

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

Agenda

Senator Jim Beall, Chair
Senator Jim Nielsen
Senator Hannah-Beth Jackson



Thursday, April 11, 2013
9:30 a.m. or Upon Adjournment of Session
Hearing Room 2040

Consultant: Catherine Freeman

OUTCOMES

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Resources—Environmental Protection—Energy—Transportation

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DEPARTMENTS PROPOSED FOR VOTE ONLY**3100 California Science Center**

1. **Reimbursement Authority Reduction.** Request for a \$413,000 reduction in reimbursement authority to reflect more accurately the reimbursement expenditure level realized in the Governor's Budget display. No impact to General Fund or position authority.

3960 Department of Toxic Substances Control

2. **Registered Environmental Assessor Program.** Request to eliminate position and expenditure authority pursuant to Chapter 39, Statutes of 2012 (SB 1018, Leno) for the Registered Environmental Assessor Program.

3980 Office of Environmental Health Hazard Assessment

3. **Renewable Energy Resources: Risk Assessment of Biomethane.** Request \$139,000 and one position from the Public Utilities Reimbursement Account to comply with Chapter 602, Statutes of 2012 (AB 1900, Gatto), and corresponding budget trailer bill language.
4. **Toxicologic Evaluation and Outreach to Combat Invasive Species.** Request for one position (reimbursement authority from the California Department of Food and Agriculture) to provide scientific support to combat Asian Citrus Psyllid and other invasive pest species.

3810 Santa Monica Mountains Conservancy

5. **Capital Outlay and Local Assistance Grants – Santa Monica Mountains Zone and Rim of the Valley Trail Corridor Projects.** Request for three separate extensions of liquidations from 2004 and 2006-2008 (Proposition 12 and 40 bond funds) as well as a new appropriation for the remainder of Proposition 12 funds in the amount of \$43,000 to continue the existing approved strategic plan for the Conservancy.
6. **Baseline Support Budget.** Request for reversion of previous year's Proposition 84 bond funds and reduction of existing allocations by \$55,000 to maintain existing baseline support budget.

3825 San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy

7. **Proposition 50 Reversion.** Request to revert \$273,000 from 2006 a capital outlay appropriation to provide funding for program delivery consistent with bond requirements. This would maintain existing staffing levels and operating budgets.

3830 San Joaquin River Conservancy

8. **Environmental Restoration, Public Access and Recreation.** Request \$1 million (reimbursement authority) to continue the Conservancy's capital improvement program for the benefit of the public. These Proposition 84 funds are appropriated to the Wildlife Conservation Board on behalf of the Conservancy.

3850 Coachella Mountain Conservancy

9. **Continued Land Acquisition Program (Spring Finance Letter).** Request for appropriation anew from expired appropriations to continue the mission of the Conservancy. Funds are intended to be used for the original purpose of the appropriations (which expired in 2009 and 2010). This includes \$343,000 (Proposition 12), \$456,000 (Proposition 40); \$3.3 million (Proposition 84); and, \$384,000 (Proposition 84).

Recommendation: APPROVE Items 1-9

Vote:

Items 1-4 (3-0)

Items 5-9 (2-1, Nielsen)

3940 Department of Forestry and Fire Protection (CalFIRE)

The California Department of Forestry and Fire Protection's (CalFIRE) mission is to serve and safeguard the people and protect the property and resources of California. CalFIRE provides all hazard emergency - fire, medical, rescue and disaster - response to the public. The Department provides resources management and wild land fire protection services covering over 31 million acres of the State. It operates 228 fire stations and, on average, responds to over 5,600 wildfires annually. The department also performs the functions of a local fire department through reimbursement agreements with local governments. The state contracts to provide fire protection and prevention services in six local areas.

Governor's Budget. The Governor's Budget includes \$1.3 billion (\$678.7 million General Fund) and 6,886 positions for the Department.

Items Proposed for Vote-Only

- 1. Cooperative Forestry Assistance Renewal.** The Governor's Budget requests Federal Trust Fund (\$7,493,000 in the budget year and \$37,465,000 over the following five years) and ten limited-term position authority (through June 30, 2018) to provide grant administration and technical oversight for the department's Cooperative Forestry Assistance (CFA) programs. The requested funding is necessary to provide assistance to California's private forest landowners and urban community forests. Current funding expires on June 30, 2013.
- 2. AB 1566—Above Ground Petroleum Storage Act Oversight.** The Governor's Budget requests \$366,000 and two permanent positions from the Unified Program Account (UPA) and \$309,000 UPA ongoing to perform field evaluations, conduct necessary research, develop policy and guidance, and provide technical support to the Certified Unified Program Agencies who oversee the Aboveground Petroleum Storage Act Program, authorized by AB 1566, Statutes of 2012.
- 3. Baker Fire Station—Relocate Facility (Capital Outlay).** The Governor's Budget requests a supplemental appropriation (\$200,000, Public Buildings Construction Fund) to acquire a suitable parcel to relocate the two-engine Baker Fire Station. This request is a scope change to the design and construction appropriation included in the 2010-11 Budget Act (Lease Revenue Bonds, \$10,415,000). The current lease holder has not agreed to the terms of a lease required by Bond Counsel, driving the need to acquire a new site to build the fire station.
- 4. Parkfield Fire Station—Relocate Facility (Capital Outlay).** The Governor's Budget requests a supplemental appropriation (\$283,000, Public Buildings Construction Fund) to acquire a suitable parcel to relocate the one-engine Parkfield Fire Station. This request is a scope change to the design and construction appropriation included in the 2009-10 Budget Act (Lease Revenue Bonds, \$7,209,000). The property is no longer a viable site due to a major archaeological finding on the property.

- 5. Administrative Correction Advances.** The Governor's Budget requests a change in statutory responsibilities, pursuant to Budget Letter BL 11-18, to eliminate the non-critical functions and reduce the statutory responsibilities of the Department, which will allow CalFIRE to meet workload within its authorized spending levels. This is a no cost and no savings proposal because any unqualified marginal savings from eliminating this workload will be redirected back into core mission services and provides more complete internal customer services.

Staff Comments: Staff concurs with the necessity of the above proposals. However, in order to continue strong oversight of the department's activities, staff recommends the subcommittee approve Item 5 (Administrative Correction Advances) with the understanding that this will be modified to continue reporting of information related to: (1) internal accounting, administrative control and monitoring; and, (2) fire prevention activities (to the extent these are not included in other reports); and, (3) State Board of Forestry regulatory actions (to the extent another form of reporting is not available).

Recommendation:

APPROVE Items 1-4.
Item 5, **APPROVE** modified proposal.

Vote:

Items 1-4 (3-0)
Item 5 (2-0, Nielsen)

Items Proposed for Discussion

1. WiFITER FUND (Information Item)

Recommendation: Due to (1) recent action by the Joint Legislative Audit Committee to order an audit of this fund, and (2) pending litigation impacting the fund, staff recommends this remain an informational item.

Vote: (No Action)

Staff instructed to work on drafting language to provide greater oversight and notification on off-budget accounts including settlement funds.

2. Local Government Cooperative Agreements

Recommendation:

APPROVE budget proposal.

Vote: (2-0, Jackson)

3. Vegetation Treatment Program

Recommendation:

Vote: Item Held Open until May 9

3930 Department of Pesticide Regulation

Items Proposed for Vote-Only

1. **Structural Pest Control Board—Reimbursement Authority.** The Governor requests increased reimbursement authority of \$284,000 that was inadvertently excluded from the original Governor's Reorganization Plan No. 2 of 2012. This will enable the board by coordinating statutorily required training and investigation activities related to enforcement of structural pest control laws and regulations at the local level.

Recommendation: APPROVE Item 1.

Vote: (3-0) *Items Proposed for Discussion*

1. Mitigating Pesticide Use to Protect Environment

Recommendation:

- (1) **APPROVE** LAO Recommendation (four positions and \$683,000).
- (2) **APPROVE** Budget Bill Language requiring the department to complete five risk assessments on high priority pesticides per year.

Vote: (3-0) to approve the proposal as budgeted (5 positions) with budget bill language including the following:

- **Require an efficiency study to improve the ability of the department to streamline risk assessments and reduce backlogs due January 10, 2014.**
- **Conduct 5 risk assessments per year with a focus on health impacts.**

3970 Department of Resources Recycling and Recovery

The Department of Resources Recycling and Recovery (CalRecycle) protects public health and safety and the environment through the regulation of solid waste facilities, including landfills, and promotes recycling of a variety of materials, including beverage containers, electronic waste, waste tires, used oil, and other materials. CalRecycle also promotes the following waste diversion practices: (1) source reduction, (2) recycling and composting, and (3) reuse. Additional departmental activities include research, permitting, inspection, enforcement, market development to promote recycling industries, and technical assistance to local agencies.

Governor's Budget. The Governor's Budget includes \$1.5 billion (no General Fund) and 687 positions for support of the department.

Items Proposed for Vote-Only

- 1. Transfer of the Office of Education and the Environment (OEE) to CalRecycle.** Request to complete statutorily required transfer of OEE from Cal-EPA to CalRecycle. This is a net-zero shift in positions. A total of \$2.3 million (expenditure authority) and 10 positions are proposed to be shifted. This proposal includes trailer bill language.
- 2. Shift CalRecycle from Resources Agency to Cal-EPA.** Request to complete statutorily authorized transfer of CalRecycle to Cal-EPA. This proposal was approved and completes the Governor's Reorganization Plan No. 2 that was approved by the Little Hoover Commission in May 2012, and was subsequently not rejected by either house of the Legislature. There is no budget or position impact to this shift.
- 3. Cleanup Trailer Bill Language for Carpet and Paint.** Request for trailer bill language for both the Architectural Paint Recovery Program and Carpet Stewardship Program in order to change the payment of the administrative fees supporting these programs from yearly to quarterly in arrears in order to improve cash flow for the programs.
- 4. Captive Insurance: Solid Waste Facilities.** Request for \$260,000 in reimbursement authority to implement Chapter 713, Statutes of 2012 (AB 480, Solario). AB 480 temporarily revises the conditions under which the use of captive insurance as a financial assurance mechanism for solid waste landfills would be allowed.
- 5. Hazardous Waste Grant Authority.** Request for \$81,000 (Integrated Waste Management Fund) to supplement the Household Hazardous Waste Grant Program. This allocates the department's receipt of judgment funds from *People v. Costco*, which require the retail chain to pay for mishandling of hazardous waste material.

Recommendation: APPROVE Items 1-5.

Vote: All items held open

1. Beverage Container Recycling Program Reform

Recommendation: APPROVE as proposed, including trailer bill language.

Vote: Held Open

3940 State Water Resources Control Board

The State Water Resources Control Board (State Water Board) and the nine Regional Water Quality Control Boards (Regional Boards) preserve and enhance the quality of California's water resources and ensure proper allocation and effective use. These objectives are achieved through the Water Quality and Water Rights programs.

Governor's Budget. The Governor's Budget includes \$675 million (\$15 million General Fund) and 1,505 positions for support of the State Water Board. Decreases in funding are largely due to reductions in bond expenditures.

Items Proposed for Vote-Only

- 1. Criteria for Indirect Potable Reuse of Recycled Water.** Request \$700,000 (Waste Discharge Permit Fund) to support efforts by the California Department of Public Health to adopt water recycling criteria for indirect potable use.
- 2. Augment Water Rights Program 20 Federal Authority for US Bureau of Reclamation Reimbursement.** Request for \$75,000 (reimbursement authority) for the cost of administering water rights held by the U.S. Bureau of Reclamation. The cost of the administering these water rights is covered through a reimbursement contract with the Bureau rather than traditional water rights fees.
- 3. Replacing, Removing, or Upgrading Underground Storage Tanks (RUST) Program Subaccount Consolidation.** The budget proposes to consolidate local assistance and funding authority to reflect the elimination of the Installed Underground Storage Tank Program.
- 4. Align Underground Storage Tank Cleanup Fund Authority.** The budget proposes a reduction of \$48 million in state operations authority as a planned phase down of funding for the program. This proposal aligns funding authority with statutory fee levels.
- 5. Underground Storage Tank Cleanup Fund Orphan Site Cleanup Fund Reappropriation.** The budget proposes a reappropriation of \$6.2 million of unspent local assistance funds from 2009-10. These funds are used to reduce groundwater pollution through the cleanup of petroleum contaminated sites.
- 6. Technical Bond Adjustments.** The budget requests a one-time reversion of specified amounts for various fiscal years of state operations funds for Propositions 13, 50, and 84, and the appropriation anew for funding of new projects under existing programs.

7. **Wastewater Operator Certification Fund Augmentation.** The budget requests an augmentation of \$586,000 for the Wastewater Operator Certification Fund to (1) support new workload of certifying operators for privately-owned treatment plants per revised regulations, and (2) maintain the current workload of certifying publicly-owned wastewater treatment plant operators.

Staff Comments. Staff concurs with the necessity of these proposals.

Recommendation: APPROVE Items 1-7.

Vote:

Items 2-6 (2-0, Jackson)

Items 1, 7 (Held Open)

*Items Proposed for Discussion***1. Groundwater and Drinking Water Cleanup****Recommendations:**

1. **APPROVE** the budget proposal for Revolving Loan Fund augmentation.
2. **REQUEST** the Administration to return at May Revision with a proposal to elevate the drinking water program by shifting it to Cal-EPA.
3. **APPROVE** placeholder TBL to require well logs to be made public.
4. **APPROVE** budget bill language requiring the department to include a budget proposal in January 2014 that addresses concerns raised by this subcommittee and its internal and contracted reports that indicate a need for ongoing and permanent solutions to nitrate groundwater contamination.

Vote:

Item 1 (2-0, Jackson)
Items 2-4 Held Open