

Senate Budget and Fiscal Review—Senator Mark Leno, Chair
SUBCOMMITTEE NO. 2

Agenda

Senator Lois Wolk, Chair
Senator Jim Nielsen
Senator Fran Pavley



Thursday, May 7, 2015
9:30 a.m. or Upon Adjournment of Session
Hearing Room 112

Consultant: Catherine Freeman

Part A—Resources, Environmental Protection and Energy

Items Proposed for Vote-Only

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Resources—Environmental Protection—Energy—Transportation

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ITEMS PROPOSED FOR VOTE ONLY**Items Previously Heard**

	Item	Department	Issue	Recommendation
1	3480	Department of Conservation	Proposition 50 Watershed Program Implementation Study. The budget requests one two-year limited-term appropriation of \$200,000 in 2015-16, and \$358,000 in 2016-17, from Proposition 50 bond funds, to fund a comprehensive evaluation to address the effects, benefits, and outcomes resulting from the Proposition 50 watershed program implementation.	Approve
2	3790	Department of Parks and Recreation	Public Beach Restoration. The budget requests \$4.8 million (Harbors and Watercraft Revolving Fund) for this ongoing program. The subcommittee previously discussed nexus issues. <i>Staff recommends reporting language to require the department to return on Jan 10, 2016, with a plan to improve the competitiveness of the program and to require, as a criteria for grant approval, the determination of a nexus to damage caused by up-coast harbors (as opposed to sea level rise or local planning issues).</i>	Approve as proposed with supplemental reporting language.
4	3930	Department of Pesticide Regulation	Product Registration Data Management. The budget requests \$1.9 million (Department of Pesticide Regulation Fund) for two years, and \$400,000 in year three, and \$163,000 ongoing, to develop and implement a fully integrated information management system for the pesticide product and device registration process. According to the Administration, once completed, the system will offer online functionality and allow for online submission of registration-related materials and electronic payment.	Approve
4	3940	State Water Resources Control Board	SB 985 Stormwater Resource Plan. The Governor's budget requests \$381,000 and three two-year, limited-term, positions from the Waste Discharge Permit Fund to implement the mandates of SB 985 (Pavley), Chapter 555, Statutes of 2014. The intent of the SB 985 is to promote storm water use projects and dry weather non-storm water runoff use projects through storm water resource plans.	Approve
5	3940	State Water Resources Control Board	Drinking Water Fee Increase. The Governor's budget requests trailer bill language to amend the Health and Safety Code to allow the State Water Board to adopt fee regulations by emergency actions to ensure an adopted annual fee schedule will generate sufficient revenue to support Safe Drinking Water Program annual budgetary expenditures.	Approve

	Item	Department	Issue	Recommendation
	6	(multiple)	Climate Adaptation (April 30 hearing). (1) Recommend approval of \$2.5 million, directly from Tidelands Oil Revenue, on a one-time basis, to sustain the existing Climate-Ready grant program and Climate Resilience Account using the same department distribution formula as in 2014. (2) Shift \$2.5 million for the Fourth Climate Assessment to tidelands oil revenue from Environmental License Plate Fund and require that a portion of the research be focused on coastal climate adaptation. (3) Require all greenhouse gas emission reduction fund grant programs to consider climate adaptation as a secondary benefit. (4) Require the Office of Planning and Research to report to the appropriate budget and policy committees on, or before, January 10, 2016, and annually thereafter, on actions taken by state agencies to prepare the state for climate change impacts.	Approve

VOTE (Items 1-6):

Spring Finance Letters**0540 Secretary for Natural Resources**

1. **Proposition 13 River Parkways Program.** The Spring Finance Letter requests appropriation of all remaining Proposition 13 bond funds (\$4.4 million) to continue the multi-benefit acquisition and development of river parkways and urban stream protection.
2. **Reappropriations.** The Spring Finance Letter requests reappropriation of local assistance from various funds due to the accumulation of residual funds from projects that were unsuccessful or came in under budget. This reappropriation allows for new and ongoing projects to reach completion and for remaining bond balances to be awarded to new projects.

3340 California Conservation Corps (CCC)

3. **Enterprise Resource Management System (C³ System).** The Spring Finance Letter requests \$392,000 (Collins-Dugan Reimbursement Account) to provide funding for an expedited project schedule for the in-progress C³ information technology system. The request will accommodate additional consulting hours and an expedited schedule for project deliverables.
4. **Emergency Overtime Services.** The Spring Finance Letter requests \$1.9 million (Collins-Dugan Reimbursement Account) to reflect increased reimbursements related to providing emergency overtime services for the United States Forestry Service and state Department of Forestry and Fire Protection.
5. **Technical Fund Shift.** The Spring Finance Letter requests a shift of \$5 million from Proposition 40 to State Responsibility Area (SRA) Fire Fee to correct an over—allocation of bond funding and to allow the CCC to continue fire hazard reduction services in the SRA.

3480 Department of Conservation

6. **Abandoned Mine Remediation and Mine Mapping.** The Governor's budget requests \$300,000 (Abandoned Mine Reclamation and Minerals Fund) to be used for activities involved with remediation and closure of hazardous abandoned mines on California Public lands. On March 19, the subcommittee held open a proposal to approve \$100,000 (Abandoned Mine Reclamation and Minerals Fund) for three years, for the department to purchase software, to provide immediate management of data that can be made available to public and private agencies. Staff recommends approval of both proposals (\$400,000) with the following budget bill language: *Of the amount appropriated in this item, \$300,000 shall be approved as a baseline increase and \$100,000 shall be approved, annually, through 2017-18, for the purchase of software and immediate management of data that can be made available to public and private agencies, for the purpose of mapping mine data.*

- 7. Sustainable Communities Planning Grants.** The Spring Finance Letter requests that Item 3480-491 (reimbursements), be added to extend the liquidation period for sustainable communities local assistance planning grants to June 30, 2017, in order to align the reversion date of the funding with the term of the grants.

3540 Department of Forestry and Fire Protection (CalFIRE)

- 8. Capital Outlay Spring Finance Letters.** The Spring Finance Letters requests funding to continue the following capital outlay projects:
- a. \$461,000 (General Fund) for site improvements at the Cuyamaca Fire Station in San Diego County which has been damaged due to poor drainage and water intrusion.
 - b. \$4.8 million (Public Buildings Construction Fund [PBCF]) for working drawings and construction phase of the academy dormitory project in Ione due to cost increases, fund shifts, and restart costs from the suspension of the project in 2008.
 - c. \$963,000 (PBCF) to supplement the San Mateo/Santa Cruz Unit Headquarters automotive shop relocation due to cost increases, fund shifts, and restart costs from the suspension of the project in 2008.
 - d. \$2 million (PBCF) to accommodate a scope change to remove the existing helicopter hanger and reduce the apparatus building from a three to two bays. The project also requires funding due to cost increases, fund shifts, and restart costs from the suspension of the project in 2008.
 - e. \$1.5 million (PBCF) for the Altaville Forest Fire Station automotive shop replacement due to cost increases, fund shifts, and restart costs from the suspension of the project in 2008.
 - f. \$4.8 million (PBCF) for the working phase and construction phase of the Las Posadas Fire Station replacement project. This is a technical adjustment due to the natural reversion of funding for the working drawings and construction financing in March 2015.

3600 Department of Fish and Wildlife

- 9. Hatcheries and Inland Fisheries Fund Capital Outlay.** The Spring Finance Letter requests \$460,000 (Hatcheries and Inland Fisheries Fund) for two minor capital outlay projects:
- a. \$220,000 for the design, construction and installation of a new 12 foot high bird enclosure for the trout nursery ponds at the Mount Shasta Hatchery in Siskiyou County.

- b. \$240,000 for design and construction to add walls, with windows and doors, to the existing roofed structure that surrounds the Heritage Trout fish ponds at the San Joaquin Hatchery in Friant, Fresno, County.

10. Fish and Wildlife Dedicated Programs. The Spring Finance Letter requests \$1 million (Hatcheries and Inland Fisheries Fund) annually for three years, to support trout fish hatcheries, and \$270,000 ongoing for the Land Visitor Pass Fee Recovery Program, to implement expansion of this program effective January 1, 2015.

11. Kern River Hatchery Raceway Deferred Maintenance. The Spring Finance Letter requests \$740,000 (Hatcheries and Inland Fisheries Fund), one-time, to repair the Kern River rainbow trout concrete raceways/rearing ponds.

12. Reappropriation. The Spring Finance Letter request reappropriation of the balance of the Timber Regulation and Forest Restoration Fund to make funds available for encumbrance through June 30, 2017, in order to meet the public grant process for Forest Legacy Anadromous Restoration.

3790 Department of Parks and Recreation

13. Onyx Ranch. The Spring Finance Letter requests \$70,000 (Off-Highway Vehicle Fund [OHVF]) to provide full year costs for Onyx Ranch implementation activities. These funds were inadvertently omitted from the Governor's January budget.

14. Treasure Island Marina (Capital Outlay). The Spring Finance Letter requests \$1.9 million (federal funds) to reflect an extension of a federal boating infrastructure grant from June 30, 2015 to December 31, 2018. The grant is intended to allow the acquisition and development of a marina at the former naval station on Treasure Island.

15. Hearst San Simeon State Historical Monument (Capital Outlay). The Spring Finance Letter requests reappropriation of Proposition 84 bond funds an extension of encumbrance period to June 30, 2018, to allow more time for the restoration of historic fabric in culturally sensitive areas while minimizing disruption of visitor services.

16. Leo Carrillo State Park—Steelhead Trout Barrier Removal Project. The Spring Finance Letter requests to shift \$351,000 from State Parks and Recreation Fund to reimbursements. This will complement a \$400,000 federal grant and allow additional reimbursements from the Santa Monica Bay Restoration Commission.

17. Bidwell-Sacramento River State Park—Irvine Finch Ramp Repair and Replacement Project. The Spring Finance Letter requests a decrease of \$53,000 (Harbors and Watercraft Fund) to reflect the elimination of this project which was deemed prohibitively expensive.

18. **Hollister Hills State Vehicular Recreation Area—Waterline Expansion Project.** The Spring Finance Letter requests an increase of \$1.4 million (OHVF) to provide funding for the working drawings and construction phases of the waterline expansion project.
19. **Reappropriations.** The Spring Finance Letter requests technical reappropriations for ongoing projects underway from bond funds, State Parks and Recreation Fund and the Off-Highway Vehicle Trust Fund.
20. **State Park System Acquisition Program Staffing.** The Spring Finance Letter requests \$700,000 (Proposition 40 bond funds) to staff the acquisition program for projects that do not require additional state funding.

3860 Department of Water Resources

21. **San Joaquin River Projects.** The Spring Finance Letter requests an increase of reimbursement authority from the Wildlife Conservation Board of \$4.8 million (Propositions 40 and 84), and \$2.1 million (federal funds), to continue to the San Joaquin River restoration project intended to return salmon to the river.
22. **Reappropriations, Extension of Liquidation, and Technical Adjustments.** The Spring Finance Letter requests reappropriation of various funds for ongoing programs due to state and federal permitting delays, adjustments in regulatory timelines, and delays in agreement executions.

3810 Santa Monica Mountains Conservancy

23. **Technical Adjustment.** The Spring Finance Letter requests \$850,000 increase to its baseline fund (Environmental License Plate Fund) to include reimbursements provided by capital outlay projects. The reimbursements were inadvertently omitted from the Governor's January budget.

3900 Air Resources Board (ARB)

24. **Technical Adjustment for the Enhanced Fleet Modernization Program.** The Spring Finance Letter requests to shift from a memorandum of understanding with the Department of Consumer Affairs and Bureau of Automotive Repair to a direct appropriation of \$2.8 million from the Enhanced Fleet Modernization Subaccount, to continue to manage the Enhanced Fleet Modernization Program.
25. **Electric Vehicle Charging Station Open Access Act.** The Spring Finance Letter requests \$175,000 (Motor Vehicle Account) and one position to implement SB 454 (Corbett), Chapter 418, Statutes of 2013. SB 454 requires the ARB to work with station network providers and industry standards-setting organizations to assess standards-setting efforts for the interoperability of the electric vehicle charging network.

26. Low Carbon Fuel Standard (LCFS) Oversight. The Spring Finance Letter requests \$700,000 (Cost of Implementation Account) and four positions to enhance oversight and accountability in the LCFS program. These positions will provide daily review of increased transactions reported in the LCFS program, develop and deploy market surveillance routines, and collaborate with the U.S. Environmental Protection Program and California Board of Equalization on fuel sales data.

27. Greenhouse Gas Emission Monitoring Network Enhancement. The Spring Finance Letter requests \$1.1 million (Cost of Implementation Account) and one position to provide greenhouse gas monitoring equipment, maintenance costs and leased space to improve the existing greenhouse gas air monitoring network.

3940 State Water Resources Control Board

28. Drinking Water Regulation. The Governor's budget requests \$347,000 (Safe Drinking Water Account) and two limited-term positions, to address the existing drinking water regulation backlog and to ensure timely development of key drinking water regulations in the future. This item is consistent with a January proposal related to the drinking water program.

VOTE (Items 1-28):

3210 Environmental License Plate Fund (ELPF)

The subcommittee heard this item on March 5 and held the proposal open in order to receive further information from the Natural Resources Agency.

Governor's Budget Proposal

The Governor's budget proposes \$38.8 million in expenditures and \$42 million in revenues. After required transfers to the Motor Vehicle Account (\$2.4 million), the amount available for expenditure is \$39 million. The figure below outlines ELPF expenditure proposals for the current year and budget year.

Environmental License Plate Fund 2015-16 Proposed Expenditures (Dollars in Thousands)

Function	2014-15 (Estimate)	2015-16 (Proposed)	% Change
Department of Fish and Wildlife	\$15,511	\$9,468	-39%
Conservancies	\$10,235	\$11,408	11%
Secretary for Natural Resources	\$4,561	\$6,703	47%
Natural Resource Agency Departments	\$5,380	\$5,330	-1%
Tahoe Regional Planning Agency	\$3,998	\$3,998	0%
Department of Parks and Recreation	\$3,058	\$0	-100%
Cal-EPA boards and Departments	\$1,454	\$1,456	0%
Department of Education	\$414	\$410	-1%
Total	\$44,611	\$38,773	

Staff Comments. As discussed on March 5, concerns have been raised about the equity of the allocation of ELPF funds, the appropriateness of Administration choices for funding, the need for an increase in statutory fees to cover program costs, and the statutory requirements for funds. In addition to actions taken at the April 30 hearing, which shifted \$2.5 million from ELPF to Tidelands Oil Revenue for the Fourth Climate Assessment, and \$2.5 million for budget year climate ready grants, staff recommends approval of the Governor's January proposal with the following changes and additions:

- (1) Restore \$3 million to the Department of Parks and Recreation. Additionally, amend PRC 21190 as follows: *Purchase of real property for state and local parks and deferred maintenance of state parks.*

- (2) Approve \$800,000 for the Education and the Environment Initiative, consistent with the subcommittee's actions in 2014, and to conform with Resources Code 21190, priority No. 3.
- (3) Shift \$1.3 million for the Ocean Protection Council to Tideland's Oil revenue.
- (4) Approve an additional \$2.5 million from Tidelands Oil Revenue to allow the Fourth Climate Assessment to be completed in 2015-16.
- (5) Reject trailer bill language increasing license plate fees.
- (6) Approve uncodified trailer bill language requiring the department, in conjunction with Senate and Assembly staff, to convene a working group in fall 2015, in order to adjust the priorities of the ELPF to: (1) update PRC 21190 priorities; (2) equalize conservancy funding; (3) prioritize funding from specialty plates to those areas purchasing those plates (such as Tahoe); (4) reduce staffing costs attributed to ELPF and focus funding on projects; and, (5) reduce reliance on the ELPF for regulatory programs that are more appropriately funded by the General Fund.

Staff Recommendation: Approve items 1-6 above.

Vote:

Marine Protected Areas

The subcommittee heard this item on March 5 and held the proposal open in order to require the Ocean Protection Council (OPC) to return with a full analysis of management costs for the Marine Life Protection Act (MLPA) program, including funding sources, staffing and department management designations. The OPC was able to give a clear cost-accounting of the current- and budget-years, and should be prepared to discuss long-term funding in 2016.

Background. The California Natural Resources Agency (CNRA) implements Fish and Game Code Section 2853 (c)(3), the Marine Life Protection Act (MLPA). The MLPA established a statewide network of marine protected areas (MPAs) designed, created, and managed through public-private partnerships. The Ocean Protection Council (OPC), within the CNRA, expended \$16 million to create a baseline characterization of ecosystem status for four regions.

Budget Proposal. The Governor's budget requests \$2.5 million (Proposition 84 bond funds), one-time, to continue to support monitoring to inform the ongoing management of the network of MPAs. The budget does not specify a long-term funding source for management of the MPAs, and specifically states that, "as the OPC's appropriation of Proposition 84 bond funds draw to a close, a new source of funding is needed to continue monitoring the MPAs."

LAO Analysis. The LAO testified that the proposed monitoring activities seem reasonable and are consistent with the MLPA, but that bond funds are not an appropriate fund source for the proposed activities because bond funds should be used only for capital improvements or activities that provide benefits over many years to taxpayers who finance the bonds.

Staff Recommendation: After further review, staff offers the following recommendation:

- (1) Deny Governor's proposal to use bond funds.
- (2) Approve \$2.5 million from Tidelands Oil Revenue, one-time, for the MPA program.
- (3) Require the Administration to report on January 10, 2016, with a full analysis of management costs for the MLPA program, including funding sources, staffing and department management designations. The report should accompany a budget proposal identifying ongoing funding for the program that is not based on one-time allocations or bond funds.

Vote:

Timber Regulation and Forest Restoration Program

Background. AB 1492 (Committee on Budget), Chapter 289, Statutes of 2012, enacted a one-percent assessment on the sale of lumber products, to be deposited in the Timber Regulation and Forest Restoration Fund (TRF). These revenues are intended to fully fund the timber harvest regulatory program, and eliminate any regulatory fees associated with the approval of timber harvest plans. AB 1492 specifies that once all regulatory costs are funded and a \$4 million reserve is established, revenue from the TRF may be spent on the specific programs, consistent with Section 4629.6 of the Public Resources Code. The projected balance in 2015-16 from TRF is \$15 million.

Budget Proposal. The Spring Finance Letter requests resources for activities associated with forest improvement and restoration, and the timber regulatory program, as follows:

- **Department of Conservation.** The Spring Finance Letter requests \$597,000 ongoing, to provide funding for monitoring and data collection on multiple watershed pilot projects, and to support the analysis and dissemination of the data consistent with AB 1492 and timber regulatory activities.
- **Department of Forestry and Fire Protection (CalFIRE).** The Spring Finance Letter requests \$2.3 million and eleven positions in 2015-16, decreasing to \$1.8 million and eleven positions in 2016-17, and \$478,000 and three positions in 2017-18 and ongoing, to provide additional staff for data collection and management of the effect of timber harvesting at the watershed level, as well as grant management. The department also requests \$2.9 million in 2015-16 and \$3.5 million in 2016-17 for grants related to the Forest Restoration and Improvement Program.
- **Department of Fish and Wildlife.** The Spring Finance Letter requests \$285,000 ongoing, to monitor the effects of timber harvesting activities on fish and wildlife, and to assist in timber harvest plan review, species consultations, and lake or streambed alteration agreement notifications.
- **State Water Resources Control Board.** The Spring Finance Letter requests \$551,000 and four positions for state operations, and \$2 million for local assistance, to provide additional staff and local assistance grants on a two-year, limited-term basis, for planning and implementing projects that address water quality problems in surface waters and groundwater resulting from nonpoint source pollution. The focus is on pollution caused by rainfall or snowmelt moving over and through the ground, and exacerbated by vegetation removal and topsoil disruption related to timber harvesting activities.

LAO Assessment. The LAO provides the following assessment: “We find the administration’s proposed activities and requested level of resources to be reasonable. However, the Legislature should ensure that the proposed distribution of funding is in line with legislative priorities. For example, the administration’s proposal provides \$3 million for California Forest Improvement Program (CFIP) grants and \$2 million for forest restoration projects through the State Water Resources Control Board.

The Legislature could choose to adjust how those dollars are distributed between programs. Additionally, the Legislature could direct the departments to prioritize certain activities or objectives within the grant programs. For example, given the heightened risk of wildland fire during the drought, the Legislature might wish to prioritize CFIP projects that primarily reduce wildland fire risk in the short term. Finally, we recommend that the Legislature adopt supplemental reporting language requiring the administration to report on the progress of the proposed pilot projects, including selected projects at a focused scale and the project to use the State Water Board's bioassessment methods, by March 1, 2016."

The Administration has responded that:

- Regarding the distribution of grant funding, the Department of Fish and Wildlife has an existing \$4 million in place for DFW for fisheries restoration for this in 2015-16 and 2016-17. The Administration is likely to request its extension in the 2016-17 budget process.
- Regarding the pilot projects reporting requirement, the Administration believes it will only have initial information to report by March 1, 2016. If the reporting is shifted to 2017, they will be able to provide more meaningful information.

Staff Recommendation. Staff concurs with the LAO assessment and response from the Administration. Staff recommends the following actions:

- (1) Approve the budget amounts, as proposed.
- (2) Require the Resources Agency to include an advisory council to review and oversee granting programs, to include public, state agency, and scientific members who are independent of the departments implementing grant programs. Provide up to \$100,000 (TRF), to allow those public and scientific members to be paid per diem. Require that the Senate and Assembly make one appointment each to the advisory council.
- (3) Approve LAO reporting language to include: (1) an interim status report on March 1, 2016 and a final report on January 10, 2017.

Vote:

3100 California Science Center

Background. The California Science Center (Science Center) is located in Exposition Park, south of downtown Los Angeles. The Science Center is home to the Space Shuttle Endeavor and is currently undergoing development of a proposal to increase the size of the display area and to include additional multimedia and hands-on education exhibits featuring aeronautics and space exploration. The expansion is also proposed to include space for educational programs, facility support areas, restrooms and storage.

Budget Proposal. The Governor's January proposal includes two components: (1) a request for trailer bill language to authorize Phase III for the purposes of the Science Center Foundation developing, constructing, equipping, and furnishing the project known as the Phase III Air and Space Center; and (2) acknowledgement of the future state operating costs upon completion of the Phase III project. The Administration estimates future operating costs for staffing, facility support, and exhibit maintenance at \$2 million and 10.5 positions in 2017-18, and \$4 million and 254 positions in 2018-19, and ongoing. The proposal does not include a revenue source for this funding and it is anticipated any request would be made in a future budget proposal.

Staff Comments. Concerns were raised about the trailer bill language after the proposal was released in January. Staff convened a meeting of the Science Center, its foundation, the Administration and legislative staff to consider the language. At this time, the Administration has revised the language to accommodate issues raised by the foundation.

Questions for the Administration.

- What concerns were addressed in the changes to the trailer bill language?
- What accommodation was given to the California African-American Museum, also currently undergoing a possible expansion, and other Exposition Park tenants, that may be impacted by the Science Center construction?

Staff Comments. Staff concurs with the need for the trailer bill language and acknowledges the costs will increase for the Science Center. Given the likelihood of a budget proposal in 2016, staff proposes the following reporting language, in addition to approval of the budget request:

On or before September 15, 2016, the Administration, in conjunction with the Science Center and Science Center Foundation, shall report to the Assembly and Senate budget committees, and the Legislative Analyst's Office, on actual operating, maintenance and position costs associated with the Phase III project. The report shall also include revenue alternatives to the General Fund for ongoing operating costs for the California Science Center.

Staff Recommendation: Approve as proposed, with supplemental reporting language.

Vote:

CalRecycle—Beverage Container Recycling Program (BCRP)

The subcommittee heard this item on March 12, as an informational item and discussed the structural imbalance in the Beverage Container Recycling Fund (BCRF), audit results recommending continued financial recovery efforts through fraud prevention, and continued statutory efforts to reform the program in the long-term.

Background. The Division of Recycling (DOR), within CalRecycle, administers the BCRP (commonly referred to as the “bottle bill program”). This program was established more than 25 years ago with the enactment of AB 2020 (Margolin), Chapter 1290, Statutes of 1986. The purpose of the program is to be a self-funding program that encourages consumers to recycle beverage containers. The program accomplishes this goal by guaranteeing consumers a payment—referred to as the CRV—for each eligible container returned to a certified recycler. Only certain beverage containers are part of the CRV program. Whether a particular container is part of the program depends on the material, content, and size of the container.

Spring Finance Letters. The department has submitted three Spring Finance Letters that address concerns raised by the Legislature and State Auditor related to audits and compliance.

- (1) **Beverage Container Recycling Program: Targeted Activities to Improve Program Integrity.** The Spring Finance Letter requests \$357,000 (BCRF) and three positions, and \$717,000 (BCRF penalty account) and seven two-year limited-term positions, to implement targeted activities to enhance program integrity, reduce expenditures, and mitigate potential program funding shortfalls. The request also includes conversion of eight existing limited-term positions to permanent for ongoing program certification workload.
- (2) **Beverage Container Recycling Program: Processor Oversight Activities.** The Spring Finance Letter requests \$933,000 and ten two-year limited-term positions to establish a pilot program with dedicated on-site investigation resources at certified processor facilities. These positions will create a new pilot program to expand current fraud investigation activities on recyclers to processing facilities as well.
- (3) **Rigid Plastic Packaging Container Program.** The Spring Finance Letter requests \$296,000 (BCRF) and three positions, to conduct annual rigid plastic packaging container compliance certification reviews pursuant to recently adopted regulations and provide additional compliance assistance tools.

Staff Recommendation: Staff concurs with the need for the positions and finds that the request is in line with previous audit and legislative recommendations.

Vote:

California Conservation Corps—Tahoe Base Center

The subcommittee heard this item on March 5, as an informational item and discussed an LAO recommendation to reject the proposal and seek a more cost-effective option for the center. The subcommittee recommended the LAO, CCC staff, and Department of Finance visit the Tahoe Base Center to review the site and discuss the development of the funding model with the Department of Finance capital outlay staff.

Background. The Tahoe Base Center is a residential and operational facility for corpsmembers. Completed in 2013, the center includes dorm rooms, a multipurpose kitchen building, and administrative offices. In addition, the CCC currently uses a total of 8,600 square feet of storage space at two facilities for various equipment used by corpsmembers at the center. This storage space includes 5,100 square feet of lease space and 3,500 square feet at a facility owned by CCC that was formerly a California Highway Patrol field office.

Governor's Proposal. The Governor's budget proposes to establish a consolidated storage facility of 12,500 square feet to serve the Tahoe Base Center. This would be accomplished by acquiring and renovating the entire facility currently leased by the CCC. The Governor's budget includes \$2.5 million in lease-revenue bonds to fund the estimated cost of the project. The Administration estimates that annual debt-service payments would be about \$180,000. The Administration provides several reasons for needing the proposed storage facility. First, the facility would provide additional storage space, as is recommended in a warehouse prototype design developed by the DGS for new CCC facilities. This design is based on 10,700 square feet. Second, the proposed location is about a half mile closer to the Tahoe Base Center than the current CCC-owned storage facility. Third, CCC states that it has had to limit the frequency and times that it accesses this facility due to neighborhood complaints.

Staff Comments. Given the compelling issue of neighborhood complaint, staff believes that this project is required and the proposal should move forward. Staff has met with the CCC staff to review their process for determining the site requirements and concurs with their request. The options available to the subcommittee include:

- Reduce lease-revenue bond costs by funding all, or a portion, of the construction with General Fund.
- Reject the proposal and requiring CCC to develop a new model.
- Approve the project as proposed.

Staff Recommendation. Approve as proposed.

Vote: