

ACTIONS**ASSEMBLY BUDGET SUBCOMMITTEE NO. 3****RESOURCES AND TRANSPORTATION****Assemblymember Richard S. Gordon, Chair**

WEDNESDAY, MAY 11, 2011

STATE CAPITOL - ROOM 447

9:00 A.M.

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Consent**(5-0)****Department of Parks and Recreation**

1. **Office of Historic Preservation Database.** The Governor requests to extend the liquidation period for \$163,000 of fiscal year 2008-2009 General Fund monies that will be used to re-host the Office of Historic Preservation's (OHP) mission-critical database. Staff recommends approval of this item. This information technology project was initiated in 2008 to replace the legacy OHP database. To date, all project costs have been absorbed within Parks' existing budget. Due to delays caused by the contractor, it is necessary to extend the liquidation period of the requested funds to allow Parks to complete the upgrade. If the existing database system is not replaced on schedule, it may fail. Also, there is a possibility that OHP may lose some or all of its federal funding if use of the database is interrupted. The re-host project is in its final phases and is expected to be completed according to the current budget and schedule. (April Finance letter)

2. **Local Assistance Funding-Prop 40.** The Governor requests to appropriate anew an active Local Assistance appropriation of \$108,250,000 under Proposition 40 that is due to revert at the end of June. Proposition 40 provides funding for a specified list of grant programs and provides a total of eight years (until June 30, 2011) for grantees to complete their projects. Proposition 40 also states that by July 1, 2011, any unspent grants shall revert to the fund. The purpose of this request is to allow grantees additional time to liquidate encumbrances due to the decision to suspend interim financing for bond funded projects as directed by the Pooled Money Investment Board in December 2008 and still has an effect to date on this active appropriation. This request will provide a new appropriation to allow the grantees to complete their projects, as intended by Proposition 40. (April Finance letter)

3. **Local Bond Project Extensions.** Proposition 40 provides funding for a specified list of grant programs and provides a total of eight years (until June 30, 2011) for grantees to complete their projects. Due to the 2008 bond freeze, the grantees have not completed their projects. This adjustment reflects an adjusted timeline. **Staff Comments:** Staff concurs with the Administration's list of projects meriting extensions of liquidation. The bond freeze caused numerous projects to be suspended, resulting in a greater than expected number of these projects requesting extensions of liquidation. In order to be more equitable, this extension of liquidation should be given to all such projects on a one-time basis. This would reduce department and staff workload evaluating each local assistance project. **Staff Recommendation:** Staff recommends Budget Bill Language to provide a 2-year extension of liquidation for all Proposition 40 local parks projects. Staff will work with the Department of Finance and the Department of Parks and Recreation to craft appropriate language. This

language is not intended to duplicate nor supplant previous actions by the Legislature on bond fund extensions.

- 4. Marshall Gold Discovery State Historic Park and Various Reappropriations.** The Governor requests \$1,128,000 to implement building and fire code changes, as well as more stringent storm water related discharge requirements for Marshall Gold Discovery State Historic Park. The proposal also requests reappropriation for projects in the Lake Tahoe Basin and at Pismo State Beach. (April Finance letter)

California Tahoe Conservancy

- 1. Reappropriations.** The Governor requests various re-appropriations, reversions and an extension of liquidation for local assistance projects previously approved for the Lake Tahoe Basin. This request is mainly due to the bond freeze. Previously approved by the Subcommittee, but denied without prejudice in the full Committee.
- 2. Extension of Liquidation Period – Habitat Conservation Fund.** The Governor requests to extend the liquidation periods of the Habitat Conservation Fund and associated Proposition 50 transfer to implement the Wildlife Conservation Act. These extensions are necessary because of delays caused by permitting requirements that only allow restoration work to be completed in summer. (April Finance letter)

Wildlife Conservation Board

- 1. Extension of Liquidation Period-Habitat Conservation Fund and Prop 50.** The Governor requests a 1-year liquidation extension for the unliquidated encumbrances associated with the Board's Habitat Conservation Fund (HCF) Capital Outlay appropriation provided in the 2004 Budget. The Department is also requesting a liquidation extension on the associated Prop 50 bond funds, which funded the HCF under the 2004 Budget. The HCF was created by the Wildlife Protection Act of 1990, also referred to as the Mountain Lion Initiative. The Act requires an annual transfer of \$30 million of General Fund monies into the Fund, less any special fund transfers made, until 2020. The funds are used for acquiring and restoring habitat necessary to protect wildlife and plant populations, especially deer, mountain lions, and rare, endangered, threatened or fully protected species. (April Finance letter)
- 2. Extension of Liquidation Period Prop 12.** The Governor requests a 1-year liquidation extension for the unencumbered balance of a Prop 12 appropriation to implement the San Joaquin River Parkway Master Plan. The Conservancy's strategic plan was approved and incorporated into the adopted San Joaquin River Parkway Master Plan. This proposal is critical to implementing all elements of the Conservancy's mandated mission and Master Plan: land acquisition, public

access/recreation, wildlife habitat, and riparian restoration. The liquidation extension is necessary to meet an existing Grant Agreement obligation. The grantee needs additional time to complete the work due to the Pooled Money Investment Board freeze. (April Finance letter)

- 3. Prop 84 Natural Communities Conservation Planning (NCCP) Reappropriation.** The Governor requests to reappropriate \$25 million from Prop 84 for NCCP activities. This item was approved by the Subcommittee on February 2, but denied by the full Committee due to the absence of an action plan for expenditure of funds. WCB has completed the action plan. This funding is critical to leverage federal dollars and will for hundreds of millions in development to occur in an environmentally sensitive manner. **LAO Comments:** In response to the Legislature's denial without prejudice of the remaining \$25 million reappropriation request for NCCP activities, WCB has completed an action plan that indicates WCB's intention to spend \$27.5 million on NCCP in 2011-12, including the number of acres to be acquired in specific counties, and the number of NCCPs that these expenditures will support. In light of this action plan and WCB's success at expending reappropriations requested in 2010-11, we now recommend approval of the request to reappropriate \$25 million from Proposition 84 for NCCP.

State Water Resources Control Board

- 1. Reappropriation-Prop 84 Bond Funds (technical adjustment).** The Governor requests to reappropriate unencumbered local assistance balance of Proposition 84 bond funds for the Agricultural Water Quality Grant Program and Clean Beaches Grant Program. Due to the bond freeze and late budget enactment, many grantees have not been able to complete projects or have revised work allowing projects to come under budget. The appropriation was included in the 2008 Budget Act. (April Finance Letter)
- 2. Reversion-Variou s Bond Funds (technical adjustment).** The Governor requests to revert unencumbered state operations and local assistance balances of Propositions 13, 40, and 50 bond funds for water quality projects to ensure that the funds are available for future use. A number of water quality projects have been delayed for various reasons such as the bond freeze and delays in enacting a state budget. The reversions would allow the State Water Board to request an appropriation of funds with adequate time to encumber and liquidate. The appropriations were included in various Budget Acts over the last several years. (April Finance Letter)

Department of Resources Recycling and Recovery

- 1. Extension of Repayment Date of Existing Loans.** The Governor requests budget bill language to delay two loan repayments from the General Fund to the Glass (\$39 million) and PET (\$27 million) Processing Fee Accounts under the California Beverage Container Recycling Fund (CBCRF) until fiscal year 2013-14. The two loan replacements from the General Fund that occurred in FY 2003-04 were statutorily scheduled to be repaid no later than June 30, 2012. However, these accounts currently possess funding level sufficient to sustain the programs without General Fund loan repayment until 2013-14. Because the General Fund is continuing to experience considerable solvency issues, staff has no concerns about the two-year delay in repaying the Glass and PET Processing Fee Accounts.

California Conservation Corps

- 1. Reappropriation –Tahoe Base Center Relocation.** The Governor requests reappropriation for the acquisition and development of a California Conservation Corps (CCC) residential facility in the Tahoe Basin designed to accommodate 88 Corps-members. Although construction for the bulk of this project is underway, additional design work is needed on a small portion because of permitting restrictions imposed by the Tahoe Regional Planning Agency. (April Finance letter)

Vote Only

- 1. Concessions Angel Island State Park.** The Governor requests approval for the ferry service routes concession to Angel Island State Park, pursuant to Public Resources Code Section 5080.20 (b) which requires that the Legislature review the proposed project as a part of the annual budget process. The Department previously received legislative approval for the Tiburon route (2005 Budget Act) and for the San Francisco route (2009 Budget Act). The Department requests authority to solicit proposals from the public for one or multiple concessions to provide transportation between Angel Island State Park and various routes within the Bay Area. Currently, the Department has three expired concession contracts for routes from various points within the Bay Area to Angel. Staff has no concern with this request. The Department has engaged in a new feasibility study to evaluate the overall ferry transportation services to Angel Island, which is anticipated for completion in June. The public bid requested will be based on the recommendations within the new feasibility study. (April Finance letter)
(Removed from Consent: No Motion to Take Action)

Joint Issue—Lake Tahoe Environmental Improvement Program and Land Use Planning in the Tahoe Basin**Special Resources Programs**

- 1. Base Budget—Tahoe Regional Planning Agency.** The Governor requests \$4.1 million for baseline ongoing activities at the Tahoe Regional Planning Agency (TRPA). (5-0)

California Tahoe Conservancy

- 1. Implementation of the Environmental Improvement Program for the Lake Tahoe Basin.** The Governor requests \$15.8 million (multiple funding sources, no General Fund) to continue capital outlay and local assistance funding for the implementation of the Environmental Improvement Program for the Lake Tahoe Basin.

Background. The Tahoe Environmental Improvement Program (EIP), a collaboration of over 50 state, federal, academic, local, and private interests, is a capital improvement program designed to achieve environmental standards in the Lake Tahoe basin. Program implementation began in 1997. Over a 20-year period, the program is estimated to cost approximately \$1.5 billion.

The Lake Tahoe region has experienced environmental degradation for the past 100 years, most notably in the lake's water clarity and the health of the basin's forest lands. The lake's water clarity—which reflects water quality—has become the primary measure of the basin's environmental health.

To counter this degradation, the Tahoe Environmental Improvement Program (EIP) was established in 1997. The Tahoe EIP is a 20-year capital improvement program involving multiple state, federal, local, academic, and private entities. In 1997, the state signed memoranda of agreement with the federal government, Nevada, the Washoe Tribe, and the Tahoe Regional Planning Agency (TRPA) committing to implement and fund the Tahoe EIP. Over 50 entities are involved in implementing the program including the primary state agencies—the California Tahoe Conservancy and the Tahoe Regional Planning Agency (TRPA), a joint regional planning agency co-funded by the State of Nevada. Both items were approved by the Subcommittee on February 7, 2011, but denied without prejudice to conform with the Senate. (5-0)

Boating and Waterways

Local Assistance, Capital Outlay. The Governor is requesting an increase of \$3,250,000 to reflect the state's share of the construction phase of the Channel Islands Boating and Instruction Safety Center (BISC) project. However, the Department is also requesting a decrease of \$3,250,000 to accommodate the corresponding increase in capital outlay funding for the Channel Islands BISC project. These local assistance funds were included in the Governor's Budget for planning, California Environmental Quality Act funding, and reassessed loan and grant amounts. This request will redirect these local assistance funds for the completion of the Channel Islands BISC project and can be deferred without significant programmatic impacts. The Channel Islands BISC is a continuing project that has been stalled for several years because of litigation that has recently been resolved. The project is a joint venture between The Department of Boating and Waterways (Boating) and the County of Ventura. Construction costs are estimated at \$6.0 million, with Boating contributing up to \$3,250,000 and the county contributing the balance. The county funds include \$1.8 million in donations that will expire after 2011. If the project is delayed and these donations are no longer available, it is unlikely that the county would be able to fund its share of the project. (5-0)

- **Various Boating & Waterways Programs.** The Governor is requesting:
 - \$17.9 million for local assistance public small craft loans and boat launching facility grants (BLF). This includes \$7,100,000 for loans. The loans fund improvements for revenue producing facilities and non-revenue producing infrastructure (e.g. seawalls). In addition, it includes \$10,845,000 for grants for public boat launching facilities that are open to the public. BLF grants are for projects that are not economically feasible for local governments to provide. Typically, marinas and BLFs have a 20-30 year life span. Each facility listed in the proposal (including the Channel Islands Boat Launching Facility, Santa Barbara launching ramp, and Santa Cruz Harbor) has reached a point where they are no longer meeting the needs of boaters due to excessive wear, damage by elements or new safety requirements. The Department of Boating and Waterways anticipates annual revenues of \$690,000 over the next 30 years from the proposed loans.
 - \$100,000 (Harbors and Watercraft Revolving Fund) to contract for financial services for basic financial management activities required to ensure the safeguarding of State assets as recommended by DOF. These proposals were denied without prejudice on February 2, 2011 due to concerns raised by the public on various aspects of these proposals and time constraints of Committee staff to review.

The concerns raised center around the re-configuration of an existing parking lot. This project is consistent with DBW layout and design guidelines and has been approved by the Coastal Commission. (5-0)

State Water Resources Control Board (SWRCB)

- 1. Budget Trailer Bill Language-Wastewater Operator Certification Fund.** The Governor requests the adoption of budget trailer bill language to amend the Water Code to authorize the deposit of all monies collected by the Wastewater Operator Certification Program (WOCP) into the Wastewater Operator Certification Fund (WOCF) and to ensure the funds are utilized in accordance with an appropriation. The WOCF receives deposits of fees from persons applying for an operator certificate or renewing an operator certificate. However, the WOCF does not receive deposits of fees from persons applying for a contract operator registration or renewing such a contract. The proposed amendments would allow the Board to deposit all interest earnings and fees collected by the WOCP into the WOCF and utilize the funds for program activities. (5-0)
- 2. Underground Storage Tank Clean Up Fund.** The Governor requests a one-time augmentation of \$90 million in state operations from the Underground Storage Tank Cleanup Fund. The increase funding will allow the SWRCB to reimburse additional claimants for work performed cleaning up contaminated sites. In addition, the proposal request \$13.2 million in local assistance authority from the School District Account to allow the program to fully extend the fund. Finally, this item requests \$15.8 million from the Orphan Site Cleanup Fund to allow the program to fully expend the \$30 million placed in the fund. This proposal was approved by the Subcommittee on January 26, 2011, but denied without prejudice by the full Committee to conform with the Senate action. (5-0)

Department of Water Resources (DWR)

- 1. Implementation of Biological Opinions.** The Department is requesting 18 new permanent full-time positions in FY 2011-12, which will be funded by the State Water Project at an estimated cost of \$2.550 million. Of this request, thirteen positions will be related to Sacramento-San Joaquin Delta Facilities, and will provide support to various program activities performed within the Bay-Delta Office (BDO) Fish Improvement Section. The remaining five positions are needed to carry out various program activities performed by the Department's Division of Environmental Services (DES), including two positions for Suisun Marsh Facilities and three positions for regulatory and operational compliance.
Staff Comments. This proposal was heard by the Subcommittee on May 4,

2011. Staff concurred with LAO's recommendation to approve 12 positions as follows:

- Sacramento-San Joaquin Facilities: **Approve Nine** Various Positions;
- Suisun Marsh Facilities: **Approve Two** Requested Environmental Scientist Positions; and,
- Regulatory Compliance for Division of Environmental Services: **Approve One** of Requested Staff Environmental Scientists.

The Subcommittee held this item open to give DWR an opportunity to respond to questions raised during Committee about the activities to be performed by the new positions. Below is the Department's response:

The National Marine Fisheries Service Biological Opinion (NMFS BiOp), the U.S. Fish and Wildlife Service Biological Opinion (FWS BiOp), and the Department of Fish and Game Incidental Take Permits (ITP) governing the operation of the State Water Project (SWP) Delta facilities require some 50 actions by DWR either alone or jointly with US Bureau of Reclamation. The required actions include increased monitoring of biological and environmental conditions (flow, water quality, etc.) beyond the monitoring efforts already being conducted by DWR and USBR. Additional actions also require new, special studies to determine the survival of listed species within the Delta and within SWP facilities located in the Delta. The new staff positions will design and conduct the special studies, implement the new monitoring programs, and determine actions including engineering solutions to existing or newly identified issues revealed through the monitoring and special studies. The requested environmental and engineering positions will be used to plan, design, construct, and implement studies and actions specifically required by the BiOps and ITP (see attached matrix).

Due to the lack of existing staff, meeting the BiOp and ITP deadlines is challenging and in some cases, DWR has not been able to keep up. Over the past 10 years, the regulatory requirements for the Suisun Marsh Program have exponentially increased. Existing staff is insufficient to meet these needs. Annual Reports for existing regulatory or contractual obligations have not been submitted since 1999 (e.g. SWRCB's D-1641, Suisun Marsh Preservation Agreement). Approve LAO recommendation of the 12 positions. (3-2: Approved Staff Recommendation with Committee Amendment)

- 2. Flood SAFE California-Delta Knowledge Improvement Program.** The Governor is requesting \$2 million (Prop 1E) in contract support for follow up efforts related to the Delta Risk Management Strategy (DRMS) study and the Delta Knowledge Improvement Program (DKIP) for Flood SAFE. This proposal is an ongoing expense. To-date, total funding for this functional area including this proposal is \$63.3 million. The Subcommittee held this item open on May 4, 2011. This issue involves two programs: the Delta Knowledge Improvement Program, which is designed to fill in data gaps about the vulnerabilities of delta levees, and the Conservation Strategy for the Central Valley Flood Protection Plan, which deals with environmental mitigation requirements for the plan. The Senate had questioned how these plans will fit in with the developing Delta plan. Staff finds that there is little potential for conflict between these programs and the Delta Plan, and the Delta Knowledge Improvement Program in particular will be very helpful for future revisions of the Delta plan. The Department of Water Resources has also provided a list of activities that seem to be worth pursuing during this budget year. **LAO Comments:** LAO finds that the proposed expenditures denied by the Senate appear justified and appear not to raise potential conflicts with the emerging Delta Plan. **(3-2)**

Coastal Commission

- 3. Coastal Data Management System Update.** The Governor is requesting a one-time augmentation from the Violation Remediation Account (VRA) (non-general fund) of \$1,136,217 to be available over a period of two fiscal years for the purchase, installation, and implementation of a commercial off the shelf integrated database, including associated licensing and consultant services to design the system and migrate existing data into the new database. This item was held open by the Subcommittee on May 4, 2011 to allow the Department to respond to concerns about whether it might be better to hold off on this proposal to wait for the new wave of technology. Below is the Departments response:

The project is designed to meet the Commission's current and foreseeable future data management needs. After careful analysis and consultation with Technology Agency and Resource Agency staffs and consultants, the Commission has developed a project which would use a proven, standardized software platform (known as a Commercial Off The Shelf, or COTS, system), which can be easily configured and customized. COTS database solutions have been implemented by a number of state agencies and local governments with similar program functions and database requirements as the Commission. These COTS systems provide needed functionality, ready integration with GIS and records management systems, and do not require specialized programming expertise for long term operation and management.

The project includes a software purchasing approach that will support future upgrades to the software system as part of annual licensing terms.

Approximately 60% of the estimated project costs are associated with vendor support services for system interface design and development, data migration, system configuration, testing and staff training. The result will be a 'turn-key' system, which will be administered and maintained by Commission staff. The Commission evaluated a number of different procurement options including having the system housed and supported by the software vendor directly, and providing access to staff via the internet. However, the annual cost for system licensing was twice the annual costs of the currently proposed system, without any additional benefits. (5-0)