

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

Agenda

Senator Lois Wolk, Chair
Senator Jim Nielsen
Senator Fran Pavley



Thursday, March 5, 2015
9:30 a.m. or Upon Adjournment of Session
Hearing Room 112

Consultant: Catherine Freeman

OUTCOMES

Please see Agenda for Background Information

Oversight

<u>Item</u>	<u>Department</u>	<u>Page</u>
3210	Environmental Protection Program (Environmental License Plate Fund)	2

Items Proposed for Discussion

<u>Item</u>	<u>Department</u>	<u>Page</u>
0540	Secretary for Natural Resources	12
3340	California Conservation Corps	17

Resources—Environmental Protection—Energy—Transportation

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling 916-651-1505. Requests should be made one week in advance whenever possible.

3210 Environmental Protection Program (Environmental License Plate Program)

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	

ELPF Shortfall. According to the Administration, revenues in the ELPF are not likely to meet budgeted projects by as much as \$3 million in both the current year (2014-15) and the budget year (2015-16). The shortfall occurred mainly because the Administration over-estimated revenues to the program. As discussed previously, revenues to the program historically averaged between \$39 to \$41 million per year. The Administration raised the revenue estimate in 2014 to \$45 million. Additional cost pressures include salary adjustments required by the "like-pay for like-work" initiative.

Staff Recommendation: Hold Open. Require the Secretary to submit to the subcommittee, by March 30, 2015, a comprehensive list of projects to be funded by the ELPF in the current year and proposed budget. This list should include a breakdown of activities in general categories, overhead, and support. Direct the agency to determine which funds are appropriately used for regulatory work (such as Tahoe Regional Planning Agency), and which should be for project-specific work.

Vote: (3-0) to Hold Open + Staff Recommendation (highlighted).

0540 Secretary for Natural Resources

Items Proposed for Vote-Only

1. **California River Parkways Program—Staffing Extensions.** The Governor’s budget requests to extend two positions, and the funding for these positions, for five years, to support the Proposition 84 California River Parkways Program. Savings from previous years will allow this allocation to adhere to the “five percent for administration” rule found in the bond.

Staff Recommendation: Approve Item 1.

Vote: (3-0)

1. Proposition 1 Programs

Budget Proposal. The Governor’s budget allocations include: (1) \$9.5 million to the Ocean Protection Council; (2) \$125 million for watershed and urban river enhancement projects; and, (3) \$189,000 for oversight.

Staff Recommendation: Approve item. Request the LAO draft trailer bill language to implement its accountability recommendations, to be brought back to the subcommittee for review. Approve budget bill language requiring CNRA to report on its plans to expend the State Water Obligations (\$475 million) funding pot.

Vote: 3-0 to Approve Item and Highlighted Staff Recommendation.

Marine Protected Area Monitoring

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.” The proposal further states that “the annual cost of ongoing monitoring will be lower than the cost of the baseline characterization. As such, this request can be seen as a decrease in requested funds.”

Staff Recommendation: Hold Open. Require the Ocean Protection Council to return at May Revision with a full analysis of management costs for the MLPA program, including funding sources, staffing and department management designations. Staff further requests that bond funds, which are appropriate for development of a capital program, not be proposed for ongoing staffing or maintenance of the areas. The DFW should also clearly delineate between its current baseline obligations, and the additional obligations presented by management of the MPAs.

Vote: Hold Open

3340 California Conservation Corps

The California Conservation Corps (CCC) provides people between the ages of 18 and 23 work experience and educational opportunities. Program participants, referred to as corpsmembers, work on projects that conserve and improve the environment. They also provide assistance during natural disasters. Work projects are sponsored by various governmental and nongovernmental agencies that reimburse CCC for the work performed by corpsmembers. Corpsmembers often live in residential facilities that serve as a hub of CCC service delivery.

Governor's Budget. The Governor's 2015–16 budget proposes a total of \$98 million for support of CCC. About half of these funds are from the General Fund, with the remaining coming from a variety of special funds. The proposed amount reflects a net decrease of \$16.9 million, or 17 percent, compared to projected current-year expenditures. This change primarily reflects reduced capital outlay expenditures.

Items Proposed for Vote-Only

1. **Auburn Campus: Capital Outlay Improvements.** The budget requests \$2.7 million (Public Buildings Construction Fund) for preliminary plans and working drawings for a new kitchen, multi-purpose room, and dormitory to replace facilities at the Auburn campus. Funding also includes demolition and replacement of existing corpsmember dormitories and kitchen/dining hall.
2. **Local Corps Residual Prop 40 Funding.** The budget requests \$275,000 (Proposition 40) to provide funding for the CCC to award grants to certified Local Conservation Corps. Funding was identified after adjustments for statewide bond costs made a balance available.

Staff Recommendation: Approve Item 1-2.

Vote: (3-0)

*Items Proposed for Discussion***1. Funding CCC Programs**

Staff Comments: Information Item, no action taken.

2. Tahoe Base Center

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. Staff agrees with the LAO that there may be issues with funding and square footage requested by the CCC. However, given the compelling issue of neighborhood complaint, staff believes that this project is required should the CCC continue to operate in Tahoe. There may be less costly ways of funding this project that would require less lease-bond resources and more up-front General Fund.

Staff Recommendation. In order to determine a final funding model, and to address local neighborhood issues, staff recommends the LAO and CCC visit the Tahoe Base Center to review options for funding with the Department of Finance capital outlay staff. The department, LAO and DOF should be prepared to return at May Revision with the lowest-cost option.

Vote:3-0 to Hold Open and Highlighted Staff Recommendation..