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Consultant: Joanne Roy

PART B

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DISCUSSION

8570 CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE (CDFA)

Overview. CDFA promotes and protects a safe, healthy food supply; and enhance local and global agricultural trade. The following table compares the Governor’s Budget proposal in January to the May Revision for CDFA:

Governor’s CDFA Budget – Comparison of January and May
(Dollars in Millions)

	2021-22		Change from January	
	January	May	Amount	Percent
Total	\$594	\$1,147	\$554	93%
By Funding Source				
General Fund	\$249	\$778	529	212%
Special funds	225	250	25	11%
Bond funds	2	2	0	0%
Federal funds	118	118	0	0%
By Purpose				
State operations	\$410	\$606	\$196	48%
Local assistance	169	522	353	209%
Capital outlay	14	19	5	34%

The following issues are May Revision proposals related to CDFA. No votes will be taken at this hearing, but are noticed here for informational purposes to discuss CDFA’s proposed overall May Revision budget.

Issue 1: Agricultural and Rural Economic Advisor

Governor's Proposal. The May Revision requests \$199,000 General Fund and one permanent position ongoing to support the activities necessary to develop and implement strategies for improving California's rural, agriculturally based economies.

Background. This proposed position is intended to enable CDFA to collect data and information that allows informed policy discussions on strategies and or initiatives that will enhance rural economies through innovation, technology, education, and workforce training. The indirect roles of agriculture and rural communities require a greater focus in the context of economic development.

This Advisor is intended to participate in conferences, working groups, stakeholder meetings, and regulatory workshops with a focus on rural development, agricultural innovation and technology, recreation and tourism, and workforce development. Through this activity the Advisor is proposed to develop reports investigating the impact of the economic contributions of agriculture, resource constraints, and regulatory compliance requirements on rural agricultural economies. Lastly, the Advisor will be responsible for advising the Secretary on matters relating to rural agricultural economies and making recommendations that result in investments and policy priorities for these communities.

Issue 2: Bee Safe Program

Governor’s Proposal. The May Revision requests one-time funding of \$2.126 million General Fund in 2021-22 to continue operating a statewide Bee Safe Program to promote and protect a safe, healthy food supply through the protection of bees.

Background. The Bee Safe Program builds upon partnerships between landowners, beekeepers, pesticide applicators, county agricultural officials, technical and scientific experts, state and federal resource agencies, and state and local land managers for input on program development, outreach, and implementation. The program works with existing partners to further develop this program and meet the needs of stakeholders, support local government and economy as well as sister agencies. Under CDFA’s leadership, County Agricultural Commissioners’ offices will administer and enforce the program at the local level through cooperative agreements with CDFA.

Issue 3: Economic Recovery and High-Road Job Growth

Governor’s Proposal. The May Revision requests \$46 million General Fund (GF) in 2021-22 to aid California’s farmers, ranchers, and agriculture industry in their recovery from the economic effects of COVID-19. CDFA also requests provisional language for an extended encumbrance period.

The funds requested will be allocated to the following programs:

- \$2 million one-time – Technical Assistance Program for Underserved Farmers
- \$10 million one-time – New and Beginning Farmer Training and Farm Manager Apprenticeship Program
- \$4 million one-time – Impact Assessment and Alignment of Regulatory Reporting Requirements for Agriculture (Shift of early action proposal into 2021-22)
- \$30 million one-time – Fresno-Merced Future of Food (F3) Innovation Initiative

More specifically, the proposal includes:

New and Beginning Farmer Training and Farm Manager Apprenticeship Program. \$10 million GF in 2021-22 to establish a grant program to provide training and incubator programs for new and beginning farmers, with a focus on training farmworkers interested in becoming farmers and farm managers through an apprenticeship program.

Impact Assessment and Alignment of Regulatory Reporting Requirements for Agriculture. CDFA, in collaboration with CalEPA, requests \$4 million GF in 2021-22 to conduct a comprehensive evaluation of cross-cutting regulatory activities across state agencies that enforce potentially redundant compliance requirements for the agricultural community. This funding represents a shift from current year to budget year for funding proposed in the Governor’s Budget for early action, which was not adopted by the Legislature. The evaluation is intended to be the catalyst for exploring regulatory efficiencies and process improvements to align CDFA and CalEPA regulatory requirements, substantially reduce paperwork required of the agricultural community, while maintaining environmental and public health protections.

Fresno-Merced Future of Food (F3) Innovation Initiative. CDFA requests \$30 million General Fund one-time. F3 Innovation Initiative seeks to develop “Climate-Smart Food and Agriculture Systems” that provide solutions to economic and environmental challenges within the Central Valley. These solutions are intended to result in both technology that can be exported to solve global food production challenges and increased support for local and regional food systems, including organic production practices and small-scale and socially disadvantaged farmers.

F3 is intended to promote sustainable food systems that meet human and ecosystem needs facilitated by innovation in technologies that are affordable, appropriately scaled, and accessible to local farmers and food businesses, with applications for the global farming community. F3 is intended to simultaneously advance workforce training and educational opportunities for local farm and food system workers to ensure just and equitable innovation processes and technology adoption.

CDFA received \$2 million GF in 2020-21 to fund the establishment of the Innovation Center for Research and Entrepreneurship in Ag-Food Technology and Engineering (iCREATE), a nonprofit

organization intended to provide the program coherence and visibility, serving as the locus for both research commercialization activities and community engagement.

Now that iCREATE has been developed, CDFA requests \$30 million GF in 2021-22 to invest in the implementation of the above F3 initiatives.

LAO Comments. *Economic Recovery and High-Road Job Growth (\$46 Million).* We recommend the Legislature direct the department to provide additional information regarding the Fresno-Merced Future of Food Innovation Initiative (\$30 million of this proposal). Specifically, CDFA should provide additional information to justify the request, including how this funding will be implemented and what specific activities it will fund. Absent these details, it is difficult to analyze what the potential economic benefits the proposal would provide. If the department is unable to provide this information, we would recommend that the Legislature reject the proposal.

Issue 4: Fairground and Community Resilience Centers

Governor’s Proposal. The May Revision requests \$150 million General Fund for Fairground and Community Resilience and Evacuation Centers. The purpose of this program is to advance local communities resilience in the face of natural disasters by upgrading fairgrounds and local facilities to serve as important emergency response and evacuation centers, and to provide long-term local community resilience needs.

In coordination with the Governor’s office of Emergency Services, CalFIRE, the Governor’s Office of Planning and Research Integrated Climate Adaptation and Resiliency Program (ICARP), CDFG would develop a Community Resilience Grant Program consisting of:

- Planning grants for local government to engage stakeholders in the development of community resiliency plans; and,
- Grants for Community Resilience Centers to allow for the upgrading local facilities, including fairgrounds, to meet the needs identified in the local community resilience plan and support critical deferred maintenance needs.

These funds would allow fairgrounds and other community facilities to be updated to meet local community resiliency needs and create greenspace for emergency evacuation, shelters, base camps during emergency events including cooling and heating centers, clean air centers, and extended emergency evacuation response centers with community kitchens, shower facilities, animal sheltering, broadband, backup power and other community needs due to wildfires, floods, and other emergencies or climate events.

This funding would also equip fairgrounds to provide continuous community benefits that enhance community resilience through civic, social, educational, and economic development programming.

Legislative Analyst’s Office (LAO) Comments. *Fairground and Community Resilience Centers (\$150 Million General Fund).* The LAO recommends the Legislature request additional information from the department on what criteria will be use to allocate funding. This proposal would provide grants to (1) support local resiliency plans and (2) fund infrastructure and maintenance projects at local facilities and fairgrounds.

While the department is responsible for overseeing the network of fairs, it appears that this proposal would also provide funding to local governments.

If fairs are not the main funding priority of this proposal, the LAO recommends the Legislature have this proposal be administered by the Governor’s Office of Emergency Services instead of CDFG.

Issue 5: Healthy, Resilient, and Equitable Food Systems

Governor’s Proposal. The May Revision requests one-time funding of \$67.5 million General Fund in 2021-22 to develop a healthier, more resilient, and more equitable food system. This request includes \$20 million for the California Farm to School Incubator Grant program, \$12 million for the California Urban Agriculture Grant Program, \$15 million for the California Nutrition Incentive Program, \$20 million for the Healthy Stores Refrigeration Grant, and \$500,000 for the Senior Farmers Market Nutrition Program. Additionally, CDFA requests an encumbrance period of three years and a liquidation period of three years to administer these funds. Specifically, this request seeks to:

- (1) Increase investment in the California Farm to School Network by broadening the California Farm to School Incubator Grant Program, expanding program evaluation, and increasing accessibility to grant funds.
- (2) Develop and pilot an Urban Agriculture Grant Program to assist urban farmers and community-based organizations in revitalizing urban food systems.
- (3) Fund the continuation of the California Nutrition Incentive Program in order to provide nutrition incentives to low-income shoppers, support the local economy, and allow CDFA to apply for federal matching funds.
- (4) Fund the continuation and expansion of the pilot Healthy Refrigeration Grant Program to serve new types of grantees including food banks and food donation programs in addition to corner stores and small businesses, offer increased technical assistance and store infrastructure support, allow a greater variety of items to be stocked and equipment to be purchased, continue to facilitate procurement of CA-grown produce, expand the outreach to underserved communities, and conduct a robust program evaluation.
- (5) Leverage federal Senior Farmers’ Market Nutrition Program (SFMNP) funds to provide low-income seniors with access to locally grown, fresh, nutritious, fruits and vegetables at farmers markets, roadside stands, and community supported agriculture programs. The amount of funding requested will be used to distribute SFMNP benefits to eligible seniors statewide.

LAO Comments. *Healthy, Resilient, and Equitable Food Systems (\$67.5 Million General Fund)*. The LAO recommends the Legislature include supplemental report language requiring the department to complete a report evaluating the effectiveness of the following programs within this proposal: (1) California Farm to School Incubator Grant Program, (2) Urban Agriculture Grant Program, and (3) Healthy Refrigeration Grant Program.

It is LAO’s understanding that these programs are either new or have been established recently—all of which attempt to increase access to healthy foods to underserved communities. A future report that includes information on how effective these programs are at increasing access to healthy foods in targeted communities could assist the Legislature in future funding decisions.

Issue 6: May Revision Infrastructure Package — One-Time Deferred Maintenance

Governor’s Proposal. The May Revision requests \$2 million General Fund in 2021-22 to provide maintenance support for critical infrastructure projects.

CDFA will utilize approximately \$1 million of this funding for crucial repairs at its Hawaii Fruit Fly Rearing Facility.

The remainder will be used to address other critical projects that are necessary for the safety and functionality of various CDFA facilities.

Issue 7: Sustainable California Grown Cannabis Pilot Program

Governor’s Proposal. The May Revision requests requests one-time funding of \$9 million General Fund in 2021-22 to develop and implement the Sustainable California Grown Cannabis Pilot Program (SCGC Pilot Program). Additionally, CDFA requests an encumbrance period of three years.

These funds are meant to allow the state to continue supporting the intent of the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) by implementing a pilot program that will compile data into a Best Management Practices Manual for sustainable cannabis cultivation. The pilot project is intended to be conducted by working with outdoor cannabis cultivators in three Northern California counties.

The SCGC Pilot Program is intended to provide funding to incentivize licensed legacy outdoor cannabis growers to participate in the collection of data to benchmark best practices to reduce the environmental impact of cannabis water and energy use; pest management and fertilizer practices; and to enhance soil health. The pilot will be conducted in at least three counties with a minimum of 10 outdoor cannabis growers for valid data collection to benchmark practices.

The duration of the project will be three years. The project will compile data into a manual of Best Management Practices for Sustainable Cannabis Growing.

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY (CalEPA)

The following table compares the Governor's Budget proposal in January to the May Revision for CalEPA and its boards, departments, and offices:

Governor's Environmental Protection Budget – Comparison of January and May (Dollars in Millions)

	2021-22		Change from January	
	January	May	Amount	Percent
Total	\$4,650	\$8,815	\$4,165	90%
By Department				
Water Resources Control Board	\$1,113	\$3,752	\$2,639	237%
Air Resources Board	1,165	2,362	1,197	103%
CalRecycle	1,581	1,666	85	5%
Toxic Substances Control	597	815	218	37%
Pesticide Regulation	145	155	10	7%
Other departments(a)	48	64	16	33%
By Funding Source				
General Fund	\$463	\$1,232	769	166%
Special funds	3,800	4,811	1,010	27%
Bond funds	17	17	0	0%
Federal funds	370	2,756	2,386	646%
By Purpose				
State operations	\$2,060	\$2,462	\$402	20%
Local assistance	2,590	6,353	3,763	145%

(a) Includes the Environmental Protection Agency, Office of Environmental Health Hazard Assessment, and general obligation bond debt service.

Source: LAO

The following issues are May Revision proposals related to CalEPA and its boards, departments, and offices (BDOs). No votes will be taken at this hearing, but are noticed here for informational purposes to discuss CalEPA's and its BDOs' proposed overall May Revision budget.

0555 CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY (CALEPA)
0690 GOVERNOR'S OFFICE OF EMERGENCY SERVICES (CAL OES)**Issue 8: Unified Hazardous Waste and Hazardous Materials Regulatory Management Program Realignment (BCP and TBL)**

Governor's Proposal. The May revision requests, for the Governor's Office of Emergency Services (Cal OES) and CalEPA, to realign staff resources, funding, and authorities within the state's Unified Hazardous Waste and Hazardous Materials Regulatory Management Program (Unified Program) beginning in fiscal year 2021-22.

Specifically, this proposal seeks to realign the Hazardous Materials Business Plan (Business Plan) Program, the Local Emergency Response Plan Coordination (Area Plan) Program, and the California Accidental Release Prevention (CalARP) Program components.

This proposal includes a net-zero shift of \$843,000 Unified Program Account and four positions from Cal OES to CalEPA and includes trailer bill language to effectuate the realignment.

This proposal includes conforming trailer bill language.

Background. The Legislature assigned California's original hazardous materials program responsibilities to Cal OES before CalEPA was created. Upon the formation of CalEPA in 1991, the Legislature placed the state's Unified Program for local hazardous material and waste management oversight, and regulation of approximately 143,000 hazardous material handling businesses, under CalEPA.

Creation and placement of the Unified Program under CalEPA establishes the agency as the lead regulatory agency for oversight of hazardous materials management at the local level. CalEPA has developed and led the program ever since, coordinating with Department of Toxic Substances Control (DTSC) and the State Water Resources Control Board, in addition to Cal OES and Office of the State Fire Marshal (OSFM). Further, prior Administrations have affirmed the assignment of hazardous material management authority and leadership to CalEPA by designation in the 2010 State Emergency Plan, and reaffirmed in the update to the State Emergency Plan in 2017. In the intervening years, CalEPA has developed evaluation protocols and statewide information management systems to manage its respective components of the Unified Program.

Cal OES' focus related to hazardous materials has, by necessity, moved away from regulatory oversight toward enhanced hazardous materials planning and emergency mutual aid response coordination, on-site support of large or complex hazardous materials emergency and disaster operations, and support of hazardous materials response planning, training, exercises, and other support (including management of the Regional Hazardous Materials Response Program). A large number of wildfires, earthquakes, mud and debris flows, floods and other disasters (which almost always require some level of hazardous materials response or cleaning and recovery) have created growing demands for statewide emergency management over the past five years. Cal OES is not a regulatory agency and one of the purposes of this proposal is for the agency to focus efforts on its core mission.

3930 DEPARTMENT OF PESTICIDE REGULATION**Issue 9: Pesticide Notification Network**

Governor's Proposal. The May Revision requests \$10 million General Fund in 2021-22 for planning and initial development costs for a statewide Pesticide Notification Network. These resources are intended to provide funding for procuring the vendors to assist DPR in Stages 2 - 4 of the Project Approval Lifecycle (PAL), Department of Technology oversight, a System Integration vendor, and resources for temporary help. The purpose of this request is to protect the health of pesticide-impacted communities and provide equitable access to important information about pesticide use.

Developing and subsequently implementing a community Pesticide Notification Network statewide is meant to do the following:

- Enhance public transparency of and provide consistent and equitable access to information regarding local restricted material pesticide applications;
- Result in improved public health outcomes in pesticide-impacted communities; and,
- Assist County Agricultural Commissioners and DPR in enforcement of pesticide use regulations. A statewide system for notification will allow for consistency across counties, allowing growers, farmworkers, and community residents to use a single system to submit and track applications.

The development of that system through a public process is meant to provide an opportunity for all stakeholders to provide input into its design. In addition, the state's funding of the development of a statewide system is intended to minimize the impact on local resources.

3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)**Issue 10: Groundwater Sustainability Plan Review**

Governor's Proposal. The May Revision requests \$1.962 million General Fund with an extended encumbrance period through June 30, 2024, to support three existing positions that will provide detailed reviews of Groundwater Sustainability Agencies' sustainability plans in preparation for possible State intervention under the Sustainable Groundwater Management Act.

In reviewing plans, SWRCB will specifically focus on aspects that are within SWRCB's core mission and area of specialized expertise, including potential impacts to drinking water systems, groundwater quality, interconnected surface water, and water rights.

SWRCB intends to continue to coordinate closely with the Department of Water Resources (DWR) and provide input to inform DWR's review of GSPs.

Groundwater management is a key priority in the Administration's Water Resilience Portfolio and the long-term planning required by law will provide a buffer against droughts and other climate change impacts and will contribute to more reliable water supplies for drinking water, agriculture, and the environment.

Current resources, however, are insufficient to adequately review plans with sufficient lead time to be helpful in DWR's review of plans or to prepare SWRCB to be responsive to basin conditions

Issue 11: Technical Adjustments: Reappropriations

Governor's Proposal. The Governor's budget requests a reappropriation of funds as follows:

- (1) Extend the encumbrance period to June 30, 2022, and the liquidation period to June 30, 2025, for General Fund local assistance in AB 72 (Chapter 1, Statute of 2018) provision 8 for Water System Administrators;
- (2) Extend the encumbrance period to June 30, 2022, and the liquidation period to June 30, 2025, for General Fund local assistance in AB 74 (Committee on Budget), Chapter 23, Statutes of 2019, for Emergency Funds to disadvantage communities (DAC) & household HH (Provision 1), Wildfire Recovery (Provision 2), Emergency Funds-DAC (Provision 2.5), and Provision 2.6 (a) through (k) and provision 3;
- (3) Extend the encumbrance period to June 30, 2022, and the liquidation period to June 30, 2025, for General Fund local assistance established in SB 74 (Committee on Budget and Fiscal Review), Chapter 6, Statutes of 2020, for Fish Shellfish Public Health Advisories.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL**Issue 12: Argonaut Mine Dam Project Phase II Stormwater Upgrade Construction Supplemental Funding**

Governor's Proposal. The May Revision requests \$1.4 million Coronavirus Fiscal Recovery Fund of 2021 one-time to supplement the \$2.1 million General Fund approved in the 2020 Budget Act for Phase II of the Eastwood Multiple Arch Dam (Argonaut Dam) stormwater upgrade construction project at the Argonaut Mine in Jackson, California.

Further refinement of the design, investigation into the depth to bedrock along the placement of the piping, and the city of Jackson's utilities placement crossing the proposed stormwater drainage path resulted in a revised \$3.5 million cost estimate.

This Budget Change Proposal (BCP) requests \$1.4 million to reflect the revised estimate for construction of the stormwater drainage upgrade.

The upgrade project is intended to provide safe conveyance of stormwater from the Argonaut Dam to the north fork of Jackson Creek to prevent the potential flooding of two main state highways and the downtown commercial district. This upgrade is critical to prevent liability to the state for potential damages if stormwater discharges exceed the city's capacity.

Background. The Coronavirus Fiscal Recovery Fund of 2021 is a depository for moneys received from the federal government for the Coronavirus State and Local Fiscal Recovery Funds, authorized by the American Rescue Plan Act of 2021. Money in the fund will be used to mitigate the fiscal effects stemming from the public health emergency caused by the novel coronavirus known as COVID-19.

Issue 13: Department of Justice Increased Legal Fees

Governor's Proposal. The May Revision requests an augmentation of \$977,000 in 2021-22 and ongoing, split between the Hazardous Waste Control Account (HWCA), Toxic Substances Control Account (TSCA), and Lead-Acid Battery Cleanup Fund (LABCF) to cover increased Department of Justice (DOJ) hourly rates for client agencies, which went into effect September 1, 2019.

DTSC intends to use the additional funding to work closely with the DOJ to do the following:

- Carry out its statutory and regulatory mandate to implement the state's hazardous waste management requirements;
- To aggressively, efficiently and effectively pursue those who violate the state law, its implementing regulations, and hazardous waste facility permit conditions that govern hazardous waste management activities, and those who violate administrative orders that govern hazardous substance investigation and cleanup activities; and,
- Enforce investigation and cleanup obligations of responsible parties at contaminated properties by taking prompt action to recover costs DTSC incurs so that polluters, not the people of California, pay for environmental cleanups.

Background. The DOJ handles civil and administrative matters referred by DTSC related to DTSC's exercise of its enforcement authority. Many of these matters are DTSC enforcement matters resulting from the investigations and inspections of permitted facilities and other facilities regulated under the Hazardous Waste Control Law, or from enforcement of administrative order requirements.

In other cases, the DOJ defends DTSC in litigation filed by regulated parties challenging enforcement actions taken by DTSC. The DOJ also defends DTSC in litigation filed by regulated parties and other interested parties challenging actions taken or decisions made by DTSC, such as challenges to regulations, permitting decisions, and cleanup decisions.

DOJ rates were increased in 2019-20. As a result, HWCA, TSCA, and Lead-Acid Battery Cleanup Fund have had to absorb the increased expenditures related to the increase in DOJ hourly rates for litigation activities, including pre-trial and trial preparation, discovery, negotiation, settlement, law and motion, and trial work.

The resources requested in this BCP would provide resources needed to take enforcement actions and cost recovery actions in a more timely, effective, and efficient manner; mitigate the need to redirect resources from high priority program activities; and to help ensure DTSC can afford to pay legal fees required for a competent and diligent defense of litigation filed against it.

Issue 14: Exide: Additional Residential Cleanup Funding

Governor’s Proposal. The May Revision requests a loan of \$291 million General Fund to TSCA (\$100 million in 2021-22, \$100 million in 2022-23, and \$91 million in 2023-24) to clean up additional residential properties surrounding the former Exide Technologies facility (Exide facility) in Vernon, California with a representative lead concentration above 200 parts per million.

Under this proposal, DTSC estimates it will have the resources necessary to clean approximately 2,740 additional properties with the highest soil-lead concentrations and the greatest potential for exposure.

The cleanup process requires an initial meeting, a pre-construction meeting, review and approval of removal design plans, cleanup, and closure of the property, in addition to cleanup oversight.

DTSC uses various means for communicating with the impacted community, including producing a bi-monthly report on cleanup activities, operating a hotline where community members can call and inquire about cleanup activities, updating the DTSC Exide website, and mailing newsletters with information on a variety of topics such as data collected, properties cleaned up, and sampling status.

Issue 15: Exide: Ongoing Closure and Environmental Actions at the Vernon Facility

Governor's Proposal. The May Revision requests \$132.2 million General Fund one- time as a loan to TSCA to complete closure activities and to conduct additional needed environmental cleanup at the former Exide Technologies, Inc. facility in Vernon, California.

Of the total amount requested, \$109.8 million would be dedicated to facility closure and corrective action; the remaining \$22.2 million would be transferred to the Site Operation and Maintenance Account for long-term monitoring and operations and maintenance costs.

These funds are intended to allow DTSC to start addressing the known immediate onsite threats to public health and environment and to provide the resources for necessary safeguards to protect people from being exposed to the known contamination and from the potential spread of this contamination.

DTSC's assessment is based on currently known information. Additional closure and corrective action work could identify additional threats and the need for more remediation.

Issue 16: Implementation of the Violations Scoring Procedure Regulations

Governor’s Proposal. The May Revision requests 11 permanent positions and \$3.5 million HWCA in 2021-22, \$3.1 million HWCA in 2022-23, and \$2.6 million HWCA annually thereafter to implement the Violation Scoring Procedures (VSP) regulations adopted pursuant to SB 673 (Lara), Chapter 611, Statutes of 2015.

This proposal includes \$1.3 million in 2021-22, \$900,000 in 2022-23, and \$400,000 annually thereafter to fund Attorney General costs for litigating VSP scores and permit action decisions made by DTSC. DTSC has already begun experiencing legal actions related to its VSP scores and anticipates additional legal actions as scores have the potential to impact permitting decisions.

DTSC requests ongoing funding for 11 positions to support the ongoing VSP workload. These positions are intended to allow for permit evaluations to consider facility compliance and compliance history and mitigate potential violation impacts and will provide additional support to complete the calculation of the VSP scores, evaluate compliance histories, review, and make decisions on disputes to the VSP scoring and tier assignments, and defend DTSC in administrative and civil legal challenges.

This request is contingent upon the adoption of the DTSC Governance and Fiscal reform proposal, which is intended to provide a long-term and stable funding source to support this request.

Background. The VSP regulations support permitting decisions and validate that they are protective of human health, safety, and the environment. Additionally, they improve transparency with all stakeholders.

Currently, DTSC is reviewing 39 permits on “continued” authorization, 18 of which have been on “continued” authorization for greater than two years. DTSC does not have the resources to support the VSP regulatory requirements and oversee timely implementation of the VSP. Since the regulations took effect in January 2019, it has been difficult to accommodate the increase in workload, including many administrative and civil legal challenges, while maintaining existing commitments. DTSC’s Office of Legal Counsel redirected six attorney positions to assist with the VSP dispute documents and one attorney for the calculation of VSP scores. These redirected attorney positions had provided support to enforcement cases, permit reviews, rulemaking projects, and legislative analyses. In some instances, their redirections resulted in a complete cessation of work for those matters. Over fifty legal matters were impacted by the redirections.

DTSC is anticipating significant litigation arising from the VSP process and has already issued three final VSP dispute decisions to date. Two of the three of the VSP dispute decisions have resulted in the affected facilities filing writs of mandamus against DTSC in state court. DTSC’s lack of resources continues to delay implementation of SB 673 requirements and results in delays to core legal tasks as attorney positions are redirected.

DTSC has continually implemented process improvements and re-aligned resources to resolve staffing shortages. However, the redirected workload cannot be sustained using current resources.

Issue 17: Information Technology Security Unit

Governor's Proposal. The May Revision requests four permanent positions and \$1.3 million (General Fund, HWCA, Unified Program Account, TSCA, State Certified Unified Program Agency Account, and Lead-Acid Battery Cleanup Fund) in 2021-22 and 2022-23, and \$880,000 annually thereafter to provide additional resources for cybersecurity.

This request is intended to allow for the continuous identification and mitigation of emerging and evolving cybersecurity threats.

This request is contingent upon the adoption of the DTSC Governance and Fiscal reform proposal, which will provide a long-term and stable funding source to support this request. Funding beyond 2021-22 will be supported by increased fee revenues provided by the DTSC Governance and Fiscal reform proposal.

Background. DTSC states that the department is significantly under-resourced to meet IT security mandates, standards, and best practices under state and federal regulations. This request would bring DTSC into compliance with state mandates and allow DTSC to begin remediating high-risk audit findings and compliance issues.

Today, DTSC must protect three critical infrastructures, 24 mission and state critical applications, and 51 other systems. Within this landscape, DTSC has complex and critical information and infrastructure assets that must be protected. For example, DTSC cleanup sites use SCADA systems for hazardous material management. A cyberattack could result in unauthorized, unplanned releases that would pose risks to public health and the environment in the surrounding community. DTSC also enforces environmental laws and performs criminal investigations. When warranted, DTSC will take civil or criminal enforcement actions against violators. Information assets associated with these cases must guard the criminal justice information to carry out enforcement.

DTSC requests four permanent positions to develop an IT Security Team that will increase existing security operations for combatting cybersecurity threats and establish and maintain a comprehensive information security framework.

Issue 18: Resource Conservation and Recovery Act (RCRA) Authorization

Governor's Proposal. The May Revision requests 17 permanent positions that will be phased-in over two years: 10 permanent positions and \$1.2 million HWCA in 2021-22 (Phase I), and seven permanent positions and \$2.5 million in 2022-23 (Phase II) and ongoing to establish the RCRA Grant Unit to address a RCRA authorization backlog and ensure continued program equivalency.

State authorization is a federal rulemaking process where US EPA delegates the primary responsibility of implementing the RCRA hazardous waste program to individual states on behalf of US EPA. Authorized states receive federal grant money annually to assist with the costs and workload of implementing the federal program. Obtaining and maintaining authorization provides a single set of hazardous waste standards for the regulated community, thus reducing ambiguity in hazardous waste standards set by both California and US EPA. Due to California's significant backlog of authorizations indicating substantial deficiency in program equivalency, US EPA Region IX set an expectation for California to become authorized for at least 10 core federal rules by September 2022.

This budget change proposal request is intended to enhance DTSC's capacity to meet US EPA's expectation to reduce this backlog and provide resources for DTSC to develop a comprehensive RCRA oversight program to eliminate the backlog. In addition, the requested funding is to:

- Develop and execute a plan to address the RCRA Authorization backlog of 37 federal rules.
- Provide dedicated staff to track and analyze federal rules as they are under development.
- Conduct internal and external outreach to stakeholders on new requirements in California.
- Protect public health and the environment through protective regulatory standards.

Background. DTSC's hazardous waste regulatory activities began in 1972 when the Legislature passed the Hazardous Waste Control Act, which among other things established the Hazardous Waste Control Program within the Department of Health Services (DTSC was later established as a state department under the Environmental Protection Agency). California's hazardous waste regulatory effort became the model for RCRA, which was adopted by Congress in 1976. In 1992, California applied for and received authorization to implement the base hazardous waste program on behalf of US EPA. With this authorization came federal grant funding to perform those activities on behalf of US EPA (the current triennial federal grant award is approximately \$23 million over three years, or about \$7.7 million annually, and DTSC must provide a 25 percent funding match). As the federal hazardous waste program expanded and US EPA amended regulatory requirements, US EPA set expectations that authorized states would continue to adopt parallel regulatory requirements and seek authorization for the revised state programs to maintain program equivalency.

When US EPA revises the federal hazardous waste program, it identifies if authorized states must adopt those conforming requirements. To maintain authorization, DTSC must evaluate, adopt, implement, and seek authorization for newly promulgated federal rules that modify the base hazardous waste program. States are generally given a deadline of one year to adopt and seek authorization for federal rules and two years if statutory changes need to be made.

As an authorized state, California is statutorily mandated to ensure that federal modifications are adopted

and authorized by US EPA to maintain program equivalency. The authorization application process also provides an opportunity for US EPA to verify the state can effectively carry out the mandates of the federal program.

Maintaining program equivalency provides the regulated community, state and local regulatory agencies, and other stakeholders with a single set of hazardous waste standards, which includes both state and federal requirements.

While DTSC has adopted many conforming requirements and sought authorization from US EPA to implement those requirements, California is currently behind on 37 rules that are required to be adopted and authorized by US EPA to continue to implement the federal hazardous waste program in California. Additionally, US EPA continues to promulgate new rules and the backlog continues to increase. In the summer of 2018, the U.S. Office of Inspector General (OIG) published a report that identified significant backlogs in authorized states, including California. As a result of this report, US EPA Region IX set an expectation for California in November of 2019 to adopt and become authorized for at least 10 core federal rules by September 2022 to make progress to reduce this backlog.

With a spotlight on all states to reduce the authorization backlog based on the OIG's 2018 report, failure for a state to address that backlog could prompt US EPA to award future federal RCRA grant funding based on the state's authorization status. Alternatively, US EPA could issue penalties to encourage states to seek authorization.

While DTSC is focused on meeting the expectations set by US EPA, DTSC acknowledges that it will not be able to meet this deadline, and the backlog of 37 federal rules will grow larger unless additional resources are provided. To avoid perpetuating this problem, DTSC is proposing to develop a comprehensive and long-term approach to mitigate authorization gaps in the future. These resources also are intended to allow California to participate in the federal rule adoption process, and as the state with greatest number of hazardous waste generators in the nation, the Administration states that this step is critical.

**3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY
(CALRECYCLE)****Issue 19: Beverage Container Recycling Pilot Project Staffing Extension**

Governor’s Proposal. The May Revision requests \$129,000 in fiscal year 2021-22, \$250,000 in 2022-23, \$378,000 from 2023-24 through 2025-26, and \$312,000 in 2026-27 from the Beverage Container Recycling Fund (BCRF) to extend the temporary staffing resources needed to administer, implement, maintain, and provide fiduciary oversight with the expansion of the Beverage Container Recycling Pilot Project Program (Pilot Program).

To implement the Pilot Program, CalRecycle previously received funding in two separate BCPs, where one set of funding for temporary positions will expire in fiscal year 2021-22 and the other in 2022-23.

Background. Currently, CalRecycle has a 2021 BCP, pending the Legislature’s approval, to provide an additional funding for pilot project grants, expand the number of pilot projects from five to ten, and extend the sunset date of the Pilot Program to June 30, 2026.

This additional funding is intended to be used to expand and support additional pilot projects in the Pilot Program. This request for funding allows staff to develop the grant funding guidelines, manage the grant agreements, and provide fiduciary oversight.

Issue 20: Emergency Debris Removal Office Additional Staffing

Governor’s Proposal. The May Revision requests \$891,000 General Fund and six permanent, full-time positions in fiscal year 2021-22 and \$880,000 General Fund ongoing to manage the workload for debris removal operations. The additional positions are for CalRecycle to manage contracts, hold contractors responsible, fully reconcile funds, and coordinate federal reimbursements.

Background. Following a Governor’s declared State of Emergency and an assistance request from local governments for technical assistance, the Governor’s Office of Emergency Services (Cal OES) has frequently mission tasked CalRecycle to assist with structural debris removal and hazard tree removal services, with increasing frequency over the past 13 years.

Almost all the structural debris and hazard tree removal operations that are assigned to CalRecycle are reimbursable, either by the Federal Emergency Management Agency (FEMA) (in which CalRecycle is a subrecipient of CalOES).

FEMA requires adherence to strict guidelines for reimbursements. Staff need to ensure that contractors are held accountable, the state is closely monitoring the contractors, funds are fully reconciled, and FEMA reimbursements are maximized. The FEMA funded projects require a detailed level of coordination and diligent review to assure that every invoice and expenditure is supported, reviewed, and verified to accurately reflect the work. In addition, expenditures are often split out according to eligible and ineligible activities based on FEMA guidelines.

Since 2018, CalRecycle has provided: technical expertise; engineering support; contract management; legal; administrative; fiscal and budgetary services to conduct debris removal on 17,721 parcels across California.

CalRecycle is currently managing four structural debris and hazard tree removal operations following the devastating 2020 statewide fire siege. Concurrently CalRecycle is managing the State Hazard Tree Removal Program following the 2018 Camp Fire, the largest urban tree removal project in the United States.

Issue 21: Regulations Development Unit

Governor's Proposal. The May Revision requests five permanent, full-time positions and \$767,000 in fiscal year 2021-22 and \$757,000 ongoing from various special funds (California Used Oil Recycling Fund, California Beverage Container Recycling Fund, California Tire Recycling Management Fund, Integrated Waste Management Account, Electric Waste Recovery and Recycling Account) to establish a Regulations Development Unit to provide support, coordination, and expertise in regulations development.

Background. Since 2015, CalRecycle has seen an increase in significant statutory mandates, such as, but not limited to, SB 1383 (Lara), Chapter 395, Statutes of 2016, circular economy mandates including for carpet, paint, mattresses, pharmaceuticals and sharps, as well as post-consumer recycled plastic minimum content manufacturer standards, the elimination of the comingled rate, daily consumer load limit reductions, processor oversight, and imported material reporting requirements.

CalRecycle expects high-profile mandates requiring complex rulemaking in the near future, including for sustainable packaging. Many of these legislative mandates are the first of their kind in the country, bringing national attention to California and thus CalRecycle's rulemaking process.

Currently, various program staff in CalRecycle are initially responsible for drafting regulation text. Many staff lack extensive rulemaking experience or training and are regularly redirected from their normal work assignments to dedicate the majority of their time to rulemaking. This results in a less-than-consistent approach that is subject to process and language quality problems. It also hinders the ability of staff to execute existing programmatic obligations.

Since multiple staff from different divisions are called upon to draft parts and articles of regulations packages, this results in inconsistent language from program to program, and in some cases fails to meet Administrative Procedure Act (APA) language standards. To further exacerbate the problem, stakeholders within the regulated community oftentimes are confused in how to comply with unclear regulatory language. This results in programs operating inefficiently, in a space of confusion and risk rather than clarity and legal defensibility.

To address the problem, the Regulations Development Unit is intended to ensure that regulations development is managed by staff dedicated solely to rulemaking with the requisite knowledge and experience. The unit would be led by an Attorney IV with extensive rulemaking background.

Issue 22: San Diego Field Office Location

Governor’s Proposal. The May Revision requests one-time authority of \$255,000 from the Beverage Container Recycling Fund (BCRF) to relocate its regional office, housed in the San Diego State Office Building, as it is being disposed of in accordance with AB 1164 (Gloria), Chapter 822, Statutes of 2019, related to the disposal of surplus state real property.

CalRecycle also requests ongoing increased expenditure authority of \$53,000 in fiscal year 2022-23, \$60,000 in 2023-24, \$67,000 in 2024-25, and \$74,000 in 2025-26 from BCRF to pay for the increased lease costs.

Background. AB 1164 authorizes DGS to sell the San Diego State Office Building. The property is underutilized as a State resource in an area that is ready for more appropriate types of development and will be offered for sale to local agencies, then nonprofit affordable housing sponsors, and finally to private entities and individuals. The State will utilize the proceeds to pay down principal and interest on bonds pursuant to the Economic Recovery Bond Act.

The San Diego office houses employees from CalRecycle’s Office of Audits and the Division of Recycling. A CalRecycle presence in San Diego provides a secure office location to conduct audits of distributors and beverage manufacturers, and conduct inspections and investigations of processors, recycling centers, and other CalRecycle-certified recycling program participants.

DGS has notified CalRecycle that the building will be sold, requiring CalRecycle employees to be relocated into a new office space in July 2022. DGS is currently reviewing 18 locations for the new San Diego office.

Issue 23: Food Service Packaging Exemption (TBL)

Governor’s Proposal. The May Revision requests to exclude from the definition of “food service packaging” products defined as drugs, devices, or medical food pursuant to federal law, as provided. The proposal would also exclude from the definition, products used at specified facilities, including, but not limited to, health care facilities, residential care facilities, and community care facilities, as defined, that are intended to assist the facility’s residents or other individuals receiving care at the facility or to otherwise protect the facility’s residents’ or other individuals’ health or safety, if the facility determines that the products, or their functional equivalents, are not on the list developed by CalRecycle.

Background. SB 1335 (Allen), Chapter 610, Statutes of 2018 established the Sustainable Packaging for the State of California Act of 2018. The act prohibits a food service facility located in a state-owned facility, operating on or acting as a concessionaire on state property, or under contract to provide food service to a state agency from dispensing prepared food using a type of food service packaging unless the type of food service packaging is on a specified CalRecycle list. The act requires CalRecycle to publish and maintain on its website that contains types of approved food service packaging that are reusable, recyclable, or compostable.

The act defines “food service packaging” as a product used for serving or transporting prepared, ready-to-consume food or beverages such as plates, cups, bowls, trays, and hinged or lidded containers. The act excludes from the definition beverage containers, as defined, single-use disposable items, such as straws, cup lids, plastic bags, and utensils, and single-use disposable packaging for unprepared foods.

3970 CALRECYCLE
0509 GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT (GO-BIZ)**Issue 24: Circular Economy Package**

Governor's Proposal. The May Revision includes a request, for CalRecycle and GO-Biz, for \$130 million General Fund one-time to administer programs that are intended to develop and implement projects to improve and optimize technology and infrastructure to build progress towards a circular economy and achieve the state's statutory climate, source reduction, reuse, and recycling goals.

Food Waste Prevention and Rescue Program (\$5 Million). The purpose of this program is to lower overall greenhouse gas emissions by expanding existing or establishing new food waste prevention and/or food rescue projects in California to reduce the amount of food disposed of in landfills. The food waste prevention projects will help prevent the generation of food waste and correspondingly, the food rescue projects will help feed people in need. The Food Waste Prevention and Rescue Program would provide funds to: 1) support the expansion of food recovery organizations and services for existing collection and redistribution infrastructure, and 2) establish food waste prevention (source reduction) projects that prevent the creation of food waste from the start.

Circular Economy Development Program (\$15 Million). This program is intended to provide funding for companies that are in the research, development, feasibility, and pilot phases of recycling projects. This program is intended to:

- Improve and optimize technology and infrastructure for the collection, processing, recycling, and remanufacturing of waste in California.
- Lead to technological advancement and infrastructure improvements to make progress toward achieving the state's statutory climate, source reduction, reuse, and recycling goals.
- Result in a portfolio of projects strategically focused to advance the development of a circular economy.

Funded projects will include, but will not be limited to:

- Conduct feasibility studies for siting and permitting of facilities in a manner that addresses project impacts to the environment and environmental justice concerns.
- Identify innovative solutions for organics collection and processing, food waste prevention and recovery, reuse, and the use of recycled products.
- Develop pilot and demonstration projects for new technologies to determine feasibility on a larger scale.

These projects are intended to articulate specific milestones to advance projects towards further phases of public and/or private funding.

Climate Catalyst Loan Program (\$50 Million). This low interest loan program would provide below market loans for equipment with an extended forbearance period of the loan. This program would also provide companies with the ability to postpone loan payments or reduce the amount of payments made each month toward the loan amount. Climate Catalyst Loans could support commercially ready, but not yet widely deployed technology. Once endowed, this revolving loan fund is intended to be an ongoing source of financing for recycling businesses.

- The Climate Catalyst loan program would provide loans at low interest rates, provide flexibility on repayment timeframes, and are available statewide.
- The Climate Catalyst Loans is meant to attract private capital into the recycling manufacturing sector and deliver multiples for public dollars invested.
- This would allow companies to build equity, increase the number of employees, and develop strong markets.
- Interest paid on the loans could be used for staffing and administration. Principal repayments of the loans would go to provide loans for new projects.
- The program could help increase in-state remanufacturing and attract new businesses to California.

Organics Grant Program (\$35 Million). The Organics Grant Program would provide funds to support the expansion of the organics recycling infrastructure such as pre-processing, composting, and digestion facilities to achieve greenhouse gas reductions. These investments are intended to result in reduced methane emissions from landfills; benefit disadvantaged communities by upgrading existing facilities and, where warranted, establish new facilities; result in air and water quality benefits in addition to emission reductions; and create jobs. The eligible projects could include:

- Construction, renovation, or expansion of facilities to increase in-state infrastructure for the composting or digestion of organics into compost, soil amendments, fertilizers, biofuels, or bioenergy.
- Construction, renovation, or expansion of facilities to increase in-state infrastructure for the pre-processing of organics if the lead applicant is the same entity that will compost or digest the pre-processed material to make compost, soil amendments, fertilizers, biofuels, or bioenergy.
- Construction, renovation, or expansion of facilities to increase in-state infrastructure for the recycling of paper, cardboard and waste lumber.

Co-digestion at Waste Water Treatment Plants Program (\$20 Million). This program is intended to accelerate the expansion of food waste co-digestion projects at waste water treatment plants and create immediate trades' jobs. Funding could be used to design and build an integrated organic food waste pre-processing and anaerobic digestion system that will divert significant amounts of food waste. This would result in recovering additional food waste from the landfill and converting it to renewable natural gas for transportation fuel. Projects could include funding pipeline injection of biomethane. These projects would result in greenhouse gas reductions, trades' jobs, and expanding processing infrastructure that is already in place. Projects would utilize existing waste water treatment plant sites. Funding would expand pre-processing infrastructure or leverage existing pre-processing infrastructure that is under-utilized to

achieve greenhouse gas emissions reductions, while significantly increasing the tonnage of California-generated organic wastes diverted from landfills to anaerobic digest

Community Composting Program (\$5 Million). This program is intended to:

- Lower greenhouse gas emissions by increasing the number and efficiency of community composting sites throughout the state.
- Promote community-based activities to increase organic material diversion in disadvantaged and low-income communities.
- Reduce the amount of food and other organic waste that is disposed of in landfills.
- Provide compost to enhance community gardens, grow fresh produce, and support neighborhood climate adaptation projects.

This program will provide funding for the following types of distributed community-based recycling infrastructure development:

- Compost bins or systems, including in-vessel composters
- Vermicomposting bins or systems
- Small-scale anaerobic digestion systems

LAO Comment. *Circular Economy Package (\$130 million General Fund).* The Governor is proposing a significant increase in spending to promote recycling and waste diversion activities. While many of the proposed activities generally are consistent with legislatively-established goals, the proposals reflect significant new programmatic efforts, and several key implementation details are lacking. Accordingly, we recommend that the Legislature direct the administration to provide additional information to inform its decisions. Some key questions are listed below. If sufficient information is not available to inform legislative decisionmaking within the timeframe of the May Revision, the Legislature could consider withholding action on some or all of the package until next year. Some key factors to consider:

- ***How can funding most effectively promote long-term recycling and waste goals?*** Proposed programs appear to support the Legislature's overall recycling and waste goals. However, it is unclear whether the proposed programs represent the most efficient or equitable way of achieving these goals. The Legislature should seek more information from the administration about the expected outcomes for these programs and why this particular mix of programs would most effectively approach to meeting the state's long-term goals. If the funding is approved, it might also want to consider requiring the administration to evaluate and report on program outcomes.
- ***Why should one-time funding be used to establish new programs?*** CalRecycle proposes funding for a mix of new and existing programs. Even though these programs could have merit, it generally takes additional time and resources to establish them. The Legislature will want to consider whether it is worth the additional costs to establish a new program that

would only receive funding on a one-time basis under the Governor’s proposal, or simply expand existing programs.

- ***Why is a new Climate Catalyst Fund loan program needed?*** CalRecycle already operates two loan programs aimed at recycling market development—the Recycling Market Development Zone Loan Program and the Greenhouse Gas Reduction Loan Program. The need for a third loan program operated by GO-Biz is unclear. Also, although the state needs a significant amount of waste and recycling infrastructure to meet some of its long-term goals, it is not clear that the primary economic barrier to building the necessary recycling infrastructure is inability to secure a loan.

CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

The following table compares the Governor's Budget proposal in January to the May Revision for CalEPA and its boards, departments, and offices:

Governor's Natural Resources Budget – Comparison of January and May
(Dollars In Millions)

	2021-22		Change from January	
	January	May	Amount	Percent
Total	\$7,905	\$12,759	\$4,854	61%
By Department				
Forestry and Fire Protection	\$2,320	\$2,420	\$100	4%
Water Resources	979	2,350	1,371	140%
Energy Commission	715	2,109	1,394	195%
Parks and Recreation	858	1,431	573	67%
General obligation bond debt service	1,412	1,309	-103	-7%
Conservation	190	971	782	412%
Fish and Wildlife	632	797	165	26%
Natural Resources Agency	186	594	408	220%
Wildlife Conservation Board	141	206	65	46%
Conservation Corps	149	152	3	2%
State Lands Commission	55	105	50	90%
Coastal Conservancy	50	64	14	28%
Sierra Nevada Conservancy	58	58	0	0%
Other resources programs(a)	162	194	32	20%
By Funding Source				
General Fund	\$4,572	\$9,320	4,748	104%
Special funds	2,064	1,646	-418	-20%
Bond funds	958	1,030	73	8%
Federal funds	311	762	451	145%
By Purpose				
State operations	\$5,846	\$7,026	\$1,180	20%
Local assistance	1,856	5,367	3,510	189%
Capital outlay	203	366	163	81%

(a) Includes state conservancies, Coastal Commission, and other departments.

Source: LAO

The following issues are May Revision proposals related to CNRA and its BDOs. No votes will be taken at this hearing, but are noticed here for informational purposes to discuss CNRA's and its BDOs' proposed overall May Revision budget.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)**Issue 25: Presidio Improvement Projects**

Governor’s Proposal. The May Revision requests \$27.5 million General Fund one-time for a grant to transform four acres at the heart of the Presidio of San Francisco from a parking lot into new parkland for families. Features will include interpretive works on the historic Buffalo Soldiers stables site, family and community group picnic sites, a family play meadow, and new paths and bikeways connecting the east and west ends of Crissy Field. Additionally, the transformed space will provide benefits through redirection of storm water away from sewers, expanding coastal habitat for native plants and animals, and expanding access to the Presidio from Chinatown through extended bus transportation.

Background. The Presidio of San Francisco is a 1,500-acre park on a former military post and is a major outdoor recreation hub that has forested areas, miles of trails, a golf course, and scenic overlooks. Other highlights include grassy Crissy Field with Golden Gate Bridge views, Civil War– era Fort Point and sandy Baker Beach. Historic buildings house the Walt Disney Family Museum, eateries, homes and businesses like Lucasfilm, and a Yoda Fountain.

LAO Comments. *California Natural Resources Agency – Presidio Improvement Projects (\$27.5 Million GF).* This project is proposed to be constructed in the Presidio, which is a National Recreation Area managed by federal agencies. The administration has not provided a clear explanation as to why it selected this project to receive direct General Fund support over other non-state projects. Typically, non-state projects are funded through the department’s local assistance program on a competitive basis. The LAO recommends the Legislature ask the following questions to the department as it considers this proposal:

- Why did the administration prioritize this project for General Fund resources over other potential state and local parks projects?
- Has the state funded federal parks in the past?
- Would this project be eligible for other funding given its federal management and historical interest by the philanthropic community?

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)
3480 DEPARTMENT OF CONSERVATION (DOC)
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)
3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)
3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 26: New Natural Resources Building Rent Increase

Governor’s Proposal. The May Revision includes a request for CNRA, DOC, CalFire, DFW, and Parks for a total of \$6.731 million General Fund one-time, and \$6.421 million General Fund ongoing to support increased rental costs at the Natural Resources Agency’s new facility. This includes \$381,000 ongoing for CNRA, \$2.458 million ongoing for CalFire, \$2.344 million ongoing for DFW, \$1.2381 million ongoing for Parks, and \$310,000 one-time for DOC.

Background. CNRA and seven of its affiliated state entities have been physically located in multiple facilities throughout the Sacramento area for several years. In 2015, a decision was made to construct and fund a new state-of-the art Department of General Services owned twenty-one floor facility to be located on P Street in downtown Sacramento.

The new facility will become the headquarters for the CNRA and house their executives and staff members. In addition, the new facility will become headquarters for DWR, Parks, DFW, CalFire, and DOC, and house their executives and a large portion of their staff members. The building will also become home to the Board of Forestry and Fire Protection, Wildlife Conservation Board, and California Water Commission. The new facility will house 4,100 CNRA affiliated personnel.

3340 CALIFORNIA CONSERVATION CORPS (CCC)

Issue 27: Los Padres Facility Maintenance Funding

Governor's Proposal. The Governor's budget requests \$1.435 million General Fund in 2021-22, \$136,000 in 2022-23, \$137,000 in 2023-24, and \$139,000 in 2024-25 and 2025-26 to address facility repairs and maintenance needs at the Los Padres facility, owned by the California Military Department (CMD).

Background. The Los Padres facility is currently one of nine centers that houses residential Corpsmembers. The facility is currently owned by CMD. The CCC has been at this facility since 1990. During the lease renegotiations in November 2020, CDM served the CCC with a three-year notice to vacate the premises. However, CMD understands that CCC would need time to search for another location. As a result, they are allowing the CCC to stay for the next five years.

However, to ensure the health and safety of staff and corpsmembers, funding is requested for one-time essential repairs and ongoing maintenance for the next five years. This proposal would provide the incremental funding to address these needs, while a permanent solution is being discussed.

The prior lease agreement provided an annual lease cost of \$242,000 in 2018-19. As the lease expired on June 30, 2019, lease renegotiations have been in progress for over a year. It has been agreed that lease costs will be held at the holdover amount of \$276,000 annually. Typically, CDM is required to reinvest a portion of the lease payments to maintain the facilities occupied by CCC. However, CDM has indicated a more urgent need to use the funds for ingress/egress maintenance.

3355 OFFICE OF ENERGY INFRASTRUCTURE SAFETY (OEIS)**Issue 28: Office of Infrastructure Safety Establishment and Transfer of Wildfire Safety Division and Dig Safe Board**

Governor's Proposal. The Governor's budget requests \$7.433 million Public Utilities Commission Utilities Reimbursement Account (PUCURA) (\$13.015 million ongoing), \$352,000 Safe Energy Infrastructure and Excavation Fund (SEIEF) (\$348,000 ongoing), and 34 positions in 2021-22 and ongoing to establish the new Office within CNRA on July 1, 2021, as required by AB 111 (Committee on Budget), Chapter 81, Statutes of 2019.

OEIS requests the net-zero transfer of \$10.568 million PUCURA (\$6.068 million in 2023-24 and ongoing) and 32 positions to transfer the Wildfire Safety Division from the California Public Utilities Commission on July 1, 2021 as required by AB 111.

OEIS requests the net-zero transfer of \$2.148 million SEIEF (\$4.129 million ongoing) and 24 positions to transfer the California Underground Facilities Safe Excavation Board (Dig Safe Board) from CalFire on January 1, 2022, as required by SB 865 (Hill), Chapter 307, Statutes of 2020.

This request is broken down into two main parts: 1) the budgetary redirection of existing WSD and Dig Safe Board resources from the CPUC and CalFire to the OEIS and 2) the additional resource needs to support the new OEIS department.

Part 1. The OEIS requests a net zero change to support and facilitate the WSD's and Dig Safe Board's transition from CPUC and CAL FIRE into the OEIS by July 1, 2021 and January 1, 2022 respectively, under the CNRA, including transfer of all existing personnel and associated staffing costs, WSD and Dig Safe Board procured equipment, and the limited term contract funding for WSD that was approved in the 2020-21 Enacted Budget to increase utility oversight and wildfire risk reduction to address workload associated with AB 1054 and AB 111; and other legislation that requires the WSD/OEIS to increase utility oversight and wildfire risk reduction.

Part 2. The WSD and Dig Safe Board are mandated to transition into the OEIS under the CNRA by July 1, 2021 and January 1, 2022 respectively. As a new department under CNRA, the OEIS will not have enforcement, administrative and technical support services (such as Legal, Information Technology, Wildfire Safety Advisory Board support, Administrative, Human Resources, Training, Labor Relations, Fleet/Facilities, etc.) that are currently provided by CPUC to WSD to support itself as an independent department. The OEIS requests additional staffing, as well as, contract funds to procure the required support services to fulfill the OEIS mission. This proposal requests 34 new fulltime, permanent positions and associated staffing costs to support additional functions required to establish the OEIS as a new, independent department under the CNRA.

This request also includes proposed trailer bill language to ensure authorities provided to the WSD while at the CPUC continue to exist with the establishment of the OEIS.

This proposal is meant to address the OEIS's ongoing and unmet needs associated with implementation of SB 901 (Dodd), Chapter 626, Statutes of 2018; AB 1054 (Holden), Chapter 70, Statutes of 2019; AB

111; and associated legislation, which require increased utility oversight and wildfire risk reduction over electrical corporations. In addition, it provides support for the Dig Safe Board to implement the requirements of SB 865.

Background. *Wildfire Safety Division (WSD).* AB 1054 and AB 111 were signed into law on July 12, 2019 in response to increased wildfire threats in California as well as an increase in utility-related wildfire events. The OEIS is statutorily required to perform the following functions:

- Oversee and enforce electrical corporations' compliance with wildfire safety pursuant to Public Utilities Code commencing with Section 8385.
- In consultation with the California Wildfire Safety Advisory Board (WSAB), develop performance metrics to achieve maximum feasible risk reduction to be used to develop wildfire mitigation plans (WMP) and evaluate an electrical corporation's compliance with that plan.
- Develop a field audit program for WMP compliance by each electrical corporation.
- Consult with the California Office of Emergency Services (CAL OES) in the office's management and response to utility Public Safety Power Shutoff (PSPS) events and utility actions for compliance with PSPS program rules and regulations.
- Support efforts to assess and analyze fire weather data and other atmospheric conditions that could lead to catastrophic wildfires, and to reduce the likelihood and severity of wildfire incidents that could endanger the safety of persons, properties, and the environment within the state.
- Retain appropriate staff that includes experts in wildfire, weather, climate change, emergency response, and other relevant subject matters.
- Review, as necessary, in coordination with the WSAB and CPUC staff, safety requirements for electrical transmission and distribution infrastructure and equipment attached to that electrical infrastructure and provide recommendations to the CPUC to address the dynamic risk of climate change and to mitigate wildfire risk.
- Evaluate and approve or deny electrical utilities' WMPs.
- Review and issue electrical utilities' safety certificates (following the issuances of initial safety certificates by the CPUC's Executive Director), including assessment of sub-components required for the safety certificates, such as approval of executive compensation structure.
- Develop, conduct, and monitor all associated compliance assurance activities, including review of electrical utilities' independent evaluator work product and reports.
- Transition from the CPUC into the OEIS under CNRA by July 1, 2021.

The WSD was formally established on January 1, 2020, to enact and support the assembly bills' legislative mandates on wildfire safety and associated activities. The WSD and a number of other state agency stakeholders—including CalFire, Cal OES, and the Forest Management Task Force—developed a strategy and roadmap to guide development of the initial WSD and the ongoing wildfire risk reduction mission of the OEIS. The strategy and Roadmap—Reducing Utility-Related Wildfire Risk: Utility

Wildfire Mitigation Strategy and Roadmap for the Wildfire Safety Division—published in December 2020, identified near and long-term actions and areas for collaboration to support the WSD’s and by extension the OEIS’ mission.

The WSD/OEIS’ mission is "[t]o advance long-term utility wildfire safety by developing data-driven, comprehensive utility wildfire mitigation evaluation and compliance criteria, collaborating with local, state and federal agencies, and supporting efforts to improve utility wildfire safety culture and innovation." To achieve this mission, the WSD/OEIS is developing and implementing measures to ensure an integrated, utility-related wildfire mitigation approach; amalgamate local perspectives into utility approaches to reflect community differences; support decision making with data and analytics; and, when possible, exercise innovative problem solving for developing new utility wildfire solutions. Over the near-term, the WSD/OEIS is:

1. Revising the WMP framework, including a new utility Wildfire Mitigation Maturity Model
2. Recommending outcome and progress metrics to enable continuous improvement
3. Developing an advanced data and analytics strategy
4. Collaborating with the WSAB to implement its recommendations.

The WSD is mandated to transition from the CPUC into the OEIS under the CNRA by July 1, 2021. As the WSD transitions to the OEIS, synergies of information and knowledge will need to be coordinated between the OEIS, the CPUC, CAL FIRE, and Cal OES. As a new division, the WSD currently does not have the administrative and technical capabilities to support an independent department and will require enforcement, legal, administrative, human resources, information technology, communications, and technical support to ensure that the OEIS has the capacities to fulfill its mission. In addition, the OEIS will require the transfer of certain existing equipment, personnel, contract funds, and contract authority. The OEIS will also require interagency contract funds for the OEIS to procure services from Department of General Services’ Contract Fiscal Services and CPUC for services such as Fiscal, Human Resources, Labor Relations, and Personnel, and CNRA for Information Technology services and external contract funds for compliance assurance, data analytics, consulting and GIS services.

Dig Safe Board. The Dig Safe Board was created by SB 661 (Hill), Chapter 809, Statutes of 2016, following two fatal 2015 dig-in accidents in Fresno and Bakersfield. The Legislature charged the Dig Safe Board with improving excavation safety around buried utilities and vested it with regulatory, investigative, and enforcement powers.

The One-Call Law was created in the 1980s, but before SB 661, there was no regulatory body overseeing safe excavation around buried infrastructure. Without a regulatory body, changes in law were made in statute instead of regulation, or not addressed. Before administrative enforcement, excavators and operators resolved responsibility for damaged utilities through their claims departments and threats of litigation, leading to often profound mistrust between professional excavators and utility operators. SB 865 aims to increase awareness of safe excavation requirements, promote cooperation between excavators and utility operators, and give the Dig Safe Board appropriate tools to increase its effectiveness.

SB 865 makes several changes to the One-Call Law, including requirements for regional notification centers (One-Call centers) and excavators, including a requirement for operators to map all subsurface installations using a geographic information system. SB 865 also relocates the Dig Safe Board from CalFire’s Office of the State Fire Marshal (OSFM) to OEIS.

LAO Comments. *Office of Energy Infrastructure Safety Establishment (OEIS) (Net Increase of \$7.8 Million Special Funds).* The LAO recommends that the Legislature seek more justification substantiating the need for these net new positions before taking action. If workload justification is not provided, the LAO would recommend rejection of the net increase in positions.

The concept of moving the existing functions of the CPUC's Wildfire Safety Division and CalFire's Dig Safe Board into a OEIS appears to be consistent with the intent of recent legislation, including AB 111 and SB 865.

However, the proposal requests 34 net new positions, which is a substantial increase compared to the existing staffing levels of the Wildfire Safety Division (32 positions) and Dig Safe Board (24 positions).

At this point, it is unclear to us if such a substantial net increase is necessary in order for OEIS to accomplish its statutory mission. For example, it appears that many of the new proposed positions would provide management and administrative support to OEIS, but it is unclear why more of these positions were not offset by positions reductions at CPUC and CalFire. Additionally, the proposal includes some new technical positions, but it is unclear what specific gaps in service these positions will address.

3480 DEPARTMENT OF CONSERVATION**Issue 29: Forest Management Task Force Coordinator**

Governor’s Proposal. The May Revision requests \$168,000 Environmental License Plate Fund (ELPF) and one position ongoing to support the Forest Management Task Force (FMTF). The position, a Sr. Environmental Scientist Specialist, will be responsible for coordinating efforts between state, local, and federal partners and overseeing the development of regional frameworks that accelerate efforts to meet state forest and fire resilience goals. This requested position will be within the Regional Forest and Fire Capacity Program (RFFCP) at DOC for administrative efficiency and to leverage the role of the RFFCP to coordinate multiple scales of forest and fire resilience work at the regional level.

Background. The Forest Management Task Force was created in 2018 through an Executive Order of then Governor Jerry Brown to coordinate efforts across multiple state and federal agencies to address the growing risk associated with catastrophic wildfire. In 2019, Governor Gavin Newsom reaffirmed the FMTF, directing participant agencies to work collaboratively to examine the many components of action needed to address the continuously increasing threat of landscape fire in the state. In January of 2021, the findings and recommendations of FMTF were released in a report entitled: California’s Wildfire and Forest Resilience Action Plan: A Comprehensive Strategy of the Governor’s Forest Management Task Force (Action Plan).

The work of the FMTF has increased coordination and partnership between state and the United States Forest Service (USFS). In 2020, this partnership was memorialized in the Agreement for Shared Stewardship of California’s Forest and Rangelands between the State of California and the US Forest Service Pacific Southwest Region. Through this agreement, the state and USFS have aligned goals and substantially increased coordination and collaboration to meet them.

The RFFCP funds regions to plan their forest and fire priorities and develop shovel ready projects to meet them. The RFFCP emphasizes broad and equitable collaboration and focused investments in capacity to ensure that communities within the region are able to participate and benefit from the program. Through the RFFCP, regions are able to serve as a coordinating point for the many different local, state, and federal forest and fire priorities that impact their region and support the FMTF by identifying regionally specific needs.

The program was initiated as part of a larger budget package to implement the 2019 Forest Carbon Plan and Executive Order B-52-19, the 2018-19 budget appropriated \$20 million (Greenhouse Gas and Reduction Fund) to the Natural Resources to initiate the RFFCP. In 2019, DOC launched the RFFCP in partnership with CNRA and funded block grants to 6 high-capacity regional entities.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)**Issue 30: Fire Protection Enhancements: Direct Mission Support**

Governor’s Proposal. The May Revision requests to permanently redirect \$12.197 million General Fund in 2021-22 and \$12.069 million ongoing from the Emergency Fund to the base budget (a net-zero transfer), along with \$1.5 million General Fund one-time in 2021-22, 85 positions starting in 2021-22, and 87 positions in 2022-23 and ongoing. An additional \$1.5 million of ongoing lease savings will be redirected starting in 2022-23 to backfill the proposed one-time General Fund.

These positions are intended to provide critical administrative and program support necessary for CalFire to fulfill its core mission. The additional resources are intended to help ensure the acquisition, emergency incident procurements, and administrative staffing levels are commensurate to manage CalFire’s increasing and increasingly complex workload requirements.

CalFire also proposes to permanently redirect \$2.1 million in telework savings starting in 2021- 22 to partially support an additional 23 positions in the Business Services Office (BSO) (Contracts), Departmental Accounting Office (DAO), Budget Office, Equal Employment Office (EEO), Office of Program Accountability, the Communications Office, Labor Relations Office (LRO), Information Technology Services (ITS), Research and Development (R&D), the Office of Legislation, Fire Protection, the Executive Office, and Occupational Health Program (OHP).

In 2021-22, CalFire is terminating leases for two buildings in the Sacramento Arden area, and is moving the staff into the new California Natural Resources Agency building. In 2021-22, \$1.5 million General Fund one-time will provide funding to help support 21 positions until leases in the Sacramento Arden area are terminated, and savings are redirected to provide the remaining funds needed to support a total of 23 positions on an ongoing basis starting in 2022-23.

Background. The growth of various CalFire programs and resources, as well as safety personnel over the past 10 years has increased the administrative demands on the department. Over the past 10 years, CalFire’s budget has grown by \$1.3 billion, a 118 percent increase (i.e., \$1.1 billion in 2010-11 vs. \$2.4 billion in the 2020-21 enacted budget). The number of positions has also increased by approximately 2,140, a 36 percent increase (i.e., 5,994 in 2010-11 vs. 8,134 in 2020-21).

Despite this growth in resources and personnel, CalFire’s budget requests have included a minimal amount of funding and positions to support fiscal administration, which have generally been tied directly to the incremental administrative workload associated with that request (i.e., \$165 million Greenhouse Gas Reduction Fund funding related to SB 901 (Dodd), Chapter 626, Statutes of 2018, 2018-19 Climate Change Fire Severity Budget Change Proposal (BCP), and 2020-2021 Fire Protection Enhancements: Relief Staffing BCP). The Administration states that these augmentations have resulted in ongoing workload that is difficult to maintain without additional resources to assist in developing, enacting, and administering the financial processes generated by the rapid growth of resources and departmental financial obligations.

CalFire routinely moves base budgeted uniformed and non-uniformed staff to incidents to complete all incident contracted goods and services acquisition and payment workload. Redirected staffs’ base salary is charged against those employees’ “home” budgets, with their overtime charged to the Emergency

Fund. The uniformed staff are backfilled if they are in a post position (i.e., staffed 24 hours, 7 days a week, 365 days per year), with the backfilled post positions' overtime charged to the Emergency Fund. CalFire proposes to shift approximately \$12.197 million in 2021-22 and \$12.069 million ongoing of historically budgeted and expensed costs from the Emergency Fund into the base budget, resulting in a net-zero shift, to support 64 positions in Incident Management Team (IMT) Fiscal Support, Region and Unit Administration, and Emergency Response Billing Unit. It is expected that this shift will result in over 100,000 hours of uniformed staff time redirected from administrative and support duties and into the field.

Currently, CalFire's administrative staff make up less than 11 percent of CAL FIRE's staffing overall. While CalFire has received a combination of ongoing or temporary funding within programs that carry out new objectives, the administrative staff that manages the related tasks of contracting, procurement, budgeting, planning, tracking, accounting, and all other financial, administrative day-to-day workload has not increased proportionately.

LAO Comments. *CalFire - Direct Mission Support (\$1.5 Million GF, \$12.2 Million Transfer from E-Fund)*. The LAO recommends that the Legislature seek additional justification for the proposed positions and a clearer explanation for why they believe the assumed offsetting savings will materialize before acting.

If the Administration is unable to provide sufficient justification in time for legislative review, the LAO would recommend that the Legislature reject the proposal. The Administration could resubmit the proposal with additional justification in next year's budget cycle. In particular, the areas where the administration should provide additional information are:

- ***Staffing Justification.*** (1) What are the current staffing levels to support the unit or activities described? (2) What specific workload backlogs or gaps in service exist because of inadequate staffing? (3) Why the specific number of additional staff are justified?
- ***E-Fund Transfer and Lease Savings.*** The request proposes to offset most of the costs associated with the new positions with reductions in the Emergency Fund (E-Fund) and lease savings from moving staff into the new Natural Resources building. However, it is unclear whether those offsetting savings will materialize. Specifically, it is unclear how much the proposed positions will reduce the utilization of the E-Fund given that the Director of Finance can augment this fund during the course of the budget year based on emergency fire activity. Additionally, it is unclear why this proposal assumes lease savings from moving into the New Natural Resources Building given that the department has another separate proposal that requests additional funds to cover higher lease costs associated with the move into the building.

Issue 31: One-Time Fire Protection Augmentation — July to December 2021

Governor’s Proposal. The May Revision requests one-time funding of \$38.913 million General Fund in 2021-22 to augment its fire protection resources given trends associated with climate change and current drought conditions, increasing fire severity and size, declining inmate camp populations, and ongoing operational impacts from COVID-19.

Military Crew Staffing (\$5.623 million). Through an agreement with the California Military Department (CMD), CalFire is currently staffing 10 fire crews to perform fire prevention and fuel reduction project work and fire response, referred to as Task Force Rattlesnake. This request includes funding to support the staffing of three additional Task Force Rattlesnake crews for a total of 13 fire crews from July through December, with two new crews operating out of the Santa Clara Unit and one in the San Diego Unit. The request includes contract services with CMD for their service members and operating expenses in three exclusive use crews. To support the additional crews, CalFire requests four temporary FCs and 12 Fire Fighter Is (FF). This request includes \$4.048 million for Task Force Rattlesnake.

In addition, during periods of high fire activity when fire crew resources are drawn down, CalFire and CMD have an agreement allowing for the mobilization and deployment of CMD resources as Type II Hand Crews for response to incidents. These hand crews are commonly referred to as force packs. Force packs are mobilized for a 29-day period that includes activation, mobilization, training, deployment, and demobilization. The military service members provided by the CMD are supervised by a FC and supported by FFs that are trained to perform as the Military Crew Advisor chainsaw team or “sawyers” to support the force packs. This request includes 24 FFs to serve as sawyers assigned to support force pack deployments. The request includes \$1.575 million for the FF sawyers.

Additional Fire Crews (\$27.444 million). The April to June 2021 funding augmentation included additional CAL FIRE and CCC Fire Crews which are proposed to start on July 1, 2021, as part of the 2021-22 Governor’s Budget. This augmentation accelerated the hiring and training of 12 CalFire Fire Fighter crews and 12 CCC fire crews given trends associated with increasing fire severity and size as well as current drought conditions and weather patterns. In addition, the April to June 2021 augmentation included the staffing of eight additional CalFire Fire Fighter crews in order to address declining fire crew numbers statewide.

This request includes funding to continue the staffing of the eight additional augmented CalFire Fire Fighter crews for the period of July through December 2021, and includes 24 Fire Captains (FC), 24 Fire Apparatus Engineers (FAEs) and 320 FFs to provide a minimum of 15 crew members for 24 hours, seven days a week. Each fire crew will have two company officers (FC and FAE) and 13 FFs to perform fire prevention and suppression work.

Fire Protection Support (\$1.725 million). An additional 27 Associate Governmental Program Analysts (AGPA) are requested for a period of six months in each of the 21 units, two at region headquarters, and four at Sacramento headquarters. These requested AGPAs will assist with the personnel and finance transactions required to support the additional 408 employees and 11 additional fire crews operating out of temporary use facilities. In addition, they are intended to support the processing and payment of Assistance by Hire resources and California Fire Assistance Agreement invoices anticipated due to increased fire activity and large-scale fire incidents. Additional resources at CalFire’s region offices is intended to help ensure there is staff to support the increased fire protection personnel at the regions and units, and to support the accounting workload. The requested positions are meant to address key gaps in administrative staffing, allow CalFire to improve operational efficiencies and ensure the department

continues to meet its mission.

Fiscal Services Support. (\$2.121 million). CalFire requests \$471,000 to fund seven Staff Services Analysts and two Staff Services Managers for a period of six months at Sacramento headquarters to manage the workload surge from incident related purchases and payments. With the implementation of the Financial Information System for California (FI\$Cal), the process from Procurement-Card (P-Card) Purchase Orders through payment has vastly changed from the legacy system, adding workload and requiring a higher level of expertise for purchasers, approvers, and auditors. Based on the volume of work generated by wildfire incidents and the substantial workload created by FI\$Cal, the bulk of P-Card related workload has been assigned to Business Services Incident Fiscal Support and the Departmental Accounting Office. Incident Fiscal Support staff receive the P-Card packages from all purchasers assigned to the fire, and reconcile, receipt, and approve every transaction within. Then each package goes to voucher phase where Accounting audits, approves, and submits for payment.

CalFire requests \$1.5 million to continue contracted support for processing payments from incidents for local government, hired equipment, late payment penalty processing for thousands of claims that are separate from the original payment transaction, P-Card purchasing from fires, and P-Card support for units. The use of contracted resources made it possible for CalFire to close the last fire year for private vendors, but the department is still processing hundreds of local government invoices that arrived in April 2021 for 2020 fire activity. To date, the current contracted resources have effectively processed 2,498 invoices or receipts and \$154.2 million in payments owed to various parties for 2020 fire activity. Absent this support in another extreme fire year, the payment side of the Department may not be able to sustain the workload.

CalFire also requests \$100,000 for student assistants to help the Emergency Response Billing Unit with document collection, copying, and packaging of various support elements of fire recovery packages. Given the size of the 2020 fire activity, CalFire's backlog includes an unprecedented 20 Fire Management Assistance Grants or Federal Emergency Management Agency (FEMA) Declaration packages that must be completed within various deadlines for Cal OES and their forwarding onto the federal government. Given the very manual nature of preparing recovery packages to meet federal requirements, the department requests additional temporary assistance to provide support to permanent staff, so that the review, audit and preparation workload is completed in a timely manner.

Vehicle Repair and Maintenance (\$2 million). This request includes \$80,000 for 21 units, two region headquarters, mobile equipment headquarters, and training centers, for a total of \$2 million. CalFire performs its annual maintenance of engines, emergency crew transports, and dozers during the winter months, when use is at a minimum. The 2021 fire season is expected to have higher fire activity, and increased vehicle and equipment usage and travel is projected to be above normal, increasing maintenance and repair costs.

3560 STATE LANDS COMMISSION (SLC)

Issue 32: South Ellwood Project — Platform Holly Plug & Abandonment (P&A)

Governor's Proposal. The May Revision requests \$49.9 million one-time General Fund in 2021-22 and to repurpose \$2.5 million one-time General Fund provided in the 2020 Budget Act for fiscal year 2021-22, to complete Phase 1 of the South Ellwood Project.

In addition, SLC requests \$2.5 million one-time General Fund in 2022-23 to initiate the Environmental Impact Report (EIR) and feasibility study for Platform Holly originally scheduled and funded for 2021-22.

The total amount of funding required to complete P&A work is anticipated to be \$52.431 million. Since submission of the initial BCP, several developments have increased the state's project timeline and estimated total project costs.

Phase 1 includes staffing of facilities and the permanent securing and plug and abandonment (P&A) of oil wells on Platform Holly in Santa Barbara County. Phase 1 does not include decommissioning and the ultimate disposition of the platform itself, which will occur in a subsequent phase and be undertaken primarily by ExxonMobil (Exxon).

The Budget Act of 2020 appropriated \$2.5 million General Fund to complete an EIR and feasibility study on the decommissioning of Platform Holly. Because the EIR cannot be completed until Platform Holly nears the end of the decommissioning phase, the Administration proposes to repurpose this funding for P&A activities in 2021-22, and instead requests \$2.5 million in 2022-23 to complete the EIR and feasibility study.

SLC anticipates the state's total remaining Phase 1 costs to be \$71.8 million, which exceeds the \$20 million that SLC still has (\$15 million, carried over from the original BCP, and the \$5.033 million in remaining available lease security bond funds) by \$52 million.

In addition, the SLC requests \$500,000 for existing, and extensive, in-house engineering and technical resources required to manage the Commission's participation in the Project. SLC is therefore requesting this additional \$52.5 million appropriation because Phase 1 must be completed to protect public health and safety and the environment.

Background. When the original BCP was submitted, SLC estimated that Phase 1 of the South Ellwood Project would cost approximately \$80.04 million. The South Ellwood Project was previously appropriated \$58.04 million (\$38 million in FY 2018-19 and \$20.04 million in FY 2019-20, of which \$15 million was reappropriated in FY 2020-21). Additionally, SLC collected \$22 million from a lease security bond it held partially securing Venoco's obligations, of which \$7.033 million is left. Of the \$7.033 million left from the lease security bond, \$2 million is being directed to SLC's ongoing litigation initiated by the Venoco bankruptcy Trustee, leaving \$5.033 million available for P&A. Additionally, SLC has \$14.8 million remaining in BCP funds for P&A, which includes the \$15 million that was reappropriated to FY 2020-2021 to support operations beyond FY 2019-20, plus approximately \$400,000 that was already encumbered and is currently being spent on monthly maintenance and operations.

Since submission of the initial BCP, several developments have increased the State's project timeline and estimated total project costs, including unexpected extensive equipment repairs, even more complex and costly well abandonments than were originally anticipated with a study initiated on the abandonment activities, and the COVID-19 pandemic's physical distancing requirements forcing shut-in of all P&A operations as of March 2020.

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

Issue 33: Biodiversity Resilience Package

Governor's Proposal. The May Revision requests a total of \$64.6 million one-time funding (\$59.6 million General Fund and \$5 million California Environmental License Plate Fund (ELPF)) in FY 2021-22 and 39 permanent positions, over five years, to directly address endangered species within California, infrastructure improvements, and to develop a wolf conflict compensation pilot program.

This request is supported by information from the Service-Based Budgeting (SBB) review and is intended to allow the department to address critically threatened and endangered species, which is also its most under resourced service area relative to the mission level, while also not further exacerbating mission level gaps.

As pointed out in DFW's SBB Final Report, there are over 3,000 tasks that DFW must perform to meet its mission. Current staffing resources are only sufficient to accomplish approximately 36 percent of DFW's overall mission level needs, a gap of 2.75 times current resources. Species & Habitat Conservation and Permitting & Environmental Protection are the most under resourced services relative to the mission level need both in percentages (26 percent and 29 percent of total need, respectively) and in total hours. This SBB budget request begins to directly address these two service areas, while also ensuring that the mission level gaps that the Department has do not widen.

DFW will spread the positions and funding through three programmatic functions as follows:

- 31 positions and \$53.75 million to protect California's endangered species
- Eight positions and \$7.85 million for statewide infrastructure support and management, which includes \$350K for a feasibility study for a wildlife health laboratory
- \$3 million to establish a wolf conflict program

Protecting California's Endangered Species (31 positions, \$53.75 million). The California Endangered Species Act (CESA) expresses California's intent to preserve the state's natural wealth. These resources are intended to allow DFW to focus on implementing the full intent of the CESA. Specifically, it will allow DFW to do the following:

- Thoroughly review petitions to list species, proactively list species, if populations warrant, and respond to federal listing decisions;
- Work with regulated entities to provide guidance for CESA permitting, as well as address the 177 pending 2081(a) MOU applications;
- Annually develop recovery plans;
- Annually develop five-year status reviews for the nearly 250 listed plant and animal species; and,
- Form permit compliance teams of law enforcement and scientific staff to conduct CESA permit

compliance and assessment of mitigation measures.

In addition, this request would allow for DFW to coordinate with California Native tribes and partner agencies on biological data, thereby making more efficient use of state resources. The requested resources is intended to help to provide DFW much needed capacity in an area sorely understaffed and lacking capacity to fulfill its mission.

Statewide Infrastructure Support and Management. (8 positions, \$7.85 million). These resources are intended to allow DFW to provide ongoing management and oversight over 700 properties, totaling over one million acres throughout the state, it manages to conserve native wildlife, threatened and endangered species, sensitive habitats and to provide for public use and enjoyment. DFW will develop an internal team to identify, prioritize, engineer, design, manage, and carry out the ongoing work needed to maintain infrastructure including employee and visitor facilities, employee housing, laboratories, domestic water and septic systems, water delivery systems, dams, levees, roads, trails, fencing, gates, parking lots, restrooms, ADA improvements, and HVAC and electrical projects to ensure safety and efficiently run facilities.

DFW also proposes \$350,000 to develop a feasibility study for a state-of-the-art Wildlife Health Laboratory to address and care for wildlife throughout California. Key components of the facility include animal holding facilities with the combined space necessary for animal housing, necropsy, biological sample processing and storage, and office space for environmental scientists, research scientists, lab technicians, veterinarians, and animal care staff. The facility would enable the department to effectively address wildlife health, rehabilitation, conservation, and safety concerns and reduce costly private property damage, disease outbreaks and adverse impacts of human-wildlife conflict.

Wolf Conflict Program (\$3 million). DFW intends to use \$3 million as seed money for a pilot compensation program for livestock loss due to the return of the grey wolf in Northern California. The return of the grey wolf to California after almost 100 years is an ecological and biodiversity success story. However, cattle ranchers are struggling with conflicts with this iconic species due to the species being listed under CESA. Working with rural communities, the funding is intended to allow DFW to develop a compensation program, based on fair-market-value and administered by a neutral body, to compensate livestock producers for loss of productivity due to depredation events on individual animals.

Background. As pointed out in DFW's SBB Final Report, there are over 3,000 tasks that DFW must perform to meet its mission. Current staffing resources are only sufficient to accomplish approximately 36 percent of DFW's overall mission level needs, a gap of 2.75 times current resources. Species & Habitat Conservation and Permitting & Environmental Protection are the most under resourced services relative to the mission level need both in percentages (26 percent and 29 percent of total need, respectively) and in total hours. This SBB budget request is intended to begin to directly address these two service areas, while also ensuring that the mission level gaps that the department has do not widen.

LAO Comments. *Department of Fish and Wildlife (CDFW) – Biodiversity Resilience Package (\$64.6 Million General Fund and ELPF).* The LAO recommends that instead of providing the proposed funding on a one-time basis, the Legislature provide \$12.3 million General Fund on an ongoing basis to support the proposed staff and ongoing activities (endangered species reviews and land management), and \$3.4 million one-time from the ELPF for the proposed one-time feasibility study and pilot wolf conflict program. This would address important deficiencies highlighted by the Service Based Budget review, provide ongoing resources for ongoing activities, and avoid creating a new structural shortfall in CDFW's budget in future years.

Issue 34: Cutting the Green Tape Initiative

Governor’s Proposal. The May Revision requests to be made permanent 18 positions and \$3.8 million General Fund, received as one-time in 2020-21, for continued support of the Cutting the Green Tape Initiative. Permanent funding into the Cutting the Green Tape Initiative will expand these efforts across a broader scale in the State, resulting in tangible outcomes that improve the pace at which permits and grants are executed for restoration. These resources are intended to support restoration reform through advanced collaboration with our stakeholders, streamlining the grant making process, providing early project consultation, conducting permitting workshops, and incorporating the use of programmatic permitting options.

Background. Granting and permitting processes contribute to the challenges of successful habitat restoration. To advance habitat restoration meaningfully, on December 18, 2019 CNRA kicked off the Cutting the Green Tape Initiative (CGT). The purpose of the effort was to discuss ideas and take suggestions about new restoration reforms designed to strengthen the restoration practices and programs in California. DFW was a major participant in this discussion and distributed a document titled Summary of Stakeholder Input and Proposed Next Steps that introduced several new concepts to support improved and enhanced restoration activities within DFW. Many of these concepts were then supported with funding in the Budget Act of 2020. Specifically, the FY 2020-21 one-time funding has allowed DFW to:

- Temporarily redirect 19 staff from multi-disciplined backgrounds to form specific strike teams focused on developing and implementing CGT actions during FY 2020-21.
- Develop a streamlined restoration permit (F&G Code 2081(a)) that is being piloted on restoration projects, as well as continue development towards consolidating additional permit approvals.
- Contract with Ascent Environmental to prepare a CEQA strategy paper that assesses opportunities to streamline and expedite conservation, recovery, and restoration projects.
- Develop a Legislative report on the use of the Habitat Restoration Enhancement Act for small watershed projects.
- Continue to provide technical support to the State Water Resources Control Board in development of their general order for large habitat restoration projects statewide.
- Analyze over 300 existing grant projects in efforts to develop tools to help overcome delays, including permitting related delays, and support projects being completed on time.
- Reconvene the Restoration Leaders Committee (RLC) and their three subcommittees on prioritization, administration, and permitting to further the RLC’s original 18 recommendations to the Department, as well as identify opportunities for additional improvements. The RLC, representing the restoration community is a key stakeholder group providing a feedback loop to the Department on experiences with state administered grants, and are being used to support future collaboration on CGT actions.
- Prepare workshops for early 2021 to provide early outreach and technical assistance to stakeholders about restoration permitting options and, facilitate stakeholder participation in the development of a CGT \$15M grant solicitation targeting North Coast watersheds. This

solicitation will provide an opportunity to pilot new improvements and efficiencies to the granting and permitting processes, including shortened timelines and more efficient application and grant making processes.

- Approve its 17th NCCP, the Western Placer County NCCP/HCP and review, approve, and amend several Regional Conservation Investment Strategies.
- Collaborate with the North Coast Salmon Project to initiate a survey to assess restoration barriers, finalize the South Fork Eel Salmon Habitat Restoration Priorities (SHaRP) process, and draft an analysis report on Coho-focused habitat restoration projects funded through DFW's longstanding Fisheries Restoration Grant Program.

DFW's request for 18 positions and \$3.8 million ongoing is intended to capitalize on the successes the department has achieved, make the current efforts permanent, and expand these efforts across a broader scale in the state.

LAO Comments. *CDFW – Cutting the Green Tape (\$3.8 Million General Fund).* To inform potential future efforts to make permitting for environmental restoration projects more efficient, we recommend the Legislature adopt budget bill language requiring CDFW to report annually for the next five years on the outcomes of this initiative, including:

- (1) quantifying impacts on timelines for processing permits,
- (2) number of permits granted,
- (3) specific strategies implemented,
- (4) lessons learned, and
- (5) counties and watersheds on which CDFW has focused these efforts.

Issue 35: Drift Gill Net (DGN) Transition Program (SB 1017)

Governor's Proposal. The May Revision requests \$1.3 million in one-time funding in 2021-22 from the General Fund to cover payments to voluntary participants to complete the Drift Gill Net Transition Program pursuant to SB 1017 (Allen), Chapter 884, Statutes of 2018.

Background. SB 1017 (Allen) requires DFW to establish a voluntary DGN Transition Program (Transition Program) to transition commercial DGN permittees from using drift gill nets for the shark and swordfish fishery to gears like deep-set buoy gear with less bycatch.

The DGN Transition Program provides a unique opportunity to reduce protected species bycatch off California and support the establishment of more sustainable domestic shark and swordfish fisheries.

Participants with a history of active DGN shark and swordfish fishing and landings within a listed time period receive payment under the Transition Program of \$10,000 for surrendering their permit and \$100,000 for surrendering their nets. Participants without a history of active DGN shark and swordfish fishing and landings in the listed time period receive payment of \$10,000 for surrendering both their permit and nets.

Participants in the Transition Program not only voluntarily surrender their permits, but their nets are destroyed, and the materials are recycled by net destruction entities. The participants also voluntarily agree to not fish under federal DGN permits or to renew or transfer a federal DGN permit. If all permittees who have indicated a desire to participate are allowed to complete the process, 28 of the 32 permittees who were active during the listed time period would no longer be using DGN. This would result in a significant reduction in the potential to catch and kill whales, dolphins, sea turtles and other non-target species off California. In addition, the 16 permittees who were not active would not be able to transfer a federal DGN permit to an individual who may become active at a later date.

SB 1017 identified funding for the Transition Program in the amount of \$1 million appropriated to the California Ocean Protection Council (OPC) in Item 0540-101-0001 of Section 2.0 of the Budget Act of 2018 for whale and sea turtle entanglement. The bill also established a sunset date for California DGN shark and swordfish permits once an additional \$1 million from non-state sources was secured. OPC completed an agreement to transfer \$1 million for the Transition Program to the fiscal agent, Pacific States Marine Fisheries Commission, in June 2020. Non-state funds of \$1 million were received by the fiscal agent in September 2020, triggering the start of the sunset of state permits for the fishery.

Based on the required payments, this initial \$2 million allowed for 24 of 44 voluntary DGN shark and swordfish permittees to participate. An additional 20 permittees indicated their intent to participate prior to the deadline and have been deemed eligible for inclusion however an additional \$1.3 million is required to provide payment to these individuals.

The \$2 million identified in SB 1017 only provided the funds necessary for payments to 24 of 44 potential participants. An additional \$1.3 million is needed to allow the additional 20 voluntary participants the opportunity to complete the program and relinquish their permits and nets.

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)
3760 STATE COASTAL CONSERVANCY (SCC)**Issue 36: California Outdoors for All Initiative**

Governor’s Proposal. The May Revision requests a combined total of \$253.1 million from the General Fund and \$3.12 million from ELPF to promote and expand equitable safe and reliable outdoor access to parks, wildlands, public lands, coasts, and other natural, historic, and cultural resources, provide for recreation opportunities, help the state become more climate resilient and support the commitment to conserve 30 percent of our lands and coastal waters by 2030. This proposal includes 20 permanent and funding for 10 temporary positions.

Of the \$239.1 million General Fund Parks request, \$45 million is intended to be deposited into the Natural Resources and Parks Preservation Fund (NRPPF). For the \$14 million requested by SCC to expand its Explore the Coast (ETC) Grant Program, existing SCC staff intend to administer these additional grants.

California State Park Adventures (\$5.6 million General Fund). This pilot program would implement the California State Park Adventure pass, which will waive day-use entrance fees for fourth graders and their families at participating state parks to encourage them to get outdoors and explore the cultural and natural resources of California. The programs will also provide transportation funding to provide access to underserved students.

The program is similar to the Every Kid Outdoors federal program by offering free admission for all fourth graders and their families for a full year to 19 state park units. Participating parks will be geographically dispersed and highlight key outdoor education topics, such as sea level rise, climate change, and wildlife corridors.

K-12 Access Expansion (\$65 million General Fund; \$3.12 million ELPF one-time, \$2.441 million ongoing; and 20 positions). The department’s existing efforts to provide disadvantaged youth with digital and physical access to the natural environment, along with high-quality education and outdoor recreation programs, is constrained by limited funding, reliance on seasonal permanent intermittent staffing, and a lack of interpretive staff in target underserved areas. This proposal would implement programs and fund projects that will allow the department to more efficiently and effectively meet the increasing demands for engagement with diverse communities. This proposal will also provide access to accurate and appropriate K-12 curriculum and programming, accessible programming, and park facilities that support and allow for increased use and engagement. This will be accomplished through distanced learning, development of educational and interpretive media, and associated infrastructure improvements. This request includes \$45 million to be deposited into the NRPPF for future appropriation to address infrastructure improvements.

California State Library Partnership (\$3 million General Fund). Parks intends to collaborate with the California State Library to provide state park passes to libraries for check out. This three-year pilot program could either be statewide or target specific areas of the state based on need and is based on a successful pilot in Marin County. Marin County’s program provides passes for check out in all county libraries and select city libraries in lower-income neighborhoods. Passes available through the pilot are the second most checked out item in the Marin County Library System. The proposal includes funding

for marketing and evaluation of the pilot programs, administrative costs, and the cost to create the state park passes.

CalWORKS Golden Bear Pass Eligibility Outreach Pilot Program (\$500,000 General Fund). SB 86 (Committee on Budget and Fiscal Review), Chapter 15, Statutes of 2021, gives the California Department of Social Services (CDSS) authority to notify recipients of eligibility for benefits and services not administered by CDSS. This new authority allows CDSS to notify CalWORKs recipients of their eligibility for the Golden Bear pass, which provides free day use access to most state parks on an annual basis. The goal of this pilot is to increase awareness of this pass program by directly notifying all CalWORKs recipients about their eligibility for this existing program and its benefit of free day use access to California's state parks. CDSS will need resources to notify CalWORKs recipients of their eligibility for the Golden Bear pass. Parks intends to reimburse CDSS for these costs. Given that the intent of this proposal is to provide free day use access, trailer bill language is requested to waive the \$5 administration fee for the Golden Bear Passes when they are issued to the recipients of this program.

Outdoor Equity Grants Program (\$40 million General Fund). The Outdoor Equity Grants Program increases the ability of residents in low-income urban and rural communities to participate in outdoor experiences at state parks and other public lands. This program not only requires applicants to do more than just plan trips to state and local parks, but it also seeks to build the capacity of communities to be more aware of close to home environments and their connections to more distant environments. This proposal builds upon the \$20 million invested in the Outdoor Equity Grants Program in the 2020 Budget Act and is intended to allow the program to incorporate the findings of studies on the effectiveness of the various strategies deployed to connect low-income communities with the outdoors.

Statewide Park Program (\$125 million General Fund). Parks currently holds \$2.4 billion in requests for the \$426 million available for the program under Proposition 68. The proposal will augment those funds by \$125 million, \$25 million of which is for a park project at India Basin in San Francisco. Parks anticipates these funds will fund 20-25 projects; this would be a mix of new parks and renovating existing parks.

This program does not need to be developed. As Parks currently holds pending grant funding requests for Proposition 68 funding, the projects funded under this proposal can be constructed quickly. Applicants are required to provide a timeline demonstrating that the project can be completed within the liquidation period and to outline any potential obstacles with a plan to overcome them. Parks intends to select the most prepared projects available, awarding funds in fall of 2021.

Explore the Coast Grant Program (\$14 million General Fund). ETC grants support a wide range of activities, including funding transportation for coastal experiences for communities less familiar with the coast, communication and outreach, economic development related to coastal tourism, and development of interpretive information and education materials. The program operates as a small grants program with a maximum award of \$50,000. To date, SCC has provided approximately \$6.5 million to fund 228 projects.

Nearly all of the projects funded through the ETC program include an environmental education component. Most of the projects funded involve hands-on educational experiences at the coast for school-aged youth from disadvantaged communities and some projects include classroom curriculum relating to coastal and marine environments.

LAO Comments. Parks and Recreation and Coastal Conservancy – Outdoors for All Package (\$256 Million General Fund and ELPF). Increasing access to parks—particularly for disadvantaged or

underserved communities—is worthy and consistent with past legislative priorities. However, the administration’s proposal lacks key information on various aspects of the package.

Therefore, the LAO recommends that the Legislature seek additional information from the Administration before taking action on this package.

If sufficient information is not available to inform legislative decisionmaking within the timeframe of the May Revision, the Legislature could consider withholding action on some or all of the package until next year.

Specifically, some key areas that would benefit from additional information include:

- ***Goals and Outcomes.*** The Administration has not articulated measurable goals that are anticipated to be achieved through the state’s access programs, as well as with the proposed funding specifically. It is also unclear whether the proposed activities are best suited to achieve these goals and how progress towards meeting these goals will be measured. For example, the proposal includes \$9.1 million one-time for pilot projects to expand parks pass distribution, especially for youth in disadvantaged communities (for example, by providing free park day use to 4th graders and their families). However, it is unclear whether these pilot programs are the most effective way to improve park access and how their success will be measured.
- ***Details on Proposal.*** The proposal also lacks key details necessary to assess its merits. For example, the proposal includes \$68.1 million for K-12 access expansions through distanced learning, development of educational and interpretive media, and associated infrastructure improvements. However, the proposal does not include a breakout of how much of the funding would support each of these activities, identification of what specifically would be funded, a justification for the number of requested positions, or identification of the expected outcomes that would be achieved with these resources.
- ***Justification for Funding a Specific Park.*** The proposal includes \$25 million for a park project at India Basin in San Francisco. The proposal does not include a clear explanation as to why the administration selected this project to receive direct General Fund support over other local projects, and why it was excluded from the competitive process generally applied to other projects.

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)**Issue 37: 2020 Fire Event: Statewide Repairs**

Governor's Proposal. The May Revision requests \$113.5 million General Fund and \$103.5 million in reimbursement authority in FY 2021-22 for the 2020 Fire Event: Statewide Repairs project. FEMA will provide federal funding on a cost-sharing basis for the repair and replacement of the damaged facilities.

This request is intended to provide funding for a three-pronged approach to rebuilding and restoring destroyed facilities and trails back to pre-disaster condition, in a manner that reflects the best science to ensure these parks are more climate-resilient, including embracing fire as an important and necessary process for maintaining forest health and resiliency. This proposal includes:

- \$1 million for planning efforts for Big Basin Redwoods State Park (SP). Parks understands that rebuilding this park will require a complete re-thinking of how and where visitor-serving facilities are reconstructed, by applying valuable lessons learned from the recent disaster. In addition, Parks will also focus on addressing access and equity issues as it rebuilds this park.
- \$8.1 million to address post-fire hazards in Big Basin Redwoods SP, including hazard tree identification and removal, and other work to secure infrastructure that is critical to the park's future operations.
- \$207.9 million to rebuild the various parks damaged by the 2020 Fire Event to pre-fire conditions, as appropriate, and to rebuild Big Basin Redwoods SP consistent with the results of the proposed planning efforts.

Background. The 2020 Fire Event began August 17, 2020 (FEMA incident numbers FM-4558 and FM-4569) and devastated vast portions of Central and Northern California until early October 2020. Multiple fires damaged approximately 116,000 acres within 23 State Park units and destroyed approximately 150 buildings.

Big Basin Redwoods SP incurred the greatest amount of damage, with nearly 100 percent of the park burned by the CZU August Complex Fire. Damages at Big Basin Redwoods SP include the loss of the Historic Old Lodge Building and Nature Center, multiple campgrounds, total loss of the water and electrical systems, state-owned employee housing, destruction of all trails, dozens of historic structures, field offices, storage facilities, multiple vehicles, and equipment. Damages at Big Basin Redwoods SP alone are estimated at over \$186 million.

Significant damages in other fire impacted State Park units include the loss of the historic Independence Trail at South Yuba River SP and remarkable loss at the Cascade Ranch Historic Complex in Ano Nuevo SP.

Over the past six months, Parks has continued to assess the damages to the state park system and has identified 519 damaged facilities. Some emergency work and repairs are already underway, but the bulk of the work needed is included in this request.

As a declared federal emergency event, federal funding from FEMA is available on a cost-sharing basis. The maximum federal cost share is 75 percent for FEMA-approved costs, which is administered through the California Office of Emergency Services. The state will need to match 25 percent of the FEMA-approved costs, and cover all costs not recognized by FEMA (such as planning, environmental permitting costs, historical restoration, mitigation, etc.). The estimated funding split for this project is based on Parks's experience with FEMA on other projects, as FEMA will likely not cover many scoped items and costs. While Parks will work with FEMA to maximize the federal cost share, it is uncertain if higher reimbursement rates will be possible. The out-year funding schedule will be adjusted, as needed, in subsequent budgets as more information becomes available.

Parks cannot absorb the unplanned costs to repair and replace destroyed facilities. Emergency repairs and replacement of valuable resources and critical infrastructure are needed at the various state park units and areas affected to maintain a safe and enjoyable experience for the visitors and provide resource protection.

Issue 38: California Indian Heritage Center Funding Transfer

Governor’s Proposal. The May Revision requests \$95.3 million General Fund to be redeposited into the Natural Resources and Parks Preservation Fund for working drawings (\$4.7 million) and construction (\$90.6 million) phases of the California Indian Heritage Center (CIHC) project in Yolo County. The project may include up to approximately 120,000 square feet of indoor program space, outdoor public spaces, interpretive and educational trails, demonstration areas, and other appurtenant facilities.

Total project costs are estimated at \$200 million, including Preliminary Plans (\$4.69 million), Working Drawings (\$4.69 million), and Construction (\$190.62 million). The construction amount includes \$173.865 million for the construction contract, \$8.693 million for contingency, \$3.05 million for architectural and engineering services, \$4.322 million for agency retained items, and \$690,000 for other project costs.

The current project schedule estimates Preliminary Plans began in July 2018 and will be completed in December 2022. The Working Drawings are estimated to begin in January 2023 and will be approved in June 2025. Construction is scheduled to begin in December 2025 and will be completed in December 2027.

Background. In 2002, SB 2063 (Brulte) appropriated \$5 million to establish the California Indian Cultural Center (CIHC) and Museum Task Force (Task Force) for the purpose of advising and making recommendations for the development of the new museum, including its location, content and governance structure. Key advisors and Task Force members held deliberative and sensitive discussions to move the project forward. By 2003, the Task Force adopted the name California Indian Heritage Center. Parks, Task Force, and community representatives selected the West Sacramento site at the confluence of the Sacramento and American Rivers after assessing several alternatives. The following project documents were completed with the SB 2063 funding: 1) The Developing Vision—an Interim Planning and Interpretive Programming Report; 2) Concept Master Plan—Interim Site and Facility Master planning and Programming Report; 3) Business Plan and Final Report; and 4) Final Visioning Document, General Plan, and Environmental Impact Report (adopted by the California State Park and Recreation Commission, the CIHC Foundation, and the City of West Sacramento City Council).

Issue 39: Various Capital Outlay Reappropriations

Governor’s Proposal. The May Revision requests various items be reappropriated for the following projects consistent with updated project completion timelines:

0001—General Fund

Item 3790-301-0001, Budget Act of 2019

(1) 0005276-Fort Ross SHP: Visitor and Educational Improvements-Preliminary plans

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

Item 3790-301-0005, Budget Act of 2018, as reappropriated by Item 3790-491, Budget Act of 2020

(1) 0004005-Fort Ross SHP: Cultural Trail Center-Preliminary plans and working drawings

0263—Off-Highway Vehicle Trust Fund

Item 3790-301-0263, Budget Act of 2016, as reappropriated by Item 3790-491, Budget Act of 2017, Item 3790- 491, Budget Act of 2018, and Item 3790-491, Budget Act of 2019

(1) 0000695-Heber Dunes SVRA: Water System Upgrades-Working drawings and construction

Item 3790-301-0263, Budget Act of 2018, as reappropriated by Item 3790-491, Budget Act of 2020

(1) 0000914-Prairie City SVRA: Initial Erosion Control-Working drawings

(2) 0001452-Oceano Dunes SVRA: Grand Avenue Lifeguard Tower-Working drawings

(3) 0001453-Pismo SB: Entrance Kiosk Replacement-Working drawings

(4) 0001454-Ocotillo Wells SVRA: Holmes Camp Water System Upgrade-Working drawings

(6) 0003192-Ocotillo Wells SVRA: Auto Shop Addition-Working drawings

Item 3790-301-0263, Budget Act of 2019

(5) 0003194-Oceano Dune SVRA: Le Sage Bridge Replacement-Working drawings

Item 3790-301-0263, Budget Act of 2019, as reappropriated by Item 3790-491, Budget Act of 2020

(2) 0001454-Ocotillo Wells SVRA: Holmes Camp Water System Upgrade-Construction

(6) 0000213-Carnegie SVRA: Road Reconstruction-Construction

(8) 0000754-Hollister Hills SVRA: Waterline Expansion-Construction

0392—State Parks and Recreation Fund

Item 3790-301-0392, Budget Act of 2018

(0.5) 0000700-McArthur-Burney Falls Memorial SP: Group Camp Development-Working drawings and construction

(1.5) Reimbursements to 0000700-McArthur-Burney Falls Memorial SP: Group Camp Development-Working drawings and construction

Item 3790-301-0392, Budget Act of 2019, as reappropriated by Item 3790-491, Budget Act of 2020

(2) 0001450-Calaveras Big Trees SP: Mitigation Campsite Relocation-Working drawings and construction

(4)Reimbursements to 0001450-Calaveras Big Trees SP: Mitigation Campsite Relocation-Working

drawings and construction

0952—State Park Contingent Fund

Item 3790-301-0952 Budget Act of 2017, as reappropriated by Item 3790-491, Budget Act of 2020
 (1) 0001449-Candlestick SRA: Yosemite Slough (North)-Public Use Improvements-Construction

Item 3790-301-0952, Budget Act of 2018, as reappropriated by Item 3790-491, Budget Act of 2019, and
 Item 3790-491, Budget Act of 2020
 (1) 0002696-Pfeiffer Big Sur SP: Low-Cost Alternative Coastal Lodging-Preliminary plans

Item 3790-301-0952, Budget Act of 2020
 (1) 0002696-Pfeiffer Big Sur SP: Low-Cost Alternative Coastal Lodging-Working Drawings

6029—Clean Water, Clean Air, Coastal Protection Fund

Item 3790-301-6029, Budget Act of 2018
 (1) 0000700-McArthur-Burney Falls Memorial SP: Group Camp Development-Working drawings and
 construction

Item 3790-301-6029, Budget Act of 2018, as reappropriated by Item 3790-491, Budget Act of 2020
 (3) 0003196-R.H. Meyer Memorial SB: Parking Lot Expansion, Facility and Site Modifications-
 Preliminary plans

Item 3790-301-6029, Budget Act of 2018, as reappropriated by Item 3790-491, Budget Act of 2019, and
 Item 3790-491, Budget Act of 2020
 (2) 0003195-Los Angeles SHP: Soil Remediation-Construction

Item 3790-301-6029, Budget Act of 2019
 (1) 0003196-R.H. Meyer Memorial SB: Parking Lot Expansion, Facility and Site Modifications-
 Working drawings

Item 3790-301-6029, Budget Act of 2019, as reappropriated by Item 3790-491, Budget Act of 2020
 (2) 0004005-Fort Ross SHP: Cultural Trail Center-Construction
 (5) 0000765-McGrath SB: Campground Relocation and Wetlands Restoration-Working drawings

**6051—Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection
 Fund of 2006**

Item 3790-301-6051, Budget Act of 2015, as reappropriated by Item 3790-491, Budget Act of 2016,
 Item 3790- 491, Budget Act of 2017, Item 3790-491, Budget Act of 2018, and Item 3790-491, Budget
 Act of 2020
 (2) 0000227-MacKerricher SP: Replace Water Treatment System-Working drawings

Item 3790-301-6051, Budget Act of 2017, as reappropriated by Item 3790-491, Budget Act of 2019, and
 Item 3790-491, Budget Act of 2020
 (4) 0000932-Topanga SP: Rehabilitate Trippet Ranch Parking Lot-Working drawings

Item 3790-301-6051, Budget Act of 2018

(5) 0000239-South Yuba River SP: Historic Covered Bridge-Construction

Item 3790-301-6051, Budget Act of 2018, as reappropriated by Item 3790-491, Budget Act of 2020

(2) 0001451-Lake Oroville SRA: Bidwell Canyon Gold Flat Campground-Working drawings

(4) 0000696-Malibu Creek SP: New Stokes Creek Bridge-Working drawings

Item 3790-301-6051, Budget Act of 2018, as reappropriated by Item 3790-491, Budget Act of 2019, and Item 3790-491, Budget Act of 2020

(1) 0000932-Topanga SP: Rehabilitate Trippet Ranch Parking Lot-Construction

Item 3790-301-6051, Budget Act of 2019, as reappropriated by Item 3790-491, Budget Act of 2020 (1)

0000699-Old Sacramento SHP: Boiler Shop Renovation-Working drawings

(2) 0000912-El Capitan SB: Entrance Improvements-Working drawings

(3) 0001451-Lake Oroville SP: Bidwell Canyon Gold Flat Campground-Construction

(7) 0000696-Malibu Creek SP: New Stokes Creek Bridge-Working drawings

(8) 0000697-Torrey Pines SNR: Sewer and Utility Modernization-Working drawings

(9) 0000915-Statewide: Minor Program-Minor projects

(10) 0001468-Statewide: VEP Minor Program-Minor projects

Issue 40: Various Capital Outlay Reversions
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Governor’s Proposal. The May Revision requests the reversion of existing Capital Outlay appropriations for completed projects and/or phases of projects. Parks requests reversion of the below item:

3790-496 - Reversion Department of Parks and Recreation. As of June 30, 2021, the unencumbered balances of the appropriations provided in the following citations shall revert to the fund balances of the funds from which the appropriations were made:

0263—Off-Highway Vehicle Trust Fund

Item 3790-301-0263, Budget Act of 2017, as reappropriated by Item 3790-491, Budget Act of 2020 (6) 0001457-Ocotillo Wells SVRA: Holly Corporation Acquisition-Acquisition

3790-498 – Reversion. Department of Parks and Recreation. As of June 30, 2021, the balances specified below of the appropriations provided in the following citations shall revert to the fund balances of the funds from which the appropriations were made.

6051—Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006

Item 3790-301-6051, Budget Act of 2019

(4) 0000220-Fort Ord Dunes SP: New Campground-Construction

(a) Construction - \$22,000

(5) 0000235-Old Town San Diego SHP: Building Demolition-Construction

(a) Construction - \$3,619,000

Item 3790-301-6051, Budget Act of 2019, as reappropriated by Item 3790-491, Budget Act of 2020

(2) 0000912-El Capitan SB: Entrance Improvements-Construction

(a) Construction - \$2,648,000

(8) 0000697-Torrey Pines SNR: Sewer and Utility Modernization-Preliminary plans and working drawings

(a) Preliminary plans - \$199,000

(b) Working drawings - \$150,000

(9) 0000915-Statewide: Minor Capital Outlay Program-Minor projects (a) Minor Projects - \$26,000

Issue 41: Fiscal Stability for Boating Programs (BCP and TBL)

Governor's Proposal. The May Revision requests \$10.7 million General Fund in 2021-22, 2022-23, 2023-24, and 2024-25 to cover costs associated with the aquatic invasive species (AIS) program and \$10 million General Fund in 2023-24 and 2024-25 to fund Davis-Dolwig Transfers.

Also included in this request is a proposal to reduce to the vessel registration fee increase proposed in the 2021-22 Governor's Budget.

Parks, Division of Boating and Waterways (DBW), requests an addendum to its Governor's Budget Fiscal Stability for Boating Programs proposal that reduces the previous increase to vessel registration fees to align with activities associated with registration such as Department of Motor Vehicle (DMV) Costs, Financial Aid Programs, and associated overhead, and to fund broader obligations such as AIS treatment and Davis-Dolwig liabilities from General Fund.

This proposal retains the previously requested \$20 million General Fund proposed for Davis-Dolwig transfers, as well as the suspension of the public and private loan programs, the public beach restoration program, and expenditure reductions for state operations and local assistance grant programs. The Governor's Budget proposal increased the vessel registration fee from \$10 to \$35 on an annual basis. Pursuant to this addendum, the vessel registration fee would increase from \$10 to \$20 on an annual basis. This proposal results in fund solvency through 2024-25.

This proposal includes trailer bill language corresponding trailer bill language.

Background. The Harbors and Watercraft Revolving Fund (HWRF) is the primary fund source for boating programs and has a \$52,000,000 structural deficit. The fund has faced increasing cost pressures, such as legislative expansion of programs and increasing employee compensation costs, without additional revenue sources. Vessel registration fees and motor vehicle fuel tax revenues attributable to boating are the primary revenue sources for the HWRF. The registration fee in California has only been raised once in over 40 years. The fee was \$5 until 2005 when it was raised to its current level of \$10 per year. Revenues from vessel registration have remained relatively constant while expenditures from the HWRF have increased, especially in the last 10 years. The lack of a regular fee increase coupled with increasing liabilities has caused the current imbalance of the fund.

The structural imbalance of the HWRF has reached a critical point and there needs to be a realignment of revenue and expenditures in the fund. A \$10 million transfer from the General Fund is proposed in 2021-22 through 2024-25 (\$40 million total) to help relieve the fund pressures while changes to stabilize the fund are being implemented. Since 2012-13, \$10 million is transferred to the Davis-Dolwig Account annually. This is one example of the expanded statutory obligation that has increased pressure on the HWRF (Water Code Section 11913.1 (c) and (d)). The transfers from General Fund is intended to offset this amount for four years total.

DBW is proposing to reduce state operations by \$1.962 million by maintaining a five percent vacancy rate and making various program adjustments to the aquatic invasive species (AIS) program. DBW does not expect impact to the AIS program because there is reimbursement available from the Department of Water Resources that could help offset expenditures in the Delta that overlap with DBW. Further, this adjustment would recognize historical levels of expenditure and capture savings that normally revert. This reduction is in addition to the five percent operating expenses and equipment reduction that will be implemented per the Administration's direction for the Department and other departments that utilize

the HWRF. This request proposes AIS to be funded from the General Fund for four years at \$10.7 million annually to help stabilize the fund and allow for a lower registration increase.

DBW is also proposing an \$11.987 million reduction to its local assistance appropriation baseline. This reduction will be attributed to ceasing the public and private marina loan program (\$5.5 million), a reduction to the Quagga and Zebra Mussel Infestation Grants Program (\$750,000), and a reduction to the Boat Launching Facility Grants (\$5.737 million). This reduction maintains funding for grants that provide access to California's waterways, but recognizes the lower expenditure levels seen over the last several years and is right sizing the grants programs. In addition, considering that revenue from loan repayments will be unavailable in future years as the number of loans made in recent years have greatly diminished, the vessel registration fee may need to be increased in the out years to supplement this change. DBW proposes suspending new funds from HWRF to the Public Beach Restoration Fund grant program until HWRF has stabilized or another source is identified.

The current vessel registration fee is \$10 per year and has not been increased since 2005. In order to meet proposed appropriation levels by the DBW and other state agencies, an increase to the vessel registration fee is necessary. The current fee of \$10 per year combined with other revenue sources yields approximately \$70 million over a two-year period. At proposed appropriation levels, it is necessary to increase the vessel registration fee to \$20 per year (\$40 biennially). At \$20 per year, vessel registration revenues will increase by an average of approximately \$9.3 million annually. In order to facilitate the vessel registration increase, the DBW proposes that DMV retain the existing fee structure and implement a flat fee increase to raise the vessel registration fee. DMV is also decoupling the quagga zebra fee from vessel registration based on an interpretation of federal requirements that prompted a recent regulation change on our end. This will require work by DMV staff to update their system and will cost the Department approximately \$3.25 million.

The level of the proposed fee increase does not permanently solve the imbalance of the fund but is intended to provide sufficient stability to avoid a negative fund balance for the next several years and Parks will seek input from stakeholders on exploring long-term revenue strategies. To date, Parks has developed a work group to discuss the future of the fund and workload involved with vessel registration and the quagga zebra sticker. One major strategy being considered is moving to a tiered vessel registration fee that will be based on vessel length. Discussions also include the possibility of moving fee collection responsibilities from DMV to DBW, exploring non-motorized vessel fees, and expanding the quagga zebra fee to more broadly cover costs associated with the AIS program. DMV has expressed that substantial system modifications will be necessary to implement changes beyond a simple registration increase and that these changes would likely take one to two years to fully implement.

Issue 42: Non Bond Technicals

Governor's Proposal. The May Revision requests for reappropriations and other technical adjustments from various funds to continue implementation of existing authorized programs.

This proposal includes requests to extend the liquidation period of 2020-21 and 2021-22 Local Assistance programs under the Off-Highway Vehicle Trust Fund by one additional year, totaling three years to liquidate.

Also included are requests to extend the encumbrance date of the 2019 Water/Wastewater Program, 2017 Hazardous Mine Remediation appropriation, the 2012 Enterprise Fund appropriation, the 2020 Senate Bill 8 State Beaches and Parks Smoking Ban appropriation, the 2019 Community Engagement Pilot Programs appropriation, and the 2020 Replacement of Emergency Fleet appropriation until June 30, 2022.

The final request of this proposal is to reappropriate Provision 3 of item 3790-001-0392 of the 2020 Budget Act until June 30, 2022, to allow the department to continue to receive transfers up to \$150,000,000 from the General Fund to the State Parks and Recreation Fund to offset unanticipated revenue loss resulting from public health-related closures of state parks.

Issue 43: Public Safety Dispatch Radio Console Replacement

Governor's Proposal. The May Revision requests a one-time increase of \$1.6 million General Fund in 2021-22 for the replacement of 29 dispatch consoles utilized in the department's two communication centers. The radio console systems are a critical and indispensable link between the department's field personnel, dispatchers, allied agencies, and the public.

Replacing the existing equipment is necessary to continue to support mission critical radio dispatch communications as the vendor is no longer in business and the equipment is obsolete and unable to be maintained. If current equipment fails, dispatchers will lose their ability to properly communicate with first responders. The result will be a significant public safety issue.

Background. Parks is one of the largest state law enforcement agencies in California and operates two public safety communication centers located within the state; the Northern Communication Center, which is located in Rancho Cordova, and the Southern Communication Center, which is located in Riverside. These communication centers operate 24 hours a day, 365 days per year, and are equipped with dispatch radio console systems to facilitate mission critical radio communications between the department's dispatchers, peace officers, Parks non-peace officer personnel, DFW wardens, and allied agencies. In 2017, the department's communication centers received approximately 72,000 calls for service throughout the state. Calls for service range from natural disaster responses, mass gatherings, medical emergencies, and law enforcement related incidents.

Dispatch radio consoles control, receive, and transmit radio communications with field units. The equipment represents the control link essential to the operation of the two-way radio system and managing the airwaves. The current radio console manufacturer, Moducom, has closed their business. As a result of this closure, replacement equipment and spare parts are no longer being manufactured. Critical updates and repairs to the associated software are no longer supported. The communication centers are responsible for dispatching emergency public safety calls to and from our peace officers and park staff. In addition, they serve as the dispatchers for Fish and Wildlife wardens, as well as other emergency personnel. If this equipment fails, dispatchers will lose their ability to properly communicate with first responders.

Recognizing the need to address the challenges faced by public safety agencies equipped with aging and incompatible communications equipment, California's 13 largest state public safety agencies worked collaboratively to produce a "unified strategy for communication," titled California Public Safety Radio Communications' (CAPSCOM) Strategic Plan of 2010. The plan identified numerous strategic guiding principles which must be fulfilled when developing the public safety radio communications vision for the state. These principles include:

- Antiquated systems, which are difficult for both the state and manufacturers to support, represent a high risk and must be a priority for replacement.
- The statewide public communications strategy must strive towards providing optimized support for each agency's mission.
- Support and funding for each agency's communication capabilities must be maintained during any system transition.
- New public safety radio communications systems must consist of modern, standards-based

digital technologies.

- State agencies must leverage high-quality regional public safety communications systems to supplement state systems, where possible.
- California must strive to be a leader in the development of national public safety.

Issue 44: South Yuba River State Park (SP): Historic Covered Bridge

Governor's Proposal. The May Revision requests a supplemental appropriation of \$2 million for construction from available Proposition 84 bond funds (Public Resources Code Section 79063(a)), to restore and rehabilitate the world's longest single span historic covered bridge located at South Yuba River SP.

The project is for rehabilitating and restoring the Bridgeport Covered Bridge in order to prevent it from collapsing into the South Yuba River and allow it to be re-opened to the public.

Total project costs are estimated at \$10.314 million, including Preliminary Plans (\$193,000), Working Drawings (\$163,000), and Construction (\$9.958 million). The construction amount includes \$6.661 million for the construction contract, \$2.241 million for contingency, \$744,000 for architectural and engineering services, \$129,000 for agency retained items, and \$183,000 for other project costs.

The current project schedule estimates Preliminary Plans began in July 2014 and were completed in June 2017. The Working Drawings began in July 2017 and were approved in April 2018. Construction began in March 2019 and is intended to be completed in August 2021.

The project will require temporary protection of the river corridor beneath, and, downstream of the bridge; exterior and interior shoring; removal and replacement of damaged or compromised iron and wood structural components, and the removal or replacement of damaged siding and roofing.

Background. This bridge has spanned the South Yuba River in Nevada County, California for over 150 years. This historic wooden structure that is infested with rot, dry rot, iron fatigue, broken structural members and broken fastenings, and it is succumbing to the effects of age and gravity. The project seeks to rehabilitate the bridge, which has been deemed unsafe for pedestrian and vehicular traffic by licensed professional engineers. Loss of this unique National Register Historic feature and State Cultural Landmark, would negatively impact visitor experience and public perception of state parks. The cost to rebuild the fallen structure would be exponentially more expensive. Funding from this project will be used to rehabilitate and restore the covered bridge so that it may be accessed by the public. Presently the bridge cannot be accessed as public use of the bridge is a potential safety hazard.

The construction contract was awarded in August 2018, with a notice to proceed issued in March 2019. The project has been augmented several times to cover increased costs associated with the replacement of rotten timbers that were discovered during the course of construction. The latest augmentation resulted in a cumulative augmentation of \$1.5 million. Parks estimates an additional \$2 million will be needed to finish the project and settle all contractor claims.

3835 BALDWIN HILLS CONSERVANCY**Issue 45: Baldwin Hills Conservancy Technical Proposal: Reappropriation of 2018 Proposition 1 Local Assistance**

Governor's Proposal. The May Revision requests a technical adjustment to reappropriate Proposition 1 Local Assistance as published in the 2018 Budget Act to continue implementation of existing authorized programs.

3860 DEPARTMENT WATER RESOURCES (DWR)**Issue 46: Systemwide Flood Risk Reduction: Yolo Bypass Phase 1 Implementation**

Governor's Proposal. The May Revision requests \$7.6 million towards the preliminary plan phase of the on-going, Yolo Bypass Phase I implementation program, Little Egbert Tract project. The Little Egbert Tract project needs to make significant progress in the near future to meet mitigation needs and to be able to efficiently implement the project. The Little Egbert Tract project is consistent with the intent of Proposition 68 bonds and Proposition 1 bonds to fund multi-benefit projects that achieve public safety improvements and measurable fish and wildlife improvements and has received funding in prior fiscal years.

The ongoing Yolo Bypass Phase I program includes benefits from flood protection, tidal marsh restoration, fish passage improvements, and waterfowl habitat improvements. It includes the following projects:

- Lower Elkhorn Basin Levee Setback/Bryte Landfill
- Little Egbert Tract
- Lower Yolo Bypass Fixes in place
- Lookout Slough
- Environmental Enhancement and Mitigation

This funding request will be supported by the reversion of previously appropriated Proposition 68 funds for the Deep Water Ship Channel project and Proposition 1 funds for the Little Egbert Tract project. Due to the need to achieve additional alignment with local, state, and federal agencies on this project, the funds appropriated to the Deep Water Ship Channel are not needed in the immediate future. The Proposition 1 reversion request facilitates a change in the phase to be funded from Design Build to Preliminary Plans. It is not anticipated that the project will use Design Build funding but has an immediate need for Preliminary Plans funds.

This funding is needed to refine the project concept and components and will result in a more accurate cost estimate after the planning phase has been completed. This effort is important to the development of this as a shovel-ready project. Additional funding is currently allocated to this project in the Preliminary Plans phase as well as other phases that is being and will be utilized in the execution of this project.

The following reversion is requested:

\$3,000,000: Fund 6088 – California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (Proposition 68.) These funds were appropriated from Chapter 11.5, Section 80145(a)(1)(A)&(C) – (3860-301-6088), FY 2018-19, Budget Act of 2018 (Ch 29, Sts of 2018.)

\$4,600,000: Fund 6083 – California Water, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1.) These funds were appropriated from Chapter 11 Section 79781 – (3860-301- 6083), FY 2019-2020, Budget Act of 2019 (Ch 23, Sts of 2019.)

Background. The Little Egbert Tract project expands the capacity of the Lower Yolo Bypass. This

project is needed to allow for additional expansions of the Yolo Bypass and system weirs upstream that will provide additional flood protection for several urban and rural communities in Sacramento, Yolo, and Solano counties. The project will also restore approximately 3,000 acres of habitat that will benefit Delta Smelt, Chinook salmon, North American green sturgeon, Swainson Hawk, and other species.

Issue 47: CalConserve Water Use Efficiency Revolving Loan Program Repurposing (TBL)

Governor’s Proposal. The May Revision requests to amend Water Code Section 81023, as follows:

Section 81023 of the Water Code is amended to read:

Consistent with Division 26.7 (commencing with Section 79700), the sum of ~~ten~~ three million dollars ~~(\$10,000,000)~~ (\$3,000,000) of the proceeds of bonds authorized to be issued and available for the purposes of Section 79746 shall be transferred to the fund and used by the department, upon appropriation, for loans for ~~the following~~ water conservation and water use efficiency projects and programs to achieve urban water use targets developed pursuant to Section 10608.20₂.

~~(a) (1) Five million dollars (\$5,000,000) for a pilot project for local agencies to provide water efficiency upgrades to eligible residents at no upfront cost.~~

~~(2) Five million dollars (\$5,000,000) for local agencies to provide low interest loans to — customers to finance the installation of onsite improvements to repair or replace, as necessary, cracked or leaking water pipes to conserve water.~~

~~(b)(a) The department may implement this section by providing to a local agency a zero-interest loan of up to three million dollars (\$3,000,000).~~

~~(c)(b) A local agency that receives a loan pursuant to this section shall exercise reasonable efforts to recover the costs of the loan. However, the department may waive up to 10 percent of the repayment amount for costs that could not be recovered by the local agency.~~

~~(d)(e) The department and a local agency that is an urban retail water supplier and that receives a loan pursuant to this section may enter into a mutually agreeable schedule for making loan repayments into the CalConserve Water Use Efficiency Revolving Fund.~~

This language is accompanies a piece of the May Revision proposal on Water Resiliency.

Background. *CalConserve Water Use Efficiency Loan Program.* AB 92 (Committee on Budget), Chapter 2, Statutes of 2015, authorized the transfer of \$10 million from Proposition 1 (Water Code Section 79746) to the CalConserve Water Use Efficiency Revolving Fund to establish a loan program to local agencies for specific types of water conservation and water use efficiency projects and programs to achieve urban water use targets.

Project types include: (1) pilot projects for local agencies to provide water efficiency upgrades to eligible residents at no upfront costs; and, (2) local agencies to provide low-interest loans to customers to finance the installation of onsite improvements to repair or replace, as necessary, cracked or leaking water pipes to conserve water.

Issue 48: Various Reappropriations

Governor’s Proposal. The May Revision requests technical corrections to previously requested reappropriations to support various programs. These technical changes are critical to various projects which cannot be completed by June 30, 2021.

The requested technical corrections are summarized below.

3860-490—Reappropriation, Department of Water Resources. The balances of the appropriations provided in the following citations, unless otherwise indicated, are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2023:

6051 – The Safe Drinking Water, Water Quality, and Supply, Flood Control, River and Coastal Protection Fund of 2006

~~(1) Item 3860-001-6051, Budget Act of 2018, as reappropriated by Item 3860-490, Budget Act of 2019, Program 3245—Public Safety and Prevention of Damage~~

~~(2) Item 3860-001-6051, Budget Act of 2019, Flood Corridor Program Local Assistance for Dutch Slough, Program Habitat Restoration, Flood Corridor Program Grant Management~~

~~(3) Item 3860-101-6051, Budget Act of 20202018, Local Assistance for Dutch Slough, Program Habitat Restoration, Flood Corridor Program Grant Management~~

(1) Item 3860-001-6051, Budget Act of 2020, Program 3245 – Public Safety and Prevention of Damage

(2) Item 3860-101-6051, Budget Act of 2018, Local Assistance for Flood Corridor Program

6088 – California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Fund

(1) Item 3860-001-6088, Budget Act of 2020

(2) Provision 3(c), 3(d), and 3(e) of Item 3860-301-6088, Budget Act of 2018, scheduled in Program 0000745 – Systemwide Flood Risk Reduction Program

The Proposition 68 edited language will support the COBCP in May Revision titled “Yolo Bypass Phase I Implementation,” which will be reverting the struck out provision above. Additional information regarding the Proposition 84 reappropriations is included below.

Fund 6051 – Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Prop 84) – Flood Control (Ch. 3, Section 75032.5) (3860-001-6051, Program 3245), FY 2020-21 – Budget Act of 2020 (Chs.6 and 20, Stats. 2020)

Flood Corridor Program Grant Management (\$540,000)

This request for reappropriation of \$540,000 will support the Flood Corridor Program's use of Proposition 84, The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Public Resources Code 75032.5) management of grant projects. The funds in this request were established to provide the Department of Water Resources State Operations funding for the Flood Corridor Program. The Flood Corridor Program is a grant program established in 2000 in the California Water Code (Section 79035 et. seq.) to help fund flood corridor projects statewide that expand the flood corridor and preserve agricultural land and/or preserve or enhance wildlife habitat. This grant program currently has six active project agreements funded by Proposition 84 funds.

Dollars have not been expended or committed as Program has prioritized expending expiring funds remaining from previously appropriated fund centers.

Fund 6051 – Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Prop 84) – Flood Control (Ch. 3, Section 75032.5) (3860-101-6051, Program 3245), FY 2018-19 – Budget Act of 2018 (Chs. 29 and 30, Stats. 2018)**Flood Corridor Program Local Assistance (\$2,000,000)**

This request for reappropriation will support the Proposition 84, The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Public Resources Code 75032.5) funded grant projects. The funds in this request were established to provide the Department of Water Resources state operations funding for the Flood Corridor Program. The Flood Corridor Program is a grant program established in 2000 in the California Water Code (Section 79035 et. seq.) to help fund flood corridor projects statewide that expand the flood corridor and preserve agricultural land and/or preserve or enhance wildlife habitat. This grant program currently has six active project agreements funded by Proposition 84 funds. The program has expended all Proposition 1E state operations funds; therefore, Proposition 1E funds are no longer available for appropriation by the program. The excess funds from this source are necessary to augment current grants with additional funding to complete the grant agreement scope of work within the Program's time frame.

Dollars have not been expended or committed because funds remaining in previously established Funds are being applied to other Flood Corridor Program Local Assistance expenses prior to utilizing these funds to ensure that all funds available are expended.

VARIOUS DEPARTMENTS

The May Revision includes several, large packages that involve and cross-over various departments and agencies, including:

- Water Resilience and Drought Package
- Climate Resilience Package
- Sustainable Agriculture Package
- Wildfire and Forest Resilience Expenditure Plan

The following pages provide detail on these May Revision proposals.

As with all other issues presented in this agenda, no votes will be taken at this hearing for these proposals, but are noticed here for the purpose of discussing the proposed overall May Revision budget.

0540 CNRA
3480 DEPARTMENT OF CONSERVATION (DOC)
3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)
3640 WILDLIFE CONSERVATION BOARD (WCB)
3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)
3860 DEPARTMENT OF WATER RESOURCES (DWR)
3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)
8570 CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE (CDFA)

Issue 49: Water Resilience and Drought Package

Governor’s Proposal. The May Revision requests a total of \$3.475 billion (\$1.93 billion General Fund, \$1.54 Billion federal funds, and \$10.5 million bond and special funds) in 2021-2022, \$883.5 million (\$880 million General Fund and \$3.5 million special fund) in 2022-23 across six departments, and \$3.5 million special funds and 37 positions for the Water Board for implementation of drinking water and wastewater infrastructure funding, and permitting and oversight. This proposal also requests to shift \$50 million that was proposed for Sustainable Groundwater Management Act Program and State Water Efficiency and Enhancement Program grants for 2020-21 early action into 2021-22.

This request for funding includes resources needed to respond immediately to a second consecutive critically dry year and to advance many priorities of the Water Resilience Portfolio, including helping small water systems deliver safe drinking water reliably, supporting farm communities as they adjust to a reduced dependence on groundwater, repairing major aqueducts, restoring wildlife habitat, and improving the availability of water data, drought. In response to diminished water supplies in the state’s major rivers and reservoirs, and drinking water emergencies, state agencies will need additional resources beginning in 2021-2022 to respond to and mitigate drought-related problems.

The following page includes a chart that breaks down the Governor’s Water Resilience and Drought Package.

Water Resilience Package (\$ in millions)			
Category	Department	Program	May Revision 2021-22
Drinking Water, Water Supply and Reliability, Flood	State Water Resources Control Board	Drinking Water/Wastewater Infrastructure	\$1,300
		PFAs Support (\$20 million over two years)	\$10
		Groundwater cleanup/Water Recycling (\$150 million over two years)	\$85
	Department of Water Resources	Salton Sea (\$220 million over two years)	\$50
		SGMA Implementation (\$300 million over two years)	\$200
		Water Conveyance (\$200 million over two years)	\$100
		Flood (\$140 million over two years)	\$70
		Watershed Climate Studies	\$25
		Aqueduct Solar Panel Pilot Study	\$20
		Oroville Pump Storage	\$200
Department of Food and Agriculture	State Water Efficiency and Enhancement Program	\$60	
Natural Resources Agency	Clear Lake Rehabilitation	\$5.7	
Immediate Drought Support	Various	Data, Research, and Communications	\$91
	Various	Drought Technical Assistance and Emergency Water Supplies	\$27
	Department of Conservation	Multi-benefit Land Repurposing	\$500
	Department of Water Resources	Small Water Suppliers Drought Relief & Urban Water Management Grants	\$300
	Various	Drought Permitting, Compliance, and Enforcement	\$38
	Department of Fish and Wildlife	Drought Fisheries and Wildlife Support	\$33
Nature Based Solutions	Natural Resources Agency	Water Resilience Projects (\$266 million over two years)	\$166
	Wildlife Conservation Board	Wildlife Corridors/Fish Passage (\$230 million over two years)	\$65
	Department of Water Resources	Habitat Restoration (\$200 million over two years)	\$100
	Department of Conservation	Riparian Restoration	\$30
Total			\$3,475

Source: Department of Finance

More specifically, the May Revision proposes the following:

Drinking Water, Water Supply and Reliability, Flood

State Water Resources Control Board (SWRCB)

Drinking Water and Wastewater Infrastructure - \$1.3 billion American Rescue Plan Act of 2021 Funds and 20 positions

This proposal is intended to allow SWRCB to meet the goals of the state's Human Right to Water Policy, as articulated in AB 685 (Eng), Chapter 524, Statutes of 2012, which specifies that it is the "established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes" essential to health and wellbeing. Small and/or disadvantaged communities face specific challenges related to their drinking water and wastewater systems. Communities may lack the capital and economies of scale to repair, build and maintain adequate systems. SWRCB has existing programs to provide financial assistance to assist public water systems serving disadvantaged communities comply with Safe Drinking Water requirements and provide safe, affordable drinking water. Similarly, SWRCB has programs to assist small disadvantaged communities with their wastewater needs. This proposal will fund projects that have been under development and seeking funding from SWRCB, and that can meet the construction timelines of the American Rescue Plan funds. Funds will be prioritized for projects that benefit small and or disadvantaged communities, consolidations, and regional solutions.

Per-and Polyfluoroalkyl Substances (PFAS) Support for Drinking Water Systems - \$20 million General Fund

PFAS are a group of man-made chemicals resistant to heat, water, and oil. In March 2019, SWRCB began requiring monitoring for PFAS in likely source areas to identify the impacts of PFAS to public water supplies. This funding is intended to provide critical technical and financial assistance to water systems to monitor and respond to the occurrence of perfluorooctanoic acid (PFOA) and PFAS in their source water. SWRCB provides technical assistance to disadvantaged communities to respond to the occurrence of other contaminants in their source water using Prop 1, Prop 68 and the Safe and Affordable Drinking Water (SADW) fund. Currently 203 (29 DAC) systems have PFAS detections. That number is expected to rise as the results of the testing required by SWRCB are due by the end of June.

Groundwater Cleanup and Water Recycling- \$150 million (\$85m ARPA & \$65m General Fund)

SWRCB provides funding for water recycling projects that offset or augment state or local fresh water supplies through its Water Recycling Funding Program. In addition to recycled water, contaminated groundwater can be treated to augment water supplies. Many of the state's groundwater basins are contaminated by industrial chemicals. During dry periods, wells that have been taken offline due to contamination may be needed to augment drinking water supplies. This proposal provides \$150 million for recycled water and groundwater treatment projects.

SWRCB's existing Groundwater Grant Program provides grants for projects that prevent or cleanup contamination of groundwater that serves or has served as a source of drinking water. Typical projects funded under the existing program include groundwater extraction and treatment to remove and/or prevent migration of contamination, destruction of wells to eliminate conduits for contaminant migration, and injection wells for prevention of seawater intrusion.

The existing Water Recycling Funding Program promotes the beneficial use of treated municipal wastewater (water recycling) through grants and loans in order to augment fresh water supplies in California by providing technical and financial assistance to agencies and stakeholders in support of water recycling projects and research. Projects will be awarded through a competitive selection process and leveraged with voter approved Proposition 1 and Proposition 68 funds and the Clean Water State Revolving Fund program.

To respond efficiently to the proposed investment, SWRCB requests provisional language the provide flexibility when granting local assistance funding.

Department of Water Resources (DWR)

\$220 million General Fund to fund construction and related activities at the Salton Sea

In 2017, SWRCB adopted Order WR 2017-0134 (Order), requiring the state to construct 29,800 acres of habitat and dust suppression projects on exposed lakebed at the Salton Sea by 2028. The Order sets annual acreage milestones for the state and requires the development of subsequent 10-year phases of the Salton Sea Management Plan (SSMP), beginning with the development of Phase II, which must be completed by December 31, 2022. CNRA implements these SSMP activities along with DWR and DFW. In continuation of the State's effort at the Salton Sea where 4,000 acres of habitat are under construction and about 800 acres of dust suppression projects have already been implemented, and additional acres are being planned for 2021/2022, the requested funding could finance the following:

- 4,000 acres of deep-water habitat (>6ft) at \$50k/acre = \$200M
- 1,000 acres of shallow water habitat (<6ft) at \$15k/acre = \$14M
- 3,000 acres of dust suppression projects at \$2k/acre = \$6M

This funding would is intended to maximize outcomes, provide immediate economic relief to the community, support the state in leveraging federal funds, and support efforts to meet acreage milestones and comply with the State Water Board Order.

\$300 million (\$180 General Fund and \$120 million ARPA) SGMA implementation to improve water supply security, water quality, and water reliability.

This proposal requests \$300 million for capital project investments to improve water supply security, water quality and/or the reliability of drinking water wells through implementation of the Sustainable Groundwater Management Act (SGMA); to provide technical assistance grants to ensure engagement of underrepresented communities in SGMA implementation; and to provide underrepresented communities with direct and tangible drinking water quality and supply benefits where analysis and mitigation are needed.

This requested funding is intended to provide grants to advance projects that support comprehensive groundwater management, increase water supply reliability, protect drinking water, and ensure the engagement of underrepresented communities in SGMA implementation. No less than 30 percent is intended to go towards projects that protect drinking water, and no less than 30 percent is intended to go toward efforts that benefit underrepresented communities.

This funding is proposed in addition to the \$60 million proposed in the January 10 Governor's Budget.

The May Revision also includes proposing to shift the fund source of the Governor's Budget proposal from General Fund to ARPA.

\$200 million General Fund to support repair of water conveyance facilities.

Regional land subsidence in California's San Joaquin Valley due to groundwater overdraft has and will continue to adversely impact the conveyance capacity and operational flexibility of the four major water conveyance facilities in the San Joaquin Valley: two federal Central Valley Project aqueducts - the Friant Water Authority's Friant-Kern Canal; the San Luis Delta-Mendota Water Authority's Delta-Mendota Canal; the State Water Project's California Aqueduct in the San Joaquin Field Division; and the portion of the California Aqueduct that is jointly used by DWR and the United States Bureau of Reclamation (the San Luis Canal). Subsidence impacts on all four of these conveyance facilities constrains operators' abilities to deliver allocated water.

This funding is intended to support the planning, permitting, design, and construction of near-term subsidence rehabilitation projects. These projects include raises to the embankment and liner of multiple pools, raises and reconstruction of check structures between pools, raises and relocation of bridges and utility overcrossings, and the addition of instrumentation. These projects are intended to remediate the most severely subsided areas of these facilities.

\$140 million General Fund to fund Flood Capital Outlay Projects.

Funding of \$140 million over two years to support the state cost-share of critical United States Army Corps of Engineers urban flood risk reduction projects and state-led multi-benefit, system wide flood risk reduction projects. The funding will leverage approximately \$240 million of local and federal funding, reduce flood risk for 1.1 million people and over \$100 billion of assets, and implement projects that enhance the ecosystem, build resiliency for adaptation to climate change, and address aging flood infrastructure.

\$25 million General Fund for DWR for Watershed Climate Studies

DWR intends to conduct watershed-scale studies for the San Joaquin River watershed and its tributaries, develop integrated analytical models, identify vulnerabilities in the flood and water supply systems due to climate change and SGMA implementation, and identify adaptation strategies. In addition, DWR intends to evaluate the conveyance facilities in the San Joaquin River watershed to improve water system flexibility, reliability, and resilience. The analyses will be conducted with local partners using newly-developed analytical models covering headwater to groundwater for each tributary watershed.

DWR intends to also develop a regional flood management strategy for the San Joaquin River watershed and its tributaries; specifically, to work with regional flood managers to scope, conduct feasibility studies, and formulate multi-benefit flood management projects. The regional flood management strategy is intended to inform the development of adaptation strategies consisting of infrastructure needs and priorities including new and improved flood and water supply conveyance and operational changes. This would build upon and complement the work requested under FY 21-22 BCP for \$4.19M for "Climate Vulnerability and Adaptation Strategy for a San Joaquin Basin Watershed."

\$20 million General Fund for the Department of Water Resources for the Aqueduct Solar Panel Pilot Study.

Solar over canals refers to solar photovoltaic (PV) panels that are mounted on infrastructure that spans a canal. This differs from floating solar, or floating PV, for which panels float directly on the surface of the water body. Placing solar PV panels over bodies of water may potentially have added benefits over conventional ground-mounted solar – but this emerging concept is still in the early stages of deployment, and there is a lack of definitive data on long-term reliability and benefits.

This proposal is intended to fund a pilot project that investigates the constructability, feasibility of interconnection to the power grid, reduction in evaporation losses, reduction in the growth of weed and algae, construction costs, and power economics.

\$200 million General Fund for the Oroville Pump Storage.

The Hyatt-Thermalito hydroelectric facility has been constructed with the ability to operate in “pump-back” mode whereby energy is used during times of the day when energy is in excess to pump water Lake Oroville and then release that water in order to generate energy during times of the day when it is needed most. The ability to conduct pump-back operations at the Hyatt-Thermalito facility is constrained by downstream water temperature control and compliance needs. This capital outlay funding would provide for the planning, design, permitting, and construction of a project that would modify one of the Oroville Dam outlets (the Palermo Outlet) to allow it to reliably access and release the colder water that exists at the lower elevations within the lake. This project would also include a five to six-mile long pipeline to move the cold water downstream to where it is needed and enable restoration of the pumpback operations. Finally, this project would include a flow control facility with a potential for additional hydroelectric generation.

Department of Food and Agriculture (CDFA)

An additional \$60 million for the State Water Efficiency and Enhancement Program (SWEEP) Grants to provide incentives that help farmers reduce irrigation water use and reduce greenhouse gas emissions from agriculture pumping. Since 2014, SWEEP has funded 828 projects which has allowed efficient irrigation systems and water distribution technologies to be implemented on over 134,000 agriculture acres. These projects have an estimated water savings of 1.15 million acre-feet and GHG emission reductions of 800,773 MTCO_{2e} over 10 years.

This funding is proposed in addition to the \$20 million proposed in the January 10 Governor’s Budget, and \$20 million proposed for early action that is also requested to be included in 2021-22. In total, the Administration proposes \$100 million for SWEEP in 2021-22.

California Natural Resources Agency (CNRA)

This proposal includes \$5.7 million for Clear Lake Rehabilitation. Clear Lake is located in Lake County and has mercury contamination, harmful algal blooms, and other challenges that impact water quality and overall lake health that the local economies depend on. The greatest barrier to improvements at Clear Lake is the absence of quantitative data on the response of the lake system, which makes it difficult to make investment recommendations for restoration projects.

CNRA has Prop 68 funds designated for capital improvement projects at Clear Lake; however, in the absence of additional research funding, CNRA was prepared to use a portion of the designated Prop 68 capital funds to further the development of lake research, upper watershed modeling, and monitoring to maintain progress. This proposal would shift funding for the research and modeling needed to the

General Fund, and maintain the designated Prop 68 funds for later phases of these projects (such as working designs or construction).

Immediate Drought Support

Data, Research, and Communications

\$49 million for the Department of Water Resources for Critical Data Collection.

This request covers funding for hydrometeorological and groundwater monitoring infrastructure to repair and augment the state's water data infrastructure: weather stations, stream gages, irrigation management system stations, and groundwater monitoring wells near disadvantaged communities and interconnected surface water and groundwater-dependent ecosystems. It also includes collection of airborne snow observation data, groundwater monitoring well data, and enhanced surveys to better manage drinking water, groundwater recharge, and groundwater dependent ecosystems.

These infrastructure investments should reduce the staff time now needed for constant repair of monitoring equipment and infrastructure that is on the verge of failure. Funding will be focused on both near-term and long-term needs. To address the drought, funding will be focused on geographically targeted, very near-term information associated with this critically dry water year and preparation for the possibility of a dry 2022. In addition, the monitoring infrastructure is intended to provide for longer-term benefit beyond the immediate drought needs and current dry conditions, for all water year types.

\$20 million for the Department of Water Resources for Satellite Data and Forecast Informed Reservoir Operations

\$10 million of this request will be used to increase DWR's collection and reporting frequency of satellite-based statewide subsidence data - from annually to quarterly for three years. This satellite-based method measures changes in ground surface elevations over broad areas caused by the over pumping of groundwater basins. DWR uses these data to monitor areas of existing and emerging subsidence with an emphasis on areas of subsidence along the State's critical water infrastructure system, including the State Water Project and the State Plan of Flood Control.

The other \$10 million is intended to allow DWR to partner with federal agencies, local water agencies, and the University of California (UC) in three pilot projects to determine if weather forecasts generated through research weather modeling by UC can be used to allow changes in US Army Corps of Engineers water control manual regulatory requirements for dam operations at these sites. Allowing flexibility in existing regulatory requirements could permit increased storage in dry years during the winter flood control season, providing a greater water supply buffer during droughts.

\$13 million for DWR's cost share with the Lawrence Berkeley National Laboratory's National Alliance for Water Innovation (NAWI) for desalination research

NAWI was awarded a \$100 million grant from the US Department of Energy which has a 25% cost share requirement from non-Federal sources. Funding from this request, will contribute to the non-federal share. The purpose of the research is to identify possible desalination efficiencies and reduce energy use. This funding is intended to implement California Water Resilience Portfolio Action 6.2: Team with federal and academic partners to develop desalination technologies that treat a variety of water types for various uses, with a goal of enabling manufacturing of energy-efficient desalination technologies in the US at a lower cost.

\$4 million for DWR for public communications and Outreach

Funding is intended to be used to partner with local water districts and utilities to make all Californians aware of drought, and encourage actions to reduce water usage by promoting DWR's Save Our Water campaign (<https://saveourwater.com>) and other water conservation programs. DWR intends to expand contract support to develop Save Our Water materials and use existing contracts to develop a California Drought Monitor website.

\$3.43 million to SWRCB for Communications Staffing, Data Technical Support, and Water Rights System Planning (includes 17 positions for the Water Board's Division of Drinking Water funded from the Safe Drinking Water Account))

This funding is intended to allow SWRCB to coordinate media requests for information and interviews and develop proactive strategies, write and maintain content for various communications channels, develop a strategic drought public participation plan, reach out to local communities disproportionately or uniquely impacted by drought, ensure ongoing public engagement on drought response actions, manage translation and audiovisual services, and respond to water-waste inquiries.

The demand for Division of Information Technology (DIT) shared Information Technology staff resources increases significantly during times of drought as new high-priority drought-related SWRCB report project efforts are mandated and prioritized. Dedicated staff with advanced technical expertise in the areas of Software Engineering, Information Security Engineering, Information Technology Project Management, and System Engineering domains is intended to deliver the Water Board system enhancements to ensure drought information reporting mandates are satisfied.

The proposal would provide \$1 million in one-time General Fund to support development of a Stage 2 Project Approval Lifecycle document for updating and revising the state's water rights data management system, including digitization of existing paper records and development of an online geospatial platform for the public, staff, and right holders to obtain data and view information on their water rights.

\$1.5 million to CDFA for Drought Impacts and Decision Support Tools for Agricultural Producers

Funding is intended to be used to drought-related economic impact reports and decision-making tools for drought management. As climate change has led to rapidly changing conditions that affect water, including more severe droughts, this funding will build on past drought assessments and add new regions, including Klamath and Russian River watersheds as well as build a new collaborative dashboard to assess impacts of current and future drought scenarios on California's agroecosystems and communities.

\$1.0 million over three years to CDFA and CNRA for drought coordination support

Funding is intended to be used to support one position at CNRA focused on drought coordination, implementation of the Water Resilience Portfolio, and water-related issues. This position is intended to help ensure that state water activities are integrated, including the work of all departments represented in this proposal. This position also would support implementation and tracking of the inter-agency Water Resilience Portfolio. Funding will also support one position at CDFA with a primary focus on drought response, drought management and SGMA implementation.

Technical Assistance and Emergency Water Supplies

\$12 million to the State Water Resources Control Board for Drinking Water Emergencies

The Division of Financial Assistance (DFA) requests \$10 million General Fund local assistance for emergency interim or permanent solutions to drinking water drought emergencies. Interim solutions may include hauled water, bottled water, vending machines, and emergency water system inerties. Permanent solutions may include new wells, rehabilitating wells, and permanent connections to adjacent water systems. In an effort to respond timely to the state's drought emergencies that impact human health and safety, the Water Board requests provisional language to provide granting flexibility.

The Division of Financial Assistance is also requesting \$2.1 million in state operations from the General Fund to support this drought-related effort. Staff will work with systems with emergency water shortages to help identify the quickest and most cost-effective solution to the emergency, in addition to developing the funding agreement, and processing disbursements. Until staff are hired and trained, other funding program staff will be redirected from the State Revolving Fund (SRF) or bond-funded programs to assist with the drought activities.

\$10 million to DWR for Technical Assistance for Water Supply Conservation and Water Supply Reliability

DWR has identified actions to improve the drought resiliency of rural and small communities/small water systems that are at increasing risk of water shortages as we enter another drought in the report to the Legislature: Small Water Systems and Rural Communities Drought and Water Shortage Contingency Planning and Risk Assessment.

Many small water systems may lack the financial resources to adequately maintain their facilities, resulting over time in distribution systems with unacceptably high leakage rates. The smallest water systems often cannot afford to have a leak detection audit performed. DWR's technical assistance will also identify system leaks for them and help them seek financial assistance for repairs if major work is needed. Encouraging preventative maintenance before a system experiences water shortages and turns to the state for emergency assistance reduces the state costs of emergency response.

DWR proposes new General Funds and repurposing unspent CalConserve bond funds (\$7m from Prop 1) to advance water use efficiency and to fund drought preparedness and response efforts, such as those recommended in the report to the Legislature. This includes proposed trailer bill language to accommodate this proposal.

\$5 million to the Department of Food and Agriculture for Technical Assistance for On-farm Water Use Efficiency

This funding will be used to administer grants to Resource Conservation Districts (RCDs), universities, nonprofits and tribes to provide technical assistance for on-farm water use efficiency, including, but not limited to: irrigation and nutrient management training, Mobile Irrigation Labs to perform on-site pump and irrigation efficiency tests and training. Local and experienced RCD technical assistance providers partner with growers to identify and implement efficiency improvements in existing irrigation systems.

Multi-Benefit Land Repurposing (\$500m)

It is estimated by the Public Policy Institute of California that at least 500,000 acres of land will need to be fallowed to end over-drafting of the state's groundwater supply. In addition, growers in the Klamath

Basin have experienced loss of surface water to maintain river flow. The Multi-Benefit Land Repurposing program is intended to be a state-supported yet regionally driven grant program that will support regions in their efforts to repurpose these lands to other beneficial uses that minimize anticipated public health, ecosystem, and economic impacts caused by this land use shift.

DOC will partner with CDFA to develop this program and intends to leverage work by multiple programs at CNRA and Strategic Growth Council, as well as the DOC's own agricultural land conservation, partner capacity, and ecosystem restoration programs. The program will prioritize ecosystem based strategies that are implemented with landowners and effective at minimizing public health, ecosystem, and economic impacts. DOC intends to conduct extensive outreach in the design of this program to ensure its implementation provides equitable opportunity for participation by regions, subregions, and their communities.

Through this program, the DOC will provide long-term flexible support for regionally led development and implementation of land repurposing strategies. Grants made by this program will aim to take place at a regional or groundwater basin scale with consideration for unique sub-basin needs. The intent is for this work to be done with broad participation of local government, tribal government, landowners, growers, groundwater sustainability agencies, resource conservation districts, non-governmental organizations, and community-based stakeholders. Activities eligible for funding in this proposal include ecosystem and project scale planning, local coordination, capacity and training, project implementation, and monitoring.

Small Water Suppliers Drought Relief (\$150m) & Urban Water Management Grants (\$150m)

The \$150 million for Urban Water Management Grants would make funding available to public and private urban water suppliers that directly or indirectly provide water for municipal purposes and are required to prepare and regularly update Urban Water Management Plans in compliance with Urban Water Management Planning Act requirements. The support will also need to include direct support, both technical assistance and planning assistance to the many systems that do not have resources to perform or hire someone to do needed work. The work may include development of a water shortage contingency plan; development and adoption of a drought conservation, communications, and enforcement policies—including coordination with the county and the development of water supply vulnerability/risk thresholds; water loss and leak detection; organizing participation in the California Water/Wastewater Agency Response Network (CalWARN) or other equivalent mutual-aid organization; securing back-up power sources and developing quarterly testing protocols; implementing monitoring systems that are sufficient to detect production well groundwater levels; identifying and developing at least one back-up source of water that meets current water quality regulations and meets average day demand; implementing service-connection metering and monitor for pipe leakage and, during periods of water supply vulnerability, monitoring customer water use; and developing sources and distribution-system capacities to support wildfire suppression. Additional technical assistance may include drought management workshops, conducting water loss audits and leak detection workshops, and facilitating regional collaborations across systems and communities.

The \$150 million for Urban Water Management Grants provides grants to urban water agencies subject to meet Urban Water Management Planning Act requirements. To deliver funding as expediently as possible, DWR proposes providing directed financial assistance and/or non-competitive grants to fund actions included in, or consistent with, approved Urban Water Management Plans, Drought Contingency Plans and/or Integrated Regional Water Management Plans. Funding may be used for immediate drought response or drought preparedness, and priority may be given to actions directly benefiting the needs of underserved communities and communities most impacted by current drought conditions. Eligible

projects, programs and other actions (e.g., educational, outreach and engagement activities) should improve overall local/regional water management efficiency and resilience, including but not limited to inter-ties, intake structures, leak detection, water loss audits, plumbing fixture/appliance incentives, advanced/smart metering systems, landscape irrigation efficiency, stormwater capture, groundwater recharge, water supply forecasting and related actions that will help suppliers meet their urban water use objectives.

Drought Permitting, Compliance, and Enforcement

\$15 million to the State Water Resources Control Board for Water Rights Support

SWRCB's Division of Water Rights administers the state's water right permitting system. The proposal calls for \$15 million in General Fund support Division of Water Rights' drought management activities, including:

- *Water Rights Drought Enforcement Actions.* Enforcement response and investigate complaints, review existing permit requirements (including bypass flows, other compliance requirements), and evaluate priority of right. Furthermore, conduct desktop analyses to evaluate priority of right, whether water use is actively occurring on a parcel, or to respond to customer service questions regarding curtailments or other Division outreach efforts; help with priority transfers, change petitions, water quality certifications, or other emergency response actions related to drought and water rights implementation.
- *Development and Implementation of Emergency Regulations.* Development and implementation of emergency and/or permanent regulations addressing minimum instream flows and water availability. The emergency regulations would only be in place during a formalized drought emergency and would likely serve as an effective tool in facilitating development of local voluntary agreements or solutions that can be used during drought.
- *Water Availability and Demand Actions.* Development of robust supply-demand approaches, including development of regional hydrologic models and tools to estimate water availability and demand, based on existing water use, water budget and streamflow data. The models and tools would incorporate climate change hydrologic variability and would include the development of data management requirements so that the models/methods would be available for both drought and non-drought years. The development of the tools and methods would require significant public engagement and feedback to vet the technical approaches and solutions proposed by the Division of Water Rights and could include development of curtailment methodologies on watershed or sub-watershed scales.
- *Critical Drought Communication and Outreach.* Activities would include, but are not limited to, providing early notification of dry-year conditions and potential water shortages; coordinating Division roll-out of technical tools and methodologies for stakeholders and the public; managing stakeholder engagement and comments on Division of Water Right processes, permits, and curtailment actions; attending meetings, workshops and webinars; and assisting in preparation and distribution of written materials (fact sheets, drought actions websites, etc). Staff would also engage in increased stakeholder outreach to encourage and facilitate collaborative alternatives (e.g., dry year plans or voluntary agreements) to watershed-specific curtailments.
- *Issuance and Management of Temporary Urgency Change Petitions and Temporary Transfers.* Issuing and managing temporary urgency change petitions (TUCPs) related to water quality and

water right changes needed to maintain salinity control in the Delta and support basic human and ecosystem water supply needs throughout the state during emergencies.

- Facilitate Groundwater Recharge Water Rights Permitting. There has been a significant increase in the number of temporary groundwater recharge permits submitted to the Division since the passage of the Sustainable Groundwater Management Act (SGMA). Interest in groundwater recharge has increased as SGMA deadlines approach. The Division of Water Rights is already experiencing a significant backlog, and requests additional fiscal resources to address these issues.

\$1.1 million to SWRCB for Enforcement

The Office of Enforcement provides both legal and technical expertise to support State and Regional Water Boards' enforcement of SWRCB's laws and regulations. This funding would support complaint investigations, case triage, prosecution of enforcement matters (including curtailment and emergency order enforcement), and legal review of emergency drought regulations for enforceability. In addition, this funding will assist with implementation and enforcement of emergency orders, such as water conservation. All Water Board enforcement efforts for urban water conservation will be directed at urban retail water suppliers, not individual water customers.

\$6.95 million for Equipment and Overtime for the Law Enforcement Division at CDFW

DFW requests additional overtime allocations for three years to conduct law enforcement work related to drought effects impacting increased poaching, natural disaster response, streambed alteration violations, human / wildlife conflict, increased homeless encampment, forensic analysis, and data collection. DFW intends to work collaboratively with county, state, and federal partners by increasing communication and enforcement coordination on drought related crimes. This collaboration is already ongoing as a multiagency taskforce (pursuant to subdivisions (b) and (c) of Section 12029 of the Fish and Game Code) as it relates to illegal cannabis enforcement efforts. The taskforce is comprised of DFW, SWRCB, and CDFW which was created to address the environmental impacts of cannabis cultivation which has a direct correlation to illegal water diversions, water theft, and usage. DFW will continue these collaborative efforts and increase communication sharing for all drought related enforcement activity.

DFW requests one-time money for laboratory equipment for the Wildlife Health and Forensic Lab. DFW has seen a 300 percent increase in the last five years concerning wildlife public safety incidents. To identify the offending animal, the Wildlife Forensic Laboratory (WFL) must conduct DNA analysis to match DNA samples taken from the animal to the evidence taken from the victim or scene of the incident. With advancements in technology, determination can be made if the animal captured is the offending animal involved in an attack.

DFW is also requesting one-time money for the procurement of aerial drones. Drone technology would enhance law enforcement work related to drought enforcement efforts. The use of drones on public lands would allow wildlife officers to observe illegal activity related to drought conditions. Having an aerial advantage especially over lakes, streams, reservoirs, and rivers would help wildlife officers observe activity and help monitor drought conditions. This would increase a wildlife officer's patrol efficiency and improve overall officer safety. The use of drones has proven to be a force multiplier and can also be equipped with a radio repeater to improve radio communications between officers during high-risk operations. A drone's ability to fly a grid pattern while taking high megapixel photos would help document environmental destruction like an illegal streambed alteration, water theft, or impact by

homeless encampments on State lands. This aerial technology provides as good or better real-time aerial photographs than an aircraft at a substantially reduced cost.

\$11 million to DFW to support Water Operations, Permitting and Legal Support

During the 2012-2016 drought, DFW increased coordination and collaboration with the US Bureau of Reclamation, DWR, federal fish agencies, and the Water Board to coordinate overall water operations to reduce impacts to aquatic resources and listed species. It is anticipated that this level of effort will be needed again and requires additional resources to implement.

In the last drought, curtailments, initiation of voluntary actions to reduce water demand, requests for temporary modifications to existing permits and licenses, transition from surface water to groundwater to meet demands, requests to modify stream channels to provide more water supply or reduce barriers, and variance requests to reduce existing instream flow requirements increased significantly. These types of requests and efforts include significant input from CDFW to address and minimize impacts to fish and wildlife. DFW requests additional funding to better participate in permitting efforts, including working collaboratively with SWRCB to better align resources and integrate planning efforts to address current dry conditions.

In the last drought, DFW was engaged in the evaluation of requests for permit modifications, development of drought voluntary flow agreements with local landowners, enforcement actions related to illegal diversions and permit violations, and participating in SWRCB hearings related to Temporary Urgency Change Petitions, variance requests, and emergency regulations. DFW requests additional funding for legal workload to support drought actions statewide.

Fisheries and Wildlife Support (DFW)

This budget request is directly informed by the lessons learned during the 2012-2016 drought and the service-based budget results that identify DFW's greatest areas of need, which will advance DFW's work to protect and conserve California's natural resources. This analytical work shaped the requests below for efficiencies, actions, and response that address drought and climate change resilience, and protect California's diverse ecosystems.

Hatchery Improvements and Other Equipment (\$9.4 million)

Climate change, warming temperatures and drier conditions exacerbate the impacts to at-risk native fish and wildlife species, the ecology of lake, river, and terrestrial ecosystems, hatchery fish health and survival, and increase the potential elimination of many of the state's freshwater fisheries and wildlife. Most of the state's over 80 year-old hatcheries still require significant updating of incubation and rearing enclosures, and water treatment and monitoring systems to be resilient to climate-change driven threats. Specialized rearing enclosures are also needed to provide temporary safe havens for a growing number of native fish species in danger of losing their habitat to drought.

New solar-powered, energy efficient pumps are needed to provide sufficient water for sensitive wildlife and habitat during drought. Wetland capacity and efficiency also become significant issues during drought. Modern heavy equipment, including a new tractor and necessary implements will allow DFW to increase wetland carrying capacity and efficiency in water conveyance. Collectively, these solar pumps and modernized heavy equipment will allow DFW to better respond to drought conditions, reduce staff maintenance and operations costs, and decrease carbon emissions.

Staffing and Equipment to Lessen Wildlife Impacts (\$8.5 million)

California's natural lands support an incredible diversity of wildlife, but many state-owned wetlands and other vegetation communities are in poor condition. This request would increase drought and climate change resilience, sequester carbon, and maximize benefits to wildlife. Staffing supported by this request will take action, in association with equipment provide in this proposal, to manage and improve conveyance, surface water and groundwater use efficiencies, and provide water to lessen the impact of drought to wildlife on DFW and partnership lands. This effort would amplify the "30 by 30" goal to conserve natural working lands for biodiversity in addition to acting as buffers for climate resilience, which is consistent with Executive Order N-82-20.

Terrestrial Species (\$5.6 million)

California is home to a remarkably diverse array of wildlife and contains the highest number of native species in the United States, many of which can be found nowhere else on earth. While many of these species are adapted to tolerate occasional droughts, extreme and prolonged drought conditions are likely to impact even the toughest organisms.

DFW requests funding to conduct terrestrial species and ecosystems monitoring to inform management actions that instill resilience to drought and climate change and preserve California's incredible biodiversity. Using the methodologies, results, and lessons learned during its response to California's last historic drought, DFW intends to carry out statewide terrestrial species and ecosystem monitoring and vulnerability assessments that guide timely conservation and management actions. These essential data will inform habitat conservation, restoration, and management; human wildlife conflict response; emergency wildlife rescues; and captive rearing and propagation efforts for sensitive drought-affected wildlife, including threatened and endangered species.

Fish Rescue and Stress Monitoring (\$9 million)

With climate change threatening the survival of at-risk native fish species, the ecology of lake and river ecosystems, and the potential to eliminate many of the state's salmon and freshwater fisheries, DFW requests additional resources to focus on monitoring and potential rescue efforts on watersheds and species identified in the previous drought, as well as expand into additional watersheds.

*Nature Based Solutions*CNRA

This proposal will provide \$266 million over two years to CNRA to fund programs and projects that can immediately help improve ecosystem health for native fish in the Sacramento and San Joaquin rivers and their tributaries. These projects include improvements to water infrastructure that will enable water users to make additional flows available for environmental purposes, timed to improve conditions during key phases of native fish life cycles and to maximize the ecological benefit of habitat restoration projects.

Wildlife Conservation Board (WCB)

The Wildlife Corridor/Fish Passage program funds projects to construct, repair, modify, or remove transportation infrastructure or water resources infrastructure to improve passage for wildlife or fish. Habitat corridors and linkages allow species to move, migrate and adapt to precipitation, temperature, and other climate changes. Priorities include construction of wildlife overcrossings and undercrossings,

restoration or enhancement of natural habitats that provide a visual screen for wildlife, and removal of instream impediments to fish passage. WCB has staff that can implement this program through existing processes.

DWR

This funding would support several tidal wetland, floodplain, and flood-risk reduction (i.e. multi-benefit) projects that would restore more than 5,000 acres of fish and wildlife habitat in the “North Delta Arc” and in other areas recognized for their high ecological importance. The North Delta Arc is considered to have the highest restoration value for many of California’s most threatened species and ecosystems. These projects would support critical habitat for more than 10 native fish species identified as priorities by the DFW and NOAA/NMFS. These multi-benefit projects also complement other projects in the area that improve system-wide flood protection for hundreds of thousands of residents and businesses in the region. Projects will be selected in part based on their ability to deliver multiple public benefits, such as recreation, public access, and flood risk reduction.

DOC

The Working Lands and Riparian Corridors Program funds conservation organizations to plan and implement restoration and enhancement projects in riparian areas on privately owned agricultural lands. These projects are brought to the DOC via competitive applications pursuant to funding guidelines. To date, the projects funded restore and enhance natural functions of riparian corridors on agricultural lands by removing invasive species, planting native species, capturing, slowing or redirecting stormwater, creating agricultural setbacks from riparian areas like exclusionary fencing, and reducing stream water or groundwater use. In many places, agricultural landowners are willing to integrate ecosystem restoration and enhancement into the management and operations of their properties but lack the capital and expertise to implement these practices. Program funding bridges the divide between willing landowners and conservation organizations that implement riparian restoration and enhancement activities while ensuring continuity of agricultural operations.

In the first round of the riparian restoration solicitation through the Working Lands and Riparian Corridors program, four projects were funded that range from \$46,000 to \$1.16 million for a total of \$2,000,000. With these additional funds, the program could generate up to 50 projects that restore riparian areas on agricultural lands, depending on size and cost. It is estimated that only 5-10% of California’s original riparian habitat remains today, and the rest is of degraded quality. Riparian restoration has the potential to sequester carbon and nitrogen through increased biomass, which would contribute to climate change amelioration.

LAO Comments. *Water Resilience and Drought Package (\$4.3 Billion General Fund and ARPA Funds Across Two Years)*. While a portion of the Governor’s proposal would address immediate drought response needs, the majority is for longer-term efforts, similar to what general obligation bonds have funded in previous years. We recommend approval of the portion of the Governor’s proposal that would fund immediate drought response activities (\$449 million) so that urgent activities can be initiated right away to address increasingly dry conditions throughout the state. However, given the magnitude of the spending and number of activities being proposed, the Legislature may want to defer decisions on the remaining components (including \$500 million for the Department of Conservation to create a new land repurposing program) until later in the summer. This would allow to the Legislature time to (1) learn more about the Governor’s proposals—especially for programs and initiatives that are being proposed for the first time; (2) craft implementing statutory language to ensure sufficient oversight and accountability (such as program eligibility and prioritization criteria and data to be collected); and (3)

incorporate key legislative priorities, such as components of climate bond proposals that the Legislature has been considering. Some key factors to consider:

- Are there certain activities or areas of focus that are high priorities for the Legislature that are not included or sufficiently emphasized in the Governor’s package? For example, the two legislative bond proposals include significant funding for state conservancies to implement watershed and land conservation activities, whereas the Governor’s package does not.
- What level of involvement does the Legislature want to have in designing program implementation—such as how funds will be prioritized and allocated—as compared to deferring such decisions to the administration?
- What are the overall outcomes the state is seeking, and how will it know whether those objectives are achieved? Should there be any additional focus on identifying and measuring outcomes?

- 0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)**
- 0555 CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY (CALEPA)**
- 0650 GOVERNOR’S OFFICE OF PLANNING AND RESEARCH (OPR)**
- 3360 ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION (CEC)**
- 3480 DEPARTMENT OF CONSERVATION (DOC)**
- 3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)**
- 3900 AIR RESOURCES BOARD (ARB)**
- 4700 COMMUNITY SERVICES DEPARTMENT (CSD)**
- 8570 CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE (CDFA)**

Issue 50: Climate Resilience Package

Governor’s Proposal. The May Revision requests \$1.3 billion General Fund for the Climate Resilience package over three years including \$784 million in 2021-22, \$420 million in 2022-23, and \$140 million in 2023-24 to help meet the state’s priority climate goals and to support the state’s most climate vulnerable communities. Funding would be for programs and projects to increase community resilience and address climate risks such as extreme heat and sea level rise. The areas of investment are:

Climate Resilience Package (\$ in millions)			
Category	Department	Program	May Revision 2021-22
Heat	California Natural Resources Agency	Urban Greening (\$200 million over two years)	\$100
	Department of Community Services and Development	Low Income Weatherization	\$50
	California Energy Commission	BUILD Program (\$100 million over two years)	\$50
Sea Level Rise	Ocean Protection Council	Coastal Wetland Restoration (\$200 million over two years)	\$100
	Department of Parks and Recreation	State Parks Sea Level Rise Adaptation Strategy	\$11.5
Community Resilience	Strategic Growth Council	Transformative Climate Communities (\$420 million over three years)	\$140
		Regional Climate Collaboratives (\$20 million over two years)	\$10
	Office of Planning and Research	Climate Adaptation & Resilience Planning Grants (\$25 million over two years)	\$15
		Vulnerable Communities Platform & CalAdapt Mapping	\$5
	California Environmental Protection Agency	Environmental Justice Initiative (\$25 million over two years)	\$15
Other	Department of Conservation	Oil Well Abandonment and Remediation	\$200
		Biomass to Hydrogen/Biofuels Pilot	\$50
	Various	Fifth Climate Assessment	\$22
	Air Resources Board	Fluorinated Gas Reduction Incentive Program	\$15
Total			\$784

Source: Department of Finance

Extreme Heat. Extreme Heat is both an immediate and chronic risk to many communities, especially in the Central Valley and inland regions. Investments today will create stronger and more resilient infrastructure over the next several decades.

CNRA. The Urban Greening Program grants. This funding will allow for continued statewide dollars for Urban Greening projects to achieve multiple benefits such as cleaner water, urban heat island mitigation, increased adaptability to climate change, reductions of greenhouse gas emissions, wildlife and habitat benefits, and improved community health.

Department of Community Services and Development (CSD). Low-Income Weatherization Program Multi-Family Energy Efficiency and Renewables (LIWP Multi-Family) program provides investments and services to improve the energy performance of low-income multi-family housing in disadvantaged and low-income communities through the installation of energy efficiency measures such as efficient heating and air conditioning systems, appliances, attic insulation, lighting and many other energy-saving measures, as well as through the installation of rooftop solar PV systems. When replacing mechanical equipment containing refrigerants, CSD utilizes a higher incentive to encourage replacement with heating and cooling systems containing low global warming potential (GWP) refrigerants and eliminating high-GWP hydrofluorocarbon gasses that are thousands of times more potent per pound than carbon dioxide (CO₂). As a whole, these improvements reduce greenhouse gas emissions, save energy, and generate clean renewable power that reduces the financial burden of energy costs for low-income households.

California Energy Commission (CEC). The CEC is preparing to launch the Building Initiative for Low-Emissions Development (BUILD) Program in late 2021, which will support the deployment of near-zero-emission building technologies in new residential housing, focusing on low-income developments. Funds for the BUILD program are derived from the revenue generated from the GHG emission allowances directly allocated to gas corporations and consigned to auction as part of ARB's Cap-and-Trade program and must be spent proportionally in the service territories from which they were derived. The BUILD program will support a market transformation in the design and building of new, low-income housing and through these efforts will further expose local government permitting agencies to all-electric building designs.

The additional funding requested here will be used to support a complementary grant program for greening projects and cool surface projects (additional to measures required for energy efficiency compliance) in new and existing low-income residential projects. Funding will be provided throughout the state allowing low-income housing development to additionally benefit from energy efficiency and energy-use reductions realized from these nature-based solutions and outdoor design improvements. Funding will only be provided for projects and measures not being used to meet energy efficiency compliance requirements. Greening projects such as strategically placed trees, use of native plants, and green infrastructure improvements as well as cool surface projects such cool roofs, cool sidewalks, beneficial building materials and community space pavements will offer multiple beneficial outcomes including better on-site air quality, reduced energy demand, local resilience and mitigation of wildfire risk.

Sea Level Rise. Sea-level rise and flooding threatens public health and safety, private property, critical infrastructure, and valuable coastal habitats. Coastal wetlands can provide protection against sea-level rise and flooding by buffering the built environment from extreme tides and storms while providing additional benefits of increased biodiversity, carbon sequestration, and public access opportunities. The

state manages 128 state park units encompassing nearly one quarter of the California coastline, sea-level rise, coastal flooding and erosion threaten these park resources.

Ocean Protection Council (OPC). OPC's Strategic Plan to Protect California's Coast and Ocean sets a target to protect, restore or create an additional 10,000 acres of coastal wetlands by 2025. Inclusion of \$200 million over two years is intended to provide critical funding to advance coastal wetland restoration in the state to meet this target. OPC intends to coordinate closely with partner state coastal management agencies, including the State Coastal Conservancy, to identify the highest coastal resilience wetlands restoration priorities, strategically invest funds to optimize biodiversity, coastal resilience and carbon sequestration and to efficiently allocate resources to manage coastal wetland creation and provide restoration grants.

Parks. This request will provide funding to support the implementation of State Parks Sea Level Rise Adaptation Strategy (SLR Strategy), which outlines a range of decision support tools, policies and actions that drive Sea Level Rise adaptation into State Park planning and project development processes. This one-time funding of \$1.5 million will support the development of these tools – including guidelines for conducting vulnerability assessments, management alternatives for coastal resilience, coastal flooding and erosion incident response guidelines, mapping of multiple resource types, economic analysis tools, etc. – that will guide future project and program investments.

In addition, \$10 million in one-time funds will underwrite critical demonstration projects at various points in the implementation process. This includes park specific vulnerability assessments and resilience projects that maximize protections provided by “natural infrastructure” in the form of natural dunes provides for adjacent roads, buildings and parking lots. It also includes resilience features that provide continued access, such as boardwalks that provide coastal access through restored dunes. This proposal is intended to support projects that require immediate action and are anticipated to serve as demonstration projects to advance coastal resilience as outlined in the SLR Strategy. Costs for these projects range from \$100,000 to several million and will only increase in costs the longer they are delayed.

Community Resilience. The following investments are intended to align economic resilience with the state’s climate goals, empower vulnerable communities, provide actionable climate science, and support the leadership capacity of regional, local, and non-profit stakeholders.

Strategic Growth Council (SGC). The Transformative Climate Communities (TCC) program supports development of infrastructures in the State’s most disadvantaged communities through projects that integrate multiple, cross-cutting approaches to reduce greenhouse gas emissions. The program funds place-based, catalytic projects that include infrastructure investments in energy, transportation, active transportation, housing, urban greening, land use, water and waste efficiency, and other areas, while also increasing job training, economic, health and environmental benefits.

The Regional Climate Collaboratives Program (RCC) would equip collaboratives of multi-disciplinary partners including community-based organizations, local government, businesses, and others to participate in and implement multi-benefit strategies around state priorities. RCC will build capacity for more effective engagement in key planning processes, including climate adaptation/resilience and just transition/economic resilience, with a focus on integrating environmental justice approaches and aligning with funding opportunities. Collaboratives would provide robust capacity building services in communities including partnership development, community- based planning, and coordination of efforts to access State and other funding sources.

Office of Planning and Research. The Integrated Climate Adaptation and Resiliency Program (ICARP) is the State's climate adaptation program, charged with coordinating adaptation efforts across scales and sectors. Funding is needed to meet the scope, scale, and urgency of accelerating climate impacts, especially in our most vulnerable communities. These resources will enable ICARP to build robust and actionable tools that meet urgent local and state climate adaptation and resilience needs. This includes support for the ICARP Vulnerable Communities Platform, development of enhanced data visualization tools on Cal-Adapt (the state's hub for downscaled climate projection data), and support for a climate science advisory body as a formal workgroup of the ICARP Council to help guide incorporation of physical climate risk and future climate projection data into planning and investment decisions. The ICARP adaptation and resilience planning grants will help fill local and regional planning funding needs, provide communities with resources to identify climate resilience priorities, and support development of a pipeline of competitive climate resilient infrastructure projects across the state. Grant recipients will also submit case studies to the ICARP Adaptation Clearinghouse, ensuring information sharing and peer to peer learning across communities.

CalEPA. The Environmental Justice Initiative intends to expand efforts for meaningful information dissemination, engagement, and public participation by providing funding to local community-based organizations and Tribes to facilitate their ability to deliver information and education resources within their communities and promote community involvement in environmental and climate resilience decision-making. The purpose of the Initiative will be to provide direct financial assistance to organizations for projects they undertake to address environmental and climate justice and resilience challenges at the local/grassroots level and increase the capacity of the state's on-the-ground partners, to support the effectiveness of its large-scale investment in resilience infrastructure. The Initiative will build on the work of the Environmental Justice Small Grants Program, which has provided small grants to community-based non-profit organizations and tribal governments affected by environmental pollution and hazards that work to address environmental justice issues since 2002.

The Initiative is intended to support community involvement in decision-making related to the Administration's priority programs, including but not limited to: climate resilience and adaptation planning, wild fire emergency response and debris removal, drought, flooding and sea level rise planning, delivery of safe and affordable drinking water to all Californians, air and water quality monitoring and pollution reduction programs, environmental education, and increasing local clean energy access.

In light of this one-time General Fund investment, the May Revision includes a withdrawal of the EJ Small Grants proposal included in the Governor's Budget.

Other Investments. This package includes investments in Oil Well Abandonment and a Biomass to Hydrogen pilot program. Both projects are focused in regions at the forefront of climate transition, and — in coordination with the regional support provided in the Jobs Package — is intended to provide critical jobs and economic opportunities in these areas of the state. This package also provides funding for near-term, high impact emissions reductions actions through the reduction of damaging Hydrofluorocarbon.

Department of Conservation (DOC). This request proposes \$200 million to properly plug orphan wells or idle wells, decommission attendant facilities, complete associated environmental remediation, and research decommissioning activities to evaluate methane reduction impacts of plug and abandonment.

This request also proposes \$50 million to create a regional pilot program in the Sierra Nevada that connects regionally coordinated forest health and fire prevention efforts with a scalable biomass gasifier

facility to create scalable carbon negative pathways for managing the increasing vegetation removed from forests. With partners in the Sierra Nevada, through a competitive solicitation, DOC will identify a suitable location within a forested region that has durable collaborations among state, federal, and local agencies. Fuels produced would be carbon negative, thus removing CO₂ from the environment. State investment would create a full-scale gasification facility capable of converting up to 30,000 tons of forest waste to carbon-negative hydrogen or other fuels and sequestering 60,000 tons of CO₂ permanently in geologic storage. Regulatory and permitting pathways would be created and demonstrated. Financial viability by commercial providers could be assessed and demonstrated leading to private investment in new facilities thus creating a new industry in California, with job, tax and other benefits accruing in rural areas.

Office of Planning and Research. This budget proposal includes funding to implement the first five years of this statutory requirement, providing the resources needed to complete the Fifth California Climate Change Assessment. This includes overall management and interagency coordination across administering entities, stakeholder engagement, funding for primary research and regional and topical synthesis reports, a tribal climate research grant program, visualization tools, and rollout.

Air Resources Board. ARB received \$1 million Greenhouse Gas Reduction Fund in the 2019 Budget Act for an incentive program to promote the adoption of low-GWP refrigerant technologies. In 2020, CARB successfully launched the program. This is the first statewide incentive program to promote the adoption of low-GWP refrigerant technologies. Providing this assistance, particularly for low-income communities and business, to support the development, commercialization, and adoption of low-cost technologies is critical to reducing HFC emissions. With additional funding, this program can be expanded to reach more communities and further reduce HFC emissions.

LAO Comments. *Climate Resilience Package (\$1.3 Billion General Fund Across Three Years).* The Governor is proposing an unprecedented increase in spending for climate response activities. To ensure the ultimate package the Legislature adopts is coordinated, strategic, and comprehensive, we recommend considering this package in tandem with other proposed packages—such as those related to water, cap-and-trade, wildfire, and disaster preparedness—so that, in combination, all of the Legislature’s climate-related priorities are reflected at its desired levels. Given the magnitude of the spending and number of activities being proposed, the Legislature may want to defer decisions on this package until later in the summer.

This would allow to the Legislature time to:

- (1) learn more about the Governor’s proposals—especially for programs and initiatives that are being proposed for the first time;
- (2) craft implementing statutory language to ensure sufficient oversight and accountability (such as program eligibility and prioritization criteria and data to be collected); and
- (3) incorporate key legislative priorities, such as components of climate bond proposals that the Legislature has been considering.

Some key factors to consider:

- Are there certain activities or areas of focus that are high priorities for the Legislature that are not included or sufficiently emphasized in the Governor’s package? For example, the two

legislative bond proposals include significantly more funding for activities to respond to the threat of sea-level rise compared to the Governor's package.

- What type and amount of support should the state provide for local governments as compared to focusing on state-level activities and assets?
- What are the overall outcomes the state is seeking, and how will it know whether those objectives are achieved? Should there be any additional focus on identifying and measuring outcomes?

8570 CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE (CDFA)
3900 AIR RESOURCES BOARD (ARB)

Issue 51: Sustainable Agriculture Package

Governor’s Proposal. The May Revision requests for CDFA and ARB \$477.6 million in 2021-22 (\$320 million General Fund, \$115 million Greenhouse Gas Reduction Fund (GGRF), and \$42.6 million Air Pollution Control Fund (APCF) and \$150 million General Fund in 2022-23 to support six Climate Smart Agriculture for Sustainability and Resiliency programs. These Climate Smart Agriculture for Sustainability and Resiliency programs utilize agriculture management practices to further the reduction of carbon dioxide and methane greenhouse gases (GHGs), reduce fine particulate matter air pollution in San Joaquin Valley, or enhance pollinator habitat.

The following chart provides a breakdown of the various programs proposed for funding in Governor’s January Budget and May Revision:

Sustainable Agriculture				
Category	Program	Governor's Budget (in millions)	May Revision (in millions)	Total 2021-22 (in millions)
Healthy, Resilient, and Equitable Food Systems	California Farm to School Incubator Grant Program	\$10	\$20	\$30
	California Nutrition Incentive Program	\$0	\$15	\$15
	Healthy Refrigeration Grant Program	\$0	\$20	\$20
	Senior Farmers Market Nutrition Program	\$0	\$0.5	\$0.5
	Urban Agriculture Program	\$0	\$12	\$12
Climate Smart Agriculture for Sustainability and Resiliency	Agricultural Diesel Engine Replacement & Upgrades (\$363 million over two years)	\$170	\$43	\$213
	Healthy Soils	\$30	\$70	\$100
	Sustainable California Grown Cannabis pilot program	\$0	\$9	\$9
	Livestock Methane Reduction	\$0	\$60	\$60
	Pollinator Habitat Program	\$0	\$30	\$30
	Technical Assistance and Conservation Management Plans	\$0	\$20	\$20
	Transition to Safer, Sustainable Pest Management	\$11.8	\$0	\$11.8
	Incentives for Alternatives to Agricultural Burning in the San Joaquin Valley	\$0	\$150	\$150
Climate Catalyst Fund	\$50	\$0	\$50	
Economic Recovery & High-Road Job Growth	Technical Assistance Program for Underserved Farmers	\$6.7	\$2	\$8.7
	Impact Assessment and Alignment of Regulatory Reporting Requirements for Agriculture	\$6	\$0	\$6
	Fresno-Merced Future of Food Innovation Initiative	\$0	\$30	\$30
	New and Beginning Farmer Training and Farm Manager Apprenticeships Program	\$0	\$10	\$10
Total		\$285	\$491	\$776

Source: Department of Finance

This request includes:

- \$150 million General Fund in 2021-22 to support the phase out of open agricultural burning In the San Joaquin Valley;

- \$213 million in 2021-22 (\$170 million GGRF and \$43 million APCF) and \$150 million General Fund in 2022-23 for agricultural engine replacement, which includes a shift of \$90 million GGRF proposed in the Governor's Budget from 2020-21 to 2021-22;
- \$85 million (\$60 million General Fund and \$25 million GGRF in 2021-22 for the Healthy Soils Program, which includes a shift of \$15 million GGRF proposed in the Governor's Budget from 2020-21 to 2021-22;
- \$60 million General Fund in 2021-22 for livestock methane reduction;
- \$30 million General Fund in 2021-22 for a Pollinator Habitat Program; and
- \$20 million General Fund in 2021-22 for technical assistance for conservation management plans.

CDFA and CARB request an extended encumbrance period. CDFA will prioritize funding to socially disadvantaged farmers and ranchers and those in disadvantaged communities.

This proposal is an addition to the \$95 million GGRF proposed for 2021-22 in the Governor's Budget for the Healthy Soils and FARMER programs.

Specifically, this request seeks to do the following:

Healthy Soils Program: Increase investment in the Healthy Soils Program (HSP) to scale up healthy soils on farms and ranches statewide. CDFA requests one-time funding of \$60 million GF and \$25 million GGRF for HSP. Of this amount, \$15 million represents a shift of funding proposed in the Governor's Budget from 2020-21 to 2021-22 that was originally requested for early action. CDFA estimates that these funds will result in 1,050 projects being funded. These funds will be used to incentivize farmers to utilize conservation management practices designed to sequester carbon within the soil. Based on historical metrics, CDFA estimates that this will result in estimated GHG reductions of 904,000 MTCO_{2e}/year.

Methane Reduction DDRDP and AMMP: Fund two livestock methane reduction programs: The Alternative Manure Management Program (AMMP) and Dairy Digester Research and Development Program (DDRDP). CDFA requests one-time funding of \$60 million GF for its DDRDP and AMMP programs. CDFA estimates that these funds will result in 210 projects being funded. These funds will be used to incentivize dairy and livestock operations to develop dairy digester to capture methane gas or change their existing liquid phase manure management process to a dry phase manure management process. Based on historical metrics, CDFA estimates that this will result in estimated GHG reductions of 1.18 million MTCO_{2e}/year.

Pollinator Habitat Program: Fund a Pollinator Habitat Program for implementation of pollinator habitat and forage on working lands in partnership with private landowners and federal, state, and local entities. CDFA requests one-time funding of \$30 million GF for a new Pollinator Habitat Program. Funding would be used for two programs to scale up implementation of pollinator habitat and forage in partnership with private landowners and federal, state and local entities, including

- Regional Pollinator Habitat Program would fund technical assistance, outreach, and applied research to build a regional and multi-stakeholder pollinator habitat conservation approach to implement best practices and establish safe harbor agreements for pollinator habitat.

- Pollinator Habitat Incentive Program would provide financial incentives to farmers and ranchers to implement conservation practices that promote pollinator habitat and forage on working lands, such as cover crops and hedgerows.

Conservation Agriculture Planning Grant Program: Fund a stand-alone technical assistance grant program for development of conservation plans, carbon farm plans, and transition to organic plans to focus on carbon and water. CDFA requests one-time funding of \$20 million GF for a technical assistance grant program for the development of conservation plans to enhance on farm resources for climate change mitigation and resiliency, water, habitat, etc. Funds will be used to establish a program that will support the agricultural community with planning activities related to adaptation to climate change impacts, supporting reductions of GHG emissions, improving carbon storage on farms, and protecting pollinators and biodiversity among others. CDFA has identified ten different plans that would be helpful to farmers and ranchers further environmental stewardship and ecosystem service efforts and assist in preparing for climate change impacts and adaptation to a changing climate.

Agricultural Burning: Fund continued implementation of the Valley Air District's Alternatives to Open Agricultural Burning Incentive Program to support the phase out of open agricultural burning by incentivizing the use of alternatives aimed at reducing fine particulate matter air pollution in the San Joaquin Valley. ARB requests one-time funding of \$150 million GF for the Ag Burning Program to incentivize alternatives to agricultural burning in the San Joaquin Valley. Alternatives to agricultural burning include, but are not limited to, chipping the material and either incorporating it into the soil or leaving it on the field.

FARMER: Fund the FARMER Program to reduce criteria pollutants and greenhouse gases in the agricultural sector from agricultural equipment and vehicles. CARB requests 132.6 million in 2021-22 (\$90 million GGRF and \$42.6 million APCF) and \$150 million General Fund in 2022-23 for the FARMER Program. Of this amount, \$90 million represents a shift of funding proposed in the Governor's Budget from 2020-21 to 2021-22 that was originally requested for early action. to fund vehicle and equipment replacement projects to reduce agricultural sector emissions. Based on historical program data, CARB estimates that this would fund approximately 3,000 off-road projects and provide an additional 12,200 tons of NOx reductions and 740 tons of PM2.5 reductions. CARB estimates that this would fund approximately 3,000 off-road projects and provide an additional 12,200 tons of NOx reductions and 740 tons of PM2.5 reductions.

LAO Comments. Climate Smart Agriculture for Sustainability and Resiliency (\$180 Million General Fund and GGRF). The LAO recommends the Legislature consider how the programs in this package would interact with the Governor's climate catalyst fund proposal. This package would provide funds to several programs, such as dairy digesters and equipment replacement, many of which would be projects that the administration intends to finance with the climate catalyst fund. The Legislature will want to ensure that these proposals complement one another and do not create duplicative efforts.

- 0509 CALIFORNIA GOVERNOR’S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT (GO-BIZ) AND CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBANK)**
- 0555 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)**
- 0650 GOVERNOR’S OFFICE OF PLANNING AND RESEARCH (OPR)**
- 0690 GOVERNOR’S OFFICE OF EMERGENCY SERVICES (CAL OES)**
- 3340 CALIFORNIA CONSERVATION CORPS (CCC)**
- 3480 DEPARTMENT OF CONSERVATION (DOC)**
- 3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)**
- 3560 STATE LANDS COMMISSION (SLC)**
- 3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)**
- 3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)**
- 3855 SIERRA NEVADA CONSERVANCY**
- 3900 CALIFORNIA AIR RESOURCES BOARD (CARB)**
- 3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)**
- 6440 UNIVERSITY OF CALIFORNIA (UC)**

Issue 52: Wildfire and Forest Resilience Expenditure Plan

Governor’s Proposal. The May Revision includes a total of \$708 million for wildfire and forest resilience in 2021-22. This is in addition to the early action of \$536 million, which was approved in April (SB 85 (Committee on Budget and Fiscal Review), Chapter 14, Statutes of 2021).

The following chart provides a breakdown of the Governor’s proposal.

Wildfire and Forest Resilience Expenditure Plan (\$ in Millions)					
Investment Category	Department	Program	Early Action 2020-21	Proposed 2021-22	Total
Resilient Forests & Landscapes	CAL FIRE	Forest Health Program	\$155	\$100	\$255
		Forest Improvement Program for Small Landowners	\$10	\$40	\$50
		Forest Legacy & Reforestation Nursery	\$8	\$17	\$25
		Urban Forestry	\$10	\$13	\$23
		Tribal Engagement	\$1	\$19	\$20
	State Parks, Fish & Wildlife & State Lands Commission	Stewardship of State-Owned Land	\$30	\$123	\$153

	Conservancies	Project Implementation in High-Risk Regions	\$69	\$61	\$130
Wildfire Fuel Breaks	CAL FIRE	CAL FIRE Unit Fire Prevention Projects	\$10	\$40	\$50
		Fire Prevention Grants	\$123	\$80	\$203
		Prescribed Fire & Hand Crews	\$15	\$35	\$50
	California Conservation Corps	Forestry Corps & Fuel Reduction Projects	\$0	\$20	\$20
	Department of Conservation	Regional Forest & Fire Capacity	\$50	\$60	\$110
Community Hardening	Cal OES & CAL FIRE	Home Hardening	\$25	\$0	\$25
	CAL FIRE	Defensible Space Inspectors	\$2	\$6	\$8
	CAL FIRE & University of California	Land Use Planning & Public Education Outreach	\$0	\$7	\$7
Science-Based Management	CAL FIRE	Ecological Monitoring, Research & Adaptive Management	\$3	\$17	\$20
	Natural Resources Agency	Remote Sensing	\$0	\$15	\$15
	Air Resources Board & Water Board	Permit Efficiencies	\$0	\$4	\$4
Forest Sector Economic Stimulus	IBank & GO-Biz	Climate Catalyst Fund & Market Strategy	\$16	\$33	\$49
	CAL FIRE	Workforce Training	\$6	\$18	\$24
	Office of Planning & Research	Market Development	\$3	\$0	\$3
Total			\$536	\$708	\$1,244

Source: Department of Finance

Resilient Forests and Landscapes (\$373 million in 2021-22). The May Revision proposal is intended to: (1) invest in coordinated forest health and fire prevention projects that help restore the right fire regime to the right ecosystem; (2) provide state land managers resources to better manage state-owned lands in particularly fire-prone area; (3) expand programs that provide assistance to non-industrial landowners; (4) implement ready-to-go projects in high-risk regions; and (5) provide resources to Tribes for fire resilience.

Forest health is an existing program with the primary goals of treating forested landscapes for resilience, mainly through fuels reduction. Prescribed fire and restoration are also key activities. Post-fire restoration will be a new focus for the Forest Health program, and an additional grant selection criteria will be treatment in the footprint of a fire in the past one to five years.

Wildfire Fuel Breaks (\$235 million in 2021-22). Emergency fuel breaks protect communities and sensitive areas against the impacts of wildfires. They enable firefighters to approach a fire, take a stand, establish containment lines, and create evacuation routes.

Community Hardening (\$13 million in 2021-22). Investments within communities are essential to

protect residents from all types of wildfires, including wind-driven fires that spread embers ahead of the fire front. These include hardening homes against embers, creating survivable spaces, establishing space around homes, and supporting local and regional efforts to create fire-adapted communities through improvements in local ordinances, emergency access routes, communications, smoke management, and other tools.

Science-Based Management (\$36 million in 2021-22). The Governor’s budget includes funding to improve the predictive models and science-based approaches to support the state’s forest health and fire prevention goals, including the expanded use of LiDAR and other remote sensing technology, research, and data analysis collection methods. Funding includes the execution of the California Vegetation Treatment Program (CAL VTP) including synchronizing SWRCB permits within the CAL VTP application. CARB will also have resources to facilitate the issuance of “burn permits” to keep pace with the increase in prescribed fire.

Forest Sector Economic Stimulus (\$51 million in 2021-22). The early action package and the Governor’s budget include one-time resources with the intention of ensuring that fire prevention investments will be a driver for economic growth in rural communities. Fuel reduction projects may create jobs and a foundation for small business to start up from backyard micro-mills to bio-diesel conservation. However, barriers to these market exist — Private loans for forestry equipment can face a 40 percent interest rate. Shortages in crews and specialized equipment operators slow the pace of projects and drive up the cost-per-acre. Low-interest lending programs and training to expand the workforce are intended to improve the pace of Fire resilience. Steady, long-term regional funding is intended to enable local businesses to start up in regions to meet the state’s demand.

LAO Comments. *Various Departments – Wildfire Resilience Package (\$508 Million General Fund, \$200 Million GGRF).* The key issues for legislative consideration are similar to those the LAO identified in [January](#). Given recent improvements in the General Fund condition, the Legislature will want to consider whether the Governor’s proposed funding level (and proposed allocations among programs) is consistent with its priorities. We also note that the May Revision includes \$250 million one-time General Fund for the Office of Emergency Services to support community hardening. Under the Governor’s proposal, it is unclear what portion of these funds would be used to mitigate wildfires (rather than other types of hazards). However, to the extent the Legislature would like to direct these funds to address a specific type of hazard, such as wildfires, it could do so by adopting provisional or trailer bill language.

MAY REVISION PROPOSALS PENDING

Due to the short time frame between the unveiling of the May Revision and this hearing, several May Revisions were unavailable at the time of writing this agenda. Below are lists of pending Budget Change Proposals (BCPs) and Trailer Bill Language (TBL).

Pending BCPs

1. 0540 CNRA: New Natural Resources Building Move and Demolition Costs
2. 3100 Exposition Park: MR Infrastructure Package – One-Time Deferred Maintenance
3. 3125 Tahoe Conservancy: Van Sickle Barn Remediation
4. 3340 California Conservation Corps (CCC): Telematics Implementation
5. 3340 CCC: MR Infrastructure Package – One-Time Deferred Maintenance
6. 3540 CalFire: MR Infrastructure Package – One-Time Deferred Maintenance
7. 3540 CalFire: Shasta Trinity Unit Headquarters/Northern Operations: Relocate Facility
8. 3540 CalFire: Davis Mobile Equipment: Telematics Implementation
9. 3540 CalFire: Office of Infrastructure Safety Establishment and Transfer of Wildfire Safety Division and Dig Safe Board
10. 3540 CalFire: Howard Forest Helitack Base: Replace Facility
11. 3540 CalFire: Lake Napa Unit Auto Shop & Warehouse: Replace Facility
12. 3540 CalFire: Riverside Unit Headquarters: Relocate Facility
13. 3540 CalFire: Kneeland Helitack Base: Relocate Facility
14. 3600 DFW: Telematics Funding
15. 3600 DFW: MR Infrastructure Package – One-Time Deferred Maintenance
16. 3720 Coastal Commission: Cap-and-Trade Expenditure Plan: State Operations for Coastal Resilience
17. 3790 Parks: Telematics Funding — Non-Standard Installs
18. 3790 Parks: MR Infrastructure Package – One-Time Deferred Maintenance
19. 3790 Parks: Various State Operations Reappropriations
20. 3790 Parks: Sacramento Railyards Rehabilitation
21. 3860 DWR: MR Infrastructure Package – One-Time Deferred Maintenance
22. 3940 SWRCB: American Rescue Plan Act Water Arrearages
23. 8570 CDFG: Blythe Border Protection Station Relocation Project – Adjustment
24. 8570 CDFG: One-Time Deferred Maintenance Allocation

Pending TBL

1. 3560 State Lands Commission: Long Beach Municipal Oil Barrel Production Tax
2. 3600 DFW: Oil Spill Prevention and Administration Fund
3. 3790 Parks: Golden Bear Pass (California Outdoors for All Initiative)
4. 3960 DTSC: Fee Reform — Update
5. Various Drought-Contract Exemptions