

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



Thursday, May 9, 2013
9:30 a.m. or Upon Adjournment of
Public Employment and Retirement Committee
Hearing Room 2040

Consultant: Catherine Freeman

OUTCOMES

Items Proposed for Vote-Only

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DEPARTMENTS PROPOSED FOR VOTE ONLY**0540 Secretary for Natural Resources**

1. **Proposition 84—Ocean Protection Trust Fund (Finance Letter).** Request to appropriate the unencumbered balance of funds (\$20.2 million) previously appropriated to the State Coastal Conservancy for grant programs administered by the Ocean Protection Council. This is consistent with the subcommittee's previous action on March 7 to consolidate ocean programs at the Secretary for Natural Resources.
2. **Proposition 84 Reappropriation—Strategic Growth Council Urban Greening Program (Finance Letter).** Request for reappropriation of \$1.7 million from terminated grants to allow funds to be included in the third and final round of Urban Greening grants, as required by the bond.

Recommendation: Approve Items 1-2

Vote: 2-1 (Nielsen)

3125 California Tahoe Conservancy

3. **Proposition 84—Environmental Improvement Plan Funding (Finance Letter).** Request for reversion and reappropriation of \$4 million (Proposition 84 bond funds) to fund land acquisitions and site improvements for the Lake Tahoe Environmental Improvement Program. This is consistent with the Conservancy's plans to consolidate land holdings to streamline state and federal land management.

Recommendation: Approve Item 3

Vote: 2-1 (Nielsen)

3340 California Conservation Corps

- 4. Increase of Reimbursement Authority (Finance Letter).** Request for an increase of \$163,000 (Collins-Dugan Reimbursement Account) to perform property maintenance for the California Department of Transportation. Activities include trash and weed removal, graffiti abatement, and erosion control.
- 5. Capital Outlay Reappropriation (Finance Letter).** Request for reappropriation for the capital project phase of the Delta Service Center to include acquisition, preliminary plans, working drawings and construction. At this point, the working drawings are nearly complete and construction is scheduled to begin on time in 2013-14.

Recommendation: Approve Items 4-5

Vote: 3-0

3360 Energy Resources Conservation Development Commission

- 6. Conversion of Two Limited-Term Positions to Permanent.** The Governor's budget requests authority to convert two limited-term positions to permanent to continue implementation of the ongoing and permanent solar electric mandates in Chapter 132, Statutes of 2006 (SB 1, Murray). These positions were originally made limited-term in 2007 and extended twice, based on ongoing workload associated with the legislation. (Held open on April 25.)
- 7. Implementation of the Electric Program Investment Charge (EPIC).** The Governor's budget requests baseline authority for 55.5 position, \$575,000 in technical assistance funds and \$159.3 million in project funds for the implementation and execution of the EPIC. The proposal includes an additional \$25 million in EPIC Funds the CPUC may approve for the New Solar Homes Partnership Program. Proposed expenditures would roughly be broken out with \$76 million for applied research, \$62 million for demonstration and deployment, and \$20 million for market facilitation. All funding for the program would be derived from utility ratepayers. The program would increase to \$185 million in 2014-15. (This item was heard and held open on April 25.)

Recommendation:

Approve Item 6.

Approve Item 7 positions and funding provisionally such that no positions may be added, nor funds expended, until a statute expressly authorizes the EPIC program, including program provisions.

Vote: 2-1 (Nielsen)

3480 Department of Conservation

- 8. Watershed Coordinator Grants—Reappropriation of Proposition 84 Bond Funds.** Request to reappropriate \$109,000 in unencumbered Proposition 84 bond funds to finalize the implementation of the watershed element of the CALFED Bay-Delta Program through the department's Statewide Watershed Program. (Held Open on March 7.)
- 9. Increased Funding for Abandoned Mine Remediation.** The Governor's budget proposes a baseline increased appropriation of \$500,000 from the Abandoned Mine Reclamation and Minerals Fund (AMRMF). These funds will be used for remediation activities on hazardous abandoned mines. This program requests to continue a temporarily increased program level allowed for under the American Reinvestment and Recovery Act (ARRA). (This item was heard and held open on March 7.)
- 10. Strategic Growth Council—Continuation of Grant Program (Finance Letter).** Request for reversion of Proposition 84 bond funds (\$14.8 million) related to the Sustainable Communities Planning Grant and Incentive Program, and appropriation of \$18 million (Proposition 84 bond funds) to both support the competitive grant program and to fund the third of three rounds of grants for the program. Provisional language allows for encumbrance until June 30, 2016.

Recommendation:

Approve Items 8 and 10.

Deny Item 9. Instead approve \$500,000 to the Department of Parks and Recreation to partially offset Empire Mine remediation General Fund costs in 2013-14 (Staff Recommendation on March 7).

Vote: 2-1 (Nielsen)

3560 State Lands Commission

- 11. Oil and Gas Review and Oversight.** Request for three permanent positions to review and monitor state oil and gas lease activities to ensure compliance with lease terms. Funding will be dedicated from existing reimbursement agreements. This proposal is consistent with legislative direction to increase oversight of oil and gas leases.
- 12. Elimination of Rent-Free Use of Property for Private Piers.** Request for \$184,000 (General Fund) to eliminate the rent-free use of state property for private piers. Chapter 585, Statutes of 2011 (SB 152, Pavley), increased billable leases by more than 1,300 leases over a ten-year period. Prior to this change in statute, only 900 revenue producing leases were billed. This change increases workload to 2,200 leases necessary for rent review. Additional General Fund revenues are estimated at \$2.25 million annually after a 10-year transition period.

Recommendation: Approve Items 11-12.

Vote: 2-1 (Nielsen)

3640 Wildlife Conservation Board

- 13. San Joaquin River Conservancy—Reappropriation.** The Governor's budget requests reappropriation of \$4.8 million (Proposition 84 bond funds), to develop the San Joaquin River Parkway. This project was delayed due to the 2008 bond freeze.
- 14. Sacramento-San Joaquin Delta NCCP Reappropriation.** The Governor's budget requests reappropriation of \$5.5 million of the original \$24 million appropriation. This will allow the board to continue administering grants to local agencies to implement and to assist in the establishment of NCCPs for the areas in and around the Sacramento-San Joaquin Delta.
- 15. Proposition 84 Planning and Acquisition Funding (Finance Letter).** The Governor's budget requests reappropriation of \$15.1 million (Proposition 84 bond funds) including \$1.5 million for the Oak Woodlands Conservation Program, \$2.4 million for grants to assist farmers to integrate activities with ecosystem restoration and wildlife protection, and \$1.3 million for the Rangeland, Grazing Land and Grassland Program. In addition, the budget requests reappropriation of \$10 million for the Sacramento-San Joaquin Delta Natural Community Conservation Plan.

Recommendation: Approve Items 13-15.

Vote:

Items 13-14: 2-1 (Nielsen)

Item 15: 3-0

3760 State Coastal Conservancy

- 16. Fund Shift to Realign Base Budget (Finance Letter).** Request to realign several base budget items to reflect the consolidation of ocean programs at the Secretary for Natural Resources, as well as to follow a 2012 budget request to provide a long-term manageable baseline funding plan. There is no net increase in funding with this proposal.

Recommendation: Approve Item 16.

Vote: 2-1 (Nielsen)

3860 Department of Water Resources (DWR)

- 17. Central Valley Flood Protection Board – Legal Counsel.** The Governor’s budget requests to shift legal counsel from Department of Justice to the DWR, resulting in a savings of \$25,000 (General Fund) annually. (Held open on March 21.)
- 18. Central Valley Flood Protection Board –Technical Implementation Support.** Request for \$650,000 (Proposition 1E bond funds) ongoing to implement the recently adopted Flood Protection Plan. (Held open on March 21.)
- 19. Low Intensity Chemical Dosing.** Request for \$550,000 (Proposition 13 bond funds) over two years to complete a project designed to improve water quality related to agricultural drainage.
- 20. Salton Sea Restoration Program—Species Conservation Habitat Program.** Proposal for \$2 million in reimbursement authority over two years for baseline staff support activities associated with the Species Conservation Habitat Proposal. (Held open on March 21.)
- 21. Capital Outlay—Salton Sea Species Conservation Habitat Project.** Request for construction phase of funding to shallow water, saline habitat per terms of the Quantification Settlement Agreement terms and state mitigation obligations. Conforms to a previous Department of Fish and Wildlife proposal. The budget requests \$22.6 million (Proposition 84 bonds funds) and \$5.7 million (Proposition 50 bond funds). (Held open on March 21.)
- 22. FloodSAFE California Program.** The Governor’s budget requests continued FloodSAFE funding of \$98.1 million as part of the multi-year approach to improving flood control. This request represents a continuation of activities funded in prior years. After multiple years, DWR has completed, and the Central Valley Flood Protection Board adopted, the Central Valley Flood Protection Plan, a major flood planning document designed to bring the state forward both for Central Valley flood planning and to reduce the state’s liability from flood events. (Held open on March 21.)

23. Fish Passage Improvement Program. The Governor's budget requests reversions and a new appropriation of the unused balances of funds in Proposition 50. The proposal includes \$349,000 to support 1.9 existing positions to continue management, administration, and implementation of the Fish Passage Improvement Program (FPIP). The FPIP is an element of the CALFED Ecosystem Restoration program. (Held open on March 21.)

24. Technical Adjustments, Reappropriations, Extensions of Liquidation Periods and Reversions: Non-Capital Outlay—Finance Letter. The budget requests various reversions, reappropriations and extensions of liquidation on existing projects to continue state operations for mainly flood-related projects in the Sacramento Valley.

25. Reappropriations and Extensions of Liquidation: Capital Outlay—Finance Letter. The budget requests reappropriation and extension of liquidation of \$78 million (bond funds and reimbursements) for ongoing flood-related projects, mainly in the Sacramento Valley.

Recommendation: Approve Items 17-25.

Vote:

Items 17-23: 2-1 (Nielsen)

Items 24-25: 3-0

3940 State Water Resources Control Board

26. Criteria for Indirect Potable Reuse of Recycled Water. Request for \$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. (Held open on April 11.)

27. 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. (Held open on April 11.)

Recommendation: Approve Items 26-27.

Vote: 2-1 (Nielsen)

3970 Department of Resources Recycling and Recovery

- 28. 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. (Held open on April 11.)
- 29. 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. (Held open on April 11.)
- 30. 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. (Held open on April 11.)
- 31. 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. (Held open on April 11.)
- 32. 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 requires the retail chain to pay for mishandling of hazardous waste material. (Held open on April 11.)
- 33. Beverage Container Recycling Reform.** The Governor requests to shift the balance of its efforts from primarily encouraging recycling to an increased emphasis on program fiscal integrity, quality control and better use of information resources, consistent with administrative and legislative direction over the past few years. Specifically, the department requests appropriation authority and eight positions on a three-year limited-term basis, and trailer bill language. (Held open on April 11.)

Recommendation: Approve Items 28-33.

Vote:

Items 28-32 2-1 (Nielsen)

Item 33: 3-0

7300 Agricultural Labor Relations Board

34. Funding for the Administration of the Board. Request to appropriate \$502,000 (Labor and Workforce Development Fund) and four new positions to meet administrative requirements. This proposal will allow the board to fund location-specific personnel and travel as required by diverse California agriculture labor needs.

Recommendation: Approve Item 34.

Vote: 2-1 (Nielsen)

Recommendation:

Vote:

3450 Department of Forestry and Fire Protection (CalFIRE)

Items Proposed for Discussion

1. Vegetation Treatment Program

Background. The State Board of Forestry and Fire Protection (BOF) proposes to initiate a California Statewide Vegetation Treatment Program (VTP). The proposed program is intended to lower the risk of catastrophic wildfires on nonfederal lands by reducing hazardous fuels. The VTP goals include control of unwanted vegetation, including invasive species, improvement of rangeland for livestock grazing, improvement of fish and wildlife habitat, enhancement and protection of riparian areas and wetlands, and improvement of water quality in priority watersheds. The initiation of this program is a project, subject to California Environmental Quality Act (CEQA). As the CEQA lead agency, the BOF will provide policy direction for implementation of the VTP to CalFIRE, which administers a wide range of vegetation management programs.

According to the department, the purpose of the VTP is to modify vegetation on wildlands to reduce the costs and losses associated with wildfires and to enhance the condition of forests, rangelands, and watersheds. The need for the VTP is based on the fact that the wildlands of California are naturally fire prone. Past land and fire management practices have had the effect of increasing the intensity, rate of spread, as well as the annual acreage burned on these lands (BOF, 1996). Although the citizens of California expect these lands to provide a wide range of sustainable economic and non-economic benefits, the state's expanding population increases the risk of arson or unintentional fire starts that jeopardize these expectations. The natural communities of plants and animals on these lands are at risk from catastrophic wildfire. Also at risk are the communities that interface with these wildlands, including those within wildland-urban interface (WUI) and rural areas. Strategic management and control of wildland vegetation is essential to the safety, health, recreational, and economic well-being of California's citizens.

Goals of Program. The VTP has multiple goals which are summarized below:

1. Maintain and enhance forest and range land resources including forest health to benefit present and future generations.
2. Modify wildland fire behavior to help reduce catastrophic losses to life and property consistent with public expectation for fire protection.
3. Reduce the severity and associated suppression costs of wildland fires by altering the volume and continuity of wildland fuels.
4. Reduce the risk of large, high intensity fires by restoring a natural range of fire-adapted plant communities through periodic low intensity vegetation treatments.
5. Maintain or improve long-term air quality through vegetation treatments that reduce the severity of large, uncontrolled fires that release air pollutants and greenhouse gases.

6. Vary the spatial and temporal distribution of vegetation treatments within and across watersheds to reduce the detrimental effects of wildland fire on watershed health.
7. Reduce noxious weeds and non-native invasive plants to increase desirable plant species and improve browse for wildlife and domestic stock.
8. Improve wildlife habitat by spatially and temporally altering vegetation structure and composition, creating a mosaic of successional stages within various vegetation types.
9. Provide a CEQA-compliant programmatic review document process/mechanism for other state or local agencies, which have a vegetation management program/project consistent with the VTP, to utilize this guiding document to implement their vegetation treatment programs/project.

The VTP proposes to treat vegetation in order to meet the purposes established above. Vegetation management activities include the removal, rearrangement, or conversion of vegetation using various treatments. Treatment methods include prescribed fire, mechanical, manual, prescribed herbivory (such as use of goats or sheep to reduce vegetation), and herbicide. Vegetative treatments may be applied singly or in any combination needed for a particular vegetation type to meet specific resource management objectives. The method or methods used will be those that are most likely to achieve the desired objectives while protecting natural resource values.

The general suite of treatments likely to be initiated under the proposed VTP in any decade would comprise about 2.16 million acres and would include:

- Prescribed fire (underburn, jackpot burn, broadcast burn, pile burn, establishment of control lines) – about 53 percent of treatments.
- Mechanical (chaining, tilling, mowing, roller chopping, masticating, brushraking, skidding and removal, chipping, piling, pile burning) – about 18 percent of treatments.
- Manual (hand pull and grub, thin, prune, hand pile, lop and scatter, hand plant, pile burn) – about 10 percent of treatments.
- Prescribed herbivory (targeted grazing or browsing by cattle, horses, sheep, or goats) – about 10 percent of treatments.
- Herbicides (ground applications only, such as backpack spray, hypohatchet, pellet dispersal, etc.) – about nine percent of treatments.

The VTP would be limited by five landscape constraints that describe where the VTP could be applied, and by 15 minimum management requirements that limit how program practices would be modified to reduce impacts.

Staff Comments. Concerns have been raised about the extent of the VTP in the wildland interface, particularly in Southern California areas with sage scrub, chaparral, and other shrub-dominated communities. Additionally, concern has been raised about the focus of the Wildland-Urban Interface (WUI) components and the robustness of the program overall.

Questions for the Department. The department should address the following questions in its opening statement:

- What would be the impact of excluding all sage, chaparral, and other shrub-dominated communities and riparian areas from the VTP in most cases?
- Is it possible to tighten the language regarding the WUI to maintain defensible space around structures and maintain or create fuel breaks that meet very clear definitions (and eliminate those that do not)?
- Can the program be made more robust as a percentage of the overall budget for fire education and prevention programs?

Recommendation: (none)

Motion (Jackson): Adopt Trailer Bill Language that will do the following related to the VTP:

1. Excludes chaparral in SoCal.
2. Requires independent peer review.
3. For first two years, limits work in WUI as specified.
4. Limits other fuel reduction to emergency routes for public
5. Board shall identify how the funding will meet certain criteria that implements SB 1241.
6. No "checklist" for tiered projects. Must following tiering provisions of CEQA.
7. Five-year sunset to allow for program review.

Vote: 2-1 (Nielsen)

3600 Department of Fish and Wildlife

The Department of Fish and Wildlife (DFW), formerly the Department of Fish and Game, administers programs and enforces laws pertaining to the fish, wildlife, and natural resources of the state. The Fish and Game Commission sets policies to guide the DFW in its activities and regulates fishing and hunting. The DFW currently manages about 850,000 acres including ecological reserves, wildlife management areas, hatcheries, and public access areas throughout the state.

Items Proposed for Vote-Only

1. **Conservation and Mitigation Banking.** Request for \$1.3 million (Fish and Game Preservation Fund) and 9 positions to fund the first phase of the Conservation and Mitigation Banking Program which was established through Chapter 565, Statutes of 2012 (SB 1148, Pavley). This also establishes a dedicated account within the Fish and Game Preservation Fund.
2. **Scientific Collecting Permit Program (Finance Letter).** Request for \$517,000 and five positions (Fish and Game Preservation Fund) to fund implementation and administration of the Scientific Collecting Permits Program per Chapter 555, Statutes of 2012 (AB 2402, Huffman). Statute requires the department to receive and review scientific permit applications, issue permits, and manage the required submission of results.
3. **Bond Reversions and Appropriations—Finance Letter.** Request to revert \$53 million from previous Proposition 13, 50 and 84 appropriations and to appropriate anew a like amount for (1) integrating agricultural activities with ecosystem restoration in the Delta; (2) the ecosystem restoration program; (3) the Delta Natural Communities Conservation Plan; (4) the coastal salmon and steelhead fisheries project; and, (5) interim water supply and quality projects. Each category corresponds to the voter-approved bonds.

Recommendation: APPROVE Items 1-3.

Vote: 2-1 (Nielsen)

Items Proposed for Discussion**2. Improper Use of Lease Proceeds**

Lands Program Background. The Lands Program is responsible for assisting regional staff in the management of over 1,000,000 acres of fish and wildlife habitat. In total, the DFW manages 711 properties throughout the state. These properties provide habitat for a rich diversity of fish, wildlife, and plant species and comprise habitats from every major ecosystem in the state. In addition, the Lands Program also administers several private lands conservation programs designed to assist landowners with the management of wetlands, riparian habitats, native grasslands and wildlife-friendly farmlands.

Previous Subcommittee Actions. In April of this year, the department came forward with the discovery of systematic violations of law in its land management program. The Director of Fish and Wildlife testified before this subcommittee forthrightly and included both the department's efforts, as well as outside audits undertaken by the Administration to correct the problem. The subcommittee commended the Director for his role in removing personnel from positions of authority and undertaking a thorough review of the land management program.

Statute Provides No Incentive to Manage Lands. As discussed in the previous hearing, Fish and Game Code 1348, Subdivision (c)(2), authorizes DFW to lease property and requires it to deposit proceeds in the Wildlife Restoration Fund. This fund, which receives revenues from several sources, is administered by the Wildlife Conservation Board. Moneys from the funds are used to acquire lands and construct facilities suitable for recreation and fish and wildlife purposes. None of the funds from the leased lands is used for management of these lands, creating an incentive to find other means to fund ongoing costs on state-leased lands.

Governor's Proposal. Following legislative review of the lease management problem, the subcommittee recommended statute be changed to allow money from leases to be used for management of those leases. The Governor submitted an April Finance Letter to increase reimbursements from agriculture and grazing leases by \$2.5 million and trailer bill language to clarify that revenue generated from leases is authorized to be used to improve and maintain the intrinsic and ecological values of wildlife areas, ecological reserves, and other managed lands.

Staff Comments. Staff concurs with the necessity of this proposal. The department should provide an update on this issue for the subcommittee.

Recommendation: Approve Finance Letter and trailer bill language.

Vote: 3-0

3790 Department of Parks and Recreation

The Department of Parks and Recreation (Parks) acquires, develops, and manages the natural, cultural, and recreational resources in the state park system and the off-highway vehicle trail system. In addition, the department administers state and federal grants to local entities that help provide parks and open-space areas throughout the state.

The state park system consists of 277 units, including 31 units administered by local and regional agencies. The system contains approximately 1.4 million acres, which includes 3,800 miles of trails, 300 miles of coastline, 800 miles of lake and river frontage, and about 14,800 campsites. Over 80 million visitors travel to state parks each year.

ITEM PROPOSED FOR VOTE-ONLY

1. **Transfer the Department of Boating and Waterways to the Department of Parks and Recreation.** The Governor's budget implements the legislative actions of 2012 to merge the Department of Boating and Waterways into the department as a separate division. This is in accordance with the approved Governor's Reorganization Plan #2. The resulting augmentation to the department is an increase of \$41 million. The reorganization results in the reduction of seven positions. (Held open on March 7.)
2. **Quagga and Zebra Mussel Infestation.** The Governor's budget proposes \$235,000 (Harbors and Watercraft Fund [HWRF]) in annual baseline funding in order to implement Chapter 485, Statutes of 2012 (AB 2443), which requires the department to convene a technical advisory committee of stakeholders to determine the amount of a vessel registration fee increase to fund a new local assistance program. (Held open on March 7.)
3. **Local Assistance.** Request for \$28 million from special and federal funds for annual grants to various state, local and private entities. These include grants from the Off-Highway Vehicle Trust Fund, National Historic Preservation Fund and federal funds. Funding is consistent with previous grant years. (Held open on March 7.)
4. **Local Assistance—Reversion Language.** Request to revert \$8.8 million in the Habitat Conservation Fund, after completion of various projects left a balance of unallocated funds. This ensures accurate fund balance reporting in this account. (Held open on March 7.)
5. **Public Small Craft Harbor Loans.** Request for \$7.9 million (HWRF) in local assistance for the following projects: Santa Barbara Marina, Statewide Emergency Loans, and Statewide planning loans. This is consistent with previous allocations. (Held open on March 7.)
6. **Public Boat Launching Facility Grants.** Request for \$8.8 million (HWRF) to continue a grant program for the following public facilities: Berenda Reservoir, Contra Loma Lake, Lodi Lake, Lake McClure, Noyo Inner Harbor, Red Bluff Front Park, Rio Vista, and statewide ramp repair, restrooms, launch facilities and signage. (Held open on March 7.)

7. **Privately Owned Recreation Marina Loans.** Request for \$2.7 million (HWRP) for construction loans for private marinas statewide. (Held open on March 7.)
8. **Concessions Program.** The department requests approval to solicit new concessions or extend concessions for the following: Parks E-Store, Crystal Cove State Park, Folsom Lake State Recreation Area, Morrow Bay State Park, Old Sacramento State Historic Park, and Old Town San Diego State Historic Park. (Held open on March 7.)
9. **Sacramento-San Joaquin Delta Invasive Species Control—Finance Letter.** Request for \$742,000 (HWRP) for the purpose of controlling two invasive species within the Sacramento-San Joaquin Delta: water hyacinth and spongeplant. Of the proposed amount, \$167,000 is for control of water hyacinth and \$575,000 is for the control of spongeplant.
10. **Reappropriation of Local Assistance Project Funding—Finance Letter.** Request for two reappropriations of local assistance funding. (1) \$426,000 in Proposition 12 funding for the YMCA of San Diego County: Border View Expansion Project. (2) \$11.6 million Proposition 40 for the Railroad Technology Museum grant rehabilitation and facilities plan.
11. **Local Assistance Reappropriations (Districts).** It is requested that a local assistance grant be reappropriated to the City of Pasadena in the amount of \$381,153 (Proposition 40); and that three additional local assistance grants be appropriated anew for the County of Modoc, \$21,674, County of Sacramento, \$143,604 (Proposition 40), and Museum of Tolerance (\$2 million).
12. **Extension of Liquidation—Trailer Bill Language.** The department requests trailer bill language to extend the department's authority to manage major capital outlay projects from January 1, 2014 to January 1, 2019. This will allow the department to maintain internal project management of its capital outlay project resulting in cost savings and timely delivery.

Recommendation: Approve Items 1-12

Vote:

Items 1, 2, 10: 2-1 (Nielsen)

Items 3-9, 12: 3-0

Item 11: 2-0 (Nielsen not voting)

1. Budget Proposals: New Parks Projects—Bond Funds and State Park and Recreation Fund

The Governor's budget proposes five programs and projects that relate to the long-term strategic plan of the department. These proposals are influenced by how the department moves forward with its planning and future projects. These items were heard on March 7 of this year.

- 1. Americans with Disabilities Act (ADA) Program: Redistributed Proposition 12 Statewide Bond Costs and Proposition 84.** The Governor's budget requests \$33.5 million (Proposition 12 bond funds). The request is for \$3.1 million in 2013-14 and the balance beginning in 2014-15. These funds are being used to comply with a consent decree (*Tucker v. California Department of Parks and Recreation*) to remove physical and programmatic barriers in order to provide equal access to people with disabilities. According to the department, over \$110 million is required to be spent on this over the next 10 years.
- 2. Empire Mine State Historic Park.** Request for \$5.2 million (General Fund) for continued evaluation, analysis, and implementation of remedial actions required at Empire Mine State Historic Park (SHP). These measures include, but are not limited to, removing contaminated materials and/or facilities, capping areas of contaminants, expansion of wetland remediation areas, and ongoing maintenance of current soil and water management projects at the mine. Over \$36 million of state funds have been allocated to this single state park from bond funds, SPRF, and General Fund, including in the proposed budget. The current proposal does not include any bond or special funds.
- 3. Capital Outlay—Angel Island Immigration Station Hospital Rehabilitation.** Requests \$4.7 million (bond funds), and an ongoing baseline increase of \$153,043 (SPRF), for increased maintenance and upkeep. The proposal states that there is no anticipated increased revenue generation from this proposal. The proposal is to rehabilitate a building on Angel Island for viewing and interpretation by the public.
- 4. Capital Outlay—Los Angeles State Historic Park.** Request for \$20.8 million (bond funds) and an ongoing baseline increase of \$1 million, eight permanent staff and five seasonal staff. Current revenue generation (without any capital outlay) is anticipated to be approximately \$756,000 per year. After completion of the project and additional staff are added, this increases to \$1.1 million, an increase of \$344,000 per year. The project would include site work, utility infrastructure, landscaping and drainage.

- 5. Goat Canyon Sediment Basin.** Request for \$1 million ongoing and annually from SPRF to maintain sediment basins at Border Fields State Park. According to the LAO:

“The Border Fields State Park is on the Mexico border and includes the Tijuana Estuary—a significant wetland habitat—that runs through Mexico into the state park. In 2005, DPR constructed the Goat Canyon Sediment Basins in the park to help protect the estuary from the flow of water that washes in sediment and trash from Mexico. The basins, which are maintained by DPR, must be cleaned of the trash and maintained to comply with the California Environmental Quality Act and clean water regulations. In the past, such maintenance costs were funded by CalRecycle, as well as grants and donations from special interest groups. However, DPR indicates that these funding sources are no longer available to support such costs.

The DPR is part of the California–Mexico Border Relations Council’s Tijuana River Valley Recovery Team, which is a collaborative effort to keep the Tijuana watershed area free of trash and sediment. The team includes other state agencies and departments (such as CalEPA and the Department of Public Health), the federal and Mexican governments, and local and regional agencies. The team has historically relied on funding from various members to protect this area, in addition to federal grants. One of the challenges to securing ongoing funding is that there currently is no mechanism for seeking damages for environmental pollution from Mexico.”

Funds Requested to Support Goat Canyon Park Cleanup. The Governor’s budget for 2013–14 requests \$1 million annually from SPRF to support ongoing maintenance and clean-up at the Goat Canyon Sediment Basins at the Border Fields State Park. The SPRF is primarily funded by fee revenues and used to support the operations of the state park system.

Staff Comments and Previous Subcommittee Actions. The subcommittee heard these issues on March 7 and held these items open. The department should be prepared to update the subcommittee on the proposals. Specifically, the department should update the committee on:

- What attempts have been made to secure other sources of funding for the Goat Canyon Sediment Basin, particularly from the federal government?
- How will the capital outlay proposals fit into the strategic plan and recent legislation that requires the department to be more entrepreneurial?

Staff Recommendation: (Votes taken separately—motion to approve each individually)

1. Approve Item 1.

Vote: 3-0

2. Item 2, Approve less \$500,000 (General Fund). In a conforming action, approve \$500,000 from the Abandoned Mine Reclamation and Minerals Fund to replace \$500,000 General Fund of this proposal.

Vote: 2-1 (Nielsen) (both the reduction of GF and the replacement of special funds)

3. Items 3 and 4, Approve with provisional language requiring that the department to specifically include these projects in its forthcoming strategic and proposed (below) capital improvement plans.

Vote: 2-1 (Nielsen)

4. Item 5, Approve the governor's proposal on a limited basis for a three year period, with adoption of budget control language requiring the Department of Parks & Recreation, in consultation with other state and federal agencies participating in the Tijuana River Valley recovery team, to explore and report back to the Legislature by September 1, 2016 on any other potential funding sources that might be available to cover the ongoing annual costs of maintaining the Goat Canyon sediment basins in Border Fields State Park.

Vote: 2-1 (Nielsen)

5. As recommended by the Bureau of State Audits, approve the following reporting language in both supplemental reporting language and trailer bill language:

Vote: 3-0

- a) Require the department to submit, by December 1, 2013, a report to the Legislature on verified individual park unit budgets (including specific line items for staffing, ongoing state operations and maintenance, and deferred maintenance obligations). These budgets should specify how many days per week each park should be open and why. The figures should be based on fully operating 278 parks in 2010.
- b) By January 10, 2014, submit a report the legislature, in conjunction with the annual budget release, with a prioritized infrastructure plan for the state parks system that adheres to the principal revenue generation goals of AB 1478. This should include funding requirements in a prioritized list for all individual park units, including capital outlay projects and deferred maintenance obligations, regardless of availability of existing funding. The department shall develop this infrastructure plan in consultation with the State Park And Recreation Commission.

Recommendation. Approve staff recommendation.

3960 Department of Toxic Substances Control

The Department of Toxic Substances Control (DTSC) regulates hazardous waste management, cleans up or oversees the cleanup of contaminated hazardous waste sites, and promotes the reduction of hazardous waste generation. The department is funded by fees paid by persons that generate, transport, store, treat, or dispose of hazardous wastes; environmental fees levied on most corporations; federal funds; and GF.

Items Proposed for Discussion

1. Hazardous Waste Fee Reform

Governor's Proposal. The Governor proposes to modify the hazardous waste fees in the Hazardous Waste Control Account (HWCA) to simplify the hazardous waste fee system, align the fees with public policy and program objectives, assess the fees more fairly on those who generate waste, and provide more stability to the funding source for Department of Toxic Substances Control's (DTSC) Hazardous Waste Management Program. Specifically the proposal:

- Eliminates the Disposal Fee, flat rate permitting activity fees, Environmental Protection Agency (EPA) Identification Verification Fee and the Manifest User Fee;
- Changes the current tiered Generator Fee to a per ton Generation and Handling Fee, revises the per ton fee rate from an average of \$50 per ton to \$25.70 per ton (\$23.27 per ton for used oil), and expands the universe of businesses required to pay the fee; and makes minor changes to facility fees;
- Trailer bill language is required to accomplish these changes.

Recommendation: Approve Proposal.

Vote: HOLD OPEN

8570 Department of Food and Agriculture

The California Department of Food and Agriculture (CDFA) provides services to both producers and consumers of California's agricultural products in the areas of agricultural protection, agricultural marketing, and support to local fairs. The purpose of the agricultural protection program is to prevent the introduction and establishment of serious plant and animal pests and diseases. The agricultural marketing program promotes California's agricultural products and protects consumers and producers through the enforcement of measurements, standards, and fair pricing practices. Finally, the department provides financial and administrative assistance to county and district fairs.

Governor's Budget. The Governor's budget includes \$343 million (\$62 million GF) for support of the CDFA, a decrease of approximately \$3 million, mainly due to fluctuations in various statewide pest control efforts.

Items Proposed for Discussion

1. Reappropriation—Relocation: Yermo Agriculture Inspection Station
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Budget Proposal. The Governor's budget requests reappropriation of \$47.5 million in lease-revenue bond funding for construction of CDFA's portion of a joint border protection station and California Highway Patrol truck inspection station on Interstate 15 near the Nevada border. Specifically, the project authorizes the construction of a CDFA border protection station in Mountain Pass, California to replace the aging facility currently located in Yermo, California. The new station is intended to improve CDFA's ability to prevent harmful pests and other potential threats to humans and vegetation from entering the state.

The facility is designed as a joint construction project with the California Highway Patrol (CHP). Combining two agencies into one project is intended to reduce the cost and environmental impact by 50 percent. The station upgrade is intended to improve CDFA performance through modern technology and a safer environment by increasing lane size and using crash barriers.

Staff Comments. In preliminary discussions with the California Department of Transportation (Caltrans) and the California Department of Food and Agriculture, the LAO has identified some potential issues that warrant further discussion. When initially approved by the Legislature in 1999, both aspects of the project were intended to be designed and constructed by Caltrans. However, repeated delays have occurred and, as a result Caltrans plans to construct the truck inspection station separately from the border protection station. In addition, significant costs for design have been incurred that exceed the previously approved support budget. For instance, Caltrans has spent \$9 million to date, designing the border protection station, and expects to spend an additional \$1.5 million over the next 9 to 12 months to update the design further.

When the Legislature approved funding for this project in 2009, these support costs were estimated to cost only about \$1.5 million. Further discussions with the Administration are needed to determine what actions may need to be taken to ensure the successful completion of the project.

Staff recommends denying the reappropriation until the Administration returns with a clear understanding of the costs associated with this project and a proposal for lowering costs associated with this project.

Questions for the Department. The department should address the following questions in their opening statement.

- What was the original cost of the project and what is the current projected cost of the project?
- Why weren't these concerns brought before the Legislature earlier so an appropriate intervention could be taken?
- What is the role of CDFA in overseeing this capital outlay project, including monitoring costs?
- What would be the impact of shifting the construction and planning of the project from Caltrans to the Department of General Services?

Recommendation: Deny proposal.

Vote: 3-0 to

Approve with provisional budget language such that the project planning phases may continue for one year and the department will submit an informational budget proposal describing future phases of the project, and clearing up any discrepancies in previous budget proposals. This would be submitted in the January 10, 2014 budget.