

Senator Josh Becker, Chair
Senator Brian Dahle
Senator Mike McGuire



Thursday, May 25, 2023
1:00 p.m. or Upon Adjournment of Session
1021 O Street - Room 2200

Consultants: Eunice Roh and Joanne Roy

PART B

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VOTE-ONLY

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

Issue 1: Human Resources Consolidation (May Revision (MR))

Governor's Proposal. The May Revision requests three positions in 2023-24 and ongoing to begin the transition to a consolidated Human Resources office for small entities within CNRA.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 2: Museum of Tolerance (MR)

Governor's Proposal. The May Revision requests \$2.1 million one-time to support renovations of the Museum of Tolerance, which provides education and messaging of tolerance and empowerment of the Jewish community.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 3: Technical Adjustment to Reappropriation Item (MR)

Governor's Proposal. The May Revision requests that technical corrections be made to Item 0540-491, as proposed in the April 1 Finance letter. These changes will allow the funding transferred to the Rivers and Mountains Conservancy to be reappropriated.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

3100 EXPOSITION PARK

Issue 4: California Science Center Phase III Debt Service (MR)

Governor's Proposal. The May Revision requests that Item 3100-001-0001 be decreased by \$2.43 million to be in accordance with the Food and Agricultural Code Section 4103.5. This section requires the state to fund debt service on the California Science Center Phase III project starting in fiscal year 2022-23 or the year in which the facility is certified as available for use and occupancy. The current project schedule indicates the certificate of occupancy will not be issued until 2024-25; thus, a decrease

is requested as the Governor's Budget included this authority.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 5: Operational Start-Up for California Science Center Phase III Facility (MR)

Governor's Proposal. The May Revision requests \$1.337 million and three full-time positions for 2023-24 for start-up of the state-approved 200,000-square-foot Air and Space Center scheduled to open in spring 2025.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 6: Operations and Administration Supervisor (MR)

Governor's Proposal. The May Revision requests \$152,000 one-time, \$160,000 ongoing Exposition Park Improvement Fund (EPIF) to establish one Staff Services Manager II (SSMII) to oversee operations and administration management, including supervision of administrative, operations, and events personnel. This position will work in concert with the Office of Exposition Park Management (OEPM) executive leadership to develop and implement policies, create operational efficiencies, and identify opportunities for revenue-generation flexibilities. This position may also support efforts to formulate policies and operations to create public and private partnerships and business development opportunities.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 7: Park Partnerships (MR)

Governor's Proposal. The May Revision ongoing funding from EPIF to establish one Staff Services Manager I position to facilitate strategic constituent and stakeholder management including managing community coalition building, digital engagement strategies and social media, storytelling campaigns for Exposition Park to support the implementation of the Exposition Park Master Plan and the future 2028 Olympics.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 8: Park Wide Surveillance System Supplemental Appropriation (MR)

Governor's Proposal. The May Revision requests a \$600,000 supplemental appropriation from the

Exposition Park Improvement Fund for the working drawings phase of the Park Wide Surveillance System project. Significant progress has been made on the preliminary plans phase of the project since the Governor's Budget and as preliminary plans near completion it has been identified that the unique layout of the park and unrecorded rights on the impacted portions of the property will result in the need for additional resources for real estate due diligence in the working drawings phase of the project.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 9: Peace Officers: Exposition Park (AB 483) – Reappropriation (MR)

Governor's Proposal. The May Revision requests reappropriation of \$1.95 million one-time General Fund for compliance with AB 483 (Jones-Sawyer), Chapter 411, Statutes of 2021. These resources will support all one-time and on-going activities and administrative support for AB 483, which grants peace officer status to security officers appointed by the Exposition Park Manager, as specified, and clarifies the training requirements for those peace officers. Ongoing transition efforts and related activities continue through 2025, and additional time is needed to expend funds.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 10: Southeast Underground Parking Structure (MR)

Governor's Proposal. The May Revision requests \$14.1 million Public Buildings Construction Fund to construct an underground parking structure with a public park on its top-deck. The underground parking structure will be roofed with open, green space. Among other things the open space is intended to be available to serve as additional event space that can generate revenue for the EPIF.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted and adopt placeholder trailer bill language requiring the project to include a Project Labor Agreement and a Community Workforce Agreement.

3340 CALIFORNIA CONSERVATION CORPS

Issue 11: Implementation of New Fire Fighter Personal Protective Equipment Regulations (MR)

Governor's Proposal. The May Revision requests \$1.123 million General Fund in 2023-24 and \$841,000 ongoing to fund one Associate Governmental Program Analyst position, various operating expenses & equipment costs, and special repairs necessary to ensure compliance with revisions made to the California Code of Regulations, Title 8, Article 10.1 Safety Orders: Personal Protective Clothing and Equipment for Fire Fighters.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 12: Residential Center, Auberry: New Residential Center, Reappropriation (MR)

Governor’s Proposal. The May Revision requests reappropriation of \$2.6 million General Fund for the working drawings phase of the Residential Center, Auberry: New Residential Center project. The project will either renovate an existing elementary school or create a new facility that includes buildings consisting of an administration building, several dormitories, an education building, a multipurpose building, a kitchen, a dining room, an apparatus building(s) with CalFire administration offices, a laundry room, CalFire office quarters (a captain’s barracks), a new warehouse with work area, and a hazardous materials storage building. Additionally, the scope of work includes related infrastructure and sitework as needed. This facility will accommodate about 90 permanent residential Corpsmembers and support Type I fire crews and respective CalFire staff. Total project costs are estimated at \$114.9 million.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

3460 COLORADO RIVER BOARD OF CALIFORNIA (CRB)

Issue 13: Contracted Fiscal Services Support (MR)

Governor’s Proposal. The May Revision requests an ongoing budget increase of \$136,000 to support the provision of accounting and budgeting services by the Department of General Services’ Contracted Fiscal Services (DGS-CFS) division. The CRB’s annual expenses are fully reimbursed by local water and power agencies.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

3480 DEPARTMENT OF CONSERVATION (DOC)

Issue 14: Solutions — Sustainable Agricultural Lands Conservation Program (GB)

Senate’s Proposal. The Governor’s budget requests to reduce \$25 million General Fund that was intended for the Sustainable Agricultural Lands Conservation.

Date this item was originally heard. April 13, 2023.

LAO Comments. This program funds conservation easements on and plans for agricultural lands to preserve them from being converted to more GHG-intensive residential uses. Eliminating the full \$25 million in General Fund support for this program, as the Governor proposes, however, would not

leave it without any funding. This is because the program receives annual funding allocations from GGRF as part of the continuously appropriated Affordable Housing and Sustainable Communities program through SGC. While the annual funding amounts vary depending on the level of cap-and-trade auction revenues, they typically total tens of millions of dollars. The program awarded \$74 million in grants using GGRF in December 2022 and has allocated nearly \$300 million since it began. This funding could allow it to continue existing activities even without the intended General Fund augmentation.

Staff Recommendation. Approve as budgeted.

Issue 15: Reappropriation: California Geologic Energy Management Division (CalGEM) (MR)

Governor's Proposal. The May Revision requests to reappropriate \$1 million Oil, Gas, and Geothermal Administrative Fund until June 30, 2024, for contract funding authorized in the 2022 Budget Act to study fugitive emissions, including greenhouse gases, toxic air contaminants, and volatile organic compounds.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 16: Reduction of 2023-24 Appropriation (Multi-Benefit Land Repurposing Program) (MR)

Governor's Proposal. The May Revision requests that Item 3480-001-0001 be decreased by \$1 million one-time, and Item 3480-102-0001 be eliminated to reduce the amount provided for the Multi-Benefit Land Repurposing Program. As a result of lower revenue projections and a resulting increase in the budget problem, the May Revision proposes adjustments to this program to assist in closing the projected shortfall and ensuring the submission of a balanced budget plan.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

3540 DEPARTMENT OF FORESTRY AND FIRE PREVENTION (CALFIRE)

Issue 17: Property Acquisitions: Camp Fox, Boys Ranch, and Sierra Elementary (Governor's Budget (GB))

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

Date this item was originally heard. March 9, 2023.

Staff Recommendation. Approve as budgeted.

Issue 18: (a) CalFire Training Center Capacity; (b) Additional CalFire Training Center: New Facility (GB)

Governor's Proposal. (a) *CalFire Training Center Capacity.* The Governor's budget requests \$12.9 million GF and 12 new positions beginning in 2023-24, \$12 million annually through completion of a new training center facility (referenced below in (b)), and \$3.4 million ongoing to address current issues of overcapacity at CalFire Training Centers (CFTC) by providing funding for two temporary training facilities.

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

Date this item was originally heard. March 9, 2023.

Staff Recommendation. Approve \$9.5 million General Fund in 2023-24 and \$8.6 million General Fund through 2027-28, including:

(1) \$545,000 in 2023-24 for a facility study that includes: (A) estimates of future growth in CalFire staffing and associated training needs and (B) an evaluation of multiple potential alternatives for meeting those training needs. More specifically, add budget bill language, as follows: *"The funds appropriated in Provision 7 shall be available for a facility study that includes (1) estimates of future growth in CalFire staffing and associated training needs and (2) an evaluation of the benefits and costs of multiple potential alternatives for meeting those training needs (with constructing a new training center as one, but not the only, option considered). The results of the master plan for CFTC-Ione shall be incorporated into this study."*

(2) and \$8.9 million in 2023-24 and \$8.6 million through 2027-28 to support costs associated with leasing and operating two temporary facilities.

Reject the proposed \$18.7 million General Fund in 2023-24 for site acquisition and \$3.9 million General Fund and 12 new positions in 2023-24 and \$3.4 million ongoing for facility-related staffing.

Issue 19: Growlersburg Conservation Camp (CC): Replace Facility (GB)

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

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

Staff Comment. LAO raises several valid concerns regarding this proposal, e.g. the state prison population has decreased in recent years resulting in declines at conservation camps, population declines have resulted in the closure of eight conservation camps, remaining camps are operating below design capacity, and the prison population is projected to decline further.

The Administration states does not currently have a proposal to further consolidate the California Department of Corrections and Rehabilitation (CDCR)/CalFire conservation camps beyond the previously consolidated eight. However, the Administration states that the decrease in CDCR inmate population, and particularly those eligible to serve in conservation camps, is an issue the Administration is closely monitoring and considering how best to address the resulting impacts, including the number of available inmate hand crews and conservation camp facilities. As CalFire has previously stated, Growlersburg would not be on any list should further conservation camp consolidations occur in the future.

However, considering this capital outlay proposal has a significant, estimated cost of \$100 million and the issues raised by LAO, it would be prudent for the Legislature to have a better understanding of CDCR/CalFire’s long-term plan for conservation camps, and how Growlersburg would fit in with that plan, before approving this proposal.

Date this item was originally heard. March 9, 2023.

Staff Recommendation. **Reject.**

Issue 20: Deferred Maintenance (GB)

Senate’s Proposal. The Governor’s budget requests to reduce by \$13 million the \$50 million provided in 2021-22 for CalFire to undertake deferred maintenance projects.

Date this item was originally heard. April 13, 2023.

LAO Comments. The reduction would still ease the department with sufficient funding — \$37 million — to address a significant portion of the roughly \$160 million backlog that has accumulated over many years. While addressing deferred maintenance is an important activity, the Governor’s proposed reduction is worthy of consideration given the funds that would remain and the conditions of the General Fund.

Staff Recommendation. Approve as proposed.

Issue 21: Public Works Contracts (Trailer Bill Language (TBL)) (GB)

Governor’s Proposal. The Governor’s budget requests TBL to clarify that CalFire, upon approval by the Department of Finance, is authorized to plan, design, construct, and administer contracts and professional services for public works projects under CalFire’s jurisdiction.

The Administration states that this TBL clarifies CalFire’s authority to continue to complete public works projects which include most maintenance and repair projects. Although CalFire staff have completed much of the department’s maintenance and repair work for several decades, the Administration was recently made aware of the need to clean up the statute to continue to enable CalFire to complete this work. As CalFire is an emergency services department, it is timelier for internal CalFire staff to continue to complete smaller public works projects. In addition, CalFire staff are subject matter experts on the department’s large inventory of mostly rural emergency services facilities. Since CalFire Technical Services’ staff costs are primarily supported by the General Fund, rather than charged to specific projects, it is more fiscally prudent to utilize CalFire staff as opposed to Department of General Services for these types of smaller projects.

Staff Recommendation. Approve as proposed except delete the clause, “Notwithstanding any other provision of law,” from Public Resources Code Section 716 (a) and (c) because the clause is too broad.

Issue 22: 2023-24 Fire Protection Augmentation (MR)

Governor’s Proposal. The May Revision requests \$118.8 million one-time (\$117.3 million General Fund, \$1.3 million Reimbursements, and \$224,000 Special Funds) and 503.5 positions in 2023-24 to augment fire protection resources given the trends associated with climate change, the long lasting effects of drought conditions, increasing fire severity and size, declining inmate camp populations to provide vegetation management, hazardous fuel reduction projects, and wildland fire suppression support.

Date this item was originally heard. May 16, 2023.

Staff Comment. The Administration clarifies that this proposal should not have included any funding for the purchase of new vehicles. Because of this clarification, Administration states that \$805,000 should be removed from the proposal.

Staff Recommendation. Approve as budgeted except reduce total by \$805,000 as noted above.

Issue 23: Reversions of Lake Napa Projects (MR)

Governor's Proposal. The May Revision requests reversions of the funding authorities for the Lake/Napa Unit Auto Shop and Warehouse: Replace Facility and Lake Napa Unit Headquarters and St. Helena Fire Station: Relocate Facility projects. CalFire requests \$27.3 million General Fund to be reverted. CalFire intends to propose a project for the 2024-25 fiscal year that will combine both capital projects on one site.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 24: Urban Forestry Inflation Reduction Act Grant (MR)

Governor's Proposal. The May Revision requests \$43.2 million Federal Trust Fund and eight positions 2023-24 through 2027-28 (\$8.1 million and 6.1 positions in 2023-24) to implement urban forestry grants from federal funding awarded by the US Forest Service through the Inflation Reduction Act (IRA). This authority is intended to allow CalFire's Urban & Community Forestry Program to increase the development of sustainable urban and community forests in California and assist disadvantaged communities in working towards a more equitable tree canopy distribution, providing greenhouse gas reduction, reducing the effects of extreme heat, and further changes that will benefit the people of California.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 25: Various Reappropriation Requests (MR)

Governor's Proposal. The May Revision requests budget bill language for various reappropriations necessary to continue implementation of existing authorized programs, including wildfire and forest resilience and mobile equipment investments.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

3600 CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (CDFW)**Issue 26: Climate Permitting Support (GB)**

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

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

These additional resources are intended to have the ability to work on priority energy and water infrastructure projects and augment existing staff to increase the number of permits issued each year for these two sectors.

Date this item was originally heard. March 9, 2023.

Staff Recommendation. Approve as budgeted.

Issue 27: Solutions: Complete Fine-Scale Vegetation Mapping Reduction (GB)

Senate's Proposal. The Governor's budget requests to reduce \$20 million General Fund intended for fine-scale vegetation mapping.

Date this item was originally heard. April 13, 2023.

Staff Comments. Reducing the \$20 million intended for this effort in 2023-24 would prevent CDFW from being able to complete fine-scale statewide mapping of vegetation and habitats. As detailed in a study by CDFW, natural resource data users have confirmed that a high-resolution digital map of the state's vegetation is one of the top data requirements for the state. Completing a unified map of this data will provide critical information for land use planning, acquisitions, restoration investments, greater understanding of carbon sequestration, fire management, and climate impacts.

Illegal cannabis grows have significantly impacted vegetation and habitat. The Environmental Restoration and Protection Account in the Cannabis Tax Fund provides funding for cleanup, remediation, and restoration of environmental damage from cannabis cultivation. It would be appropriate to provide some funding from the CDFW's Cannabis Fund for this mapping project in order to support restoration, protection, and stewardship of habitat areas and watersheds.

Staff Recommendation. Approve a reduction of \$10 million General Fund, delay \$10 million General Fund to 2024-25, and appropriate \$10 million Cannabis Tax Fund in 2023-24.

3600 DEPARTMENT OF FISH AND WILDLIFE (CDFW)**3860 DEPARTMENT OF WATER RESOURCES (DWR)****Issue 28: Organizational Support for Salton Sea Management Program (SSMP) (MR)**

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

- CDFW: Six positions, \$1.7 million in 2023-24 and \$1.6 million ongoing to provide technical support and aquatic habitat monitoring and management for SSMP.
- DWR: Three positions funded within existing General Fund, Prop 1, and federal fund resources to provide planning, design, implementation, monitoring, and operations and maintenance for SSMP.

The requested positions will be responsible for meeting the increased workload associated with implementation of the SSMP, including the construction and management of approximately 29,800 acres of habitat and dust suppression projects. These 9 positions will reduce dependence on future external consulting services and provide a skilled multidisciplinary team dedicated to the SSMP that will provide consistent financial and technical control and monitoring during all phases of SSMP implementation activities at the program and project level. These positions will increase the program's benefits and reduce risk by: 1) providing adequate technical and project management expertise to a program whose workload continues to expand beyond the capabilities of the positions initially assigned to the SSMP; 2) protecting the state's investment in SSMP projects by overseeing operations and maintenance contracts; 3) accelerating implementation of the SSMP to improve public health and ecological health in the region and meet the requirements of the State Water Board Order; 4) ensuring environmental compliance and documenting project outcomes; and 5) overseeing contracts for monitoring and research to inform future planning and management of the Salton Sea ecosystem.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)**Issue 29: New State Park – Dos Rios Ranch Day Use Public Access (GB)**

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

Date this item was originally heard. March 9, 2023.

Staff Recommendation. Approve as budgeted.

Issue 30: 2023 Winter Storm Damage: Statewide Repairs and Adaptation (MR)

Governor’s Proposal. The May Revision requests \$119 million General Fund phased over four years and \$94 million in reimbursement authority for the 2023 Winter Storm Damage – Statewide Repairs and Adaptation project. This includes \$14 million General Fund and \$94 million in reimbursement beginning in 2023-24, \$25 million General Fund in 2024-25, \$40 million in 2025-26 and \$40 million General Fund in 2026-27.

Additionally, the Department requests five positions, two vehicles and \$1 million in ongoing reimbursement authority. FEMA funding will provide federal funding on a cost-sharing basis for the repair and replacement of the damaged facilities.

If approved, this augmentation will provide funding for three main categories: (1) strategic planning; (2) redevelopment funds to rebuild destroyed facilities back to pre-disaster condition that reflects the best science to ensure these parks are more climate-resilient; and (3) additional staffing to manage increased workload for past, current, and future FEMA disasters. As such, this proposal includes:

- \$2 million for planning efforts for Seacliff State Beach (SB) (\$1 million) and three parks along the Channel Coast, including El Capitan SB, Gaviota SB, and Refugio SB (\$1 million). These parks were severely damaged by the 2023 Winter Storms, and it would not be possible and/or prudent to restore these parks to pre-disaster condition. Like the efforts the Department made in the Reimagining of Big Basin State Park in the aftermath of the 2020 Fire Event, rebuilding these parks will require a complete re-thinking of how and where visitor-serving facilities are reconstructed, by applying valuable lessons learned from the recent disaster, including adaptation measures to ensure new facilities are appropriately located and more resilient. In addition, the Department will also focus on addressing access and equity issues as it rebuilds these parks.
- \$211 million to rebuild the various parks damaged by the 2023 Winter Storms to pre-disaster conditions, as applicable, and to rebuild the four parks described above consistent with the results of the proposed planning efforts. These funds will also be used to manage the adaptation process, which includes assessing site suitability/vulnerability, supporting sustainable design and adaptive design and management elements.
- \$1 million ongoing reimbursement authority starting 2023-24 for five positions and two vehicles (4WD/AWD full-size SUVs) to address the increased workload associated with climate-driven disasters, including more frequent and disastrous fires and floods. The requested positions include two Associate Governmental Program Analysts, two Park Maintenance Chief III, and a Staff Park and Recreation Specialist.

Date this item was originally heard. May 16, 2023.

LAO Comments. *LAO recommends the Legislature (1) approve the 2023-24 proposal to address health and safety issues but (2) defer action on the out-year General Fund portions of the proposal to provide more time for the proposed planning process to be undertaken, cost estimates to be refined, and the Legislature to assess its options for how to rebuild state parks damaged in recent storms.*

Governor Proposes State and Federal Funding to Rebuild Damaged Parks. The May Revision proposes to support various activities related to repairing recent storm damage at state parks and enhancing state park resilience to future climate change-fueled disasters. This includes:

- ***\$213 Million from General Fund and Federal Funds Over Four Years for Planning and Rebuilding.*** This includes \$119 million from the General Fund over four years (\$14 million in 2023-24, \$25 million in 2024-25, and \$40 million each in 2025-26 and 2026-27) and \$94 million in reimbursement authority in 2023-24 reflecting anticipated federal funds. Of this \$213 million in total funding, \$2 million is proposed for a planning effort at four damaged state parks to inform how they should be rebuilt to be more resilient and to reflect access and equity considerations. The remaining \$211 million is proposed to support the rebuilding of various parks that were damaged by the recent winter storms, including rebuilding at the four parks.
- ***\$1 Million Ongoing from Federal Funds for Disaster Workload.*** In addition, the proposal requests five positions and two vehicles to be funded from \$1 million in ongoing reimbursement authority to support increased workload associated with addressing climate-driven disasters at state parks.

Provide Funding Needed Immediately But Defer Decisions on Out-Year Spending Until More Information is Available. Rebuilding from the winter storms generally fits within LAO's exception for spending new General Fund to address immediate health and safety issues, so we find providing funding for this activity is reasonable in concept. LAO recommends the Legislature provide the requested General Fund for 2023-24 to enable the department to begin necessary repairs without delay. However, LAO believes that approving specific out-year General Fund amounts at this time is premature for three reasons. First, these funds are not needed in the budget year. Second, Parks has yet to complete its proposed planning efforts, which will help inform the scope of the work to be completed, including the extent to which facilities will be rebuilt in a like-for-like manner versus in a different way that could be more resilient to future disasters or provide improved access. As this planning has yet to occur, Parks has not yet refined its cost estimates for the proposed work. Third, the department has not yet solidified the amount of federal reimbursements the state expects to receive to match state funds. Accordingly, LAO recommends the Legislature defer action on the out-year portions of the General Fund request (\$25 million in 2024-25, \$40 million in 2025-26 and \$40 million in 2026-27) to 2024-25 or a future year to provide the Legislature more time to receive additional information and consider its various potential rebuilding options prior to committing to specific spending amounts.

Staff Recommendation. Approve the 2023-24 proposal to address public health and safety issues. Reject out-year portions portions of the General Fund request (\$25 million in 2024-25, \$40 million in 2025-26, and \$40 million in 2026-27) in order to provide more time to receive additional information and consider various potential rebuilding options prior to committing to specific spending amounts.

Issue 31: Border Field State Park (SP): Monument Mesa Day Use and Interpretive Area (MR)

Governor's Proposal. The May Revision requests \$1 million in spending authority from the \$50 million General Fund transfer to the Natural Resources and Parks Preservation Fund included in the 2022-23 Governor's Budget for the preliminary plans phase of the Border Field SP: Monument Mesa Day Use and Interpretive Area project. This new project is intended to update the outdoor educational plaza at Monument Mesa within Border Field SP with mixed-use group event areas and provide interpretive elements and exhibits along with updated walkways and landscaping.

Date this item was originally heard. May 16, 2023.

LAO Comments. *LAO recommends rejecting this proposal—which essentially commits General Fund to a new capital outlay project—without prejudice given the condition of the General Fund.* The May Revision proposes \$1 million from the Natural Resources and Parks Preservation Fund (NRPPF) for preliminary plans for a new project to update the outdoor educational plaza at Monument Mesa within Border Field State Park. The total project cost is estimated to be \$5 million. The proposal also notes that additional ongoing costs of about \$130,000 annually are anticipated to be necessary to operate the park upon its renovation. As background, the 2022-23 budget package deposited \$50 million General Fund into NRPPF to be appropriated by the Legislature for future Parks capital projects. In January 2023, the Governor proposed to transfer \$15 million of these funds back to the General Fund as a budget solution. He proposed to retain \$35 million in NRPPF, indicating this funding was necessary to support continuing Parks projects. The proposed funding for this new project would come from the remaining \$35 million.

Given the condition of the General Fund, LAO recommends rejecting this proposal without prejudice and sweeping the associated NRPPF back into the General Fund. The NRPPF funds should be considered as interchangeable with those in the General Fund for the purposes of decision making—these funds were deposited from the General Fund and can therefore be shifted back to the General Fund to create a budget solution. As discussed above, given the state’s budget condition, LAO recommends rejecting new General Fund commitments unless they address an urgent health or safety issue. This proposal would support the initiation of a new project to renovate a park and does not meet this high bar. Moreover, this project could result in future costs in out-years for project construction and operations, which could be problematic given projections about future deficits.

Staff Recommendation. **Reject without prejudice and revert the associated NRPPF back to the General Fund.**

Issue 32: El Capitan State Beach (SB): Entrance Improvement (MR)

Governor’s Proposal. The May Revision requests a supplemental appropriation of \$1.3 million in reimbursement authority from the State Parks and Recreation Fund and \$1.886 million in spending authority from the Natural Resources and Parks Preservation Fund for the construction phase of the continuing El Capitan SB: Entrance Improvements project in Santa Barbara County.

The Department lost \$1.18 million in grant funding, which was termed out due to prolonged state and county permit processing required for this project. The Department has applied for new grant funding with another agency and will have the opportunity to reapply for grant funding from the original agency in July 2023.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. **Approve as budgeted.**

Issue 33: Fiscal Stability for Boating Programs (BCP and TBL) (MR)

Governor’s Proposal. The May Revision requests various adjustments to the Harbors and Watercraft Revolving Fund (HWRF). Adjustments include increasing the recreational vessel registration fee from \$10 per year to \$40 per year (from \$20 to \$80 biennially) effective January 2024, and further aligning revenues and expenditures by removing annual baseline funding for Boat Launching Facility (BLF) Grants (\$6 million) and instead proposing projects through the annual budget process, and reducing support allocations for the Aquatic Invasive Species program (AIS) by \$5.3 million.

Date this item was originally heard. May 16, 2023.

LAO Comments. *LAO recommends the Legislature defer action on the Governor’s proposals, if feasible, to provide more time for careful consideration. If immediate action is needed to address the funding shortfall, LAO recommends the Legislature consider modifying the Governor’s proposal to add a cost of living adjustment to the fee in order to enhance the longevity of the solution.*

Governor Proposes Mix of Fee Increase and Expenditure Reductions to Address HWRF Insolvency. The May Revision includes a budget change proposal and associated budget trailer legislation to address the insolvency of HWRF by (1) increasing the recreational vessel registration fee from \$10 per year to \$40 per year (from \$20 to \$80 biennially) and (2) reducing funding for two grant programs, the Boat Launching Facility Grant program (by \$6 million) and the Aquatic Invasive Species program (by \$5.3 million). This proposal was submitted pursuant to budget bill language in the 2021-22 budget package that required Parks to develop a fee proposal in consultation with stakeholders and legislative staff and present it to the Legislature no later than January 10, 2023. The language required the proposal to include a combination of fee increases, expenditure reductions, and other actions designed to keep HWRF in structural balance on an ongoing basis.

Deferring Action Would Provide More Time for Deliberation. At the time of this writing, LAO was still waiting for Parks to provide a fund condition statement to determine whether it would be feasible for the Legislature to defer action on this proposal until January. LAO views this as the best option since the May Revision provides minimal time to consider such a significant policy issue with long-term implications. However, according to Parks, legislative action is necessary in 2023-24 to avoid additional cuts to programs funded by the HWRF or the need for additional General Fund support.

Based on LAO’s Initial Review, Governor’s Proposal Is Generally Reasonable But Does Not Provide a Permanent Solution. LAO’s preliminary review based on the limited information available suggests that the Governor’s proposal appears generally reasonable and consistent in most ways with direction the Legislature provided in 2021-22. Specifically, the proposal resulted from a stakeholder process and reflects a balanced approach—combining both a revenue increase and expenditure reductions. The programs the Governor proposes to continue supporting with HWRF appear to provide clear benefits to boaters, and thus requiring that boaters pay for them through fees is reasonable. Additionally, HWRF fees have not been raised in nearly twenty years, so it makes sense that a fee increase would be necessary to keep pace with rising costs and emerging needs. LAO notes that one way that the proposed solution appears to be inconsistent with the 2021-22 language is that it does not propose a permanent solution. Instead, Parks indicates that it will review the fund every four years for potential changes to the structure and level of the fees, and that it expects adjustments may be needed in 2029-30 to retain fund solvency. The Governor’s proposal also does not include a mechanism that would allow the fees to keep pace with inflation.

If Feasible, Recommend Deferring Action; If Not Feasible, Recommend Modifying Proposal to Increase Longevity of Solution. Given LAO finds the proposed approach reasonable, if the fund condition statement confirms that deferring action on the new fee is not feasible without significantly disrupting existing programs, LAO recommends the Legislature adopt the Governor’s proposal. LAO does recommend the Legislature consider slightly modifying the proposal to incorporate a cost-of-living adjustment to enable fees to keep pace with inflation and make the solution more long lasting.

Staff Recommendation. Considering the comprehensiveness of this proposal and the issues its trying to address, unknown fund condition at this time, lack of a permanent solution, as well as the short timeframe for the Legislature to deliberate, staff recommends to reject this proposal without prejudice.

Issue 34: Oceano Dunes State Beach Operations (MR)

Governor’s Proposal. The May Revision requests provisional language to authorize the Department of Finance to increase expenditure authority in SPRF by up to \$11.904 beginning January 1, 2024, through June 30, 2024, for use at Oceano Dunes State Vehicular Recreation Area. This proposal will provide for ongoing support operations, continued staffing, and initial planning efforts if the California Coastal Commission’s amendment to the 1982 Coastal Development Permit requiring the Department to cease Off Highway Vehicle recreation by January 1, 2024, becomes effective.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 35: Providing Efficient Environmental Review for Federal and State Projects (MR)

Governor’s Proposal. The May Revision requests \$764,000 in 2023-24 and \$724,000 ongoing from the General Fund, for four permanent positions to address the increase of federal and state reviews performed by the Office of Historic Preservation (OHP). OHP reviews all federal undertakings in California under the National Historic Preservation Act and reviews state projects that may affect historical resources on state-owned property under the Public Resources Code. The quantity and complexity of federal and state reviews have increased significantly in the past ten years. However, OHP has acquired no new positions during that same timeframe and can no longer continue redirecting workload to existing positions while managing other mandated programs.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 36: Reversion: Special Legislation Items (MR)

Governor's Proposal. The May Revision requests to revert the remaining balances, totaling \$3.2 million, from various appropriations that are no longer needed by the Department.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 37: Sonoma Open Space Area Operations — Technical Correctional to Reimbursement Authority (MR)

Governor's Proposal. The May Revision requests a Budget Bill Language Correction to transfer \$3 million in reimbursement authority from the Off-Highway Vehicle (OHV) Trust Fund to the State Parks and Recreation Fund to manage the open space park lands within the Sonoma Developmental Center. This is a technical adjustment to correct the reimbursement authority for this item, which was erroneously placed in the OHV Trust Fund.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 38: Various Reappropriations, Reversions, and Technical Adjustments (MR)

Governor's Proposal. The May Revision requests that Item 3790-490, Item 3790-491, Item 3790-492, Item 3790-493, Item 3790-495 and Item 3790-496 be added to reappropriate and revert specified amounts in various general fund and special fund appropriations for support and capital outlay. This request includes reappropriation of existing support, local assistance, and capital outlay appropriations to allow for the completion of projects currently in process, a reversion of \$940,000 from Proposition 68 to stay within the 5 percent cap for program delivery, revert remaining balances for continuously appropriated items for support and capital outlay as they are no longer needed by the Department, and technical corrections for previously approved budget change proposals

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 39: Winter Recreation Fund Program Support (MR)

Governor's Proposal. The May Revision requests \$469,000 one-time Winter Recreation Fund to accommodate unmet visitor services workload at SNO-Parks, as well as project backlogs and cost increases for US Forest Service projects.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION (SF BCDC)**Issue 40: Department of Justice Legal Costs (MR)**

Governor's Proposal. The May Revision requests \$170,000 General Fund one-time to cover increased litigation costs anticipated in 2023-24.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 41: Realignment of Career Executive Assignment (CEA) Positions (MR)

Governor's Proposal. The May Revision requests \$150,000 General Fund ongoing to fund increased salaries and benefits costs for two existing CEA positions (Director of Regulatory and Director of Planning). These additional resources are required due to the realignment of the positions from an administrative to a scientific bargaining unit due to the changing natures of the two positions.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

3835 BALDWIN HILLS CONSERVANCY (BHC)**Issue 42: Reappropriation: Proposition 68 Local Assistance (MR)**

Governor's Proposal. The May Revision requests reappropriation of the unencumbered balance of Proposition 68 local assistance funds, as published in the 2020 and 2021 Budget Acts, to implement forthcoming proposed projects in Disadvantaged and Severely Disadvantaged Community service areas.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

3860 DEPARTMENT OF WATER RESOURCES (DWR)

Issue 43: Sustainable Groundwater Management Act (SGMA) – Program Delivery (GB)

Governor’s Proposal. According to LAO, the Governor’s budget:

Proposes \$14 Million in Ongoing General Fund to Support 40 Positions, 11 of Which Are New. The Governor’s budget proposes \$14 million General Fund on an ongoing basis and authority for 11 new positions to support SGMA implementation activities. In addition to supporting the new positions, this funding would backfill expiring Proposition 68 funds in order to continue funding 29 existing positions. Overall, the proposal would sustain roughly the same current number of positions in the SGMA program, as most of the 11 new positions would backfill some of the current staff who were temporarily assigned to SMGA work but will be transitioning back to their other DWR responsibilities beginning in 2024-25.

Proposes \$900,000 in One-Time General Fund Support to Develop Groundwater Trading Implementation Plan. The budget proposes \$900,000 General Fund on a one-time basis to develop an implementation plan for groundwater trading that considers vulnerable users. The funding would support two DWR positions and engage consulting services to help complete the plan. The plan would be developed based on recommendations in the California Water Commission’s white paper, *A State Role in Supporting Groundwater Trading with Safeguards for Vulnerable Users: Findings and Next Steps*. This one-time planning effort would include interagency coordination among DWR, Department of Fish and Wildlife, Department of Food and Agriculture, and SWRCB. It would consider impacts on disadvantaged communities, small and medium farmers, and the environment.

Date this item was originally heard. March 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 44: Flood Management Proposals (GB):

- (a) Delta Levee System Integrity and Habitat Restoration Program
- (b) Systemwide Flood Risk Reduction Paradise Cut and Yolo Bypass Projects
- (c) Yolo Bypass-Cache Slough Master Plan and Comprehensive Study
- (d) Urban Flood Risk Reduction
- (e) 2027 Central Valley Flood Protection Plan
- (f) Central Valley Flood Protection Board: Local Maintenance Agency Assistance Program
- (g) Flood Maintenance Operations Support

Governor’s Proposals. According to LAO, the Governor’s budget proposes \$119 million General Fund in 2023-24 and \$35 million General Fund in 2024-25 for various flood projects in the Central Valley. The funding would support five projects and two studies conducted in collaboration with USACE. It also would support two projects as part of the Urban Flood Risk Reduction (UFRR) Program. (UFRR projects are consistent with USACE feasibility studies, but can be conducted on a faster time line by the state. Additionally, USACE typically requires the state to contribute a share of the costs of undertaking federal projects in California, and UFRR expenditures can be credited toward these requirements on future USACE projects.) Finally, funding would support two additional state projects and one study. More specifically, the Governor’s budget requests the following:

- (a) ***Delta Levee System Integrity and Habitat Restoration Program.*** \$13.2 million General Fund one-time (\$11.2 million for state operations and \$2 million Local Assistance (two-year encumbrance and three-year liquidation period); and \$27.4 million in Proposition 1 funding for local assistance. Funding will provide continued support to the Delta Levees Maintenance Subventions Program and the Delta Levees Special Flood Control Projects Program that includes multi-benefit (i.e., levee and habitat improvement) project work. To allow for the accelerated delivery of LA funds, this proposal requests provisional language in the budget act to include: Any guidelines adopted to implement projects or activities are not subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. DWR's Delta Levee System Integrity and Delta Habitat Restoration Branch (Program) expects to commit all previously appropriated funding for projects by Spring 2023 and spend the next several years implementing the projects. Additionally, all state operations funds for administering the Program will be expended by June 2023.
- (b) ***Systemwide Flood Risk Reduction Paradise Cut and Yolo Bypass Projects.*** \$25 million in 2023-24 in Capital Outlay (CO) from General Fund. This request will support work and contracts needed to carry out the Paradise Cut Multi-Benefit Project and Yolo Bypass Fix-In-Place Projects. These projects improve climate resilience by reducing the risk of flooding while contributing to ecosystem restoration and other societal benefits such as agricultural sustainability.
- (c) ***Yolo Bypass-Cache Slough Master Plan and Comprehensive Study.*** \$3.35 million General Fund one-time for the state cost-share of the US Army Corps of Engineers (USACE) Yolo Bypass Comprehensive Study and continued development of the Yolo Bypass-Cache Slough Master Plan. The Master Plan will serve as the work plan, including all necessary projects and activities, for the Yolo Bypass-Cache Slough (YBCS) Partnership to achieve its goals for flood protection and public safety, ecosystem restoration, water supply and quality reliability, agricultural sustainability, and recreation. The USACE-led Comprehensive Study will evaluate the flood management projects in the Master Plan. Assuming the Comprehensive Study determines the projects generate significant net benefits and advance federal interests, then federal funding could be made available to match state and local funding for project implementation.
- (d) ***2027 Central Valley Flood Protection Plan.*** \$36.91 million General Fund State Operations in the following fiscal years: 1) \$4.41 million (\$3.998 million DWR and \$0.412 million CVFPB) in 2023-24; \$11 million in 2024-25; \$11.5 million in 2025-26; \$10 million in 2026-27. This funding supports the development of the 2027 Update to the Central Valley Protection Plan (CVFPP) and Conservation Strategy (CS) as required by Water Code Sections 9600-9616.
- (e) ***Central Valley Flood Protection Board (CVFPB): Local Maintenance Agency Assistance Program.*** \$623,000 General Fund ongoing for three new full-time, engineering permanent positions to carry out the new Deferred Encroachment Compliance Program (DECP). The DECP has a primary goal of retaining or regaining compliance with the United States Army Corp of Engineer's (USACE) PL 84-99 Rehabilitation Program for the Central Valley levees that the Board, and ultimately the State of California, are responsible to operate and maintain. These three new positions will exercise the Board's enforcement and permitting authority to resolve hazardous encroachments, develop and implement a programmatic permitting process for Local Maintaining Agency (LMA) maintenance activities (Governor's Water Resilience Portfolio Action 25.2), assist LMAs in preparation of Letters of Intent and System-wide Improvement Framework plans for regaining PL 84-99 eligibility, manage and update LMA assurance

agreements, and facilitate consolidation of LMAs or formation of State maintenance areas when necessary.

- (f) ***Urban Flood Risk Reduction.*** \$135.5 million General Fund, including \$90 million to support state cost-share of critical USACE projects and Urban Flood Risk Reduction (UFRR) projects and \$10 million for State Operations to support and manage USACE and UFRR projects during 2023-24, and \$35 million General Fund in 2024-25. DWR requests a five-year extended encumbrance and two-year liquidation period for the \$125 million project funds, and a one-year encumbrance and two-year liquidation period for \$10 million for the state operations support efforts.
- (g) ***Flood Maintenance and Operations Support.*** \$655,000 General Fund ongoing and position authority of two new full-time permanent positions to address increased workload and to continue providing critical flood maintenance and operations support. Position authority and funding are requested to meet the increasing workload and support

Date this item was originally heard. April 13, 2023.

Staff Recommendation. Approve as budgeted.

Issue 45: Dam Safety and Flood Management Grant Program (TBL) (GB)

Governor’s Proposal. The Governor’s budget requests TBL to do the following:

- 1) Require DWR to, upon appropriation by the Legislature, develop and administer the Dam Safety and Climate Resilience Local Assistance Program (Program).
- 2) Specify that the Program would provide state funding for repairs, rehabilitation, enhancements, and other dam safety projects at existing state jurisdictional dams and associated facilities, subject to prescribed criteria.
- 3) Require DWR to develop and adopt program guidelines and project solicitation documents before disbursing any grant funds.
- 4) Require a grant cost share of at least 50 percent for projects funded pursuant to the Program, except as provided.

The 2022-23 Budget included \$100 million for dam safety, to be allocated as \$75 million in 2023-24 and \$25 million in 2024-25.

Date this item was originally heard. April 13, 2023.

Staff Recommendation. Approve as proposed, but with the following amendments: (a) limit the program to jurisdictional dams (and associated facilities) that have been in service prior to January 1, 2023; and, (b) delete “but are not limited to” proposed in PRC 6700(b).

Issue 46: Division of Safety of Dams Fees (TBL) (GB)

Governor’s Proposal. The Governor’s budget requests TBL to do the following:

- 1) Require the Attorney General, upon request of DWR, to bring an action in superior court seeking injunctive relief, penalties, fees, costs, or any other remedies available to the department, as specified.
- 2) Increase fees for the filing of an application, as specified, and include the repair, alteration, or removal of an existing dam or reservoir.
- 3) Authorize DWR to adjust the fee schedule by regulation to ensure the filing fees collected reasonably cover the department’s costs of application work, which may include, design review and construction oversight.
- 4) Authorize DWR to refund filing fees paid by the owner if requested by an owner.
- 5) Authorize DWR to adopt, by regulation, a methodology for determining the criteria and process for filing fee refunds requested by an owner.
- 6) Require the estimated cost of a new dam or reservoir, or the enlargement, alteration, repair, or removal of an existing dam or reservoir to include the labor costs of the owner for preparing environmental review documentation.

Date this item was originally heard. April 13, 2023.

Staff Comment. Water Code Section 6304 is proposed to be amended as follows: “An application shall not be considered by the department until at least 20 percent of the filing fee is ~~received.~~ received, unless otherwise approved by the department. The application shall not be approved by the department until the filing fee is received in full.” “Unless otherwise approved by the department” could be confusing on what is being approved. Is the language referring to unless the application itself is approved? Or is it referring to the ability of DWR to consider an application although 20 percent of the filing fee has been received. Assuming it is the latter, staff recommends to amend as follows, “received, unless the department decides to consider otherwise ~~approved by the department.~~”

Staff Recommendation. Approve as proposed but with amendments reflected in the staff comment.

Issue 47: Solutions — Reversion of 2021 and 2022 Balances: Agriculture and Delta Drought Response Program (LandFlex) and Salinity Barriers (MR)

Senate’s Proposal. The May Revision requests that Item 3860-495 be added to revert \$24.5 million California Emergency Relief Fund for the drought salinity barrier in the 2022 Budget Act and \$25 million for the Agriculture and Delta Drought Response Program (LandFlex) in the 2022 Budget Act.

The Department no longer anticipates needing to install the salinity barriers as a result of improved water conditions. The 2022 Budget Act included \$50 million for LandFlex, which provides block grants to local government agencies to incentivize farmers to limit agricultural groundwater use near drought-stricken communities with drinking water wells that have gone dry or are close to going dry. DWR awarded \$25 million in the first round of grants. Given that water conditions have significantly improved, the May Revision proposes a reversion of the remaining \$25 million for this program.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as proposed.

3930 DEPARTMENT OF PESTICIDE REGULATION (DPR)**Issue 48: Accelerate Transition to Sustainable Pest Management and Continue Mission Critical Work (MR)**

Governor’s Proposal. The May Revision requests seven permanent positions, \$1.912 million DPR Fund in 2023-24 and \$1.412 million DPR Fund in 2024-25 and ongoing. This funding is intended to support the state’s shift from the use of high-risk pesticides to sustainable pest management as the de facto approach to managing pests by adding resources to improve the department’s registration process and prioritize safer alternative products, accelerate the evaluation of high-risk legacy pesticide products, and lead strategic agency and stakeholder engagement/collaboration and the development of plans, programs and proposed funding to support systemwide implementation of safer, sustainable pest management in agricultural and urban environments.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 49: Technical Adjustments: Provisional Language Cleanup (MR)

Governor's Proposal. The May Revision requests to add provisional language to Item 3930-001-0106 for the Pest Management Research Grant Program and Pest Management Alliance Grant Program to allow encumbrance or expenditure until June 30, 2025. These are provisions agreed to in previous budgets that were inadvertently excluded from the Governor's Budget. It is also requested to delete Provision 1 in Items 3930-001-0001, 3930-002-3288, and 3930-102-3288 since this provisional language no longer applies.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)**Issue 50: Water Rights Modernization Continuation (GB)**

Governor's Proposal. The Governor's budget requests \$31.5 million General Fund in 2023-24 for the Updating Water Rights Data for California (UPWARD) modernization project, which is a foundational piece of California's broader water rights modernization effort. This request for one-time contract funds is intended to allow the UPWARD project to be completed on time and with adequate functionality.

Date this item was originally heard. March 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 51: Implementation of the Sustainable Groundwater Management Act (SGMA) (MR)

Governor's Proposal. The May Revision requests \$4.8 million General Fund in 2023-24 and 2024-25 to support 19 new permanent positions and \$500,000 in contracting capacity to continue implementation of the Sustainable Groundwater Management Act (SGMA) to protect groundwater users and uses where and while local efforts remain inadequate. This new workload reflects that, in March 2023, the Department of Water Resources found local governments' management efforts in six basins to be inadequate.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 52: Technical Adjustment: Reappropriation (MR)

Governor's Proposal. The May Revision requests that Item 3940-490 be added to extend the encumbrance period for Item 3940-008-3058, Budget Act of 2018, until June 30, 2024. This reappropriation will allow SWRCB to continue to utilize the funding for the California Environmental Protection Agency Sacramento Headquarters Space Optimization Project.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL (DTSC)

Issue 53: Staff Support for Expedited Cleanup of California National Priorities List (NPL) Sites (GB)

Governor’s Proposal. The Governor’s budget requests six permanent positions and \$1.4 million Toxic Substances Control (TSCA) in 2023-24 and annually thereafter for DTSC’s Site Mitigation and Restoration Program in order to implement needed oversight of 22 NPL projects during the investigation, remedy construction, and long-term operation and maintenance. DTSC will seek federal reimbursement for these costs through the Multi- Site Cooperative Agreement federal grant fund.

Date this item was originally heard. March 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 54: Administration of the Generation and Handling Fee (MR)

Governor’s Proposal. The May Revision requests \$55 million in loans—\$15 million from the Toxic Substances Control Account and \$40 million from the Beverage Container Recycling Fund—to the Hazardous Waste Control Account (HWCA) in 2023-24. This request also includes \$1.2 million from the HWCA for five positions and increased contract authority to support in-depth analysis of the current shortfall in Generation and Handling Fee revenues, as well as to increase various fee administration activities to better ensure that generators are paying the amounts owed.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 55: Exide: Parkways Cleanup Funding (MR)

Governor’s Proposal. The May Revision requests a total of \$67.3 million from the Lead-Acid Battery Cleanup Fund to the Exide Program in 2023-24 (\$40.4 million) and 2024-2025 (\$26.9 million) to clean up 6,425 parkways surrounding the former Exide Technologies facility in Vernon, California.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 56: Loan from the Toxic Substances Control Account to the Hazardous Waste Control Account (MR)

Governor’s Proposal. The May Revision requests \$15 million to support a loan from the Toxic Substances Control Account to the Hazardous Waste Control Account to address a short-term revenue deficit stemming from lower than anticipated revenue from the Generation and Handling Fee.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 57: DTSC Environmental Justice Advisory Council (TBL) (MR)

Governor’s Proposal. The May Revision requests trailer bill language to clarify that members of the forum are entitled to a \$100 per day per diem for participation in meetings, as well as reimbursement of reasonable travel expenses, similar to advisory committees that support other state departments.

SB 158 (Committee on Budget and Fiscal Review), Chapter 73, Statutes of 2021, authorized the creation of an environmental justice forum that represents communities across California to provide environmental justice advise and recommendations. Of the \$300 million appropriated in SB 158, \$2 million (over four years) was designated for support of the forum.

This item was originally heard. May 16, 2023.

Staff Recommendation. Approve as proposed.

**3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY
(CALRECYCLE)****Issue 58: Development of a Statewide Zero Waste Plan (GB)**

Governor’s Proposal. According to the LAO, the Governor’s budget includes \$2 million on a one-time basis in 2023-24 from the Beverage Container Recycling Fund to develop a zero waste plan. The zero waste plan would identify gaps in CalRecycle’s programs and existing laws and recommend changes needed for the state to meet and exceed the goal established under AB 341 (Chesbro), Chapter 476,

Statutes of 2011 by 2035. The department would aim to complete the plan in fall 2025. The Governor's budget also includes \$301,000 ongoing from multiple special funds beginning 2023-24 to support two positions to oversee the development of the plan and coordinate its implementation once completed.

Date this item was originally heard. March 16, 2023.

Staff Recommendation. Taking into consideration the valid concerns raised by LAO and its recommendations, as well as an understanding that a comprehensive "roadmap" for the state moving forward in the waste and recycling arena could be beneficial, staff recommends to approve as budgeted, but add budget bill language to do the following:

- 1) **Require the department to submit a report to the Legislature by July 1, 2024, which shall evaluate the effectiveness of the department's existing programs and identify programmatic and department-wide changes needed to improve these programs;**
- 2) **Extend the date of publishing the Zero Waste Plan to January 1, 2026, and require the Plan to include, but not be limited to, the following: a status update on the implementation of the programmatic and department-wide improvements identified in the initial report; evaluate whether newly established and recently expanded programs are aligning with their intended goals; identify additional strategies needed to achieve the statewide goal of having at least 75 percent of solid waste generated be source reduced, recycled, or composted; and provide recommendations for legislative changes, if any, that are necessary to achieve the statewide goal.**

Issue 59: Technical Adjustment: Beverage Container Recycling Pilot Program (MR)
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Governor's Proposal. The May Revision requests a reappropriation to continue implementation of the Beverage Container Recycling Program Pilot Projects. Specifically, CalRecycle requests for an extension of the encumbrance period to June 30, 2025.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 60: Various Reappropriations: CalRecycle Integrated Information System (CRIIS) and Beverage Container Recycling Program (MR)

Governor's Proposal. The May Revision requests that Item 3970-490 be added to reappropriate the balance of funds from Item 3970-101-0133, Budget Act of 2022 for encumbrance until June 30, 2024. This funding supports California Department of Technology Project Approval Oversight during the implementation phase of the CalRecycle Integrated Information System project. Additionally, it is requested that Item 3970-491 be added to reappropriate the balance of funds from Item 3970-101-0133, Budget Act of 2021 for encumbrance until June 30, 2025. This funding supports implementation of the Beverage Container Recycling Program Pilot Projects.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 61: Beverage Container Recycling Fund: Loan to Hazardous Waste Control Account (MR)

Governor’s Proposal. The May Revision requests that Item 3970-012-0133 be added to support a \$40 million loan from the Beverage Container Recycling Fund to the Hazardous Waste Control Account to address a short-term revenue deficit stemming from lower than anticipated revenue from the Generation and Handling Fee (see Attachment 4). It is also requested that budget bill language be added to authorize the General Fund to support repayment of all or a portion of the loan under specified circumstances.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

Issue 62: Beverage Container Recycling Fund: Loan to General Fund (MR)

Governor’s Proposal. The May Revision requests that Item 3970-013-0133 be added to support a \$100 million loan to the General Fund. As a result of lower revenue projections and a resulting increase in the budget problem, the May Revision proposes this adjustment to assist in closing the projected shortfall and ensuring the submission of a balanced budget plan. It is also requested that budget bill language be added to authorize repayment of all or a portion of the loan under specified circumstances.

Date this item was originally heard. May 16, 2023.

Staff Recommendation. Approve as budgeted.

0690 CALIFORNIA OFFICE OF EMERGENCY SERVICES (CAL OES)
0509 GOVERNOR’S OFFICE OF BUSINESS & ECONOMIC DEVELOPMENT
3860 DEPARTMENT OF WATER RESOURCES (DWR)
3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)

FLOOD PACKAGE (May Revision)

The May Revision proposes \$290 million one-time General Fund for statewide flood response and support as follows:

- \$125 million as a flood contingency set-aside to support costs associated with preparedness, response, recovery, and other associated activities related to the 2023 storms, the resulting snowmelt, and other flooding risks.
- \$75 million to support local flood control projects such as the Pajaro River Flood Risk Management Project.
- \$25 million to expand the scope of the California Small Agricultural Business Drought Relief Grant Program.

- \$25 million set-aside in the current year in anticipation of potential disaster relief and response costs associated with recent storms and future flooding.
- \$40 million for San Joaquin Floodplain Restoration, which restores the current year General Fund reduction proposed in the Governor’s Budget.

The Flood Package proposal also includes legislation to codify provisions from recent executive orders that allow for diversion of flood flows for groundwater recharge purposes, subject to restrictions to protect water quality, infrastructure, and wildlife habitats. The proposal would set conditions for diverting floodwaters without permits or affecting water rights. The proposed legislation would also extend specified streamlining efforts related to water conservation to the Colorado River basin.

Issue 63: Flood Package — Flood Contingencies (MR)

Governor’s Proposal. The May Revision requests that that Control Section 11.86 be added to administer a \$125 million one-time General Fund flood contingency set aside to support costs associated with preparedness, response, recovery, and other associated activities related to the 2023 storms, the resulting snowmelt, and other flooding risks, including, but not limited to, supporting communities and vulnerable populations, such as farmworkers, from these impacts and to better withstand future flood events.

Date this item was originally heard. May 16, 2023.

LAO Comments. *Approve \$125 Million for Flood Contingencies But Modify Allowable Uses and Reporting Language.* The state will be in a better position to pay for response and recovery costs that are likely to be incurred if some amount of funding has been aside. The LAO notes that the particular amount proposed—\$125 million—is not based on any specific assessment of need. Rather, this is the amount that the Governor had proposed for drought contingencies in January, which the Administration now proposes to redirect for flood contingencies. Because the state does not yet have certain estimates of what the funding need will be, however, maintaining the amount set aside in January seems to be a reasonable approach. LAO recommends the Legislature modify the Governor’s proposal in two ways:

- ***Expand Allowable Uses to Include Both Urgent Drought and Flood Response Activities.*** Even though California had a very wet winter and the state’s hydrologic conditions have changed, some drought impacts still linger. For example, some households and communities are dependent on wells that are still dry. LAO therefore suggests the Legislature consider making the funding available for both drought- and flood-related contingencies, such as ensuring access to drinking water or helping vulnerable households recover from flood damage. Broadening the allowable uses of these funds would better enable the state to respond to the highest priority drought or flood needs that may emerge over the coming year. The Legislature could also include additional parameters to help ensure these funds fill existing gaps, such as requiring that the funding be prioritized for expenditures that are not eligible for federal or local funding.
- ***Modify Reporting Language to Increase Legislative Oversight.*** LAO also suggests the Legislature add more accountability measures to the proposed control section language to increase opportunities for legislative oversight. For example, rather than requiring the Department of Finance to notify the Joint Legislative Budget Committee within 10 days *after* making an allocation from these contingency funds, the language could require

notification to occur 10 days *prior* to making an allocation. (The language could allow the Administration to request a waiver of the 10 days if the funding need is especially urgent.)

Staff Recommendation. Approve as budgeted except add modifications as recommended by LAO to expand allowable uses to include both urgent drought and flood response activities and adopt placeholder reporting language to increase opportunities for legislative oversight.

Issue 64: Flood Package — California Small Agriculture Business Drought and Flood Relief Grant Program (Finance Letter & TBL) (MR)

Governor’s Proposal. The May Revision requests that Item 0509-102-0001 be increased by \$25 million one-time to expand the existing California Small Agricultural Business Drought Relief Grant Program to provide direct assistance to eligible agriculture-related businesses that have been affected by recent storms. It is requested that provisional language be added to allow the funds to be available for encumbrance or expenditure until December 30, 2024. It is also requested that statutory changes be made to expand the existing program to include a round of grants for these businesses.

Date this item was originally heard. May 16, 2023.

LAO Comments. *Reject New \$25 Million for Small Agricultural Businesses Flood Relief Grants, Expand Allowable Uses of Existing Funds.* The 2022-23 budget provided \$75 million from the General Fund to GO-Biz for drought relief grants for small agricultural businesses. This funding has not yet been awarded (GO-BIZ expects to launch the application in early July). Existing demand for either drought or flood relief grants is currently unknown. In light of this uncertainty and the state’s budget deficit, LAO recommends rejecting the additional \$25 million in 2023-24 for flood relief, and instead suggests allowing the 2022-23 funding to be used for both drought and flood relief. Although LAO’s recommendation could delay award of drought relief grants (as GO-Biz would have to reconfigure the program somewhat), this could end up broadening the pool of eligible applicants, since eligibility for the existing program was complicated by the change in the tax filing deadline.

Staff Comments. The GO-Biz’s Small Agriculture Business Drought Grant Program was appropriated \$75 million. None of the funding has been granted so far because the program is not up and running yet. The timeline for standing up the program is not clear.

The purpose of the Administration’s proposal has merit because small farmers impacted by drought and flood are going into extreme debt. Also, small farmers tend not to have crop insurance or relief from federal programs. There is an urgency to help the farmers now before some go out of business.

The California Underserved and Small Producers (CUSP) Grant Program at the Department of Food and Agriculture serves a common goal as the GO-Biz program and is up and running now. CUSP is able to provide grant relief much more quickly than the GO-Biz program that has yet to open its doors for business.

Considering the immediacy of this matter for many small farmers, it makes more practical sense to shift the \$25 million to CDFA’s CUSP Grant Program to be available for drought and flood relief; and amend statute accordingly.

Staff Recommendation. Approve the requested funding amount of \$25 million but move this funding to the California Underserved and Small Producers (CUSP) Grant Program at the

California Department of Food and Agriculture for the same purpose and adopt placeholder TBL to ad flood relief for grant eligibility in CUSP. Adopt placeholder TBL for the \$75 million already appropriated to GO-Biz’s Small Agriculture Business Drought Grant Program to be used for both drought and flood.

Issue 65: Flood Package — Flood Control Subventions Program (FCSP) (MR)

Governor’s Proposal. The May Revision requests a new appropriation of \$75,000,000 of General Fund to continue implementing the Flood Control Subventions Program (FCSP). The FCSP provides financial assistance for the State cost-share of federally authorized and federally led flood management projects undertaken by local partners. California Water Code (CWC) mandates the application and administration processes by which local agencies can obtain reimbursement from the State, and additional funding is needed to meet the Department’s existing obligations anticipated over the next two years.

Date this item was originally heard. May 16, 2023.

LAO Comments. *Approve \$75 Million for FCSP.* Because it would help protect health and safety, draw down additional federal funding, and fulfill existing state obligations, LAO thinks this proposal merits the additional General Fund costs despite the budget problem. The projects that would be supported by this funding have already been authorized by both the State Legislature and US Congress, and the state therefore has an obligation to fund the share of cost to which it agreed in state statute. In recent years, state bonds funded most of the state share of FCSP projects, however, most of the flood-related bond funds have been expended. Based on local projects’ most recent five-year cost estimates, the state will owe about \$533 million for the 16 federally authorized projects between now and 2026-27, and the proposed \$75 million will support the share of these costs projected to materialize in the budget year. Moreover, these projects help protect communities, including the disadvantaged community of Pajaro, that fall outside the State Plan of Flood Control and therefore typically receive comparatively less flood funding support. This proposed spending would assist local communities in drawing down federal financial, engineering, and construction support for their flood control projects and thereby help avoid future disasters.

Staff Recommendation. **Approve as budgeted.**

Issue 66: Flood Package — Disaster Response Emergency Operations Account (DREOA) (MR)

Governor’s Proposal. \$25 million in 2022-23 for additional potential flood emergency costs that may have materialized in the current year. (These funds would be provided through the Office of Emergency Services.)

Date this item was originally heard. May 16, 2023.

LAO Comments. *Approve \$25 Million Current-Year DREOA Funds.* The winter storms and resulting floods have already increased state costs in the current year by approximately \$145 million. The proposed \$25 million for current-year emergency operations funding would help the state deal with potential additional costs that may be incurred over the final months of 2022-23. LAO notes that many of these costs ultimately will be reimbursed by the Federal Emergency Management Agency.

Issue 67: Flood Package — Drought and Flood Streamlining (TBL) (MR)

Governor’s Proposal. The May Revision requests TBL to make recent temporary permitting rules permanent. The proposed TBL would (1) codify a recent executive order that streamlines authorization of diversion of flood flows for groundwater recharge, (2) make permanent statutory provisions, which are set to expire January 1, 2024, that exempt certain interim and immediate drought relief actions from the California Environmental Quality Act and other approval processes; (3) increase SWRCB’s authority to enforce its regulations through cease and desist orders; and (4) extend authorities for certain Colorado River conservation efforts until December 31, 2026.

Date this item was originally heard. May 16, 2023.

LAO Comments. *Defer Action on Permitting Trailer Bill Language to Allow More Time for Thorough Legislative Deliberation.* The intentions the Administration expresses for its TBL proposal have some merit in concept. For example, the TBL attempts to help the state more efficiently manage flooding in wet years, both to reduce flood risks and to facilitate groundwater recharge. The latter could benefit groundwater sustainability and increase water supply that could be used during times of drought. However, the Legislature does not have sufficient time in the final weeks before the budget must be enacted for thoughtful deliberation or assessment of potential long-term implications of each component of the proposal. For instance, there currently are differing interpretations of how the proposed language would or would not change water rights related to diversion of flood flows. The Legislature will want to ensure the language accurately reflects its intent. The administration believes the issues addressed in this proposal are urgent and thus require codification in trailer bill. However, to the extent that the Administration is concerned additional near-term authority is needed to minimize flood risks and promote groundwater recharge this summer, LAO notes the Governor just issued a new executive order that expands recent flood-related orders and extends some provisions—which were set to end June 1—to August 31. The Governor could extend these temporary provisions even further if additional short-term actions are needed before the Legislature acts on more permanent changes. Moreover, thanks to this year’s rain and snow, the need for immediate drought relief is lessened.

Staff Recommendation. **Reject.**

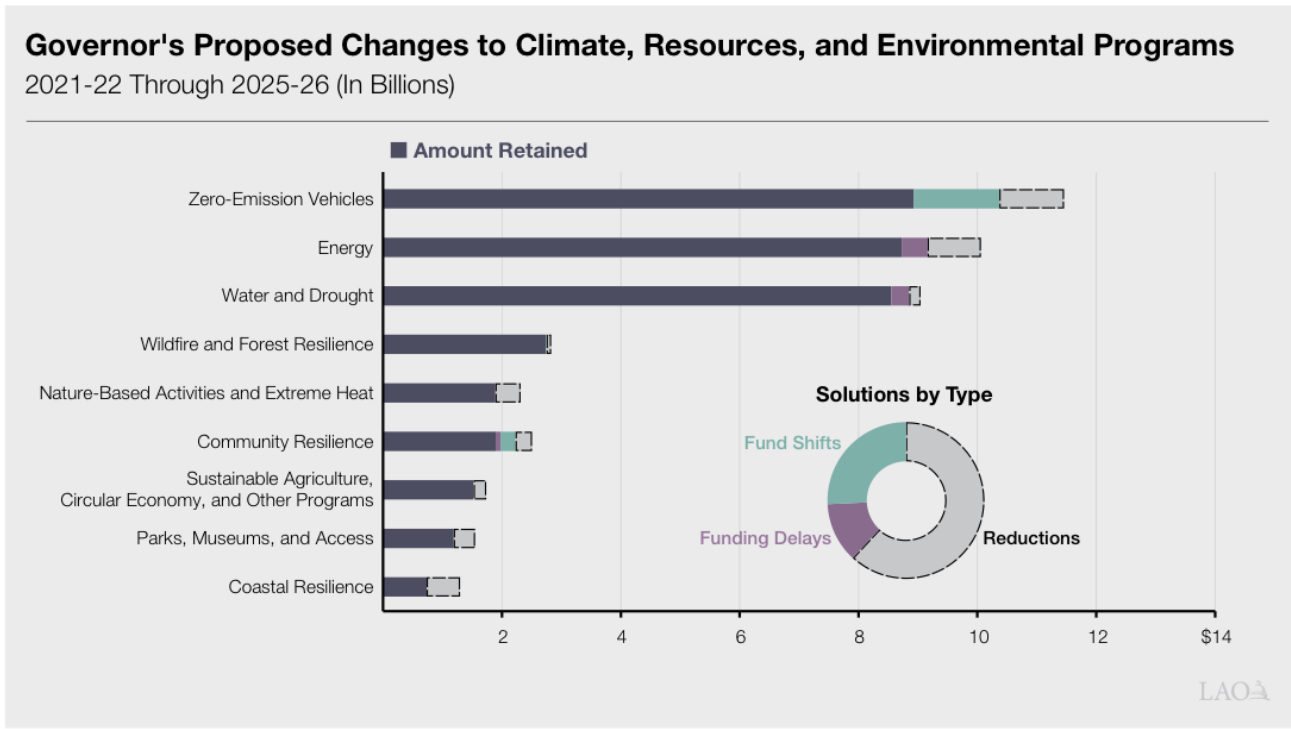
0509 GOVERNOR’S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT: IBANK
0521 SECRETARY FOR TRANSPORTATION AGENCY
0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)
0650 OFFICE OF PLANNING AND RESEARCH (OPR)
0650 OPR: STRATEGIC GROWTH COUNCIL (SGC)
3125 CALIFORNIA TAHOE CONSERVANCY
3340 CALIFORNIA CONSERVATION CORPS (CCC)
3360 ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION (CEC)
3480 DEPARTMENT OF CONSERVATION (DOC)
3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)
3600 DEPARTMENT OF FISH AND WILDLIFE (CDFW)
3640 WILDLIFE CONSERVATION BOARD (WCB)
3760 STATE COASTAL CONSERVANCY (SCC)
3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)
3825 SAN GABRIEL AND LOWER LOS ANGELES RIVERS AND MOUNTAINS CONSERVANCY (RMC)
3830 SAN JOAQUIN RIVER CONSERVANCY
3835 BALDWIN HILLS CONSERVANCY
3845 SAN DIEGO RIVER CONSERVANCY
3850 COACHELLA VALLEY MOUNTAINS CONSERVANCY
3855 SIERRA NEVADA CONSERVANCY
3860 DEPARTMENT OF WATER RESOURCES (DWR)
3875 SACRAMENTO-SAN JOAQUIN DELTA CONSERVANCY
3900 CALIFORNIA AIR RESOURCES BOARD (CARB)
3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)
3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CALRECYCLE)
4700 COMMUNITY SERVICES AND DEVELOPMENT (CSD)
8570 CALIFORNIA FOOD AND AGRICULTURE (CDFA)
8660 CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC)

Issue 68: Governor’s Proposed Budget Solutions: Climate-Energy Packages (GB & MR)

Governor’s Proposal. *Governor’s January Proposal:* Among the various proposals to help address the \$32 billion budget deficient, the Governor’s January budget solutions include:

- Approximately \$5.8 billion in solutions across five years, including \$5.5 in 2023-24, as follows:

- \$4.1 billion in reductions (\$3.8 billion in 2023-24).
 - \$1.7 billion in fund shifts (\$875 million in 2023-24).
 - \$800 million in funding delays.
- \$2.2 billion in potential “trigger” restorations.
 - Greenhouse Gas Reduction Fund (GGRF) trigger restoration approach.
 - Some new spending.



Source: LAO

According to the LAO, the Governor’s proposed solutions in the Climate-Energy Package:

Uses Three Strategies to Generate \$5.8 Billion in General Fund Solutions Across Five Years From Climate, Natural Resources, and Environmental Protection Programs. The Governor relies on three strategies to achieve General Fund savings from climate, resources, and environmental programs: reductions, fund shifts, and funding delays. This includes \$5.5 billion in General Fund savings in 2023-24—\$3.8 billion from spending reductions, \$875 million from reducing General Fund and backfilling with a different fund source, and roughly \$800 million from delaying spending to a future year. The proposal includes additional net savings of \$300 million in the out-years—\$1.1 billion from further reductions and fund shifts, largely offset by the resumption of the delayed expenditures. The Governor’s proposed approach differs by thematic area. For each area, the Governor proposes maintaining the majority of intended funding—using General Fund or a different source—across the five years.

- *Reductions.* The Governor reduces funding for selected programs. In some of these cases, the proposal is to rescind funding that was provided in the current or prior year that departments have

not yet expended. In others, the Governor proposes not providing funding in 2023-24 that was pledged as part of a recent budget agreement. For some programs the Governor partially reduces the intended funding levels, and for others the proposal completely eliminates the funding. Reductions are the strategy through which the Governor generates the most savings across the five years (\$4.1 billion, or 62 percent). This includes \$3.8 billion scored towards solving the 2023-24 budget problem.

- *Fund Shifts.* The Governor achieves additional savings by reducing or eliminating the intended General Fund for a program, but then backfilling it with funding from other sources—primarily using GGRF. The Governor would dedicate nearly all of the proposed 2023-24 discretionary GGRF expenditures—as well as amounts in future years—to backfill General Fund reductions. The Governor mentions the possibility of pursuing a general obligation bond for replacing or supplementing some program funding, but has not submitted a formal proposal to do so nor linked any specific program changes to potential bond funding. (A general obligation bond would have to be repaid from the General Fund and would require voter approval.) Similarly, the Governor mentions the potential availability of federal funds to help offset General Fund reductions, but does not propose any explicit shifts from state funds to federal funds. The proposal includes a total of \$1.7 billion in fund shifts, including \$875 million scored towards solving the 2023-24 budget problem.
- *Funding Delays.* The Governor also proposes delaying intended funding for certain programs, with the intent to provide it in a future year rather than in 2022-23 or 2023-24. This would achieve General Fund savings in the budget year, but shift the associated costs to a future year. The proposal includes a total of about \$800 million in funding delays, all scored towards solving the 2023-24 budget problem.

May Revision: Shift to Future Climate Bond. The May Revision proposes some adjustments to the January “solutions” proposal — the most significant being an additional \$1.1 billion in General Fund reductions across several climate resilience programs. The May Revision proposes to backfill these reductions with funding in a future climate bond proposal, including the following:

- | | |
|------------------|---|
| ○ \$270 million | Water Recycling |
| ○ \$169 million | Salton Sea Restoration |
| ○ \$160 million | Community Resilience Centers |
| ○ \$100 million | Transformative Climate Communities |
| ○ \$100 million | Regional Resilience Program |
| ○ \$100 million | Urban Greening |
| ○ \$86.6 million | Statewide Parks Program |
| ○ \$60 million | Sustainable Groundwater Management Act Implementation |
| ○ \$50 million | Dam Safety and Flood Management |
| ○ \$20 million | Multi-Benefit Land Repurposing |

May Revision: Climate Resilience Investments Maintained. The May Revision maintains climate resilience investments over multiple years (when including the proposed climate bond above), as follows:

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|------------------------------|--------------------------------|
| ○ \$2.7 billion (98 percent) | Wildfire and forest resilience |
| ○ \$1.4 billion (89 percent) | Nature-based solutions |
| ○ \$444 million (68 percent) | Extreme heat |

- | | |
|------------------------------|---------------------------|
| ○ \$1.6 billion (85 percent) | Community resilience |
| ○ \$734 million (57 percent) | Coastal resilience |
| ○ \$1 billion (89 percent) | Climate smart agriculture |
| ○ \$443 million (93 percent) | Circular economy |
| ○ \$8.5 billion (97 percent) | Water (drought and flood) |
| ○ \$7 billion (89 percent) | Energy |
| ○ \$8.9 billion (89 percent) | Zero-emission vehicles |
| ○ \$1 billion (89 percent) | Sustainable agriculture |

For more detailed information regarding the Governor’s proposed solutions impacting the Climate-Energy Package, please refer to past Subcommittee 2 agendas from this year.

Dates this item was originally heard. April 13, 2023, and May 16, 2023.

Staff Recommendation. For the Climate-Energy Packages, in lieu of the Governor’s proposed solutions, staff recommends the following: (a) Reduce (including triggers) \$3.7 billion; (b) Shift \$2.3 billion to other funds; (c) Delay \$1.5 billion to future years; and, (d) Shift \$2.1 billion to a new climate bond — with details to be worked out in the Legislature and 3-party agreements.

VARIOUS DEPARTMENTS

Issue 69: Infrastructure Package (TBL) (MR)

Governor’s Proposal. According to the Administration, the May Revision requests the following trailer bill proposals:

- ***Administrative Records Review.*** Streamlines procedures related to the preparation of the public record for the judicial review of level challenges brought under the California Environmental Quality Act (CEQA) in order to reduce limitation time.
- ***CEQA Judicial Streamlining.*** Provides for expedited judicial review of challenges to certain water, transportation, clean energy, and semiconductor or microelectronic projects under CEQA.
- ***Green Financing Programs for Federal Inflation Reduction Act (IRA) Funding.*** Allows IBank and DWR to access and utilize federal funding provided in the IRA, to finance projects that reduce greenhouse gas emissions.
- ***Accelerating Environmental Mitigation.*** Streamlines the implementation of environmental mitigation measures for the delivery of the California Department of Transportation’s (Caltrans) projects.
- ***National Environmental Policy Act (NEPA) Delegation Authority.*** Removes the current sunset provision and permanently authorizes the consent of California to the jurisdiction of federal courts and waiver of immunity by the California Transportation Agency (CalSTA) with regards to the performance of certain federal environmental responsibilities under NEPA.
- ***Direct Contracting (Public-Private Partnership Authority I-15 Wildlife Crossings).*** Authorizes Caltrans to directly contract to construct three wildlife crossings over Interstate 15 (I-15) as part

of the Brightline West high-speed rail project between California and Nevada.

- ***Job Order Contracting.*** Authorizes Caltrans to use the job order contracting method to complete routine transportation projects and maintenance work.
- ***Progressive Design Build Authority for Caltrans and DWR.*** Authorizes DWR and Caltrans to establish a design-build pilot program until January 1, 2031.
- ***Fully Protected Species Reclassification.*** Repeals four statutes designating species as “fully protected” under state law. The bill reclassifies the 37 fully protected species so that 15 will be listed as threatened under the California Endangered Species Act (CESA). 19 will be listed as endangered under CESA, and three will have no listing status and would retain the protections to species generally under the Fish and Game Code.
- ***Delta Reform Act Streamlining.*** Streamlines specified review processes under the Delta Reform Act.

Staff Comments. The 10 trailer bill proposals above were provided to the Legislature and the public on May 19, 2023. Because of the complexity of these issues and limited time to deliberate, it would be reasonable and prudent for these proposals to reviewed through the policy process.

Staff Recommendation. Reject without prejudice.

SENATE PROPOSALS

Issue 70: Old Town San Diego Historic Park Concession Extension (TBL)

Senate’s Proposal. The Senate proposes trailer bill language to authorize Parks to negotiate an amendment to an existing concession contract with Old Town Family Hospitality to extend the term for an additional 30 years and other terms. The proposed TBL requires the concessionaire to provide capital improvements, as specified.

Background. Parks and concessionaire, Old Town Family Hospitality, are interested in extending the concession agreement which will provide new private sector funding and continuity at the park. This is intended to result in additional private sector investments to maintain the park, such as demolition and reconstruction of spaces that are currently closed, unusable, and deteriorating as well as development of a new event plaza.

Staff Recommendation. Approve as proposed.

Issue 71: Water Arrearages (BBL & TBL)

Senate’s Proposal. The Senate proposes budget bill language and trailer bill language to extend the COVID-19 pandemic bill relief period from June 15, 2021, to February 28, 2023 for the California Water and Wastewater Arrearage Payment Program, which was the end of the COVID pandemic emergency order.

The extension is proposed to help ensure all remaining funds are used, as intended, to help people who continue to struggle with their water and wastewater utility bills due to the economic impacts of the COVID pandemic. Currently, there is over \$300 million in unspent funds to support the program.

Staff Recommendation. Approve as proposed.

Issue 72: Ocean Protection Council: West Coast Offshore Wind Wildlife Science Entity

Senate's Proposal. The Senate proposes to appropriate a total of \$6 million General Fund (\$1 million annually for six years) to the Ocean Protection Council for the purpose of creating a West Coast Offshore Wind Wildlife Science Entity to advise, coordinate, and oversee important science and monitoring necessary to inform the environmentally responsible development of offshore wind energy off the coast of California.

Staff Recommendation. Approve as proposed and adopt placeholder trailer bill language.

Issue 73: Stream Gages: Reactivate, Upgrade, and Install

Senate's Proposal. The Senate proposes to appropriate \$22 million General Fund one-time to the Department of Water Resources, State Water Resources Control Board, Department of Fish and Wildlife, and Department of Conservation for the purpose of deploying a network of stream gages to help address significant gaps in information needed for water management and the conservation of freshwater species. Funding shall be used to reactivate and upgrade existing gages and install new gages, identify priority watersheds and gages for reactivation, and provide estimates of associated capital costs. These costs include:

- \$5.1 million to reactivate 156 gages;
- \$1.3 million to upgrade 39 existing gages; and,
- \$15.6 million to install new stream gages in 436 watersheds.

Staff Recommendation. Approve as proposed.

Issue 75: Dolores Huerta Peace and Justice Cultural Center

Senate's Proposal. The Senate proposes \$7 million General Fund one-time to CNRA for the purpose of constructing the Dolores Huerta Peace and Justice Center multi-cultural community center in Bakersfield. The center will contain a comprehensive community organizing and training academy, an art gallery, and a large multi-purpose hall.

Staff Recommendation. Approve as proposed.

Issue 76: Museum of Latin American Art

Senate's Proposal. The Senate proposes \$10 million General Fund one-time to CNRA for the Museum of Latin American Art to be used for breaking ground, making upgrades to existing buildings, adding

new buildings with an efficient design that meets energy demands, new open spaces, and modern layouts that give access to all communities.

Staff Recommendation. Approve as proposed.

Issue 77: Offshore Wind Energy: Coastal Commission

Senate's Proposal. The Senate proposes \$2.76 million General Fund in 2023-24 for 13 positions (12 permanent position and one limited-term position), as noted below, to perform duties associated with the offshore wind energy projects; and \$2.55 million General Fund in 2024-25 and ongoing:

- 1 Coastal Engineer
- 1 Engineering Geologist
- 1 Environmental Program Manager
- 1 Tribal Liaison
- 1 Attorney
- 1 Senior Ecologist
- 4 Environmental Scientists
- 2 Associate Governmental Program Analysts
- 1 three-year limited-term Environmental Scientist to run the Working Group as required by the Coastal Commission's Federal Consistency determination.

Date this item was originally heard. This issue was originally heard as part of the oversight hearing on May 23, 2023.

Staff Comments. The Coastal Commission currently has one position to handle offshore wind energy projects. The Administration has been clear about the desire to quicken the pace of offshore wind energy development and achieve the state's renewable energy goals. As noted by multiple departments at the Subcommittee 2 oversight hearing on May 23, 2025, a key to expediting the state's responsibilities in these matters is to front load the process. For the Coastal Commission, one position is not sufficient for the anticipated workload. These types of projects have scientifically complex issues to identify, address, mitigate, and monitor. Staff with multiple areas of expertise is needed in order for the Commission to make informed decisions as well as fulfill its fiduciary duties responsibly and efficiently.

Staff Recommendation. Approve as proposed.