

AGENDA

ASSEMBLY BUDGET COMMITTEE NO. 3 ON RESOURCES AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD BLOOM, CHAIR

TUESDAY, MAY 22, 2018

9:30 A.M. - STATE CAPITOL, ROOM 126

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VOTE-ONLY CALENDAR

VARIOUS DEPARTMENTS

VOTE-ONLY ISSUE 1: FOREST CARBON PLAN IMPLEMENTATION

A May Revision proposal requests \$96 million for various departments in the Natural Resources Agency to: (1) increase pace and scale of forest management and restoration efforts; (2) to build local capacity and strengthen regional collaborations; and (3) to innovate and increase economies around the use of materials from forest health projects.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Approve as proposed and adopt placeholder TBL to ensure coordination of investments from different programs and between various departments in order to maximize environmental co-benefits.

VOTE-ONLY ISSUE 2: SB 5 PROPOSALS (BCPs + SFL)

The Governor's budget requests to spend \$1.02 billion in SB 5 bond funds for a variety of projects across several departments. A summary of the proposed SB 5 investments can be found in the March 14, 2018, agenda, when this item was heard.

A spring fiscal letter also requests that Schedule 1 of Item 3860-301-6088 be decreased by \$25 million, and that Schedule 2 of that same item be increased by \$25 million, with conforming changes to phases. This adjustment corrects an error and more accurately reflects program funding, and has no effect on the total amount budgeted in this item. It is also requested that provisional language be added to require annual reporting to the Legislature, to describe flood projects and expenditures.

Staff Recommendation: Approve the budget change proposals and the spring fiscal letter as proposed and adopt budget bill language that schedules funding for specific flood projects and requires DWR to notify the Legislature if it chooses to spend the funding in a different way.

**3940 STATE WATER RESOURCES CONTROL BOARD
8570 DEPARTMENT OF FOOD AND AGRICULTURE**

VOTE-ONLY ISSUE 3: SAFE AND AFFORDABLE DRINKING WATER (JAN 10 BCP AND TBL)

The Governor's budget proposes trailer bill language to establish the Safe and Affordable Drinking Water Program and the Safe and Affordable Drinking Water Fund (SADWF). The Governor's budget also requests a one-time loan of \$4.7 million from the Underground Storage Tank Cleanup Fund to begin implementation of this new program. Specifically, this budget proposal and trailer bill:

- 1) Establishes the Safe and Affordable Drinking Water Program and Fund to be administered by the State Water Resources Control Board.
- 2) Provides the Department of Food and Agriculture (CDFA) the authority to impose and collect fees from certain agricultural entities.
- 3) Exempts an agricultural operation from enforcement for causing or contributing to nitrate in groundwater if they demonstrate certain mitigation requirements are followed.
- 4) \$3.3 million and 23 positions for the State Water Resources Control Board to:
(1) develop and adopt a fund implementation plan; (2) process charges that would be deposited into SADWF; (3) map areas at high risk for drinking water contamination and process drinking water data provided by local agencies; (4) develop an assessment of the total amount of annual funding needed to assist water systems in the state to provide safe drinking water; and (5) perform accounting and other administrative tasks.
- 5) \$1.4 million and 7 positions for the CDFA to collect charges from agricultural entities.

This item was heard in the Subcommittee on March 14, 2018. A significant number of California communities, especially disadvantaged communities, rely on a contaminated groundwater source for their drinking water supply. Contaminants include nitrate, arsenic, and disinfectant byproducts. Water treatment systems are the key to providing safe drinking water to these communities, but the installation, operation and maintenance of such systems are often very costly. There are funds such as Proposition 1 and the Safe Drinking Water Revolving Fund that provides financial assistance for the construction cost of the treatment systems. However, there are no funding sources available to provide funding for long-term operations and maintenance costs.

This proposal seeks to address this funding gap by imposing a fee on water users and fees on various agricultural operations. The funds would provide necessary upgrades to

water infrastructure and provide financial assistance for operations and maintenance of drinking water systems in disadvantaged areas in order to clean up contaminated groundwater and improve inadequate water systems and wells.

Staff Recommendation: Approve BCP as budgeted and adopt trailer bill language as proposed.

3480 DEPARTMENT OF CONSERVATION

VOTE-ONLY ISSUE 4: MINERAL RESOURCE CLASSIFICATION

The Governor's budget requests \$509,000 in 2018-19, \$951,000 in 2019-20 and ongoing from the Mine Reclamation Account, and four positions for increased mineral and land classification activities.

The Surface Mining and Reclamation Act of 1975 requires the State Geologist to classify mineral resource deposits throughout the State in order to provide land-use permitting agencies information on the amounts and qualities of regionally available mineral resources. To date, the State Geologist has classified approximately 40 percent of the State's lands for significant mineral resources, including about 28 percent of the State for construction-grade aggregate resources that impact about 80 percent of the State's population.

Classification studies are updated approximately every 10 years to provide the most current information to land use planners and decision makers. Some previously classified regions have not been updated in 20 years or more due to reduced funding and staffing levels since the early 2000s.

This item was heard and approved by this Subcommittee on April 18, 2018. The Senate approved this item and additional adopted trailer bill language to require the department to post mineral land classification and designation online.

Staff Recommendation: Conform to Senate action.

3600 DEPARTMENT OF FISH AND WILDLIFE

VOTE-ONLY ISSUE 5: SUSTAINABLE FUNDING FOR FISH AND WILDLIFE (JAN 10 BCP AND TBL)

The Governor's budget requests \$31 million (\$6.6 million General Fund, \$6.4 million Fish and Game Preservation Fund, \$18 million Motor Vehicle Account) and 98 positions to continue and enhance DFW programs that are critical to the conservation of fish and wildlife throughout the State. This proposal also includes trailer bill language to transfer \$26 million from the Tire Recycling Management Fund to the Fish and Game Preservation Fund and change the statutory purpose of the Tire Fee from mitigating or remediating air pollution caused by tires to mitigating or remediating harmful impacts to wildlife and its habitat caused by tires.

This item was heard in the Subcommittee on March 14, 2018.

Staff Recommendation: Reject the proposed MVA funding and Tire Fee transfer. Reject proposed TBL. Approve \$30 million General Fund in addition to the proposed \$6.6M General Fund on a 2 year limited term basis, add BBL to require DFW to contract with an outside firm to undergo a zero-based budget review and submit report of the Legislature by January 1, 2021.

VOTE-ONLY ISSUE 6: STATE WATER PROJECT

The Governor's budget requests \$3,940,000 reimbursement authority to enter into an agreement with the California Department of Water Resources (DWR), to support 17.0 existing positions currently funded by Proposition 84. The requested authority will ensure that the State Water Project (SWP) complies with California Endangered Species Act requirements, and supports the implementation of mitigation actions and adaptive management.

This item was heard in the Subcommittee on March 14, 2018.

Staff Recommendation: Approve as budgeted.

3720 CALIFORNIA COASTAL COMMISSION

VOTE-ONLY ISSUE 7: INCREASED LEASING COSTS (SFL)

A Spring Fiscal Letter requests \$1,409,000 ongoing in General Fund for increased leasing costs at its combined Headquarters and North Central Coast District office (headquarters) located in San Francisco.

This item was heard in the Subcommittee on May 2, 2018. The lease expires on October 31, 2018, however DGS is still negotiating with building management. Given the level of uncertainty, the Subcommittee may wish to amend the proposed budget bill language.

Amend the following provision to Item 3720-001-0001:

1. Of the amount appropriated in this Item, \$1,409,000 shall ~~only~~ be expended on increased lease costs at for the California Coastal Commission's headquarters. ~~in San Francisco. If the amount of the~~ If increased lease costs is are less than \$1,409,000, the savings shall revert back to the General Fund. **If increased lease costs are more than \$1,409,000, the Director of Finance may augment this item by an amount sufficient to fund the difference, including moving expenses and tenant improvement costs. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the Chairperson of the Joint Legislative Budget Committee. Should such a notification be required, it shall include: (1) a description of the alternative lease locations considered, (2) a justification for why the proposed location was selected, and (3) the components of the new lease costs, including monthly costs, moving costs, and tenant improvements.**

Staff Recommendation: Approve spring fiscal letter with the amended provisional language.

3900 AIR RESOURCES BOARD

VOTE-ONLY ISSUE 8: AGRICULTURAL DIESEL ENGINE REPLACEMENT AND UPGRADES

A May Revision proposal requests \$30 million one-time in General Fund for agricultural diesel engine replacements and upgrades. This proposal also requests provisional language to make this item available for encumbrance or expenditure until June 30, 2020.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 9: ADVANCED PAYMENT: TRAILER BILL LANGUAGE (TBL)

A May Revision proposal requests trailer bill language to authorize the Air Resources Board to make advance payments to grantees, under certain conditions.

This item was heard in the Subcommittee on May 16, 2018. The proposed trailer bill language would authorize the Air Board to make advanced payments on a permanent basis.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 10: MOBILE SOURCE EXPANSION TO OFF ROAD AND AFTERMARKET PARTS (TBL)

The Governor's budget requests trailer bill language to authorize the ARB to adopt regulations to create an annual schedule of fees for certification, audit and compliance of off-road engines and equipment, aftermarket parts and emission control components, sold in the state.

This item was heard in the Subcommittee on March 21, 2018. The proposed trailer bill language requires ARB to consider a number of things to ensure the adopted fee schedule won't overly burden industry. However, if the fee were set too low, it would mean that the ARB or others are subsidizing associated certification costs. The Subcommittee may wish to additionally adopt language to counter balance the language contained in 43019.1(b)(1) and 43019.1(b)(2).

43019.1(b)(3) Potential impacts to not enacting a fee or a fee that does not fully cover the department's costs for activities associated with certification, including the impacts to the processing time for certification applications.

Staff Recommendation: Approve TBL with the addition of Section 43019.1(b)(3).

8570 DEPARTMENT OF FOOD AND AGRICULTURE

VOTE-ONLY ISSUE 11: NUTRIA DETECTION AND SURVEY

A May Revision proposal requests \$400,000 General Fund on a two-year limited-term basis and one position beginning in 2018-19 for the survey and detection of nutria (*myocastor coypus*) in and around California waterways.

A survey is necessary to determine the extent of the nutria infestation and to provide that information to DFW and the USDA Wildlife Services to assist in its effort to eradicate the incipient infestations.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 12: SAN JOAQUIN VALLEY GRANT

A May Revision proposal requests \$500,000 one-time in General Fund to cover the California Partnership for the San Joaquin Valley's (CPSJV) administrative cost while they are developing a sustainable funding plan. This proposal also requests provisional language to authorize CDFA to provide the requested funding to the CPSJV.

This item was heard in the Subcommittee on May 16, 2018. CPSJV is a unique public-private initiative focused on addressing San Joaquin Valley's challenges and maximizing its opportunities. Providing \$500,000 for administrative costs would enable CPSJV to continue its work in the San Joaquin Valley while a permanent funding plan is being developed.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 13: CITRUS PEST AND DISEASE PREVENTION PROGRAM

The Governor's budget requests \$5 million (\$2.5 million in General Fund and \$2.5 million in Ag Fund) to enhance Asian Citrus Psyllid and Huanglongbing suppression activities.

This item was heard in the Subcommittee on April 18, 2018. The Huanglongbing (HLB) disease and its vector, the Asian Citrus Psyllid (ACP) has had a significant impact on citrus trees in California. The Legislature made several one-time appropriations to augment the citrus industry's efforts to suppress the spread of ACP and HLB. This proposal is consistent with those actions.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 14: USE OF ANTIMICROBIAL DRUGS ON LIVESTOCK (SB 27)

The Governor's budget requests \$2.668 million (\$121,000 one-time and \$2,547,000 ongoing) in General Fund and 11 permanent positions to address the full implementation of SB 27, which introduces limits on antibiotic use in livestock and stewardship practices to reduce antimicrobial resistance; and it provides antimicrobial availability through licensed retail stores and/or new regulations.

This item was heard in the Subcommittee on April 18, 2018.

Staff Recommendation: Approve as budgeted.

8570 DEPARTMENT OF FORESTRY AND FIRE PROTECTION

VOTE-ONLY ISSUE 15: CLIMATE CHANGE FIRE SEVERITY

A May Revision proposal requests \$10.9 million General Fund and 52 positions starting in 2018-19 to provide heavy equipment mechanics, vehicle maintenance funding, and associated administrative support staff.

Providing CalFire with additional personnel and funding would allow them to better respond to the longer and more complex fire season, and to support a growing workload created by emergency supply and service requests.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 16: OFFICE OF THE STATE FIRE MARSHAL, FIRE AND LIFE SAFETY DIVISION

A May Revision proposal requests an increase of \$4,029,000 in reimbursement authority and 15 positions to support the Office of the State Fire Marshal's Fire and Life Safety Division's increased workload related to its plan review, construction inspection, and mandated interval inspection activities.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 17: FIREWORKS PROGRAM (BCP + TBL)

A May Revision proposal requests \$3.6 million one-time from the California Environmental License Plate Fund and two ongoing positions for Office of the State Fire Marshal, to oversee the newly created Fireworks Stewardship Program and to increase the state's efforts to reduce the influx of illegal fireworks into the state.

This proposal also requests \$2.1 million in reimbursement authority to the State Fire Marshal Fireworks Enforcement and Disposal Fund starting in 2019-20 to reflect anticipated reimbursements that will be funded through the imposition of a management charge on retail sales of "safe and sane" fireworks. Trailer bill language is also requested to implement this proposal.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Approve requested resources contingent upon the Legislature passing policy bill language to implement this proposal.

VOTE-ONLY ISSUE 18: MOBILE EQUIPMENT REPLACEMENT

The Governor's budget requests \$3,000,000 one-time in General Fund for mobile equipment replacements.

This item was heard in the Subcommittee on April 4, 2018. CalFire has 2,681 vehicles, such as fire engines, emergency crew transports, helitenders, station utility trucks, bulldozers, dozer transports, dozer tenders, dump trucks, water tankers, sedans, and pick-ups. Each of these vehicles has varying costs and an amortization schedule. CalFire's mobile equipment fleet is currently 43 percent behind scheduled replacement cycles, despite one-time augmentations in 2016 and 2017.

Staff Recommendation: Approve as proposed.

3790 DEPARTMENT OF PARKS AND RECREATION

VOTE-ONLY ISSUE 19: MUSEUM OF TOLERANCE

A May Revision proposal requests \$10 million one-time in General Fund to provide a local assistance grant for the renovation of the Museum of Tolerance (MOT). The MOT is a multimedia museum in Los Angeles, and is designed to examine racism and prejudice around the world with a strong focus on the history of the Holocaust.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 20: CALIFORNIA INDIAN HERITAGE CENTER (BCP + TBL)

A May Revision proposal requests \$100 million in General Fund to be deposited into the Natural Resources and Parks Preservation Fund for the preliminary plans (\$4.7 million), working drawings (\$4.7 million), and construction (\$90.6 million) phases of the California Indian Heritage Center (CIHC) project in Yolo County. This proposal also requests trailer bill language to authorize this project.

This item was heard on May 16. To ensure the legislature has oversight of this project, the committee may wish to revise the proposed trailer bill to include reporting language. PRC Section 5077.994(e) The Department of Finance shall report to the Chairperson of the Joint Legislative Budget Committee, the chairpersons of the respective fiscal committees, and legislative advisers of the State Public Works Board 30 days prior to the proposed State Public Works Board approval of preliminary plans.

Staff Recommendation: Approve BCP as proposed and adopt TBL with the addition of Section 5077.994 (e).

VOTE-ONLY ISSUE 21: FORT ROSS SHP: CULTURAL TRAIL

A May Revision proposal requests \$852,000 in Proposition 12 funds for the preliminary plans (\$537,000) and working drawings (\$315,000) phases of the Fort Ross State Historic Park: Cultural Trail project in Sonoma County. Total estimated project cost is \$3.4 million.

This item was heard on May 16, 2018.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 22: VARIOUS LIQUIDATION EXTENSIONS

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.

Program Name	Project Name	Grantee	Current Grant Amount	Liq. Date Needed
Prop 84, SPP	Fall River Mills Community Center Park	Fall River CSD	\$273,984	June 30, 2020
Prop 84, SPP	New Park - Western/Gage	Los Angeles Neighborhood Initiative (LANI)	\$442,323	June 30, 2020
Prop 84, NEF	Earth & Space Sciences Center	Powerhouse Science Center	\$6,244,658	June 30, 2021
Prop 84, SPP	Slauson Wall Park	City of Los Angeles, Rec and Parks	\$4,999,933	June 30, 2022
Prop 84, SPP	Ord & Yale Park	City of Los Angeles, Rec and Parks	\$4,999,705	June 30, 2020
Prop 84, SPP	Nevin Ave Elementary School Park	City of Los Angeles, Rec and Parks	\$2,898,340	June 30, 2020
Prop 84, SPP	West Lakeside Street Park	City of Los Angeles, Rec and Parks	\$4,961,000	June 30, 2020
Prop 84, SPP	WAYS Reading and Fitness Park	Heal the Bay	\$842,472	June 30, 2020

Staff Recommendation: Approve extensions.

3930 DEPARTMENT OF PESTICIDE REGULATION

VOTE-ONLY ISSUE 23: IMPROVED CEQA NOTIFICATION FOR PESTICIDE REGISTRATION

A May Revision proposal requests \$515,000 in Department of Pesticide Regulation Fund and three positions to expand the documentation provided to the public to meet the CEQA requirements.

This item was heard on May 22, 2018.

Staff Recommendation: Approve as proposed.

3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

VOTE-ONLY ISSUE 24: DISASTER RECOVERY ASSISTANCE PROGRAM

A May Revision proposal requests that Item 3970-001-0387 be increased by \$1,250,000 and six positions, to enhance the Department's ability to respond to requests from the Governor's Office of Emergency Services for assistance when disasters occur and debris removal is requested. The positions will also be available to provide technical assistance to local governments in developing disaster recovery plans and protocols when they are not deployed for recovery efforts related to a disaster.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 25: PLASTIC MARKET DEVELOPMENT PROGRAM (TBL)

A May Revision proposal requests trailer bill language to extend the sunset date on the Plastic Market Development Program from January 1, 2018 to July 1, 2022 and,

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Reject without prejudice.

VOTE-ONLY ISSUE 26: ENFORCEMENT OF BEVERAGE CONTAINER RECYCLING PROGRAM (TBL)

A May Revision proposal requests trailer bill language to clarify the authority of the California Highway Patrol to arrest individual transporters who illegally transport out-of-state empty containers for redemption in California.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Reject without prejudice.

3860 DEPARTMENT OF WATER RESOURCES

VOTE-ONLY ISSUE 27: DAM SAFETY TRAILER BILL LANGUAGE (TBL)

A May Revision proposal requests trailer bill language to clarify the process for dam owners where there is an existing or partial Emergency Action Plan or inundation map as of March 1, 2017. The proposed language also require dam owners with partial EAPs or inundation maps to develop a timeline by which they will develop the comprehensive EAP and inundation maps.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 28: OPEN AND TRANSPARENT WATER DATA ACT (AB1755)

A May Revision proposal requests that Item 3600-001-0140 be increased by \$150,000, Item 3860-001-0140 be increased by \$450,000, and Item 3940-001-0140 be increased by \$200,000 to continue implementation of AB 1755 (Dodd, Chapter 506, Statutes of 2016).

This item was heard in the Subcommittee on May 16, 2018. AB 1755 (Chapter 506, Statutes of 2016), the Open and Transparent Water Data Act, provided the Department of Water Resources an exemption from the Department of Technology's Project Approval Lifecycle process. The committee may wish to remove provision 2 from Item 3860-001-8110 in order to conform to the initial intent of AB 1755.

Staff Recommendation: Approve with technical amendment to provisional language.

VOTE-ONLY ISSUE 29: JOINT OPERATIONS CENTER RELOCATION

A May Revision proposal requests \$964,000 General Fund and provisional language to prepare a request for proposal to enter into a build-to-suit lease for a new Joint Operations Center. In addition, \$926,000 State Water Project funds will be used for this purpose.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 30: SAVE OUR WATER CAMPAIGN

A May Revision proposal \$300,000 ongoing from the Environmental License Plate Fund (ELPF) to support outreach and advertising to sustain the Save Our Water (SOW) campaign as an in-house DWR program run by the Public Affairs Office (PAO).

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 31: FLOOD CONTROL INFRASTRUCTURE (BCP +TBL)

A May Revision proposal requests \$195 million one-time in General Fund (\$25 million ongoing). One-time funding of \$170 million will be used to support the state cost-share of critical United States Army Corps of Engineers urban flood risk reduction projects. Ongoing funds will be used to support operations, maintenance, repair, rehabilitation, and replacement of the flood control infrastructure.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 32: STATE WATER PROJECT AGING INFRASTRUCTURE IMPROVEMENTS

The Governor's budget requests 74 positions to support the State Water Project. Specifically, the requested resources would be used to:

- Meet new and expanded state and federal regulatory requirements.
- Respond timely, safely, and cost-effectively to urgent or emergency work as defined by Public Contract Code §10122 et seq, and other Executive, Legislative or regulatory mandates.
- Implement an asset management program, enhance condition assessment and maintenance programs, and facilitate increased design, construction and inspection projects for an aging SWP infrastructure.
- Provide legal support for the Oroville Dam spillway emergency and recovery.

This issue was heard in the Subcommittee on March 14, 2018.

Staff Recommendation: Approve as proposed.

3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

VOTE-ONLY ISSUE 33: RELOCATION TO BAY AREA METRO CENTER

A May Revision proposal requests \$3,020,000 General Fund for one-time tenant improvement and moving costs associated with moving to the San Francisco Bay Area Metro Center Regional Headquarters building allowing BCDC to co-locate with its most important regional planning partners. BCDC's current space in the Hiram Johnson State Office Building is proposed to be backfilled by the Department of Justice, who already occupy a portion of the state building.

This item was heard in the Subcommittee on May 16, 2018. The Metropolitan Transportation Commission is concerned with the requested amount in this proposal, since it does not cover the costs of the tenant improvements that have been made to the space that BCDC plans to occupy.

Staff Recommendation: Send to conference to allow additional time for deliberation.

VOTE-ONLY ISSUE 34: REGULATION ENFORCEMENT IN THE SAN FRANCISCO BAY

The Governor's budget requests \$211,000 from the Bay Fill Cleanup and Abatement Fund in 2018-29, \$421,000 in 2019-20 and ongoing, and two positions to resolve permit violations and modernize SFBCDC's regulatory laws, policies, and regulations.

There is a modification to this proposal in the Natural Resources technical adjustments Spring Fiscal Letter (SFL), titled "Amendment to and Addition of Various Budget Bill Items and Reimbursements." The SFL proposes to reduce the requested amount for SFBCDC by \$180,000 for technical reasons and does not change the overall activities or staffing. That SFL was adopted in committee on April 18.

This item was heard in the Subcommittee on April 25, 2018. SFBCDC, created in 1965, is a planning and regulatory agency responsible for managing the protection and use of the San Francisco Bay and its shoreline, and the Suisun Marsh. Its mission is to protect the San Francisco Bay from excessive fill, maximize public access to the shoreline, and prepare for the impacts associated with a rising bay level.

Throughout its existence, SFBCDC has approved projects worth billions of dollars. SFBCDC reviews, analyzes, negotiates, and issues development permits for projects. SFBCDC also enforces its permit conditions to ensure compliance with state law.

Staff Recommendation: Approve as budgeted.

3560 STATE LANDS COMMISSION

VOTE-ONLY ISSUE 35: LAKE TAHOE RENT METHODOLOGY STUDY

A May Revision proposal requests \$250,000 one-time from the Lake Tahoe Science and Lake Improvement Account to contract for an independent study and evaluation of rent-setting methodologies to inform the Commission's leasing practices for sovereign land at Lake Tahoe. The Commission also requests provisional language to authorize the use of the funds for the requested purpose.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Approve as proposed.

3940 STATE WATER RESOURCES CONTROL BOARD

VOTE-ONLY ISSUE 36: ADMINISTRATIVE HEARINGS OFFICE (BCP + TBL)

A May Revision proposal requests \$2 million Water Rights Fund, nine positions and trailer bill language to establish an Administrative Hearings Office, which will provide administrative hearing officers and supporting staff to preside over administrative hearings in water right enforcement actions, and prepare proposed decisions.

Under the proposed TBL, hearing officers will have purview over certain kinds of water right enforcement actions, such as hearings on complaints for administrative civil liability, proposed cease and desist orders, and proposed revocations. TBL prohibits the hearing officer from ex parte communications with board members. TBL also requires hearing officers to be attorneys and have qualifications equivalent to an administrative law judge and knowledge and experience in water law.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Reject without prejudice.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL

VOTE-ONLY ISSUE 37: SAFER CONSUMER PRODUCTS IMPLEMENTATION

A May Revision proposal requests \$1.2 million in Lead-Acid Battery Clean-up Fund and six positions to continue implementation of the Safer Consumer Products regulations. Specifically, these resources will be used to perform an alternatives analysis to determine how best to limit or prevent potential harm from chemicals in various products.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Reject the proposed use of Lead-Acid Battery Cleanup Fund and instead approve the requested resource from the Toxic Substance Control Account.

VOTE-ONLY ISSUE 38: BKK THIRD PARTY INITIATIVE

A May Revision proposal requests \$434,000 General Fund and two positions to implement a coordinated enforcement and cost recovery initiative related to clean-up activity at the BKK facility.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 39: COST RECOVERY PROGRAM IMPLEMENTATION

A May Revision proposal requests that Item 3960-001-0014 be increased by \$1,093,000 and three positions, and Item 3960-001-0557 be increased by \$1,093,000 and three positions to recover costs from third parties that were incurred by the Department to clean-up properties across the state that were contaminated by toxic substances. These resources will be used to resolve some of the Department's backlog for clean-up sites for which the Department has not recovered its costs.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Reject the proposed use of Lead-Acid Battery Cleanup Fund and instead approve the requested resource from the Toxic Substance Control Account.

VOTE-ONLY ISSUE 40: COST RECOVERY MANAGEMENT SYSTEM

A May Revision proposal requests \$140,000 Lead-Acid Battery Cleanup Fund for planning costs associated with a replacement cost recovery billing system, which is used for issuing invoices, tracking payments, and reconciling account balances.

The proposal also requests provisional language to authorize the Department of Finance to augment this item by up to \$1.5 million, contingent upon the approval of the California Department of Technology for Stage 4 of the Project Approval Lifecycle.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Reject the proposed use of Lead-Acid Battery Cleanup Fund and instead approve the requested resource from the Toxic Substance Control Account.

VOTE-ONLY ISSUE 41: NATIONAL PRIORITIES LIST AND STATE ORPHAN SITES

A May Revision proposal requests \$4.547 million from the Toxic Substances Control Account (TSCA) and that the Site Remediation Account be increased by \$3,265,000 to continue supporting the state's share of costs for National Priorities List sites. Priority 1A and IB state orphan sites, and continued cleanup activities for Priority 2 and 3 state orphan sites already underway. The cleanup work includes site investigation, characterization, cleanup, and remediation activities, among others. These remediation efforts reduce public exposure to hazardous and cancer-causing chemicals and reduce the spread of contamination.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 42: LEAD-ACID BATTERY PROGRAM IMPLEMENTATION

A May Revision proposal requests \$6.7 million and 15.0 positions in 2018-19 and \$7.6 million ongoing from the Lead-Acid Battery Cleanup Fund to implement the provisions of the Lead-Acid Battery Recycling Act of 2016. Under this proposal, DTSC requests resources to investigate and cleanup properties in California reasonably suspected to have been contaminated by the operation of lead-acid battery recycling facilities.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Approve as proposed.

VOTE-ONLY ISSUE 43: ENFORCEMENT IN VULNERABLE COMMUNITIES

A May Revision proposal requests \$2.5 million Lead-Acid Battery Cleanup Fund in 2018-19 and ongoing to fund 11 existing positions previously approved with limited-term funding that expires in June 2018 in order to provide continued support to address serious environmental violations by hazardous waste transportation and metal recycling industries that disproportionately impact vulnerable communities.

This item was heard in the Subcommittee on May 16, 2018.

Staff Recommendation: Reject the proposed use of Lead-Acid Battery Cleanup Fund and instead approve the requested resource from Hazardous Waste Account.

VOTE-ONLY ISSUE 44: EXIDE ENFORCEMENT ORDER

A May Revision proposal requests \$1.06 Lead-Acid Battery Cleanup Fund in 2018-19 and 2019-20 to implement the remaining activities associated with the 2014 Exide Enforcement Order (as amended 2015) and the ongoing Resource Conservation and Recovery Act (RCRA) corrective action work associated with the February 2002 Corrective Action Consent Order against Exide Technologies. This requires corrective action activities at the Exide facility, the off-site industrial areas, and the residential areas.

This item was heard in the Subcommittee on May 16, 2018. The requested resources in this BCP are recoverable from Exide. The committee may want to include provisional language to require the Department to notify the Legislature when these costs are recovered from Exide.

Staff Recommendation: Approve as proposed include BBL to require the Department to notify the Legislature when the cost is reimbursed by Exide.

ITEMS TO BE HEARD

0555 CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

ISSUE 1: SACRAMENTO HEADQUARTERS SPACE OPTIMIZATION PROJECT

A May Revision proposal requests \$22,894,000 from various special funds for Phase I of the California Environmental Protection Agency's Sacramento Headquarters Space Optimization Project. The proposal also requests provisional language to make the funds available for encumbrance or expenditure until June 30, 2022. Specifically, funding for Phase I are from the following:

- \$10,711,000 from the Air Resources Board - Air Pollution Control Fund
- \$6,733,000 from the State Water Resources Control Board - various special funds
- \$5,363,000 from the Department of Resources Recycling and Recovery - various special funds
- \$87,000 from the Office of Environmental and Health Hazard Assessment - various funds

The two-phase Project will increase capacity by up to 1,100 cubicles to accommodate additional personnel from various boards, departments, and offices under the Agency.

BACKGROUND

The California Environmental Protection Agency (CalEPA). CalEPA was formally established in 1991. CalEPA consists of the Air Resources Board (ARB), the Department of Pesticide Regulation (DPR), the Department of Resources Recycling and Recovery, (CalRecycle), the Department of Toxic Substances Control (DTSC), the Office of Environmental Health Hazard Assessment (OEHHA), and the State Water Resources Control Board (SWRCB). CalEPA oversees and coordinates the activities of its Boards, Departments, and Offices (BDOs) by developing, implementing and enforcing environmental laws that regulate air, water and soil quality, pesticide use and waste recycling and reduction.

- ARB works to reduce air pollution and diesel exhaust so all Californians can breathe cleaner air and leads the nation in fighting climate change with integrated programs to cut greenhouse gases under AB 32.
- DPR protects workers and consumers by ensuring the safe use of pesticides through registration, permitting and training.
- CalRecycle helps the state achieve the highest waste reduction, recycling and reuse goals in the nation through programs that improve economic vitality and environmental sustainability.

- DTSC cleans up hazardous waste sites to put them back into productive use and reduce blight and contamination to the neighborhoods and surrounding environments.
- OEHHA serves as the scientific foundation for CalEPA's environmental regulations and provides valuable information to consumers, policy makers and manufacturers on the safety of chemicals in our environment.
- SWRCB ensures that the quality of our waterways is safe and that we balance its use to meet the needs of all Californians.

CalEPA headquarters in Sacramento. In January 2001, CalEPA consolidated 12 Sacramento office locations into its current building at 1001 I street. This co-location concept afforded opportunities amongst the BDOs to coordinate activities. CalEPA acquired the Sacramento Headquarters Building through the City of Sacramento as a lease bond, payable over 25 years with final payment due in 2023. When the lease bond is satisfied in 2023, the State of California will purchase the building for \$1.00.

Existing CalEPA headquarters cannot accommodate staffing growth. At the time of initial occupancy, standard cubicle sizes for staff were designed with 80 square feet, met each BDOs space/staffing needs, and provided adequate storage and meeting room accommodations. However, over the last 17 years of occupancy, CalEPA and the BDOs have realized significant staff growth. To accommodate this growth each organization utilized various space optimization approaches, including lease of additional space in Sacramento, reuse of meeting rooms for staff, and shared space concepts.

Over the last five years, the organizations within CalEPA that occupy the Sacramento Headquarters building have grown an average of 106.3 positions per fiscal year. Due to lack of space in the Sacramento Headquarters, some staff occupy other buildings on a short-term basis until such time that alternative space solutions can be implemented and staff relocated to headquarters. For example, two BDOs within CalEPA lease space two blocks from the Sacramento Headquarters due to lack of space availability.

CalEPA anticipates that growth will continue at .0275 percent over the next two to three fiscal years.

The Governor's proposal. This proposal will expend funding over four fiscal years to optimize space within Sacramento Headquarters, by reducing cubicle sizes from 80 square feet to 49 square feet for rank and file staff and 80 square feet to 70 square feet for supervisory staff. The reduced cubicle sizes are within DGS space standards. Currently, the Sacramento Headquarters has 2,800 cubicles at 80 square feet. With the reduced cubicles sizes of 49 to 70 square feet, the Sacramento Headquarters could increase occupancy by up to 1,100 cubicles and staff.

STAFF COMMENT

CalEPA looked at other options to accommodate the staffing growth including leasing additional space within the area. Leasing new space will incur greater upfront costs for tenant improvements and other relocation costs. Further, the lease cost will be a constant cost for CalEPA, whereas the current Sacramento headquarters will be owned by the state in 2023. Optimizing the current location appears to be the most cost effective option.

The Subcommittee may wish to ask how CalEPA arrived at this cost share amounts among its BDOs.

Staff Recommendation: Approve as proposed.
