

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 RESOURCES AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD S. GORDON, CHAIR

**WEDNESDAY, MAY 9, 2012
9:00 A.M. - STATE CAPITOL ROOM 447**

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CONSENT CALENDAR0540 Resources Agency

1. Re-appropriation: Strategic Growth Council Modeling Incentives Program - Prop 84. The Governor requests re-appropriation of Prop 84 funds for data gathering and model development projects through June 30, 2015.
2. Re-appropriation: Prop 50 Bond Programs. The Governor requests re-appropriation of Proposition 50 funds for River Parkway and Sierra Nevada Cascade programs.

3340 California Conservation Corps

1. Capital Outlay Re-appropriation: Delta Service Center: Acquisition.
2. Capital Outlay Re-appropriation: Delta Service Center Site: Construction.
3. Capital Outlay Re-appropriation: Tahoe Base Center Relocation: Acquisition

3500 Department of Resources Recycling and Recovery

1. Special Fund Reductions for the Spring Budget Process. This request will eliminate two upper management positions for a total reduction of \$236,000 spread over multiple special funds.

3540 Department of Forestry and Fire Protection

1. Capital Outlay Re-Appropriations:
 - Ventura Youth Conservation Camp: Construct Apparatus Buildings, Shop, and Warehouse-Working drawings and construction;
 - Bautista Conservation Camp: Replace Modular Buildings-Construction;
 - North Region Forest Fire Station: Replace Facilities-Working drawings and construction;
 - Ventura Youth Conservation Camp: Construct Apparatus Buildings, Shop, and Warehouse-Construction;
 - South Operations Area Headquarters: Relocate Facility-Acquisition, working drawings, and construction; and,
 - Bautista Conservation Camp: Replace Modular Buildings-Construction.

3600 Department of Fish and Game

1. Bond Fund Realignment. The Governor requests a realignment of bond funds to align expenditure authority with anticipated expenditures and available resources.

3680 Department of Boating and Waterways

1. Technical Correction to Budget Bill Language. The Governor requests revisions to reference the correct Budget Act item for re-appropriation.

3790 Department of Parks and Recreation

1. Technical Adjustment to Bond Funded Program Delivery Funding.
2. Re-Appropriation: Proposition 84, Support Funding.

3. Re-Appropriation: Proposition 84, Local Assistance Funding for Nature Education Facilities Grant Projects.

3810 Santa Monica Mountains Conservancy

1. Capital Outlay Funding Reversions: Various Bond Funds.

3835 Baldwin Hills Conservancy

1. Proposition 84 Program: Position Extension. This request will extend a limited-term position until June 30, 2015. Without the requested extension, the Conservancy will have no designated staff to work on its Proposition 84 projects beginning in 2012-13.

3860 Department Of Water Resources

1. Re-Appropriations, Reversions, And Technical Adjustments, Non-Capital Outlay.
2. Re-Appropriations And Extension Of Liquidation Requests, Capital Outlay:
 - Franks Tract Pilot Project
 - West Sacramento Early Implementation Project
 - American River Flood Control Project–Natomas Features
 - Yuba River Basin Project
 - South Sacramento County Streams
 - Rock Creek-Keefer Slough Feasibility Study
 - Folsom Dam Modifications Project
 - Frazier Creek/Strathmore Creek: Feasibility Study
 - White River/Deer Creek: Feasibility Study
 - Merced County Streams Project Bear Creek Unit
 - Systemwide Levee Evaluations and Repairs
 - System Evaluation of the State Plan of Flood Control
 - Sutter Bypass East Water Control Structures
 - Knights Landing Outfall Gates Rehabilitation
 - Sacramento Yard–Soil and Groundwater Investigation and Remediation

3885 Delta Stewardship Council

1. Proposition 50—Delta Science Program: Position Extension. The Governor requests extending six limited-term positions for two years. No new funding is necessary to implement this request. The proposed 2012-13 Governor's Budget re-appropriates \$5.9 million of unencumbered Proposition 50 funds through June 30, 2014. These funds will be used to support the Delta Science Program, successor to the CALFED Science Program.

8570 Department Of Food and Agriculture

1. Capital Outlay Re-Appropriation. The Governor requests re-appropriation of the following projects: California Animal Health and Food Safety Laboratory, Tulare/Fresno County; and Yermo Agriculture Inspection Station.

VOTE-ONLY**0555 SECRETARY FOR ENVIRONMENTAL PROTECTION**

ISSUE 1: INCREASE EXPENDITURE AUTHORITY - UNIFIED PROGRAM ELECTRONIC REPORTING IMPLEMENTATION

The Governor's Budget requests an additional \$5.7 million in Unified Program Account authority from funds in place and already collected to continue statutory program requirements. This will allow Unified Program participants (local governments and businesses) to report electronically under the Unified Hazardous Materials and Hazardous Waste Regulatory Management Program by 2013.

Staff Recommendation: Approve SFL

2740 DEPARTMENT OF MOTOR VEHICLES

ISSUE 1: REDDING DMV HVAC SYSTEM

The Administration has issued a Spring Fiscal Letter to allow construction funding approved in 2010 for the Redding DMV field office to be reappropriated in the Budget Act. According to Department of Finance (DOF), a review of the working drawings led to a change in the HVAC system being used in the project. This change may not be bid before the end of the Fiscal Year (FY), so the reappropriation will make sure DMV can still move forward.

The Spring Fiscal Letter also requests a reversion of 2010 Budget Act funds for certain Oakland Field Office reconfigurations that are no longer needed.

Staff Recommendation: Approve SFL

3340 CALIFORNIA CONSERVATION CORPS (CCC)

ISSUE 1: INCREASE OF REIMBURSEMENT AUTHORITY - WORK PROJECTS

The Governor requests a one-time augmentation of \$345,000 to the Collins Dugan Reimbursement Account appropriation to fund and fulfill requests from sponsoring agencies for project work. This proposal will enable the CCC to support contracts for the elimination of noxious weeds in agricultural and grazing lands and for the Backcountry Trail Program. The sponsors will reimburse the CCC for all expenses necessary to complete the projects.

Staff Recommendation: Approve SFL

3500 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

ISSUE 1: AB 341 CLEAN-UP

AB 341 (Chesbro), Chapter 476, Statutes of 2011, established the 75 percent statewide recycling goal and the commercial recycling mandate. The commercial recycling provisions of AB 341 generally codified provisions of the AB 32 scoping plan and the resulting draft regulations that were already well underway. However, the language in AB 341 defining the "volume threshold" triggering when a commercial enterprise must implement recycling inadvertently transposed the phrase "four or more" with "more than four." And because 4 cubic yard dumpsters tend to be an industry standard, this may prove to be a substantial distinction.

The CalRecycle regulations implementing the AB 32 scoping plan and AB 341 read "four or more cubic yards" and are scheduled to go into effect July 1, 2012. While no one objected to this threshold in the development of the regulations, the Office of Administrative Law has kicked back the final regulation saying it is inconsistent with statute.

Staff Recommendation: Adopt TBL to clarify that Public Resources Code Section 42649 applies to "four or more" cubic yards.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION

ISSUE 1: UNEMPLOYMENT INSURANCE FUNDING

The Governor requests \$5,300,000 General Fund (GF) in FY 2012-13 and ongoing funding of \$10,600,000 (GF) to fund increased costs associated with Unemployment Insurance (UI) for seasonal firefighters.

STAFF COMMENT

Although CAL FIRE's budget includes funding for this previously approved UI benefit extension, the Department is experiencing increased UI payments because of an additional federal UI extension passed in late December 2011. However, On April 24, 2012, the Employment Development Department announced the FED-ED triggering off unemployment insurance rate was reached and FED-ED will discontinue on May 12 for all claimants. Because of this, there is no need for the additional funding within CAL FIRE's budget. The Administration concurs with this.

Staff Recommendation: Reject SFL

3680 DEPARTMENT OF BOATING AND WATERWAYS (DBW)

ISSUE 1: PRIVATELY-OWNED RECREATIONAL MARINA LOANS

The Governor's Budget proposes \$5 million (Harbors and Watercraft Revolving Fund) for construction loans to private marina owners for marina improvement projects statewide. The LAO recommends eliminating the private marina loan program operated by the DBW. Instead, it suggests that such lending functions are better left to the private sector.

Staff Recommendation: Reject Budget Proposal

3790 DEPARTMENT OF PARKS AND RECREATION

ISSUE 1: AIR QUALITY COMPLIANCE

The Governor requests \$4,802,000 in FY 2012-13 and \$3,493,000 in ongoing funding from the Off-Highway Vehicle Trust Fund (OHVTF) to implement dust management plans at various state vehicular recreation areas for compliance with fugitive dust emission regulations. Fugitive dust emissions have been found to be contributing to exceedances of state and/or federal ambient air quality standards for emissions of particulate matter which have been determined to be harmful to human health.

ISSUE 2: WATER QUALITY COMPLIANCE

The Governor requests \$1,033,000 (OHVTF) to provide funding to implement a storm water management plan and to complete a metal assessment plan at Carnegie State Vehicular Recreation Area for compliance with water quality standards. This request is necessary to comply with water quality standards set for by the Clean Water Act, under the National Pollution Discharge Elimination System program.

ISSUE 3: AMERICANS WITH DISABILITIES ACT PROGRAM ACCELERATION

The Governor requests \$2,582,000, an acceleration of out-year funding from Prop 84 for projects related to the Americans with Disabilities Act. Pursuant to the federal consent decree in Tucker v. California Department of Parks and Recreation, the Department must remove barriers to access and construct accessible trails in California State Parks to provide equal access to people with disabilities. At this time, the Department is behind schedule in completing projects. The increased funding will allow the project schedule to be accelerated, to improve compliance with the decree.

Staff Recommendation: Approve SFLs Issues 1-3

3810 SANTA MONICA MOUNTAINS CONSERVANCY

ISSUE 1: CAPITAL OUTLAY FUNDING

The Governor requests \$2,845,000 and \$1,385,000 to continue Proposition 40 and 50 capital outlay programs. The funds will be used for high priority projects in the Santa Monica Mountains Zone and the Rim of Valley Trail Corridor. The proposal also requests Budget Bill Language (BBL) to authorize the expenditure of funds only after verification that the Conservancy has adequately addressed specified bond audit findings. DOF has informed Staff that "the conditions that led us to propose the language have been resolved and the language is no longer necessary." However, the Department is not planning to formally withdraw the language.

ISSUE 2: CAPITAL OUTLAY FUNDING EXTENSION OF LIQUIDATION PERIOD: VARIOUS BOND FUNDS

The Governor requests extending the liquidation periods of various bond funds until June 30, 2013. Like the previous proposal, it requests BBL to authorize the expenditure of funds only after verification that the Conservancy has adequately addressed specified bond audit findings. Similarly, the Department is not planning to formally withdraw the language.

Staff Recommendation: 1) Approve SFL Issues 1 & 2 related to capital outlay funding 2) Reject BBL in both items requiring verification that the Conservancy has adequately addressed specified bond audit findings

3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

ISSUE 1: REIMBURSEMENTS

The Governor requests \$242,000 increased reimbursement in FY 2012-13 and \$137,000 FY 2013-14 to accept and carry out the federal Coastal Impact Assistance Program (CIAP) grant interagency agreement proposal for climate change and regional sediment management.

Staff Recommendation: Approve SFL

3860 DEPARTMENT OF WATER RESOURCES (DWR)

ISSUE 1: OPERATIONS CRITERIA AND PLAN BIOLOGICAL OPINION HABITAT RESTORATION IMPLEMENTATION

The Governor's Budget proposes \$1.7 million (annually) for 10 new permanent, full-time positions (State Water Project Water Resources Development Bond Fund) in the Division of Environmental Services to support and implement the habitat restoration requirements in the U.S. Fish and Wildlife Services and National Marine Fisheries Services Operations Criteria and Plan (OCAP) Biological Opinions (BiOps) and DFG Incidental Take Permit (ITP). The BiOps and ITP identify habitat restoration, as well as other actions, to address impacts on winter-run Chinook salmon, spring-run Chinook salmon, steelhead, green sturgeon, delta smelt, and longfin smelt by the operation of the State Water Project (SWP) Delta Pumping Facilities.

The Subcommittee held this item open at its March 28th hearing in order for the DWR to continue working with the Legislative Analyst's Office and budget staff on determining the final workload associated with the BiOps. Because meeting the habitat restoration component of the OCAP Biological Opinions is a mandated and clearly-articulated requirement for DWR, Staff and LAO believe the requested positions are justified.

ISSUE 2: FLOODSAFE CALIFORNIA PROGRAM

The Governor requests \$280,475,000 to support the FloodSAFE California program. The DWR implements the FloodSAFE program, an initiative developed to reduce flood risk in California. The FloodSAFE program is funded by Proposition 1E and Proposition 84 in seven functional areas. FloodSAFE's goals are to reduce flood risk to people and property, develop sustainable flood management systems for the future, and reduce the adverse consequences of floods when they occur.

| Division of Flood Management Request in Thousands | | | | |
|--|------------------|-----------------------|-----------------------|----------------------|
| Functional Area | Positions | Proposition 1E | Proposition 84 | Total Funding |
| Flood Emergency Response | 0 | \$7,681 | \$0 | \$7,681 |
| Flood System Operations & Maintenance | 0 | \$10,096 | \$0 | \$10,096 |
| Floodplain Risk Management | 0 | \$9,208 | \$0 | \$9,208 |
| Flood Risk Reduction Projects | 0 | \$238,185 | \$69 | \$238,254 |
| Flood Risk Assessment | 0 | \$7,710 | \$0 | \$7,710 |
| Flood Investment Planning & Conservation | 0 | \$4,485 | \$0 | \$4,485 |
| FloodSAFE Program Management | 0 | \$3,041 | \$0 | \$3,041 |
| Totals | 0 | \$280,406 | \$69 | \$280,475 |

This proposal is consistent with the intent of Propositions 1E and 84, DWR's mission to manage California's water resources, and a number of recent legislative mandates (e.g., Senate Bill 5) to improve the State's Flood Control System, enhance the State's emergency response preparedness, protect and enhance ecosystems, and sustain economic growth.

ISSUE 3: STORMWATER FLOOD MANAGEMENT

The Governor requests reversion of \$45 million and appropriation anew of \$102 million in Proposition 1E Stormwater Flood Management local assistance to continue a second round of grants and to finalize the first round of local grants. The budget also requests reversion of \$224,000 and appropriations of \$249,000 in Proposition 84 Integrated Regional Water Management for local grants for disadvantaged communities.

This proposal is consistent with DWR's mission to manage the water resources of California, in cooperation with other agencies, to benefit the State's people, and to protect, restore, and enhance the natural and human environment. The actions proposed under this BCP would meet the objectives of the Propositions and support the coordinated implementation of the key initiatives of the California Water Plan Update 2009.

ISSUE 4: CAPITAL OUTLAY FLOOD PROJECTS

The Governor requests \$140,771,000 and reimbursements in the amount of \$8,579,000. Additionally, the Administration requests \$20.0 million. All proposed Capital Outlay expenditures are included in DWR's comprehensive Planned Bond Expenditures Table, which provides for planned expenditures through the anticipated life of the Prop 1E bond. This request will allow DWR to continue various existing capital outlay flood control projects and feasibility studies as part of the overall state flood plan.

Staff Recommendation: Approve as Budgeted Issue 1; Approve SFLs Issues 2-4

3900 AIR RESOURCES BOARD

ISSUE 1: EXTENSION OF LIQUIDATION: LOWER EMISSION SCHOOL BUS FUNDS

California Air Pollution Control Officers Association requests an extension of liquidation of Lower Emission School Bus Funding. In 2006, the voters approved Proposition 1B which authorized \$200 million in bond funding to replace and retrofit older, high-polluting buses. A total of \$194 million in funds were distributed to local air districts over a period of several years, as bonds were issued and funds became available. Funds were allocated according to the population of school buses to ensure that the oldest, most polluting buses were replaced first. For various reasons, including state budget uncertainty and individual air districts not having enough Lower Emission School Bus funds remaining in their allocation to complete a project, approximately \$1.7 million (less than 1% of the total allocation to districts) will remain unspent by the expenditure deadline of June 30, 2012. This language requires air districts to transfer remaining funds that are not committed by an executed contract by June 30, 2012 to another local air district that has demonstrated the ability to expend funds by January 1, 2014.

Staff Recommendation: Approve TBL to Extend the Liquidation of Lower Emission School Bus Funds

ISSUE 2: ACCOUNTING OFFICE WORKLOAD: PROGRAM EXPENDITURE OVERSIGHT

The Governor requests \$939,000 (Various Special Funds) and 8 positions to support increased accounting workload and effectively support air quality and greenhouse gas reduction program efforts. This change will provide funding for increased Accounting Section workload to process, record and reconcile a significant number of new fiscal transactions related to the Cap and Trade Program and new programs authorized by the Legislature, including the Refrigerant Management Program and a new loan program authorized under existing truck and bus regulations.

The ARB Accounting Office is very small compared to other like size agencies. Since 1997, ARB has grown in positions by 30 percent and in budget by almost 500 percent. Yet, its accounting shop from 1997 to today has grown by only 4 positions. The ARB Accounting office could be at high risk due to inadequate staffing levels.

Staff Recommendation: Approve SFL

3940 STATE WATER RESOURCES CONTROL BOARD

ISSUE 1: RE-APPROPRIATION AND SUNSET EXTENSION: UNDERGROUND STORAGE TANK CLEANUP TANK FUND, SCHOOL DISTRICT ACCOUNT

The Subcommittee could consider extending the sunset date and re-appropriating funds to the Underground Storage Tank Cleanup Fund School District Account. Currently, there is approximately \$11 million remaining in the School District Account. To-date, the State Water Resources Control Board has received approximately 170 eligible claims from school districts for reimbursement from the Account, and the Board continues to receive additional claims from school districts for reimbursement from the Account on an on-going basis.

Staff Recommendation: Approve BBL to Re-appropriate funds to School District Account and TBL to extend the sunset date of the Account until January 1, 2016.

ISSUE 2: FUNDING FOR WATER RECYCLING

SB 918 (Pavley), Chapter 700, Statutes of 2010, requires the State Water Resources Control Board to enter into an agreement with the Department of Public Health (DPH) to investigate and report to the Legislature on the feasibility of developing uniform water recycling criteria for direct potable reuse, among other issues. Funding for this item was inadvertently diverted to other purposes in the 2011 budget including for ongoing litigation defense funding. Due to an impending water board, settlement related to water quality in Hinkley, funding is now available for the purposes of this statute and should be directed to its use. Senate Budget Subcommittee Staff proposed requiring the Board to fund this statutory requirement out of the existing Waste Discharge Permit Fund (as proposed in the original bill). Staff supports this recommendation.

Staff Recommendation: Conform with the Senate by approving BBL in concept to direct funding to the State Board and Department of Public Health not to exceed the reasonable cost of the program or \$700,000 (as specified in the fiscal analysis of the bill) from the Waste Discharge Permit Fund

ISSUE 3: CONTINUED STAFF SUPPORT FOR WATER RIGHTS STATEMENTS OF WATER DIVERSION AND USE

The Governor requests to make permanent 2.5 positions that were approved for the Water Rights Statement Program. Staff recommends this proposal be denied without prejudice in order for the Board to review its overall proposal and return in next year's budget with a proposal consistent with program direction.

Staff Recommendation: Reject Governor's proposal

ITEMS TO BE HEARD

3480 DEPARTMENT OF CONSERVATION

ISSUE 1: DIVISION OF OIL, GAS, AND GEOTHERMAL RESOURCES (DOGGR) COMPLIANCE AND SUPPORT STAFF AUGMENTATION

The Governor's Budget proposes 18 permanent positions and a baseline appropriation of \$2,500,000 (\$2,292,000 ongoing) from the Oil, Gas, and Geothermal Administrative Fund to enhance onshore and offshore regulatory programs by improving its construction site review, environmental compliance, and underground injection control (UIC) programs.

STAFF COMMENTS

The Subcommittee held this item open at its March 28, 2012, hearing due to several concerns: insufficient workload analysis for the requested positions; the need for new positions given that 13 positions out of the 35 positions added in the past two years remain vacant; and given that a new roadmap being developed by the Department may provide new direction and priorities to the division, it may be premature to authorize any new positions for the division. Also, the Committee had a dynamic discussion about hydraulic fracturing (fracking), the absence of regulations over the practice and the strong desire of the Committee to institute them.

On April 30, 2012, the Department submitted a workload analysis to the Subcommittee, both of its existing division resources. At a meeting with Department Staff on May 1st, the Department gave a brief overview of its soon-to-be-released new roadmap and also described the public process it plans to pursue leading to regulations hydraulic fracturing.

Fracking Regulations. As the Department proceeds with its fracking regulations, the Committee may wish to adopt the following budget bill language to crystallize Legislative direction on this matter:

- 1) On or before January 1, 2014, the division shall adopt rules and regulations for the implementation of this division specific to hydraulic fracturing. The regulations shall include, but are not limited to, all of the following:
 - a) develop a rule requiring timely disclosure of fracking locations, dates, and chemicals to a new or existing fracking database available for the public;
 - b) the operations and maintenance of wells, including well location, fracture depth, and a searchable database of well casing failures; and,
 - c) the tracking of injection and disposal of hydraulic fracturing fluids and the associated produced water or flowback.

LAO Analysis. LAO has analyzed the documentation provided by DOGGR, which was intended to provide sufficient workload analysis to justify this BCP. While the documentation provided a list of the current positions and workload being done by those positions, it failed to clearly demonstrate the need for additional resources. As such, the LAO continues to recommend the following:

- Deny the Governor's proposal for additional DOGGR positions. The Administration has not provided the Legislature with adequate information and workload justification for this request.
- Additionally, the new roadmap currently being developed by the Department may provide new direction and priorities to the division, which could result in changes in workload and staffing needs. Therefore, it may be premature to authorize any new positions for the division until the DOGGR roadmap has been completed and an evaluation of the ongoing position need of the department is done. Given the policy implications of the new roadmap, we expect that legislative policy committees, as well as the budget committees, will want to review the plan. Thus, we also recommend that the Legislature direct DOC to submit a detailed workload analysis in conjunction with its completed roadmap to the appropriate policy and budget committees. This workload analysis should provide details on the division's existing positions, how workload and responsibilities would change under the roadmap, and how the division's staffing needs would be affected by the roadmap. To the extent that the roadmap is consistent with legislative priorities, this workload analysis could then serve as the basis for future adjustments to the division's position and funding authority.

The LAO makes several persuasive arguments. Staff agrees that given the policy implications of the new roadmap, Legislative policy committees, as well as the budget committees, will want to review the plan. And, to the extent that the roadmap is consistent with Legislative priorities, it could then serve as the basis for future adjustments to the Division's position and funding authority. Further, it would be imprudent to spend resources that will presumably lead to more and faster permitting and a potential proliferation of new drilling before DOGGR and the Legislature finalize the road map.

However, given that the Subcommittee has provided a clear directive to the Department to adopt fracking regulations and develop a fracking database, it should ensure sufficient staff to accomplish this goal. Further, because the requested positions in the BCP would be funded with oil industry fees and that DOGGR has not kept up with the changing industrial landscape it is reasonable to grant some additional positions and revenues.

Staff Recommendation: 1) Approve 12 of the 18 requested positions. 2) Reject 6 Associate Oil and Gas Engineer positions 3) Approve BBL on fracking regulations and database

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION

ISSUE 1: CARBON SEQUESTRATION RESEARCH AND ANALYSIS

The Governor requests one position and funding of \$1,668,000 in the first four fiscal years and \$376,000 ongoing from the Air Pollution Control Fund to conduct research studies and technical analyses as required by AB 1504, (Skinner), Chapter 534, Statutes of 2010.

STAFF COMMENT

AB 1504 requires the Board of Forestry (BOF) to ensure that its rules and regulations that govern timber harvesting consider the capacity of forest resources to sequester carbon in an effort to meet greenhouse gas (GHG) emission targets outlined in the Global Warming Solutions Act of 2006, Statutes of 2006 (AB 32). CAL FIRE will implement various strategies to measure the effect of the harvesting of commercial tree species on the state forests' sequestration target contained in AB 32.

This proposal would help the State to implement AB 32 by supporting the BOF and CAL FIRE in ensuring that California forests can contribute to continuing reduction of GHGs, and by supporting activities to incorporate forest management into other climate and energy programs administered by the Air Resources Board and the Energy Commission.

Staff Recommendation: Approve SFL

ISSUE 2: FIREFIGHTER I SEPARATION COSTS

The Governor requests \$2,149,000 (General Fund) to cover the lump-sum buyout costs associated with the annual separation of seasonal Firefighter I staffing.

STAFF COMMENT

Once the seasonal firefighters have separated from state employment, they are entitled to a lump-sum payment at the time of separation for any unused or accumulated vacation or annual leave. The Department is required to cash out these lump-sum amounts each year. The proposed increase is the result of a negotiated settlement in a lawsuit, which challenged CAL FIRE's practice of excluding certain compensation from the calculations.

Because CAL FIRE routinely hires the same number of seasonal firefighters each year, it is appropriate that these costs be budgeted and appropriated within the annual budget. CAL FIRE cannot absorb these additional costs and would have to decrease its level of fire protection services without this appropriation. The requested funding is based on a 5-year average of firefighter separations within the department. CAL FIRE will track actual costs for two fiscal years to validate whether the appropriation is sufficient to cover actual expenditures.

Staff Recommendation: Approve SFL

3860 DEPARTMENT OF WATER RESOURCES**ISSUE 1: DELTA HABITAT RESTORATION IMPLEMENTATION**

The Governor's Budget requests 117 new positions to work on the Delta Habitat Conservation and Conveyance Program (DHCCP). This includes converting 18 limited-term positions to permanent.

STAFF COMMENT

The Subcommittee held this item open at its March 28, 2012, hearing. While it was made clear that the Department is moving forward with DHCCP, the Legislature does not have the final Bay Delta Conservation Plan (BDCP) and therefore cannot evaluate the proposed permanent positions effectively. According to the Administration, the final BDCP will be completed in 2013. When this plan is available to the Legislature in its final form, the Legislature would be in a better position to evaluate adding significant new permanent positions to the Department.

While the Department may need additional temporary positions to continue BDCP planning, it remains unclear what the right number should be. Even the Department is unsure. With regard to the requested 135 permanent positions, Director Cowin's letter states:

"These positions are intended to engage in preliminary design phase activities for DHCCP conveyance facilities and design, implementation, and monitoring of restoration projects to mitigate for the conveyance facilities. We will also continue to explore opportunities to shift positions within DWR prior to hiring new staff. To the degree we can fill these positions by shifting personnel within DWR we will reduce the number of new positions accordingly. likewise, the number of new positions will be reduced if our ongoing refinement of the implementation-staffing plan reveals a need for fewer DWR staff. It is DWR's intent to work with the SWP and CVP water contractors to prepare a Project Management Agreement and an associated Cost-Sharing Agreement prior to filling any of these positions. Positions would only be filled to the degree that doing so is consistent with these agreements."

Given the current uncertainty regarding the number of temporary and permanent positions needed, it seems reasonable that the Committee approve a limited mix of temporary and permanent positions and adopt BBL to direct the Department to move forward with preliminary design and construction work associated with the DHCCP after:

- 1) the public draft of the DHCCP Environmental Impact Report/Environmental Impact Statement is released;
- 2) the Department has provided notice to the Joint Legislative Budget Committee (JLBC) of the release of the public draft and the Department's intent to begin filling the positions; and,
- 3) 30 days has past from the date of the notice to the JLBC.

The Department should come back to the Legislature for additional position authority after the DHCCP EIR/EIS project receives final certification.

Staff Recommendation: 1) Approve 37 permanent positions and 38, 2-year, limited-term positions. 2) Approve proposed BBL; 3) Reject the remaining 60 requested positions.

VARIOUS DEPARTMENTS TRAILER BILL LANGUAGE

The Governor submitted Trail Bill Language (TBL) for 22 issues in the Natural Resources and Capital Outlay area. The Subcommittee has taken action on 11 of these proposals. However, because the other 11 proposals (see list below) had no corresponding Budget Change Proposal or background information accompanying them, Staff was unable to adequately evaluate them:

1. Bond Extinguishment
2. Public Works Board - Technical Amendment to Clarify The Board's Ability to Reimburse UC for Interim Financing Costs on Bond Funded Projects
3. Pesticide Residue Monitoring Program
4. Structural Pest Control Cleanup
5. Children's Environmental Health Center Authority
6. Updating Vapor Recovery Equipment Defects List
7. E-waste Enforcement Authority
8. Eliminate Registered Environmental Assessor Program
9. Federal Conformity--Lead in Children's Jewelry
10. Federal Conformity--Site Cleanup and Corrective Action Program Requirements
11. Restriction of Hazardous Substances

Staff Recommendation: 1) Reject Trailer Bill Language 2) Refer to Policy Committees for Consideration
