
ISSUES FOR DISCUSSION

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

Issue 12: Update on the Service Based Budget Review Process (Informational)

Issue 13: Advancing Biodiversity Protection, Operational Modernization, and Regulatory Efficiencies (Budget Change Proposal (BCP) and Trailer Bill Language (TBL) **Held open**)

Issue 14: Statewide Bobcat Management (AB 1254) **4-1 (Stern - No)**

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

3540 CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 15: Law Enforcement Use of Deadly Force: Policy and Training Update (AB 392/SB230) **5-0**

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

3860 DEPARTMENT OF WATER RESOURCES (DWR)

3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)

3480 DEPARTMENT OF CONSERVATION (DOC)

Issue 16: Technical Budgeting Adjustments:

(a) Budget Change Proposal (BCP): Stream Gaging Plan Implementation (SB 19) **5-0**

(b) BCP: Central Valley Flood Protection Board: Continuation of Existing Staff **5-0**

(c) BCP: Flood Planning Resourcing **5-0**

3860 DEPARTMENT OF WATER RESOURCES (DWR)

Issue 17: Hydrometeorology and Surface Water Observations **5-0**

Issue 18: (a) BCP for New River Improvement Project **5-0**

Issue 18: (b) BCP for Tijuana River Project **Held open**

Issue 19: Sustainable Groundwater Management Program (SGMP) **Held open**

Issue 20: Systemwide Flood Improvement Projects **Held open**

Issue 21: Urban Flood Risk Reduction – American River Common Features Project **4-0 (McGuire - Not voting)**

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services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

VOTE-ONLY CALENDAR

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

Issue 1: Camp Fire Assistance Act of 2019 Implementation (AB 430)

Governor's Proposal. Requests \$275,000 (General Fund) GF and one position in 2020-21 and \$220,000 ongoing thereafter to support increased workload in the Environmental Review and Permitting program associated with AB 430 (Gallagher), Chapter 745, Statutes of 2019.

AB 430 expedites the process to build housing projects in Butte County and surrounding areas to facilitate the relocation of the Camp Fire victims. AB 430, which is in effect until January 1, 2026, eliminates the need for local governments to issue a conditional use permit for housing development applications. Projects that meet specified criteria can be approved by the local agencies through a ministerial approval process. The 2018 Camp Fire destroyed 18,804 structures and displaced over 50,000 people.

Staff Recommendation. Approve as budgeted.

Issue 2: Freshwater and Estuarine Harmful Algal Bloom (HAB) Program

Governor's Proposal. Requests \$214,000 GF and one position in 2020-21, \$202,000 ongoing thereafter, to address the workload addressing HABs and protecting water quality and public health pursuant to AB 834 (Quirk), Chapter 354, Statutes of 2019.

Background. HABs are colonies of algae and cyanobacteria that produce toxins harmful, and even fatal, to people, fish, shellfish, marine mammals, and birds. Toxic blooms have appeared to have increased in recent years and impact humans through drinking water, recreational water use, and contaminated or dietary supplements.

AB 834 requires the development of a Freshwater and Estuarine HAB Program to do the following:

- 1) Coordinate on incident response and incident notifications to state and local decision makers and the public;
- 2) Conduct field assessments and monitoring to evaluate HAB extent, status, and trends;
- 3) Determine regions, watersheds, or waterbodies experiencing or at risk of experiencing HABs to prioritize assessment, monitoring, remediation, and risk management;
- 4) Conduct applied research and develop decision-support tools; and,
- 5) Provide outreach and education and maintain a centralized website for HAB information and data.

Staff Recommendation. Approve as budgeted.

Issue 3: New Streamlined Temporary Permit and Temporary Change Order Water Permitting for Groundwater Sustainability Implementation (AB 658)

Governor's Proposal. Requests \$1.119 million GF in 2020-21 and five positions, \$1.059 million ongoing thereafter to fund implementation of AB 658 (Arambula), Chapter 678, Statutes of 2019.

AB 658 encourages groundwater recharge projects during high-flow events by creating a temporary five-year permit and a temporary five-year change order for Groundwater Sustainability Agencies and local agencies. AB 658 expands the number of allowable applicants and projects that may apply for the new streamlined permits. With new Sustainable Groundwater Management Act (SGMA) requirements and the need for groundwater storage to serve as a reservoir under increasing use of conjunctive water management regimes, AB 658 is intended to increase the submission rate for project applications that divert surface water for groundwater storage.

Staff Recommendation. Approve as budgeted.

Issue 4: Proposed Water Transfers from Groundwater Basins Underlying Desert Lands (SB 307)

Governor's Proposal. Requests \$420,000 GF and two positions in 2020-21, \$400,000 ongoing thereafter to implement SB 307 (Roth), Chapter 169, Statutes of 2019.

SB 307 requires the Fish and Wildlife Commission, in consultation with DFW, to evaluate proposal transfers of water from groundwater basins underlying desert lands near state and federally protected lands in San Bernardino County's Mojave Desert for impacts on natural and cultural resources.

The transfer of water would be prohibited if DFW was to find that the water transfer would have an adverse impact on natural or cultural resources, including groundwater resources or habitat on those state or federal lands.

SB 307 responds to a proposed project, the Cadiz Valley Water Conservation, Recovery, and Storage Project, which would pump and transport water from an aquifer under the Mojave Desert to Southern California and raises concerns about harm to the Mojave Desert's environmental and cultural resources. Given Southern California's population growth and increasing strain on groundwater resources outside of the basins managed under SGMA, DFW anticipates future groundwater transfer project proposals for California's inland deserts, requiring ongoing workload.

Staff Recommendation. Approve as budgeted.

Issue 5: Various Minor Projects

Governor's Proposal. Requests \$400,000 in reimbursement authority for several projects related to the eradication of nutria. The projects, located in the Imperial Wildlife Area (Imperial County), Hernandez Lake Wildlife Area (Alpine County), and Woodbridge Ecological Reserve (San Joaquin County), are to be grant-funded by the Sacramento-San Joaquin Delta Conservancy and \$480,000 in Federal Trust Fund authority.

Staff Recommendation. Approve as budgeted.

3860 DEPARTMENT OF WATER RESOURCES (DWR)**Issue 6: DWR Charge Fund Program Implementation (AB 1054)**

Governor's Proposal. Requests 11 new positions for the start-up and ongoing operations of the DWR Charge Fund program pursuant to AB 1054 (Holden), Chapter 79, Statutes of 2019. This includes re-purposing the collection of existing bond charges on California's electric investor-owned utilities' (IOUs) ratepayers from the Electric Power Fund program to the Charge Fund program, issuance of bonds, and compliance with regulatory and financial orders and agreements.

AB 1054 enacted a broad set of reforms and programs related to the prevention and remediation of utility-caused wildfires in California and established the Wildfire Fund. The purpose of the Wildfire Fund is to provide a source of money to pay or reimburse eligible claims arising from a covered wildfire, which is a wildfire ignited by a participating IOU company's equipment or infrastructure, within that IOU's service territory. The Wildfire Fund is capitalized through a combination of payments from participating IOU companies, and monthly surcharges on ratepayers' power bills. These monthly charges are administered through the DWR Charge Fund.

To initiate activities related to the implementation of the DWR Charge Fund, AB 1054 includes a \$9 million loan from the GF in 2019-20. The \$9 million loan will be repaid upon issuance of bonds, likely occurring in fall 2020. In addition, AB 1054 includes a \$2 billion loan to the Wildfire fund, to be repaid with proceeds from future DWR issuance of bonds.

Staff Recommendation. Approve as budgeted.

Issue 7: Federal Emergency Management Agency (FEMA) Grant Reimbursement

Governor's Proposal. Requests \$36.25 million in Reimbursement Authority (\$3.25 million in 2020-21 and \$8.25 million ongoing) in order to receive two FEMA grants, one for hazard mitigation efforts and the other related to high hazard dams.

Grant funding will be allocated by California Governor's Office of Emergency Services (Cal OES) and FEMA for two purposes: (1) Post Hazard Mitigation Grant for post fire watershed and alluvial fan flood hazard mapping, instrumentation, and coordination platform application, and (2) High Hazard Potential Dams grants (first round will be for technical, planning, design, and other pre-construction activities).

Background. *Federal funding for natural disasters.* Upon a Presidential Disaster Declaration, FEMA provides grant funding for plans and projects that reduce the effects of natural disasters through their Hazard Mitigation Grant Program (HMGP). The purpose of HMGP is to reduce the loss of life and property due to natural disasters and to enable mitigation measures to be implemented during the immediate recovery from a disaster. The funds are administered through the California Governor's Office of Emergency Services (Cal OES) through its Post Hazard Mitigation Grant Program.

Staff Recommendation. Approve as budgeted.

Issue 8: Flood Management Support

Governor's Proposal. Requests \$835,000 GF in 2020-21 and \$791,000 ongoing to support three positions to address the resource needs for large flood and multi-benefit projects.

Background. *Division of Flood Management (DFM).* DWR, through its DFM, has a significant role in flood control and management to safeguard life and property. DWR fulfills this mission by supervising design, construction, operation and maintenance of more than 1,200 jurisdictional dams; encouraging preventative floodplain management practices; maintaining and operating Sacramento Valley flood control facilities; cooperating in flood control planning and facility development; and providing flood advisory information. DWR works with local and federal agencies to build and maintain a robust flood system of levees and bypasses.

Staff Comments. The request asserts that “large projects essential to addressing these significant flood risks require additional project management and environmental support beyond what is currently available. The lack of resources is impacting the timeliness of these projects and the result is a risk of stranded investments and lengthy delays in work.”

Funding this request would enable DWR to have the necessary resources to support large flood projects that are required to maintain the state’s flood system, protect developing communities, and increase flood system functionality to achieve both flood protection and environmental goals.

Staff Recommendation. Approve as budgeted.

Issue 9: Perris Dam Remediation Plan

Governor's Proposal. Requests \$5 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 resources at Perris Dam, a State Water Project (SWP) facility. This project will also be supported by approximately \$9.8 million in SWP funds for 2020-21.

The Perris Dam and Reservoir are located in San Bernardino County. It is a terminal SWP Reservoir and provides key water supply and delivery benefits. The Lake Perris State Recreation Area is a popular and highly visited recreational facility with over one million visitors annually. This state park unit provides recreational opportunities including boating, swimming, and other water-based recreation in an area significantly deprived of other such resources.

Staff Recommendation. Approve as budgeted.

Issue 10: Public Affairs Office Staffing

Governor's Proposal. Requests six new positions across five sections in the Public Affairs Office to meet the increasing demand for public information and reduce the need for overtime and contractors. DWR has seen a significant increase in public and media interest in DWR operations, specifically the SWP.

The Public Affairs Office has approximately 3,600 employees statewide and is comprised of three branches: Communications and Outreach, Creative Services, and Administrative.

Staff Recommendation. Approve as budgeted.

Issue 11: Transmission Operator – Compliance Support

Governor's Proposal. Requests 23 new permanent positions, funded by SWP funds, to support in registering and becoming functionally compliant as a Transmission Operator (TO) by September 2020, as mandated by the North American Electric Reliability Corporation (NERC) and the Western Electricity Coordination Council, to maintain participation in the Bulk Electric System and deregulated electrical market. Failure to do so will result in significant fines and jeopardize SWP's ability to operate.

The TO role was previously performed by Pacific Gas & Electric (PG&E) for DWR. In December 2018, PG&E declined to serve this function for DWR. In order to serve this role, DWR needs additional staffing for operations at both a primary and backup transmission desks, operation of a new backup center, ongoing system maintenance and support of new technology systems in both centers, and the supporting activities with compliance requirements of evidence, audits, and reports as identified by NERC.

This request supports SWP by maintaining a reliable operating condition for delivering water and continue as a utility participating in the deregulated electrical market operating under mandated requirement to operate by September 2020.

Staff Recommendation. Approve as budgeted.

ISSUES FOR DISCUSSION

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

Issue 12: Update on the Service Based Budgeting (SBB) Project

SBB is a budgeting approach that identifies the tasks needed to accomplish DFW's mission. This review will help inform future budgets based on staff time needed to complete these tasks. The SBB approach is task-based, labor-focused, and organized by DFW's services to the public.

The SBB project is governed by a team of DFW executive leaders and is a collaborative effort of managers and employees across the department working alongside independent consultants. The SBB project is a long-term effort running through 2021, when the SBB Review Report is due to the Legislature.

SB 854 (Committee on Budget and Fiscal Review), Chapter 51, Statutes of 2018, required DFW to contract with an independent entity to conduct a comprehensive SBB review, and provided \$2 million for this project. In addition to contract funds, this appropriation included funding for DFW staff to participate and help implement SBB. SB 854 required the SBB review to include an analysis of existing fund sources, program costs and how these align to meet statutory mandates. DFW entered into a contract with Deloitte, Inc. in November 2018. Toward the end of the contract negotiations, it became apparent that the 2018 Budget Act funding would be sufficient to complete the first of two phases of the SBB review and that additional funding would be needed in 2019-20 to complete the project.

The project began in earnest in January 2019. The first phase of the project includes: (1) established a project work plan; (2) built out a complete catalog of DFW tasks; (3) developed a stakeholder engagement plan to keep all parties informed of progress, including the Administration, the Legislature and the public; (3) compared existing resources to the level needed to fully carry out statutory mandates; and (4) provided for development of an information technology tool for future budget planning.

Additional funding of \$2 million Environmental License Plate Fund one-time was provided in 2019-20 to fund the completion of the SBB review, SBB tracking system, training for staff on using the SBB tool for ongoing budgeting needs, continued stakeholder engagement, and final legislative report due January 15, 2021.

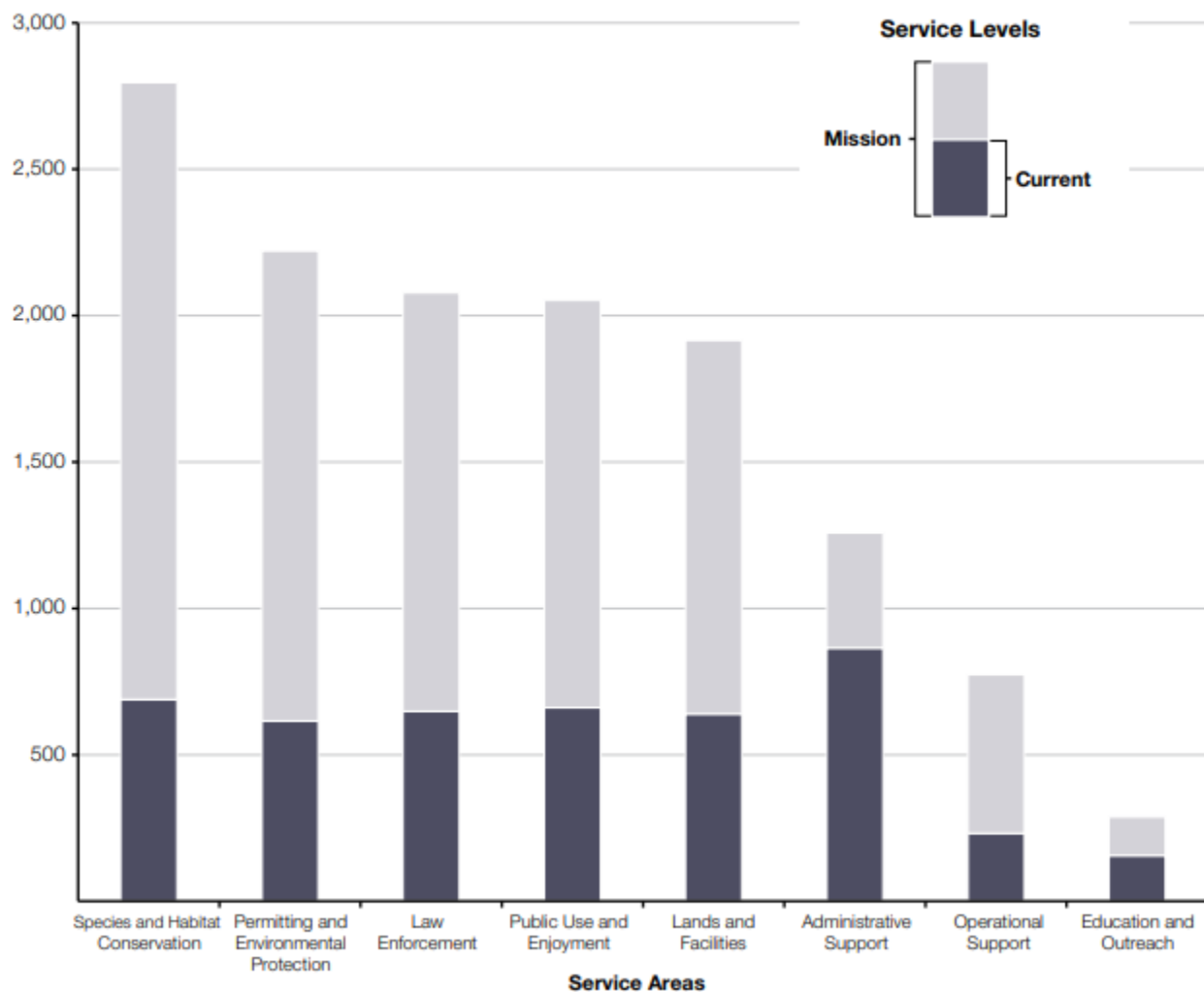
The review is intended to provide more clarity regarding the following:

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

According to the Legislative Analyst’s Office (LAO), the Legislature has provided \$4 million in one-time GF to provide this detailed review of the department’s activities and budget. DFW is currently in the middle of the SBB process. Specifically, it has accomplished two of the tasks described – defining current and mission service levels and their relative gap in terms of staffing levels – but has not yet determined what it would cost to fully achieve its mission or analyzed its revenue sources and comparative distribution of funding.

According to the LAO, while DFW has not yet completed the SBB review, its initial analysis has identified significant gaps between its existing levels of service and those it has determined would be necessary to fulfill its mission and meet all of its statutory responsibilities. The figure below by LAO displays these results, showing the difference between the number of staff hours currently being dedicated in each of DFW’s eight areas of service compared to the number of hours the department has determined would be needed to meet its mission.

Review Found CDFW Is Falling Short of Meeting Its Mission
Hours Per Year



CDFW = California Department of Fish and Wildlife.

LAO

As shown in the figure above, in most areas, DFW has determined that current service levels are less than one-third of mission levels. The largest shortfall – both proportionally and in terms of total staff hours – is in species and habitat conservation, the service area the department has determined requires the most comparative workload. Specifically, DFW staff currently spend about 690,000 hours per year

on activities in that service area, compared to the 2.8 million hours the department estimates would be needed to meet its mission. The second largest gap is in the permitting and environmental protection service area – falling short of meeting mission service levels by about 1.6 million hours annually.

Issue 13: Advancing Biodiversity Protection, Operational Modernization, and Regulatory Efficiencies (BCP) and Habitat Conservation Fund Transfer Sunset to Advance Biodiversity Protection (Trailer Bill Language (TBL))

Governor's Proposal. Requests \$38.9 million GF in 2020-21 and 58 positions, \$42.3 million in 2020-21 and ongoing. This includes: (1) \$20 million one-time GF in 2020-21 to support operational efficiency investments, and (2) an \$18.9 million ongoing GF shift from the Habitat Conservation Fund (HCF) to DFW for activities that support ecosystem-based management and biodiversity conservation, and (3) \$23.4 million ongoing starting in 2021-22 to permanently extend the limited-term funding that was first provided in the 2018 Budget Act, to allow DFW to continue critical programs.

The Governor's proposal includes TBL to change the sunset date of HCF from 2030 to 2020. This proposed amendment would implement the shift of \$18.9 million from the Wildlife Conservation Board's HCF and undo the recent statutory reauthorization of funding for HCF.

Background. DFW mission. The mission of DFW is to manage California's diverse fish, wildlife, and plant resources for their ecological value and for their use and enjoyment by the public. This includes habitat protection and maintenance in a sufficient amount and quality to protect the survival of all species and natural communities. DFW is also responsible for the diversified use of fish and wildlife, including recreational, commercial, scientific, and educational uses.

Fish and Game Preservation Fund (FGPF). The FGPF was established in 1909 as a repository for all funds collected under the Fish and Game Code and any other law relating to the protection and preservation of birds, mammals, fish, reptiles, and amphibians in California. These revenues are generated from the sale of licenses for hunting, recreational and commercial fishing, and numerous special permits. Over time, the Legislature has created various subaccounts within FGPF, which have specified permit fees generating revenue for projects benefitting those species. For example, the taking of migratory waterfowl in California requires a state duck stamp validation in addition to a general hunting license. Revenues from the duck stamps are deposited into the Duck Stamp Account within FGPF to be used for waterfowl protection and habitat restoration. There are currently 29 dedicated subaccounts within the fund. The department issues more than 500 different types of hunting and fishing licenses and permits.

Revenues from licenses, fees, and permits that are not directed by statute to a dedicated account are accounted for in what is known as the non-dedicated FGPF. This is the largest repository for department revenues, including sales of general fishing and hunting licenses and permits. Approximately 75 - 80 percent of total FGPF revenues are deposited into the non-dedicated account, with the remainder going to the various 29 dedicated subaccounts. There is a running deficit in the non-dedicated FGPF.

Structural imbalance within FGPF. In recent years, expenditures have exceeded revenues in the non-dedicated account of the FGPF, with the gap reaching over \$20 million annually beginning 2014-15. Some of the causes of the FGPF's structural imbalance that the department has identified include: fund shifts (particularly GF), lifting of prior spending restrictions (e.g. vehicles, furloughs), increased need for federal funds, increased responsibilities, decreasing revenues from user groups, and cost of business increases (e.g. employee compensation).

Prior attempts to address funding challenges and operational capacity and effectiveness. AB 2376 (Huffman), Chapter 424, Statutes of 2010, required CNRA to convene a committee to develop a strategic vision for DFW in order to improve and enhance their capacity and effectiveness in fulfilling their public

trust responsibilities for protecting and managing the state's fish and wildlife. As part of the project, a blue ribbon citizen commission and a stakeholder advisory group supported the executive committee in developing a strategic vision report in 2012.

The Budget Act of 2017 required DFW to reconvene the 2012 stakeholder group and provide a report to the Legislature regarding implementation of the 2012 recommendations as well as undergo a zero-based budget evaluation. The Budget Act of 2018 directed DFW to complete a "service-based budget" (SBB) review process. The 2018 Budget Act also provided DFW \$23.4 million (GF and Tire Recycling Management Fund) annually for three years and \$6.6 million GF ongoing to support FGPF's structural imbalance.

DFW is currently undergoing the SBB review process. The SBB review process is intended to create data transparency to analyze DFW's ability to meet service levels required to achieve its mission, statutory requirements, and public/stakeholder expectations. This exercise, upon completion, is intended to help identify DFW's greatest areas of need as well as identify the service standards required. This process is currently underway at DFW.

The Governor's proposal. According to DFW, the preliminary results of the SBB review process confirm that the species and habitat conservation program area and the permitting and environmental protection program area face service level shortfalls. According to DFW, the incremental funding in this proposal allows them to better protect species; enhance, maintain, and restore quality habitat; and reduce obstacles to restoration projects. DFW intends to spend the funds in this proposal as follows:

1) *New Ongoing Proposals*

- a. *Protect endangered species:* 31 positions and \$10.75 million to conduct work to implement and enforced compliance with the California Endangered Species Act (CESA), including reviewing positions to list new species as threatened or endangered, processing and monitoring CESA-related regulatory permits, and developing and implementing plans to help CESA-listed species recover.
- b. *Increase awareness about biodiversity and climate change:* Seven positions and \$1.9 million to conduct climate-risk assessments on DFW lands. Develop and disseminate education and outreach materials about the state's biodiversity and climate change risks.
- c. *Improve permitting process for restoration projects:* 15 positions and \$3.4 million to direct additional staff resources to consult with restoration project proponents and process environmental permits to expedite timelines and enable permitting for larger scale projects.
- d. *Administration and facilities:* Five positions and \$2.8 million to provide administrative support and office space proportional to new staff and activities included in the overall proposal.

2) *New one-time proposals*

- a. *New aircraft:* \$6 million to purchase a new aircraft to aerially monitor wildlife.
- b. *Fish hatchery equipment:* \$6.5 million to purchase equipment to upgrade hatchery operations, including egg sorters and fish stocking vehicles.
- c. *Equipment and water conveyance projects at state wetlands:* \$7.5 million to undertake projects to improve water conveyance, including upgrading canals, levees, and water pumps, and installing solar panels. Purchase new heavy equipment for maintenance including tractors, graders, and excavators.

Source of funding for this proposal: Habitat Conservation Fund (HCF). The funding sources for this

proposal is a mix of GF dollars and \$18.9 million that is being redirected from HCF.

Proposition 117, passed by voters in 1990, established HCF. The proposition required an annual transfer of \$30 million GF into the fund until the year 2020 and specified how the moneys were to be expended for acquiring, restoring, and enhancing habitat necessary to protect wildlife and plant populations, especially deer, mountain lions, rare, endangered, threatened or fully protected species, wetlands, riparian and aqua it habitat. The Budget Act of 2019 extended the HCF 2020 sunset date to 2030.

LAO Comments. *LAO finds that ongoing funding addresses some service gaps, but Legislature could prioritize other activities.* DFW has identified a significant deficit in existing service levels, with the largest gaps in the areas of: (1) species and habitat conservation; and, (2) permitting and environmental protection. Most of the Governor's proposal for new ongoing funding are targeted in these categories, suggesting they would help the department be better positioned to carry out its mission. As such, the LAO finds that the proposed use of the new \$18.9 million seems well-targeted for addressing existing deficiencies in DFW services.

The LAO finds that the proposal has merit, however, the funding for the ongoing activities would be shifted from other state conservation programs. The LAO recommends the Legislature adopt the one-time \$20 million funding proposal because the resources will be used to make certain department operations and maintenance activities more efficient. The LAO further recommends the Legislature weigh the relative trade-offs of the ongoing \$19 million shift from HCF proposal with its other conservation and GF priorities. Lastly, the LAO recommends deferring action on the third component of the Governor's proposal — to extend funding scheduled to expire in 2021-22 — until next year, when a more in-depth analysis of DFW's budget will be available.

Staff Comments. DFW works on a broad range of activities such as habitat protection, law enforcement, promotion of hunting and fishing opportunities, and management of wildlife areas and ecological reserves. Costs to deliver these programs have increased considerably over the years, resulting in a structural deficit within the FGPF of about \$20 million annually. Given the the lack of information on how to address the structural deficit, DFW is undergoing the SBB exercise in order to better inform the Legislature on funding decisions. The SBB review is still underway. Even without completing the SBB review, based on its preliminary results, it is clear that DFW needs additional funding.

While the funding needs at DFW is clear, a question arises as to whether it is appropriate and prudent to redirect \$18.9 million from the Wildlife Conservation Board (WCB) to DFW for a similar purpose, and whether there would be a net benefit to DFW and the WCB's mission. The funds being redirected would otherwise be going to WCB for a variety of habitat restoration projects.

Staff Recommendation. Hold open.

Issue 14: Statewide Bobcat Management (AB 1254)

Governor’s Proposal. Requests \$2.742 million GF in 2020-21 and \$2.389 million in 2021-22, to fund staffing, field equipment, and vehicles to design and implement a statewide monitoring plan to assess bobcat populations. DFW also requests three positions and \$566,000 GF in 2022-23 and ongoing to develop a bobcat management plan and implement the state bobcat management program pursuant to AB 1254 (Kamlager-Dove), Chapter 766, Statutes of 2019.

Background. AB 1254. AB 1254 prohibits the hunting of bobcats, effective January 1, 2020. The prohibition will remain in place until DFW completes a bobcat management plan and the California Fish and Game Commission authorizes the reopening of bobcat hunting seasons, no earlier than January 1, 2025. Upon appropriation by the Legislature, DFW is required to develop a bobcat management plan, including a statewide bobcat population estimate based on best available science, an assessment of the overall health of the population, a comprehensive strategy to manage bobcat populations and their habitats, an investigation of effective non-lethal strategies to prevent bobcat predation on livestock, and recommendations for regulatory and statutory changes needed to implement the plan. AB 1254 requires DFW to submit the management plan to the Commission by January 1, 2024.

Bobcats. Native to North America, bobcats (*lynx rufus*) are about double the size of domestic cats and weigh up to 40 pounds for an adult male. Bobcats may live up to 15 years in the wild. Bobcat fur can be highly valued, and trapping of bobcats for their fur has resulted in the takes of up to thousands of bobcats annually in the past. They are known to inhabit every county, except San Francisco. However, the carrying capacity of each county and within each county varies widely. They can adapt to many types of habitat but avoid urban and exurban lands, and generally avoid humans.

DFW and Bobcats. Because bobcats are non-game species, DFW does not have dedicated resources to manage this wildlife. DFW has studied and managed bobcats in the past, as funding allowed. For example, in 2014, DFW initiated “The Eastern Sierra Nevada Bobcat Study,” using a combination of capture-mark-recapture, remote cameras, and genetic techniques in order to obtain more precise information about current bobcat and mesocarnivore populations and their prey base.

Staff Recommendation. Approve as budgeted.

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)
3540 CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)
3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 15: Law Enforcement Use of Deadly Force: Policy and Training Update (AB 392/SB230)

Governor’s Proposal. Requests \$3.2 million GF and six positions in 2020-21 and \$1.8 million ongoing thereafter to implement the training and policy components related to law enforcement use of deadly force pursuant to AB 392 (Weber), Chapter 170, Statutes of 2019, and SB 230 (Caballero), Chapter 285, Statutes of 2019. More specifically, this request includes:

- DFW requests two positions, \$833,000 in 2020-21, and \$419,000 in 2021–22 and ongoing, including funding for one mobile training simulator and a vehicle to transport the simulator.
- CalFire requests two positions, \$1.689 million in 2020-21, and \$884,000 in 2021-22 and ongoing. CalFire’s request includes one-time funding of \$750,000 in 2020-21 for the acquisition of one live fire training simulator.
- Parks requests two positions, \$619,000 in 2020-21, and \$419,000 in 2021-22 and ongoing, including funding to purchase one mobile training simulator and a vehicle to transport the simulator.

Background. SB 230 and AB 392 are a legislative package that seeks to reduce police use of force by mandating all law enforcement agencies to maintain a public policy on use of force. By January 1, 2021, specified law enforcement agencies are required to maintain a policy that provides guidelines on the use of force, utilization of de-escalation techniques, crisis intervention tactics, other alternatives to the use of force, the application of deadly force, and factors for evaluating and reviewing all peace officers in California for the purpose of raising the level of competence. The legislation requires Peace Officer Standards and Training (POST) to augment its academy and ongoing law enforcement training to incorporate the subject areas identified in the legislation, which requires a collaborative effort between law enforcement agencies to revised POST basics and ongoing training. The legislation implementation is intended to result in improved training, transparency, and better outcomes for both law enforcement officers and the individuals who encounter them under adversarial circumstances.

DFW employs 466 sworn wildlife officers that are fully authorized peace officers and have law enforcement jurisdiction throughout the state and 200 miles out to sea. Wildlife officers have the authority to enforce all laws of the state, including poaching and pollution laws, laws related to violent crime, domestic violence, stolen vehicles, drug crimes, etc., and are federally deputized to enforce federal laws related to interstate wildlife trafficking. DFW’s Law Enforcement Division has a use of force policy in place for its wildlife officers, requires training on that policy, and has an extensive reporting/review requirement. DFW’s use of force policies are required to be posted publicly, which was not mandated prior to passage of SB 230.

CalFire employs approximately 180 peace officers who are responsible for enforcing laws related to CalFire’s forest and fire protection mission, and enforcement duties delegated to the Office of the State Fire Marshal. These law enforcement activities require statewide jurisdiction and are not pursued by other state or local law enforcement agencies as they fall solely within CalFire’s jurisdiction to enforce. All of CalFire’s peace officers are authorized to carry a firearm on a regular basis. CalFire will be

required to update its use of force standards to meet the requirements of AB 392/SB 230.

Parks employs approximately 540 rangers and lifeguards, all of whom are peace officers. Although the definition of “law enforcement agencies” as stated in the enacted legislation do not include Parks explicitly, the requirements of the legislation applies to Parks as it employs law enforcement officers. To fulfill the requirements, Parks intends to utilize a traveling simulator throughout the state.

Staff Recommendation. Approve as budgeted.

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Issue 16: Technical Budgeting Adjustments: (a) Budget Change Proposal (BCP): Stream Gaging Plan Implementation (SB 19); (b) BCP: Central Valley Flood Protection Board: Continuation of Existing Staff; and, (c) BCP: Flood Planning Resourcing

(a) BCP for DFW, DWR, SWRCB, and DOC: Stream Gaging Plan Implementation (SB 19).

Governor's Proposal. Requests \$1.575 million (\$1.175 million GF and \$400,000 Water Rights Fund) over two years to implement SB 19 (Dodd), Chapter 361, Statutes of 2019, which requires the development of a plan to deploy a network of stream gages.

Background. DFW and SWRCB are heavily dependent on streamflow monitoring data from the network of gages maintained by United States Geological Survey (USGS) and DWR. DFW programs rely on monitoring data from these gages to inform hydrology and water temperature for instream flow study planning, implementation, and analysis.

Historically, the stream gaging network in California was operated by USGS and DWR, with various other federal, state, and local agencies, as well as private entities, operating gages on a smaller scale. The majority of permanent telemetered gages installed by USGS and DWR in California are used for water supply and flood forecasting and to monitor compliance, with flow or water quality requirements, downstream of dams or diversions. Currently, USGS operates approximately 8,000 stream gages nationwide, with over 500 gages in California. Likewise, DWR has expanded its gage network and operates approximately 200 gages throughout the state, reflecting the need and demand for real-time reliable streamflow data.

However, due to loss of funding in state and federal stream monitoring programs, the stream gage network has contracted considerably in the past two decades. Since 1990, more than 600 USGS stream gages, with continuous records of more than 30 years, have been discontinued in the US and additional gages are slated to be discontinued. Likewise, California's stream gaging network has experienced a similar contraction. Some of these discontinued sites represent the only real-time streamflow information in a watershed, and many sites had lengthy periods of record prior to removal. As California learned in the recent drought, the decommissioning of gages and lack of gages in priority watersheds result in important data gaps that hamper effective management of water resources, which forces state agencies to spend extra resources on field investigations and other less accurate means to obtain the needed data or to forgo timely and effective action because the data is unavailable. The existing gage network is insufficient to address key management needs (water supply management, flood management, water quality management, and ecosystem management).

LAO Comments. The positions requested are not newly established positions. This request includes an additional \$34,000 in 2020-21 compared to the subsequent year.

(b) BCP for DWR: Central Valley Flood Protection Board: Continuation of Existing Staff

Governor's Proposal. Requests \$4.01 million GF in 2020-21, and \$3.688 million for 2021-22 and 2022-23 to support 19 existing positions within CVFPB. While CVFPB is an independent entity, its budget is contained within DWR, and it receives some staff and administrative support from the department.

Background. *The State Plan on Flood Control (SPFC).* The SPFC is the state-federal flood protection system in the Central Valley. SPFC includes over 1,600 miles of levees, over 1,300 miles of designated floodways, and approximately 18,000 parcels of land held in fee, easement, or other agreements. Although many SPFC components were locally or federally constructed, in the 1950s, the state committed to the federal government that it would oversee the SPFC system and maintain it pursuant to federal standards. For most segments of SPFC levees, the state has developed formal agreements with local governments (primarily local reclamation districts) to handle regular operations and maintenance responsibilities.

CVFPC oversees the SPFC facilities. The CVFPB is an independent state agency and the lead authority for flood control in the Central Valley. CVFPB is responsible for permitting and enforcing encroachments and operation and maintenance of all SPFC facilities. CVFPB collaborate with local authorities and stakeholders to ensure an integrated flood control system. CVFPB also manages real estate and easements necessary for flood control. CVFPB's activities include: (1) collaborating with local agencies to improve SPFC flood protection structures; (2) issuing permits for work on SPFC levees and facilities; and (3) ensuring that levees are maintained up to required standards, including ensuring that levee encroachments such as pipes or docks either meet code requirements and receive permits or are removed.

Funding for CVFPB. The permitting, inspection, and enforcement programs have been historically funded by GF appropriations. In addition to GF, the CVFPB has relied on the Disaster Preparedness and Flood Prevention Bond Act (Proposition 1E) funds allocated in 2012 to fulfill its statutory mandates. Those bond funds were fully expended by the end of 2017-18. The 2018 Budget Act included \$1.4 million annually for two years for CVFPB to support ten existing permanent positions in order to continue to exercise its regulatory oversight authority over SPFC and its implementation of the Central Valley Flood Protection Plan.

CVFPB has the authority to levy finds and charge fees for inspection related activities, but was unable to utilize its authority due to incomplete real estate records and limited inspection and enforcement staff. The 2017 Budget Act provided provided CVFPB with an annual appropriation of \$2.2 million, one existing position for three years, and nine new permanent positions for CVFPB's operating costs and to determine the nature and extent of its real estate rights and encroachments within the SPFC.

In July 2019, CVFPB began collecting fees for permitting and inspections with the intent of recovery 75-100 percent of the costs of these programs. However, there are approximately 21,000 outstanding permits, which would take time before those existing permits can generate sufficient fee revenue to sustain existing staffing.

LAO Comments. The positions requested are not newly established positions. This request includes an additional \$322,000 in 2020-21 compared to subsequent years.

Staff Comments. According to CVFPB, without this funding, it will not be able to continue to fund at

least half of its 47 positions, all of which implement critical statutory programs. In 2017, as part of the approval of a budget request for additional staffing, the Legislature required CVFPB to explore creating revenue streams including charging fees for permits, collecting fines from illegal encroachments, increasing rent and royalty revenue from the Sacramento-San Joaquin Drainage District properties and exploring the feasibility of reviving CVFPB's assessment authority. As reported earlier this year, CVFPB has made significant progress, but revenue generating programs are not mature enough yet to support any CVFPB operations, requiring limited-term GF support. Allowing CVFPB to continue its existing level of oversight of the SPFC facilities is an important component of state efforts to maintain flood protection and public safety.

(c) BCP for DWR: Flood Planning Resourcing.

Governor's Proposal. Requests \$2.283 million GF one-time and \$2.089 million ongoing thereafter to support programs responsible for planning and project implementation within the Central Valley. Funding will support mandated updates to the Central Valley Flood Protection Plan and implementation of the Conservation Strategy.

Background. *Central Valley Flood Protection Plan (CVFPP).* The CVFPP is California's strategic blueprint to improve flood risk management in the Central Valley. The first plan was adopted in 2012 and is updated every five years. The last update to the plan was in 2017. The plan lays out strategies to:

- Prioritize the state's investment in flood management over the next three decades
- Promote multi-benefit projects
- Integrate and improve ecosystem functions associated with flood risk reduction projects.

The 2012 CVFPP was built on the foundation of Central Valley flood risk management efforts dating back to 1850. In 2006, DWR consolidated and coordinated its various flood risk management programs under the FloodSAFE California Initiative, which incorporated emergency preparedness, flood operations, flood risk reduction and ecosystem restoration projects, flood project maintenance, and comprehensive, systemwide assessment and planning to deliver improved flood protection as quickly and efficiently as possible.

The CVFPP was prepared in coordination with local flood management agencies, the Central Valley Flood Control Board, US Army Corps of Engineers, FEMA, and the Bureau of Reclamation. It was supported by data, analyses, and findings from related FloodSAFE efforts. These included the SPFC Descriptive Document, the Flood Control System Status Report, and the CVFPP Final Program environmental impact report, being prepared in parallel with the CVFPP and documented in interim products and reference documents. The 2012 CVFPP focused on improving integrated flood management and flood risk reduction for areas protected by facilities of the SPFC. While the CVFPP focuses on the areas protected by SPFC facilities, the flood emergency response and operations and management of facilities in tributary watersheds that influence SPFC-protected areas were also considered.

CVFPP Conservation Strategy. The 2016 CVFPP Conservation Strategy is a non-regulatory document that provides measurable ecological objectives and long-term approaches for improving riverine and floodplain ecosystems through multi-benefit projects that include ecosystem restoration and improvements, and operations, maintenance, repair rehabilitation, and replacement. The Conservation Strategy provides a wealth of data and information necessary to support the 2017 CVFPP Update development by guiding the integration and improvement of ecosystem functions associated with flood-risk-reduction actions and providing the basis for recommending conservation actions for the SPFC. The

Conservation Strategy's measurable ecological objectives will guide and support monitoring and tracking of contributions to the CVFPP's supporting goal of promoting ecosystem functions over time.

Funding for the DFM. Since 2006, the most significant source of funding for DFM has been bond funds. In 2006, Proposition 1E was passed, authorizing \$4.09 billion in general obligation bonds to rebuild and repair California's most vulnerable flood control structures, to protect homes and prevent loss of life from flood-related disasters, and to protect drinking water systems. In the same year, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act (Proposition 84), allocated an additional \$800 million for flood control projects. DFM anticipates having committed or spent most bond funds by the end of 2018-19. Proposition 1E funds are no longer available after 2019-20.

LAO Comments. The positions requested are not newly established positions. This request includes an additional \$194,000 in 2020-21 compared to subsequent years.

Staff Comments. Significant investment is needed to maintain California's aged flood system, protect developing communities, and increase flood system functionality to achieve both flood and environmental protection. DFM seeks to manage floods in a manner that addresses both flood protection and environmental enhancement and restoration. This request will fund staff to work on the 2022 CVFPP updates and Conservation Strategy.

Staff Recommendation for (a), (b), and (c):

(a) Stream Gaging Plan Implementation. Approve \$1.541 million (\$1.141 GF and \$400,000 Water Rights Fund) over two years.

(b) Central Valley Flood Protection Board: Continuation of Existing Staffing. Approve \$3.688 million GF in 2020-21, and \$3.688 million for 2021-22 and 2022-23.

(c) Flood Planning Resourcing. Approve \$2.089 million GF one-time and \$2.089 million ongoing thereafter.

3860 DEPARTMENT OF WATER RESOURCES (DWR)**Issue 17: Hydrometeorology and Surface Water Observations**

Governor's Proposal. Requests \$6 million GF ongoing and 11 positions (six existing and five new) to bolster surface water monitoring through reactivation or upgrade of existing monitoring stations, and installation of new stations to address prioritized known information gaps.

Background. *DWR uses weather stations and stream gages to collect hydrologic data.* DWR maintains over 250 remote weather stations and supporting the operations and maintenance of more than 20 stream gages that provide critical information for flood emergency response and water supply forecasting.

Funding for weather station operation and maintenance have been unstable. Funding for station maintenance, repair, and upgrades are done on an ad hoc basis. This has resulted in a patchwork network of different equipment of different ages and reliability. Some equipment currently in the field comes from manufacturers that are no longer in business. Under current resourcing, the decline in data quality and availability from the network of observing stations will continue and accelerate as equipment ages and maintenance is continued to be deferred. In addition to station design, programming, and maintenance, work is needed to secure and maintain permits with relevant federal and state agencies, and coordinate activities with local agency partners.

Staff Comments. With the requested resources, DWR proposes to bolster surface water monitoring through reactivation or upgrade of existing monitoring stations, and installation of new stations to address prioritized known information gaps. Having good hydrologic data can help inform climate adaptation strategies and how water is managed in California.

Staff Recommendation. Approve as budgeted.

Issue 18: (a) New River Improvement Project and (b) for Tijuana River Project

Governor’s Proposals. (a) New River Improvement Project. Requests \$18 million GF and \$10 million Proposition 68 funds to support the New River Improvement Project and address solid waste and pollution exposure challenges in the City of Calexico, which supports health, recreation, and economic benefits in the area.

Background on New River Improvement Project. *The New River is polluted by domestic, agricultural, and industrial waste.* The New River is a cross-border, trans boundary river that flows from Mexicali, Baja California, Mexico, into the City of Calexico in California and on to the Salton Sea. The New River is severely polluted by discharges of waste from domestic, agricultural and industrial sources in Mexico and the Imperial Valley. New River pollution threatens public health, prevents supporting healthy ecosystems for wildlife and other biological resources in the New River, and contributes to water quality problems of the Salton Sea. Also, New River pollution hinders economic development in Imperial County. Based on the most recent available data, the following water quality problems are evident in the New River on the US side of the US-Mexico International Boundary: pathogens, low dissolved oxygen, toxicity, trash, selenium, sediment/silt, chlordane, dichlorodiphenyltrichloroethane (DDT), dieldrin, polychlorinated biphenyls (PCBs), hexachlorobenzene (HCB), nutrients, and mercury.

Prior efforts to remediate the New River’s water quality and promote recreational opportunities. AB 1079 (V. Manuel Perez), Chapter 382, Statutes of 2009, established a Technical Advisory Committee (TAC) to prepare a strategic plan to study, monitor, remediate, and enhance the New River’s water quality to protect human health, and to develop a river parkway suitable for public use and enjoyment.

The New River TAC solicited advice from consultants, academics, and agency experts. The TAC developed a comprehensive set of recommendations to address the New River problems through the Strategic Plan, which was published in 2011 and updated in 2016. The New River Strategic Plan contemplates additional benefits and includes additional green space in the community.

The New River Improvement Project. The New River Improvement Project is a component of the New River Strategic Plan and provides a critical first step to developing the River Parkway specified in the Strategic Plan. The New River Improvement Project will divert the polluted water away from the city, reducing risks of exposure to potentially harmful pollutants, and will replace the riverbed treated water to facilitate ecosystem and health benefits. The Governor’s Budget proposes \$28 million for DWR, in coordination with the California Environmental Protection Agency and the Salton Sea Authority, to prioritize funding investments in a trash screen, piping and pump back system, and the construction of additional aeration structure components, and will engage in continued conversations with local partners, including the City of Calexico, Imperial County, and the Imperial Irrigation District.

LAO Comments. Approve funding for New River Project. Because the proposed projects would address serious public health issues in the City of Calexico and the Administration has a plan for how the investments would be maintained in future years by local stakeholders, the LAO recommends approving the Governor’s proposal to provide \$28 million for the New River Improvement Project.

(b) Tijuana River Project. Requests \$35 million GF one-time for the construction, operation, and maintenance of a series of pollution capture devices and infrastructure projects on the US side of the Tijuana River Valley that supports health and environmental benefits and address pollution issues affecting the Tijuana River.

Background on the Tijuana River Project. *The Tijuana River is polluted by raw sewage, waste tires, and industrial waste.* The Tijuana River stretches roughly 120 miles and is sourced from two main tributaries, one originating in the Laguna Mountains (US) and one originating above the Abelardo L. Rodriguez Dam (Mexico).

Raw sewage and waste flowing from the City of Tijuana and its surrounding areas flow into California along the Tijuana River. Despite cross-border cleanup efforts, this remains a recurring problem and is a main source of pollution in the area. This pollution threatens public and ecosystem health in the Tijuana River Valley. The river's waste discharges generally consist of waste tires, residential and industrial waste, as well as some hazardous waste, building materials, and sediment, all of which contribute to contaminated stormwater runoff that flows into the Tijuana River National Estuarine Research Reserve among other ecological, recreational, and economic resources.

Waste discharges into the Tijuana River often result in beach closures along the City of San Diego's coastline, extending as far north as the City of Coronado.

Efforts to address pollution in the Tijuana River. CalEPA and the San Diego Regional Water Quality Control Board, together with local, regional, and state agencies and non-governmental organizations, are working to address long-standing pollution issues affecting the Tijuana River, the Tijuana River Valley, and its residents.

SB 507 (Hueso), Chapter 542, Statutes of 2017, dedicated funding to the County of San Diego to study and identify solutions designed to remedy Tijuana River pollution. This study, known as the County of San Diego's SB 507 "Needs and Opportunities Assessment," is currently underway and identifies 26 potential solutions in the San Diego area and along the US side of the Tijuana River Valley. This study is expected to be completed by spring of 2020.

The 2019 Budget Act provided \$15 million to the Coastal Conservancy for Tijuana River Border Pollution Control projects. Also, SB 690 (Hueso), Chapter 381, Statutes of 2019, requires the conservancy to prioritize those projects identified in the SB 507 Study when expending any funds to address trans boundary flows and pollution in the Tijuana River Valley.

LAO Comments. *Withhold approval of funding for Tijuana River projects until the state has plan for funding ongoing costs.* The LAO recommends the Legislature withhold action on approving the \$35 million for the Tijuana River series of projects until it has more certainty about how ongoing costs to operate and maintain the projects will be funded in future years. The LAO believes the proposed projects have merit and address important needs in the region. Because of this, the LAO believes the state should ensure the projects will continue to function as intended beyond the two years for which maintenance funding is proposed. The LAO recommends that the Legislature require that the Administration present a plan for how operations and maintenance for the Tijuana River projects will be funded in future years. Approving funding to construct the projects without a plan for which entities will assume the significant costs of operating and maintaining them on an ongoing basis runs the risk of them falling into neglect and failing to function effectively in the future. This could place future pressure on the state to fund ongoing costs to protect its substantial investment. If the Administration believes there is a significant

chance that the state will need to assume the \$6.5 million in annual costs to maintain these projects, the Legislature should incorporate that costs into its decision of whether or not to construct these projects now. If the Administration is able to submit the aforementioned plan within the coming months, this would still allow the Legislature to consider approving funding for the Tijuana River projects as part of the 2020-21 budget.

Staff Recommendation. (a) Approve as budgeted the BCP for the New River Improvement Project and (b) Hold open the BCP for the Tijuana River Project.

Issue 19: Sustainable Groundwater Management Program (SGMP)

Governor's Proposal. Requests \$39.6 million GF in 2020-21, \$11.2 million in 2021-22, and \$16.3 million ongoing thereafter to fund 37 new positions to do the following: (1) establish the regulations for how a Groundwater Sustainability Plan (GSP) must be prepared and assess the GSP's likelihood of achieving sustainability, and (2) assist local entities prepare and implement GSPs that will bring groundwater levels back into balance through technical and planning support. This request includes \$30 million GF one-time local assistance grants to support economic mitigation planning and/or implementation projects across critically overdrafted basins.

Background. *Sustainable Groundwater Management Act (SGMA).* In 2014, amidst a major drought, SGMA was signed into law establishing a new structure for managing California's groundwater resources at the local level by local agencies. SGMA provides a framework for long-term sustainable groundwater management across the state. SGMA requires the formation of Groundwater Sustainability Agencies (GSAs) to form in high- and medium-priority basins by June 30, 2017. The GSAs have until 2022 (in critically overdrafted basins until 2020) to develop, prepare, and begin implementation of GSPs. GSAs will have until 2040 to achieve groundwater sustainability.

DWR's role in SGMA implementation. DWR has a regulatory role as well as an assistance role in SGMA implementation. DWR established the SGMP in 2015 to fulfill these dual roles.

Regulatory role. DWR has to develop regulations governing how a GSP must be prepared and its likelihood of achieving sustainability. DWR's regulatory responsibilities include prioritizing basins, developing and implementing regulations, and evaluating basin sustainability. DWR has met its regulatory responsibilities to date.

Assistance role. DWR helps local agencies prepare and implement their GSPs through technical, planning, and financial support. This includes providing facilitation support, direct technical support, data, information, and funding.

DWR provides local agencies with technical assistance. DWR began its Facilitation Support Services Program in 2015 to assist local agencies from GSAs. Through this engagement with the local agencies it was clear there was a demand for DWR to initiate a number of technical assistance projects to assist with data gaps. Starting in 2017-18, SGMP received an appropriation that allowed DWR to expand its assistance efforts to include new technical assistance projects with an emphasis on data collection and dissemination.

Local agencies continue to need technical assistance. According to DWR, the level of assistance needed by GSAs and their stakeholders has exceeded expectations. DWR initially estimated approximately 200 GSAs would form; however, there are nearly 270 GSAs. In addition, the level of assistance requested by GSAs has continually increased over the last two years. SGMP began in January 2015 and the first few years of this program were heavily focused on the regulatory requirements as there were aggressive legislative deadlines to meet. The primary assistance functions were outreach efforts associated with the development of the two regulations DWR prepared.

In 2018-19, DWR further expanded its technical assistance offerings with temporary Proposition 68 funding. Even as the number of assistance projects and programs expanded, DWR anticipated being able to ramp down as more GSAs submitted their GSPs for DWR evaluation. It was assumed a GSA would need less support after completion of its GSP. However, as the basins are wrapping up their GSPs, they

are finding their technical and planning assistance needs will not subside. They are recognizing they have data gaps that will need to be filled between now and the submittal of their five-year update and into their 10-year update, and potentially beyond.

LAO Comments. Approve \$9.6 million increase for DWR’s implementation activities. The LAO recommends the Legislature approve the Governor’s proposal to provide DWR with additional staff and funding to implement SGMA. Enhancing DWR’s efforts to support GSAs will increase the chances that local agencies will achieve statewide groundwater sustainability goals. Moreover, helping to ensure greater local compliance with the act’s requirements will lessen the odds that the state has to assume what likely would be significant costs to take over management of non compliant basins.

Approve \$30 million for implementation of grants, but add language directing use of funds. To help support critically overdrafted basins in their efforts to begin bringing their groundwater use into balance, the LAO recommends approving the Governor’s proposal to provide \$30 million in one-time GF. However, the LAO recommends the Legislature include provisional language in the budget bill that places parameters around how these funds can — and cannot — be used. For example, the LAO recommends requiring that the funds be used on projects that focus on public benefits (such as for studies of strategies to assist vulnerable communities that may lose drinking water from dry wells) rather than private benefits (such as to compensate individual farmers who will have to reduce their dependence on groundwater pumping). Moreover, the LAO recommends these funds be focused on local efforts needed to implement GSPs (such as to collect additional data necessary to follow the plans) rather than projects intended to address regional economic impacts that are outside DWR’s scope of responsibility for assisting with SGMA implementation (such as responding to potential changes in the local labor market).

Staff Comments. This proposal builds on existing resources, some of which are set to expire in the current year. The increasing workload and costs associated with evaluating the GSPs appear justified. While there are no concerns with the requested resources associated with continuing SGMA implementation, it is unclear how the requested \$30 million for local assistance grants will be used to minimize economic impacts of SGMA implementation.

Safe and Affordable Drinking Water. Last year, SB 200 (Monning), Chapter 120, Statutes of 2019, established the Safe and Affordable Drinking Water Fund (SADWF) to help water systems provide an adequate and affordable supply of safe drinking water in both the near and long term.

Stakeholders have raised concern that SGMA is being implemented in a manner that ignores the needs of providing safe and affordable drinking water in low-income communities of color. They state that many draft GSPs released to date do not account for impacts on local communities dependent on groundwater, which includes a significant majority of small communities in the San Joaquin Valley and that “some Central Valley GSPs have established minimum thresholds — or failure points — that, if reached, would allow up to 85 percent of domestic wells to go dry or be impacted. Other draft GSPs propose allowable groundwater quality contamination to exceed safe drinking water standards by as much as 20 percent, which is illegal under the state’s water quality statutes. Even worse, some GSPs ignore water quality impacts entirely. Some Groundwater Sustainability Agencies insinuate that any negative impacts to water quantity or quality caused by GSPs can be ameliorated by the [SADWF].…” A question arises as to how SGMA implementation can address groundwater issues without exacerbating safe and affordable drinking water problems in the same groundwater basins.

Staff Recommendation. Hold open.

Issue 20: Systemwide Flood Improvement Projects

Governor’s Proposal. Requests \$96 million one-time from bond funds to implement multi-benefit flood improvement projects. Specifically: (1) \$68 million Proposition 68 and (2) \$28 million Proposition 1.

Background. *The State Plan of Flood Control (SPFC).* The SPFC is the state-federal flood protection system in the Central Valley. SPFC includes over 1,600 miles of levees, over 1,300 miles of designated floodways, and approximately 18,000 parcels of land held in fee, easement, or other agreements.

DWR is responsible for many large flood control structures throughout the SPFC. These structures include weirs, pumping plants, and outfall gates that are integral to the flood control system. In many cases, they were constructed by locals pre-project, transferred to the state during project turnover from the US Army Corps of Engineers (USACE), and then operated and maintained by DWR since. As the structures age, some components lose functionality and require repair, replacement, or rehabilitation.

SPFC system needs. USACE identified thousands of non-compliant encroachments and/or deficient maintenance and operations of facilities within the SPFC. An estimated 90 percent of the state’s project levees no longer qualify for the federal Levee Rehabilitation Program. When a state project levee loses this status, it is no longer eligible for federal contribution funding for rehabilitation to return a levee to its pre-flood status. Instead, those rehabilitation costs and any associated liability due to loss of life/property falls on the state and/or local flood agency.

State is financially liable for the loss of life or property if SPFC facilities fail. In the 2003 *Paterno* decision, the California Supreme Court found the state liable from the 1986 Linda Levee collapse in Yuba County. The levee failure killed two people and destroyed or damaged about 3,000 homes. The Court opined, “when a public entity operates a flood management system built by someone else, it accepts liability as if it had planned and built the system itself.” The state settled with property owners for \$500 million. Since the 2005 settlement, the state has invested billions of dollars in improving the levees and other SPFC facilities.

Staff Comments. Funding this request is intended to help provide flood risk reduction, ecosystem restoration, and water supply reliability to urban and non-urban areas of Solano, Sutter, Yolo, Colusa, San Joaquin, and Sacramento counties.

Staff Recommendation. Approve as budgeted.

Issue 21: Urban Flood Risk Reduction – American River Common Features Project

Governor’s Proposal. Requests \$46 million GF one-time to support the state cost-share requirement of a critical flood risk reduction project that is being implemented by USACE. This request includes provisional language for a three-year encumbrance period.

Background. *The American River Common Features 2016 (ARCF 2016) Project.* The ARCF 2016 Project is part of the Urban Flood Risk Reduction program. These priority projects were part of USACE feasibility studies and included in the Central Valley Flood Protection Plan (CVFPP) adopted in 2012 and updated in 2017.

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.

Federal funding for ARCF 2016. The ARCF 2016 project received \$1.565 billion in federal appropriations through the Bipartisan Budget Act of 2018 (BBA 2018). The BBA 2018 appropriation fully funded the federal cost share as well as required the project to be implemented in five years versus the originally planned 10-year implementation timeframe. To leverage this federal funding and take advantage of the accelerated schedule, the state is responsible for providing \$570 million of funding of both cost-share payments to USACE and funds for acquisition of real estate and relocation of utilities.

This proposal requests a total of \$46 million GF that will leverage over \$158 million of federal funding over the next year.

Staff Recommendation. Approve as budgeted.