

Senator Josh Becker, Chair
Senator Brian Dahle
Senator Mike McGuire



Thursday, March 9, 2023
9:30 a.m. or Upon Adjournment of Session
1021 O Street - Room 2200

Consultant: Joanne Roy

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VOTE-ONLY

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

Issue 1: Biodiversity and Conservation Priority Actions and Report (AB 2278)

Governor's Proposal. The Governor's budget requests \$792,000 General Fund (GF) in 2023-24 and 2024-25 and \$432,000 GF ongoing to implement the requirements of AB 2278 (Kalra), Chapter 349, Statutes of 2022. Of this amount, CNRA requests two permanent positions and \$432,000 in 2023-2024 and ongoing, and the Ocean Protection Council (OPC) requests funding for two limited-term positions, totaling \$360,000 of the request in 2023-24 and 2024-25. This funding request will support prioritization of certain 30x30 implementation actions as established by AB 2278 and annual reporting on the progress toward achieving the 30x30 goal.

AB 2278 establishes priorities for the implementation of the 30x30 conservation goal provided in Executive Order N-82-20 and requires an annual report to the Legislature on progress made toward achieving this goal.

Staff Recommendation. Approve as budgeted.

Issue 2: California Climate Adaptation Strategy (AB 1384)

Governor's Proposal. The Governor's budget requests \$500,000 GF in 2023-24 and ongoing to update the California Climate Adaptation Strategy as required by AB 1384 (Gabriel), Chapter 338, Statutes of 2022.

AB 1384 establishes the Resiliency Through Adaptation, Economic Vitality, and Equity Act of 2022, which updates requirements for the state's climate adaptation strategy, Safeguarding California Plan, to prioritize equity and vulnerable communities in the plan and include metrics to measure and evaluate the state's progress in implementing the plan.

Staff Recommendation. Approve as budgeted.

Issue 3: Conversion of Long-Term Temporary Help Positions to Permanent

Governor's Proposal. The Governor's budget requests five permanent positions to be funded from savings within the baseline budget, various reimbursement agreements, and administrative allowances from recent investments that have significantly increased the size of the agency. These are positions now needed on a permanent basis to meet the ongoing needs of the Agency. All costs are absorbable within CNRA's existing budget, and CNRA commits to periodically reviewing its position authority to align with future reductions, as needed.

Staff Recommendation. Approve as budgeted.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)
3900 CALIFORNIA AIR RESOURCES BOARD (CARB)
8570 CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)

Issue 4: Natural and Working Lands (AB 1757)

Governor's Proposal. The Governor's budget requests the following:

CNRA: \$3.16 million GF in 2023- 24, \$510,000 GF in 2024-25 and ongoing, and two permanent positions in 2023-24 and ongoing to implement AB 1757 (C. Garcia and R. Rivas), Chapter 341, Statutes of 2022. Specific activities required by AB 1757 include those associated with developing targets, updating the Natural and Working Lands (NWLs) Climate Smart Strategy, and tracking greenhouse gas (GHG) emissions on natural and working lands across CNRA entities.

CARB: 12 positions and \$4.1 million Cost of Implementation Account (COIA) in 2023-24 and ongoing, including \$1.5 million in contract funds, to meet the requirements of AB 1757, which include setting carbon sequestration targets, establishing methods to track GHGs and carbon sequestration from NWLs over time, and integrating the targets into the AB 32 Scoping Plan.

CDFA: \$363,000 GF and two positions in 2023-24 and ongoing to provide adequate staffing for activities such as updating the Natural and Working Lands Climate Smart Strategy (NWL CSS). Currently CDFA's Office of Environmental Farming and Innovation (OEFI) administers Climate Smart Agriculture incentive programs and provides scientific consultation to support interagency activities related to climate change and environmental impacts of agriculture. OEFI does not have sufficient resources to support the extensive inter-agency and inter-departmental coordination and information-sharing that are required by AB 1757.

Staff Recommendation. Approve as budgeted.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)
3780 NATIVE AMERICAN HERITAGE COMMISSION (NAHC)

Issue 5: Derogatory Geographic Names (AB 2022)

Governor's Proposal. The Governor's budget requests \$433,000 GF in 2023-24 and 2024-25, \$183,000 GF in 2025-26 and ongoing, and one permanent position in, and the Native American Heritage Commission (NAHC) requests \$75,000 GF in 2023-24 and 2024-25 to implement AB 2022 (Ramos and C.Garcia), Chapter 479, Statutes of 2022. AB 2022 includes significant scope changes for the existing California Advisory Committee on Geographic Names (CACGN) and requires the removal of derogatory names by public agencies. This request will fund staff, facilitation services for formal tribal consultation and public engagement, and direct expenditures to meet new tracking and reporting requirements.

Staff Recommendation. Approve as budgeted.

3100 CALIFORNIA AFRICAN AMERICAN MUSEUM (CAAM)**Issue 6: Americans with Disabilities Act (ADA) Compliance**

Governor's Proposal. The Governor's budget requests \$50,000 Exposition Park Improvement Fund (EPIF) in 2023-24 and \$25,000 EPIF ongoing for CAAM to support legal compliance with the ADA and ensure accessibility for all visitors. CAAM needs to ensure that all exhibition and educational content in the museum is ADA compliant and accessible, which includes but it is not limited to providing closed captions and audio description features for all media on view in the museum and providing a sign-language interpreter for public programs. The proposal provides for \$25,000 in initial consultant fees in the first year as well as an additional \$25,000 per year for service needs for ongoing compliance.

Staff Recommendation. Approve as budgeted.

3100 EXPOSITION PARK**Issue 7: California Highway Patrol Contract Salary Increase**

Governor's Proposal. The Governor's budget requests \$208,000 GF ongoing to account for the cumulative 10 percent general salary increases from the current Bargaining Union 5 contract (2019 – 2023). Bringing the total appropriation from \$2.075 million to \$2.283 million for the inter-agency agreement with the California Highway Patrol to continue to provide personnel for public safety support to Exposition Park.

Staff Recommendation. Approve as budgeted.

Issue 8: Electronic Payment Acceptance Fees Augmentation

Governor's Proposal. The Governor's budget requests an increase of \$100,000 Exposition Park Improvement Fund (EPIF) ongoing for a total appropriation of \$200,000 for fees associated with electronic payment acceptance. The original appropriation was established in the 2018 Budget Act. Since then, there has been a significant increase of debit/credit card transactions versus cash payments for parking fees. In addition, service fees for debit/credit card processing have also increased.

Staff Recommendation. Approve as budgeted.

Issue 9: Park Wide Surveillance System

Governor's Proposal. The Governor's budget requests \$500,000 GF one-time for the working drawings phase of the project to implement a parkwide surveillance system that will allow Exposition Park's Department of Public Safety to patrol the grounds more efficiently, decrease liability to the state for loss of property or life, and allow for more proactive policing to protect the states assets and visitors of the Park.

Staff Recommendation. Approve as budgeted.

Issue 10: Parking Services Management Augmentation

Governor's Proposal. The Governor's budget requests an ongoing increase of \$800,000 EPIF to support growing parking needs at Exposition Park and render the required parking services and revenue collection. The department currently has an appropriation of \$1 million which is insufficient to cover the growing needs of the parking operations.

Staff Recommendation. Approve as budgeted.

3125 CALIFORNIA TAHOE CONSERVANCY**Issue 11: Forest Management Workload Support**

Governor's Proposal. The Governor's budget requests two positions to implement projects funded by reimbursable grants and existing funding. The positions will increase the pace and scale of forest restoration work in the region to reduce risks associated with catastrophic wildfires, drought, and climate change. The positions are needed to carry out projects consistent with recently secured grant funding, as well as the wildfire and forest resilience funding recently appropriated to the Conservancy.

Staff Recommendation. Approve as budgeted.

3340 CALIFORNIA CONSERVATION CORPS**Issue 12: Mission Critical Resources**

Governor's Proposal. The Governor's budget requests position authority only for one Office Technician, one Conservationist I, one Conservationist II, one Building Maintenance Worker, and one Information Technology Specialist II for FY 2023-24 and ongoing to address critical staffing needs and to provide sufficient resources to help carry out the department's mission. This proposal has a net zero fiscal impact.

Staff Recommendation. Approve as budgeted.

3480 DEPARTMENT OF CONSERVATION**Issue 13: California Geologic Energy Management (CalGEM) Division: Environmental Review and California Environmental Quality Act (CEQA) Compliance**

Governor's Proposal. The Governor's budget requests thirteen permanent positions for CalGEM to comply with legislative mandates to evaluate, disclose consider and address surface and subsurface-related environmental impacts of oil, gas, and geothermal; to comply with legislative mandates to conduct an environmental review on proposed regulatory action; and to provide legal guidance on and defense of actions taken to carry out responsibilities under CEQA. In the past two years, the workload associated with carrying out these mandates has grown significantly for CalGEM as a result of 1) an increase in permit reviews; and 2) expanded practices as a result of court cases.

Staff Recommendation. Approve as budgeted.

3540 DEPARTMENT OF FORESTRY AND FIRE PREVENTION (CALFIRE)**Issue 14: Aviation Program Contracts**

Governor's Proposal. The Governor's budget requests \$5.16 million GF in 2024-25, and \$5.32 million in 2025-26, to support two optional years of fixed-wing pilot and mechanics contracts, as well as \$4.29 million GF in 2023-24, \$4.50 million in 2024-25, \$4.73 million in 2025-26, \$4.96 million in 2026-27, and \$5.21 million in 2027-28 to support three firm years and two optional years of the increased contractual costs of a follow-on aviation parts and logistics contract. The amounts requested for the aviation parts and logistics contract in this proposal are the best estimates at the time this proposal was prepared due to the timing differences between the procurement and budget processes, resulting in the Intent to Award scheduled to be issued in early 2023. It is anticipated that a spring request will be submitted to align this proposal with the final contract amounts from that Intent to Award.

Staff Recommendation. Approve as budgeted.

Issue 15: Hayfork Fire Station: Relocate Facility

Governor's Proposal. The Governor's budget requests \$1.5 million GF for the acquisition phase of Hayfork Fire Station: Relocate Facility project. The project includes acquiring property, design, and construction of a new fire station in the vicinity of Hayfork valley. Total project costs are estimated at \$15.93 million. The acquisition phase is estimated to begin in July 2023 and be completed June 2025.

Hayfork Fire Station (Hayfork FS) is a single-engine station within CalFire's Shasta-Trinity Unit providing initial ground base firefighting response to over 51,000 acres of State Responsibility Area (SRA) and 24- hours, 7-days per week emergency medical response to rural Trinity County.

Staff Recommendation. Approve as budgeted.

Issue 16: Implementation of New Fire Fighter Personal Protective Equipment Regulations

Governor's Proposal. The Governor's budget requests \$18.4 million GF and 12 positions starting in 2023-24, \$18.74 million in 2024-25, \$19.4 million in 2025-26, \$17.08 million in 2026-27 and \$13.3 million GF ongoing, to ensure compliance with revisions made to the California Code of Regulations, Title 8, Article 10.1 Safety Orders: Personal Protective Clothing and Equipment for Fire Fighters. More specifically:

- \$4.2 million one-time for wildland firefighting protection ensemble, split between three years.
- \$11.2 million one-time for PPE extractors and dryers, split between four years.
- \$5.0 million ongoing for PPE retirement and replacement for both wildland and structural PPE ensembles.
- \$8.4 million one-time for region PPE cache, split between three years, to supply additional PPE for each of the two CalFire Region PPE caches.
- \$750,000 ongoing to implement and support a statewide PPE inventory tracking system.
- \$3.2 million ongoing for the annual ISP inspections, repair, and deep cleaning.
- \$1.8 million ongoing for support staff.

Staff Recommendation. Approve as budgeted.

Issue 17: L.A. Moran Reforestation Center Improvements

Governor's Proposal. The Governor's budget requests \$50,000 GF for the working drawings phase of the L.A. Moran Reforestation Center Improvements (LAMRC) project. The project includes the construction of an administration building, a maintenance shop, a styroblock washing station and storage building, a soil building, and a cold storage building. Additionally, the scope will include site work as needed, connecting the sewer main to the city, and providing appurtenances to support the reforestation center. Total project costs are estimated at \$5.826 million.

LAMRC is a state facility located in Davis, California. The nursery operations ceased due to across-the-board budget cuts in 2003 until funding for the program was re-established in the 2017 Budget Act. Funding from the Timber Regulation and Forest Restoration Fund was provided to restore operations and contribute to the restoration and improved production of state and private forest lands. The 2017 Budget Act re-established reforestation nursery operations in a phased approach, prioritized the need for immediate growing operations, and balanced critical facility improvements. LAMRC is now a year-round facility that is in the process of reinstating nursery operations to its fullest potential and upgrading facilities that deteriorated over the years. The primary purpose of LAMRC is to provide high quality seed necessary to protect the genetic integrity and diversity of forest tree species (Public Resources Code section 4681 (PRC § 4681)) as well as provide seedlings in forested areas throughout the state impacted by tree mortality and wildfire.

Staff Recommendation. Approve as budgeted.

Issue 18: Land Acquisition: Almaden Fire Station

Governor’s Proposal. The Governor’s budget requests \$1.5 million GF for the acquisition phase of the Land Acquisition: Almaden Fire Station project, located in Santa Clara County. This is a new project, which will seek to acquire the land on which the fire station sits.

Staff Recommendation. Approve as budgeted.

Issue 19: Mobile Equipment Reappropriation

Governor’s Proposal. The Governor’s budget requests budget bill language in 2023-24 to reappropriate \$3.3 million (\$1.8 million GF and \$1.5 million Greenhouse Gas Reduction Fund (GGRF)) from the Budget Act of 2020 and \$4.5 million (\$2.9 million GF and \$1.6 million GGRF) from the Budget Act of 2021, for an additional year, allowing time to encumber and expend due to manufacturer delays and supply chain issues as a result of the COVID-19 pandemic.

Staff Recommendation. Approve as budgeted.

Issue 20: Rohnerville Air Attack Base (RAAB): Replace Fuel System

Governor’s Proposal. The Governor’s budget requests \$60,000 GF for the preliminary plans phase and working drawings phase of the RAAB: Replace Fuel System project. Total project costs are estimated at \$2 million.

Since RAAB is located adjacent to Humboldt Bay, the coastal environment, the salt air, and the severe weather has taken its toll on the Jet-A tank. The steel tank is exhibiting rust and corrosion on the surface and on all piping penetration. During RAAB's annual inspection in 2017, Beacom Construction inspected the Jet-A fuel tank and stated that failure of the tank annular space was “imminent, although a prediction of when is not possible to accurately state.”

Staff Recommendation. Approve as budgeted.

Issue 21: Self-Generating Power Projects in Tehama-Glenn and Fresno-Kings Units

Governor’s Proposal. The Governor’s budget requests \$1 million GF for the working drawings phase of the Self-Generating Power Projects in Tehama-Glenn and Fresno-Kings Units project. This project includes the purchase and installation of renewable energy (e.g., solar array, wind power generation, and clean back-up power supplies with supporting infrastructure) for state-owned facilities within two administration units: Tehama-Glenn and Fresno-Kings. This is a continuing project. Total project costs are estimated at \$30,100,000.

Staff Recommendation. Approve as budgeted.

Issue 22: Workers' Compensation (AB 1751 and SB 1127)

Governor's Proposal. The Governor's budget requests \$1.5 million (\$1.3 million GF, \$62,000 Special Funds, and \$211,000 Reimbursements) and six positions starting in 2023-24, and \$964,000 (\$719,000 GF, \$36,000 Special Funds, and \$209,000 Reimbursements) ongoing to address the statutory requirements set forth by AB 1751 (Daly), Chapter 758, Statutes of 2022, and SB 1127 (Atkin), Chapter 835, Statutes of 2022. The request includes \$556,000 one-time in 2023-24 related to service fee increase from COVID-19 related workers' compensation (WC) claims (AB 1751). The remaining funding and positions are related to SB 1127 to manage WC cases where reductions are made to the existing 90-day liability determination period for specified first responders with specified ailments to 75 days and remove the statute of limitations and extend the length of aggregate disability payments for a single injury to specified first responders to no more than 240 weeks, and for benefits that are unreasonably delayed, provide for a penalty of five times the amount of the benefits, up to \$50,000 per claim.

SB 1127 increases the maximum time specified firefighters can access wage replacement disability benefits for cancer work-related injuries from 104 weeks within five years to 240 weeks with no time limit. The bill also reduces the time period an employer has to deny liability for a workers' compensation claim from 90 to 75 days for a workers' compensation claim for specified presumptive injuries.

AB 1751 extends the sunset date of the workers' compensation COVID-19 presumptions, as specified, to January 1, 2024.

Staff Recommendation. Approve as budgeted.

3560 STATE LANDS COMMISSION**Issue 23: South Ellwood Project — Platform Holly Caretaker Program**

Governor's Proposal. The Governor's budget requests \$3.66 million one-time GF in 2023-24, with an extended encumbrance period through June 30, 2026, to retain the contractors necessary for the Commission to independently monitor, inspect, and timely respond to conditions on and around Platform Holly during the caretaker period following the final plug and abandonment of the platform's 30 wells in early 2023 and commencement of platform decommissioning by ExxonMobil, likely in 2026-2027. The interim "caretaker" period is expected to last up to 4 years.

Platform Holly's 30 oil wells are nearly plugged and abandoned; however, actual decommissioning and removal of the platform by ExxonMobil may take 3-4 more years, depending on the California Environmental Quality Act review, permitting, and availability of equipment and disposal space. In the interim, the Commission lacks funding to conduct routine inspections or maintain essential elements of the platform necessary to ensure that members of the public do not try to access the platform, creating health and safety concerns. Additionally, the Commission seeks funding to ensure that a response to unexpected emergencies during the caretaker period between the end of plugging and abandonment (P&A) and decommissioning can be adequately mounted by means of a qualified contractor along with existing staffing resources. A portion of these funds are also intended to cover internal staff resources needed for managing platform caretaker status that would be diverted from other work covered by reimbursable accounts (i.e., applicant funded projects).

Staff Recommendation. Approve as budgeted.

3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)**Issue 24: Continuation of the Cannabis Regulatory and Enforcement Program**

Governor's Proposal. The Governor's budget requests 49 permanent positions, \$7.98 million (\$4.21 million Fish and Game Preservation Fund – Lake and Streambed Dedicated Account (FGPF-LSA) and \$3.77 million Cannabis Control Fund) in 2023-24, \$7.98 million (\$4.21 Fish and Game Preservation Fund – Lake and Streambed Dedicated Account (FGPF-LSA) and \$3.77 million Cannabis Tax Fund) in 2024-25 and ongoing to permanently support the Department's Cannabis Regulatory and Enforcement Program (CREP), initially approved in the 2017 Budget Act. The Department has a unique and integrated role in the commercial cannabis cultivation licensing process that will be ongoing given the regulatory framework established to integrate Proposition 64 requirements.

Staff Recommendation. Approve as budgeted.

Issue 25: Incidental Take Permit for Long-Term Operations of the State Water Project (SWP) in the Sacramento-San Joaquin Delta

Governor's Proposal. The Governor's budget requests 16 permanent positions, \$2.98 million reimbursement authority in 2023-24, and \$2.79 million ongoing to complete the new workload associated with the SWP Incidental Take Permit (ITP). In 2019, DFW and the Department of Water Resources (DWR) were directed to develop a standalone ITP to regulate operations of the SWP independently of the federal Endangered Species Act. DFW and DWR are required to collaborate on implementation of all aspects of the ITP, which has created a significant new workload for permitting and monitoring.

Staff Recommendation. Approve as budgeted.

Issue 26: Klamath Facilities Removal: Monitoring, Restoration, and Lands Management

Governor's Proposal. The Governor's budget requests five permanent positions, \$1.97 million GF in 2023-24, \$1.38 million in 2024-25, and \$1.35 million ongoing to establish two new programs: the Upper Klamath River Fisheries Monitoring Program (UKRP) and the management of Parcel B Lands. The establishment of these programs are necessary to support fish monitoring, restoration, and land management after removal of the Klamath Dams. The Klamath Hydroelectric Settlement Agreement (KHSA) commits to ensuring anadromous fish passage and recolonization following the removal of Copco 1 Dam, Copco 2 Dam, and Irongate Dam from the Oregon border downstream to Bogus Creek. The KHSA also provides ownership transfer of approximately 7,100 acres of land to DFW to manage.

Staff Recommendation. Approve as budgeted.

Issue 27: Nutria Eradication Program

Governor's Proposal. The Governor's budget requests \$2.92 million GF in 2023-24, \$2.82 million in 2024-25 and 2025-26 to continue its Nutria Eradication Program efforts. Due to exhausting grant funding, the NEP is facing a 60 percent budget deficit beginning in 2023-24 and needs funding to continue nutria eradication efforts.

Staff Recommendation. Approve as budgeted.

Issue 28: Oil and Pollution Response Resources

Governor's Proposal. The Governor's budget requests \$1.25 million Oil Spill Prevention and Administration Fund in 2023-24, and \$896,000 ongoing to perform operations related to oil spill response and support. As part of the follow up assessment to the Pipeline P00547 spill response, the Office of Spill Prevention and Response has identified an immediate need for additional resources to close operational gaps and improve response activities.

Staff Recommendation. Approve as budgeted.

Issue 29: Wildlife Connectivity on the State Highway System (AB 2344)

Governor's Proposal. The Governor's budget requests eight permanent positions and \$1.98 million GF in 2023-24 and ongoing to address the workload associated with the implementation of AB 2344 (Friedman), Chapter 964, Statutes of 2022. DFW will be required to consult with the Department of Transportation (Caltrans) to establish an inventory of wildlife connectivity needs and perform assessments to identify potential wildlife connectivity barriers on the state highway system.

AB 2344 requires Caltrans, in consultation with DFW, to develop and prioritize an inventory of projects to address wildlife connectivity needs, and establishes the Transportation Wildlife Connectivity Remediation Program to improve wildlife connectivity across transportation systems.

Staff Recommendation. Approve as budgeted.

Issue 30: Creation of Information Security and Privacy Office

Governor's Proposal. The Governor's budget requests two permanent positions, \$596,000 Distributed Administration in 2023-24, and \$579,000 ongoing to create an Information Security and Privacy Office. The information security and privacy practices within the Department are underdeveloped and unable to effectively provide security and privacy oversight for the Department and its subordinate organizations. Currently, there is not enough staff to meet the demands imposed by the Department's control agencies, the California Department of Technology, and CNRA, and the Department is unable to effectively be secured from external security threats or privacy implications. These positions would also be used to implement the Governor's Cal-Secure roadmap, specifically the technology cybersecurity defenses.

Staff Recommendation. Approve as budgeted.

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)**Issue 31: American Disability Act (ADA) Tucker Consent Decree**

Governor's Proposal. The Governor's budget requests \$23.2 million GF one-time to complete additional ADA improvements under the Tucker Consent Decree.

A federal consent decree (Tucker Consent Decree) resulting from Tucker v. California Department of Parks and Recreation requires Parks to remove physical and programmatic barriers to provide equal access to people with disabilities in accordance with the ADA. Pursuant to the Tucker Consent Decree, Parks is obligated to fund, initiate and complete ADA barrier-removal projects and report work efforts semi-annually to the litigants. Parks is required to remove barriers to access and construct accessible trails in California state parks to provide equal access to people with disabilities in accordance with the ADA.

Staff Recommendation. Approve as budgeted.

Issue 32: Humboldt Redwoods State Park (SP): Replace Founders Grove Restroom

Governor's Proposal. The Governor's budget requests requests \$4.05 million from available Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Proposition 84) and \$1.86 million SP Contingent Funds for the construction phase of the Humboldt Redwoods SP Replace Founders Grove Restroom in Humboldt County. This project will demolish the existing restroom facility, which is currently out of service, as well as the parking lot at Founders Grove, and construct new restroom and parking facilities with the necessary infrastructure in an alternative location. The new site will also include a new water source and treatment system, and a new accessible trail connection to Founders Grove. To accommodate the increase in visitation over recent years and anticipated future years, the capacity of both the facilities and trail need to be scaled accordingly. The Department will seek donations to cover the increase in total project cost.

Staff Recommendation. Approve as budgeted.

Issue 33: Kings Beach State Recreation Area (SRA): Recreational Pier Replacement and Support Buildings

Governor's Proposal. The Governor's budget requests \$1.046 million in reimbursement authority for the working drawings phase of the Kings Beach SRA: Recreational Pier Replacement and Support buildings project in Placer County. This project will relocate the existing pier, construct a new support building for park operations, and provide access and recreational improvements, consistent with the 2018 General Plan.

Design funds for this project will come from fully executed grant agreements between the Department and the California Tahoe Conservancy in the amount of \$650,000 and the Department and the State of California, Wildlife Conservation Board in the amount of \$700,000, for a total of \$1.35. The Department will seek additional grant funds for the construction phase of this project.

Staff Recommendation. Approve as budgeted.

Issue 34: Lake Perris SRA: Replace Lifeguard Headquarters

Governor's Proposal. The Governor's budget requests \$12.575 million from available California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (Proposition 68) bond funds for the working drawings phase of the Lake Perris SRA Replace Lifeguard Headquarters project in Riverside County. This project will result in demolition of the existing 45-year-old lifeguard headquarters and construct a new, multi-purpose lifeguard headquarters. The new building will be larger and provide functionalities not currently available in the existing structure such as separate male and female locker rooms for lifeguard staff, a storage room for the dive team, and medical equipment.

Staff Recommendation. Approve as budgeted.

Issue 35: Local Assistance: Off-Highway Vehicle Trust Fund

Governor's Proposal. The Governor's budget requests \$30 million Off-Highway Vehicle Trust Fund (OHVTF) one-time for local assistance grants.

The OHV Recreation Act of 1988 provides for well-managed off-highway vehicle recreation in the State of California by providing financial assistance to cities, counties, districts, federal agencies, state agencies, educational institutions, federally recognized Native American Tribes, and nonprofit entities. The OHV local assistance program administered by the Off-Highway Motor Vehicle Recreation Division supports the planning, acquisition, development, maintenance, administration, operation, enforcement, restoration and conservation of trails, trailheads, areas, and other facilities associated with the use of off-highway motor vehicles and programs involving off-highway motor vehicle safety or education. The OHVTF provides state funds to local and state agencies and other organizations for grants that are generally for parks, recreation, and resources related projects.

Staff Recommendation. Approve as budgeted.

Issue 36: Malibu Creek State Park (SP): New Stokes Creek Bridge

Governor's Proposal. The Governor's budget requests \$7.296 million Proposition 68 bond funds for the construction phase of the continuing Malibu Creek SP: New Stokes Creek Bridge project in Los Angeles County. This project will replace an existing, undersized arch culvert with a bridge to restore a secondary escape route for park visitors in the event of fire or other emergencies, reduce deferred maintenance costs and disruption to campers, and restore the creek to its natural configuration.

Staff Recommendation. Approve as budgeted.

Issue 37: Mount Diablo SP: Visitor Center

Governor's Proposal. The Governor's budget requests \$2.612 million in reimbursement authority from the State Parks and Recreation Fund for the construction phase of the Mount Diablo SP: Visitor Center. This continuing project includes replacing a small existing visitor center trailer with a larger visitor center, remodeling the existing restroom and site to meet accessibility standards, and constructing an outdoor interpretive pavilion. The Mount Diablo Interpretive Association has agreed to donate the design drawings and specifications for this project, subject to state review and approvals, and will provide funding to the Department to pay all state costs for design review, project management and construction.

Staff Recommendation. Approve as budgeted.

Issue 38: Office of Grants and Local Services Federal Grant Program Administrative Support

Governor's Proposal. The Governor's budget requests \$904,000 Federal Trust Fund in 2023-24 and \$859,000 ongoing for five additional positions to meet grant program delivery obligations for the Land and Water Conservation Fund program, Outdoor Recreation Legacy Partnership program, and the Statewide Comprehensive Outdoor Recreation Plan.

The Department's Office of Grants and Local Services will experience significant workload increases due to the President's 2023 federal budget which proposes \$232 million for stateside local assistance. California's share of these funds will be approximately \$20,000,000 annually based on the federal distribution formula. The federal indirect cost rate of 6.5 percent means that California would receive about \$1.3 million annually to administer the program. The five additional positions will improve the Department's program delivery obligations and funding for the positions

Staff Recommendation. Approve as budgeted.

Issue 39: Old Sacramento State Historic Park (SHP): Riverfront Improvements

Governor’s Proposal. The Governor’s budget requests \$324,000 Proposition 68 bond funds one-time for the working drawings phase of the Old Sacramento SHP: Riverfront project in Sacramento County. This continuing project will create a space that complements the natural riverbank environment and forms a strong connection to Sacramento’s Waterfront. The improvements will result in an inviting space for visitors that provides opportunities for special events, a four-season river viewing experience, and a complementary space to the Sacramento Waterfront. Provisional language is requested making these program funds available for encumbrance for two years, rather than one year, due to the fact that this project is located in a place of natural resource sensitivity. This results in longer than average time requirements for design, permitting, environmental compliance and construction.

Staff Recommendation. Approve as budgeted.

Issue 40: Permitting Compliance and Habitat Management Plan for Restoration and Enhancement in Fort Ord Dunes State Park – Natural Resources Obligation

Governor’s Proposal. The Governor’s budget requests \$4.694 million GF one-time, seven permanent positions, 12 vehicles, and \$1.166 GF ongoing for Federal Endangered Species Act, Section 10 compliance as specified in the Habitat Conservation Plan and deed covenants that stipulate the Department’s obligations for lands referred to as Ford Ord Dunes State Park

Staff Recommendation. Approve as budgeted.

Issue 41: Picacho SRA: Park Power System Upgrade

Governor’s Proposal. The Governor’s budget requests \$2.123 million Proposition 68 bond funds one-time for the construction phase of the Picacho SRA: Park Power System Upgrade project in Imperial County. This project will evaluate the park's current and future electrical power needs, including redundant backup, and determine sustainable options for providing reliable and cost-effective electrical power at this remote location. Options to be considered include, but are not limited to, photovoltaic (PV) panels on existing buildings and/or new shade structures, replacing existing diesel generators, or other mixes of conventional and renewable electrical sources.

Staff Recommendation. Approve as budgeted.

Issue 42: Silver Strand State Beach (SB): Low-Cost Accommodations

Governor’s Proposal. The Governor’s budget requests \$500,000 Proposition 68 bond funds one-time for the working drawings phase of the Silver Strand SB: Low-Cost Accommodations project. This continuing project will allow for the planning and initial development of low-cost accommodations at Silver Strand SB. Provisional language is requested making these program funds available for encumbrance for two years, rather than one year, due to the fact that the project site is in a coastal area and possibly in an area of natural resources sensitivity. The planning and initial development process will require coordination between multiple agencies, resulting in longer than average time requirements for studies, design, permitting, and environmental compliance.

Staff Recommendation. Approve as budgeted.

Issue 43: Sonoma Open Space Area Operations

Governor’s Proposal. The Governor’s budget requests \$3 million in reimbursement authority, four positions, and four vehicles in 2023-24, 2024-25 and 2025-26 from the State Parks and Recreation Fund to manage the open space park lands within the Sonoma Developmental Center (SDC). The requested funding will cover equipment and operations costs for the additional permanent and seasonal staff to address associated workload increases from the added acreage from SDC such as maintenance, installations, repairs, and vegetation management.

The Department acknowledges that the proposed funding level is well below the level needed to adequately manage this property in a sustainable manner over the long term, but also recognizes that the current fiscal situation requires a more balanced approach. Therefore, this limited initial funding will enable the Department to provide the most critical services as it also conducts a more detailed assessment of the operational needs of this property during the first two years of operation and will request additional funds, in the future, to adequately manage this property and provide long-term sustainability.

Staff Recommendation. Approve as budgeted.

Issue 44: State Historic Rehabilitation Tax Credit Program

Governor's Proposal. The Governor's budget requests \$443,000 GF one-time and three permanent positions in 2023-24, and \$416,000 ongoing to handle increased workload in the Office of Historic Preservation (OHP) from the implementation of the State Historic Rehabilitation Tax Credit (SHRTC) enacted by SB 451 (Atkins), Chapter 703, Statutes of 2019. The new state tax credit program was fully funded beginning January 2022, and the requested staff will work with the California Tax Credit Allocation Committee (CTCAC) to carry out program requirements as well as review and approve applications for the state tax credits.

SB 451 provides for a tax credit for projects that rehabilitate historic properties including both income-producing properties and qualified residences. The CTCAC and Franchise Tax Board are responsible for the allocation and taking of the tax credits after OHP approves the projects. OHP is also working with both agencies in the development of this program. The tax credits themselves were fully funded beginning January 2022. However, there was no additional funding for the staffing of the SHRTC program allocated in SB 451 or in subsequent legislation. The SHRTC program is currently being undertaken for rulemaking and is anticipated to begin accepting applications in fall 2022.

Staff Recommendation. Approve as budgeted.

3810 SANTA MONICA MOUNTAINS CONSERVANCY (SMMC)**Issue 45: Conservancy Fund Authority Increase**

Governor's Proposal. The Governor's budget requests increased spending authority from \$200,000 to \$1.5 million to accommodate a grant from the Regional Forest and Fire Capacity Program (RFFCP). The Conservancy will need the ability to receive the block grant as well as award subgrants in accordance with the RFFCP guidelines. SMMC needs to receive and spend the funds through the existing Santa Mountains Conservancy Fund (Conservancy Fund program) to process funding to sub-grantees.

Staff Recommendation. Approve as budgeted.

3825 SAN GABRIEL AND LOWER LOS ANGELES RIVER AND MOUNTAINS CONSERVANCY (RMC)**Issue 46: Establish Ongoing General Fund Reimbursement Authority for the Rio Honda Confluence and West Coyote Hills Projects. Establish Ongoing Environmental License Plate Fund (ELPF) Reimbursement Authority with the Joint Powers Authority**

Governor's Proposal. The Governor's budget requests to establish ongoing reimbursement authority of \$30,000 for ELPF and \$8 million GF in increased reimbursement authority through 2024-25 to accommodate grants from CNRA and the Wildlife Conservation Board for the Rio Hondo Confluence Signature Project and West Coyote Hills Phase II Acquisition Project, respectively. RMC will need the ability to receive the grant as well as award subgrants and contracts in accordance with the relevant program and guidelines.

Staff Recommendation. Approve as budgeted.

Issue 47: Extend and Revise Position Authority to Support Lower Los Angeles/San Gabriel River Recreation and Park District as Authorized by SB 1374 and SB 268

Governor's Proposal. The Governor's budget requests to extend and revise an authorized position to support the Lower San Gabriel River Recreation and Park District implementation efforts through 2025-26. The process for boundary changes and agency formation are extensive. The position is needed through 2025-26 in order to establish the Lower Los Angeles and San Gabriel Rivers Park Districts.

SB 1374 (Lara), Chapter 486, Statutes of 2016, authorized the formation of the Lower Los Angeles River Recreation and Park District.

SB 268 (Archuleta), Chapter 453, Statutes of 2018, made changes to the board of directors for the Lower Los Angeles River Recreation and Park District and the Lower San Gabriel River Recreation Park District, as well as made additional changes to district formation.

Staff Recommendation. Approve as budgeted.

3835 BALDWIN HILLS CONSERVANCY**Issue 48: Watershed Resiliency – Ballona Creek and Upper Dominguez Channel (SB 1052)**

Governor’s Proposal. The Governor’s budget requests one-time local assistance funding of \$575,000 to study the potential environmental and recreational uses of the Baldwin Hills, southern Ballona Creek Watershed, and Upper Dominguez Channel area. The study is intended to inform site opportunities and constraints for a watershed and open space plan. Planned investments would help communities of color such as Inglewood, Athens, Westmont, Del Aire, Lennox, Hyde Park, and South Los Angeles improve neighborhood sustainability, build micro- ecosystems to improve habitat biodiversity, and create resiliency in areas where climate change is most impactful to public health and quality of life.

Staff Recommendation. Approve as budgeted.

3855 SIERRA NEVADA CONSERVANCY (SNC)**Issue 49: Permanent Positions for Reimbursements and Human Resources**

Governor’s Proposal. The Governor’s budget requests two permanent full-time positions to oversee multi-year agreements with the Department of Conservation and one permanent full-time position for the Human Resources unit. These positions will be funded with existing funding authority from the Environmental License Plate Fund and Sierra Nevada Conservancy Fund.

The SNC provides technical support and local assistance grants to partners throughout the Sierra Nevada region for work that supports the economic, environmental, and social well-being of the region.

Staff Recommendation. Approve as budgeted.

Issue 50: Reappropriation of 2020-21 General Fund Local Assistance

Governor’s Proposal. The Governor’s budget requests reappropriation of \$96,000 GF of 2020-21 appropriated for wildfire and forest resilience local assistance funding, to be available for encumbrance, expenditure, and liquidation until June 30, 2025. Reappropriation of this funding is intended to provide SNC appropriation resources to support administration and oversight of as well as provide technical assistance to critical forest health and wildfire resilience projects funded by the associated local assistance funding.

Staff Recommendation. Approve as budgeted.

3885 DELTA STEWARDSHIP COUNCIL**Issue 51: Delta Plan Implementation**

Governor’s Proposal. The Governor’s budget requests \$373,000 GF ongoing General Fund to fund two positions that provide technical support for mandated Delta Plan implementation efforts — to enhance statutorily-mandated “early consultation” efforts with other agencies, and the tracking and analysis of significant projects that impact the Delta and the State’s coequal goals.

Staff Recommendation. Approve as budgeted.

DISCUSSION

3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)

Department Overview

The mission of CDFW is to manage the state's diverse fish, wildlife, and plant resources, and the habitats upon which they depend, for their ecological values and for their use and enjoyment by the public. This includes habitat protection and maintenance in a sufficient amount and quality to protect the survival of species and natural communities. CDFW is also responsible for the diversified use of fish and wildlife including recreational, commercial, scientific, and educational uses. The department supports a wide network of natural and working lands — forests, wetlands, coasts, and deserts — providing environmental protections, and resource management. CDFW programs include:

- ***Biodiversity Conservation Program.*** This program includes the following activities: conservation, protection and management of fish, wildlife, native plants, and habitat to ensure maintenance of biologically sustainable populations of those species.
- ***Hunting, Fishing, and Public Use Program.*** This program facilitates diverse and sustainable hunting, fishing (recreational and commercial), trapping, and other public uses and associated economic benefits to the state by conserving and managing game species. Activities include collection and assessment of information on the distribution and abundance of game fish and wildlife to determine appropriate regulations (bag limits, gear restrictions, etc.) and to monitor the effects of those regulations.
- ***Management of Department Lands and Facilities Program.*** This program manages Department-owned or leased lands and facilities, including hatcheries, wildlife areas, ecological reserves, fish and wildlife laboratories, and public access areas, to contribute to the conservation, protection, and management of fish and wildlife.
- ***Enforcement.*** This program serves the public through law enforcement, public safety and hunter education. Law enforcement promotes compliance with laws and regulations protecting fish and wildlife resources; and investigates habitat destruction, pollution incidents and illegal commercialization of wildlife. Wardens also serve the public through general law enforcement, mutual aid, and homeland security.
- ***Spill Prevention and Response Program.*** This program minimizes damage and environmental impacts to, restores, and rehabilitates the state's fish and wildlife populations and their habitats from the harmful effects of oil and other deleterious material spills in marine waters and inland habitats.
- ***Fish and Game Commission.*** The California Fish and Game Commission ensures the long-term sustainability of state fish and wildlife resources by guiding the ongoing scientific evaluation and assessment of California's fish and wildlife resources; setting California's fish and wildlife resource management policies and ensure int these are implemented by CDFW; establishing appropriate fish and wildlife resource management rules and regulations; and building active fish

and wildlife resource management partnerships with individual landowners, the public and interest groups, and federal, state and local resource management agencies.

The three-year expenditures and positions budget (*dollars in thousands*) is as follows:

		Positions			Expenditures		
		2021-22	2022-23	2023-24	2021-22*	2022-23*	2023-24*
2590	Biodiversity Conservation Program	1,063.2	1,109.7	1,230.7	\$448,460	\$771,946	\$426,192
2595	Hunting, Fishing, and Public Use Program	485.1	488.6	488.6	110,938	114,681	110,909
2600	Management of Department Lands and Facilities	429.7	445.7	445.7	145,532	160,997	90,529
2605	Enforcement	500.7	504.7	504.7	149,008	157,261	147,519
2610	Communications, Education and Outreach	20.9	22.9	22.9	4,414	5,162	5,146
2615	Spill Prevention and Response	170.0	170.0	170.0	48,274	50,334	51,133
2620	Fish and Game Commission	11.5	11.5	11.5	1,911	1,987	1,991
9900100	Administration	325.8	330.8	332.8	58,150	63,342	63,873
9900200	Administration - Distributed	-	-	-	-58,150	-63,342	-63,873
9990	Unscheduled Items of Appropriation	-	-	-	-1,773	-	-
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		3,006.9	3,083.9	3,206.9	\$906,764	\$1,262,368	\$833,419

Source: Department of Finance

The department manages over 60 funds, each of which has its own guidelines for use. For example, the Federal Trust Fund has specific fund usage guidelines, but funds a diverse portfolio of activities. In contrast, the Fish and Game Preservation Fund-Lake and Streambed Alteration Dedicated Account is a fee-based fund that supports a relatively narrow range of tasks. In addition, the General Fund and the Fish and Game Preservation Fund (Non-dedicated) have relatively broad usage guidelines and support a wide variety of department activities.

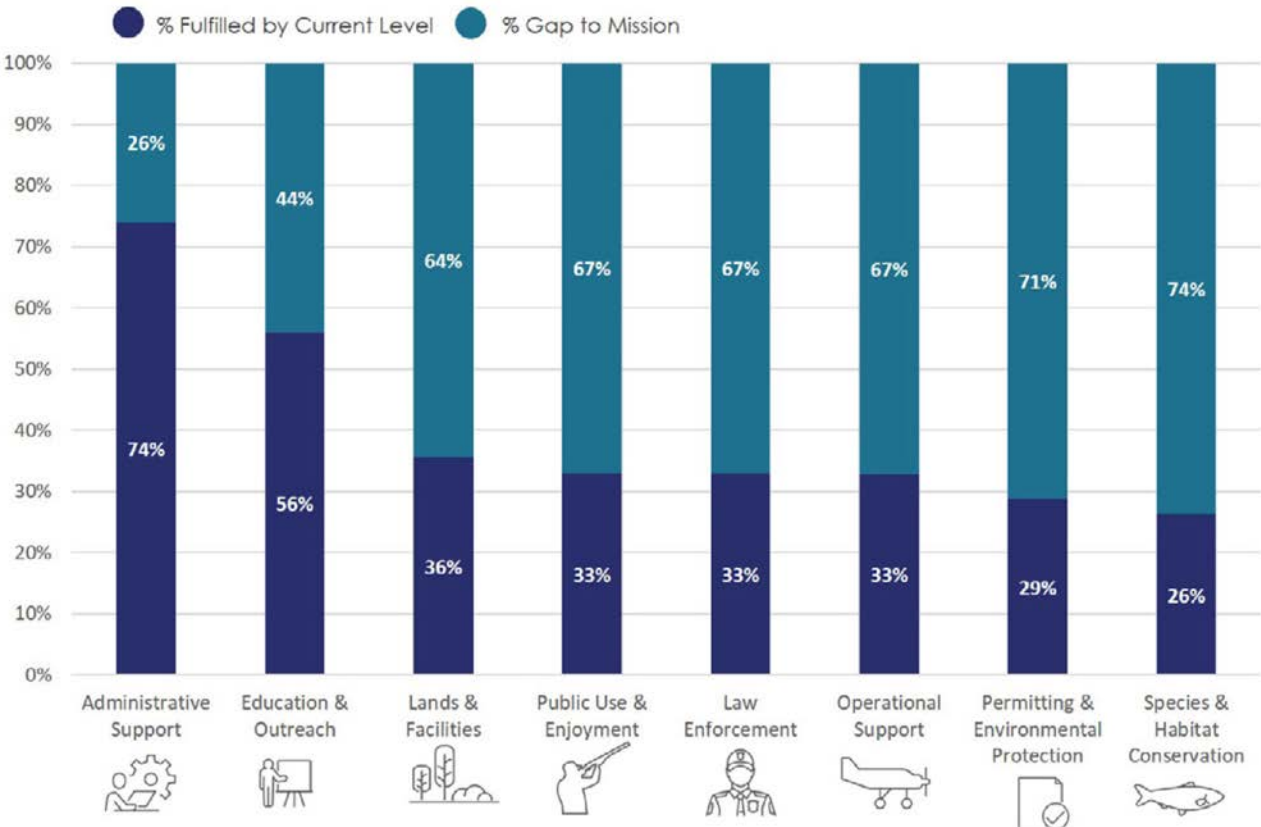
Service-Based Budget (SBB) Review. *SBB Review Determined Existing Service Levels Fell Short of Meeting Mission.* The 2018-19 budget package included a requirement that CDFW conduct a SBB review by January 2021 and that the review include development of a new budget tracking system to inform ongoing and future fiscal decision-making processes. The SBB review was intended to provide more clarity regarding the following:

- The core activities that CDFW undertakes.
- The existing gap between the department’s “mission” level of service (defined as the service standards and essential activities required for the department to meet its mission and statutory requirements) and its current service levels.
- Instances where CDFW may be conducting activities outside its mission and statutory requirements.
- Detailed estimates for the costs and staffing that would be necessary to meet mission service levels.
- An analysis of the department’s existing revenue structure and the activities supported by those fund sources, including instances where different funding sources or revenue structures might be allowable or more appropriate.

The SBB approach was task-based, labor-focused, and organized by CDFW’s services to the public. CDFW completed the review and issued the SBB Final Report in January, 2021. CDFW determined

that the existing number of staff hours being spent fell far short of meeting its mission levels in most service areas.

The chart below compares the staffing levels in the department to meet its mission:



Source: CDFW: Service-Based Budgeting Final Report (January 2021)

As shown above, the most significant gap in meeting CDFW’s mission, and arguably one of its most imperative, was in species and habitat conservation at 74 percent, fulfilling only 26 percent of its mission at 2021 levels.

Issue 52: Climate Permitting Support

Governor’s Proposal. The Governor’s budget requests 40 permanent positions and \$10.2 million in GF in 2023-24 and \$9.6 million ongoing to expedite environmental review workload, including pre-consultation with project proponents, for priority energy and water infrastructure projects throughout the state. CDFW will allocate the positions and funding through two permitting project categories as follows:

- 1) 25 positions and \$6.4 million for permitting energy projects.
- 2) 15 positions and \$3.8 million for permitting water infrastructure projects.

In this proposal, CDFW would increase the staff capacity in all CDFW regional offices. These additional resources are intended to have the ability to work on priority energy and water infrastructure projects and augment existing staff to increase the number of permits issued each year for these two sectors.

This proposal is intended to provide the additional resources to increase the capacity of CDFW for pre-consultation, ongoing timely coordination with project proponents throughout the process, and development of mitigation options to ensure permits are issued timely on energy and water infrastructure projects throughout the State.

This request is intended to ensure that CDFW will have ongoing resources to help meet the requirements to protect California’s endangered species and to help directly address much needed infrastructure improvements throughout the state. In addition, the proposal is intended to provide the Department with ongoing resources to help prevent the mission level gaps in the most under resourced service areas identified on the SBB Final Report from growing larger.

Background. CDFW has a significant role with environmental review and permitting for a variety of activities, including for energy and water infrastructure projects. CDFW evaluates projects to ensure they avoid, minimize, and mitigate impacts from associated project activities. CDFW may allow projects to take state-listed threatened, endangered or candidate species if certain conditions are met under California Endangered Species Act, such as through the issuance of incidental take permits, consistency determinations, or Safe Harbor Agreements to ensure regulatory compliance. The Department also issues Lake and Streambed Alteration (LSA) agreements for any activity that may substantially divert or obstruct natural flow of, or substantially change or use any material from the bed, channel, or bank of any river, stream, or lake. In addition, the project proponent must also complete any necessary steps under California Environmental Quality Act (CEQA) before the LSA agreement or incidental take permit can be issued. Most of the interaction with project proponents is initiated after submittal of an application or notification to the Department. By providing more pre-consultation, energy and water infrastructure project proponents will have more direct and early engagement with the Department throughout the process. Timely pre-consultation will help expedite issuance of any needed permit by addressing potential impacts through project design considerations and ensuring applications are complete before they are submitted by the project proponent to the Department.

Staff Comments. Increased staffing for this purpose is reasonable, especially considering on the SBB review, but a few questions arise regarding why this particular number of staff, what is the timing of hiring, and where are they most needed and which regional offices will they be placed.

Staff Recommendation. Hold open.

3540 DEPARTMENT OF FORESTRY AND FIRE PREVENTION (CALFIRE)**Department Overview**

CalFire Has Responsibilities for Both Wildland Fire Response and Forest Management. CalFire has primary responsibility for wildland fire response in State Responsibility Areas, which are mostly privately owned wildlands that encompass about one-third of the acreage of the state. CalFire also has various responsibilities for the management and protection of the state's forests. These include overseeing enforcement of the state's forest practices regulations, providing grant funding for forest health and fire prevention projects, and regulating timber harvesting on private or state-owned forestland. CalFire provides all hazard — fire, medical, rescue, and disaster — emergency response to the public.

Resource Management. CalFire's mission emphasizes the management and protection of the state's natural resources through an extensive resource management program. Program objectives are met by regulation of timber harvesting; coordination of climate and forest restoration related activities for the forest sector; technical assistance to non industrial landowners; operation of state demonstration forests; operation of forest nurseries and vegetation management projects; and administration of federal forestry assistance programs.

Vegetation Management. In 2021, CalFire released the Wildfire and Forest Resilience Action Plan, designed to accelerate efforts to restore the health and resilience of state forests, improve fire safety, and sustain the economic vitality of rural forested areas. In the action plan, California has committed to treat 500,000 acres per year by 2025. CalFire specifically committed to treating up to 100,000 acres per year, with other state entities needing to treat 400,000 acres per year by 2025 for the state to meet this goal.

Wildfire Response and Protection. CalFire's fire prevention program consists of multiple activities including wildland pre-fire engineering, vegetation management, fire planning, education, and law enforcement. Typical fire prevention projects include brush clearance, prescribed fire, defensible space inspections, emergency evacuation planning, fire prevention education, fire hazard severity mapping, and fire-related law enforcement activities. CalFire's fire control objective is to attack fires quickly and aggressively with the goal of containing 95 percent of all wildfires to 10 or fewer acres. This is achieved through detection, ground attack, air attack, and mutual aid using fire engines, fire crews, bulldozers, helicopters, and fixed-wing aircraft.

CalFire Operates Numerous Facilities. CalFire operates more than 530 facilities statewide to support its mission. These facilities include 234 fire stations, 112 telecommunications facilities, 8 fire crew camps, 21 unit headquarters, 16 administrative headquarters, 13 air attack bases, and 10 helitack bases. As we discuss in more detail in this brief, these facilities also include 30 conservation camps and two main training centers.

CalFire is currently authorized to operate 39 conservation camps statewide that house more than 4,300 inmates and wards. The camps are operated in conjunction with the California Department of Corrections and Rehabilitation and the Division of Juvenile Justice. Through these cooperative efforts, CalFire is authorized to operate 196 fire crews year-round. These crews, also referred to as hand crews, are available to respond to all types of emergencies, including wildfires, floods, and search and rescue.

Governor's Proposed Budget for 2023-24. The Governor's proposed budget for 2023-24 includes a total of \$4 billion from various funds to support CalFire, including \$2.9 billion from the General Fund. This represents an increase of about \$150 million (roughly 4 percent) compared to the estimated expenditure level for 2022-23. The Governor's budget proposes to support 11,500 authorized positions

at CalFire in 2023-24, which represents an increase of roughly three percent from the estimated number in 2022-23.

The three-year expenditures and positions budget (*dollars in thousands*) is as follows:

		Positions			Expenditures		
		2021-22	2022-23	2023-24	2021-22*	2022-23*	2023-24*
2461	Office of the State Fire Marshal	199.6	217.6	217.6	\$52,222	\$63,465	\$64,163
2465	Fire Protection	8,200.4	9,470.9	9,783.6	2,976,475	3,408,368	3,491,364
2470	Resource Management	541.2	561.7	561.7	861,191	391,145	457,176
2475	Board of Forestry and Fire Protection	10.9	10.9	10.9	6,999	3,918	3,940
2480	Department of Justice Legal Services	-	-	-	6,828	6,828	6,828
9900100	Administration	744.7	909.7	915.7	148,922	190,620	191,308
9900200	Administration - Distributed	-	-	-	-148,590	-190,277	-190,961
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		9,696.8	11,170.8	11,489.5	\$3,904,047	\$3,874,067	\$4,023,818

Source: Department of Finance

Emergency Fund (E-Fund). According to LAO, the budget for wildfire response has two components — the “base budget” and an amount budgeted for emergency fire suppression known as the E-Fund. CalFire’s based budget pays for everyday firefighting operations of the department including salaries, facility maintenance, and other regularly scheduled costs. Included in the base budget are the costs associated with the “initial attack” on wildfire — that is, the firefighting operations generally undertaken in the first 24 hours of an incident. Once an incident has gone beyond the initial 24 hours and, therefore, will likely exceed the capability of containment by that CalFire unit, costs associated with firefighting are charged to the E-Fund. Such costs as equipment rental, unplanned overtime, inmate crews, and additional air support are charged to the E-Fund for large incidents. The structure of the E-Fund is particularly important in a wildfire-prone state like California. It sets aside funding to respond to wildfires that will inevitably occur and is flexible to account for the inherent unpredictability regarding the number, scale, and timing of those wildfires.

Issue 53: Property Acquisitions: Camp Fox, Boys Ranch, and Sierra Elementary

Governor’s Proposal. The Governor’s budget requests \$4 million GF for the acquisition phase for property at three locations throughout the state: Camp Fox (\$500,000) (located in San Diego County), Boys Ranch (\$1 million) (located in Sacramento County), and Sierra Elementary (\$2.5 million) (located in Fresno County). This project will seek to acquire sites across various counties to expand current CalFire infrastructure. These facilities will be used to provide housing and training grounds for CalFire crews.

Background. Over the last decade, the CalFire Conservation Camp program has experienced a decline of inmates, leaving the program unable to fully staff its inmate fire crews, resulting in the operation of fewer crews to support CalFire’s fire protection operations, and complete hazardous fuel reduction projects. In recognition of this trend, the 2020 Budget Act reflected a consolidation of inmate fire camps and the vacating of eight camp facilities by CDCR. To meet the demand for non-inmate fire crews, CalFire needs to establish fire centers to meet the needs of 17 new fire crews (a total of 566 positions) that were established in the 2022 Budget Act.

Staff Comment. Currently, CalFire has identified those future costs associated with the cost of acquisition. However, a question arises as to what other costs that may be identified now, beyond acquisition the acquisition stage, for the future? For example, what facilities, and to what extent, would need to be rebuilt? What are the future costs for construction, maintenance and operations of these properties?

Staff Recommendation. Hold open.

Issue 54: (a) CalFire Training Center Capacity, and (b) Additional CalFire Training Center: New Facility

Governor’s Proposal. (a) CalFire Training Center Capacity. The Governor’s budget requests \$12.9 million GF and 12 new positions beginning in 2023-24, \$12 million annually through completion of a new training center facility (referenced below in (b)), and \$3.4 million ongoing to address current issues of overcapacity at CalFire Training Centers (CFTC) by providing funding for two temporary training facilities. The Administration states that this request is critical to ensuring fire protection positions are filled and can pass probation by completing the required training offered at CFTC.

According to LAO, this proposal more specifically includes:

- ***New Positions for Capital Outlay Project Management and Maintenance (\$3.9 Million in 2023-24, \$3.4 Million Ongoing).*** This funding would support the hiring of 12 new positions, including surveyors, engineers, and a right-of-way agent. These positions are proposed to (1) coordinate and consult with the Department of General Services (DGS) as it manages the construction of the new training center facility; (2) support the development of future capital outlay projects that might result from the CFTC-Ione master plan; and (3) engage in maintenance activities at training centers, particularly after the new proposed training center facility is constructed.
- ***Temporary Leased Facilities, Equipment, and Shifting of Staff (\$8.9 Million in 2023-24, \$8.6 Million Through Construction).*** This funding would support various costs associated with leasing and operating two temporary facilities that would be used for conducting training until the proposed new center is completed (estimated to be 2030)—one at Shasta College in Redding and one at a University of Phoenix campus in Sacramento. Specifically, the proposal includes additional funding for (1) facility leasing, utilities, and housing (\$3.7 million); (2) logistics and supplies (\$1.6 million); (3) leasing of fire engines (\$1.3 million); and (4) vehicles and fuel (\$845,000). The proposal also includes roughly \$1 million in new net costs to shift 12 existing CalFire staff positions from the California Correctional Center in Susanville—which is scheduled to be deactivated by June 30, 2023—to provide instruction and administrative support.
- ***Uses Some Existing Funding to Help Support Near-Term Training Costs.*** In addition to the new funding, CalFire also proposes to use a total of \$5.8 million from 2022-23 funding augmentations to—on a one-time basis—support the full costs of similar temporary activities to those discussed above, such as equipment, leased vehicles, and other operational costs. This \$5.8 million represents a portion of the \$214 million ongoing General Fund originally provided for 17 new firefighter crews and for staffing to support CCC and California Military Department (CMD) crews.

(b) Additional CalFire Training Center: New Facility. According to LAO, the Governor’s budget includes \$19.2 million GF for two capital outlay activities related to building a proposed new training facility: (1) \$545,000 for a study that is anticipated to be completed in June 2024, which would identify potential parcels in the Sacramento area on which to construct the facility and develop a more refined cost estimate for the project, and (2) \$18.7 million to acquire a property for the new center. The department anticipates needing a minimum of 50 acres for the facility.

Future planned project phases include the preparation of performance criteria and the construction of the new proposed training center using the design-build delivery method. The administration anticipates it would complete these phases using a combination of GF (which it would request in a future year) and

lease revenue bonds (to be repaid from the General Fund). In total, the estimated cost of the project is \$419 million and construction is anticipated to be completed in 2030.

Background. According to LAO:

CalFire Operates Two Main Training Facilities. CalFire currently operates two main training centers for its staff. The first is CFTC-Ione, a state-owned facility in Amador County that historically has served as the primary training center for the department. The second is CFTC-South, which is a leased facility in Riverside County. In recent years, CFTC-South has become an important ongoing, year-round location for CalFire training. In addition to these facilities, CalFire also provides training at various other sites, such as Castle Training Center in Atwater. These centers offer a variety of types of training. For example, the CFTCs host the Firefighter Academy and the Company Officer Academy, which are training courses required for classifications of Firefighter II (permanent firefighters) and above. In total, CalFire's training programs train an average of 2,900 students per year.

CalFire Staffing Has Increased Substantially in Recent Years, Necessitating More Training. In part due to the recent severe fire seasons and projections that these trends will continue, the state has significantly increased CalFire's staffing, including firefighters, in recent years. For example, the 2022-23 Budget Act added approximately 1,500 positions (representing a 15 percent increase compared to their previous staffing level), approximately 850 of which the department reports will require training prior to performing emergency response activities.

CalFire Is Undertaking a Master Plan for CFTC-Ione Facility. The 2022-23 budget provided \$150,000 GF for CalFire to conduct a master plan for the CFTC-Ione facility, which was built in 1967. This document—expected to be completed by May 2023—is intended to identify a specific plan for future capital outlay projects to expand and update the facility to meet CalFire's current operational requirements.

LAO Comments. Uncertainty About Future Training Needs Results in Unclear Need for New Facility. In LAO's view, CalFire has not adequately justified that its ongoing training needs are sufficient to justify the construction of the new proposed facility. Specifically, CalFire argues that the facility is needed because of recent increases in demand for training, driven in large part by the significant number of new authorized positions approved as part of the 2022-23 Budget Act. However, LAO expects that much of the corresponding increases in training needs will be short term in nature, associated with preparing personnel to fill the new authorized positions as they are onboarded. Once these new authorized positions have been filled, attrition will lead to some ongoing training needs, but those are likely to be much smaller than the current short-term demand. (CalFire currently assumes a 10 percent attrition rate annually.)

Moreover, the proposed new training facility is not projected to be completed until 2030, well after the recently authorized positions will be filled. Accordingly, the state's decision regarding whether to construct this facility should be based not on the *current* training needs—which may be temporarily high—but rather on a *long-term* assessment of training needs. Over the longer term, the growth rate for CalFire staffing is unknown and, therefore, so is whether future training needs will be consistently higher on an ongoing basis.

Premature to Fund New Project When CFTC-Ione Master Plan Is Still in Progress. Uncertain training needs is not the only reason LAO finds this project proposal to be premature. Even if CalFire were to provide well-substantiated projections of future training demand increases continuing beyond 2030, whether the proposed new training center would be the most cost-effective solution to address such needs

is unclear. Specifically, the CFTC-Ione master plan that the Legislature funded in the 2022-23 Budget Act is intended to provide insights into the expansion capacity at that facility. As noted above, this assessment is still in progress. While it is anticipated to be completed this spring, it could be delayed and may not be available with sufficient time for careful legislative review before the adoption of the budget in June. Moving forward with approving a new training center before the Legislature has adequate time to incorporate the findings of this plan into its deliberations could result in a higher level of state spending than ultimately necessary.

Premature to Fund Acquisition Phase Before Completing Study Phase. Even if the Legislature were to feel sufficiently confident that a new training facility is needed, providing funding for acquisition before the proposed study is complete still would be premature. The study is anticipated to provide information on available sites, as well as develop refined scope and cost estimates for the project. This would be important information for the Legislature to have before deciding whether it makes sense to move forward with the project, as well as to more accurately estimate how much funding is specifically needed for the site acquisition.

Staffing Component Not Adequately Justified. As noted above, the Governor's request includes \$3.9 million in 2023-24 (decreasing to \$3.4 million annually beginning in 2024-25) for 12 facility staff to consult with DGS as it manages the training center project, as well as other potential capital outlay projects at CFTC-Ione that may be identified in the forthcoming master plan. For a department to request staffing—much less 12 positions—to coordinate with DGS on a capital outlay project is *highly* unusual. Rather, departments typically absorb this type of workload, which generally is modest. Additionally, since the CFTC-Ione master plan has not yet been completed and no corresponding specific projects have been proposed thus far, requesting staffing now to support unidentified projects is premature.

LAO notes that the department also plans to use these positions to perform some maintenance activities, particularly on an ongoing basis after the new proposed training center is completed. However, LAO finds this aspect of the proposal is also unjustified for two key reasons. First, different classifications, skills, and staffing levels likely would be needed to conduct maintenance activities as compared to the specific positions the Governor is proposing (such as land surveyors). Second, the facility is not anticipated to be completed until 2030. Accordingly, it would make sense for the department to request appropriate maintenance staff if and when the new proposed facility is completed rather than at the initiation of the study phase. For these reasons, LAO does not find a compelling need for the requested staff.

Some Funding for Temporary Training Needs Warranted, but Specific Costs Not Yet Clear. CalFire also requests funding to support various costs associated with leasing and operating two temporary facilities until the new training center is constructed. As described above, some of the funding for these costs is requested as part of this proposal (\$8.9 million in 2023-24 and \$8.6 million until the new center is built). CalFire would also support some of these one-time costs using a portion (\$5.8 million) of the funding already authorized in the 2022-23 budget package. Given its elevated near-term training needs—resulting from the significant recent increases in firefighter staffing—the department's intent to pursue temporary leases and to support other costs associated with operating temporary training facilities is justified. Moreover, using some of the funding appropriated in last year's budget to help offset these costs is reasonable, since those funds were provided to help support the staffing augmentations. However, at this time, the department has not adequately substantiated the need for the specific amount of new funding proposed. For example, CalFire proposes \$1.3 million to lease fire engines for training purposes until the permanent engines funded in the 2022-23 Budget Act arrive in 2024 or 2025. Why these needs could not be met at a lower cost, such as by using older fire engines that

the department would otherwise sell, is unclear. LAO believes the Legislature needs more information that explains and justifies the costs of operating the temporary training centers before taking action on the Governor's request.

Commits the State to Significant—and Unknown—Amount of Out-Year Costs. Together, the Governor's training center proposals would commit the state to significant costs over the coming years, including about \$400 million to construct the new proposed facility, as well as ongoing costs associated with its operations and maintenance. LAO notes that these ongoing costs may not be fully reflected in the proposals. Specifically, the only costs proposed to be funded on an ongoing basis are for the 12 facility-related staff mentioned above. Potential remaining costs—such as for utilities, vehicles, and costs associated with the shift of personnel from Susanville—are only proposed to be funded through the end of construction of the facility. LAO would expect that many of these types of activities would need to be funded even after the new facility is complete, however. Accordingly, the \$3.4 million in ongoing funding requested as part of these proposals likely understates the full costs associated with operating the facility in the out-years.

Higher Bar for Approving New Proposals Given General Fund Condition. These proposals would commit the state to significant discretionary General Fund expenditures in not only the budget year but also in the out-years. Importantly, the state currently is experiencing a budget problem, where revenues already are insufficient to fund existing commitments. In this context, every dollar of new spending in the budget year comes at the expense of a previously identified priority and requires finding a commensurate level of solution somewhere within the budget. The Governor "makes room" for this (and other) proposed new spending by making reductions to funds committed for other programs, including many in the climate and natural resources areas. Moreover, because these training center proposals also have significant out-year costs, they would contribute to projected future budget deficits and would require finding additional solutions in the coming years. LAO therefore thinks the Legislature likely will want to apply a higher bar to its review of new spending proposals such as these than it might in a year in which the General Fund had more capacity to support new commitments, as it will need to weigh the importance and value of the proposed new activities against the activities to which it has already committed. Essentially, it will want to consider whether it wants to make reductions—either those proposed by the Governor or equivalent alternatives—to free up resources for this project. In our view, this proposal does not meet that higher bar.

LAO Recommendations. Approve Proposed \$545,000 for a Facility Study With Revised Scope to Be Completed After CFTC-Ione Master Plan. LAO recommend the Legislature approve the proposed funding to study options for a new training center. However, LAO recommends that the Legislature require that CalFire modify the scope of this study to include (1) estimates of *future* growth in CalFire staffing and associated training needs and (2) an evaluation of multiple potential alternatives for meeting those training needs (with constructing a new training center as one but not the only option considered). LAO recommends the Legislature require that CalFire incorporate the results of the master plan for CFTC-Ione—anticipated to be completed by May 2023—into this study to ensure the assessment is comprehensive.

Reject Proposed \$18.7 Million for Site Acquisition. LAO recommend the Legislature reject the \$18.7 million proposed for site acquisition until after the completion of the CFTC-Ione master plan and the aforementioned facility study. The additional information from these reviews can help inform the Legislature's deliberations by providing clarity on the options available to meet CalFire's long-term training needs, as well as a more refined cost estimate for the potential construction of a new training center should it be determined to be necessary.

Reject Proposed \$3.9 Million in 2023-24 and \$3.4 Million Ongoing for Facility Staffing. LAO recommends the Legislature reject the funding proposed for additional facility-related staffing. These positions are not needed to oversee the completion of the revised study, which is the only portion of the proposal that we recommend the Legislature approve at this time. However, even if the Legislature were to approve the Governor's proposed funding for both the study and acquisition, LAO still would recommend against authorizing these positions, as we find the department's justification for their need to be lacking.

Approve Some Level of Funding to Meet Temporary Needs, but Seek Additional Information. LAO recommends the Legislature approve some level of funding to help meet the short-term training needs associated with CalFire's recent increase in authorized positions. Because the specific amount of funding needed is still unclear, we recommend the Legislature seek additional justification from CalFire in the coming months to help determine the appropriate level of resources to provide.

Staff Recommendation. Hold open.

Issue 55: Growlersburg Conservation Camp (CC): Replace Facility

Governor’s Proposal. The Governor’s budget requests \$4.5 million GF in 2023-24 to restart a previously paused project that would replace the existing facilities and infrastructure at the Growlersburg CC site in Georgetown (El Dorado County). The proposed funding would support the working drawings phase.

CalFire estimates the total cost of the project—including \$93 million for construction—to be \$100 million, and that it would be completed in 2028. The Administration anticipates funding the construction phase of this project with lease revenue bonds, which ultimately would be repaid from the General Fund over about 25 years.

Background. The Growlersburg CC was built in 1967 and was designed as a three-crew camp. During the 1980s, an addition was made to the inmate dorm, bathroom, and showers, and the camp population count increased from 80 to 120 inmates. The inmate population is currently about 132, ten percent over designed population. The added population supports five fire crews. In high demand years, a sixth crew is assembled from in-camp workers.

Located on 80 acres of state-owned property, the Growlersburg CC is located near the city of Georgetown, 15 miles north of Placerville and 20 miles south of Auburn. Georgetown is on the edge of the El Dorado National Forest, which consists of 786,994 acres of heavy brush and mixed conifer forests and has a checkerboard ownership pattern intermixed with private parcels that are considered part of the State Responsibility Area lands.

Conservation Camps Provide a Key Source of Hand Crews. Hand crews support fire response by constructing fire lines, assisting fire engine crews with the deployment of fire hoses over long distances, providing logistical operational support, and extinguishing hotspots to help contain fires. These crews also do fire mitigation work, such as hazardous fuels reduction and vegetation management projects. Historically, the majority of the hand crews utilized by CalFire have been operated through agreements with the California Department of Corrections and Rehabilitation (CDCR) for use of labor performed by people committed to state prison. These people are housed at conservation camps located in or near forests throughout the state. They generally qualify for voluntary placement in camps if CDCR has determined they (1) can be safely housed in a low-security environment, (2) can work outside a secure perimeter under relatively low supervision, and (3) are medically fit for conservation camp work. Conservation camp hand crews are compensated for their work.

State Prison Population Has Decreased in Recent Years, Resulting in Declines at Conservation Camps. Over the past dozen years, the state has enacted various changes to sentencing laws that have significantly reduced the state prison population, particularly those individuals who can be housed in low-security environments. This, in turn, has reduced the population housed at conservation camps and available to serve on hand crews. Specifically, as of January 2023, 1,689 people were housed in conservation camps, compared to 3,980 people in January 2010.

Population Declines Have Resulted in the Closure of Eight Conservation Camps. In response to the declines in the population at conservation camps, the state initiated the closure of eight camps in 2020-21, consolidating the remaining crews into the other 35 camps. The locations of these remaining camps, five of which are operated by Los Angeles (LA) County rather than CalFire, are shown in Figure 1. As highlighted, the Growlersburg facility is located in the northern part of the state in proximity to several other camps.

Remaining Camps Operating Below Design Capacity. Even with the closure of eight conservation camps, the remaining sites continue to operate well below capacity. Specifically, as of January 2023, 1,689 people are housed at facilities that have a combined total capacity of 3,368. (Excluding the LA County-operated camps, 1,612 people are housed at CalFire-operated facilities that have a combined total capacity of 3,040—which represents an occupancy rate of just over 50 percent.)

Prison Population Projected to Continue to Decline. The administration currently projects that the state’s prison population will decline by roughly 7 percent between 2023-24 and 2025-26. These declines, should they materialize, likely would result in further reductions to the population housed at conservation camps. To address the existing and projected declines, CalFire has expanded its partnerships with other agencies, including CCC and CMD, to provide staff for hand crews. Additionally, the state has provided CalFire with funding to hire additional firefighters to help backfill for these losses.

LAO Comments. Population in Conservation Camps Has Changed Substantially, Raising Questions About Need for Remaining Camps. As described in the nearby box, the Legislature first approved this project 16 years ago, in 2007. Since that time, the population housed in conservation camps—and the associated need for facilities—has changed dramatically. Even within the two years since the Legislature last considered providing funding for this project in 2021, the prison population has declined faster than previously anticipated. Notably, the Growlersburg Conservation Camp has a capacity of 120 but currently houses 81 people, and several nearby camps also are currently operating below capacity. For example, the Washington Ridge Conservation Camp in Nevada City has capacity for 100 but currently houses only 52 people. The current overall 50 percent occupancy rate at CalFire-managed conservation camps together with projections for further declines in the state prison population call into question whether all of the remaining camps are needed or whether some additional closures may be appropriate in the coming years. As trends become clearer over the next few years, we expect the state will have a better picture about the ongoing need for these camps.

State May Not Need Growlersburg Facility. Part of the administration’s proposed justification for this project is Growlersburg’s strategic location in the Sierra Nevada region and close proximity to sawmills. While this is true, the Sierra Nevada region is home to other conservation camps as well, such as Washington Ridge in Nevada City, that could provide similar situational benefits. Furthermore, to truly understand the need for this facility, the state needs to consider not only the location of other conservation camps, but also other similar resources, such as hand crews operated by CCC and CMD. For example, CCC is in the midst of replacing its Greenwood Center, which is less than three miles away from the Growlersburg Conservation Camp. The Greenwood Center focuses specifically on forest management and emergency response. That CCC has a facility within close proximity and is playing an increasingly important role in meeting the needs once filled by conservation camp crews makes the continued need for Growlersburg even less certain.

Premature to Decide That Conservation Camp Is Best Long-Term Use of Growlersburg Site. We view the Governor’s proposal to rebuild the Growlersburg site as a conservation camp to be premature, not only given the existing trends in prison populations and other nearby facilities but also because the state might identify potential other, more effective uses of the site. To the extent the state wants to retain a greater presence in this region than is provided by the CCC’s Greenwood Center and other nearby conservation camps, it is not clear whether a conservation camp would be the most appropriate facility. Yet investing \$100 million in replacing Growlersburg Conservation Camp facilities would make it impractical to then depopulate this site as part of a potential future plan to reduce the number of conservation camps. We think eliminating that option now is unwise, because the best future uses of the Growlersburg site still are unclear. For example, the site could be a reasonable candidate for permanent closure, or perhaps it could be repurposed for other non-inmate hand crews in the future. In the coming years, the state may decide that another type of crew—such as a CalFire firefighter hand crew—might be

more appropriate for firefighting activities in this area (particularly given the trends in prison populations). If a different type of crew were to ultimately occupy the Growlersburg site, it would necessitate different facilities (for example, to provide more space and to accommodate those who identify as females). Accordingly, proceeding with a large replacement project such as the one proposed does not make sense until the optimum long-term use of the site is clearer.

Project Costs Have Grown Dramatically. The estimated costs of the Growlersburg project have more than doubled since the Legislature first approved it in 2007—from \$46 million to \$100 million. Notably, most of the estimated increase in costs has occurred over just the past two years (from \$59 million in 2021-22 to \$100 million in 2023-24). According to the department, the cost increases have resulted from various factors, including supply chain delays and inflationary pressures (such as increases in lumber costs, transportation costs, and construction wages), and the update of several building code cycles. These higher costs further call into question whether the level of expenditure is warranted, particularly given uncertainty about the long-term need for this and other conservation camps.

Project Not a Clear Immediate Priority, Particularly Given General Fund Condition. The existing Growlersburg Conservation Camp buildings were constructed in 1967 and thus are over 50 years old. However, overall, the facility is still serviceable and well-maintained, as discussed in a recent external review conducted by the El Dorado County Grand Jury. (Such reviews of prison facilities, including conservation camps, are required annually under state law.) Additionally, we note that CalFire continues to rely on even older facilities, many of which have significant infrastructure needs. For example, CalFire indicates that many of the state's conservation camps were built 70 to 80 years ago and are in dilapidated condition. Similarly, many other departments have facilities that were built 50 or more years ago and have significant deficiencies. Why the administration views the Growlersburg project as a higher priority for funding than potential alternative capital outlay projects that play a central role in providing state services—by CalFire or other departments—is unclear. Moreover, the administration itself has moved slowly on this project and the department has repeatedly questioned its priority and merit (as described in the box referenced earlier). As discussed above, given the state's budget problem, funding this proposal—like other new General Fund spending proposals—would come at the expense of previously identified priorities. Given these trade-offs, we do not find a compelling rationale for prioritizing this project at this time. The Legislature could revisit the need for this facility in a future year when the General Fund condition is more robust and the key questions we have raised about its merit have become clearer. For example, revisiting this project at a future date would provide more time for the Legislature to glean more certainty on the extent to which the conservation camp population continues to decline and additional camp closures are necessitated.

Need for Growlersburg Project Has Been Questioned Since its Inception in 2007. CalFire's Growlersburg CC project has a long history of stops and starts, beginning roughly 16 years ago. Key steps of the project include:

- ***2007: Project Initiated.*** The 2007-08 Budget Act authorized \$46 million for the completion of all the phases of the project, including preliminary plans, working drawings, and construction. Construction of the project was originally anticipated to be completed by 2013.
- ***2016: Funding Expired, Project Halted.*** CalFire allowed the expenditure authority for this project to expire in June 2016 due to funding and department workload constraints and differing priorities. At that time, only the preliminary plans phase had been completed.
- ***2021: Funding Provided for Working Drawings.*** The 2021-22 Budget Act included \$3 million to complete working drawings for the project.
- ***2022: Funding Reverted, Project Halted.*** The Administration decided to halt the project after completion of the preliminary plans phase due to cost increases and uncertainty over whether

Growlersburg might be a good candidate for closure to help reduce the conservation camp program. Accordingly, the 2022-23 Budget Act reverted the 2021-22 Budget Act appropriation for working drawings.

- **2023: *Funding Proposed Again.*** The Administration proposes to restart the project in 2023-24.

LAO Recommendation. *Reject Proposal.* LAO recommends the Legislature reject the proposal to replace the Growlersburg Conservation Camp for several reasons:

First, the state may not have long-term needs for the facility given the current conservation camp population only fills about half of the existing capacity and that future declines in the inmate population are projected.

Second, other existing facilities housing various types of similar crews are located nearby.

Third, the state may identify other, more effective uses for the Growlersburg site in the coming years, so committing to rebuilding it as a conservation camp now is premature. Fourth, the costs of the project are higher than anticipated, raising additional questions about its benefit-to-cost justification.

Finally, given the state's budget problem, dedicating new General Fund to this project would come at the expense of previously identified priorities, and we do not find it sufficiently justified for prioritizing limited state resources.

LAO notes that the Legislature could always revisit the need for the project at some time in the future when the General Fund condition is more robust and the state has more clarity on its firefighting needs and plans in the region.

Staff Recommendation. *Hold open.*

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)
0509 GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC
DEVELOPMENT: IBANK

Issue 56: Governor's Proposed Budget Solutions: Wildfire Prevention and Resiliency

Governor's Proposal. According to LAO, the Governor proposes a few reductions in the area of wildfire resilience, which would have a net impact of providing \$77 million less for five programs. The Governor proposes to reduce General Fund support for:

- Climate Catalyst Fund Program (\$41 million)
- Stewardship of state-owned lands (\$25 million)
- Workforce training grants (\$15 million)
- Defensible space inspections (\$5 million)
- Monitoring and research (\$5 million)

Notably, the Governor proposes to replace \$14 million of the General Fund for workforce training grants with Proposition 98 General Fund (for a net reduction of \$1 million). As part of this fund shift, the Governor proposes to modify the eligibility for the program to limit it to community colleges, which are eligible to receive Proposition 98 funding.

Governor's Proposed Wildfire and Forest Resilience Budget Solutions

2020-21 Through 2023-24 (In Millions)

Program	Department	Total Augmentations	General Fund Reductions	Backfill With Fund Shift	New Proposed Amounts
Programs Proposed for Solutions					
Stewardship of state-owned land	Various	\$305	-\$25	—	\$280
Workforce training grants	CalFire	54	-15	\$14 ^a	53
Climate Catalyst Fund Program	IBank	49	-41	—	8
Monitoring and research	CalFire	38	-5	—	33
Defensible space inspectors	CalFire	25	-5	—	20
Subtotals		(\$471)	(\$-91)	(\$14)	(\$394)
All Other Wildfire and Forest Resilience Funding		\$2,343	—	—	\$2,343
Totals		\$2,814	-\$91	\$14	\$2,737

^a Governor proposes to shift funding to Proposition 98.

CalFire = California Department of Forestry and Fire Protection and IBank = California Infrastructure and Economic Development Bank.

Source: LAO, "Crafting Climate, Resources, and Environmental Budget Solutions"

Proposes to Retain Vast Majority of the Funding From Recent Packages. Despite the reductions discussed above, the Governor's budget proposes to maintain almost all—roughly 97 percent—of the funding that has been committed in recent wildfire and forest resilience packages. The Administration indicates that it is prioritizing retaining funding for wildfire and forest resilience in recognition of the urgency of reducing the risk of catastrophic wildfires. (Separately from these packages, the Governor's budget also proposes funding for some new discretionary wildfire-related proposals, including for the construction of a new CalFire training center and the replacement of a conservation camp.)

LAO Comments. *Wildfire Resilience Continues to Represent an Urgent and Critical Issue.* LAO finds that prioritizing maintaining support for programs aimed at improving the state's resilience to wildfires has merit. California has experienced a pattern of increasingly severe wildfires in recent decades, driven by climate change and poor forest management. These wildfires have had major consequences for local communities and the broader state, including loss of life, property, and habitats. Furthermore, the scale of the effort that will be required to make the state resilient to wildfires is so large—involving treating millions of acres and protecting millions of homes in high fire-risk areas over the coming years—that it will take significant, sustained funding to accomplish. Accordingly, LAO thinks it makes sense to be selective about reductions to wildfire and forest resilience funding to continue the state's efforts in this area.

Most Proposed Solutions Appear Reasonable. While all of the Governor's proposed wildfire and forest resilience-related solutions come with trade-offs, on balance, LAO finds most to be reasonable in light of the state's anticipated budget challenges.

- ***Climate Catalyst Program Is New and Untested.*** The intent of the new Climate Catalyst Fund Program is to provide low-interest rate loans to private-sector projects—such as building materials manufacturing and energy generation—that use materials remaining from fuel reduction projects, with the ultimate goal of creating a sustainable wood products market. While funding was initially allocated in 2020-21, the program has taken time to launch and no awards have been made thus far. Given this, reducing funding for this program likely would be less disruptive than for some other programs that already are well underway. Additionally, as this is a new activity, the program's effectiveness in achieving its stated goals is unclear. Reducing the funding for this program should still allow it to support one or two pilot projects. The Legislature could consider adding funding in a future year if evidence suggests the program is successful at achieving its goals.
- ***Reducing Funding for Stewardship of State Land Justifiable Given Delays in Relevant Regulations.*** LAO also finds justification for the Governor's proposal to partially reduce funding for stewardship of state-owned land. CNRA departments—such as Parks, CDFW, and CalFire—had planned to use the \$25 million in funding now proposed for reduction to help bring their buildings in high fire-risk zones into compliance with new defensible space regulations required by AB 3074 (Friedman), Chapter 259, Statutes of 2020. However, the relevant regulations have not yet been promulgated, so CNRA indicates the funding is not yet necessary. Additionally, Parks and CDFW have received other allocations of funding for stewardship of state-owned land that the Governor is not proposing to reduce, which they could use to support these compliance efforts. LAO notes, however, that maintaining required defensible space around state facilities is a core state responsibility and has important safety implications. Accordingly, should the Legislature adopt this proposed reduction, it may want to consider providing funding in a future year should departments determine it is needed to ensure safety and compliance.
- ***Shift of Workforce Training to Proposition 98 Worth Considering Given General Fund Condition.*** On balance, LAO also finds that shifting funds for workforce training to Proposition 98 merits consideration as a budget solution. Community colleges have received a portion of the past grant funding from this CalFire program (\$2.3 million of \$18 million appropriated in 2021-22 from the General Fund outside of Proposition 98). Additionally, community colleges already play an important role in helping develop the forestry workforce. Currently, eight community colleges offer two-year degree and/or certificate programs in forestry, and 55 colleges offer them in fire technology or wildland fire technology. Together, these colleges have granted about 100 forestry associate degrees and certificates, as well as about 2,500 fire and wildland fire technology associate degrees and certificates annually in recent years.

Given the existing role community colleges play in this area and their past history of receiving grant funds under this program, providing them with workforce training grant funds would take advantage of their expertise and experience. LAO notes that despite this, limiting grants to community colleges could exclude some potentially worthwhile recipients from the program. Also, shifting these costs to Proposition 98 would mean fewer resources available for other eligible activities using that fund source. However, LAO thinks these trade-offs are reasonable given available Proposition 98 resources, workforce development goals, and the General Fund (non-Proposition 98) condition.

Proposed Reduction to Defensible Space Inspector Funding Raises Potential Concerns. While most of the Governor's proposed solutions appear reasonable, LAO has identified one that raises some potential concerns. Specifically, the Governor proposes to reduce funding for CalFire defensible space inspectors by \$5 million. These inspectors are tasked with assessing homeowner compliance with the state's defensible space requirements in certain areas of the state. As we noted in our September 2021 report, *Reducing the Destructiveness of Wildfires: Promoting Defensible Space in California*, CalFire has consistently failed to meet its goal of conducting defensible space inspections on each eligible parcel at least once every three years. Inspections play a valuable foundational role in the state's defensible space program and can help the state track and evaluate its efforts to promote compliance with these safety requirements. Additionally, inspectors can help to educate homeowners about activities they can conduct to make their homes safer from wildfires. Accordingly, LAO has recommended increased ongoing resources for CalFire defensible inspections. The Governor's proposed reduction runs counter to this recommendation, and LAO is concerned it could impede the effectiveness of the state's efforts to encourage properties to maintain defensible space.

Legislature Could Consider Making Reductions to Some Other Programs. The Legislature could consider making some other targeted reductions, in place of or alongside those proposed by the Governor. Two programs LAO thinks could be potential candidates for reduction include:

- ***Transportation of Woody Biomass.*** The budget provided \$5 million in 2022-23 and committed \$5 million more for 2023-24 to develop a new program aimed at reducing the costs of transporting woody biomass, with the goal of reducing combustible material left in the state's forests. LAO thinks it is worthwhile to consider making reductions to this program for a few reasons. First, it is new and thus how effective it will be at improving the state's resilience to wildfires is uncertain. Second, some of the state's existing programs already support the transportation of woody biomass. For example, CalFire's Wildfire Prevention grant program has provided about \$70 million annually over the past two grant cycles in part for this same activity. The extent to which this new program is needed is therefore not clear. LAO thinks retaining the \$5 million appropriated in 2022-23 for this program would be reasonable, since CalFire has already released the grant solicitation. However, the Legislature could eliminate the \$5 million commitment for 2023-24. In so doing, the Legislature could treat the initial \$5 million as a pilot and then decide whether to expand the program at a later date based on whether it is able to demonstrate cost-effectiveness at improving wildfire resilience.
- ***Home Hardening.*** The Legislature could also consider reducing a new pilot program to provide financial assistance to homeowners in a few communities to conduct home hardening activities. The Legislature initiated this pilot program through the passage of AB 38 (Wood), Chapter 391, Statutes of 2019. This legislation also required a report to be completed by 2024 assessing the cost-effectiveness of defensible space and home hardening compared to other activities to help facilitate the Legislature's evaluation of the effectiveness of the pilot. The initial \$25 million for this program was provided in 2020-21. However, the process of developing the program has been lengthy and no awards have been made to date. Currently, the Administration indicates that it

anticipates providing funding for the first round of pilot communities this spring. The Legislature could consider decreasing the funding for this program—such as by reducing or eliminating the combined \$25 million in 2022-23 and 2023-24 for a future round of pilot communities—given that it is in the early stages of implementation and no outcome data is yet available. It could then decide whether to expand it based on whether the program is able to demonstrate cost-effectiveness at improving wildfire resilience.

Potential for Some Federal Funds to Support Wildfire Resilience, but Details Lacking. The Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act included substantial funding to support forestry and wildfire resilience. The details of much of this funding, including how much California will receive, still are emerging. However, in some cases, it appears the legislation supports activities similar to those the state committed to funding. For example, the Inflation Reduction Act includes a total of over \$3 billion for several programs aimed at conserving private forestlands and managing vegetation on federal, state, and private lands, among other activities. Additionally, IIJA provides the U.S. Forest Service with close to \$3 billion to support various activities that reduce the risk of wildland fire and restore ecosystems on federal forestlands, as well as an additional \$1 billion for a new competitive grant program to assist at-risk communities in planning for and mitigating wildfire risk. It will be important for the Legislature to understand more about how these federal programs align with state investments, which may become clearer by the spring. To the extent federal funding mirrors the same types of activities, it could help to partially mitigate state reductions.

Recent Budgets Committed \$2.8 Billion for Wildfire and Forest Resilience Packages. The state has made significant commitments in recent years to support wildfire resilience. Most of this funding has been allocated as part of three budget packages: (1) an early action package adopted in April 2021 that amended the *2020-21 Budget Act*, (2) a *2021-22 Budget Act* package, and (3) a *2022-23 Budget Act* package. Together, these augmentations total \$2.8 billion over four years—\$526 million in 2020-21, \$968 million in 2021-22, \$630 million in 2022-23, and \$690 million planned for 2023-24. Of the \$2.8 billion total, \$2 billion is from the General Fund and the remaining \$755 million is from GGRF.

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Recent and Planned Wildfire and Forest Resilience Augmentations

Highlighted Rows Indicate Programs Governor Proposes for Budget Solutions
General Fund, Unless Otherwise Noted (In Millions)

Program	Department	2020-21	2021-22	2022-23	2023-24	Totals
Resilient Forests and Landscapes		\$204	\$383	\$272	\$280	\$1,139
Forest Health Program ^a	CalFire	\$155	\$160	\$120	\$120	\$555
Stewardship of state-owned land	Various	30	145	65	65	305
Post-fire reforestation	CalFire	—	—	50	50	100
Forest Improvement Program ^a	CalFire	10	40	11	14	75
Forest Legacy Program ^a	CalFire	6	10	14	19	49
Tribal engagement	CalFire	1	19	10	10	40
Reforestation nursery	CalFire	2	9	2	2	15
Wildfire Fuel Breaks		\$148	\$236	\$190	\$192	\$766
Fire prevention grants ^a	CalFire	\$123	\$120	\$115	\$117	\$475
Prescribed fire and hand crews ^a	CalFire	15	49	35	35	134
CalFire unit fire prevention projects	CalFire	10	40	20	20	90
Forestry Corps and residential centers ^a	CCC	—	27	20	20	67
Regional Capacity		\$119	\$199	\$55	\$155	\$528
Conservancy projects	Various Conservancies	\$69	\$139	\$35	\$135	\$378
Regional Forest Capacity Program	DOC	50	60	20	20	150
Forest Sector Economic Stimulus		\$25	\$51	\$72	\$22	\$170
Workforce training grants	CalFire	\$6	\$18	\$15	\$15	\$54
Biomass to hydrogen/biofuels pilot	DOC	—	—	50	—	50
Climate Catalyst Fund Program	IBank	16	33	—	—	49
Transportation grants for woody material	CalFire	—	—	5	5	10
Market development	OPR	3	—	2	2	7
Science-Based Management and Other		\$3	\$79	\$19	\$19	\$120
Monitoring and research	CalFire	\$3	\$20	\$7	\$8	\$38
Remote sensing	CNRA	—	25	3	2	30
Prescribed fire liability pilot	CalFire	—	20	—	—	20
Permit efficiencies	CARB, SWRCB	—	4	4	4	12
State demonstration forests	CalFire	—	—	5	5	10
Interagency Forest Data Hub	CalFire	—	10	—	—	10
Community Hardening		\$27	\$20	\$22	\$22	\$91
Home hardening	OES, CalFire	\$25	—	\$13	\$12	\$50
Defensible space inspectors	CalFire	2	\$13	5	5	25
Land use planning and public education	CalFire, UC ANR	—	7	4	5	16
Totals		\$526	\$968	\$630	\$690	\$2,814

^a Includes Greenhouse Gas Reduction Fund.

CalFire = California Department of Forestry and Fire Protection; CCC = California Conservation Corps; DOC = Department of Conservation; IBank = California Infrastructure and Economic Development Bank; OPR = Governor's Office of Planning and Research; CNRA = California Natural Resources Agency; CARB = California Air Resources Board; SWRCB = State Water Resources Control Board; OES = Governor's Office of Emergency Services; and UC ANR = University of California Agriculture and Natural Resources.

Source: LAO, "Crafting Climate, Resources, and Environmental Budget Solutions"

Funding Supports Various Programs and Activities. The wildfire and forest resilience packages commit funding to more than two dozen programs managed by various state agencies, with CalFire receiving the largest share (about 60 percent). Roughly 40 percent of the funding over the four years—\$1.1 billion—is to support programs designed to promote healthy forests and landscapes, generally by

removing hazardous fuels. Just over one-quarter of the funding—\$766 million—is to support the installation and maintenance of wildfire fuel breaks. The remaining funds—totaling \$909 million—are for projects to increase regional capacity for conducting forest health projects, as well as to encourage forest-sector economic stimulus, science-based forest management, and community hardening.

Packages Represented a Significant Increase in State Funding for Wildfire Resilience. The state historically has provided some baseline funding from the General Fund for wildfire prevention and resilience activities, typically in the tens of millions of dollars annually. However, the state has greatly increased its funding for such activities in recent years. First, starting in 2017-18, the state allocated roughly \$200 million annually from GGRF to support forest health and wildfire prevention. (As part of the 2021-22 budget, the Legislature made this a continuous appropriation lasting from 2022-23 through 2028-29.) Second, the addition of one-time General Fund commitments in the packages discussed above represent unprecedented state funding to support wildfire resilience efforts. Notably, even with these recent commitments, wildfire resilience still only accounts for a relatively small share of CalFire’s overall budget (under 15 percent in 2022-23 and 2023-24), with the remainder of the department’s budget almost entirely supporting wildfire response.

LAO Recommendations. *Modify Governor’s Wildfire Proposal Consistent With Legislative Priorities.* LAO recommends the Legislature develop its own package of budget solutions based on its priorities and the guiding principles LAO identifies in its report. As it does so, LAO suggests the Legislature be judicious about targeting any reductions in the area of wildfire and forest resilience, given its overall urgency and importance. Based on LAO’s review, LAO thinks it is reasonable for the Legislature to consider adopting most of the Governor’s proposed reductions since they align with many of the principles LAO identifies in its report.

LAO does, however, recommend the Legislature consider rejecting the Governor’s proposed reduction of \$5 million for defensible space inspectors given the foundational value they play in educating homeowners and promoting data collection and compliance with state defensible space laws.

LAO also recommends the Legislature consider adopting additional solutions, either in place of or in addition to those proposed by the Governor. The home hardening grant and transportation of woody biomass are two examples of programs LAO thinks are potential candidates for reductions. By reducing but not eliminating their funding, the Legislature could gain information on their effectiveness before determining whether to expand them. The potential availability of federal funds to support similar purposes could mitigate the impacts of potential reductions.

Since the details about these funds are still emerging and departments are often well-positioned to secure timely information, LAO recommends that the Legislature request updates from the administration in the spring on the funding that departments are tracking and how it aligns with state commitments for similar purposes.

Staff Recommendation. Hold open.

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Department Overview

The mission of Parks is to preserve the state's biological diversity, protect natural, cultural, and historical resources, and create opportunities for outdoor recreation. Parks manages the state parks system. Parks manages more than 280 park units on over 1.6 million acres and serves tens of millions of visitors annually. Parks costs are mainly supported by the state GF and revenue generated by the parks, including fees paid by park users for day use, camping, and special events.

The department's three-year expenditures and positions budget (*dollars in thousands*) is as follows:

		Positions			Expenditures		
		2021-22	2022-23	2023-24	2021-22*	2022-23*	2023-24*
2840	Support of the Department of Parks and Recreation	4,426.0	4,526.9	4,565.9	\$1,410,605	\$801,982	\$739,798
2850	Division of Boating and Waterways	66.7	66.8	66.8	36,158	36,485	36,495
2855	Local Assistance Grants	-	-	-	554,243	313,135	228,950
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		4,492.7	4,593.7	4,632.7	\$2,001,006	\$1,151,602	\$1,005,243

Source: Department of Finance

Classifications. State parks are classified based on goals and features. Each classification has different rules governing park management and development. The major classifications are:

- **State Parks.** State parks (the most general classification that includes the largest number of parks) are relatively spacious scenic areas that oftentimes contain significant historical, archaeological, ecological, or geological features. The purpose of state parks is to preserve these elements and provide access to the most significant examples of the various ecological regions of California, such as the Sierra Nevada, coast, redwoods, foothills, and desert. The Department may undertake improvements at state parks to provide for recreational activities — including camping, picnicking, sightseeing, hiking, and horseback riding — so long as those improvements do not involve any major modification to land, forests, or water.
- **State Recreation Areas (SRAs).** SRAs are developed and operated to provide outdoor recreational opportunities. Of all the park classifications, they allow the broadest range of recreational activities. In addition to the activities provided at state parks, SRAs can also be developed for swimming, bicycling, boating, waterskiing, diving, winter sports, fishing, and hunting. SRAs may be established in inland areas of the state.
- **State Beaches.** State beaches are similar to SRAs except that they are located in coastal areas. They are developed for the same recreational opportunities.
- **State Historic Parks (SHPs).** SHPs are established primarily to preserve objects of historical, archaeological, and scientific importance. Any development at SHPs must be necessary for the safety or enjoyment of visitors, such as to provide access, parking, water, sanitation, education, or picnicking.

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- ***State Nature Reserves (SNRs).*** SNRs are selected and managed for the purpose of preserving their ecology, unique habitat, geological features, and natural scenery. Development is kept minimal and is allowed only to provide visitor access and education.
 - ***State Vehicular Recreation Areas (SVRAs).*** SVRAs provide off-highway vehicular trails and recreation. They are operated by the Off-Highway Motor Vehicle Recreation Division, which has its own funding sources that are separate from funding for other state parks.

The state park system is diverse and includes beaches, museums, historical and memorial sites, forests, grass fields, rivers and lakes, and rare ecological reserves. Parks offer a wide range of amenities including campsites, golf courses, ski runs, visitor information centers, tours, trails, fishing and boating opportunities, restaurants, and stores. Parks vary in the type of infrastructure they maintain, including buildings, roads, power generation facilities, and water and wastewater systems.

In addition, the Division of Boating and Waterways funds, plans, and develops boating facilities on waterways throughout the state and provides financial aid and training to local law enforcement agencies to ensure safe boating for the public.

Issue 57: New State Park – Dos Rios Ranch Day Use Public Access

Governor’s Proposal. The Governor’s budget requests \$5.838 million GF one-time funding in 2023-24 for 17 positions, 21 vehicles and equipment costs, and \$3.319 million GF ongoing to establish and open Dos Rios Ranch as a new state park for day-use operations to create recreational opportunities and park access to historically underserved communities in the Central Valley. Funds initially allocated for acquisition of a new state park in the 2020-21 Governor’s Budget will now be used for larger planning efforts, as well as any acquisition costs.

The 1,603-acre property is currently owned by non-profit, River Partners, and will be donated to the State of California. Once open, a formal General Plan process will take place to identify future public needs which may include trails, campgrounds, boating access, and a visitor center. Currently, there are no useable visitor or office facilities, and no permanent positions, vehicles, or equipment.

Background. In 2022, the Dos Rios Ranch property was selected by Parks to become a new state park. The 2,500-acre property is currently owned by River Partners, a non-profit that has worked to rehabilitate the land after years of use as farmland. River Partners spent 10 years acquiring and restoring the property after receiving \$40 million from 11 different funding sources, including Prop 84, Prop 50, Prop 117, Prop 1E, Prop 13, and Prop 1. As the property was already acquired by the non-profit with public funds, River Partners plans to donate 1,603-acres of Dos Rios Ranch to the state.

The 2009 Central Valley Vision document called for “five new state parks in the San Joaquin River Valley and Tulare Basin [which] will provide recreation for rapidly growing and underserved populations and protect special resources.” Dos Rios was specifically identified as one of these five.

In addition to public access, the property has flood protection benefits. Funding was provided from the California Department of Water Resources (DWR) Flood Protection Corridor Program to originally acquire the property for the purposes of improved flood protection and environmental improvement.

Prior funding was also provided by the San Francisco Public Utilities Commission to protect lands within the Tuolumne River Watershed as the City and County of San Francisco draws its drinking water supply from this river. This project envisioned improved water quality through establishment of permanent native vegetation on the floodplains that lie between irrigated farmlands and the riverbanks. Riparian wetlands, forests, shrublands, and grasslands targeted for restoration at Dos Rios Ranch will capture and filter these waters before they excrete or flow back into the San Joaquin and Tuolumne Rivers.

Staff Comments. Based on the Governor’s overall budget proposal, existing commitments in the natural resources arena are inevitably facing significant reductions this year. Parks has more than 280 parks in the system to manage. Is it fiscally prudent or urgent for the state to add a new park, which has ongoing costs as well as unknown future costs, at a time when the state needs to address a multibillion dollar budget deficit, and possibly in the upcoming out-years as well?

Staff Recommendation. Hold open.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)
3760 STATE COASTAL CONSERVANCY
3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 58: Governor's Proposed Budget Solutions: Parks, Museums, and Access

Governor's Proposal. According to the LAO, the Governor proposes some notable reductions to a few programs. The largest proposed reductions are to the Statewide Parks Program, which is a long-standing competitive grant program focused on creating new local parks and improving existing parks in disadvantaged communities. Specifically, the Governor proposes to (1) eliminate \$75 million appropriated for the program in 2022-23 and (2) reduce the funding planned for the program in 2023-24 through 2025-26 from a total of \$150 million to \$75 million.

Governor's Proposed Parks, Museum, and Access Budget Reductions

2021-22 Through 2025-26 (In Millions)

Program	Department	Total Augmentations	Proposed Reductions	New Proposed Amounts
Programs Proposed for Solutions				
Statewide Parks Program	Parks	\$380	-\$150	\$230
Indian Heritage Center	Parks	95	-95 ^a	—
Recreational Trails and Greenways Program	CNRA	35	-35	—
Deferred maintenance	Parks	169	-31	138
Museum Grant Program	CNRA	50	-29	21
Future capital outlay	Parks	50	-15 ^a	35
Explore the Coast Program	SCC	14	-3	11
Subtotals		(\$793)	(-\$358)	(\$435)
All Other Parks, Museum, and Access Funding		\$755	—	\$755
Totals		\$1,548	-\$358	\$1,190

^a The Governor proposes to revert funding that was deposited in a specific fund for these activities back to the General Fund. The Governor categorizes these as fund shifts rather than reductions.

Parks = Department of Parks and Recreation; CNRA = California Natural Resources Agency; and SCC = State Coastal Conservancy.

Source: LAO, "Crafting Climate, Resources, and Environmental Budget Solutions"

The Governor also proposes to eliminate \$35 million appropriated in 2022-23 for the Recreational Trails and Greenways Program, which is an existing program that provides competitive grants to support nonmotorized infrastructure in parks and other outdoor recreational areas. Additionally, the Governor proposes to reduce \$31 million from the \$185 million appropriated in 2021-22 to help Parks address its over \$1.2 billion backlog of deferred maintenance projects. (Parks funding for deferred maintenance was reduced by \$16 million in 2022-23, leaving a net increase of \$169 million over those two years.) Finally, the proposal would reduce \$29 million from the \$50 million appropriated in 2021-22 for the Museum Grant Program, which is a competitive grant program that prioritizes funding for museums that serve underserved communities or were severely affected by COVID-19.

In addition, the Governor proposes to revert \$110 million of General Fund that was previously set aside in a designated fund for specific park-related activities but is not urgently needed. Of this funding, \$95 million was set aside to support the completion of a new Indian Heritage Center. This project is currently in the initial planning phases and the administration indicates that it intends to request additional funding—potentially from lease revenue bonds—when it reaches the construction phase. The remaining \$15 million that the Governor proposes to revert was part of a 2022-23 appropriation to support the identification and completion of future Parks capital outlay projects, which are not anticipated to be undertaken at this time. (The Governor presents these reversions as fund shifts rather than reductions.)

Proposes to Retain Most of the Funding That Was Previously Approved. Even with the reductions discussed above, the Governor proposes to maintain roughly three-quarters of the intended General Fund for parks, museums, and access-related programs and projects—\$1.2 billion of \$1.5 billion. Notably, the Governor proposes to not only maintain most of the funding that has already been appropriated for these activities (79 percent) but also most of the funding intended for the budget year and future years (65 percent).

Background. Recent Budgets Provided Various One-Time Augmentations. Over the past few years, the state has committed significant one-time funding to support parks, museums, and improving public access to parks and open space. As shown in Figure 23, these augmentations provide a combined total of about \$1.5 billion over a five-year period, almost all from the General Fund. Of this amount, \$1.3 billion has already been appropriated (in either 2021-22 or 2022-23), \$88 million is planned for appropriation in 2023-24, and \$124 million is planned for appropriation in a future year. (In addition to the items displayed in the figure, the state also provided numerous augmentations in recent years to specific legislative-priority park, museum, and access projects through budget control sections.)

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Major Recent and Planned Parks, Access, and Museum One-Time Augmentations

Highlighted Rows Indicate Programs Governor Proposes for Budget Solutions
General Fund, Unless Otherwise Noted (In Millions)

Program	Department	2021-22 and 2022-23	2023-24	2024-25 and 2025-26	Totals
Competitive Grants for New or Improved Parks Space		\$419	\$56	\$94	\$569
Statewide Parks Program ^a	Parks	\$230	\$56	\$94	\$380
Urban Rivers and Waterways Program	Parks	154	—	—	154
Recreational Trails and Greenways Program	CNRA	35	—	—	35
Specific Projects		\$459	\$5	—	\$464
Wildfire repair projects at specific state parks	Parks	\$124	—	—	\$124
Indian Heritage Center	Parks	95	—	—	95
India Basin project ^a	Parks	50	—	—	50
Jewish summer camps	CNRA	40	—	—	40
Alameda-Tesla expansion area	Parks	31	—	—	31
Sacramento Railyards	Parks	30	—	—	30
Allensworth State Park and Entrepreneurship Center	Parks, CNRA	30	—	—	30
John Muir Trail projects	CNRA	23	—	—	23
Designated museums	CNRA	16	—	—	16
Public Beach Restoration Fund transfer	Parks	15	—	—	15
San Francisco Greenhouse Project	CNRA	6	—	—	6
Redondo Beach Park	CNRA	—	\$5	—	5
Access-Related Programs		\$132	\$27	\$30	\$189
Outdoor Equity Grants Program ^a	Parks	\$65	\$25	\$25	\$115
Library Pass and other pilot programs ^a	Parks	23	—	—	23
K-12 access ^{a,b}	Parks	21	2	5	28
Explore the Coast Program ^a	SCC	14	—	—	14
Whale Tail Program ^a	Coastal Commission	10	—	—	10
Interpretation and Art-Related Programs		\$50	—	—	\$50
Cultural Art Installation Program	Parks	\$25	—	—	\$25
African American history and engagement	Parks	15	—	—	15
Tribal acknowledgment and interpretation	Parks	10	—	—	10
Other Programs		\$276	—	—	\$276
Deferred maintenance	Parks	\$169	—	—	\$169
Museum Grant Program	CNRA	50	—	—	50
Future capital outlay	Parks	50	—	—	50
Property acquisitions	Parks	6	—	—	6
Totals		\$1,335	\$88	\$124	\$1,548

^a Included in 2021-22 Outdoors for All package.

^b Includes \$3.2 million in 2020-21 and \$2.4 million ongoing from the Environmental License Plate Fee Fund.

Parks = Department of Parks and Recreation; CNRA = California Natural Resources Agency; and SCC = State Coastal Conservancy.

Source: LAO, "Crafting Climate, Resources, and Environmental Budget Solutions"

Most of These Augmentations Were Not Included in Packages. The 2021-22 budget grouped several of these augmentations into an "Outdoors for All" package. However, unlike many of the other thematic areas discussed in this report, most of the recent augmentations for parks, museums, and access were not adopted by the Legislature as part of defined packages, but rather as stand-alone proposals.

Funding Supported Various Programs and Activities. Recent and planned augmentations support a variety of types of programs and projects, most of which are administered by Parks or CNRA. Close to 40 percent of the funds—\$569 million—is for competitive grant programs to create new or improve upon existing parks and other open spaces. About 30 percent of the funds—\$464 million—is to support specific local, state, federal or nonprofit projects. The remaining funds—totaling \$515 million—are for

programs focused on increasing access to parks (such as through providing transportation or free admission to parks), improving interpretation and art programming in parks, and supporting various other programs. This represents an unusually large amount of General Fund support for these types of activities, many of which have traditionally been funded largely from general obligation bonds.

LAO Comments. While all of the Governor’s proposed solutions come with trade-offs, on balance, LAO finds them to be reasonable given the difficult choices that the Legislature is likely to face in the coming year.

Given Potential for Other Funding Availability, Proposed Reductions to Statewide Parks and Greenways Programs Appear Reasonable. The largest reductions the Governor proposes are for the Statewide Parks Program and the Recreational Trails and Greenways Program. These are both programs that serve valuable goals, including improving and enhancing parks and open spaces with a focus on underserved communities. Nonetheless, funding for these types of activities is generally needed with less urgency than funding for many other areas within the climate, resources, and environment policy areas because they do not address the most immediate climate risks—which often disproportionately affect these same communities. Additionally, the federal government has recently provided increasing support for similar types of programs. Specifically, since 2018, the amount of federal funding available to California from the Land and Water Conservation Fund (LWCF) program—which provides matching funds for state and local parks projects—has roughly tripled. The state now anticipates receiving over \$20 million in formula-based funds annually from LWCF, as well as access to competitive grant funds. Notably, LWCF is not a direct replacement for state dollars, since it requires a 50 percent match and comes with various compliance and other requirements. However, it can provide a complementary source of support to help cover the costs of local and state parks projects, and can help mitigate some of the impacts of modest reductions to state funding for these types of projects. Moreover, these programs have historically been funded with bond funds. Thus, if the Legislature were to consider proposing a bond, these types of programs could be included if they were high legislative priorities. For these reasons, LAO thinks the Governor’s proposed reductions merit legislative consideration.

Reducing Deferred Maintenance Funding Would Mean Fewer Projects, but Likely No Major Near-Term Impacts. LAO also thinks it is reasonable for the Legislature to consider reducing the amount of deferred maintenance funding for Parks, as proposed by the Governor. Taking care of state assets—such as through addressing backlogs of deferred maintenance—is a core state responsibility and important to ensuring those facilities and locations can serve Californians for decades to come. However, Parks has received large augmentations to help it address its backlog of deferred maintenance in recent years, in part due to the healthy condition of the General Fund. Moreover, many of Parks’ projects are not of high urgency to protect health and safety. For example, these projects include completing assessments of artifacts, replacing interpretive signs, and repairing pavement. Given the change in the General Fund condition, pulling back some of these funds seems justifiable.

Supporting Museums Is Worthwhile, but Not Urgent State Responsibility. The Governor’s proposal to reduce the Museum Grant Program also has some merit. Since the program received \$50 million in 2021-22, it has provided one round of funding totaling \$21 million to support 64 projects. The Governor’s proposal to eliminate the rest of the funding for this program would mean that remaining dollars would no longer be available to support a second round of grants, and thus fewer museums would benefit from the program than would otherwise be the case. While this program serves a worthwhile goal of assisting museums, this need is less urgent than many other programs, such as those addressing the immediate impacts of climate change. Additionally, supporting museums is generally not a core state responsibility, as they typically rely primarily on fee revenues and private funding for their operations.

Most Funding Not Yet Needed for Indian Heritage Center Project. The Governor’s proposal to shift funding for the Indian Heritage Center also seems reasonable. Reverting the money that was designated for this project back to the General Fund would help solve the 2023-24 budget problem. Notably, these funds are not needed immediately, since the project is still in the early planning phase. When the project is ready for construction—expected to be 2027—depending on the budget condition, the Legislature could decide what fund source to provide for its support (such as General Fund or lease revenue bonds). As such, adopting the Governor’s proposal essentially would shift the timing of the costs associated with this project, but would eventually result in at least the same overall costs for the General Fund.

Legislature Could Consider Making Reductions to Some Other Programs. To the extent that the Legislature needs to identify additional solutions either because the budget condition worsens in the coming months or because it would like to reject some of the Governor’s proposed solutions, it has various options that we think are reasonable candidates to consider. In particular, the Legislature could consider making more significant reductions to funding for programs or projects in 2023-24 or out-years than the Governor proposes. Since this funding has not yet been appropriated, it has not been committed to specific projects, and as such, making reductions would generally be less disruptive. Some programs the Legislature could consider reducing include:

- ***Cultural Art Installation Program.*** The Legislature could consider reducing funding appropriated in 2022-23 to create this new program. This program is intended to support grants to artists to develop permanent and temporary art installations in state and local parks. These activities have the potential to enhance park users’ experiences but do not meet an urgent need or address a core state responsibility. LAO notes that a portion of the funding for this program—\$5.7 million of \$25 million—has been encumbered. However, the first funds are not anticipated to be provided to projects until July 2023, so a large share of this funding likely could be reduced with only modest disruptions.
- ***Outdoor Equity Grant Program.*** The Governor proposes to maintain all of the planned funding for this program, including the \$25 million annually planned for 2023-24 and 2024-25. This is a relatively new program, established pursuant to AB 209 (Limón), Chapter 675, Statutes of 2019, and first funded with \$20 million from the General Fund on a one-time basis in 2020-21. The goals of this program are worthwhile—to help enable underserved youth to have more outdoor educational experiences. However, because the program is new, data are not yet available to enable the Legislature to evaluate its effectiveness. The Legislature could wait to see the outcomes of the \$85 million already appropriated before determining whether to provide additional funding.
- ***Statewide Parks Program.*** While the Governor proposes some reductions to the Statewide Parks Program, the proposal would retain \$25 million annually from 2023-24 through 2025-26. The Legislature could consider further reductions to this program should it need to identify additional General Fund solutions, although taking such action would come with trade-offs. Specifically, reductions would result in fewer projects to rehabilitate and construct local projects which are valuable to local communities, particularly the economically disadvantaged communities on which this program focuses. However, these projects typically do not represent urgent health and safety issues. Moreover, funding from federal programs or a potential bond could potentially support similar types of activities, as discussed above.
- ***Redondo Beach Park.*** The Governor does not propose a reduction to this local project planned for funding in 2023-24. The Legislature could consider whether providing \$5 million for this specific project continues to be a high legislative priority since it has not yet been appropriated and given recent deteriorations in the condition of the General Fund.

LAO Recommendations. *Modify Governor’s Proposals Related to Parks, Museums, and Access Consistent With Legislative Priorities.* LAO recommends the Legislature develop its own package of budget solutions based on its priorities and the guiding principles we identify in this report. Based on its review, LAO think it is reasonable for the Legislature to consider adopting the Governor’s proposed solutions—such as for the Statewide Parks Program, Recreational Trails and Greenways Program, Parks deferred maintenance projects, and the Museum Grant Program—since they align with many of the principles LAO identifies in its report. LAO also recommends the Legislature consider adopting additional solutions, either in place of or in addition to those proposed by the Governor. Some other areas that LAO thinks merit potential consideration for reduction include: (1) the Cultural Art Installation Program and (2) reductions to programs slated for additional funding in 2023-24 or out-years, such as the Outdoor Equity Grants Program, Statewide Parks Program, and Redondo Beach Park.

Staff Recommendation. Hold open.