

Senator Bob Wieckowski, Chair
Senator Brian Dahle
Senator Mike McGuire
Senator Henry I. Stern



Tuesday, March 2, 2021
8:00 a.m.
State Capitol – Room 3191

Consultant: Joanne Roy

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- Issue 32: Senate Subcommittee 2 Wildfire Prevention & Resilience Early Action Plan — **Motion to increase appropriation to Santa Monica Mountains Conservancy from \$12 million to \$18.5 million: 4-0; Motion to approve staff recommendation: 4-0.**

VOTE-ONLY

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

Issue 1: Natural Resources Agency Bond and Technical Proposals

Governor’s Proposal. The Governor's budget requests for appropriations and reappropriations from various bonds, reversions, reversions with associated new appropriations, and other technical adjustments to continue implementation of existing authorized programs. The chart below details each item.

Natural Resources Bonds Adjustments (Whole Dollars)				
Department	Request Title	Bond Fund	Amount	Request Description
CNRA	Proposition 1 Technical Adjustment	1	-46,000	The Natural Resources Agency requests a technical update to current levels of baseline funding to ensure that available balances are not exceeded.
CNRA	Reallocate Unappropriated Balance	12	-128,131	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-216,205	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-220,723	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-39,662	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-15,266	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-52,191	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-31,330	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-31,529	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-1,876	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-2,176	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-8,134	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-6,667	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Reallocate Unappropriated Balance	12	-31,529	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.

CNRA	Reallocate Unappropriated Balance	12	-15,784	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CNRA	Ocean Protection Council: Prop 68 Local Assistance Grant Funds (Chapter 9)	68	6,500,000	The Ocean Protection Council request continuation of bond funds for projects that improve biodiversity and climate resilience by increasing coastal and marine ecosystem health, including projects related to marine protected areas, sustainable fisheries, plastic pollution, and kelp forest recovery, consistent with Proposition 68 and the Strategic Plan to Protect California's Coast and Ocean for 2020-2025.
CNRA	Reversion	84	up to (\$39,323)	Request to partially revert Item 0540-101-6051/20 up to (\$39,323).
CCC	Reallocate Unappropriated Balance	12	-44,681	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CCC	Reallocate Unappropriated Balance	12	-329,610	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
DOC	Reallocate Unappropriated Balance	12	-960	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
DOC	Agriculture and Open Space Mapping: reversion	13	-150,000	The Department of Conservation requests a reversion to ensure bond section limits not exceeded
DOC	Extend appropriation by 1 year, through June 30, 2022, so grant funds can be fully expended.	40	Balance	The Department of Conservation request a Reappropriation of one year for California Farmland Conservancy Program.
CDFW	Proposition 1 Adjustments for Watershed Restoration	1		The Department of Fish and Wildlife requests a reappropriation of Proposition 1 funding to support watershed restoration.
CDFW	Proposition 12 Reallocation for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.	12	-1113676	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CDFW	Proposition 84 Adjustments for the Biodiversity Conservation Program	84	Balance	The Department of Fish and Wildlife requests a reappropriation of Proposition 84 funding to support biodiversity conservation program.
CDFW	Proposition 84 Adjustments for the Hunting, Fishing, and Public Use Program	84	Balance	The Department of Fish and Wildlife requests a reappropriation of Proposition 84 funding to support the Hunting, Fishing, and Public Use Program.
WCB	Proposition 1 Local Assistance Funding for Stream Flow Enhancement	1	29800000	<p>The Wildlife Conservation Board request continuation of Proposition 1 funding to continue investment of state resources in enhancing stream flows to achieve critical conservation outcomes through competitive grants for multi-benefit ecosystem and watershed protection and restoration. The appropriate projects and strategies for enhancing stream flows will vary across geographies and conservation objectives but will typically include one or more of the following tools:</p> <ul style="list-style-type: none"> - water transactions (e.g., lease, purchase, source-switch, seasonal exchange); - irrigation efficiency and water infrastructure improvements (e.g., diversion, conveyance, and on farm projects); - reservoir reoperations, both at existing and new storage; - improved surface and ground water management, including conjunctive use; - reconnecting flood flows with restored flood plains; and - wet meadow restoration.

WCB	Proposition 1 Adjustments for the San Joaquin River Conservancy	1	Balance	The Wildlife Conservation Board requests a reappropriation of Proposition 1 funding to support continuation of existing local assistance programs.
WCB	Proposition 1 Adjustments for Stream Flow Enhancement	1	Balance	The Wildlife Conservation Board requests a reappropriation of Proposition 1 funding to support continuation of existing local assistance programs.
WCB	Proposition 12 Adjustments for Natural Community Conservation Planning	12	61,272	The Wildlife Conservation Board requests continuation of Proposition 12 funding for Project Delivery and local assistance.
WCB	Proposition 12 Adjustments to Match for Threatened or Endangered Species Partnerships	12	151,699	The Wildlife Conservation Board requests continuation of Proposition 12 funding for Project Delivery and local assistance.
WCB	Proposition 12 Adjustments for Habitat for Threatened and Endangered Species	12	33,086	The Wildlife Conservation Board requests continuation of Proposition 12 funding for Project Delivery and local assistance.
WCB	Proposition 12 Adjustments for Specified Central Coast Listed Species	12	145	The Wildlife Conservation Board requests continuation of Proposition 12 funding to support Specified Central Coast listed species.
WCB	Proposition 12 Adjustments for the San Joaquin River Conservancy Program	12	1,798	The Wildlife Conservation Board requests continuation of Proposition 12 funding to support the San Joaquin River Conservancy program.
WCB	Proposition 12 Adjustments to the Natural Community Conservation Planning Program	12	-956	The Wildlife Conservation Board requests a reversion of Proposition 12 funding to support a new appropriation.
WCB	Proposition 12 Adjustments for Habitat for Threatened and Endangered Species	12	-821	The Wildlife Conservation Board requests a reversion of Proposition 12 funding to support a new appropriation.
WCB	Proposition 12 Adjustments to the Habitat for Threatened and Endangered Species Program	12	-1,805	The Wildlife Conservation Board requests a reversion of Proposition 12 funding to support a new appropriation.
WCB	Proposition 12 Reversion to Support a New Appropriation	12	-2,516	The Wildlife Conservation Board requests a reversion of Proposition 12 funding to support a new appropriation.
WCB	Proposition 12 Adjustments for Specified Central Coast Listed Species	12	-127	The Wildlife Conservation Board requests a reversion of Proposition 12 funding to support a new appropriation.
WCB	Proposition 12 Adjustments for Habitat for Threatened and Endangered Species	12		The Wildlife Conservation Board requests a reappropriation of Proposition 12 State Operations funding for continued Project Delivery Funding and local assistance.
WCB	Proposition 12 Adjustments for Specified Central Coast Listed Species	12		The Wildlife Conservation Board requests a reappropriation of Proposition 12 funding for continued Project Delivery Funding and local assistance.
WCB	Proposition 12 Adjustments to Match for Threatened or Endangered Species Partnerships	12		The Wildlife Conservation Board requests a reappropriation of Proposition 12 funding for continued Project Delivery Funding and local assistance.

WCB	Proposition 12 Adjustments for Natural Community Conservation Planning	12		The Wildlife Conservation Board requests a reappropriation of Proposition 12 State Operations funding for Project Delivery Funding and local assistance.
WCB	Proposition 12 Continued Funding for Project Delivery and Local Assistance	12	73,876	The Wildlife Conservation Board requests continuation of Proposition 12 funding for Project Delivery and local assistance.
WCB	Proposition 12 Adjustments for Specified Central Coast Listed Species	12	90,865	The Wildlife Conservation Board requests continuation of Proposition 12 funding for Project Delivery and local assistance.
WCB	Proposition 12 Continued Funding for Project Delivery and Local Assistance	12	157,259	The Wildlife Conservation Board requests continuation of Proposition 12 funding for Project Delivery and local assistance.
WCB	Proposition 68 Adjustments for Pacific Flyaway Fish Passage and Sierra Nevada and Cascade Mountains Programs	68	22750000	The Wildlife Conservation Board requests continuation of Proposition 68 local assistance funding to support existing programs.
WCB	Proposition 68 Adjustments for Pacific Flyaway Fish Passage and Sierra Nevada and Cascade Mountains Programs	68	8,500,000	The Wildlife Conservation Board requests continuation of Proposition 68 local assistance funding to support continuation of Pacific Flyway Habitat Protection and Restoration projects.
WCB	Proposition 68 Adjustments for Wildlife or Fish Passage Competitive Grants	68	2,750,000	The Wildlife Conservation Board requests continuation of Proposition 68 local assistance funding to support continuation of grants for wildlife and fish passage projects.
WCB	Proposition 68 Adjustments for Sierra Nevada and Cascade Mountains Competitive Grants	68	15500000	The Wildlife Conservation Board requests continuation of Proposition 68 local assistance funding to support continuation of projects that support the protection, restoration, and improvement of upper watershed lands in the Sierra Nevada and Cascade Mountains.
WCB	Proposition 84 Adjustments for the San Joaquin River Conservancy	84	Balance	The Wildlife Conservation Board request to reappropriate Proposition 84 funding for San Joaquin River Conservancy Projects and Acquisitions.
SCC	Reappropriation of remaining balance, 2017 Budget Item 3760-101- 0005 Close down Prop 12 by 06/30/2024	12		The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
Parks	Statewide Bond Costs	12	-194,000	The Department of Parks and Recreation requests a reduction of Proposition 12 funding for bond affordability purposes.
Parks	Statewide Bond Costs	12	807,000	The Department of Parks and Recreation requests additional funding to provide statewide bond management and oversight for the bond fund.
Parks	Reversion Parks Capital Outlay Projects	12	-4417000	The Department of Parks and Recreation requests reversion of appropriated funds to correct a technical error from a previous reversion and new appropriation. This change results in no impact to previously expressed total project costs.
Parks	Reversion Parks Capital Outlay Projects	12	-215,000	The Department of Parks and Recreation requests reversion of appropriated funds to correct a technical error from a previous reversion and new appropriation. This change results in no impact to previously expressed total project costs.

Parks	Reallocate Unappropriated Balance	12	-834	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
Parks	Reallocate Unappropriated Balance	12	-6,254	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
Parks	Reallocate Unappropriated Balance	12	-1,771	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
Parks	Reallocate Unappropriated Balance	12	-1,458	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
Parks	Reallocate Unappropriated Balance	12	-3,389	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
Parks	Reallocate Unappropriated Balance	12	-6,254	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
Parks	Reallocate Unappropriated Balance	12	-6,254	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
Parks	Consolidate all P40 grant pot PD balances into two pots	40		N/A
Parks	Reversion request of \$136,000 from 2019 Budget Item 3790-301-6029, Project: 0000633	40	-136,000	The Department of Parks and Recreation requests partial reversion of the specified project funds to remedy an over-committed bond allocation.
Parks	Reversion request of \$37,000 from 2019 Budget Item 3790-301-6029, Project: 0003197	40	-37,000	The Department of Parks and Recreation requests partial reversion of the specified project funds to remedy an over-committed bond allocation.
Parks	Statewide Bond Costs	50	11,000	The Department of Parks and Recreation requests additional funding to provide statewide bond management and oversight for the bond fund.
Parks	Statewide Bond Costs	68	219,000	The Department of Parks and Recreation requests EY and outyear funding to provide statewide bond management and oversight for the bond fund.
SMMC	Reappropriation. Extension of encumbrances and expenditure period	1	Balance	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
SMMC	Reappropriation of remaining balance, 2014 Budget Item 3810-301-0005 Close down Prop 12 by 06/30/2024	12		The Conservancy requests a reappropriation of remaining balance, 2014 Budget Item 3810-301-0005 Close down Prop 12 by 06/30/2024
SMMC	Reappropriation of remaining balance, 2015 Budget Item 3810-301-0005 Close down Prop 12 by 06/30/2024	12		The Conservancy requests a reappropriation of remaining balance, 2015 Budget Item 3810-301-0005 Close down Prop 12 by 06/30/2024
SMMC	Reappropriation of remaining balance, 2015 Budget Item 3810-30101-0005 - Close down Prop 12 by 06/30/2024	12		The Conservancy requests a reappropriation of remaining balance, 2015 Budget Item 3810-30101-0005 - Close down Prop 12 by 06/30/2024
SMMC	Reappropriation of remaining balance	12		The Conservancy requests a reappropriation of remaining balance, 2015 Budget Item 3810-30102-0005 - Close down Prop 12 by 06/30/2024
SMMC	Reappropriation of remaining balance	12		The Conservancy requests a reappropriation of remaining balance, 2015 Budget Item 3810-30103-0005 Close down Prop 12 by 06/30/2024

SMMC	Reallocate Unappropriated Balance	12	-312	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
SMMC	Reappropriation. Extension of encumbrances and expenditure period	40		The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
SMMC	Reappropriation. Extension of encumbrances and expenditure period	50		Reappropriation. Extension of encumbrances and expenditure period. All funds are encumbered by projects expected to be completed summer of 2022.
SMMC	Reappropriation	84	Balance	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
SMMC	Reappropriation	84	Balance	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
SMMC	Reappropriation	84	Balance	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
SJRC	Increase in Prop 84 support funding for Planning and Monitoring.	84	250,000	The Conservancy requests additional funding for planning and monitoring.
BHC	BHC Prop 1 Reappropriation	1	Balance	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
BHC	BHC Prop 40 Reappropriation	40		The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
BHC	New appropriation for Planning and Monitoring.	84	110,000	The Conservancy requests additional funding for planning and monitoring.
BHC	Reappropriation	84	Balance	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
CVMC	Reappropriation of remaining balance, 2015 Budget Item 3850-101-6083, reappropriated per Chap. Stats. 2018	1	Balance	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
CVMC	Reappropriation of remaining balance, 2018 Budget Item 3850-101-6083	1	Balance	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
CVMC	Reappropriation of remaining balance, 2018 Budget Item 3850-101-0005	12		The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
CVMC	Reallocate Unappropriated Balance	12	-54	Reallocation of the balance of this appropriation to the California Department of Fish and Wildlife for Wildlife Habitat Restoration and Public Recreation for Underserved Communities.
CVMC	Reappropriation of remaining balance, 2018 Budget Item 3850-101-6029	40		The Conservancy requests reappropriation for the continued funding of local assistance grant projects.
SNC	Proposition 1 Reversion	1	-20,903	The Sierra Nevada Conservancy requests this reversion to stay within Proposition 1 bond allocations.
DWR	Regional Assistance Programs	1	437,000	The Department of Water Resources request funding for continued program delivery support for the implementation of local projects that support the Sustainable Groundwater Management Act.
DWR	Regional Assistance Programs	1	-131,549	The Department of Water Resources request a reversion to afford a new request that would support the implementation of local projects that support the Sustainable Groundwater Management Act.
DWR	Regional Assistance Programs	1	1,500,000	The Department of Water Resources request funding to support continuation of local assistance projects in implementing the Sustainable Groundwater Management Act.

DWR	Regional Assistance Programs	1	-1500000	The Department of Water Resources request a reversion to afford a new request that would support the implementation of local projects that support the Sustainable Groundwater Management Act.
DWR	Regional Assistance Programs	68	74,000	The Department of Water Resources requests an appropriation to continue the Urban Streams Restoration Program, which supports community-local agency partnerships to address local flood risks, restore urban streams, and recreate new open space environments that enhance the communities and watersheds. The USRP uses allocated funds to support engagement with disadvantaged communities and assist in building local capacity for urban creek revitalization. This request will augment the program's existing appropriations to support grant management, provide additional technical assistance, and prospect for new projects to support with remaining bonds.
DWR	Regional Assistance Programs	68	375,000	The Department of Water Resources requests a continuation of funding to support groundwater sustainability planning and management within medium and high priority basins and assist in the development and implementation of Groundwater Sustainability Plans GSP(s) in reaching sustainability in accordance with SGMA.
DWR	Regional Assistance Programs	68	-193,967	The Department of Water Resources requests a reversion to allow for the affordability of the new Urban Streams Restoration Program request.
DWR	Regional Assistance Programs	68	-100,000	The Department of Water Resources requests a reversion to allow for the affordability of the new Urban Streams Restoration Program request.
DWR	Regional Assistance Programs	68	-104,335	The Department of Water Resources requests a reversion to allow for the affordability of the new Urban Streams Restoration Program request.
DWR	Regional Assistance Programs	68		The Department of Water Resources requests a continuation of funding to support groundwater sustainability planning and management within medium and high priority basins and assist in the development and implementation of Groundwater Sustainability Plans GSP(s) in reaching sustainability in accordance with SGMA.
DWR	Regional Assistance Programs	84	1,000,000	The Department of Water Resources request continuation of Proposition 84 funding to support planning and monitoring within the Integrated Regional Water Management Grant Program
DWR	Regional Assistance Programs	84	217,000	The Department of Water Resources request continuation of Proposition 84 funding to support Planning and Monitoring activities for the San Joaquin River Water Quality Improvement Program.
DWR	Regional Assistance Programs	84	33,000	The Department of Water Resources request continuation of Proposition 84 funding for Planning and Monitoring activities to support the Urban Streams Restoration Program.
DWR	Regional Assistance Programs	84	-120,753	The Department of Water Resources requests a partial reversion to fund a proposed increase to DWR's 2021-22 support appropriation and outyears for Planning and Monitoring activities for the Delta Water Quality Grants Program.
DWR	Regional Assistance Programs	84	-207,902	The Department of Water Resources requests a partial reversion to fund a proposed increase to DWR's 2021-22 support appropriation and outyears for Planning and Monitoring activities for the Delta Water Quality Grants Program.
DWR	Regional Assistance Programs	84	-138,000	The Department of Water Resources requests a partial reversion to fund a proposed increase to DWR's 2021-22 support appropriation and outyears for Planning and Monitoring activities for the Delta Water Quality Grants Program.
SSJDC	Community and Economic Development Program Implementation	68	318,000	The Conservancy requests continuation of Proposition 68 funding to assist grantees in developing and implementing grant programs.
SSJDC	Community and Economic Development Program Implementation	68	-300,000	The Conservancy requests a reversion necessary to ensure adequate funding is available for new appropriation.
SSJDC	Community and Economic Development Program Implementation	68	146,000	The Conservancy request continuation of Proposition 68 funds to support community and economic enhancements.
SSJDC	Community and Economic Development Program Implementation	68	-293,000	The Conservancy requests a reversion necessary to ensure adequate funding is available for new appropriation.

SSJDC	Community and Economic Development Program Implementation	68	-146,000	The Conservancy requests a reversion necessary to ensure adequate funding is available for new appropriation.
SSJDC	Community and Economic Development Program Implementation	68	-607,000	The Conservancy requests a reversion necessary to ensure adequate funding is available for new appropriation.
SDRC	Reappropriate remaining Prop 1 funds	1	0	The Conservancy requests reappropriation for the continued funding of local assistance grant projects.

Various CNRA Technical Adjustment Requests				
Department	Request Title	Amount	Fund	Request Description
WCB	Natural Resources Bonds and Technical Proposals: Baseline Reimbursement Adjustment	350000	Reimbursement (0995)	WCB is requesting a baseline increase in reimbursement authority of \$350,000 to provide sufficient authority to accept reimbursements for staff support from the San Joaquin River Conservancy (SJRC), the California Department of Fish and Wildlife (CDFW) on programs and projects under the Sport Fish Restoration Act (SFRA), and the Department of Forestry and Fire Protection.
Coastal Commission	Natural Resources Bonds and Technical Proposals: Whale Tail License Plate Marketing	\$55,000	Environmental License Plate Fund (0140)	The Coastal Commission requests \$55,000 from the Environmental License Plate Fund (ELPF) on an ongoing basis, to continue marketing for the WHALE TAIL License Plate. This is an extension of previously approved resources.
CalFire	Resources Agency Technical Proposals: Greenhouse Gas Reduction Fund Reappropriations	Remaining balances	Greenhouse Gas Reduction Fund (3228)	CAL FIRE requests reappropriation of the following items to provide additional time to implement critical forest health and fire prevention programs and projects: (1) Item 3540-001-3228, Budget Act of 2017 for Fire Protection; (2) Item 3540-001-3228, Budget Act of 2018 for Resource Management; (3) Item 3540-003-3228, Budget Act of 2018 for Resource Management; and (4) Item 3540-003-3228, Budget Act of 2019 for Resource Management.
SNC	Sierra Nevada Conservancy Fund Cash Flow Transfer Technical Correction	\$ -	Sierra Nevada Conservancy Fund (8120)	A net-zero technical correction for the Sierra Nevada Conservancy's budget galley to more accurately display expenditure authority from the Sierra Nevada Conservancy Fund. Expenditure authority of \$1,450,000 is provided to the Conservancy on an annual basis for the sole purpose of helping to meet the Conservancy's cashflow needs associated with receiving grant funds and other reimbursements in arrears, which was facilitated by a one-time transfer in the 2019 Budget Act. The annual Budget Act specifies this amount is available solely for the purposes of helping the Conservancy manage grants and other agreements that require the Conservancy to expend funds in advance of receipt of grant-related reimbursements. To more accurately reflect the intent and purpose of this expenditure authority, and to more accurately display the fund condition, an offsetting negative adjustment of \$1,450,000 has been added to a non-Budget Act item. This is more accurate from a budgeting perspective given the expenditure authority is intended for cashflow purposes only and will ultimately be reimbursed within the same fiscal year. The Budget Act authority for the Conservancy will remain at the same level; this correction is for technical budgeting display purposes only.
SDRC	One-Time Appropriation of Reverted Funding	\$40,000	Environmental License Plate Fund (0140)	One-time appropriation of reverted funds from prior years. This will ensure SDRC's ability to continue existing and future grants.
OPC	Natural Resources Bond and Technical Proposals: Extension of Liquidations	\$ -	Ocean Protection Trust Fund (6076)	An extension of liquidation of approximately \$4 million which have been encumbered to support long-term monitoring and outreach and education projects for the state's network of marine protected areas. Many of these projects are experiencing delays due to COVID and grantees require additional time to complete data collection, project implementation, and invoice for work conducted.

OPC	Natural Resources Bond and Technical Proposals: Extension of Liquidations	\$ -	General Fund (0001)	An extension of liquidation of approximately \$2.5 million, which have been encumbered as part of a \$9.5M grant to support long-term monitoring for the state's network of marine protected areas. Many of these research projects are experiencing delays due to COVID and grantees require additional time to complete data collection and invoice for work conducted.
DPC	Natural Resources Bond and Technical Proposals: Great Master Trail Reappropriation	\$ -	Environmental License Plate Fund (0140)	A reappropriation of approximately \$200,000 for the Great Master Trail Plan as a result of staff that were assigned to this work are now a COVID-19 Contact Tracers. Loss of staff will delay completion of the Master Plan beyond the liquidation period of the funds.
DSC	Natural Resources Bond and Technical Proposals: Reappropriation	\$ -	General Fund (0001)	This request is for an extension of liquidation of approximately \$796,000 to continue implementation of existing authorized programs. Delays were due to inability to complete field or lab work due to COVID19.
DSC	Natural Resources Bond and Technical Proposals: Reappropriation	\$ -	Environmental License Plate Fund (0140)	This request is for an extension of liquidation of approximately \$279,000 to continue implementation of existing authorized programs. Delays were due to inability to complete field or lab work due to COVID19.
Parks	Division of Boating and Waterways Reappropriations	\$ -	Public Beach Restoration Fund (3001)	These funds have been encumbered to support ongoing but incomplete public beach restoration projects.
Parks	Reappropriation of Legislative Investments	\$ -	General Fund (0001)	Local assistance grants from this item have been awarded. The reappropriation request is for the portion of the funding used for administrative oversight of grant projects.
Parks	Reappropriation of Recreational Trails Program	\$ -	Recreational Trails Fund (0858)	Reappropriation of this funding is requested due to unanticipated project delays.
CEC	Reappropriation of Alternative and Renewable Fuel and Vehicle Technology Fund (ARFVTF)	\$ -	Alternative and Renewable Fuel and Vehicle Technology Fund (3117)	Reappropriation of this funding to extend the liquidation period by one year is necessary because projects have been delayed as a result of the COVID-19 response.

Staff Recommendation. Approve as budgeted.

Issue 2: Youth Community Access Grant Program Positions

Governor's Proposal. The Governor's budget requests three new permanent positions to support the Youth Community Access grant program. Positions will be funded with existing funding authority.

Background. The Youth Community Access program is an annual program requiring staff to provide outreach, technical assistance, management of solicitation, award processes, and management of grant projects. It is anticipated this program will award between 70-90 grants in the first year, with an additional 70-90 per year annually thereafter.

These competitive grants are intended to fund projects that support youth access to natural or cultural resources, with a focus on low-income and disadvantaged communities. Programs include, but are not limited to, community education and recreational amenities to support youth substance use prevention and early intervention efforts.

Staff Recommendation. Approve as budgeted.

3125 CALIFORNIA TAHOE CONSERVANCY**Issue 3: Conceptual Feasibility Planning**

Governor's Proposal. The Governor's budget requests \$500,000 in Proposition 84 funds for conceptual and feasibility planning for future watershed improvements and forest health and fuels reduction capital outlay projects. This will provide a blanket of funds needed for Initial conceptual and feasibility planning for existing and future projects. The Conservancy was established in 1984 for the purposes of protecting and restoring Lake Tahoe's natural environment, including water quality, air quality, and wildlife habitat; acquiring, restoring, and managing lands; preserving the scenic beauty and recreational opportunities of the region; and providing public access.

Staff Recommendation. Approve as budgeted.

Issue 4: Minor Capital Outlay

Governor's Proposal. The Governor's budget requests \$850,000 (\$4,000 in Proposition 84 funds, \$450,000 in Habitat Conservation Funds, \$246,000 in Proposition 40 funds, and \$150,000 in Proposition 50 funds) for various minor capital outlay projects. These projects involve stabilizing and improving previously acquired property, including reducing forest fuels, ensuring public safety and completing upgrades on developed facilities to meet Americans with Disability Act compliance.

Staff Recommendation. Approve as budgeted.

3720 CALIFORNIA COASTAL COMMISSION**Issue 5: Essential Accounting, Business Services, and Operational Resources**

Governor's Proposal. The Governor's budget requests \$1.067 million Coastal Act Services Fund annually for three years. This includes an extension of \$787,000 for previously authorized funding to support operational costs and continuation of a previously approved position, and \$280,000 for two new positions that will address expanding workload in the Accounting Unit and the Fiscal & Business Services Unit. The 2017 budget included two-year limited term resources for operational costs and two personnel for workload functions. The funding was limited-term due to uncertainty within the CASF fund condition at that time. The 2019 Budget extended these resources another two years, expiring at the end of the 2020-21 fiscal year. This request is for the extension of the existing funding level for three additional years and does not include future projected cost increases.

Staff Recommendation. Approve as budgeted.

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)**Issue 6: Ocean Resources Enhancement and Hatchery Program Support (AB 1949)**

Governor's Proposal. The Governor's budget requests \$135,000 in 2021-22, and \$124,000 in 2022-23 and ongoing from the Federal Trust Fund to implement AB 1949 (Boerner Horvath), Chapter 345, Statutes of 2020. AB 1949 makes a number of revisions to the Ocean Resources Enhancement and Hatchery Program, such as revising and clarifying the membership of the Ocean Resources Advisory Panel, their roles and responsibilities. The bill also adds an independent scientific advisory committee and requires a solicitation of additional input from a variety of different stakeholders. The requested funds would be used to develop and facilitate an independent scientific committee and the associated administrative, contracting, and reporting duties.

Staff Recommendation. Approve as budgeted.

Issue 7: State Owned Program Income Revenue and Expenditures

Governor's Proposal. The Governor's budget proposes an adjustment to move revenue and expenditures from the Wildlife Restoration Fund to a Fish and Game Preservation Fund dedicated account, resulting in a net authority increase in the amount of \$114,000. This adjustment supports the department's compliance with the Code of Federal Regulations for revenue earned on federally funded, state-owned lands. This proposal includes trailer bill language to authorize the shift of funds to the Fish and Game Preservation Fund.

Staff Recommendation. Approve as budgeted.

3760 STATE COASTAL CONSERVANCY**Issue 8: Appropriation from the Violation Remediation Account**

Governor's Proposal. The Governor's budget requests a one-time appropriation of \$1.5 Violation Remediation Account, a subaccount of the State Conservancy Fund, to fund coastal resource enhancements and public access projects statewide. Funds would be appropriated for local assistance and capital outlay. Funds are requested to be available for encumbrance through June 30, 2024 and for expenditure through June 30, 2026.

Staff Recommendation. Approve as budgeted.

Issue 9: Increase to Local Assistance Blanket Federal Trust Fund Authority

Governor's Proposal. The Governor's budget requests a \$2 million increase ongoing to the blanket Federal Trust Fund authority, increasing from \$8 million to \$10 million. The increase is needed in order to accommodate the federal grants that the State Coastal Conservancy will be receiving over the next several years.

Staff Recommendation. Approve as budgeted.

3480 DEPARTMENT OF CONSERVATION

Issue 10: Continuation of Funding for Regulatory Field Inspection

Governor’s Proposal. The Governor’s budget requests a baseline funding increase of \$3.932 million Oil, Gas, and Geothermal Administrative Fund in order to sustain increased inspection and enforcement to protect public health and safety, assess and mitigate the risk of urban encroachment on oil and gas fields, and work with local agencies to assist with the protection of water resources.

The 2018-19 Regulatory Field Inspection Budget Change Proposal (BCP) requested 21 positions and permanent funding for these inspection and enforcement activities. The Legislature approved funding for a limited-term basis of three years. This 2021-22 BCP seeks to make the 2018 Budget Act funding permanent.

Permanent funding is requested to: (1) create a stronger field presence so regulators oversee all tests, well work, spills or surface expressions, and all other actions mandated to be witnessed in person; and, (2) regularly inspect all critical wells to help protect the health and safety of people and the environment.

Background. CalGEM maintains an active field presence to ensure that oil and gas operations are protected, properly regulated, efficient, and safe.

Prior to the addition of the 21 positions from the 2018-19 positions from the 2018-19 BCP, field staffing levels only allowed for inspections to take place in the Inland and Southern Districts at the rate of 30 percent of oil and gas leases, and 15 percent of wells annually. Witnessing pipeline and tank integrity is much less than well testing and is generally relegated to testing after pipelines and tanks have ruptured or leaked. Prior to the 21 positions being added in the 2018-19 BCP, some wells, pipelines, and tanks had not been inspected in years.

Increasing number of “critical” wells. There are over 70,000 active production and injections wells and approximately 35,000 idle production and injection wells in California. If a well is within a certain distance from a building intended for human occupancy, the well is deemed "critical," and, as such, must be appropriately managed. Many wells that were not deemed critical when they were drilled are now being considered critical due to urban encroachment.

District	Well Count	% Critical	# Critical	Percent of Critical Wells In the State
Southern	32,751	82%	26,856	50%
Inland	94,788	16%	15,166	28%
Coastal	25,069	28%	7,019	13%
Northern	10,979	43%	4,721	9%

Currently, field engineering resources are unable to witness 100 percent of operations mandated by statute, regulation and/or agreements with other agencies as “Shall Witness.” The remainder of operations designated as “May Witness” include those with sufficient risk, especially when they are deemed critical wells that merit witness rates of, or approaching, 100 percent.

Currently, field engineering resources are unable to witness 100 percent of operations mandated by state, regulation and/or agreements with other agencies as “Shall Witness.” The remainder of operations designated as “May Witness” include those with sufficient risk, especially when they are Critical Wells that merit witness rates of, or approaching, 100 percent. This proposal includes resources to help achieve those targets. CalGEM has had to strategically balance overtime hours among staff to ensure witnessing occurs, to address current workload requirements. Under current staffing conditions, field engineers continue to accumulate Compensating Time Off.

Staff Recommendation. Approve as budgeted.

Issue 11: Multi-Benefit 3D Geologic Framework Mapping

Governor’s Proposal. The Governor’s budget requests four positions and three-year limited term funding of \$3 million (\$1 million per year) Strong-Motion Instrumentation and Seismic Hazards Mapping Fund in order to develop Multi-Benefit three-dimensional (3D) geologic framework mapping. This technology is intended to improve the state’s capabilities for future evaluation of carbon sequestration, sustainable groundwater management, seismic hazard mitigation, and mineral resource evaluations. The limited-term \$1 million for three years to analyze, plan, and develop a new program within DOC’s California Geologic Survey (CGS), and include implementing a pilot project and identifying the long-term level of effort for meeting the objectives listed above.

Background. 3D mapping not only assesses the surface rocks, rock types, characteristics and orientations, vegetation, soil types, slope, but also the three dimensional structure of the rocks and rock characteristics that provide insights and understanding for a variety of critical state issues such as groundwater recharge, assessment of ideal formations for carbon storage, and wildfire impacts and emergency management. Currently, CGS addresses surface conditions and characteristics but not the 3D setting. CGS work to date addresses the immediate issues relating to surface geology but little on the longer-term impacts for latent emergent hazards deep underground, timescales of groundwater recharge and contamination potential, and future (sustainable) development minimizing risks to life and property.

Staff Recommendation. Approve as budgeted.

3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION (BCDC)

Issue 12: Continuation of Enforcement Support Staffing

Governor's Proposal. The Governor's budget requests an extension of \$511,000 Bay Fill Cleanup and Abatement Fund (Abatement Fund) annually for three years to continue supporting BCDC's enforcement program. This proposal includes trailer bill language to allow enforcement activities as an eligible use of the Bay Fill Cleanup and Abatement Fund.

Background. *BCDC Jurisdiction and Its Enforcement Processes.* The BCDC was established in 1965 to regulate development in and around the San Francisco Bay (Bay) to protect the bay's health and ensure public access. State law authorizes BCDC — which consists of 27 commissioners and 48 staff members — to issue and enforce, via fines and penalties, permits for certain actions, including placing or removing material in or from the Bay. State law authorizes BCDC to approve projects — which may range from residential and commercial endeavors to piers and ports — throughout the Bay and its shorelines. Permit applications for minor repairs or improvements are typically processed by staff, and the commissioners regularly hold formal hearings to approve or reject permits for major developments. According to the State Auditor's 2019 Report, BCDC reported that it approved 630 permits for major projects and almost 3,900 administrative permits for minor projects from 1970 to 2018. BCDC also administers the Abatement Fund to pay for fill removal, resource enhancement, and any other remedial cleanup or abatement actions.

BCDC has adopted regulations that allow many permit violations through a standardized fine process. BCDC's enforcement unit investigates allegations related to unauthorized bay fill or construction, obstruction, or misuse of public access amenities, and other permit or statutory violations. To resolve certain violations, enforcement staff may issue new permits or amend existing permits. Staff may also fine violators who do not correct violations within a grace period, with the amount of the fine increasing over time until the violator corrects the problem or the fine reaches the \$30,000 maximum for individual violations. Because a single enforcement case often contains multiple violations, a violator may accrue fines greater than this maximum. A violator may appeal a staff-level fine by requesting a hearing with the commissioners or by submitting a request for fine reduction to the executive director and BCDC Chair. Staff do not collect fines until violators have corrected the violations, and if a violator refuses to take corrective action, staff may refer the case to the commissioners for a hearing. The commissioners may then decide to forward the case directly to the Office of the Attorney General for litigation.

State regulations require BCDC commissioners, rather than staff, to process violations that have caused significant harm to the Bay. The enforcement committee reviews the violation report prepared by staff and any supporting documentation, holds hearings, and recommend that the commissioners issue a cease-and-desist order to stop the activity causing the violation.

Bay Fill Cleanup and Abatement Fund. The Abatement Fund receives funds from several sources, including from commission fines, for the purpose of removing fill, enhancing resources, and performing remedial cleanup or abatement actions in the Bay. State law authorizes the commission to transfer money from the Abatement Fund to other coastal trust funds for Bay cleanup.

Legislative Audit Recommendations. In 2018, the Legislative Audit Committee requested the California State Auditor to investigate BCDC's enforcement program. The resulting 2019 State Auditor's report found that BCDC's had a backlog of 230 enforcement cases, some of which were more than a decade old, and that staff opened 14 more cases on average than they closed annually from 2012 through 2017. Furthermore, it found that BCDC's approach to identifying individual violations has led to inconsistencies in its imposition of fines. As noted above, BCDC issues fines up to a maximum of \$30,000 per violation, but a single case may involve multiple violations and thus incur multiple fines. The report found that BCDC is not always consistent in how it fines violators who have multiple infractions. The report further found that the BCDC has used the Abatement Fund almost exclusively to support staff salaries and operational costs, rather than for Bay cleanup projects. The report states that the BCDC used a total of \$240,000 from the Abatement Fund to pay salaries in three of four fiscal years, including \$99,000 in 2017-18 when the fund balance was \$1.4 million.

The audit resulted in a number of findings and recommendations for the Legislature, including:

- 1) Require BCDC, by 2020-21, to create or implement:
 - a. Procedures to ensure that managers perform documented review of staff decisions in enforcement cases.
 - b. Timelines for resolving enforcement cases.
 - c. A penalty matrix for applying fines and civil penalties.
 - d. Regulations to define single violations, and a method for resolving minor violations.
- 2) Restrict the use of funds from the Abatement Fund solely for physical cleanup rather than enforcement salaries, and to identify alternate funding sources for funding staff and enforcement activities, such as the General Fund (GF).
- 3) Provide BCDC with the authority to record notices of violations on the titles of properties that have been subject to enforcement action once BCDC has completed all fo the actions recommended to it by the Audit.

Since the audit was published in February 2019, BCDC has made progress in evaluating and identifying improvements to its enforcement program and included implementing recommendations from the State Auditor's report. For example, BCDC hired an Enforcement Program Manager to work on procedural improvements, including procedures to prioritize enforcement cases, milestones to reflect defined periods within which cases must make consistent progress towards case resolution, and to provide bimonthly reports on enforcement case resolution progress to the commissioners.

Staff Comments. As noted in the State Auditor's report, the commission has rarely used the Abatement fund for cleanup efforts because the fund's balance has historically been too low for it to provide a significant contribution to conservation entities. The executive director stated that he was, at the time, waiting for the Abatement Fund's balance to reach \$1.5 million, at which point he intended to transfer \$1 million to the California Coastal Conservancy or a similar entity, while still keeping a reserve in the fund. The commission has used the Abatement Fund almost exclusively to support staff salaries and operational costs. State law does not specify personnel expenses as an allowable use for the fund; however, on several occasions, the Legislature and the Department of Finance have approved such use.

It is not uncommon for the state to use penalties to fund staff running enforcement programs. This proposal includes trailer bill language that can be considered technical in nature and would authorize the fund to be used for enforcement activities, which would align statute with what has been a long-standing practice.

Staff Recommendation. Approve as budgeted.

3860 DEPARTMENT OF WATER RESOURCES (DWR)**Issue 13: Climate Vulnerability and Adaptation Strategy for a San Joaquin Basin Watershed**

Governor's Proposal. The Governor's budget requests \$4.19 million one-time (\$2.1 million from Proposition 68 and \$2.09 million from the Environmental License Plate Fund) to conduct an assessment to prepare for climate vulnerability in the San Joaquin Basin. This proposal has three components: (1) working with local partners on a flood-focused climate vulnerability and adaptation strategy for a San Joaquin Basin watershed; (2) supporting Regional Flood Management Planning groups to identify multi-sector, multi-benefit projects; and (3) evaluate lower San Joaquin River flood risks. Work will be performed by five existing positions and consultants.

Staff Recommendation. Approve as budgeted.

Issue 14: Delta Emergency Preparedness Response and Recovery Program

Governor's Proposal. The Governor's budget requests \$9.5 million (\$6.5 million for 2021-22, \$1.5 million for 2022-23, and \$1.5 million for 2023-24) in Proposition 1 funding to continue the work of the Delta Grants & Flood Emergency Preparedness, Response, & Recovery Program. This funding will support local assistance grants and two existing positions to improve regional self-reliance by enhancing existing flood emergency preparedness, response, and recovery capabilities of local agencies within the Delta. The funding will also support existing staffing to manage projects and perform maintenance on State Delta Emergency Facilities that increase the state's capability to efficiently store, manage, and quickly deploy its material inventories when necessary to support flood emergency response in the region.

Staff Recommendation. Approve as budgeted.

Issue 15: Delta Levees System Integrity Program Support

Governor's Proposal. The Governor's budget requests \$89.2 million in Proposition 1 (\$12.86 million for state operations and \$76.34 million for local assistance) and \$13.092 million in Proposition 68 for local assistance to continue the Delta Levees System Integrity Program, which protects the public and water supply for 27 million people while enhancing Delta habitat. This funding will support activities including state operations and local assistance grants for levee maintenance, repairs, improvement, habitat mitigation, and enhancement projects in the Sacramento-San Joaquin Delta.

Staff Recommendation. Approve as budgeted.

Issue 16: Floodplain Management, Protection and Risk Awareness Program

Governor's Proposal. The Governor's budget requests \$28.5 million one-time from Proposition 68

(\$3.1 million for state operations and \$25.4 million for local assistance) to support the planning and implementation of integrated watershed based collaborative flood risk management activities through the Floodplain Management, Protection and Risk Awareness Program.

Staff Recommendation. Approve as budgeted.

Issue 17: Groundwater Recharge Technical Assistance

Governor's Proposal. The Governor's budget requests \$2 million from Proposition 68 (\$650,000 annually for two year, and \$700,000 in 2023-24) for state operations to work with local agencies to holistically plan and assess water availability, conveyance infrastructure, on-farm recharge sites, opportunities for adjusting upstream reservoir operations based on weather forecasts, requirements for environmental river flows, among many other factors. This planning work is critical to the successful implementation of groundwater recharge projects.

Staff Recommendation. Approve as budgeted.

Issue 18: Proposition 50 Delta Water Quality and Fish Facilities

Governor's Proposal. The Governor's budget requests \$2 million from Proposition 50 (\$650,000 annually for two year, and \$700,000 in 2023-24) for state operations to work with local agencies to holistically plan and assess water availability, conveyance infrastructure, on-farm recharge sites, opportunities for adjusting upstream reservoir operations based on weather forecasts, requirements for environmental river flows, among many other factors. This planning work is critical to the successful implementation of groundwater recharge projects.

1. Improvements to the quality of municipal water supply sources for the City of Stockton.
2. Improvements to Delta water quality, including but not limited to projects that address conditions contributing to harmful algal blooms, low dissolved oxygen, mercury contamination from upstream mines, and invasive aquatic species.
3. Enhanced ecological conditions for threatened and endangered fish species, including but not limited to projects that reduce entrainment associated with unscreened agricultural diversions in the Cache Slough region.

Staff Recommendation. Approve as budgeted.

Issue 19: River Restoration Activities to Protect California's Species and Ecosystems

Governor's Proposal. The Governor's budget requests \$17.85 million in Reimbursement Authority (\$6.6 million in 2021-22, \$4.75 million in 2022-23, \$5.9 million in 2023-24 and \$300,000 in 2024-25 and 2025-26) and \$22.6 million in Federal Fund Authority (\$7.9 million in 2021-22, \$8.7 million in 2022-23, \$3 million in 2023-24, \$2 million in 2024-25 and \$1 million in 2025-26) to support state operations within its Integrated Water Management programs. The request is intended to allow DWR to receive and

use fund from the Federal Government to continue work on the Riverine Stewardship Program and the San Joaquin River Restoration Program in order to protect, restore, and enhance the natural environment.

Staff Recommendation. Approve as budgeted.

Issue 20: Security and Emergency Management Program

Governor's Proposal. The Governor's budget requests two full-time positions for the Security and Emergency Management Program (SEMP) to support DWR's emergency management program and improve emergency preparedness through the development and implementation of a department-wide emergency training and exercise program. These two positions will be funded by the State Water Project (SWP), redirecting existing budgetary resources to establish two dedicated emergency training positions: (1) Emergency Management Coordinator/Instructor I and (1) Emergency Management Coordinator/Instructor II. The costs associated with annual contractor support for emergency training and exercises, and other resources will be redirected to support a dedicated training and exercise program that results in a zero net increase in costs.

Staff Recommendation. Approve as budgeted.

Issue 21: State Water Project: Aging Infrastructure

Governor's Proposal. The Governor's budget requests authority for 150 permanent full-time positions funded by the SWP to be phased in over four years as follows: 67 positions in 2021-22; 35 positions in 2022-23; 32 positions in 2023-24; and 16 positions in 2024-25. The requested positions will provide DWR with the resources and means to:

- 1) Increase maintenance, refurbishment, repair, and replacement of aging infrastructure.
- 2) Continue to develop and implement DWR's Asset Management Program.
- 3) Perform studies, expand existing maintenance and facility inspections, execute preventative design and construction efforts, develop new or update existing guidelines and standards, adopt new technologies and system enhancements.
- 4) Continue to address the adverse effects of subsidence along the SWP by implementing design, environmental permitting, and construction activities that will optimize resiliency and improve operational flexibility of the SWP as well as support safe and reliable delivery of water.
- 5) Implement new Dam Safety Emergency Action Planning, emergency preparedness, and physical security enhancements.

Staff Recommendation. Approve as budgeted.

Issue 22: State Water Project Facilities Fish & Wildlife Enhancement and Recreation — Perris Dam Remediation Plan

Governor’s Proposal. The Governor's budget requests \$4.4 million Proposition 84 to support 7.2 existing positions and fund development, rehabilitation, acquisition and restoration related to providing public access to recreation and fish and wildlife enhancement (RFWE) resources at Perris Dam, a SWP facility. The total project cost is \$252.4 million of which the RFWE component is 32.2% or \$81.27 million. This program will also be supported by approximately \$22.9 million in SWP funds for 2021-22.

Staff Recommendation. Approve as budgeted.

Issue 23: Systemwide Flood Improvement Project

Governor’s Proposal. The Governor's budget requests \$1 million one-time from Proposition 1 to support existing staff and contract work needed for the lower Yolo bypass project. Work will include levee setbacks, creation or enhancement of floodplains and bypasses, land acquisition and levee improvements and repairs.

Staff Recommendation. Approve as budgeted.

Issue 24: Urban Flood Risk Reduction — State Cost Share for Emergency Supplemental Funding

Governor’s Proposal. The Governor's budget requests \$67 million GF in 2021-22, \$113.8 million in 2022-23, \$17.2 million in 2023-24, and \$26.9 million in 2024-25 to support the state cost-share requirement of the American River Commons Features (ARCF) 2016 project, a critical flood risk reduction project that is being implemented by the United States Army Corps of Engineers (USACE).

This request will support project payments to USACE, real estate acquisitions, utility relocations, and contract work needed to meet responsibilities as outlined in the Project Partnership Agreement with USACE, as well as funding for three existing positions to address resource needs for large flood projects.

Background. *The American River Common Features 2016 (ARCF 2016) Project.* The ARCF 2016 Project is part of the Urban Flood Risk Reduction program and is a critical flood risk reduction project that is being implemented by the United States Army Corps of Engineers (USACE).

The ARCF 2016 Project consists of the construction of levee improvement measures that address seepage, stability, erosion, and overtopping concerns identified for the East levee of the Sacramento River downstream of the American River to Freeport (Pocket Area), East levee of the Natomas East Main Drainage Canal, Arcade Creek, and Magpie Creek, as well as erosion control measures along the American River, and widening of the Sacramento Weir and Bypass to deliver more flood flows into the Yolo Bypass. The ARCF 2016 Project makes a significant reduction in the overall identified flood risk in the Central Valley.

Legislative Analyst’s Office (LAO) Comments. *Proposal Would Help Mitigate Potential Damage.* Taking steps now to mitigate existing flood risk — as well as the increasing hazards expected to result from climate change — could prevent both significant and costly damage as well as threats to public safety in future years.

State Funding for ARCF Project Would Leverage Significant Additional Funding. The proposed funding would draw down roughly \$1.3 billion in federal and local funds and allow for completion of this project. Failing to provide this funding likely would nullify the federal commitment to fund and undertake the project, leaving the region at a heightened risk of flooding.

Significantly Increases Flood Protection in High-Risk, Heavily Populated Capital Region. The project would help protect 514,000 people and over \$55 billion dollars worth of infrastructure and assets.

LAO Recommendation. *Approve Flood Management Proposals.* The LAO finds that the Governor’s this proposal likely would protect public safety, mitigate future damage, and leverage significant federal funds. The LAO recommends the Legislature adopt the Governor’s proposal.

Staff Recommendation. Approve as budgeted.

DISCUSSION

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

Issue 25: Proposition 68: Habitat Funding

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

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

CNRA Plans to Allocate Funding Through New Competitive Grant Program. According to LAO, CNRA indicates that it would focus the funds on multi-benefit efforts that could ultimately be included in future VAs and that improve the health of the Sacramento River, San Joaquin River, and Sacramento-San Joaquin Bay Delta. CNRA would select projects based on how well they meet criteria it has developed:

- Advance at least one recognized species recovery plan or effort.
- Be almost certain to deliver identified benefits to target species.
- Provide durable, long-term benefits.
- Be feasible to implement within a clear, reasonable time frame.
- Be planned for completion by an experienced project team.
- Be supported by a wide variety of governmental and nongovernmental partners.

Background. Proposition 68. Also known as the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act, Proposition 68 was approved on June 5, 2018. This measure provides \$4 billion in general obligation bonds for a variety of critical needs in the areas of natural resources and environmental protection. Proposition 68 includes specific dollar amounts for a number of purposes, one of which is for \$200 million for voluntary agreements (Public Resources Code (PRC) Section 80114).

PRC Section 80114. PRC Section 80114 (d), provides CNRA with the ability to use the funding for projects as long as they meet the purposes of Water code Sections 79732 and 79736. Specifically, subdivision (d) specifies that, "If no voluntary agreements are submitted [to the State Water Resources Control Board by the Department of Fish and Wildlife] on or before June 1, 2018, any remaining funds [from the \$200 million originally allocated] shall be available to [CNRA] for the purposes of Sections

79732 and 79736 of the Water Code.” Water Code Section 79732 refers to 13 purposes for expenditures of bond funds.

Prior Appropriation from PRC Section 80114. The Budget Act of 2019 appropriated \$70 million to CNRA from Section 80114 of Prop 68. CNRA has encumbered \$50 million of those funds for 15 fish passage and habitat restoration projects along Central Valley rivers. CNRA established a set of criteria for those projects seeking funding. In order to qualify, the projects would have to meet the following selection criteria:

- Advance at least one recognized species recovery plan or effort;
- Be almost certain to deliver identified benefits to target species;
- Provide durable, long-term benefits;
- Be feasible to implement within a clear, reasonable timeframe;
- Be planned for completion by an experienced project team; and
- Be supported by a wide variety of governmental and non-governmental partners.

LAO Comments. State Has Attempted to Negotiate Voluntary Agreements (VAs) for River Flows and Habitat Conditions. Over the past several years, CNRA has been helping lead an effort to negotiate VAs between the state, water users (such as irrigation districts and water agencies), and environmental groups. These are intended to help implement the State Water Resources Control Board (SWRCB’s) forthcoming update to the Bay-Delta Water Quality Control Plan, which establishes water quality control measures and flow requirements needed to provide reasonable protection of beneficial uses — including ecosystem health and human needs — in the watershed.

VAs Intended to Achieve Restoration Goals Without Relying Solely on Water Flow Restrictions. An important goal of the VAs is to improve conditions for fish and wildlife — particularly those that are threatened and endangered — through measures beyond SWRCB flow requirements. This would be done through a combination of restoration projects — such as improving spawning habitat or installing fish screens — as well as water users agreeing to reduce pumping to improve environmental flows during certain conditions and times of the year.

Seeking to Create Water Supply Certainty for Water Users. To the degree that VA efforts would improve conditions for fish in the Sacramento and San Joaquin River systems, SWRCB could incorporate them into its water flow requirements and potentially adopt more flexible regulatory restrictions on the timing and amount of water that users could remove from the rivers.

Future of VAs Currently Unclear. The Administration states that it is still committed to pursuing the VA process and seeking agreements that can be incorporated into SWRCB’s regulatory decision-making process. However, uncertainties about potential changes to state and federal regulatory requirements for endangered species have complicated these discussions. Negotiations among all of the involved parties are not currently occurring.

Proposition 68 Included \$200 Million to Implement VA Projects. The bond authorizes these funds for projects to implement VAs executed by the participating collaborative partners and submitted to SWRCB by June 1, 2018.

Bond Allows Funds to Be Spent on Other Habitat Restoration Projects. Proposition 68 states that if no VAs are executed and submitted by a specified date, the funds can be used for projects that protect and restore California’s rivers, lakes, streams, and aquatic ecosystems.

Funds Can Also Be Used for Specific Statewide Obligations. In lieu of VAs, the bond also allows these funds to be used for restoration projects related to five specific commitments into which the state has entered: the Salton Sea Restoration Act, the Klamath Hydroelectric Settlement Agreement, the Central Valley Project Improvement Act, the San Joaquin River Restoration Settlement Act, and the Tahoe Regional Planning Compact.

Legislature Appropriated \$70 Million for VAs in 2019-20. Because no VAs were executed and submitted to SWRCB by June 2018, CNRA instead allocated funds for projects that met the other allowable uses specified in Proposition 68. Specifically, CNRA selected 15 projects totaling \$50 million to improve fish habitats in several Central Valley rivers and waterways. The agency has not yet designated uses for the remaining \$20 million.

Significant Need for Restoration Projects Along Central Valley Rivers. Multiple native fish species — including salmon and steelhead — have experienced severe population declines over the past few decades, due in part to habitat loss and degradation. As such, a strong rationale exists for spending state money to improve conditions along the Sacramento and San Joaquin Rivers and their tributaries to help these species recover.

Proposed Approach Would Allow Administration Broad Discretion Over How Funds Get Used. Because the bond language governing the allowable uses of these funds is very broad, the Governor's proposal would allow CNRA to determine exactly how to prioritize use of these funds across potential projects and whether to expend a portion on one or more of the specified statewide obligations.

Competitive Grant program Would Provide Some Transparency, but Still Defers Important Decisions to CNRA. The proposed approach of developing a competitive grant program to allocate these funds is more structured and transparent than CNRA selecting projects without public prioritization and scoring process — as it did for the \$50 million provided in 2019-20. However, neither the bond nor proposed budget bill language provides much guidance over specific priorities or areas of focus for designing the program. As such, the proposal would leave these up to CNRA to determine. Moreover, neither the bond nor budget language requires that CNRA allocate funds through a competitive grant program.

Legislature Could Provide Statutory Guidance to Ensure Expenditures Reflect Its Priorities. Should the Legislature have particular priorities for these funds — such as specific endangered species upon which it wants to focus, or one or more of the allowable statewide obligations — it could direct CNRA to focus on those objectives through language in the budget bill.

Could Define Priorities for Grant Program. Additionally, the Legislature could codify project prioritization criteria to guide development of a competitive grant program for allocating these funds. These criteria could include the selection priorities suggested by the Administration — should the Legislature find them reasonable — as well as any additional or alternative areas of focus.

LAO Recommendation. *Appropriate \$125 Million Proposition 68 Funds to Address Legislature's Priorities for Habitat Restoration.* The LAO recommends the Legislature approve the proposed funds to help improve habitat conditions for threatened and endangered species, but add budget bill language to provide guidance for CNRA on how to prioritize use of the funds. For example, this could include language (1) requiring that funds be allocated through a competitive grant program, (2) specifying prioritization criteria to be used for selecting projects, and/or (3) identifying amounts to be used for specific statewide obligations.

Staff Recommendation. Hold open.

0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)
3560 STATE LANDS COMMISSION (SLC)
3840 DELTA PROTECTION COMMISSION (DPC)
3845 SAN DIEGO RIVER CONSERVANCY
3860 DEPARTMENT OF WATER RESOURCES (DWR)

Issue 26: Environmental License Plate Fund (ELPF)-related Proposals

Governor's Proposals. The Governor's budget proposes the following, which all appropriate ELPF for specified purposes:

- a) **0540 California Natural Resources Agency: New Resources Building Move and Demobilization Costs.** The Governor's budget requests a total of \$4.543 million ELPF one-time for the move to the new CNRA headquarter facility, which will house multiple agency departments. The funds would be used to secure services to perform tasks associated with completing required decommissioning and moving activities for office furniture/equipment and staff members. Total cost for the move activities and the physical decommission activities for office furniture/equipment related to the buildings being vacated and 4,100 staff members was done utilizing cost factors provide to CNRA by DGS' moving consultant. Cost was calculated on \$1,108 per person x 4,100 = \$ 4.5428 million.
- b) **3560 State Lands Commission: Bolsa Chica Lowlands Restoration Project.** The Governor's budget requests \$2 million ELPF one-time to fund continued operations and management responsibilities for the Bolsa Chica Lowlands Restoration Project in Orange County. Operations and management costs average \$2 million annually, including required dredging, consultants, repairs, and other operational costs. Without continued funding, the Commission will be unable to perform required management activities, leading to a seasonal accumulation of sand at the mouth of the ocean inlet and forcing its closure. Closure of the inlet would have catastrophic impacts to the wetland habitat, its endangered species, and other valuable public resources, resulting in a significant net loss to the state's coastal wetlands and endangering the \$157 million investment. Closure may also cause flooding in the adjacent neighborhood and a pre-existing on-site oil operation, a significant liability to the state.
- c) **3840 Delta Protection Commission: Contracted Fiscal Services Support.** The Governor's budget requests \$131,000 ELPF one-time to support the transition of accounting, budget, human resources, and procurement services to be provided by the Department of General Services' (DGS') Contracted Fiscal Services division.
- d) **3845 San Diego River Conservancy: Department of General Services (DGS) Human Resources (HR) Services.** The Governor's budget requests \$11,000 ELPF for DGS's contracted HR services. DGS provides budgeting, accounting, and human resource services for the conservancy.
- e) **3845 San Diego River Conservancy: One-Time Appropriation of Reverted Funding.** The Governor's budget requests \$40,000 ELPF appropriation in order to fulfill existing grant agreements. The Conservancy received two multi-year grants, one from the State Coastal

Conservancy in June 2018 and the second from the State Water Quality Control Board in January 2018. These grants were reimbursable agreements, whereby the Conservancy provided funding under its own grants to non-profit agencies for project implementation and retained 10% withholding from each invoice. The withheld amounts must be paid upon closure of the completed project. However, the accumulated withholding was deposited in the fund but the appropriation authority has since reverted. The new appropriation will fulfill the Conservancy's obligations under existing grant agreements.

- f) **3860 Department of Water Resources: Climate Vulnerability and Adaptation Strategy for a San Joaquin Basin Watershed.** The Governor's budget requests \$40,000 ELPF in order to fulfill existing grant agreements. The Conservancy received two multi-year grants, one from the State Coastal Conservancy in June 2018 and the second from the State Water Quality Control Board in January 2018. These grants were reimbursable agreements, whereby the Conservancy provided funding under its own grants to non-profit agencies for project implementation and retained 10% withholding from each invoice. The withheld amounts must be paid upon closure of the completed project. However, the accumulated withholding was deposited in the fund but the appropriation authority has since reverted. The new appropriation will fulfill the Conservancy's obligations under existing grant agreements.

Background. ELPF. The ELPF was established in 1979 and supports various resources and environmental protection programs. The fund is primarily supported from the sale and renewal of personalized motor vehicle license plates, as well as a portion of fees on the sale and renewal of certain specialty license plates.

Public Resources Code (PRC) Section 21190 requires ELPF money to be used only to support identifiable projects and programs of specified entities, such as state agencies, and restricts the use of these funds to the following purposes:

- Control and abatement of air pollution.
- Acquisition, preservation, restoration of natural areas or ecological reserves.
- Environmental education.
- Protection of no game species and threatened and endangered plants and animals.
- Protection, enhancement, and restoration of fish and wildlife habitat and related water quality.
- The purchase of real property consisting of sensitive natural areas for the parks systems and deferred maintenance projects at state parks.
- Reduction or minimization of the effects of soil erosion and the discharge of sediment into the waters of the Lake Tahoe region, including the restoration of disturbed wetlands and stream environment zones.

LAO Comments. Legislature Funded Construction of New Natural Resources Building. The new facility, located in downtown Sacramento, will be completed in mid-2021. Employees of CNRA and eight of its departments will move from the current Natural Resources office building and satellite offices over the remainder of the calendar year.

Funds Move of State and Equipment to New Building (\$4.5 Million). The budget provides one-time funding from ELPF to relocate an estimated 4,100 employees and their equipment from the current offices to the new building. ELPF is funded by fees paid by drivers who choose to (1) personalize their license plate and/or (2) purchase a "legacy plate."

Might Not Be an Allowable Use of ELPF. State law specifies that ELPF may only be used for projects

and programs that meet specified purposes, such as restoration of natural areas, protection of threatened and endangered species, deferred maintenance at state parks, and public education. It does not appear that funding the relocation of staff and equipment is consistent with any of the specified allowable uses. (In addition, the Governor proposes a total of \$142,000 from ELPF for administrative costs at the Delta Protection Commission and San Diego Conservancy that are similarly questionable.)

ELPF Projected to Have Small Fund Balance. The Administration's fund condition statement for ELPF estimates that the fund will have a \$2.1 million fund balance at the end of 2021-22. While positive, this fund balance is small representing just three percent of estimated revenues. In part, the small fund balance reflects one-time budget proposals totaling \$8.8 million from ELPF, including the \$4.5 million to move to the new Natural Resources building.

Prior-Year Numbers Not Final. According to the Administration, it has not finalized prior-year calculations for revenues or expenditures, and it asserts that revenues will be higher than estimated, and expenditures will be lower than estimated. If correct, the fund balance could be higher than what is shown in the fund condition statement. However, the Administration has not yet provided the Legislature with information to substantiate this.

Revenue Uncertainty. The pandemic could affect the demand for personalized and legacy license plates, which might be considered discretionary purchases for drivers facing economic hardships. To the extent that occurs, it would depress ELPF revenues, potentially over multiple fiscal years.

LAO Recommendation. Shift Move Costs From ELPF to Other Fund Sources. The LAO recommends using an alternative funding approach to support the costs of moving to the new Natural Resources building. (The LAO also recommends using an alternative approach for the DPC and SDRC proposals.) Doing so would ensure compliance with state law. Moreover, a shift could be structured to reduce overall costs to ELPF, thereby increasing confidence that the fund will continue to be solvent at the end of 2021-22. The LAO provides two options for legislative consideration:

- ***Option 1: Swap with GF.*** The budget includes numerous GF proposals to support activities that clearly would be allowable for ELPF, such as a one-time \$20 million proposal to fund deferred maintenance at state parks. The budget could instead fund the move with GF and use a mix of GF and ELPF for deferred maintenance. This would have no net impact on either the GF or ELPF but would ensure use of ELPF consistent with state law.
- ***Option 2: Spread Costs Among Various Funds That Support Resources Programs Being Moved.*** CNRA and the departments being moved to the new building are supported by the GF and numerous special funds, and most of these funds can be used to support departments' administrative costs. The budget could apportion the proposed \$4.5 million to these funds in proportion to the number of employees being moved for each department and the relative share of department costs borne by their special funds. This approach would reduce ELPF costs but increase costs on other funds, including GF. However, these would be one-time costs, and the impact to each individual fund would be relatively small.

Staff Comments. BCPs on NRA Building Move, DPC's Fiscal Services Support, and San Diego River Conservancy's DGS HR Services. While some of the proposals intending to use ELPF clearly meet the requirements of PRC Section 21190, Legislative Counsel has determined that the proposals for CNRA's building move, the DPC's fiscal services support, and San Diego River Conservancy's DGS HR services are not appropriate uses of ELPF.

According to Legislative Counsel, PRC Section 21190 requires funding from ELPF needs to be tied to

a project or program that has a clearly identified purpose as enumerated in the section. The license plate fund is a special trust fund — The Legislature established discreet goals for the fund. The enumerated purposes show that ELPF is not supposed to be used for General Fund purposes. These three BCPs are related to general operating costs.

The Administration's interpretation of PRC Section 21190 is that if the *mission of the entity* fulfills a purpose identified in PRC Section 21190, then the use of ELPF is legal. However, this is not the most logical or persuasive argument. The Administration does not give enough meaning to every word in the section — one has to look at all the phrases collectively and harmonize them together. For example, this interpretation does not work for the University of California (UC), which is identified as an eligible recipient. UC's mission is not environmentally-related— UC's mission is education. UC would be eligible for ELPF funding as long as the money would be used for a specific enumerated purpose like scientific research on the risks to California's natural resources caused by the impacts of climate change. The Administration's interpretation does not make sense grammatically when considering the section as a whole and how the sentences are constructed. Legislative Counsel rejects the Administration's interpretation of PRC Section 21190.

Another concern raised by Legislative Counsel is whether these three proposals support the integrity of the fund. ELPF is essentially a trust fund and appropriations from it should meet the expectations of the people who donated the money from paying an extra fee for their license plate. Is an office move or HR expense considered an identifiable program or project that serves the purpose of the fund or does it breach the trust of the donator? There does not appear to be a nexus between the administrative purposes of these three proposals and a specific environmental project/program that benefits all the people in California. It is important to preserve the fund for trust purposes, which these three fail to do by proposing to use ELPF moneys for general operating costs. They may benefit the employees and the departments, but do not benefit the public by and large.

Natural Resources Agency New Facility Relocation. Last year, the Governor's January Budget proposed \$9.646 million GF one-time to conduct critical activities and acquisitions associated with its required move to the new facility. The May Revision (MR) decreased this proposal by \$4.823 million GF to reduce the level of resources associated with the agency's move to the new facility. Funding for the move was approved as modified in MR. This year, the Governor's budget proposes to use ELPF instead of GF for the move.

Staff Recommendation. Approve as budgeted (b), (e), and (f). Hold open (a), (c), and (d)

3480 DEPARTMENT OF CONSERVATION (DOC)**Issue 27: CalGEM Oversight**

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

Increased Staffing for Various Programs (\$2.4 Million). According to the LAO, the Administration proposes to add \$2.4 million in 2021-22 (growing to \$4.8 million upon full implementation in 2023-24) from OGGAF for CalGEM regulatory oversight and enforcement, increased public transparency, and implementation of legislation. This funding would support 12 positions in 2021-22, growing to 26 positions upon full implementation. Specifically, the funding would support the following activities:

- *Field Presence.* The proposal includes nine positions upon full implementation. The positions would perform the following regulatory functions: (1) witness field operations, (2) review UIC projects and applications, (3) review and manage the aquifer exemption approval packages, (4) process permit applications, and (5) perform construction site reviews.
- *Enforcement Program.* The proposed funding includes five positions upon full implementation to identify and implement enforcement actions. Enforcement staff would perform several functions including collecting and organizing evidence, gathering and evaluating well ownership and lease information, and identifying responsible parties to support the issuance of orders.
- *Pipelines and Facilities Program.* The proposal includes three positions upon full implementation to collect and analyze information that operators are required to provide, such as maps and data on oil and gas pipelines and tank facilities as well as pipeline management plans. The staff would utilize this data to identify, map, and categorize wells and facilities to guide regulatory activities. According to the division, this would allow it to better (1) plan for inspections; (2) identify hazards; (3) collect, manage, and analyze facility condition information; (4) retain data on abandonment costs; and (5) prioritize well abandonment projects.
- *Public Transparency.* The proposed funding includes four positions upon full implementation to (1) gather, analyze, and provide quality control checks on data to respond to the Legislature, public, and media in a more timely manner, and (2) lead public engagement with community organizations and local governments to update public safety and health rules designed to protect communities near oil and gas production operations.
- *Flame Resistant Clothing.* The proposal includes funding for personal protective equipment to protect field staff when entering oil operators’ spaces.
- *Legislation Implementation.* The proposed funding includes three positions upon full implementation to (1) collect and review data on liability, cost estimates to plug and abandon wells, and financial viability from operators as required by SB 551 (Jackson), Chapter 774, Statutes of 2019, and (2) perform risk assessments of operators’ abilities to remediate wells and revise financial assurances, as required by AB 1057 (Limon), Chapter 771, Statues of 2019.

- *Idle Wells Program.* The proposal includes two positions upon full implementation to meet requirements imposed by new idle well regulations. The staff (1) centralize the idle wells program and standardize forms and processes used by division staff and operators, and (2) increase tracking of operator compliance.

Background. CalGEM regulates oil and gas operations, administers laws for the conservation of petroleum and resources to ensure the safe development and recovery of energy resources. CalGEM regulates onshore and offshore field operations by evaluating permit applications to drill, rework, and plug and abandon wells, and by providing permit conditions to prevent damage to state resources and protect oil field workers and surrounding communities. CalGEM also advises local governments when new development is planned over, near, or adjacent to historic oil field operations.

Last year, CalGEM requested a total of 128 positions over three fiscal years from the 2020-21 BCP, with an increase of 53 positions scheduled for 2020-21. However, the BCP was withdrawn due to the economic downturn resulting from the COVID-19 pandemic. Ultimately, the Administration and the Legislature agreed on 25 positions for 2020-21 as a first-year alternative, with no increases agreed to for the second and third years.

This 2021-22 BCP represents many of the same positions requested for the first year in the 2020-21 BCP. Both the 2020-21 positions and the proposed 26 positions in this request are for activities related to private oil companies, including increasing CalGEM's field presence to perform regulatory inspections, enhancing CalGEM's regulatory programs, meeting legislative mandates, such as ensuring there is adequate financial coverage for idle and orphaned wells, and improving transparency. CalGEM requests these positions to help meet its regulatory requirement.

The Budget Act of 2020 added 25 positions to CalGEM. CalGEM has filled four of the 25 positions and posted job bulletins for all other positions. The postings close in February 2021 after which the interview and hiring process begin. CalGEM anticipates having the majority of the positions filled by mid-March.

LAO Comments. *CalGEM Regulates Oil and Natural Gas Production.* CalGEM regulates onshore and offshore oil, natural gas, and geothermal wells. The division is responsible for ensuring the safe development of oil, natural gas, and geothermal resources in the state through utilization of sound engineering practices that protect the environment, prevent pollution, and ensure public safety. In order to fulfill its mandate to regulate oil and natural gas operators, the division performs various regulatory activities.

Reviews and Approves or Denies Permits. Oil and natural gas operators must obtain permits from the division in order to perform a variety of common activities including (1) drilling new wells, (2) reworking or deepening existing wells, and (3) plugging and abandoning wells. The division typically evaluates 7,000 to 10,000 permit applications per year.

Witnesses Field Operations. State law and regulations require division staff to witness about 30 different oil and gas production operations and the testing of certain equipment (referred to as "shall-witness" operations). For example, the plugging and abandonment of a well encompasses numerous steps that are required to be witnessed by field inspectors. State law and regulations also allow the division to witness certain oil and natural gas production operations and testing equipment (referred to as "may-witness" operations). In 2019, there were 50,080 shall- and may-witness operations.

Evaluates Aquifer Exemptions. An operator is required to secure an aquifer exemption before injecting oil and natural gas production fluids into the ground. This is allowed if the aquifer is not a current or

future source of drinking water. The approval of an aquifer exemption consists of six sequential review and approval steps by multiple agencies — including CalGEM, SWRCB, and US Environmental Protection Agency — and takes at least one year to complete. The division is currently involved in 17 aquifer exemption package reviews that are at various stages in the approval process.

Regulates Underground Injection Control (UIC). The UIC program regulates the permitting, drilling, inspecting, testing, a new sealing of about 55,000 UIC wells in California that fall into two categories: (1) wells that inject water or steam for enhanced oil recovery and (2) wells that return briny water — typically unusable for drinking or irrigation — from oil and natural gas production back underground. According to the division, there are over 850 UIC projects statewide that require review. These projects are generally defined by a geological zone or area and can be as small as a few well SOR as large as thousands of wells that inject fluids.

Performs Construction Site Well Reviews. The division developed the construction site well review program to assist local permitting agencies in identifying and reviewing the location and condition of oil and natural gas wells located near or beneath proposed construction sites. According to the division, this function is important in urban areas, such as Los Angeles, where oil fields are typically older — sometimes more than 100 years old — and urbanization is rapidly occurring. In 2019-20, the division processed 238 construction site reviews which take from days to months to complete depending on the size and complexity of the review and the availability of data on the wells at or near the construction site.

Regulates Pipeline and Facilities. After oil and natural gas is pumped from the ground, it goes through a production facility that prepares it for sale to refineries or gas utilities. The division's pipelines and facilities unit oversees these facilities and regulates all oil and natural gas production equipment between the wellhead, where oil and natural gas leaves the ground, and the sales meters, where ownership or custody changes hands.

Issues Notice of Violation (NOV) and Enforcement Orders. The division's enforcement program was established in 2018-19 to centralize and standardize the division's set wide enforcement efforts. Field inspectors issue NOVs to operators who are out of compliance with state laws or regulations. If a noncompliant operator refuses to voluntarily take action to remedy a violation, enforcement staff can draft orders to comply in coordination with the department's legal staff.

Regulates Idle Wells. Idle wells are wells that have not produced for two years or more and have not been properly plugged and abandoned. They can leak oil or natural gas, which can pose risks to life, health, property, and natural resources if they are not adequately monitored and tested regularly. The division manages plans for the elimination and testing of idle wells, which require division staff to monitor and ensure all work is being completed by operators in a timely manner. In addition, staff witness well testing to ensure it is done appropriately. New idle well regulations that went into effect April 1, 2019 are expected to increase the number of idle wells tested per month from about 200 in 2020 to over 700 in 2023. Overall oil and gas production in the state has declined in the past several decades.

Recent Legislation Expanded the Division's Regulatory Role. In 2019, the Legislature passed and the Governor signed several pieces of legislation that increased the division's regulatory authority and required the division to perform additional evaluations. The key pieces of legislation — and some of their major provisions — are as follows:

- *AB 1057 (Limon), Chapter 771, Statutes of 2019.* AB 1057 authorizes the division to require increased financial assurances from an operator and mandates that operators provide additional

documentation when ownership of wells or facilities changes.

- *SB 463 (Stern), Chapter 773, Statutes of 2019.* SB 463 requires operators of natural gas storage wells to apply for a permit to perform a well stimulation treatment and to provide the division with a complete inventory of materials that could be emitted from the well in the event of a leak. In addition, the division is required to review and, if necessary, revise its natural gas storage well policy and regulations.
- *SB 551 (Jackson), Chapter 774, Statutes of 2019.* SB 551 requires each operator of an oil or natural gas well to submit a report that estimates the operator's total costs to plug and abandon all of its wells to decommission all attendant production facilities, including site remediation. The division is also required to conduct inspections of certain idle wells and deserted production facilities and to report its findings from these inspections to the Legislature.

2020-21 Budget Included Some Resources to Address Increased Workload. In 2020-21, CalGEM received \$7 million ongoing from OGGAF and 25 permanent positions to support the increased workload associated with implementation of the legislation mentioned above as well as other improvements for greater regulatory enforcement, increased oversight of gas and oil production, and improved public transparency.

Proposal Addresses Growing Workload Associated with Regulatory Changes. The LAO finds that the positions and funding requested are reasonable based on the existing backlogs of field inspections, gap between enforcement action and capacity, and volume of information and data requests from the public. In addition, recent legislation has increased oversight requirements, which, in turn, has increased the division's workload. Some examples of the existing backlogs and increased oversight requirements include:

- *Field Presence.* The division currently has backlogs in several areas of field presence work due to limited staffing capacity, including 17 acquirer exemption applications, 80 UIC project reviews, and 3,384 well summary reviews. CalGEM estimates that the requested resources will allow it to clear these backlogs over several months for certain types of work, like well summary reviews, to a couple of years for aquifer exemption applications. These resources would also help prevent future backlogs.
- *Enforcement.* The department reports that in 2018-19, division staff recommended 87 enforcement actions, but limited staffing resulted in only 49 enforcement orders being issued. The department reports that the requested resources would allow the division to increase the issuance of enforcement orders from about half of the recommendations to roughly three-quarters.
- *Pipelines and Facilities.* Although recent state regulations require operators to provide maps of pipelines and facilities to CalGEM, the division lacks the staffing capacity to process and use such geospatial data to identify and prioritize for inspection the areas that pose the greatest risk to the public and the environment. With the requested resources, the division projects to be able to process and inspect at least 40 percent of pipelines and facilities over the next couple of years.
- *Public Transparency.* In 2020, the department received an average of more than 50 inquiries from the Legislature, media, and public each month. The department has two dedicated positions to address these types of requests, and responses were often delayed due to lack of capacity.

- *Legislative Mandates.* AB 1057 and SB 551 required the division to perform new activities previously not included in its workload. For example, the division is now required to develop cost estimates to plug wells and decommission facilities, evaluate and verify operators' financial security reporting for liability estimates, and conduct field inspections of facilities to validate operators' reporting. Although the 2020-21 budget provided additional funding and positions to begin these activities, the augmentations were not sufficient to address the full extent of the workload.
- *Idle Wells* Recent idle well regulations expanded the division's responsibilities in inspecting, testing, and overseeing the plugging of idle wells. However, the department reports noncompliance with recent regulations has been an issue — about three-quarters of the recommended enforcement actions in the division are predated to idle wells. According to the department, additional resources would improve compliance by standardizing communication with operators and proactively identifying and engaging with operators at risk of noncompliance.

Division's Workload Could Vary Due to a Number of Factors. CalGEM's annual field and oversight workload is somewhat uncertain and can change over time for a number of reasons. Factors that can affect the division's annual workload include:

- *Market Factors.* The amount of oil and gas produced in California varies depending on the price and demand for such goods. Generally, significant production slowdowns in the state's oil and natural gas industry result in a decrease in certain types of field presence-related workload for the division.
- *Geography of Production.* Travel time associated with field inspections vary depending on the locations of gas and oil production activities, which can affect the number of activities staff can perform. For example, in the Southern district, traffic congestion in the Los Angeles metro area can increase the travel time from one activity to the next.
- *Complexity of Reviews.* Some project reviews — such as aquifer exemptions — require years to complete, whereas others — such as well summary reviews — take only hours. The types of project reviews included in the division's workload is highly dependent on the action of oil and gas operators, and could vary from year to year.
- *New Programs.* There is inherent uncertainty regarding workload associated with the implementation of any new regulation or legislation, as there is limited prior experience.

LAO Recommendations. Approve Proposal. The LAO recommends the Legislature approve the budget request of \$2.4 million and 12 positions (growing to \$4.8 million and 26 positions over three years) to meet the increased workload associated with regulatory changes. The LAO finds that these resources are justified on a workload basis and are consistent with recent statutory requirements.

Require the Department to Provide Data on Key Performance Metrics. Although the division has justified its request for additional resources, the amount of field and oversight workload could vary depending on several factors. Accordingly, the LAO recommends that the Legislature adopt supplemental reporting language that requires the department to provide an update on the division's performance in several areas of operations by January 1, 2025, after full implementation of this proposal. This reporting would provide accountability by requiring the department to show the degree to which it improved regulatory review and compliance, fully implemented legislation, and improved the timeliness of public information requests. This report could include annual data on key performance metrics

including:

- Share of “shall” and “may” operations at critical and non critical wells witnessed reported annually.
- Number of aquifer exemption applications, UIC project reviews, and well summary reviews unprocessed by the end of each year.
- Gap between the recommended and issued enforcement actions.
- Share of pipelines and facilities mapped and inspected.
- Progress implementing AB 1057 and SB 551, including the number of financial assurances reviewed, information on well and facilities ownership changes, and the number of operator reports (that estimate the costs to plug all wells and decommission attendant facilities) received and verified by the department.
- Monthly average of legislative, public, and media request received and average time involved in responding to such requests.

Staff Recommendation. Hold open.

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

Issue 28: Presentation on Service Based Budget (SBB) Review — Final Report

Background. *Service Based Budgeting.* SB 854 (Committee on Budget and Fiscal Review), Chapter 51, Statutes of 2018, directed DFW to conduct a SBB review.

SBB is a budgeting approach that identifies the tasks needed to accomplish the department's mission. This review is intended to help inform the future budget based on staff time needed to complete these tasks. The SBB approach is task-based, labor-focused, and organized by the department's services to the public. Below are four key aspects of SBB:

- *Organized by Service.* DFW identifies the services that represent all of the activities that occur within the department to meet DFW's mission.
- *Task-Based.* Subject matter experts develop a list of service-specific activities, referred to as tasks, that align with each service.
- *Labor-Focused.* SBB collects labor hours desired per task (mission level), and currently spent per task (current level).
- *Annual Process.* SBB tasks and service levels should be reviewed each year in advance of the budget cycle.

The department's review studied and the service standards designed to meet its mission, cost estimates and staffing requirements to meet its mission, and a comparison of the mission level needs against existing staffing. The SBB process analyzed the department's existing revenue structure and supported activities, identifying where a different funding source or revenue structure could be allowable or more appropriate for an activity. The department developed a tracking system to gather staffing data and continuously analyze service levels across its programs. An internal department leadership team guided the SBB process, which was also advised by an external advisory committee.

Comparing What the Department Currently Does To Meet Its Mission. According to the SBB final report, the SBB data allows the department to perform a quantitative comparison of the labor hours for its current level of service with the labor hours to meet its mission level of service. While the comparison is made based on labor hours, gaps between the current and mission level service levels do not directly equate to staffing shortages. Instead, they represent constraints or challenges in DFW meeting its mission.

Service Area	% Fulfilled by Current Level	% Gap to Mission
Administrative Support	74	26
Education & Outreach	56	44
Land & Facilities	36	64
Public Use & Enjoyment	33	67
Law Enforcement	33	67
Operational Support	33	67
Permitting & Environmental Protection	29	71
Species & Habitat Conservation	26	74

As shown in the figure above, SBB data demonstrates that the department is under-resourced to meet its mission. On the whole, data suggests that the department requires approximately three times its current level of staffing to meet its mission. While operational improvements and process efficiencies can be undertaken to reduce staffing needs, the data illustrates a significant gap between current and mission levels of service. The gap varies by service area, with the largest gap being in the department's Species & Habitat Conservation service area. Various species monitoring-type tasks show the greatest difference between the mission and current level of service. These gaps are consistent with prior legislative and other efforts that recognized the department's lack of sustainable funding for non-game efforts. They also correspond with the perceived areas of need reported by stakeholders for the SBB effort.

LAO Comments. *SBB Review Determined Existing Service Levels Fall Short of Meeting Mission.* DFW determined that the number of staff hours currently being spent are far below what would be needed to meet mission levels in most service areas.

Current Services Are Less Than One-Third of Mission Levels in Most Areas. Existing service levels in the species and habitat conservation, permitting and environmental protection, law enforcement, and public use and enjoyment service areas each fall short of mission levels by at least 1.4 million hours a year.

Largest Shortfall Is in Species and Habitat Conservation Service Area. DFW staff currently spend about 750,000 hours per year on species and habitat conservation activities, compared to the 2.9 million hours that the department estimates would be needed to meet its mission in this area.

Fiscal Downturn Precluded Ongoing Augmentations in 2020-21. The Governor's January budget for 2020-21 proposed a \$19 million ongoing increase to DFW's habitat and conservation activities to address its service gaps, but that proposal was withdrawn from consideration in the final budget package.

Current-Year Budget Provided Some One-Time Funds. While the ongoing augmentations were not provided in the current year, the 2020-21 budget ultimately did include \$6.2 million GF one-time for various purchases and activities (a reduction from the \$20 million in one-time funds that the Governor originally proposed in January 2020).

Issue 29: Biodiversity Enhancements/Strategic One-Time Investments, Wildlife Habitat Restoration and Public Recreation for Underserved Communities

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

- \$41.75 million GF one-time to make progress toward safeguarding California's biodiversity, increasing access opportunities on state lands, and finding long-term solutions to restore our natural ecosystems. These strategic investments are supported by information from its service-based budget review and will allow DFW to modernize infrastructure, fleet operations, and support systems to build climate resiliency within state-owned lands.
- \$3.34 million Proposition 12 one-time to restore and enhance wildlife habitat and provide visitor amenities on selected state lands to enhance biodiversity conservation and provide equitable access for diverse communities.

Background. The Service-Based Budgeting (SBB) Project at DFW. The Budget Act of 2018 required DFW to undergo a SBB review. The service-based budget process is intended to analyze DFW's ability to meet service levels required to achieve its mission, accounting for existing statutes, state and federal requirements, public and stakeholder expectations, the need for scientific rigor, reasonable operations necessary for ecosystem-based management and biodiversity conservation, and policy considerations based on best available science. This process identified service standards to meet DFW's mission, described the tasks needed to accomplish the identified mission service standards, compared current service levels to identified mission service standards, and considered one-time improvement actions to reduce gaps in service.

The SBB review is intended to inform the future budget based on staff time needed to complete these tasks. The SBB project is projected to conclude in 2021, when the SBB Review Report is due to the Legislature.

Governor's Executive Order N-82-20. On October 7, 2020, Governor Newsom signed Executive Order N-82-20, which directs state agencies to deploy a number of strategies to store carbon in the state's natural and working lands and remove it from the atmosphere. The order also sets a goal to conserve 30 percent of the state's land and coastal water by 2030 to fight species loss and ecosystem destruction.

The proposals include investments in a range areas. The proposals requests \$45.1 million (\$41.8 million GF and \$3.3 million in Proposition 12) for equipment, technology, process and efficiency improvements and others. Specifically, the proposals requests for the following (all from the GF except where noted):

- ***Equipment Related to Human Wildlife Conflict*** — Purchase equipment, such as flagging for fences to protect livestock from wolves and traps to catch and relocate wildlife, to prevent and address negative interactions between wildlife and people. (\$7.0 million)
- ***Fixed Wing Aircraft*** — Replace old plane used for species monitoring and law enforcement. (\$4.5 million)
- ***Equipment at Fish Hatchery Operations*** — Purchase egg-sorting machines and fish-stocking vehicles at fish hatcheries to increase reliability and efficiencies. (\$7.0 million)

- ***Equipment and Facilities at State-Owned Wetlands*** — Upgrade water conveyance systems and maintenance equipment to increase water and energy efficiencies and improve habitat conditions. (\$9.8 million, including \$840,000 from Proposition 12.)
- ***Vegetation Mapping*** — Make progress on an existing DFW initiative to develop statewide fine-scale vegetation map, which is used for multiple planning and habitat conservation efforts. (\$5.5 million)
- ***Marine Patrol Vessel*** — Replace old boat used for species monitoring and law enforcement. (\$4.5 million)
- ***Visitor Amenities at State Lands*** — Enhance amenities, such as by adding restrooms, at DFW lands, with focus on sites with high visitation rates near “under-served communities.” (\$6 million, including \$2.5 million from Proposition 12.)
- ***Fishing and Hunting License System*** — Deploy mobile application that displays state hunting and fishing regulations, and undertake initial steps to develop new electronic licensing platform. (\$750,000)

According to the proposals, these investments will implement the Governor’s Executive Order N-82-20 and better allow DFW to conserve the environment and maintain biodiversity.

The department further asserts that the proposed investments are supported by information from its SBB review. The SBB’s findings highlight that the greatest areas of needed capacity include restoration and enhancement to improve habitat and species diversity and resilience to climate change, as well as development of public recreational and educational programs, outreach, partnerships, and site amenities to foster engagement with Tribal, local, and underserved communities.

LAO Comments. *Helps Reduce Some Existing Service Gaps Without Committing Ongoing Funding.* Overall, the Governor’s proposals seem reasonable and could yield multiple benefits.

Proposals Could Yield Multiple Benefits. The equipment and land management upgrades likely would decrease staffing and maintenance costs and improve effectiveness. Addressing human-wildlife encounters would protect the needs of both groups, as well as reduce department staffing requirements. Enhancing visitor amenities would improve public access. Mapping vegetation would inform future species and habitat management decisions.

Amount of Benefit Uncertain. DFW could not quantify the degree to which these proposals would improve its ability to meet its mission in the different SBB service areas. For example, purchasing new hatchery egg-sorting machines should be able to close the gap between “mission” and “current” SBB service levels, both by *reducing* the number of staff hours needed to meet DFW’s mission (though negating the need for staff to conduct manual sorting) and *increasing* current service levels (through staff being freed up to accomplish additional tasks). However, DFW stated that using the SBB system to calculate the degree to which its proposals would reduce existing service gaps would take too much time, and they would not be able to quantify the improvements until their next SBB review cycle.

Does Not Focus on Service Area Where DFW Has Largest Gap. While a few components of the proposed package would address species and habitat conservation— most notably vegetation mapping

— most do not. DFW states this is because most of the needed work in that area would require additional staff and ongoing funding, and that the state’s fiscal condition precludes such augmentations.

Unclear How Administrative Plans to Address Deficiencies. DFW has not presented a long-term plan for how it will make progress on carrying out its mission related to species and habitat conservation. Moreover, these responsibilities likely will increase with the challenges presented by a changing climate.

Legislature Could Consider Alternative Package of One-Time Investments. While DFW’s proposed package of activities is reasonable, it is not the only option. The Legislature could select an alternative mix of one-time activities to support.

Example: Target Funding for Other Conservation Activities. The Legislature could work with DFW to design a one-time funding package that is more targeted around species and habitat conservation activities, including potentially providing up-front funding to cover multiyear, high-priority activities (such as developing recovery plans for particular threatened species).

Example: Shift Funding to Augment Proposed Conservation Efforts. The Legislature could opt to upgrade visitor amenities at fewer DFW sites than proposed by the Governor and instead spend more on vegetation mapping to complete a greater portion of the state. (Roughly 60 percent of the state has been mapped thus far; DFW estimates that its proposal would help complete an additional 15 percent to 20 percent).

Hunting and Fishing License Proposal Likely Could Be Funded — At Least Partially — by Special Funds. The creation of a mobile application for hunters and anglers is reasonable. Since it would provide value for users, the existing fees DFW collects from these groups could be an appropriate funding source for this project.

LAO Recommendations. Approve a One-Time DFW Funding Package That Reflects Legislative Priorities. Given the department’s significant deficiencies in meeting its mission service levels, the LAO finds spending one-time funds to upgrade DFW’s service levels to be worthwhile. The Legislature could approve the Governor’s proposal, which the LAO believes is a reasonable mix of activities that could yield multiple benefits. Alternatively, the Legislature could modify the proposal to fund a different mix of activities based on what it views to be the highest statewide priorities.

Direct DFW to Identify Special Funds to Support Hunting and Fishing License Proposal. The LAO recommends that the Legislature direct DFW to report back by May 15, 2021 with potential alternative sources of funding that oculi support this proposal. To the degree that special funds could offset some or all of the \$750,000 proposed from the GF, that freed up funding could be redirected to other GF priorities, either within DFW or in other policy areas.

Require DFW to Report Back With Long-Term Options to Address Service Deficiencies. The LAO recommends directing DFW to report to the Legislature with specific ideas for making progress on addressing the service deficiencies highlighted by the SBB review, particularly for habitat and species conservation, including options for long-term funding. This report could be incorporated into the SBB presentation DFW is required to make in legislative oversight hearings by April 2021.

Staff Recommendation. Hold open.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)
3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)
3860 DEPARTMENT OF WATER RESOURCES (DWR)

Issue 30: One-Time Deferred Maintenance Allocation

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

- CalFire: \$10 million
- Parks: \$20 million
- DWR: \$75 million

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

Background. Deferred maintenance needs for these departments are as follows:

- **CalFire.** The department has an existing \$157 million backlog of deferred maintenance projects which includes critical infrastructure and providing basic needs such as heat, air, water, and safety system maintenance.
- **Parks.** The department currently has a deferred maintenance backlog of approximately \$1.27 billion with over 5,000 projects.
- **DWR.** The 2017 Central Valley Flood Protection Plan identified the deferred maintenance needs for continued operations of the State Plan of Flood Control flood Management system in the Central Valley at \$12 billion over 30 years (this amount may be distributed between local, state, and federal entities).

At the time of the writing of this agenda, the Administration was in the process of finalizing a list of potential projects that would be supported with this funding. Examples of the types of projects that will be funded with this proposal are as follows:

- **CalFire.** The funding requested in this proposal will help to address critical infrastructure that houses public safety staff around the clock, throughout the year. Projects include basic needs such as heat, air, water, and safety system maintenance and repairs (e.g. fire alarm control panels, smoke and carbon monoxide detectors, fire suppression systems, etc.), fixture and structural repairs, and implementation of energy retrofit programs, all to increase energy efficiency and resource sustainability and more readily achieve statewide goals.
- **Parks.** The department’s highest priority deferred maintenance projects include, but are not limited to, water and wastewater systems, parking lots, trails, roads, restrooms, utilities (such as electrical and fire suppression systems), historic structure rehabilitations and stabilizations, roofs, and bridges.

- **DWR.** Project types include Levee Rehabilitation, Storm Damage DWR Emergency Rehabilitation and State Plan of Flood Control Channel and Rehabilitation and Capacity Restoration.

The \$105 million proposed for CalFire, Parks, and DWR deferred maintenance is part of a \$250 million GF proposal for one-time deferred maintenance funding statewide. Funding is allocated for deferred maintenance by evaluating what the overall statewide need is against the amount of total one-time funding that is available. Factors considered to refine the allocation include:

- Criticality of projects – fire and life safety, ADA compliance, health and safety issues, and emergency response.
- Type of facilities involved – critical care, 24/7.
- Special needs of departments.
- Department capacity (staff /resources) to complete the projects within the three-year timeframe.
- Whether or not the department has other fund sources available for deferred maintenance funding.

According to the Administration, the number of projects a department can handle largely depends on the types of projects selected, complexity, and on how long the funding is available. The deferred maintenance allocation proposed in the 2021-22 Governor’s Budget is available for encumbrance or expenditure until June 30, 2024. The departments will have up to three years to support deferred maintenance projects with this funding and will address high priority projects during the requested time frame.

Some of these deferred maintenance projects have multiple benefits. For example, CalFire projects funded with this request would be selected based on essential operational needs and addressing the greening infrastructure goals such as facility sustainability and carbon footprint reduction. The selected CalFire projects are intended to address major operational problems and concurrently provide energy and operational efficiency and reduce long-term consumption of resources and energy use. For Parks, nearly all of the projects directly or indirectly support public access and/or have environmental benefits. DWR projects support public safety and flood risk reduction.

Staff Comments. Both the Administration and the LAO expect an estimated windfall — or one-time surplus — of \$15 to \$26 billion GF in 2021-22. A growing GF operating deficit is also anticipated in the fiscal years immediately following.

Deferred maintenance problems can grow more expensive the longer they get delayed. It also appears that these projects have multiple benefits such as improving energy efficiencies and flood protection. It may behoove the state to invest more than \$105 million in deferred maintenance with the anticipated one-time surplus and looming operating deficit in the near future considering the backlog is significantly higher for each of these departments than the appropriations proposed.

Staff Recommendation. Hold open.

3860 DEPARTMENT OF WATER RESOURCES (DWR)**Issue 31: Sustainable Groundwater Management Program**

Governor’s Proposal. The Governor’s budget requests \$60 million GF (\$30 million in 2020-21 and \$30 million in 2021-22) to continue implementation of the Sustainable Groundwater Management Program. Specifically, the requested resources are for grants to support local planning and implementation of Groundwater Sustainability Plans across critically over-drafted basins.

LAO Background. *Sustainable Groundwater Management Act (SGMA).* The three laws that make up SGMA — SB 1168 (Pavley), Chapter 346, Statutes of 2014, AB 1739 (Dickinson), Chapter 347, Statutes of 2014, and SB 1319 (Pavley), Chapter 348 — were enacted with the goal of achieving long-term groundwater resource sustainability. SGMA represents California’s first comprehensive statewide requirement to monitor and operate groundwater basins to avoid depletion.

Requirements Apply to Certain Basins. SGMA’s requirements apply to 94 of the state’s 515 groundwater basins that DWR found to be “high and medium priority” based on various factors, including overlying population, irrigated acreage, number of wells, and reliance on groundwater.

Applies Where Most Groundwater Is Pumped. The 94 high- and medium-priority basins account for 98 percent of California’s annual groundwater pumping.

Groundwater Use in Some Basins Is Critically Out of Balance. DWR has identified 21 of the basins to which SGMA applies as being “critically overdrafted” (COD), meaning a continuation of current practices likely would result in significant adverse impact.

Requires Development of Sustainability Plans. Local groundwater sustainability agencies (GSAs) — formed by a single or combination of local public agencies with existing water or land management duties — are responsible for developing and implementing long-term groundwater sustainability plans (GSPs).

Plans Define How Basins Will Achieve Sustainability. GSPs must define specific guidelines and practices to govern the use of individual groundwater basins — including both extraction and replenishment — to sustainable levels such that undesirable results are avoided. Such results include subsidence and wells going dry.

Local Agencies Developing and Beginning to Implement Management Plans. GSAs representing 19 of the 21 COD basins submitted GSPs or approved alternative plans to DWR in January 2020 and are beginning to implement strategies to manage their basins sustainably. (Two of the COD basins are involved in court adjudication to manage their basins instead of SGMA and did not submit GSPs.) The remaining high- and medium-priority GSAs must submit and begin to implement GSPs by January 2022.

Implementation Over Next Couple of Decades. COD basins must achieve the sustainability goals articulated in their GSPs by 2040, and other high- and medium-priority basins must do so by 2042.

State Has Provided Significant Funding To Support SMGA-Related Activities in Recent Years. In addition to funding for DWR staff to provide technical assistance and oversight, previous budgets have

appropriated \$140 million from Propositions 1 and 68 for grants to aid GSAs in *developing* GSPs, and \$88 million from Proposition 68 to begin *implementing* their plans.

Much of the Grant Funding Has Been Awarded. DWR has allocated all of the Proposition 1 planning grant funding, and plans to award \$26 million for COD basins to implement their GSPs via a competitive grant program in May 2021. The remaining \$62 million in Proposition 68 implementation funds — plus an additional \$10 million from Proposition 68 that the Legislature has not yet appropriated — is being reserved for non-COD basins in future years.

LAO Comments. *Proposal Addresses Important State Priority.* COD basins face the double challenge of experiencing the most severe imbalance between groundwater usage and available groundwater resources, as well as the most expedited SGMA time lines to begin addressing that imbalance. Additional funding could help facilitate success in these initial phases of SGMA implementation.

Allocation Approach Makes Sense. The proposed approach of allocating funding through the existing Proposition 68-funded competitive grant program — rather than developing a new program — would minimize administrative hurdles and help to ensure that proposed projects are assessed using a transparent selection approach consistent with the priorities in the SGMA legislation.

No Compelling Rationale for Early Action. It is unclear why expediting appropriation of half the funding a few months is essential, given these are not emergency projects and the first round of Proposition 68 is still in the process of being awarded.

Splitting Funding Adds Unnecessary Administrative Complexity. Allocating the proposed funding in two additional grant solicitations of \$30 million — compared to one solicitation of \$60 million — would add administrative complexity for the department and applications.

LAO Recommendation. *Adopt Full \$60 Million in the 2021-22 Budget.* The LAO recommends that the Legislature provide additional financial assistance to GSAs to help ensure effective implementation of SGMA, but minimize administrative complexity by appropriating all the funds in the budget year for one consolidated grant program rather than providing half of the requested funds through early action in the current year as proposed by the the Governor.

Staff Recommendation. Hold open.

SENATE SUBCOMMITTEE 2

Issue 32: Senate Subcommittee 2 Wildfire Prevention & Resilience Early Action Plan

Subcommittee 2 Proposal. The Subcommittee proposes \$566 million in early action (current year, 2020-21) to address wildfire prevention and resilience issues. Overall, the proposal includes:

- \$266.5 million Resilient Wildlands
- \$139 million Wildfire Fuel Breaks
- \$ 53 million Community Hardening
- \$10.5 million Science-Based Management
- \$13 million Forestry Sector Economic Stimulus
- \$32 million Cooling Centers, Clean Air/Hydration Shelters
- \$17 million Forest Health and Watershed Protection and Restoration
- \$35 million Fire Crews

The figure below provides a breakdown of the Subcommittee’s Wildfire Early Action Plan and shows the Governor’s wildfire proposal (with separate columns for the Governor’s plan for 2020-21 and 2021-22) for comparison.

WILDFIRE PREVENTION & RESILIENCE EARLY ACTION

(In Millions)

Category	Agency/Dept	Purpose	Governor's Early Action Plan	Govr's Budget Year Proposal	SEN. Sub 2 Early Action Plan (All GF)	Senate Sub. 2 Early Action (E/A) Plan Details
Resilient Wildlands	CalFire	Forest Health	\$5	\$20	96	
			\$65	\$80	0	
	CalFire	Forest Improvement Program for Small Landowners	\$0	\$40	20	
			\$10	\$0	0	
	CalFire	Forest Legacy & Reforestation Nursery	\$8	\$17	8	
	CalFire	Urban Forestry	\$10	\$13	10	
	CalFire	Tribal Engagement	\$1	\$19	1	
	Parks, CDFW & SLC	Stewardship of State-Owned Land	\$19	\$123	49	Governor's Plan: DFW (E/A \$9m); Parks (E/A: \$10); Sub. 2 E/A Plan: Parks — \$22m DFW — \$27m DFW — Of the \$27m, specify \$16m as follows: \$2m - Equipment \$4.8m - 12 PY for 2-year limited-term to help expedite environmental review and permitting.

						<p>\$3.5m - Hire contractors to work on DFW land.</p> <p>\$5.5 - Temp help (seasonal crews) Extend encumbrance periods for both DFW & Parks for 18 months (for this as well as other categories).</p> <p>Add BBL/TBL to expedite contracting and procurement similar to provision in 2014 Executive Order for droughts — Address review timelines and delays with DGS procurement and contracting processes — "To ensure that equipment and services necessary to wildfire prevention be procured quickly, the provisions of Government Code and the Public Contract Code applicable to state contracts, including but not limited to, advertising and competitive bidding requirements are suspended. Approval by the Dept. Of Finance is required prior to execution of any contract entered into pursuant to these directives."</p>
	Sierra Nevada Conservancy		\$20	\$50	25	
	Tahoe Conservancy		\$1	\$11	3	
	Santa Monica Mountains Conservancy		\$0	\$0	12	
	San Diego River Conservancy		\$0	\$0	12	
	San Gabriel & Lower LA Rivers & Mountains Conservancy		\$0	\$0	18.5	<p>\$4.5m for River Wilderness Park Phase 1 improvements including restoration/enhancements of site inclusive of native plants, bioswales, and permeable paving.</p> <p>\$2m for San Gabriel Mountains River Ranger Pilot Program partnership with US Forestry Service, Nature4All, council for Watershed Health (\$2m total, \$500,000 annually for 4-year limited term).</p>
	State Coastal Conservancy		\$0	\$0	12	
Wildfire Fuel Breaks	CalFire	CalFire Unit Fire Prevention Projects	\$10	\$40	30	
	CalFire	Fire Prevention Grants	\$50	\$80	30	
	CalFire	Prescribed Fire & Hand Crews	\$15	\$0	25	
			\$0	\$35	0	
	CA Conservation Corps	Forestry Corps	\$0	\$15	15	
\$0			\$5	0		

	DOC	Regional Forest & Fire Capacity	\$25	\$60	39	Of the \$39m, specify \$16m for demonstration projects in upper watersheds with an emphasis on water supply and quality — Combo of special treatment strategies as well as monitoring systems to capture the benefit. Make available broadly to watersheds that serve as "significant sources." This will bring projects in North Coast, Southern Sierra, San Bernardino National Forest, and Central Coast. Add BBL: "Of the funds provided in this section, \$16 million shall be available for upper watershed restoration demonstration projects within watersheds that are a significant source of water supply for the state and have an emphasis on achievement of water supply or water quality benefits. Funding made available by this section shall be available for encumbrance or expenditure until June 30, 2023."
Community Hardening	CalOES & CalFire	Home Hardening (Senate Plan: Prehazard mitigation grants for early warning/evacuation systems, fire and disaster response planning, infrastructure, structural hardening, microgrids)	\$25	\$0	49	
	CalFire	Defensible Space Inspectors	\$0	\$6	1	
	CalFire/UC	Land Use Planning and Public Education Outreach	\$0	\$7	3	
Science-Based Mgmt.	CalFire	Ecological Monitoring, Research & Adaptive Management	\$3	\$17	6.5	
	NRA	Remote Sensing	\$0	\$15	3	
	ARB	Permit Efficiencies	\$0	\$4	1	
Forestry Sector Econ Stimulus	Ibank	Climate Catalyst Fund	\$47	\$2	5	
	CalFire/Workforce Development Board	Workforce Development (Senate: Career development for fire prevention, management, emergency response, restoration, etc.)	\$6	\$18	8	
	OPR	Market Development	\$3	\$0	0	
	OPR	Cooling centers, clean air/ hydration centers, emergency shelters, backup solar - GF	\$0	\$0	32	
	WCB	Forest health and watershed protection and restoration	\$0	\$0	17	

	CalFire	Increase Fire Crews	\$0	\$0	35	The Senate proposal is related to the Governor's BCP for "CalFire Emergency Response & Preparedness: CalFire/Conservation Corps Fire Crews," which adds CalFire and CCC fire crews. The Senate proposes to begin adding the 16 CalFire fire fighter hand crews in 2020-21. (\$35m in 2020-21 and \$137.3m 2021-22, \$116.3m in 2022-23 and ongoing).
		TOTAL	\$323	\$677	\$566	

Blue = GOV - GF
 Green = GOV - Greenhouse Gas Reduction Fund

Staff Comments. A few notes about the Subcommittee’s proposed Wildfire Early Action Plan:

- **Stewardship of State-Owned Land.** The Subcommittee’s proposal includes \$22 million for Parks and \$27 million for DFW. Both of these departments own land throughout the state. Parks owns 1.5 million acres, 94 percent of which is managed for natural resource values. DFW owns one million acres of land throughout the state, of which 900,000 acre are in high- and extremely high fire risk zones. Vegetation management on DFW lands provides an economic opportunity throughout the state to hire local entities to do the work through contracting and individuals for seasonal crews. The Senate proposal includes a total of \$27 million for DFW and specifies \$16 million of which to be appropriated as follows:
 - \$2 million for equipment.
 - \$4.8 million for 12 personnel years (PYs) for a two-year limited-term to help expedite environmental review and permitting (\$200,000 annually for each PY).
 - \$3.5 million to hire contractors to work on DFW land.
 - \$5.5 million for to hire a seasonal crews (temp help).
 - Extends the encumbrance periods for DFW and Parks for 18 months.
 - Adds language to expedite contracting and procurement similar to a provision in the Executive Order for droughts in 2014, which addresses review timelines and delays with DGS procurement and contracting processes.
- **Conservancies.** The Subcommittee’s proposal includes \$82.5 million funding for conservancies. This will help ensure that a variety of natural lands throughout the state will benefit from wildland resilience funding.
- **Regional Forest and Fire Capacity (RFFC) Program.** The Subcommittee’s proposal includes \$39 million, of which \$16 million is for demonstration projects in upper watersheds with an emphasis on water supply and quality. This would include a combination of special treatment strategies as well as monitoring systems to capture the benefit. Most of the demonstration projects have been more in the wildland-urban interface or focused on vegetation treatment, so this proposal adds a new dimension to the RFFC program. This funding would specifically go towards projects that focus on the water benefit. This may also help encourage water agencies partners that want to help but simply do not know how. Among other places, this funding could benefit projects in the North Coast, Southern Sierra, San Bernardino National Forest, and Central Coast regions.

- ***CalFire Increase of Fire Crews.*** The Subcommittee’s proposal includes \$35 million in 2020-21 and \$137 million in 2021-22 and \$116.3 million in 2022-23 and ongoing. This is based off of the Governor’s January budget change proposal, “CalFire Emergency Response & Preparedness: CalFire/California Conservation Corps (CCC) Crews.” The Governor’s BCP requests a total of \$143.266 million GF in 2021-22 and \$124.493 million GF (phased in over five years) and 617 positions ongoing, to add 30 additional hand crews to provide vegetation management, hazardous fuel reduction projects, and wildland fire suppression. More specifically, the Governor’s request includes 16 CalFire Fire Fighter crews, eight year-round CCC crews, and six seasonal CCC crews. The Subcommittee proposal would adopt the CalFire portion of the Governor’s proposal earlier (during the current year, 2020-21) than requested by the Governor (budget year, 2021-22).

Staff Recommendation. Direct the Subcommittee Chair, along with the Budget Chair and the support of the President pro Tempore, to engage in negotiations with the Administration and counterparts in the Assembly on the subject of an Early Action Wildfire package. The Subcommittee Plan outlined in agenda item shall be the basis for the Subcommittee Chair’s negotiation, but the dollar amounts listed should not be considered a ceiling. The ultimate goal of this subcommittee is to approve a “three party agreement” that provides resources in the current fiscal year to meaningfully improve the state’s ability to mitigate the impacts of wildfires through the 2021-22 budget year and beyond. Nothing in this motion should be construed to impart that Early Action on wildfire items will negate the need for significant and meaningful commitment of resources to combat wildfires from also being included in the Budget Act of 2021.