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PART B

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VOTE-ONLY**CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)****0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)****Issue 1: Presidio Improvement Projects (MR)**

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

Staff Recommendation. Approve as proposed.

Issue 2: Proposition 68: Habitat Funding (GB)

Governor's Proposal. The Governor's budget requests \$125 million of Proposition 68 funds for its Protecting California's Rivers, Streams and Watersheds Program. Proposition 68 authorized more than \$4 billion in funding for natural resources-related programs including habitat conservation, expanded access to parks and water resilience projects. Of this, \$200 million was designated to support multi-benefit water quality, water supply and watershed protection and restoration projects. The \$125 million requested represents the remainder of the funds available for this purpose in the bond. (Of the \$200 million that Proposition authorized, \$5 million is reserved for bond administration costs.)

Under the Administration's proposal, the agency would determine how to allocate the funding for habitat projects and statewide commitments.

Staff Comments. This proposal should be folded into the broader discussions on the larger packages for water and climate resiliency.

Staff Recommendation. Reject.

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

Issue 3: New Natural Resources Building Rent Increase (MR)

Governor’s Proposal. The May Revision includes a request for CNRA, DOC, CalFire, DFW, and Parks for a total of \$6.731 million General Fund one-time, and \$6.421 million General Fund ongoing to support increased rental costs at the Natural Resources Agency’s new facility. This includes \$381,000 ongoing for CNRA, \$2.458 million ongoing for CalFire, \$2.344 million ongoing for DFW, \$1.238 million ongoing for Parks, and \$310,000 one-time for DOC.

Staff Recommendation. Approve as proposed.

3100 EXPOSITION PARK**Issue 4: Support, Exposition Park (MR)**

Governor's Proposal. The May Revision requests an appropriation of \$5 million General Fund onetime to fund deferred maintenance projects to address critical infrastructure deficiencies. It is also requested that provisional language be added to make the funds available for encumbrance or expenditure until June 30, 2024.

Staff Recommendation. Approve as proposed.

3125 CALIFORNIA TAHOE CONSERVANCY**Issue 5: Van Sickle Barn Remediation Project (MR)**

Governor's Proposal. The May Revision requests \$519,000 (\$350,000 Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Propositions 12) and \$169,000 California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Proposition 40) to fund lead remediation of the Van Sickle Bi-State Park's 1860's era barn.

The proposal requires related Proposition 12 and Proposition 40 revisions and other budget adjustments to ensure adequate allocation balances to fund the project.

The project includes: removing existing exterior lead-containing paint, removing contaminated soil around the structure, removing and replacing wood infected with dry rot, and priming and retaining the bar.

Staff Recommendation. Approve as proposed.

3100 EXPOSITION PARK
3340 CALIFORNIA CONSERVATION CORPS
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)
3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)
3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)
3860 DEPARTMENT OF WATER RESOURCES

Issue 6: MR Infrastructure Package – One-Time Deferred Maintenance (MR)

Governor’s Proposal. The May Revision requests a total of \$388 million (\$266 million General Fund, \$162 million American Rescue Plan Act (ARPA) funding) one-time in 2021-22 to address deferred maintenance projects that represent infrastructure deficiencies. The funds will be allocated to the following departments:

- \$165 million General Fund Parks (\$1.27 billion deferred maintenance backlog)
- \$162 million ARPA DWR (\$12 billion deferred maintenance over 30 years)
- \$40 million General Fund CalFire (\$157 million deferred maintenance backlog)
- \$15 million General Fund DFW (\$70 million deferred maintenance backlog)
- \$5 million General Fund Exposition Park
- \$1 million General Fund CCC (\$4.7 million deferred maintenance backlog)

The request also proposes shifting the fund source included in the Governor’s Budget proposal (Issue #7 below) for DWR from General Fund to ARPA (\$75 million).

Staff Recommendation. Approve as proposed and require Parks, CalFire, CCC, and Exposition Park to report to the fiscal and policy committees of the Legislature on the proposed projects they will implement to identify its priority maintenance projects.

Issue 7: One-Time Deferred Maintenance Allocation (GB)

Governor’s Proposal. The Governor’s budget requests \$105 million General Fund one-time to address deferred maintenance projects that represent critical infrastructure deficiencies. More specifically, the Governor’s budget proposal includes the following appropriations for deferred maintenance:

- \$75 million General Fund DWR
- \$20 million General Fund Parks
- \$10 million General Fund CalFire

The additional one-time funding is intended to reduce the deferred maintenance backlog and allow deferred maintenance projects to be completed.

Staff Recommendation. Approve as proposed.

3340 CALIFORNIA CONSERVATION CORPS (CCC)**Issue 8: Los Padres Facility Maintenance Funding (MR)**

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

Staff Recommendation. Approve as proposed.

3355 OFFICE OF ENERGY INFRASTRUCTURE SAFETY (OEIS)
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)**Issue 9: Office of Infrastructure Safety Establishment and Transfer of Wildfire Safety Division and Dig Safe Board (MR) (BCP and TBL)**

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

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

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

Staff Recommendation. Approve funding and positions for OEIS and replace proposed trailer bill language with placeholder trailer bill language.

3480 DEPARTMENT OF CONSERVATION**Issue 10: Forest Management Task Force Coordinator (MR)**

Governor's Proposal. The May Revision requests \$168,000 Environmental License Plate Fund (ELPF) and one position ongoing to support the Forest Management Task Force (FMTF). The position, a Senior Environmental Scientist Specialist, will be responsible for coordinating efforts between state, local, and federal partners and overseeing the development of regional frameworks that accelerate efforts to meet state forest and fire resilience goals.

This requested position will be within the Regional Forest and Fire Capacity Program (RFFCP) at DOC for administrative efficiency and to leverage the role of the RFFCP to coordinate multiple scales of forest and fire resilience work at the regional level.

Staff Recommendation. Approve as proposed.

Issue 11: CalGEM Oversight (GB)

Governor's Proposal. The Governor's budget requests 26 positions and a baseline increase of \$4.826 million Oil, Gas, and Geothermal Administrative Fund (OGGAF), phased in over three years (12 positions and \$2.369 million in 2021-22, 22 positions and \$4.061 million in 2022-23, and 26 positions and \$4.826 million in 2023-24 and ongoing) to strengthen enforcement of existing laws and regulations, limit the state's liability, and improve public transparency.

Staff Recommendation. Approve as budgeted.

3480 DEPARTMENT OF CONSERVATION (DOC)

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 12: Telematics Implementation (MR)

Governor's Proposal. The May Revision requests \$2.614 million General Fund and \$1.032 million special funds in 2021-22, and \$1.988 million General Fund and \$630,000 special funds in 2022-23 and 2023-24, with four permanent positions for the installation and activation of telematics services in non-standard and state-owned mobile equipment assets, per State Administrative Manual (SAM) Section 4122 (Telematics). Limited-term funding is proposed to allow the departments to evaluate costs savings associated with implementation of telematics before providing permanent ongoing funding.

Parks. Parks requests a one-time increase of \$856,000 General Fund in 2021-22 and \$646,000 General Fund in 2022-23 and 2023-24 for hardware costs, annual service connection fees, and one permanent full-time position. Parks requests funding to install telematics on approximately 3,200 state-owned fleet assets greater than 11,000. The equipment is predominantly off-road, heavy-duty on-road, or specialized. Many of the department's vehicles greater than 11,000 Gross Vehicle Weight Rating (GVWR) and off-road equipment will require a one-time hardware cost for the telematics installation.

DFW. DFW requests \$448,000 General Fund and \$1.032 million from special funds in 2021-22, \$272,000 General Fund and \$630,000 in special funds in 2022-23 and 2023-24, and one permanent full-time position. DFW requests funding for one position and 1,600 devices and accessories for all on-road licensed vehicles, including 150 additional devices per year for future replacement and additional on-road vehicles. The request also includes 1,600 Driver ID devices and accessories for all on-road licensed vehicles.

CalFire. CalFire requests \$1.06 million General Fund in 2021-22, \$881,000 General Fund in 2022-23 and 2023-24, and one permanent full-time position. This request includes one-time funding for ID FOBs and readers, plus three years of funding for subscription costs (\$654,000, including an offset of \$61,000 in anticipated SMOG savings) and one position and associated costs (\$189,000 in 2021-22 and \$166,000 in 2022-23 and 2023-24). The 3,016 vehicles in need of telematics includes vehicles requested in the 2021-22 Governor's Budget.

CCC. CCC requests \$250,000 General Fund in 2021-22, 2022-23, and 2023-24, and one permanent full-time position. All requested positions are needed to develop, implement, and maintain the telematics program. This proposal provides funding to cover unanticipated telematics monthly service fees for 574 fleet assets including 380 vehicles, 58 rugged units for off-road or high impact equipment, and 136 non-powered units requiring a solar installation unit. Annual costs also include funding for replacement, repair, and/or new installations, and one position to coordinate the telematics program within the department.

Background. Telematics services are comprised of both hardware and software solutions that gather and store geographic and on-board diagnostic information, such as current odometer, maintenance needs, and fuel consumption, from fleet assets and transmits that information to a centralized software platform. The data

gathered can be utilized to improve fleet/driver productivity, reduce fuel consumption, increase driver safety, and meet regulatory compliance.

Telemetry tracking is currently the best available technology for active and effective management and accountability of any large fleet. The program will eliminate the need for the cumbersome process of manually capturing and entering data via paper logs into various legacy databases. Fleet usage records have historically been less than accurate, leading to inconsistent reporting. Use of telematics will automate this process and decrease errors or gaps in information while reducing the workload for operators. Under this program, data will be available in real-time and may reduce unnecessary fleet purchases by identifying, sharing, or redirecting opportunities for low-use assets.

In 2011, Public Resources Code (PRC) Section 25722.5 established the requirement for state agencies to report information on their fleet assets to the Department of General Services (DGS). Per PRC § 25722.5, “[DGS], in consultation with the commission and the State Air Resources Board, shall develop and adopt specifications and standards for all passenger cars and light-duty trucks that are purchased or leased on behalf of, or by, state offices, agencies, and departments.”

In 2011, Executive Order B-2-11 was issued, requiring state agencies to provide and update their fleet asset information to DGS monthly. Telematics was first referenced in the DGS’ Management Memo (MM) 16-07 as an alternative option to the 50 percent pure zero emission vehicle purchasing requirement, and again in DGS’ 2019 Strategic Plan, “...process to develop and implement a singular statewide fleet asset management system, which will be fully integrated with the state’s contracted telematics service.”

In accordance with PRC § 25722.5, DGS released State Administrative Manual (SAM) Management Memo #21-01 on January 13, 2021. The policy provides direction to all state agencies on new telematics installation and usage reporting requirements for the state’s fleet, and added Section 4122 to SAM. Section 4122 requires “state agencies have telematics services installed, activated, and made operational on owned fleet mobile equipment and vehicles.”

Staff Recommendation. Approve as proposed.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)**Issue 13: Fire Protection Enhancements: Direct Mission Support (MR)**

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

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

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

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

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

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

Staff Recommendation. Reject.

Issue 14: One-Time Fire Protection Augmentation — July to December 2021 (MR)

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

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

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

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

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

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

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

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

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

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

Staff Recommendation. Approve as proposed.

Issue 15: Capital Outlay Projects (MR)

Governor's Proposal. The May Revision requests the following one-time increases for capital outlay projects:

Shasta Trinity Headquarters/Northern Operations: Relocate Facility. \$360,000 General Fund for the preliminary plans phase of this project. This one-time is necessary to address scope and cost changes quantified to accommodate on-site staffing.

Howard Forest Helitack Base: Replace Facility. \$1.228 million for the preliminary plans phase of this project. The new helitack base is intended to enhance operational logistics and provide crew the ability to fly the new Blackhawk helicopter in response to emergencies and natural disasters, as well as initial and extended attack on fires.

Kneeland Helitack Base: Relocate Facility. \$1.228 million for the preliminary plans phase of this project. The new helitack base is intended to increase the sphere of influence to respond to incidents, especially with the new location having exceptional approach and departure paths, will reduce the impact of coastal fog on operations, and will have on-site water accessibility, which the current base lacks.

Lake/Napa Unit Auto Shop and Warehouse: Replace Facility. \$1.102 million from the working drawings phase of this project. The replacement and relocation of the Lake/Napa Unit Auto Shop and Warehouse serves five counties.

Riverside Unit Headquarters: Relocate Facility. \$3.66 million for the acquisition phase of this project. This facility will be a new unit headquarters and fire station and is meant to allow the department to construct a modern facility that meets current and anticipated mission.

Staff Recommendation. Approve as proposed.

Issue 16: SB 901 Forest Health and Fire Prevention Extension (GB) (TBL)

Governor's Proposal. The Governor's Budget proposes trailer bill language to continue the annual appropriation of \$200 million GGRF pursuant to SB 901 (Dodd), Chapter 626, Statutes of 2018, through 2028-29.

Staff Comments. The Legislature cannot bind a future Legislature. This language is unnecessary.

Staff Recommendation. Reject.

3560 STATE LANDS COMMISSION (SLC)**Issue 17: South Ellwood Project — Platform Holly Plug & Abandonment (P&A) (MR)**

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

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

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

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

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

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

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

Staff Recommendation. Approve as proposed.

Issue 18: Long Beach Municipal Oil Barrel Production Tax (MR) (TBL)

Governor's Proposal. The May Revision requests TBL to settle a dispute and avoid litigation regarding application of the Long Beach Oil Barrel Production Tax (OBPT) to the state. The TBL is proposed to do the following:

- Expressly prohibit allocation of Measure US and any future OBPTs to the state's share of production.
- Increase the Long Beach's (City's) share of revenue from Long Beach Tidelands' production, as dictated by statute, to cover anticipated tax revenue that will be lost due to Measure US not being applied to the state's share of revenue from oil production.
- Broaden the City's allowable uses of revenue it receives from tidelands oil and gas operations, as well as the geographic areas in which such expenditures of revenues may be made, subject to SLC approval.
- Update appropriate uses of granted sovereign lands to match contemporary Public Trust Doctrine by allowing use for specific Public Trust-consistent purposes as outlined in the statute, and for other purposes that do not substantially interfere with Public Trust resources or Public Trust-consistent uses for the foreseeable term of the proposed use.

Background. The state legislatively granted the Long Beach Tidelands to the City in 1911 with subsequent amendments in 1925 and 1935 detailing the authorized purposes/improvements for the legislatively granted lands. The law provides that absent granting language to the contrary, expenditure of tideland revenue must be consistent with the grant's purpose (e.g. wharfs, marinas, parks).

The state authorized the City to enter into cooperative units for the development of tidelands oil and gas. Statute defines the share of revenue the City would receive from Long Beach Tidelands oil production and the allowable uses for expenditure of that revenue. Pursuant to a series of negotiated agreements directed by legislation, the state and the City entered into a net-profits sharing agreement, which is a unique structure for the state. The City's share of revenue is limited to the uses identified in the grant and more broadly the common law Public Trust Doctrine.

Under the statutory scheme, the City currently receives \$1 million annually plus eight percent of net production in the Long Beach Unit into the City's Tideland Oil Revenue Fund. The Tideland Oil Revenue Fund is restricted to certain tidelands-related uses. All remaining net profits from the sale of the oil and gas are released to the State's General Fund.

Starting in 1962, the City assessed a tax per/barrel of oil production, the OBPT within City limits. Until the early 1980s, the City did not apply the tax to the state's share of oil revenue in the Long Beach Tidelands, and when it was improperly applied to the state's share, a refund was provided consistent with the law.

Statute lays out how revenue was to be shared regarding all production from state tidelands and did not allow for additional taxation of the state's share of revenue.

In 1990 the City passed a \$0.15 per/barrel OBPT, applying it to the state's share of revenue.

In 2007 residents passed a new OBPT to fund public safety (Measure H) at a rate of \$0.25 per/barrel with a consumer price index (CPI) escalator. This tax is also applied to the state's share of revenue.

In November 2020, Long Beach voters approved Measure US adding an additional \$0.15, plus a CPI escalator, per/barrel, to go into effect October 1, 2021. The City also intends to apply this tax to the state's share of revenue.

All OBPT taxes are collected into the City's General-Purpose Fund, which is not restricted to tidelands uses, in contravention of existing law.

Dispute between the state and City of Long Beach. A dispute has arisen between the state and City of Long Beach regarding the legality of applying the OBPTs to the state's share of oil revenue. The practical effect of the OBPT, as currently applied by the City of Long Beach, is to reduce the total, monthly net profit deposited to the state's General Fund and to redirect the state's share of tidelands revenue to the City's General-Purpose Fund.

The City contends it has the right to tax oil production, as a municipal government, which the state does not contest. However, the Administration states that the legal framework of the grant of state-owned tidelands and substantial litigation over the years illustrate that the application of the OBPT to the state's share of revenue is improper as it seeks to unilaterally lift the restrictions on the use of the revenue by removing the money from the more restricted Tidelands Oil Revenue Fund to the City's General Fund and by depriving the state of the share of revenue to which it is entitled. The City is capable of applying the tax to all production and then either returning the state's share of revenue or calculating the state's share based on production and not collecting the tax on that share as it did for decades.

The state acknowledges that the goal of Measure US is to provide funding for: climate change and the environment programs, community health, and children and youth services and programs. The state further acknowledges that these programs are intended to address issues of statewide concern and the potentially deleterious effects of industrial and commercial operations within the tidelands, even though the proposed expenditures will not all occur within the geographic boundaries of the tidelands.

The state acknowledges that the City's share of tidelands oil revenues, the purposes for which such revenues may be spent, and the geographic areas in which such revenues may be spent are currently limited by statute and prohibits the City from funding many of the programs contemplated in Measure US.

To settle the dispute between the state and City, the parties have negotiated a legislative settlement structured to resolve the State's concerns while supporting many of the City's needs.

Staff Recommendation. Reject without prejudice.

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)**Issue 19: Biodiversity Resilience Package (MR)**

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

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

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

Staff Recommendation. In lieu of the Administration's proposal to provide funding on a one-time basis, approve \$12.02 million General Fund on an ongoing basis to support the proposed staff and ongoing activities (endangered species reviews and land management) and \$4.47 million ELPF one-time for the proposed one-time feasibility study and pilot wolf conflict program.

Issue 20: Cutting the Green Tape Initiative (MR)

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

Approve as proposed and adopt budget bill language per the LAO's recommendation requiring DFW to report annually for the next five years on the outcomes of this initiative, including: (1) quantifying impacts on timelines for processing permits; (2) number of permits granted; (3) specific strategies implemented; (4) lessons learned; and, (5) counties and watersheds on which DFW has focused these efforts.

Issue 21: Drift Gill Net (DGN) Transition Program (SB 1017) (MR)

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

Staff Recommendation. Approve as proposed.

Issue 22: Proposition 99 Technical Adjustments (MR)

Governor's Proposal. The May Revision requests that Item 3600-001-0235 be increased by \$824,000 Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Proposition 99) to reflect a technical baseline budget adjustment associated with additional tobacco tax revenue associated with Revenue and Tax Code Section 30124(b)(5), which specifies that five percent of Cigarette and Tobacco Products Surtax Fund revenue shall be deposited into the Public Resources Account for programs that protect, restore, enhance, or maintain fish, waterfowl, and wildlife habitat, and enhance state and local parks and recreational resources.

Staff Recommendation. Approve as proposed.

Issue 23: Oil Spill Prevention and Administration Fund Statutory Changes (MR) (TBL)

Governor's Proposal. The May Revision requests statutory changes to authorize a fee increase to address the structural deficit in the Oil Spill Prevention and Administration Fund including:

- An increase of the barrel fee from 6.5 cents per barrel to 8.5 cents per barrel (with annual CPI adjustments) and regulatory authority to adjust fee levels to maintain a necessary fund balance.
- An expansion in the definition of regulated oil to include renewable fuels that closely mimic conventional oil and pose a threat to the environment if spilled.

Staff Recommendation. Approve as proposed.

3720 COASTAL COMMISSION**Issue 24: Cap-and-Trade Expenditure Plan: State Operations for Coastal Resilience (MR)**

Governor’s Proposal. The May Revision requests \$750,000 GGRF one-time for state operations for coastal resilience. This shifts \$750,000 one-time, which was included in the 2020-21 early action package in the Governor’s budget for this program to 2021-22.

Staff Comments. Last year, there was no Cap-and-Trade discretionary spending plan. However, there was funding provided to departments to “keep the lights on” for payroll that would normally receive such funding. The Coastal Commission was not included in that funding and the May Revision proposes to correct that oversight from last year.

Staff Recommendation. Approve as proposed.

3780 NATIVE AMERICAN HERITAGE COMMISSION**Issue 25: Truth and Healing Council (MR)**

Governor's Proposal. The May Revision requests a total of \$465,000 Environmental License Plate Fund (ELPF) to provide additional resources to support the commission's Truth and Healing Council, as follow: \$350,000 ELPF annually, from 2021-22 through 2024-25 to support the ongoing work of the Truth and Healing Council, pursuant to Executive Order N-15-19 and \$115,000 ELPF ongoing to support the Governor's Tribal Advisor position, pursuant to AB 880 (2018), separately from the Commission's Executive Secretary position.

Staff Recommendation. Approve \$350,000 ELPF annually, from 2021-22 through 2024-25 to support the Truth and Healing Council. Reject \$115,000 ELPF ongoing to support the Governor's Tribal Advisor.

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)
3760 STATE COASTAL CONSERVANCY (SCC)**Issue 26: California Outdoors for All Initiative (MR) (BCP and TBL)**

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

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

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

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

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

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

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

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

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

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

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

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

LAO Comments. Parks and Recreation and Coastal Conservancy – Outdoors for All Package (\$256 Million General Fund and ELPF). Increasing access to parks—particularly for disadvantaged or underserved communities—is worthy and consistent with past legislative priorities. However, the administration's proposal lacks key information on various aspects of the package.

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

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

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

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

Staff Recommendation. Approve \$14 million General Fund for the Explore the Coast program, \$125 million General Fund for the Statewide Parks Program, and \$40 million for Outdoor Equity Grants Program. Approve the remaining \$74.1 million with details to be determined by final agreement among the Senate, Assembly, and Governor.

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)**Issue 27: 2020 Fire Event: Statewide Repairs (MR)**

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

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

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

Staff Recommendation. Approve as proposed.

Issue 28: California Indian Heritage Center Funding Transfer (MR)

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

Staff Recommendation. Approve as proposed.

Issue 29: Sacramento Railyards Rehabilitation (MR)

Governor's Proposal. The May Revision requests \$30 million General Fund one-time to fund rehabilitation activities at the Sacramento Railyards in the City of Sacramento.

Staff Recommendation. Approve as proposed.

Issue 30: Various Capital Outlay Reappropriations (MR)

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

Staff Recommendation. Approve as proposed.

Issue 31: Various Capital Outlay Reversions (MR)

Governor's Proposal. The May Revision requests the reversion of existing Capital Outlay appropriations for completed projects and/or phases of projects.

Staff Recommendation. Approve as proposed.

Issue 32: Various State Operations Reappropriations (MR)

Governor's Proposal. The May Revision requests that Item 3790-490 be amended to include several additional reappropriations related to state operations. In addition, it is requested that provisional language in Items 3790-492 be added to extend the liquidation for one appropriation. Lastly, it is requested that Item 3790-493 be added to reappropriate several legislative investments in local projects.

Staff Recommendation. Approve as proposed.

Issue 33: Proposition 99 Technical Adjustments (MR)

Governor's Proposal. The May Revision requests that Item 3790-001-0235 be increased by \$1.757 million to reflect a technical baseline budget adjustment to reflect additional tobacco tax revenue for the Public Resources Account, Revenue and Tax Code Section 30124(b)(5) percent of Cigarette and Tobacco Products Surtax Fund revenue shall be deposited into the Public Resources Account for programs that protect, restore, and enhance, or maintain fish, waterfowl, and wildlife habitat, and enhance state and local parks and recreational resources.

Staff Recommendation. Approve as proposed.

Issue 34: Fiscal Stability for Boating Programs (MR) (BCP and TBL)

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

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

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

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

This proposal includes trailer bill language corresponding trailer bill language.

Staff Recommendation. **Reject the Governor's proposed trailer bill language to increase vessel fees. Instead, provide an additional \$9.3 million General Fund annually from 2021-22 to 2024-25 to support the Harbors and Watercraft Revolving Fund (for a total transfer from the General Fund to the Harbors and Watercraft Revolving Fund of \$30 million annually from 2021-22 through 2024-25).**

Adopt Budget Bill language that requires Parks, in consultation with stakeholders and staff of relevant fiscal and policy committees of the Legislature, to develop a proposal that includes a combination of fee increases, expenditure reductions, and other actions designed to keep the fund in structural balance on an ongoing basis. The Budget Bill language shall also require the department to present this proposal to the Legislature for consideration no later than January 10, 2023.

Issue 35: Non Bond Technicals (MR)

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

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

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

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

Staff Recommendation. Approve as proposed.

Issue 36: Public Safety Dispatch Radio Console Replacement (MR)

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

Staff Recommendation. Approve as proposed.

Issue 37: South Yuba River State Park (SP): Historic Covered Bridge (MR)

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

Staff Recommendation. Approve as proposed.

3835 BALDWIN HILLS CONSERVANCY**Issue 38: Baldwin Hills Conservancy Technical Proposal: Reappropriation of 2018 Proposition 1 Local Assistance (MR)**

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

Staff Recommendation. Approve as proposed.

3855 SIERRA NEVADA CONSERVANCY**Issue 39: Technical Adjustment (MR)**

Governor's Proposal. The May Revision requests that provisional language be added to Item 3855-001-0140 (ELPF) to allow expenditures for support or local assistance, as follows:

1. The funds appropriated in this item may be used for support or local assistance.

Staff Recommendation. Approve as proposed.

3860 DEPARTMENT WATER RESOURCES (DWR)

Issue 40: Systemwide Flood Risk Reduction: Yolo Bypass Phase 1 Implementation (MR)

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

Staff Recommendation. Approve as proposed.

Issue 41: Sustainable Groundwater Management Program (MR)

Governor's Proposal. The May Revision requests that Item 3860-101-0001 be decreased by \$30 million General Fund one-time, Provision 1 be eliminated, Provision 2 be added, and Item 3860-162-8506 be added in the amount of \$60 million Coronavirus Fiscal Recovery Fund of 2021 one-time to support Sustainable Groundwater Management Act implementation. This includes the withdrawing of \$30 million one-time General Fund that was proposed in 2020-21 as part of the Early Action Package.

Staff Comment. This action is consistent with the committee's action taken on May 11, 2021, but switches the fund source.

Staff Recommendation. Approve as proposed.

Issue 42: CalConserve Water Use Efficiency Revolving Loan Program Repurposing (MR) (TBL)

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

Section 81023 of the Water Code is amended to read:

Consistent with Division 26.7 (commencing with Section 79700), the sum of ~~ten~~ three million dollars ~~(\$10,000,000)~~ (\$3,000,000) of the proceeds of bonds authorized to be issued and available for the purposes of Section 79746 shall be transferred to the fund and used by the department, upon appropriation, for loans for ~~the following~~ water conservation and water use efficiency projects and programs to achieve urban water use targets developed pursuant to Section 10608.20:

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

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

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

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

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

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

Background. The Administration states that the proposed trailer bill language is necessary to facilitate the requested accompanying reversion of \$7 million from the CalConserve Water Use Efficiency Revolving Fund that was created after the passage of Proposition 1. Originally, the fund had \$10 million to provide loans to local agencies for water conservation and water use efficiency projects, but due to low demand, only one \$3 million project has been funded. The subsequent new appropriation of \$7 million from Proposition 1 that is requested as part of the Administration's Water Resilience Package will be used for the purposes of providing direct and indirect support to water suppliers, especially small and rural systems, via investigations, training, and projects. This could include system leak identification and preventative maintenance before a system experiences water shortages.

Staff Recommendation. Approve and conform to the final water package.

Issue 43: Various Reappropriations (MR)

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

Staff Recommendation. Approve as proposed.

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY (CalEPA)

0555 CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY (CALEPA)

Issue 44: Environmental Justice Small Grant Program (GB)

Governor's Proposal. The Governor's budget requests \$1.5 million Toxic Substances Control Account (TSCA) ongoing to support the Environmental Justice (EJ) Small Grant Program. The Environmental Justice Small Grant Program awards grants to assist eligible non-profit community organizations and federally recognized Tribal governments addressing environmental justice issues in areas disproportionately affected by pollution and health and environmental hazards. This proposal is contingent on the passage of the Department of Toxic Substances Control Governance and Fee Reform proposal, which is intended to provide a sustainable funding source for TSCA.

Staff Recommendation. No action. This proposal has been withdrawn by the Administration as noted in the May Revision Climate Resilience Package.

Issue 45: California Environmental Reporting System Project (SFL)

Governor's Proposal. A spring finance letter (SFL) requests \$1.723 million Unified Program Account and four positions to update the California Environmental Reporting System (CERS). The project will update the technical platform, improve data quality and processes supporting data quality, address inefficient input and interactions, and make identified enhancements to CERS.

Staff Recommendation. Approve as proposed.

0555 CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY (CALEPA)
0690 GOVERNOR’S OFFICE OF EMERGENCY SERVICES (CAL OES)

Issue 46: Unified Hazardous Waste and Hazardous Materials Regulatory Management Program Realignment (MR) (BCP and TBL)

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

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

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

This proposal includes conforming trailer bill language.

Staff Recommendation. Approve BCP and replace TBL with placeholder TBL to retain regulation deadline.

3900 CALIFORNIA AIR RESOURCES BOARD (CARB)

Issue 47: Continuing Resources to Support Implementation of the Community Air Protection Program (AB 617) (GB)

Governor's Proposal. The Governor's budget requests \$4.165 million GGRF ongoing to support 22 existing permanent positions that were approved in the 2017-18 Budget to meet the statutory requirements of AB 617 (C. Garcia), Chapter 136, Statutes of 2017. The positions are currently supported by temporary funding that is set to expire on June 30, 2021.

Staff Comment. The Administration has not provided sufficient justification to fund these 22 positions. Also, AB 617 is an air pollution program and does not reduce GHG emissions. It seems appropriate to provide an alternative funding source that aligns more closely with the goals of the AB 617 program.

Staff Recommendation. Hold open.

3930 DEPARTMENT OF PESTICIDE REGULATION**Issue 48: Pesticide Notification Network (MR)**

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

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

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

Staff Recommendation. Approve as proposed.

3930 DEPARTMENT OF PESTICIDE REGULATION (DPR)**8570 CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)****Issue 49: Transition to Safer, Sustainable Pest Management**

Governor's Proposal. The Governor's budget requests \$16.75 million (\$8.25 million GF and \$8.5 million DPR Fund) and 44 positions in 2021-22 for DPR, and \$11.75 million GF in 2021-22 for CDFA as part of a comprehensive proposal to support the state's transition to safer, sustainable pest management.

Additionally, DPR proposes to replace the current flat-fee mill assessment on pesticide sales with a risk-based tiered mill assessment, where higher toxicity pesticides are assessed a higher fee. Once fully phased in by 2024-25, the tiered mill assessment is anticipated to generate approximately \$45 million in additional revenue annually to the DPR Fund. The additional revenue is intended to fund various DPR and CDFA programs and will increase support to the County Agricultural Commissioners (CACs) for local pesticide use enforcement activities to accelerate the state's transition away from harmful pesticides.

The additional revenues are intended to fund the following efforts:

- Enhanced implementation of integrated pest management (IPM) practices.
 - DPR's IPM program (\$8.25 million and 15 positions).
 - CDFA's IPM research, education, and extension grant programs (\$3.75 million ongoing).
 - CDFA, through cooperative agreements with the California State University Agricultural Research Institute (CSU ARI) and University of California Agriculture and Natural Resources (UC ANR), to expand research, education, and extension capacity for IPM (\$8 million ongoing).
- Strengthened DPR enforcement activities (\$3 million DPR Fund and 18 positions in 2021-22 ongoing).
- Increased support to CACs for local pesticide use enforcement activities from 7.6 mills to 10 mills (estimated to be an approximately \$9.5 million increase).
- Enhanced Pesticide Air Monitoring Network (AMN) (\$4 million DPR Fund and seven positions in 2021-22 ongoing).
- Increased community engagement by DPR, including with communities identified by the Community Air Protection Program (as authorized by AB 617 (C.Garcia), Chapter 136, Statutes of 2017, (\$1.5 million DPR Fund and four positions beginning in 2021-22 and \$1.5 million DPR Fund and seven positions in 2022-23 ongoing).
- Sufficient revenues to rep are the DPR Fund's structural fund imbalance and provide a prudent reserve.

Staff Recommendation. Approve as proposed, except in lieu of the proposed increase and tiered mill assessment, approve \$90 million General Fund for a two-year limited term (\$45 million annually) in 2021-22 and 2022-23, with budget bill language to link monitoring and oversight and enforcement actions, and conform to the final Agriculture package.

3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)**Issue 50: Groundwater Sustainability Plan Review (MR)**

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

Staff Recommendation. Approve as proposed.

Issue 51: Technical Adjustments: Reappropriations (MR)

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

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

Staff Recommendation. Approve as proposed.

Issue 52: American Rescue Plan Act Water Arrearages Relief (MR)

Governor's Proposal. The May Revision requests that Item 3940-062-8506 be added in the amount of \$15 million Corona Fiscal Recovery Fund one-time, and Item 3940-162-8506 be added in the amount of \$985 million Corona Fiscal Recovery Fund with specified provisional language to authorize SWRCB to provide this funding via grants or direct payments to community water systems to offset COVID-19 Pandemic associated with water enterprise customer arrearages or other COVID-19 Pandemic related revenue losses and to aid in the continued provision of water service to customers of these systems.

Staff Recommendation. Approve \$1 billion subject to details worked out in a final agreement of the Senate, Assembly, and Governor.

Issue 53: Proposition 99 Technical Adjustments (MR)

Governor's Proposal. An SFL requests that Item 3940-001-0235 be increased by \$165,000 to reflect a technical baseline budget adjustment associated with additional tobacco tax revenue pursuant to Public Resources Account. Revenue and Tax Code Section 30124(b)(5) specifies that five percent of Cigarette and Tobacco Surtax Fund revenue shall be deposited into the Public Resources Account for programs that protect, restore, enhance or maintain fish, waterfowl, and wildlife habitat, and enhance state and local parks and recreational resources

Staff Recommendation. Approve as proposed.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL**Issue 54: Argonaut Mine Dam Project Phase II Stormwater Upgrade Construction Supplemental Funding (MR)**

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

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

Staff Recommendation. Approve as proposed.

Issue 55: Department of Justice Increased Legal Fees (MR)

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

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

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

Staff Recommendation. Approve as proposed.

Issue 56: Exide: Additional Residential Cleanup Funding (MR)

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

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

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

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

Staff Recommendation. Approve as proposed.

Issue 57: Exide: Ongoing Closure and Environmental Actions at the Vernon Facility (MR)

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

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

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

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

Staff Recommendation. Approve as proposed.

Issue 58: Implementation of the Violations Scoring Procedure Regulations (MR)

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

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

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

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

Staff Recommendation. Approve as proposed.

Issue 59: Information Technology Security Unit (MR)

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

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

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

Staff Recommendation. Approve as proposed.

Issue 60: Resource Conservation and Recovery Act (RCRA) Authorization (MR)

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

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

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

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

Staff Recommendation. Approve as proposed.

Issue 61: Base Funding to Maintain Operations (MR)

Governor's Proposal. The May Revision requests that Item 3960-012-001 be increased by \$6.5 million General Fund one-time and Item 3960-014-001 be decreased by \$1.5 million one-time to adjust General Fund backfill for the Hazardous Waste Control Account and the Toxic Substances Control Account to accommodate for May Revision proposals.

Staff Recommendation. Approve as proposed.

Issue 62: DTSC Governance and Fiscal Reform (GB) (BCP and TBL)

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

- \$3 million one-time General Fund and 15 positions to establish the Board of Environmental Safety (BES) and Ombudsperson Office within DTSC.
- Statutory changes to: (1) revise the Environmental Fee rates and the hazardous waste fee rates and structure and (2) authorize the BES to set future fee rates under a capped fee-setting authority, based on appropriations by the Legislature.
- \$22.5 million one-time General Fund backfill for the Hazardous Waste Control Account (HWCA).
- \$13 million one-time General Fund backfill for the Toxic Substances Control Account (TSCA).
- \$300 million General Fund one-time to investigate and clean up brownfields across the state, with a special focus on remediation sites to develop new housing.

Staff Recommendation. Hold open.

Issue 63: Governance and Fiscal Reform Statutory Change Update (MR) (TBL)

Governor's Proposal. The May Revision requests that amendments to the statutory changes proposed in the Governor's Budget be adopted. Modifications include an increase of \$200 million to the appropriation for cleanup of brownfields along with other changes.

Staff Recommendation. Hold open.

**3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY
(CALRECYCLE)****Issue 64: Beverage Container Recycling Pilot Project Staffing Extension (MR)**

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

Staff Recommendation. Approve as proposed.

Issue 65: Emergency Debris Removal Office Additional Staffing (MR)

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

Staff Recommendation. Approve as proposed.

Issue 66: Regulations Development Unit (MR)

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

Staff Recommendation. Approve as proposed.

Issue 67: San Diego Field Office Location (MR)

Governor's Proposal. The May Revision requests one-time authority of \$255,000 from the Beverage Container Recycling Fund (BCRF) to relocate its regional office, housed in the San Diego State Office Building, as it is being disposed of in accordance with AB 1164 (Gloria), Chapter 822, Statutes of 2019, related to the disposal of surplus state real property. CalRecycle also requests ongoing increased expenditure authority of \$53,000 in fiscal year 2022-23, \$60,000 in 2023-24, \$67,000 in 2024-25, and \$74,000 in 2025-26 from BCRF to pay for the increased lease costs.

Staff Recommendation. Approve as proposed.

Issue 68: Food Service Packaging Exemption (MR) (TBL)

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

Staff Comment. The language in (c)(4) seems to be very broad. A question arises as to whether the reference to “containers” creates a loophole at these health facilities for their cafeterias/onsite eateries that are accessible by the public. This proposed trailer bill language may be more appropriate to consider through the legislative policy process.

Staff Recommendation. Reject.

3970 CALRECYCLE
0509 GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT
(GO-BIZ)

Issue 69: Circular Economy Package (MR)

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

- \$50 million Climate Catalyst Fund Recycling Infrastructure
- \$5 million Food Waste Prevention and Rescue Grants
- \$5 million Increase Community Composting Opportunities
- \$35 million Invest in New Composting and Anaerobic Digester Facilities
- \$20 million Expand Co-Digestion Capacity of Wastewater Facilities
- \$15 million Recycling Technology Feasibility Grants

Staff Recommendation. Approve \$130 million General Fund with allocation details to be determined in a final agreement between Senate, Assembly, and the Governor. Reject \$50 million for the Climate Catalyst Fund Recycling Infrastructure.

8570 CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE (CDFA)**Issue 70: Agricultural and Rural Economic Advisor (MR)**

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

Staff Recommendation. Reject.

Issue 71: Bee Safe Program (MR)

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

Staff Recommendation. Approve as proposed.

Issue 72: Economic Recovery and High-Road Job Growth (MR)

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

The funds requested will be allocated to the following programs:

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

Staff Recommendation. Approve as proposed except reject \$30 million for Fresno-Merced Future of Food Innovation Initiative.

Issue 73: Fairground and Community Resilience Centers (MR)

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

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

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

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

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

It is also requested that Item 8570-001-0001 be decreased by \$10 million and Provision 3 be eliminated, which is associated with a shift of fairground deferred maintenance funding proposed in the Governor’s Budget into this Fairground and Community Resilience Centers Proposal.

Staff Recommendation. Approve as proposed, and of the \$150 million allocate \$10 million to Cal Expo.

Issue 74: Fairgrounds Operation Support (MR)

Governor’s Proposal. The Governor’s Budget included \$50 million General Fund one-time for operational support to affiliated fairs while the state continues to evaluate new business models and governance structures to operate more efficiently, meet local community needs, and continue to serve critical public health and safety roles in the state’s emergency response system.

The May Revision proposes to expand eligibility of the Governor’s Budget proposal to the entire Network of California Fairs, but will be allocated based on need.

Staff Recommendation. Approve as proposed.

Issue 75: Impact Assessment and Alignment of Regulatory Reporting Requirements for Agriculture (MR)

Governor’s Proposal. The May Revision requests \$4 million General Fund on a one-time basis to shift funding included in the 2020-21 early action package that was not adopted by the Legislature into 2021-22. This funding is intended to enable CDFA to engage a consultant to evaluate and implement the alignment of regulatory reporting activities across state agencies to reduce unnecessary burdens to farmers and ranchers in their efforts to meet regulatory compliance.

Staff Recommendation. Approve as proposed.

Issue 76: May Revision Infrastructure Package — One-Time Deferred Maintenance (MR)

Governor’s Proposal. The May Revision requests \$2 million General Fund in 2021-22 to provide maintenance support for critical infrastructure projects. CDFA will utilize approximately \$1 million of this funding for crucial repairs at its Hawaii Fruit Fly Rearing Facility. The remainder will be used to address other critical projects that are necessary for the safety and functionality of various CDFA facilities.

Staff Recommendation. Approve as proposed.

Issue 77: Technical Adjustment (MR)

Governor’s Proposal. The May Revision requests that Item 8570-490 be amended to reflect a technical adjustment to consolidate reappropriations proposed in the Governor’s Budget.

Staff Recommendation. Approve as proposed.

Issue 78: Healthy, Resilient, and Equitable Food Systems (MR)

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

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

Staff Recommendation. Approve as proposed and require supplemental reporting language for the department to complete a report evaluating the effectiveness of the following programs within this proposal: (1) California Farm to School Incubator Grant Program, (2) Urban Agriculture Grant Program, and (3) Healthy Refrigeration Grant Program.

Issue 79: Sustainable California Grown Cannabis Pilot Program (MR)

Governor's Proposal. The May Revision requests one-time funding of \$9 million General Fund in 2021-22 to develop and implement the Sustainable California Grown Cannabis Pilot Program (SCGC Pilot Program). Additionally, CDFA requests an encumbrance period of three years. These funds are meant to allow the state to continue supporting the intent of the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) by implementing a pilot program that will compile data into a Best Management Practices Manual for sustainable cannabis cultivation. The pilot project is intended to be conducted by working with outdoor cannabis cultivators in three Northern California counties.

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

Staff Recommendation. Reject without prejudice.

Issue 80: Climate Smart Agriculture Account (Governor's Budget (GB) (Trailer Bill Language) (TBL)

Governor's Proposal. The Governor's Budget proposes trailer bill language to establish the Climate Smart Agriculture Account in the Department of Food and Agriculture Fund, which will be a depository for moneys received from federal, state, industry, philanthropic, and private sources. The proposal makes funding out of this account continuously appropriated to the department.

Staff Comments. According to the Administration, the intention of the Account is that it could be sued to fund incentives for climate smart agriculture as well as cover the administration costs for those funds. CDFA also wishes to have the flexibility to accept philanthropic and other funds for any relevant Environmental Farming Act program, which is why this language is not limited to the Healthy Soils Program. The rationale provided for allowing these funds to be continuously appropriated is that the department does not know the amount or nature of the funds that it might receive and this would allow CDFA to act quickly on any philanthropic or other funds to support climate smart programs. The department does not know how much funding it may receive.

It would be prudent to require state funds to be subject to appropriation by the Legislature for oversight and accountability purposes instead of allowing for continuous appropriation. Also, it would be appropriate to require the department to report on receipts and expenditures of funds in this new account to ensure transparency and accountability.

Staff Recommendation. Approve as proposed except require state funds be subject to appropriation by the Legislature and add reporting language to the TBL that does the following:

- (a) **In any fiscal year in which funds are received into or expended from the Climate Smart Agriculture Account, the department no later than December 31 following the close of the fiscal year, shall submit to the Legislature an overview of the account's income and expenditures.**
- (b) **A report to be submitted pursuant to this section shall be submitted in compliance with Section 9795 of the Government Code.**

0509 GOVERNOR'S OFFICE OF BUSINESS & ECONOMIC DEVELOPMENT (GO-BIZ)**Issue 81: Climate Smart Agriculture — Climate Catalyst Fund**

Governor's Proposal. The Governor's budget requests one-time funding in 2021-22 of \$50 million General Fund one-time, to provide low-interest loans and credit support advancing the state's climate-smart agriculture objectives, via the California Infrastructure and Economic Development Bank, Climate Catalyst Fund. Climate Smart Agriculture loan projects funded by the Climate Catalyst Fund will include methane reduction projects; equipment replacement to improve efficiency and emissions; water efficiency; healthy soils; circular economies; on-farm bio energy; energy efficiency for food processing; and renewable energy systems and energy storage for agricultural operations. Also, budget bill language is being proposed to allow not more than five percent of the requested funding be used to support administrative costs.

Staff Recommendation. Reject.

Issue 82: Climate Catalyst Fund (GB) (TBL)

Governor's Proposal. The Governor's budget requests trailer bill language to delete the prohibition of state moneys being deposited into the Climate Catalyst Fund and provide for continuous appropriation of funds except for moneys received from federal sources.

Staff Recommendation. Reject.

3900 CALIFORNIA AIR RESOURCE BOARD (CARB)
3940 STATE WATER RESOURCES CONTROL BOARD
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)
8570 DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)

Issue 83: Cap-and-Trade Expenditure Plan (GB) and (MR)

Governor’s Proposal. The Governor’s budget proposes \$1.369 billion Greenhouse Gas Reduction Fund (GGRF) for a number of programs. Specifically, this proposal includes \$624 million for early action in 2020-21 and \$745 million in 2021-22. This proposal also includes budget bill language for 2020-21 and 2021-22 restricting departments from encumbering or committing more than 75 percent of their GGRF appropriations prior to the fiscal year’s fourth quarterly Cap-and-Trade auction. The chart below details each proposed discretionary expenditure and their amounts for early action or budget year.

Cap and Trade Expenditure Plan
(Dollars in Millions)

Investment Category	Department	Program	Early Action 2020-21	Budget Year 2021-22	Total
Equity Programs	California Air Resources Board	AB 617 - Community Air Protection	\$125	\$140	\$265
		AB 617 - Local Air District Implementation	\$0	\$50	\$50
		AB 617 - Technical Assistance to Community Groups	\$0	\$10	\$10
	Water Board	Safe & Affordable Drinking Water (\$130 million total)	\$30	\$24	\$54
Low Carbon Transportation & ZEV Strategy	California Air Resources Board	Clean Trucks, Buses, & Off-Road Freight Equipment	\$165	\$150	\$315
		Clean Cars 4 All & Transportation Equity Projects	\$74	\$76	\$150
		Agricultural Diesel Engine Replacement & Upgrades	\$90	\$80	\$170
Natural & Working Lands	CAL FIRE	Healthy & Resilient Forests (SB 901) (\$75 million included in 2020 Budget)	\$125	\$200	\$325
	Department of Food & Agriculture	Healthy Soils	\$15	\$15	\$30
Total			\$624	\$745	\$1,369

Community Air Protection Program (AB 617). The May Revision also requests that the \$125 million GGRF one-time to the ARB for the Community Air Protection Program (AB 617) proposed for 2021-22 be shifted to 2021-22. It is further requested that provisional language be amended to provide extended encumbrance availability through June 30, 2024.

Amendment to Budget Bill Control Section 15.14. The May Revision requests that Control Section 15.14 be amended to allow the repayment of the loan authorized by 3940-012-0439 (Underground Storage Tank Fund), Budget Act of 2020, from the GGRF. A loan was made last year from the Underground Storage Tank Fund to provide funding for the Safe and Affordable Drinking Water program that would have normally come out of GGRF.

Staff Recommendation. Approve the Budget Bill Control Section 15.14 language. In lieu of both the Administration's and Senate's Cap-and-Trade Spending Plans, approve \$1.5 billion for the Cap-and-Trade Spending Plan with details to be determined in a final agreement between the Senate, Assembly, and Governor.

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

Issue 84: Sustainable Agriculture Package

Governor's Proposal. The May Revision requests for CDFA and ARB \$477.6 million in 2021-22 (\$320 million General Fund, \$115 million Greenhouse Gas Reduction Fund (GGRF), and \$42.6 million Air Pollution Control Fund (APCF)) and \$150 million General Fund in 2022-23 to support six Climate Smart Agriculture for Sustainability and Resiliency programs.

These Climate Smart Agriculture for Sustainability and Resiliency programs are intended to further the reduction of carbon dioxide and methane greenhouse gases (GHGs), reduce fine particulate matter air pollution in San Joaquin Valley, or enhance pollinator habitat.

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

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

Source: Department of Finance

This request includes:

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

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

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

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

Specifically, this request seeks to do the following:

Healthy Soils Program: Increase investment in the Healthy Soils Program (HSP) to scale up healthy soils on farms and ranches statewide. CDFA requests one-time funding of \$60 million GF and \$25 million GGRF for HSP. Of this amount, \$15 million represents a shift of funding proposed in the Governor's Budget from 2020-21 to 2021-22 that was originally requested for early action. CDFA estimates that these funds will result in 1,050 projects being funded. These funds will be used to incentivize farmers to utilize conservation management practices designed to sequester carbon within the soil. Based on historical metrics, CDFA estimates that this will result in estimated GHG reductions of 904,000 MTCO₂e/year.

Methane Reduction DDRDP and AMMP: Fund two livestock methane reduction programs: The Alternative Manure Management Program (AMMP) and Dairy Digester Research and Development Program (DDRDP). CDFA requests one-time funding of \$60 million GF for its DDRDP and AMMP programs. CDFA estimates that these funds will result in 210 projects being funded. These funds will be used to incentivize dairy and livestock operations to develop dairy digester to capture methane gas or change their existing liquid phase manure management process to a dry phase manure management process. Based on historical metrics, CDFA estimates that this will result in estimated GHG reductions of 1.18 million MTCO₂e/year.

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

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

implement conservation practices that promote pollinator habitat and forage on working lands, such as cover crops and hedgerows.

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

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

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

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

Staff Comments. At the hearing on May 4, 2021, this subcommittee heard and held open the Senate Agriculture Budget Plan.

Staff Recommendation. In lieu of both the Senate's Agriculture Budget Plan and Administration's Sustainable Agriculture Package, approve \$776 million with details to be determined in a final agreement between the Senate, Assembly, and Governor.

SENATE PROPOSALS

Issue 85: Senate proposal: Greenhouse Gas Emissions Preliminary Estimates – Supplemental Reporting Language (SRL)

Senate’s Proposal. The Senate proposes the following supplemental reporting language:

- (1) For three years, beginning in 2022, on or before April 1 of each year, require ARB to post publicly on its website and report to the relevant policy and fiscal committees of the Legislature, a preliminary estimate of the prior year greenhouse gas (GHG) emissions based on currently available data and an update to any prior estimate previously provided for any calendar year that is not included in the most recent GHG emissions inventory report required pursuant to Health and Safety Code Section 39607.4.
- (2) The estimate shall include estimates for GHG emissions from transportation, electric power, industrial, commercial and residential, agriculture, and high global warming potential, and recycling and solid waste sectors.
- (3) In preparing the annual estimate, the ARB may rely on data sources including, but not limited to:
 - a. State vehicle fuels tax receipts
 - b. California Independent System Operator GHG monthly emissions estimates
 - c. Data reported under the Mandatory Reporting Regulation
 - d. Industrial economic activity data
 - e. Previously issued ARB GHG emissions inventory reports
 - f. Other available and economic and emissions data that has been independently developed, researched, and verified
- (4) To the extent feasible, the data and methods for developing a preliminary estimate of prior year greenhouse gas emissions shall be transparent and publicly accessible

Background. California’s climate program is driven by numerous metrics used as measures of progress. However, the central requirement of California law, in the Global Warming Solutions Act (AB 32 (Nunez), Chapter 488, Statutes of 2006 and SB 32 (Pavley), Chapter 249, Statutes of 2016) is measurable and quantifiable emissions reductions. Unfortunately, as the Governor and Legislature annually adopt the budget and GGRF expenditure plan, along with new statutes to address climate change, it rarely has the data need to ensure actual program contours reflect actual emissions reductions. This is because the ARB does not make *annual* emissions data or estimates available on a timely basis. For example, at present, only emissions from 2018 are available as a scoping plan update is being prepared in 2021. Many statistical agencies develop such preliminary estimates for purposes of policy making and then update estimates on a periodic basis. Preliminary estimates of key policy relevant statistics provide important actionable information in areas such as economic growth, employment, and other data sets. Given the centrality of statewide GHG emissions to California environmental policy making, and the ambition of the SB 32 goals, such preliminary estimates are important to effective policy making.

Staff Comments. Staff recommends that the subcommittee adopt SRL to ensure the Legislature and Governor have near “real time” preliminary estimates of emissions in order to more effectively and precisely tailor program needs. Information from which preliminary emissions can be developed is readily available in February/March of each year and the ARB can assemble and issue a public report on the preliminary emissions estimate for – the preceding year – as opposed to the current process whereby emissions data for 2018 is not available until October 2020.

This language would also require ARB to update preliminary emissions estimates if they are not in the official emissions inventory. The Legislature and Governor would instead get a prior year estimate, plus the updated estimate(s) from any year(s) before if not already in the official inventory report. This report is generally released in October so that would mean that, on April of this year, ARB would report a first estimate of 2020 and a second estimate of April 2019. Then the inventory would be updated in October to include 2019.

Staff Recommendation. Approve as proposed.

Issue 86: Senate Cap-and-Trade Spending Plan

Senate Proposal. The Senate proposes a Cap-and-Trade Spending Plan for 2021-22 totaling \$3.227 billion for 2021-22, which includes \$1.777 billion in continuous appropriations and \$1.5 billion in discretionary spending. The Senate's Cap-and-Trade Spending Plan is based on the Legislative Analyst's Office (LAO) revenue estimates from Cap-and-Trade auctions.

For the discretionary portion of the Cap-and-Trade Spending Plan, the Senate proposes the following:

- \$1 billion Low Carbon Transportation & ZEV Strategy
- \$240 million Natural & Working Lands
- \$204 million Short-Lived Climate Pollutants
- \$89 million Climate Mitigation & Resilience
- \$15 million Climate & Clean Technology Research
- \$25 million Workforce Training
- -\$73 million Other

Components of note in, and further detail about, the Senate Cap-and-Trade Spending Plan include the following:

- **Alternative Funding: AB 617 Program.** For one year, 2021-22, in lieu of using GGRF as the funding source for AB 617 activities, the Senate proposes the following:
 - \$265 million General Fund one-time for local air district incentive funding.
 - \$50 million Air Pollution Control Fund (APCF) one-time for local air district administrative costs.
 - \$10 million APCF one-time for technical assistance.

This proposal rejects the extension of funding for 22 limited-term positions proposed in the Governor's January budget (\$4.2 million GGRF ongoing).

- **Alternative Funding: Safe and Affordable Drinking Water Obligation.** For the remaining GGRF commitment of \$1.2 billion for the Safe and Affordable Drinking Water Program, replace with federal stimulus funds and include trailer bill language accordingly.
- **Alternative Funding: State Responsibility Area (SRA) Backfill.** In lieu of GGRF backfilling revenue losses associated with the State Responsibility Area fee, appropriate \$78 million General Fund one-time for 2021-22.
- **Alternate Funding: Agricultural Diesel Engine Replacement and Upgrades.** The Senate Agriculture Budget Plan (*as discussed at the Subcommittee 2 hearing on May 4, 2021*) includes \$170 million for the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program. The FARMER program, is a grant program that provides funding to replace agricultural equipment in order to reduce pollution.

- ***\$1 Billion Multiyear GGRF Funding for Low-Carbon Transportation & ZEV Strategy.*** For the Low-Carbon Transportation & ZEV Strategy category of funding, the Senate proposal includes:
 - *HVIP.* \$380 million total, \$190 million annually for a two-year limited term (2021-22 and 2022-23).
 - *CORE.* \$50 million total, \$25 million annually for a two-year limited term (2021-22 and 2022-23).
 - *Clean Cars 4 All & Transportation Equity Projects.* \$150 million total, \$75 million annually for a two-year limited term (2021-22 and 2022-23).
 - *CVRP.* \$350 million total, \$175 million annually for a two-year limited term (2021-22 and 2022-23). The Senate proposal also commits to a third year of \$175 million GGRF in 2023-24 for CVRP.

Lastly, the proposal includes \$70 million in 2021-22 for the Clean Trucks, Buses & Off-Road Freight Equipment for non-HVIP and non-CORE programs.

- ***Healthy & Resilient Forests (SB 901).*** As part of the Senate Wildfire Prevention and Resilience Package (*as discussed at the Subcommittee 2 hearing on May 4, 2021*), the Senate Cap-and-Trade Spending Plan commits \$200 million annually for five years, totaling \$1 billion GGRF for wildfire prevention and resilience activities.
- ***Organic Waste Diversion.*** The Senate proposal includes \$200 million to provide organic waste grant funding to cities and counties. The purpose of funding is to help local governments meet the organic waste diversion requirements pursuant to SB 1383 (Lara), Chapter 395, Statutes of 2016, by assisting cities and counties with local organic waste recycling program development and initial implementation activities.

The Senate plan also requires CalRecycle to develop general guidance around how the funds may be used and collect information from recipients of grant funding to compile into a single report. The report should be provided to the Legislature and posted on the CalRecycle website by May 1, 2022 on the following: (1) how locals have spent the organic waste recycling funding, (2) the degree to which the funding is helping achieve SB 1383 goals, and (3) potential future funding needed to successfully implement SB 1383.

- ***LWIP.*** The Senate proposal includes \$50 million for LWIP. Of this amount, \$25 million is dedicated to farmworker housing weatherization.

For more details, please refer to the Subcommittee 2 agenda for the May 11, 2021 hearing.

Staff Recommendation. In lieu of both the Administration's and Senate's Cap-and-Trade Spending Plans, approve \$1.5 billion for the Cap-and-Trade Spending Plan with details to be determined in a final agreement between the Senate, Assembly, and Governor.

Issue 87: Senate Agriculture Budget Plan

Senate Proposal. The Senate proposes an Agriculture Budget Plan of \$502 million General Fund, as follows:

Transition to Safer, Sustainable Pest Management (\$90 million). In lieu of the Administration's proposed tiered increase in the mill assessment, the Senate proposes to retain the current assessment and use one-time GF to backfill the shortfall and fully fund the programs and activities in the Governor's proposal for a two-year limited-term of \$40 million annually. Programs and activities include the following:

- Enhanced implementation of integrated pest management (IPM) practices.
 - Department of Pesticide Regulation's (DPR's) IPM program (\$8.25 million and 15 positions).
 - California Department of Food and Agriculture's (CDFA's) IPM research, education, and extension grant programs (\$3.75 million ongoing).
 - CDFA, through cooperative agreements with the California State University Agricultural Research Institute (CSU ARI) and University of California Agriculture and Natural Resources (UC ANR), to expand research, education, and extension capacity for IPM (\$8 million ongoing).
- Strengthened DPR enforcement activities (\$3 million DPR Fund and 18 positions in 2021-22 ongoing).
- Increased support to County Agriculture Commissioners (CACs) for local pesticide use enforcement activities from 7.6 mills to 10 mills (estimated to be an approximately \$9.5 million increase).
- Enhanced Pesticide Air Monitoring Network (AMN) (\$4 million DPR Fund and seven positions in 2021-22 ongoing).
- Increased community engagement by DPR, including with communities identified by the Community Air Protection Program (as authorized by AB 617 (C.Garcia), Chapter 136, Statutes of 2017, (\$1.5 million DPR Fund and four positions beginning in 2021-22 and \$1.5 million DPR Fund and seven positions in 2022-23 ongoing).
- Sufficient revenues to repair the DPR Fund's structural fund imbalance and provide a prudent reserve.

The Senate Agriculture Budget Plan provides General Fund funding for two years in order to allow DPR and CDFA to proceed with these efforts immediately while providing additional time to further analyze how to increase the mill assessment.

- ***Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program (\$170 million).*** The Senate proposes \$170 million General Fund one-time to the Air Resources Board (ARB) for the FARMER program, which is a grant program that provides funding to replace agricultural equipment in order to reduce pollution.

- ***Agricultural Burning (\$180 million)***. The Senate proposes \$180 million General Fund total — \$60 million annually for a three-year limited term.

The goals of this grant program is to reduce air pollution and help develop alternatives to agricultural burning that will ultimately become the methods for regulatory compliance. This proposal includes budget bill language to do the following:

- Require ARB and local air districts to implement this grant program in a manner that achieves these goals most effectively.
 - Require ARB to establish general guidelines for local air districts to help achieve the goals of this program.
 - Require ARB to provide funding to local air districts for the purpose of distributing grants.
 - Require ARB to report to the Legislature by December 1, 2022, on the degree to which the program is reducing emissions and supporting the development of alternatives to agricultural burning.
- ***Critical Infrastructure for Biodiversity Reliance: DNA Barcode Reference Library for California Insects (\$12 million)***. The Senate proposes \$12 million General Fund one-time to CDFA for the purpose of creating a DNA barcode reference library for California insects. This proposal will barcode and preserve existing specimens; secure new specimens from priority locations such as the Central Valley; expand opportunity via professional and informal training; and deliver data to accomplish Executive Order N-82-20.

This proposal provides the state a comprehensive DNA barcode reference library of its pollinators, butterflies, pests, and other arthropods. This will be an infrastructure of: a coordinated system of DNA barcodes, linked to baseline collections of California's insect diversity housed in secure facilities, with a public database to support farmers and land managers. Current efforts are funded via grants and donations, and one-time additional funding from the state will accelerate the effort, delivering benefits in years instead of decades.

- ***Alternative Manure Management Program (AMMP) (\$50 million)***. The Senate proposes \$50 million General Fund one-time to CDFA for grants through AMMP to implement non-digester practices to reduce or avoid methane emissions, such as solid separation, conversion from flush to scrape manure collection, and enhanced pasture-based management practices.

For more details, please refer to the Subcommittee 2 agenda for the May 4, 2021 hearing.

Staff Recommendation. In lieu of both the Senate's Agriculture Budget Plan and Administration's Sustainable Agriculture Package, approve \$776 million with details to be determined in a final agreement between the Senate, Assembly, and Governor.

Issue 88: Senate Budget Plan on Drought, Safe Drinking Water, Water Supply Reliability, and Ratepayer Assistance

Senate Proposal. The Senate proposes the Senate Budget Plan on Drought, Safe Drinking Water, Water Supply Reliability, and Ratepayer Assistance for a total of \$3.41 billion in one-time state and federal funds (Federal “American Rescue Plan” funds, one-time state General Fund, and appropriation of general obligation bonds (Propositions 1 and 68), as follows:

Immediate Community Assistance for Water and Drought Relief: \$500 million.

- Establish the California Community Water Emergency Investment Fund at the Department of Water Resources (DWR), consisting of \$500 million to provide one-time grants to smaller communities for the purposes of making immediate drinking water, water quality, and water supply investments in those communities.

These funds would be allocated on a competitive basis, capped at \$5 million per community, and be prioritized for lower income and disadvantaged communities that can spend the funds for projects such as cisterns and local onsite water storage, connections to larger water systems, well deepening and consolidation programs, and water efficiency for community gardens and other water consumptive uses. Funds can be used to provide technical assistance to low-income and disadvantaged communities.

Emergency Drought Water-Use Efficiency: \$500 million.

- \$500 million to DWR for grants to water agencies to implement residential, commercial, and agricultural water efficiency projects. Projects include replacement of high water consumption landscapes and other water efficiency investments.
 - \$250 million to DWR for competitive grants to local water agencies to implement residential and commercial water-use efficiency projects. Priority shall be given to low-income households and disadvantaged communities.
 - \$250 million to DWR for competitive grants for agricultural water-use efficiency projects including building and upgrading irrigation and treatment ponds. \$40 million of which shall be allocated for purposes of the State Water Efficiency and Enhancement Program (SWEEP) at the California Department of Food and Agriculture.

SWEEP provides financial assistance in the form of grants to implement irrigation systems that reduce greenhouse gases and save water on California agricultural operations. Eligible system components include (among others) soil moisture monitoring, drip systems, switching to low pressure irrigation systems, pump retrofits, variable frequency drives and installation of renewable energy to reduce on-farm water use and energy.

Sustainable Groundwater Management: \$350 million.

- \$300 million to DWR for competitive grants that support implementation of the Sustainable Groundwater Management Act (SGMA) (Part 2.74 (commencing with Section 10720) of Division 6 of the Water Code).
- \$50 million to the Wildlife Conservation Board (WCB) for grants pursuant to the Ecosystem Restoration on Agricultural Lands Program for groundwater sustainability projects that create, protect, or restore wildlife habitat and support implementation of SGMA.

Resilient Water Infrastructure Projects: \$200 million.

- \$200 million to DWR for competitive grants for projects that provide multiple benefits, including water supply reliability, ecosystem benefits, system reliability benefits, groundwater management and enhancements. Eligible projects include conjunctive use projects; groundwater recharge; well rehabilitation or other well improvements in support of groundwater banking or recharge; transfers of water for environmental purposes; restoration of upper watersheds that are a significant source of water supply for the state; and other projects that provide improved regional resilience to climate change and drought conditions.

Recycled Water: \$200 million.

- \$200 million to the State Water Resources Control Board (SWRCB) for competitive grants for projects related to water reuse and water recycling, and other purposes pursuant to Chapter 9 (commencing with Section 79765) of Division 26.7 of the Water Code.

Examples of eligible projects include: treatment, storage, conveyance, and distribution facilities for potable and nonpotable recycling projects; contaminant and salt removal projects; dedicated distribution infrastructure to allow use of recycled water; pilot projects for brew potable reuse and other salt and contaminant removal technology; multibenefit recycled water projects that improve water quality; and technical assistance and grant writing assistance for disadvantaged communities.

Stormwater Management: \$200 million.

- \$200 million to SWRCB for competitive grants for multi-benefit stormwater management projects. Eligible projects may include, but shall not be limited to, green infrastructure, rainwater and stormwater capture projects, and stormwater treatment facilities. Development of plans for stormwater projects shall address the entire watershed and incorporate the perspectives of communities adjacent to the affected waterways, especially disadvantaged communities.

Priority for grant funding shall be given for multi-benefit stormwater projects within disadvantaged communities that include waterways identified on SWRCB's 303(d) list of impaired waters prepared pursuant to 33 USC 1313(d) and California Water Code Section 13191.3(a). At a minimum, 40 percent of funding shall be allocated for projects that directly benefit and occur within a disadvantaged community.

Section 303(d) of the federal Clean Water Act authorizes the US EPA to assist states, territories, and authorized tribes in listing impaired waters and developing Total Maximum Daily Loads (TMDLs) for these waterbodies. A TMDL establishes the maximum amount of a pollutant allowed in a waterbody and serves as the starting point or planning tool for restoring water quality.

California Water Code Section 13191(a) requires SWRCB to prepare guidelines for the purpose of listing and delisting waters and developing and implementing the TMDL program and TMDLs pursuant to the federal Clean Water Act.

Protecting Fish & Wildlife from Drought Impacts: \$285 million.

- \$100 million to WCB for grants pursuant to the guidelines of the Streamflow Enhancement Program for the purposes of protecting fish and wildlife from their impacts of drought including for short-term acquisition and construction of transfer of water.
- \$100 million to WCB for grants pursuant to the Inland Wetlands Conservation Program to protect fish and wildlife from the impacts of drought including for wildlife friendly agriculture and to improve conditions on wildlife refuges and wetland habitat areas to achieve full compliance with the terms of subsection (d) of Section 3406 of the Central Valley Project Improvement Act (Public Law 102-575) and other Central Valley managed wetlands.

Section 3406(d) pertains to the Central Valley refuges and wildlife habitat areas and supports the objectives of the Central Valley Habitat Joint Venture by directing the Secretary of the Interior to provide water supplies of suitable quality to maintain and improve wetland habitat areas in specified areas of the Central Valley.

- \$35 million to the Department of Fish and Wildlife (DFW) to protect fish and wildlife from immediate drought impacts.
 - \$20 million to DFW to support real-time management of drought response and to process regulatory approvals for drought management actions consistent with the findings in the report pursuant to Section 51 of SB 839 (Committee on Budget and Fiscal Review), Chapter 340, Statutes of 2016, which requires the California Natural Resources Agency to produce a report summarizing lessons learned from the state's response to drought.
 - \$15 million to DFW for the Coastal Monitoring Program (CMP) to monitor the effects of drought on coastal salmon populations.

The CMP is a comprehensive program that provides a better understanding of California's salmon and steelhead populations, utilizing modeling in combination with a variety of in-river sampling and survey methods. DFW and the National Oceanic and Atmospheric Administration (NOAA) Fisheries lead the implementation of this program in coastal watersheds. Nearly all of California's salmon and steelhead populations have been listed under the California and Federal Endangered Species Act due to drastic declines in recent decades. The CMP is designed to document salmonid status on a statewide scale using standardized methods, with data centralized in a statewide database.

- \$50 million to the Department of Parks and Recreation (Parks) for drought-related projects on Parks-managed lands to preserve and protect the state’s fish and wildlife resources.

Water Quality: \$100 million.

- \$50 million to SWRCB for competitive grants for groundwater remediation, including perfluoroalkyl substances (PFAS) contamination, and other purposes pursuant to Chapter 10 (commencing with Section 79770) of Division 26.7 of the Water Code, which pertains to groundwater sustainability.
- \$50 million to SWRCB for grants and loans to public agencies or public-private partnerships for projects that will improve water quality. Eligible projects include, but are not limited to, septic to sewer conversions and wastewater treatment.

Water Data and Forecast Improvement: \$75 million.

- Funding to DWR/SWRCB for water management technology equipment — such as remote sensing for snowpack and precipitation gauges for real-time operations of reservoirs — to improve ability to manage/forecast runoff and for monitoring of key drought-related measures of water and water quality including:
 - \$20 million to SWRCB to implement Water Code Section 144, which requires the DWR and SWRCB to develop a plan to establish a network of stream gauges, and deploy prioritized stream gauges to improve water management and respond to the impacts of drought on fish and wildlife.
 - \$15 million to DWR for projects that improve precipitation forecasting for use in forecast informed reservoir operations, groundwater recharge, and flood risk management, including, but not limited to, projects under Article 8 (commencing with Section 347) of Chapter 2.5 of Division 1 of the Water Code, which pertains to atmospheric rivers research, mitigation, and climate forecasting.
 - \$15 million to DWR for projects that support advanced technologies to measure snowpack and forecast runoff.
 - \$15 million to the Division of Water Rights at SWRCB to support real-time management of drought response and to process regulatory approvals for drought management actions consistent with the Water Rights Drought Effort Review (WARDER) Report.

The report is a compilation of comments and recommendations that were collected as part of the WARDER effort, which included a series of interviews with water users and managers to gather input on SWRCB's Division of Water Rights actions during the previous drought, and to solicit recommendations for Division priorities during a future drought. Comments and recommendations related to issues such as communication (e.g., communicating watershed conditions, legal and policy considerations (e.g., SWRCB authority and role during a drought, the water rights system, curtailments, and water transfers and exchanges), and data (e.g., reporting, data systems, estimating a watershed's supply, determining water demand and availability), and interagency collaboration.

- \$10 million to SWRCB for monitoring, reporting and developing means to reduce harmful algal blooms in the Delta.

Helping Ratepayers, Community Water Systems, Waste Water Treatment Works, and Public Utilities Recover from COVID-19 Economic Impacts. (\$1 billion)

- Appropriate federal American Recovery Act funds to the Department of Community Services and Development (CSD) to help utility customers and utilities address backlogged bills and arrearages associated with COVID economic impacts. The action will include trailer bill language that designates the agency and process for disbursement of ratepayer relief funds, cutting “green tape” for environmentally beneficial projects.

Other Actions

- Accelerate appropriation of existing water bond priorities Propositions 1 and 68 funds where demand is still high (stormwater management projects, water recycling, and drinking water capital projects).
- Urge the Water Commission to convene and reallocate \$145 million in existing Proposition 1 funds originally set aside for Temperance Flat Dam for other sustainable water storage investments in the Central Valley.
- A motion to amend this proposal was approved at the to add a \$15 million GF one-time appropriation to the Tulalake Irrigation District. This funding is for habitat and ecosystem protection and waterfowl morbidity prevention in the Klamath River basin.

Background. The following chart compares the Senate’s and Governor’s proposals:

Water and Drought Package Comparisons

(in millions)

Activity	Senate Sub 2 May 4 proposal	Governor May Revision (across 2 years)
Address water arrearage debt (a)	1,000	1,000
Small community drought assistance/drinking water grants and projects	500	1,450
SGMA implementation (b)	300	300
Recycled water/groundwater clean-up/water quality	300	170
Agricultural water use efficiency including SWEEP (b)	250	60
Land conservation/restoration programs	265	266
Urban water-use efficiency	250	-
Resilient water infrastructure projects	200	266
Stormwater management	200	-
Water data and forecast improvements	75	91
Drought projects at State Parks	50	-
Drought assistance for fish and wildlife	35	33
Land repurposing program	-	500
Salton Sea	-	220
SWP and CVP canal repairs	-	200
Oroville pump storage project	-	200
Urban water management grants	-	150
Flood management projects	-	140
Drought emergency response activities	-	65
Specified water and climate studies	-	45
Totals (c)	3,425	5,156

- (a) The Governor’s \$1 billion proposal to address water arrearages was not presented as part of his water package but rather in a separate budget change proposal.
- (b) Not reflected in this chart are an additional \$60 million for SGMA implementation and \$40 million for SWEEP the Governor proposed in January and the subcommittee adopted at earlier hearings.
- (c) The Governor’s total excludes \$200 million for multibenefit flood and habitat projects which is displaced instead in the “climate package” comparison chart.

Staff Recommendation. Rescind the approval and in lieu of the Senate’s and Administration’s water/drought packages, approve \$3.475 billion with details to be determined in a final agreement between the Senate, Assembly, and Governor.

Issue 89: Senate Wildfire Prevention and Resilience Package

Senate Proposal. The Senate proposes a long-term wildfire mitigation plan of \$5 billion total (\$4 billion General Fund (GF) and \$1 billion Greenhouse Gas Emissions Fund (GGRF)). The Senate proposal does the following:

- 1) Establishes the Wildfire Prevention and Resilience Fund (WPRF) and transfers \$4 billion GF into WPRF, which is subject to annual legislative appropriation, and transfers \$4 billion GF into WPRF.
- 2) States that \$1 billion (\$800 million WPRF and \$200 million from GGRF) shall be appropriated annually for five years.
- 3) Appropriates \$800 million from WPRF and \$200 million from GGRF in 2021-22 to specific wildfire prevention and resiliency programs.
- 4) Provide accountability measures and assessment of effectiveness.

More specifically, the Senate Wildfire Prevention and Resilience Package includes the following:

Adoption of Trailer Bill Language

- Create a new fund, the WPRF.
- Specify that moneys in the WPRF, upon appropriation by the Legislature, may be used for projects and programs that promote healthy wildlands, reduce the risk of catastrophic wildfires, and make communities more resilient to wildfires.
- Specify that interest from the moneys in WPRF shall accrue to WPRF.
- State that \$800 million appropriation from WPRF and a \$200 million appropriation from GGRF shall be made in each Budget Act through 2025-26 fiscal year to support projects and programs that promote healthy wildlands reduce the risk of catastrophic wildfires, and make communities more resilient to wildfires.
- Require reporting to enhance accountability and assess effectiveness. (*Details below.*)

Budget Bill Language and Appropriations in 2021-22 Budget Act

- Transfer \$4 billion one-time from the General Fund to WPRF.
- appropriate \$800 million from WPRF and \$200 million from GGRF in BY to specific programs to promote healthy wildlands, reduce the risk of catastrophic wildfires, and make communities more resilient to wildfires. (*Please see chart below for breakdown of \$1 billion budget year proposal.*)
- Extend the encumbrance periods to June 30, 2023 and liquidation periods to June 30, 2025.

Accountability Measures and Assessment of Effectiveness

- Require CNRA, in consultation with other departments administering wildfire prevention and resilience programs, to annually produce a report on all programs funded as part of this wildfire package. This report shall be provided to the budget committees in each house and the LAO, as well as posted on the Agency's public website by December 1 of each year. The purpose of the annual report is to inform the Legislature and the public on the Administration's implementation of the programs receiving funding, as well as to provide information that will be useful for future decision making regarding efforts to reduce wildfire risks and damages.
- For each program receiving funding as part of the wildfire package, requires the report to include the following information for both the most recent fiscal year and total through the most recent fiscal year:
 - Summary of the projects implemented, including quantification of the number of projects funded. Where relevant, the summary of projects implemented should include information on the total number of acres treated, grants or loans awarded, home retrofits, or other quantifiable deliverables. The information provided should be broken out by project type if the program supports different types of activities.
 - Summary of costs to implement programs, by program type. This should specify how much of the costs were for different types of expenditures, such as state staff, contracted services, equipment, and grants or loans.
 - Summary of how projects were selected. This should include information on prioritization criteria used to select projects.
 - Summary of geographic distribution, including number and costs of projects by region of the state.
- Specifies that this reporting requirement expires following provision of the final report, which shall be the annual report that includes information on the final expenditure of all funds appropriated as part of this package.

Overall Assessment of Effectiveness

- Require a final report to the Legislature on the overall effectiveness of these wildfire prevention and resilience funding efforts by December 1, 2025. The goal of this reporting is to inform the Legislature on how effective different types of programs and projects funded as part of the Wildfire Prevention and Resilience Package were at reducing wildfire risks and damages and to inform future funding for such purposes. Key components should include:
 - Coordination by CNRA.
 - This would be an ex post evaluation to assess the extent to which wildfire prevention and resilience projects funded by the package actually reduced the spread or damages associated with wildfires that occurred in locations that contained funded projects.
 - Require CNRA to contract with the University of California to produce the report.

-
- Coordinate with researchers and Administration to help develop research strategy and protocols so that programs are designed with evaluation in mind at the outset, in order to ensure efforts will result in meaningful data and analysis.
 - Authorize dedicated funding to ensure proper research implementation, which may fund a combination of state staff and research contracts, such as with universities. Although it is unclear what costs would be, conversations with researchers and Administration would inform this determination.
 - Specify that the intention is for reports to include analysis of effectiveness, as well as recommendations about future implementation based on lessons learned.

Senate \$1 Billion Wildfire Prevention and Resilience Spending Plan for 2021-22. The Senate proposes a \$1 billion spending plan, as follows:

- \$530 million Resilient Wildlands
- \$245 million Wildfire Fuel Breaks
- \$45 million Community Hardening
- \$53 million Science-Based Management
- \$127 million Other

(Continue to next page)

Background. The following chart provides a side-by-side comparison of the various wildfire proposals:

Wildfire Prevention and Resilience Proposals

(in millions)

Category	Agency/Dept	Purpose	Governor's Early Action Proposal	Gov's Budget Year Proposal	SB 85 Early Action Plan	Gov's May Revision for 2021-22	Senate 2021-22 Proposal	
Resilient Wildlands	CAL FIRE	Forest Health	\$5	\$20	\$90	\$100	\$125	
			\$65	\$80	\$65		\$0	
	CAL FIRE	Forest Improvement Program for Small Landowners	\$0	\$40	\$0	\$40	\$50	
			\$10	\$0	\$10		\$0	
	CAL FIRE	Forest Legacy & Reforestation Nursery	\$8	\$17	\$8	\$17	\$20	
	CAL FIRE	Urban Forestry	\$10	\$13	\$10	\$13	\$15	
	CAL FIRE	Tribal Engagement	\$1	\$19	\$1	\$19	\$19	
	Parks & Recreation	Stewardship of State-Owned Land	\$10	\$75	\$15	\$123	\$90	
	Fish & Wildlife	Stewardship of State-Owned Land	\$9	\$36	\$15	\$0	\$90	
	State Lands Commission	Stewardship of State-Owned Land	\$0	\$12	\$0	\$0	\$0	
	Sierra Nevada Conservancy	Project Implementation in High Risk Regions	\$20	\$50	\$20	\$61	\$60	
			\$0	\$0	\$0		\$0	
	Tahoe Conservancy	Stewardship of State-Owned Land	\$1	\$11	\$1		\$11	
			\$0	\$0	\$0		\$0	
	Santa Monica Mountains Conservancy	Project Implementation	\$0	\$0	\$12		\$10	
	San Diego River Conservancy		\$0	\$0	\$12		\$10	
San Gabriel & Lower LA Rivers & Mountains Conservancy	\$0		\$0	\$12	\$10			
State Coastal Conservancy	\$0		\$0	\$12	\$10			
San Francisco Bay Area Conservancy Program within the State Coastal Conservancy	\$0		\$0	\$0	\$10			
Wildfire Fuel Breaks	CAL FIRE	CalFire Unit Fire Prevention Projects	\$10	\$40	\$10		\$40	\$40
	CAL FIRE	Fire Prevention Grants	\$50	\$80	\$50		\$80	\$80
			\$0	\$0	\$73			\$0
	CAL FIRE	Prescribed Fire & Hand Crews	\$15	\$35	\$15		\$35	\$40
	California Conservation Corps	Forestry Corps	\$0	\$15	\$0		\$20	\$25
\$0			\$5	\$0	\$0			
Department of Conservation	Regional Forest & Fire Capacity	\$25	\$60	\$50	\$60	\$60		
	Cal OES & CAL FIRE	Home Hardening	\$25	\$0	\$25	\$0	\$30	

Community Hardening	CAL FIRE	Defensible Space Inspectors	\$0	\$6	\$2	\$6	\$7
	CAL FIRE & University of California	Land Use Planning and Public Education Outreach	\$0	\$7	\$0	\$7	\$8
Science-Based Management	CAL FIRE	Ecological Monitoring, Research & Adaptive Management	\$3	\$17	\$3	\$17	\$20
	CNRA	Remote Sensing	\$0	\$15	\$0	\$15	\$15
	CARB & Waterboards	Permit Efficiencies	\$0	\$4	\$0	\$4	\$5
	UC	Satellite data real-time employment	\$0	\$0	\$0	\$0	\$5
	OPR	Wildfire/Climate Adaptation Planning	\$0	\$0	\$0	\$0	\$8
Forestry Sector Economic Stimulus	IBank	Climate Catalyst Fund	\$47	\$2	\$16	\$33	\$33
	CAL FIRE & Workforce Development Board	Workforce Development	\$6	\$18	\$6	\$18	\$20
	OPR	Market Development	\$3	\$0	\$3	\$0	\$6
	GO-Biz	Transportation grants for timber/wood removal	\$0	\$0	\$0	\$0	\$10
Other	CNRA	Urban greening programs	\$0	\$0	\$0	\$0	\$0
	OPR	Cooling centers, clean air/hydration centers, emergency shelters, backup solar	\$0	\$0	\$0	\$0	\$8
	WCB	Forest health and watershed protection and restoration	\$0	\$0	\$0	\$0	\$50
	CAL FIRE	Increase Fire Crews	\$0	\$0	\$0	\$0	\$0
TOTAL - All Funds			\$323	\$677	\$536	\$708	\$1,000
Total - General Fund			\$198	\$477	\$411		\$1,000
Total - Cap & Trade (GGRF)			\$125	\$200	\$125		\$0

Staff Recommendation. In lieu of the both the Senate's and the Administration's wildfire proposals, approve \$1 billion with details to be determined in a final agreement between the Senate, Assembly, and Governor.

DISCUSSION

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

Issue 90: Water Resilience and Drought Package (MR) (BCP and TBL)

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

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

This request includes trailer bill language related to drought-contract exemptions.

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

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

Source: Department of Finance

More specifically, the May Revision proposes the following:

Drinking Water, Water Supply and Reliability, Flood

State Water Resources Control Board (SWRCB)

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

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

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

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

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

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

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

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

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

Department of Water Resources (DWR)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Department of Food and Agriculture (CDFA)

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

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

California Natural Resources Agency (CNRA)

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

CNRA has Prop 68 funds designated for capital improvement projects at Clear Lake; however, in the absence of additional research funding, CNRA was prepared to use a portion of the designated Prop 68 capital funds to further the development of lake research, upper watershed modeling, and monitoring to maintain progress. This proposal would shift funding for the research and modeling needed to the General Fund, and maintain the designated Prop 68 funds for later phases of these projects (such as working designs or construction).

Immediate Drought Support

Data, Research, and Communications

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

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

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

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

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

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

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

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

\$4 million for DWR for public communications and Outreach

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

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

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

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

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

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

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

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

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

*Technical Assistance and Emergency Water Supplies**\$12 million to the State Water Resources Control Board for Drinking Water Emergencies*

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

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

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

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

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

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

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

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

Multi-Benefit Land Repurposing (\$500m)

It is estimated by the Public Policy Institute of California that at least 500,000 acres of land will need to be fallowed to end over-drafting of the state's groundwater supply. In addition, growers in the Klamath Basin have experienced loss of surface water to maintain river flow. The Multi-Benefit Land Repurposing program is intended to be a state-supported yet regionally driven grant program that will support regions in their efforts to repurpose these lands to other beneficial uses that minimize anticipated public health, ecosystem, and economic impacts caused by this land use shift.

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

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

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

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

The \$150 million for Urban Water Management Grants provides grants to urban water agencies subject to meet Urban Water Management Planning Act requirements. To deliver funding as expediently as possible, DWR proposes providing directed financial assistance and/or non- competitive grants to fund actions included in, or consistent with, approved Urban Water Management Plans, Drought Contingency Plans and/or Integrated Regional Water Management Plans. Funding may be used for immediate drought response or

drought preparedness, and priority may be given to actions directly benefiting the needs of underserved communities and communities most impacted by current drought conditions. Eligible projects, programs and other actions (e.g., educational, outreach and engagement activities) should improve overall local/regional water management efficiency and resilience, including but not limited to inter-ties, intake structures, leak detection, water loss audits, plumbing fixture/appliance incentives, advanced/smart metering systems, landscape irrigation efficiency, stormwater capture, groundwater recharge, water supply forecasting and related actions that will help suppliers meet their urban water use objectives.

Drought Permitting, Compliance, and Enforcement

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

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

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

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

\$1.1 million to SWRCB for Enforcement

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

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

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

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

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

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

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

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

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

Fisheries and Wildlife Support (DFW)

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

Hatchery Improvements and Other Equipment (\$9.4 million)

Climate change, warming temperatures and drier conditions exacerbate the impacts to at-risk native fish and wildlife species, the ecology of lake, river, and terrestrial ecosystems, hatchery fish health and survival, and increase the potential elimination of many of the state's freshwater fisheries and wildlife.

Most of the state's over 80 year-old hatcheries still require significant updating of incubation and rearing enclosures, and water treatment and monitoring systems to be resilient to climate-change driven threats. Specialized rearing enclosures are also needed to provide temporary safe havens for a growing number of native fish species in danger of losing their habitat to drought.

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

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

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

Terrestrial Species (\$5.6 million)

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

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

Fish Rescue and Stress Monitoring (\$9 million)

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

*Nature Based Solutions*CNRA

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

Wildlife Conservation Board (WCB)

The Wildlife Corridor/Fish Passage program funds projects to construct, repair, modify, or remove transportation infrastructure or water resources infrastructure to improve passage for wildlife or fish. Habitat corridors and linkages allow species to move, migrate and adapt to precipitation, temperature, and other climate changes. Priorities include construction of wildlife overcrossings and undercrossings, restoration or enhancement of natural habitats that provide a visual screen for wildlife, and removal of instream impediments to fish passage. WCB has staff that can implement this program through existing processes.

DWR

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

DOC

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

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

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

Some key factors to consider:

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

At the hearing on April 29, 2021, this subcommittee heard and approved the Senate Budget Plan on Drought, Safe Drinking Water, Water Supply Reliability, and Ratepayer Assistance totaling \$3.41 billion.

On the next page is a comparison chart of the Senate’s and Governor’s proposals:

Water and Drought Package Comparisons

(in millions)

Activity	Senate Sub 2 May 4 proposal	Governor May Revision (across 2 years)
Address water arrearage debt (a)	1,000	1,000
Small community drought assistance/drinking water grants and projects	500	1,450
SGMA implementation (b)	300	300
Recycled water/groundwater clean-up/water quality	300	170
Agricultural water use efficiency including SWEEP (b)	250	60
Land conservation/restoration programs	265	266
Urban water-use efficiency	250	-
Resilient water infrastructure projects	200	266
Stormwater management	200	-
Water data and forecast improvements	75	91
Drought projects at State Parks	50	-
Drought assistance for fish and wildlife	35	33
Land repurposing program	-	500
Salton Sea	-	220
SWP and CVP canal repairs	-	200
Oroville pump storage project	-	200
Urban water management grants	-	150
Flood management projects	-	140
Drought emergency response activities	-	65
Specified water and climate studies	-	45
Totals (c)	3,425	5,156

- (d) The Governor's \$1 billion proposal to address water arrearages was not presented as part of his water package but rather in a separate budget change proposal.
- (e) Not reflected in this chart are an additional \$60 million for SGMA implementation and \$40 million for SWEEP the Governor proposed in January and the subcommittee adopted at earlier hearings.
- (f) The Governor's total excludes \$200 million for multibenefit flood and habitat projects which is displaced instead in the "climate package" comparison chart.

Staff Comments. The May Revision includes \$1.3 billion American Rescue Plan Act of 2021 Funds for drinking water and wastewater infrastructure. The Senate proposes to use \$1.2 billion of this federal funding to fulfill the remaining GGRF obligation for the Safe and Affordable Drinking Water Program pursuant to Health and Safety Code Section 39719 and make conforming changes in trailer bill language.

Staff Recommendation. In lieu of both the Senate's and Administration's water/drought packages, approve \$3.475 billion with details to be determined in a final agreement between the Senate, Assembly, and Governor.

0509 CALIFORNIA GOVERNOR’S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT (GO-BIZ) AND CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBANK)

0555 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

0650 GOVERNOR’S OFFICE OF PLANNING AND RESEARCH (OPR)

0690 GOVERNOR’S OFFICE OF EMERGENCY SERVICES (CAL OES)

3340 CALIFORNIA CONSERVATION CORPS (CCC)

3480 DEPARTMENT OF CONSERVATION (DOC)

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)

3560 STATE LANDS COMMISSION (SLC)

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

3855 SIERRA NEVADA CONSERVANCY

3900 CALIFORNIA AIR RESOURCES BOARD (CARB)

3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)

6440 UNIVERSITY OF CALIFORNIA (UC)

Issue 91: Wildfire and Forest Resilience Expenditure Plan

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

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

Wildfire and Forest Resilience Expenditure Plan (\$ in Millions)					
Investment Category	Department	Program	Early Action 2020-21	Proposed 2021-22	Total
Resilient Forests & Landscapes	CAL FIRE	Forest Health Program	\$155	\$100	\$255
		Forest Improvement Program for Small Landowners	\$10	\$40	\$50
		Forest Legacy & Reforestation Nursery	\$8	\$17	\$25
		Urban Forestry	\$10	\$13	\$23
		Tribal Engagement	\$1	\$19	\$20
	State Parks, Fish & Wildlife & State Lands Commission	Stewardship of State-Owned Land	\$30	\$123	\$153
	Conservancies	Project Implementation in High-Risk Regions	\$69	\$61	\$130
Wildfire Fuel Breaks	CAL FIRE	CAL FIRE Unit Fire Prevention Projects	\$10	\$40	\$50
		Fire Prevention Grants	\$123	\$80	\$203
		Prescribed Fire & Hand Crews	\$15	\$35	\$50
	California Conservation Corps	Forestry Corps & Fuel Reduction Projects	\$0	\$20	\$20
	Department of Conservation	Regional Forest & Fire Capacity	\$50	\$60	\$110
Community Hardening	Cal OES & CAL FIRE	Home Hardening	\$25	\$0	\$25
	CAL FIRE	Defensible Space Inspectors	\$2	\$6	\$8
	CAL FIRE & University of California	Land Use Planning & Public Education Outreach	\$0	\$7	\$7
Science-Based Management	CAL FIRE	Ecological Monitoring, Research & Adaptive Management	\$3	\$17	\$20
	Natural Resources Agency	Remote Sensing	\$0	\$15	\$15
	Air Resources Board & Water Board	Permit Efficiencies	\$0	\$4	\$4
Forest Sector Economic Stimulus	IBank & GO-Biz	Climate Catalyst Fund & Market Strategy	\$16	\$33	\$49
	CAL FIRE	Workforce Training	\$6	\$18	\$24
	Office of Planning & Research	Market Development	\$3	\$0	\$3
Total			\$536	\$708	\$1,244

Source: Department of Finance

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

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

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

Community Hardening (\$13 million in 2021-22). Investments within communities are essential to protect residents from all types of wildfires, including wind-driven fires that spread embers ahead of the fire front. These include hardening homes against embers, creating survivable spaces, establishing space around homes, and supporting local and regional efforts to create fire-adapted communities through improvements in local ordinances, emergency access routes, communications, smoke management, and other tools.

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

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

Background. Below is a chart comparing the various wildfire proposals:

Wildfire Prevention and Resilience Proposals

(in millions)

Category	Agency/Dept	Purpose	Governor's Early Action Proposal	Gov's Budget Year Proposal	SB 85 Early Action Plan	Gov's May Revision for 2021-22	Senate 2021-22 Proposal	
Resilient Wildlands	CAL FIRE	Forest Health	\$5	\$20	\$90	\$100	\$125	
			\$65	\$80	\$65		\$0	
	CAL FIRE	Forest Improvement Program for Small Landowners	\$0	\$40	\$0	\$40	\$50	
			\$10	\$0	\$10		\$0	
	CAL FIRE	Forest Legacy & Reforestation Nursery	\$8	\$17	\$8	\$17	\$20	
	CAL FIRE	Urban Forestry	\$10	\$13	\$10	\$13	\$15	
	CAL FIRE	Tribal Engagement	\$1	\$19	\$1	\$19	\$19	
	Parks & Recreation	Stewardship of State-Owned Land	\$10	\$75	\$15	\$123	\$90	
	Fish & Wildlife	Stewardship of State-Owned Land	\$9	\$36	\$15	\$0	\$90	
	State Lands Commission	Stewardship of State-Owned Land	\$0	\$12	\$0	\$0	\$0	
	Sierra Nevada Conservancy	Project Implementation in High Risk Regions	\$20	\$50	\$20	\$61	\$60	
			\$0	\$0	\$0		\$0	
	Tahoe Conservancy	Stewardship of State-Owned Land	\$1	\$11	\$1		\$11	
			\$0	\$0	\$0		\$0	
	Santa Monica Mountains Conservancy	Project Implementation	\$0	\$0	\$12		\$10	
	San Diego River Conservancy		\$0	\$0	\$12		\$10	
San Gabriel & Lower LA Rivers & Mountains Conservancy	\$0		\$0	\$12	\$10			
State Coastal Conservancy	\$0		\$0	\$12	\$10			
San Francisco Bay Area Conservancy Program within the State Coastal Conservancy	\$0		\$0	\$0	\$10			
Wildfire Fuel Breaks	CAL FIRE	CalFire Unit Fire Prevention Projects	\$10	\$40	\$10		\$40	\$40
	CAL FIRE	Fire Prevention Grants	\$50	\$80	\$50		\$80	\$80
			\$0	\$0	\$73			\$0
	CAL FIRE	Prescribed Fire & Hand Crews	\$15	\$35	\$15		\$35	\$40
	California Conservation Corps	Forestry Corps	\$0	\$15	\$0		\$20	\$25
\$0			\$5	\$0	\$0			
Department of Conservation	Regional Forest & Fire Capacity	\$25	\$60	\$50	\$60	\$60		
Cal OES & CAL FIRE	Home Hardening	\$25	\$0	\$25	\$0	\$30		

Community Hardening	CAL FIRE	Defensible Space Inspectors	\$0	\$6	\$2	\$6	\$7
	CAL FIRE & University of California	Land Use Planning and Public Education Outreach	\$0	\$7	\$0	\$7	\$8
Science-Based Management	CAL FIRE	Ecological Monitoring, Research & Adaptive Management	\$3	\$17	\$3	\$17	\$20
	CNRA	Remote Sensing	\$0	\$15	\$0	\$15	\$15
	CARB & Waterboards	Permit Efficiencies	\$0	\$4	\$0	\$4	\$5
	UC	Satellite data real-time employment	\$0	\$0	\$0	\$0	\$5
	OPR	Wildfire/Climate Adaptation Planning	\$0	\$0	\$0	\$0	\$8
Forestry Sector Economic Stimulus	IBank	Climate Catalyst Fund	\$47	\$2	\$16	\$33	\$33
	CAL FIRE & Workforce Development Board	Workforce Development	\$6	\$18	\$6	\$18	\$20
	OPR	Market Development	\$3	\$0	\$3	\$0	\$6
	GO-Biz	Transportation grants for timber/wood removal	\$0	\$0	\$0	\$0	\$10
Other	CNRA	Urban greening programs	\$0	\$0	\$0	\$0	\$0
	OPR	Cooling centers, clean air/hydration centers, emergency shelters, backup solar	\$0	\$0	\$0	\$0	\$8
	WCB	Forest health and watershed protection and restoration	\$0	\$0	\$0	\$0	\$50
	CAL FIRE	Increase Fire Crews	\$0	\$0	\$0	\$0	\$0
TOTAL - All Funds			\$323	\$677	\$536	\$708	\$1,000
Total - General Fund			\$198	\$477	\$411		\$1,000
Total - Cap & Trade (GGRF)			\$125	\$200	\$125		\$0

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

Staff Recommendation. **In lieu of the both the Senate’s and the Administration’s wildfire proposals, approve \$1 billion with details to be determined in a final agreement between the Senate, Assembly, and Governor.**

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

Issue 92: Climate Resilience Package

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

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

Source: Department of Finance

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

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

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

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

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

Sea Level Rise. Sea-level rise and flooding threatens public health and safety, private property, critical infrastructure, and valuable coastal habitats. Coastal wetlands can provide protection against sea-level rise and flooding by buffering the built environment from extreme tides and storms while providing additional benefits of increased biodiversity, carbon sequestration, and public access opportunities. The state manages 128 state park units encompassing nearly one quarter of the California coastline, sea-level rise, coastal flooding and erosion threaten these park resources.

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

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

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

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

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

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

Office of Planning and Research. The Integrated Climate Adaptation and Resiliency Program (ICARP) is the State’s climate adaptation program, charged with coordinating adaptation efforts across scales and sectors. Funding is needed to meet the scope, scale, and urgency of accelerating climate impacts, especially in our most vulnerable communities. These resources will enable ICARP to build robust and actionable tools that meet urgent local and state climate adaptation and resilience needs. This includes support for the ICARP Vulnerable

Communities Platform, development of enhanced data visualization tools on Cal-Adapt (the state's hub for downscaled climate projection data), and support for a climate science advisory body as a formal workgroup of the ICARP Council to help guide incorporation of physical climate risk and future climate projection data into planning and investment decisions. The ICARP adaptation and resilience planning grants will help fill local and regional planning funding needs, provide communities with resources to identify climate resilience priorities, and support development of a pipeline of competitive climate resilient infrastructure projects across the state. Grant recipients will also submit case studies to the ICARP Adaptation Clearinghouse, ensuring information sharing and peer to peer learning across communities.

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

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

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

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

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

This request also proposes \$50 million to create a regional pilot program in the Sierra Nevada that connects regionally coordinated forest health and fire prevention efforts with a scalable biomass gasifier facility to create scalable carbon negative pathways for managing the increasing vegetation removed from forests. With partners in the Sierra Nevada, through a competitive solicitation, DOC will identify a suitable location within a forested region that has durable collaborations among state, federal, and local agencies. Fuels produced would be carbon negative, thus removing CO₂ from the environment. State investment would create a full-scale gasification facility capable of converting up to 30,000 tons of forest waste to carbon-negative hydrogen or other fuels and sequestering 60,000 tons of CO₂ permanently in geologic storage. Regulatory and permitting pathways would be created and demonstrated. Financial viability by commercial providers could be assessed

and demonstrated leading to private investment in new facilities thus creating a new industry in California, with job, tax and other benefits accruing in rural areas.

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

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

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

This would allow to the Legislature time to:

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

Some key factors to consider:

- Are there certain activities or areas of focus that are high priorities for the Legislature that are not included or sufficiently emphasized in the Governor’s package? For example, the two legislative bond proposals include significantly more funding for activities to respond to the threat of sea-level rise compared to the Governor’s package.
- What type and amount of support should the state provide for local governments as compared to focusing on state-level activities and assets?
- What are the overall outcomes the state is seeking, and how will it know whether those objectives are achieved? Should there be any additional focus on identifying and measuring outcomes?

Background. The following chart compares the Senate’s and Governor’s proposals:

Climate Resilience Package Comparisons

(in millions)

	Senate Sub 2 May 25 proposal	Governor May Revision (across 3 years)
Regional Climate Resilience	685	45
State conservancy projects	460	-
Regional climate resilience projects (CNRA)	225	-
Climate adaptation planning grants (OPR)	-	25
Regional Climate Collaboratives program (SGC)	-	20
Urban Climate Resilience	495	947
Urban greening, cooling/resilience centers, and back-up power (a)	395	350
Public education and research on climate impacts	100	27
Transformative Climate Communities (SGC)	-	420
BUILD program (CEC)	-	100
Low-income weatherization program (CSD)	-	50
Watershed Protection	880	200
Multibenefit flood protection and Delta levees (b)	390	200
Protection of lakes, streams and rivers	250	-
Urban streams and rivers including LA River and Parkway	240	-
Fish and Wildlife Protection	500	-
Protect fish and wildlife from changing conditions (WCB)	500	-
Agriculture and Food Supply Resilience	180	-
Farmland Protection Program (DOC)	90	-
Environmental friendly farming (CDFA)	50	-
Research on GHG reduction of agriculture (UC)	20	-
Invasive Species Council	20	-
Coastal Protection	935	212
Coastal protection and sea-level rise projects (SCC)	560	-
Coastal protection and projects in SF Bay (SCC)	100	-
Wetlands restoration (SF Bay Restoration Authority)	100	-
Ocean Protection Council projects	85	200
Coastal protection and projects (Santa Ana River Conserv)	40	-
Sea-level rise local grants (Coastal Commission)	30	-
Kelp restoration and fishery protection (DFW)	20	-
State Parks sea-level rise projects	-	12
Other	-	290
Oil well abandonment & remediation (DOC)	-	200
Biomass to hydrogen/biofuels pilot (CEC)	-	50
Fluorinated gas reduction incentive program (ARB)	-	15
Environmental justice initiative (CalEPA)	-	25
Totals	3,675	1,694

(a) Governor's total includes \$200 million for Urban Greening program and \$150 million for upgrading fairgrounds and other facilities (the latter of which was proposed separately from the climate resilience package).

(b) \$200 million shown for Governor was included in May Revision water and drought package, not climate resilience package.

Staff Recommendation. In lieu of both the Senate's and Administration's climate resiliency packages, approve \$3.675 billion Climate Resiliency Fund with deposits into the Fund of:

- **\$1.225 billion in 2021-22**
- **\$1.225 billion in 2022-23**
- **\$1.225 billion in 2023-24**

Details of allocations of the Climate Resiliency Fund will be determined with final agreement among the Senate, Assembly, and Governor.

SENATE CLIMATE PACKAGE

Issue 93: Senate Climate Package

Senate Proposal. The Senate proposes a Climate Package totaling \$3.675 billion General Fund, which does the following:

Regional Climate Resilience: \$685 million

- \$460 million to state conservancies for regional climate and wildfire resilience investments.
- \$225 million to CNRA for forest health and regional climate resilience investments in areas outside of conservancy areas.

Improving Climate Resilience of Urban Areas: \$ 495 million

- \$395 million to the Natural Resources Agency for urban greening, establishment of cooling centers, back up solar power and storage, and facilities, including to safeguard vulnerable populations from extreme heat events and air pollution caused by wildfires and from other public health threats exacerbated by climate change.
- \$100 million for public education and research on climate impacts

Watershed Protection: \$ 880 million

- \$250 million for protection of rivers, lakes and streams
- \$240 million for urban streams and rivers including the LA River and funding for the River Parkway Program.
- \$390 million for multi benefit flood protection and Delta levees

Fish and Wildlife Protection: \$500 million

- \$500M to WCB for protecting fish and wildlife in response to drought, wildfire and changing climate conditions.

Improving Climate Resilience of Agriculture and Food Supply \$180 million

- \$50 million to CDFA for Environmental Friendly Farming Program
- \$90 million to DOC for Farmland Protection Program
- \$20 million to University of California for research into reducing GHG impact of agriculture and food production
- \$20M to Invasive Species Council

Coastal Protection: \$935 million

- \$700 million to State Coastal Conservancy for coastal protection and sea level rise projects. Includes \$100 million to Bay Program and \$40 million to Santa Ana River Conservancy Program
- \$100 million to SF Bay Restoration Authority for Bay Wetlands Program
- \$85 million to Ocean Protection Council
- \$20 million to DFW for kelp restoration and fishery protection programs
- \$30 million to Coastal Commission for seal level rise local assistance grant program

Background. The following chart compares the Senate's and Governor's proposals:

Climate Resilience Package Comparisons

(in millions)

	Senate Sub 2 May 25 proposal	Governor May Revision (across 3 years)
Regional Climate Resilience	685	45
State conservancy projects	460	-
Regional climate resilience projects (CNRA)	225	-
Climate adaptation planning grants (OPR)	-	25
Regional Climate Collaboratives program (SGC)	-	20
Urban Climate Resilience	495	947
Urban greening, cooling/resilience centers, and back-up power (a)	395	350
Public education and research on climate impacts	100	27
Transformative Climate Communities (SGC)	-	420
BUILD program (CEC)	-	100
Low-income weatherization program (CSD)	-	50
Watershed Protection	880	200
Multibenefit flood protection and Delta levees (b)	390	200
Protection of lakes, streams and rivers	250	-
Urban streams and rivers including LA River and Parkway	240	-
Fish and Wildlife Protection	500	-
Protect fish and wildlife from changing conditions (WCB)	500	-
Agriculture and Food Supply Resilience	180	-
Farmland Protection Program (DOC)	90	-
Environmental friendly farming (CDFA)	50	-
Research on GHG reduction of agriculture (UC)	20	-
Invasive Species Council	20	-
Coastal Protection	935	212
Coastal protection and sea-level rise projects (SCC)	560	-
Coastal protection and projects in SF Bay (SCC)	100	-
Wetlands restoration (SF Bay Restoration Authority)	100	-
Ocean Protection Council projects	85	200
Coastal protection and projects (Santa Ana River Consv)	40	-
Sea-level rise local grants (Coastal Commission)	30	-
Kelp restoration and fishery protection (DFW)	20	-
State Parks sea-level rise projects	-	12
Other	-	290
Oil well abandonment & remediation (DOC)	-	200
Biomass to hydrogen/biofuels pilot (CEC)	-	50
Fluorinated gas reduction incentive program (ARB)	-	15
Environmental justice initiative (CalEPA)	-	25
Totals	3,675	1,694

- (a) Governor's total includes \$200 million for Urban Greening program and \$150 million for upgrading fairgrounds and other facilities (the latter of which was proposed separately from the climate resilience package).
- (b) \$200 million shown for Governor was included in May Revision water and drought package, not climate resilience package.

Staff Comments. Earlier this session, the Senate developed a comprehensive Climate Resilience Plan included in SB 45 (Portantino et al.) as a general obligation bond. Since that time, separate budget proposals related to wildfire prevention and drought have been advanced that included many but not all of the elements of SB 45. This proposal is designed to fund the remaining investments included in SB 45 in a way that complements budget actions on wildfire and drought.

Staff Recommendation. In lieu of both the Senate’s and Administration’s climate resiliency packages, approve \$3.675 billion Climate Resiliency Fund with deposits into the Fund of:

- \$1.225 billion in 2021-22
- \$1.225 billion in 2022-23
- \$1.225 billion in 2023-24

Details of allocations of the Climate Resiliency Fund will be determined with final agreement among the Senate, Assembly, and Governor.