduce the possibility of an accident.

Staff Recommendation: Approve May Revision Proposal.

3720 CALIFORNIA COASTAL COMMISSION**VOTE-ONLY ISSUE 36: STABILIZE BASELINE FACILITIES FUNDING**

The May Revision proposes an ongoing \$637,000 from the Coastal Act Services Fund to augment the Commission's baseline state operations budget. The requested resources would cover:

1. \$600,000 for increased facilities costs for Commission's facilities;
2. \$37,000 per year for archives of regulatory files at Department of General Services (DOS) State Records Center.

STAFF COMMENTS

This item was heard on May 16. The cost of office space and records keeping has increased over the years. Staff has no concerns over the requested resources. However, the funding source proposed in this request is problematic. The ongoing nature of this request would render the Coastal Act Services Fund out of balance.

Staff Recommendation: Approve on a two-year basis.

VOTE-ONLY ISSUE 37: ESSENTIAL ACCOUNTING AND FINANCIAL STAFF CAPACITY

The May Revision proposes an appropriation of \$244,000 (\$144,000 General Fund and \$144,000 Coastal Act Services Fund) for two positions to address recommendations in the December 2016 State Audit and Evaluation Report.

STAFF COMMENTS

This item was heard on May 16. The Department of Finance, Office of State Audits and Evaluation (OSAE) issued a report on the Coastal Commission on December 2016. The OSAE review included recommendations to improve fiscal management and control processes. The Coastal Commission management staff has developed a plan to address but require additional resources to fulfill the additional workload. This May Revision proposal requests for two positions to implement the OSAE recommendations.

Staff Recommendation: Approve the position funded with General Fund. Approve the position funded with CASF on a two-year basis.

VOTE-ONLY ISSUE 38: PILOT ENFORCEMENT PROGRAM EXPANSION

The May Revision proposes an appropriation of \$260,000 from the Violation Remediation Account for two positions in 2017-18, 2018-19, and 2019-20 to expedite Coastal Act violation case backlog and to implement new statutory authority to impose penalties administratively for violations that impact public access.

STAFF COMMENTS

This item was heard on May 16. At the end of 2016, the Commission's Enforcement Program had 2,339 open, backlogged violation cases, and this number continues to grow by approximately 118 cases a year. Approving this request would enhance the Coastal Commission's ability to protect the public's rights of access to the coast.

Staff Recommendation: Approve May Revision Proposal.

3970 RESOURCES RECYCLING AND RECOVERY**VOTE-ONLY ISSUE 39: ENHANCED OVERSIGHT, AUDIT, AND ENFORCEMENT IN THE BEVERAGE CONTAINER RECYCLING PROGRAM**

The May Revision proposes \$2.3 million Beverage Container Recycling Fund and 22.0 positions to convert limited-term resources into permanent to sustain increased and enhanced oversight, audit, and enforcement functions within the Beverage Container Recycling Program (Program).

STAFF COMMENTS

This item was heard on May 16. In the 2015 Budget, five limited-term positions for auditors were approved to audit Beverage Manufacturers and Distributors within the BCRP. Despite the hiring challenges, the limited term auditors started a total of 32 audits, and have been able to complete 10 of them. The total findings of these 10 audits have amounted to \$251,488. Additionally, there are 22 audits still in progress and the Department estimates that projected findings for this 22 audits will amount to a total of \$793,774. The total amount of findings to which these five positions will have contribute amounts to \$1,045,262.00. These "findings" represent underpayments of CRV and/or Processing Fees identified by the audits.

The limited term positions have helped cleared the backlog issues that CalRecycle had experienced in the past. Making these positions permanent would allow CalRecycle to continue to conduct audits and enforcement.

Staff Recommendation: Approve May Revision Proposal.

VOTE-ONLY ISSUE 40: DISASTER DEBRIS RECOVERY CLOSEOUT AND PROJECT BACKLOG

The May Revision proposes \$1,013,000 Integrated Waste Management Account (annually for two years) to finalize and complete disaster debris removal-related workload and project backlogs incurred by redirecting staff toward emergency disaster recovery and post-recovery efforts.

STAFF COMMENTS

This item was heard on May 16. In 2015, the Governor declared a State of Emergency in Lake and Napa counties due to the severity and magnitude of the wildfires. CalRecycle was directed to support local governments in the management of debris removal operations. CalRecycle redirected significant resources from its Solid Waste Program to assist. The staff redirection has resulted in an un-absorbable backlog. Moreover, there continues to be ongoing workload to finalize debris removal projects, workload for evaluating costs for federal reimbursement, and work to assist counties with insurance recovery. CalRecycle remains behind in the review of technical reports, such as closure and post-closure maintenance plans, non-water corrective actions plans, implementation of various health and safety programs, and site remediation.

Staff Recommendation: Approve May Revision Proposal.

VOTE-ONLY ISSUE 41: 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 Subcommittee heard this item on May 10. 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 participants 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 COMMENTS

Staff recommends the following placeholder trailer bill language to address these pressing issues:

- Adjust the processing payments & handling fees to reflect the 2015 cost of recycling, COLA and reasonable (5%) financial return.
- Make handling fees available to any entity willing to establish a certified recycling location within a currently unserved zone, regardless of physical location.
- Authorize CalRecycle to provide up to \$3 million in supplemental handling fees in rural/underserved areas to bring back recycling centers.
- Redirect CalRecycle staff and 'in-lieu payment revenue' to siting redemption locations in unserved zones.
- Suspend Future Cost Calculations until marketplace stabilizes (use 2015 costs with annual COLA).
- Immediate and temporary suspension of enforcement of retailer 'take back' obligation affected by recent closures outside of retailer control (Closures 1/1/16 thru 4/1/17).
- Suspends all payments from the Beverage Container Recycling Fund on April 1, 2018.

This proposal represents a limited and temporary fix that would allow more time for the Legislature, the Administration, and stakeholders to review the broader reform put forth by the January proposal. Further, the "hard cliff" of suspending all payments from the BCRF would incentivize all stakeholders to negotiate a sustainable solution forward.

Staff Recommendation: Approve placeholder trailer bill language outlined above.

3790 DEPARTMENT OF PARK AND RECREATIONS**VOTE-ONLY ISSUE 42: IMPROVING STATE AND LOCAL PARKS**

The May Revision proposes \$52 million State Parks and Recreation Fund, \$26.6 million in reimbursement authority, \$1 million from the Off-Highway Vehicle Trust Fund, and \$1 million from the Abandoned Watercraft Abatement Fund. The additional funding from the State Parks and Recreation Fund is allocated as follows:

- **Fix Our Parks**—\$31.5 million for deferred maintenance projects to repair and maintain the aging infrastructure of the state park system and to address the recent damage sustained from the severe winter storms. This proposal also includes increasing reimbursement authority by \$26,625,000 to facilitate funding from the Federal Emergency Management Agency to help address storm-damaged areas.

- **Establish Partnerships to Improve Access to Parks**—\$1.5 million to establish a pilot project to provide transportation to parks from urban areas and schools.
- **Build a Recruitment and Training Program**—\$1 million to establish a recruitment and training program. This program will focus on hard-to-fill classifications, including park rangers, lifeguards, maintenance workers, administrators, and managers. The program will also develop strategies to better reach candidates from diverse communities.
- **Fund Local Parks**—\$18 million to provide a local assistance grant to the Jurupa Area Recreation and Park District.
- **Support Off-Highway Vehicle Recreation**—\$1 million from the State Parks and Recreation Fund to the Off Highway Vehicle Trust Fund. \$1 million for local assistance grants for additional law enforcement, environmental monitoring, and maintenance grants supporting federal off-highway vehicle recreation.

STAFF COMMENTS

This item was heard on May 16. The Department of Finance anticipates \$54 million for the Department of Parks from revenues generated from SB 1. This request represents the Administrations expenditure plan for the additional revenues.

Staff Recommendation: Approve May Revision Proposal.

VOTE-ONLY ISSUE 43: CANDLESTICK POINT SRA: YOSEMITE SLOUGH (NORTH) – PUBLIC USE IMPROVEMENTS

In a May Revision proposal, the Department of Park and Recreation requests to increase reimbursement authority by \$1,265,000 for the Candlestick SRA: Yosemite Slough (North) Public Use Improvement project.

STAFF COMMENTS

A Spring Fiscal Letter requesting reimbursement authority was heard and approved on April 26. The Spring Fiscal Letter has based the cost estimate on information gathered two years ago. The increased costs are based on updated information. The California State Parks Foundation is fully funding this project

Staff Recommendation: Approve May Revision Proposal.

VOTE-ONLY ISSUE 44: BASE FUNDING - MAINTAIN OPERATIONS

The Governor's budget requests \$12.6 million from the SPRF and \$4 million from the California Environmental License Plate Fund (ELPF), on a one-time basis, to maintain existing service levels throughout the state parks system. This proposal is intended to allow the department to complete implementation of operational efficiency initiatives, enhance revenue generation opportunities, and explore additional partnerships, including an outside support organization as specified by Chapter 540, Statutes of 2016 (SB 1111). The proposal sustains the current level of service at parks, while acknowledging the need to solve the long-term structural shortfall.

STAFF COMMENTS

The Subcommittee heard this item on April 26.

Staff Recommendation: Adopt as Budgeted.

VOTE-ONLY ISSUE 45: LIQUIDATION EXTENSION

The Department requests to extend the liquidation period to June 30, 2018, for one General Fund local assistance grant for the California Museum of History and to June 30, 2022, for various Proposition 84 local assistance grants.

STAFF COMMENTS

In recent years, a number of grantees with grant projects administered by the Department of Parks and Recreation requested liquidation extensions to obtain more time to complete their projects. The extension process has changed in recent years to alleviate the Legislature from directly fielding requests from local agencies for liquidation extensions. The reasons for the requests are varied.

Staff Recommendation: Approve Liquidation Extension.

VOTE-ONLY ISSUE 46: PESCADERO MARSH NATURAL PRESERVE**BACKGROUND**

The Subcommittee heard testimony on this issue on May 10. The Pescadero Marsh Natural Preserve is land under control of the California Department of Parks and Recreation. It is the most significant outer coast estuary between Elkhorn Slough in Monterey County and Tomales Bay in Marin County, as well as home to many state and federally listed threatened and endangered species. Routine dredging of creeks and

the marsh, historically conducted by local farmers and property owners, ended when the state acquired the marsh and lagoon in 1974.

Since that time, sediment accumulation has filled the historic channel of Butano Creek so that connectivity through the marsh to the lagoon no longer exists. This has resulted in chronic flooding affecting the town of Pescadero, the entire Butano Creek Watershed being inaccessible to adult and juvenile salmonids during nearly all flows, and stagnant water causing significant annual fish-kill events. As a result of sediment build-up, even a small rain event results in flooding of the main road into town, stopping commerce in this tourism-fueled community.

Staff Recommendation: Appropriate \$4 million General Fund for the Department of Parks and Recreation to administer local grants for San Mateo County Resource Conservation District's Butano Channel Restoration and Resiliency project.

VOTE-ONLY ISSUE 47: GENEVA CAR BARN AND POWERHOUSE PROJECT

BACKGROUND

The Geneva Car Barn and Powerhouse (GCBPH) is one of the last physical reminders of the first electric railway system. It was owned by private railway companies until 1989, at which time it was heavily damaged in the Loma Prieta earthquake.

The GCBPH sat vacant for a decade and was scheduled for demolition. A group of community members mobilized to save the building and this group formally became the Friends of the Geneva Car Barn and Powerhouse.

In partnership with community members, the vision for the building was developed as an arts center, the heart of whose programming is arts training for underserved youth, as well as a café, community meeting room, black box theatre, student lounge, design studios and event space.

The proposed project will restore the GCBPH, serve as a catalyst for attracting new investment in the area, and provide youth arts-related training.

Staff Recommendation: Appropriate \$3.5 million General Fund to the Department of Parks to administer local grants for the adaptive reuse and restoration of the Geneva Car Barn.

0540 NATURAL RESOURCES AGENCY**VOTE-ONLY ISSUE 48: NATURAL RESOURCES AND PARKS PRESERVATION FUND**

A May Revision proposal requests to establish the Natural Resources and Parks Preservation Fund and to transfer \$65 million previously appropriated General Fund into the fund the first year. This fund is intended to provide an alternative to bond funding and will allow the Administration and the Legislature to make strategic investments where they are needed each fiscal year. The amount transferred and the programs to which the funds will be directed will be determined through the annual budget process.

STAFF COMMENTS

The Subcommittee heard this item on May 17. This would provide an alternative to bond funding and will allow the Administration and the Legislature to make strategic investments where they are needed each fiscal year.

Staff Recommendation: Approve May Revision Proposal.

VOTE-ONLY ISSUE 49: REAPPROPRIATION

A May Revision proposal requests to reappropriate the balances of the appropriations in Item 0540-101-0001, Budget Act of 2016 to be available for encumbrance or expenditure until June 30, 2018.

STAFF COMMENTS

This would allow the Secretary of the Natural Resources Agency to fully disburse local assistance grants in the fiscal year 2017-18.

Staff Recommendation: Approve May Revision Proposal.

VOTE-ONLY ISSUE 50: LEGISLATIVE INVESTMENTS

The Subcommittee will consider augmentations that reflect various Legislative priorities.

- Appropriate \$30 million General Fund to begin the process of procuring 207 acres of undeveloped property in the West Coyote Hills to be preserved as open space. This funding will allow the City of Fullerton to acquire additional acreage of this last remaining open space.
- Appropriate \$750,000 General Fund for La Puente Park to replace the underused handball courts with a skate park to offer a safe diversion for youth of this disadvantaged community.

- Appropriate \$500,000 General Fund for a Type-3 brush fire engine for Colton, CA. Colton currently lacks the equipment to fight brush fires, but is at risk for these dangerous and devastating fires.
- Appropriate \$1.173 million General Fund for the City of Baldwin Park to make improvements to the Walnut Creed Nature Park and Morgan Park in order to make the parks more assessable for that community.
- Appropriate \$15,000 General Fund for a statue of Rosa Parks for the Rosa Parks Memorial State Building in San Bernardino.
- Appropriate \$2 million General Fund for the Agency to commission a study with Lake County and the University of California, Davis for the rehabilitation of Clear Lake.
- Appropriate \$2 million General Fund for the Wildlife Health Center, University of California at Davis, to administer grants to local marine mammal stranding network members for the ongoing marine mammal rescue effort in California.
- Appropriate \$100,000 General Fund for the Wildlife Health Center, University of California at Davis, to administer grants to the large whale emergency response team to help with disentanglement emergency efforts.
- Appropriate \$1 million for the Lower American River Conservancy Program within the Wildlife Conservation Board to protect and enhance the Lower American River.
- Appropriate \$2 million for enhancements at the Golden Gate Park and Fulton Dog Parks.
- Appropriate \$1 million for erosion, trail, signage, dock and recreational improvements around the Lake Merced.

STAFF COMMENTS

The proposed investments total \$40.538 million. Given the lengthy process associated with awarding legislative projects that require local partnership, staff recommends adding budget bill language to offer an extended encumbrance language for these items.

Staff Recommendation: Adopt \$40.538 million General Fund and budget bill language to extend encumbrance of the funds to five year.

0555 ENVIRONMENTAL PROTECTION AGENCY**VOTE-ONLY ISSUE 51: GREEN SMALL BUSINESS NETWORK**

Currently the Environmental Protection Agency houses the Green Small Business Network program. This program oversees programs offered by local Chambers of Commerce that support green business certification programs. These programs result in reduction of water and energy use and reduce pollution generated by these businesses.

STAFF COMMENTS

An investment of \$1 million General Fund would allow this successful program to expand in California.

Staff Recommendation: Adopt \$1 million General Fund for Green Small Business Network

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL**VOTE-ONLY ISSUE 52: EXIDE CLOSURE IMPLEMENTATION**

The May Revision proposes a loan of \$1.4 million annually for three-years from the Lead-Acid Battery Cleanup Fund to the Hazardous Waste Control Account for a third-party quality assurance contractor to provide oversight of the activities conducted under the Closure Plan for the Exide Technologies, Inc. facility in Vernon.

STAFF COMMENTS

This item was heard on May 16. The Exide Closure Plan requires the work to be overseen by a third-party quality assurance (QA) contractor hired by the regulatory agencies and funded by Exide. Nonpayment by DTSC to the contractor may cause a suspension of oversight work. This proposal will ensure that DTSC has the spending authority necessary to pay the contractor until it received reimbursement from Exide.

Staff Recommendation: Approve May Revision Proposal.

VOTE-ONLY ISSUE 53: AUGMENTATION FOR NATIONAL PRIORITIES LIST AND STATE ORPHAN SITES

The May Revision proposes a one-time appropriation of \$3.7 million penalty revenues from various funds (\$0.5 million from the Department of Pesticide Regulation Fund, \$2.7 million from the Air Pollution Control Fund, and \$0.5 million from the Waste Discharge Permit Fund) to direct site remediation at National Priorities List and state orphan sites. DTSC also requests provisional language be included in the Budget Bill to allow this.

STAFF COMMENTS

This item was heard on May 16. Over the past several years, DTSC has received an annual appropriation of approximately \$10 million for site remediation. However the funds allocated have not met historic demand.

CERCLA legally obligates DTSC to pay for 100 percent of operations and maintenance costs at NPL sites. The requested resources would allow DTSC to fully fund the state's NPL obligations and to protect the public and the environment from hazardous substances.

Staff Recommendation: Approve May Revision Proposal.

VOTE-ONLY ISSUE 54: LEAD-ACID BATTERY RECYCLING ACT OF 2016 (AB 2153, CHAPTER 666, STATUTES OF 2016)

The Governor's budget proposes \$610,000 from the Lead-acid Battery Cleanup Fund and five positions to implement the Lead-acid Battery Recycling Act of 2016.

STAFF COMMENTS

This item was heard and approved on April 19. The Senate approved the request on a two-year limited-term basis and adopted budget bill language, as recommended by the LAO, requiring DTSC to provide a report, by March 1, 2018, summarizing its progress implementing the Act.

Staff Recommendation: Conform to Senate

ISSUE 55: LAGUNA NUEVA SCHOOL – PARK**BACKGROUND**

The Laguna Nueva School site is a site located in the City of Commerce and is owned by the Montebello Unified School District. The site is approximately 14.7 acres of land and consists of Laguna Nueva Elementary on the northern 6.3 acres and vacant undeveloped land of the southern 8.4 acres. The Laguna Nueva Elementary was built on the northern 6.3 acres of the subject site in 1992. The southern 8.4 acres of the subject site has remained undeveloped.

Historical operations included a trucking company, which operated from 1953 to 1973, on the central portion of the site, fronting Garfield Avenue. In 1954, two underground fuel tanks were installed at the trucking company site. A gas station was located at the southwestern corner of the site from 1958 to about 1976. A 1976 report documented the backfilling of the underground storage tank pit excavation. From approximately 1954 to 1963, salvage materials (e.g., lumber, metal and paper materials) were reportedly stored on the northeast section of the site. A borrow pit was created in 1938 when fill dirt was excavated from the northwest section of the subject site; the fill soil was used to fill a flood hole at an offsite location. The borrow pit then was used to dump construction debris that reportedly included combustible trash, foundry sand, concrete, brick, metal,

tarred paper, composition shingles, wire and slag lime In 1985, a commercial developer excavated and removed the construction debris in the borrow pit to the original pit limits, except for the western edge where the debris extended beneath the sidewalk. The majority of the construction debris was transported to a permitted landfill for disposal.

Montebello Unified School District entered into an agreement on December 15, 2000 for DTSC oversight on the environmental activities at the site. DTSC has identified contamination and there is an active methane monitoring program at the site. The Operation and Maintenance Agreement was executed on September 9, 2011 which included an Operation and Maintenance Plan. Currently the District has been conducting annual inspection and monitoring.

STAFF COMMENTS

DTSC believes that with minor work, the site could be made suitable for a city or county park.

Staff Recommendation: Appropriate \$2,000,000 General Fund and budget bill language for DTSC to provide technical assistance to convert the Laguna Nueva School site into a park.

3810 SANTA MONICA MOUNTAINS CONSERVANCY

VOTE-ONLY ISSUE 56: BIG TUJUNGA WASH

The Subcommittee will consider appropriating \$3.5 million for the Santa Monica Mountain Conservancy to acquire the Big Tujunga Wash to preserve it for open space.

STAFF COMMENTS

It is expected that this investment of State funds will leverage additional funding to acquire the 111 acres available along the Big Tujunga Wash.

Staff Recommendation: Adopt \$3.5 million General Fund to acquire the Big Tujunga Wash.
