

Senator Bob Wieckowski, Chair
Senator Brian W. Jones
Senator Mike McGuire
Senator William W. Monning
Senator Henry I. Stern



Thursday, April 4, 2019
9:30 a.m. or upon adjournment of session
State Capitol - Room 112

Consultant: Joanne Roy

OUTCOMES

<u>Item</u>	<u>Department</u>	<u>Page</u>
--------------------	--------------------------	--------------------

VOTE-ONLY CALENDAR

3480	DEPARTMENT OF CONSERVATION (DOC)	3
Issue 1: Information Technology and Maintenance 5-0		
Issue 2: Well Statewide Tracking and Reporting (WellSTAR) 5-0		
3560	STATE LANDS COMMISSION (SLC)	6
Issue 3: Critical Business Technology Needs 5-0		
Issue 4: Spatially Indexed Record Management System (SIRMS) – Project and Operations 5-0		
3720	CALIFORNIA COASTAL COMMISSION (CCC)	7
Issue 5: Legal Support 5-0		
3760	STATE COASTAL CONSERVANCY	7
Issue 6: Reserve for Grant Acceptance 5-0		
3790	DEPARTMENT OF PARKS AND RECREATION (PARKS)	8
Issue 7: Oceano Dunes Environmental Compliance 5-0		
Issue 8: Local Assistance, Off-Highway Vehicle Trust Fund 5-0		

ISSUES FOR DISCUSSION

LEGISLATIVE ANALYST’S OFFICE (LAO) INFORMATIONAL PRESENTATION	9
Issue 9: Coastal Adaptation No action	
3720 CALIFORNIA COASTAL COMMISSION.....	15
3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION	15
Issue 10: Coastal Adaptation No action	
3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION (BCDC).....	16
Issue 11: Relocation to Bay Area Metro Center (Budget Change Proposal (BCP) and Spring Finance Letter (SFL)) Held open	
3560 STATE LANDS COMMISSION (SLC)	18
Issue 12: School Lands Forestry Inventory 5-0	
3720 CALIFORNIA COASTAL COMMISSION.....	19
Issue 13: Increased Lease Cost Held open	
3640 WILDLIFE CONSERVATION BOARD (WCB)	20
Issue 14: Proposition 68 No action	
3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)	23
Issue 15: Proposition 68 No action	
Issue 16: Administrative Support Staffing Held open	
Issue 17: California Indian Heritage Center Staffing 5-0	
Issue 18: California Museum Held open	
Issue 19: Replacement of Emergency Fleet 5-0	
Issue 20: Various Capital Outlay Projects Held open	

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate 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

3480 DEPARTMENT OF CONSERVATION (DOC)

Issue 1: Information Technology and Maintenance

Governor's Proposal. The Governor's budget proposes \$2 million from the Strong Motion Instrumentation and Seismic Hazards Mapping Fund on a two-year limited-term basis and \$500,000 from the same fund in 2020-21. These funds will be used to perform preventive and corrective maintenance to information technology infrastructure and operations.

Background. *The California Geological Survey (CGS) Provides Important Data Used in Decision Making by Various Entities.* CGS is 159 years old and is one of the oldest geological surveys in the nation. CGS is regarded as the primary source of geological information used in decision-making by government agencies, businesses, and the public.

CGS runs the Strong Motion Instrumentation Program (SMIP), which was established in 1971 and is one of the most extensive seismic monitoring systems in the world. SMIP gathers vital data for the engineering and scientific communities through a statewide network of seismic sensor instruments. These devices are placed in structures such as dams, bridges, hospitals, skyscrapers, fire stations, industrial facilities, and on open land. There are more than 8,500 sensors at over 1,300 monitoring stations statewide. These instruments measure the vertical and horizontal motion of the ground and the response of structures to that ground movement during an earthquake. SMIP data are used to aid emergency response personnel by pinpointing where the heaviest damage is likely to have occurred in an earthquake. Ultimately, the data collected by the sensors and delivered via the seismic network help improve building codes and assist local governments in their planning.

CGS is Currently Running SMIP on Obsolete and Unsupported Hardware and Software. The hardware and software that SMIP is running on is also out of compliance with required state information technology (IT) policies. While compliance with state IT policy is important, the larger risk is of an unrecoverable IT failure, which could result in significant consequences.

If an outage were to occur in the SMIP environment during or before an earthquake event, over 65 percent of the State's earthquake sensors would be disabled. This could render emergency response effectively blind in terms of allocating scarce response resources. If such an event occurs, there is no third-party support available. There would be limited local knowledge for troubleshooting and there would be no replacement equipment available.

In addition to the infrastructure and hardware, 95 percent of software in use by SMIP is running on platforms that are long out of mainstream support. Terabytes of historical earthquake data are stored on unsupported media (e.g., hard disk drives, floppies), in a non-temperature-controlled facility, and is not backed-up, which could result in a massive historical data loss on the State's earthquakes.

Staff Comments. If an IT failure occurred right now, it would render SMIP unable to provide critical emergency services before, during, and after an earthquake event. Providing DOC the requested resources is intended to fortify the existing IT operational environment and ensure that there is the

necessary operational support system in place to eliminate the risk of an unrecoverable hardware and/or software failure that could disable SMIP's services.

Staff Recommendation. Approve as budgeted.

Issue 2: Well Statewide Tracking and Reporting (WellSTAR)

Governor's Proposal. The Governor's budget proposes \$5.545 million in 2019-20, \$2.54 million in 2020-21, and \$1.327 ongoing from the Oil, Gas, and Geothermal Administrative Fund. Funding would be used to continue the development and implementation of Well Statewide Tracking and Reporting (WellSTAR). WellSTAR is a centralized database system to help run operations.

Background. *Various Enacted Legislation Imposes Reporting Requirements on Division of Oil, Gas, and Geothermal Resources (DOGGR).* Due to increasing concerns over public transparency and accountability of oil and gas operations in California, the Legislature enacted multiple pieces of legislation to require DOGGR to collect specified information in order to evaluate its impacts on the environment.

Data Collection on Oil and Gas Wells. SB 4 (Pavley), Chapter 313, Statutes of 2013, provides a statutory framework for the comprehensive regulation of oil and gas production in California in order to provide greater transparency and accountability to the public regarding well stimulation treatments, its impacts on the environment and the disposal of well stimulation wastes. Regulations adopted on July 1, 2015, require the collection of large amounts of complex oil and gas data related to well stimulation jobs to be evaluated, permitted validated, inspected, and monitored. This data includes, but not limited to, directional surveys, geophysical well logs, well construction details, well completion details, drill stem tests, fracture stimulations and micro-seismic data, core logs, mud logs, pressure transient test data, and production and injection data.

Data Collection on Water Produced During Oil and Natural Gas Drilling Operations. SB 1281 (Pavley), Chapter 561, Statutes of 2013, requires DOGGR to collect information on water produced during oil and natural gas drilling operations in order to evaluate how industry practices affect groundwater. The data must be collected on a quarterly basis and annually report an inventory of all unlined oil and gas field sumps to the State Water Resources Control Board and Regional Water Quality Control Boards. SB 1281 also requires detailed reporting of water use by type, amount, and source, as well as additional reporting on produced water, water treatment and recycling efforts, and disposition of all water used or produced. This reporting must be done at both the individual well level, and the overall field level.

Annual Report on the Underground Injection Control Program. SB 855 (Committee on Budget and Fiscal Review), Chapter 718, Statutes of 2010, requires DOGGR to provide an annual report to the Legislature on various features of the Class II Underground Injection Control Program.

Inadequate Record Keeping Imperiled Drinking Water Supplies. An audit conducted by the US EPA in 2011 revealed serious problems with the way DOGGR managed its Class II Underground Injection Control Program. Through this audit, DOGGR acknowledged that nearly 2,500 wells have been permitted to inject oil and gas waste into protected aquifers, a clear violation of the Safe Drinking

Water Act. DOGGR admitted that poor communication, inadequate record-keeping, inconsistent information, and general confusion among the agencies responsible for overseeing the injection well program led to permits being issued that allowed drinking water supplies to potentially be poisoned by dangerous byproducts of oil and gas production.

Legislature Approved Several Rounds of Funding for WellSTAR. The Legislature approved 10 million in 2015-16, \$10 million in 2016-17, \$21 million in 2017-18 and \$15.012 million in 2018-19 for the development of WellSTAR, an oil and gas data management system. DOGGR is collaborating with the Ground Water Protection Council (GWPC) to implement WellSTAR. WellSTAR will leverage the Risk Based Data Management System (RBDMS) from GWPC. RBDMS is a data information management system developed to track oil, gas, injection well, and source water protection that is currently used in 23 states. WellSTAR will be a modernized version of RBDMS to include newer technology as well as functionality unique to California resulting from enacted legislation. WellSTAR is designed to give DOGGR, other state agencies, industry, and the public an integrated information system that provides centralized information on oil and gas production operations. WellSTAR is also meant to address many of the systematic problems within DOGGR, including poor recordkeeping and the lack of modern data tools and systems.

A modern integrated information system is intended to bring DOGGR in line with the digital age. Such a system is meant to help increase transparency and strengthen the state's oversight of oil and gas production by improving data collection and analysis, and streamlining operations and processes. This system is also necessary for implementation on of the various requirements on DOGGR.

WellSTAR Project is On Schedule and On Budget. According to the December 2017 Independent Project Oversight Report (IPOR) prepared by California Department of Technology, the overall health of the WellSTAR project is "satisfactory," meaning no corrective action is necessary at this time. For example, the project is operating (1) on schedule, (2) within the approved budget, and (3) within the approved scope. The project is also meeting other requirements for a satisfactory rating in seven other areas tracked on IPOR's independent project oversight dashboard (such as having an approved staff management plan in place).

Staff Comments. DOGGR has submitted a BCP for the full project costs for the past two fiscal years. The Legislature has approved funding one year at a time to ensure additional opportunities to exercise oversight over this complex information technology project. Now that the most significant project costs have been funded, and the project continues to remain on-track and within budget, this BCP requests the balance of funding needed for WellSTAR development and implementation and continues to remain consistent with the original request.

Staff Recommendation. Approve as budgeted.

3560 STATE LANDS COMMISSION (SLC)**Issue 3: Critical Business Technology Needs**

Governor's Proposal. The Governor's budget proposes \$525,000 (\$231,000 General Fund, \$52,000 Marine Invasive Species Control Fund, \$210,000 Oil Spill Prevention and Administration Fund, and \$32,000 School Land Bank Fund) and one permanent position in 2019-20 and \$320,000 ongoing (\$141,000 General Fund, \$32,000 Marine Invasive Species Control Fund, \$127,000 Oil Spill Prevention and Administration Fund, and \$20,000 School Land Bank Fund) .

The requested resources will be used to address various information technology (IT) needs resulting from new mandates and policies. These include the California Department of Human Resources' (CalHR's) new reporting mandate, the statewide "Cloud First" IT initiatives, and Public Records Act requirements.

Staff Recommendation. Approve as budgeted.

Issue 4: Spatially Indexed Record Management System (SIRMS) – Project and Operations

Governor's Proposal. The Governor's budget proposes \$1.245 million General Fund one-time, \$777,000 ongoing, and three positions to fund the Spatially Indexed Records Management System (SIRMS) project.

Background. *The State Lands Commission (SLC).* The SLC, established in 1938, is tasked with managing California's sovereign lands and resources for the benefit, use, and enjoyment of the public. These lands total approximately 4.5 million acres and include tidelands, submerged lands and the beds of navigable rivers, streams, lakes, bays, estuaries, inlets, and straits.

SLC Has Over 200 Years' Worth of Historical Records. The SLC rely on historical records that document land ownership and define the state's historical boundaries to conduct its primary business functions, leasing, environmental protection, and ensuring land use is managed in the best interests of the state. The records include paper documents that predate statehood. This accumulation of over 200 years of records has resulted in an estimated 160 different record types containing over four million documents. These paper records are housed at the State Records Center and at all five SLC locations. SLC has partially automated some of its business process and functions. However, staff continues to access paper documents using a manual geo-referenced title plant, comparable to a Geographical Information System, but fully dependent on manual systems, tools, and processes. The mix of paper and digital records is constantly expanding as new transactions are brought before the Commission.

The Spatially Indexed Records Management System project (SIRMS). The SIRMS project, when complete, will provide geo-referenced, digital accessibility land ownership records. SIRMS will improve leasing and permitting workflow processes associated with them. SIRMS will assist staff in more efficiently issuing leases and permits, identifying jurisdictional ownership, improving workflows, and eventually, allowing the public to access the historical

Staff Comments. SLC currently has to access a mix of paper and digital records to perform its land management and leasing functions. In recognition of this inefficient and cumbersome process, the

Legislature previously approved the planning phase and first year implementation costs to create a system to organize, classify, and digitize land ownership records. This request is for the second year implementation costs. Providing SLC with the ability to have digital access to geo-referenced land ownership records will improve leasing and permitting workflow processes associated with them. This system will also improve efficiency in issuing leases and permits and identifying jurisdictional ownership.

Staff Recommendation. Approve as budgeted.

3720 CALIFORNIA COASTAL COMMISSION (CCC)

Issue 5: Legal Support

Governor's Proposal. The Governor's budget proposes \$130,000 General Fund ongoing and one position ongoing to address increased workload relating to recorded documents, litigation, and an increased number of Public Records Act requests.

Over the last five years, the Commission has experienced an increased workload in the area of litigation and Public Records Act requests. This increased workload has exacerbated the Commission's backlog of processing recorded documents. Failure to address the recorded documents backlog means that some permittees will continue to be delayed in project commencement. Complaints regarding delays in the recorded document process, in turn, increases workload for the Commission. Inadequate legal review of recorded documents can lead to future litigation or enforcement problems, which impose burdens on the public and create additional workload for the agency.

Staff Recommendation. Approve as budgeted.

3760 STATE COASTAL CONSERVANCY

Issue 6: Reserve for Grant Acceptance

Governor's Proposal. The Governor's budget proposes a one-time transfer of \$10 million from the General Fund into the State Coastal Conservancy Fund and ongoing reimbursement authority to provide a balance in the fund to pay upfront costs for various reimbursable grants that the Conservancy receives every year from state, local, and federal agencies, as well as private entities. The funds would be used exclusively to provide a source of upfront cash for reimbursable expenditures.

The appropriated funds would be used to pay upfront project expenditures that would be reimbursed by grants received from state, federal, and local sources. As reimbursements are received, they would be deposited back into the State Coastal Conservancy Fund to replace the expended funds. Funds would be tracked separately from other Conservancy funds held in the State Coastal Conservancy Fund.

Staff Recommendation. Approve as budgeted.

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)**Issue 7: Oceano Dunes Environmental Compliance**

Governor's Proposal. The Governor's budget proposes to make permanent \$815,000 in one-time spending authority from the Off-Highway Vehicle Trust Fund originally approved in the Budget Act of 2017. The ongoing funding will support four positions and equipment for the environmental conservation programs and regulatory compliance mandates at Oceano Dunes State Vehicular Recreation Area in San Luis Obispo County.

The park continues to be the subject of numerous regulatory actions and lawsuits focused on endangered species management (Western Snowy Plover and California Least Tern), air pollution, and coastal dunes dust control requirements.

Staff Recommendation. Approve as budgeted.

Issue 8: Local Assistance, Off-Highway Vehicle Trust Fund

Governor's Proposal. The Governor's budget proposes \$35 million in 2019-20 and 2020-21 from the Off-Highway Vehicle (OHV) Trust Fund for local assistance program compliance.

The OHV local assistance program supports the planning, acquisition, development, maintenance, administration, operation, enforcement, restoration, and conservation of trails, trailheads, areas and other facilities associated with the use of off-highway motor vehicles and programs involving off-highway motor vehicle safety or education.

The intent for local assistance grants is to make funds available to aid local agencies to acquire, develop, construct, maintain, administer, and conserve the state's trails and areas for the use of off-highway motor vehicles

Staff Recommendation. Approve as budgeted.

ISSUES FOR DISCUSSION

LEGISLATIVE ANALYST'S OFFICE (LAO) INFORMATIONAL PRESENTATION

Issue 9: Coastal Adaptation

Legislative Analyst's Office (LAO) Background. *California's Coast Faces Threat of Rising Seas and Tides.* Climate scientists have developed a consensus that one of the effects of a warming planet is that global sea levels will rise. The degree of sea-level rise (SLR), however, is still uncertain, and depends in part upon whether global greenhouse gas (GHG) emissions and temperatures continue to increase. Recent estimates project that compared to 2000, sea levels along the California coast south of Mendocino will rise between 1.5 inches and one foot by 2030, between five inches and two feet by 2050, and between 1.4 feet and 5.5 feet by 2100. These changes will impact both human and natural resources along the coast, as they increase the risk of flooding and inundation of buildings, infrastructure, wetlands, and groundwater basins. Climate change is also projected to contribute to more frequent and extreme storms, which will bring tides further ashore and exacerbate flood risk. A SLR report by the scientific organization Climate Central in 2014 estimated that a five-foot increase in water levels along California's coast due to SLR, storms, and tides would affect roughly 500,000 people, 645,000 acres, 210,000 homes, and \$105 billion of property value. Rising seas will also erode coastal cliffs, dunes, and beaches—affecting shorefront houses, businesses, infrastructure, and recreation. The state's *Safeguarding California Plan* cites that for every foot of SLR, 50 to 100 feet of beach width could be lost.

Multiple State Departments Charged With Helping Protect Coastal Resources. While responsibility to prepare for and respond to the impacts of SLR lies primarily with the affected local communities, a number of state departments are engaged in these activities as well. The primary state departments working on coastal issues and their major SLR-related roles are:

- **California Coastal Commission.** Regulates the use of land and water in the coastal zone, excluding the San Francisco Bay Area. (The coastal zone generally extends 1,000 yards inland from the mean high tide line.) Reviews and approves Local Coastal Programs (LCPs, discussed below). Maintains permitting authority over proposed projects in areas in the coastal zone with no approved LCP and for state-managed lands such as state parks.
- **BCDC.** Reviews and issues regulatory permits for projects that would fill or extract materials from the San Francisco Bay, and works to preserve public access along the Bay's shore. Leads the Bay Area's ongoing multiagency regional effort to address the impacts of SLR on shoreline communities and assets, including multiple adaptation planning efforts.
- **Ocean Protection Council.** Coordinates the activities of ocean-related state departments. Allocates grants for SLR and climate adaptation projects and research. Conducts and distributes data and information to help local jurisdictions and state departments plan for SLR, including developing the guidance document discussed below.
- **State Coastal Conservancy.** Allocates grants for and undertakes projects to preserve, protect, and restore the resources of the California coast and the San Francisco Bay Area. Provides grants for planning and projects through its Climate Ready Program explicitly to increase the resilience of coastal communities and ecosystems to climate change impacts such as SLR.

- ***State Lands Commission.*** Stewards sovereign state lands, including those located between the ordinary high water mark of tidal waters and the boundary between state and federal waters three miles offshore. Monitors sovereign state lands the Legislature has delegated to local municipalities to manage in trust for the people of California. (These “trust grants” stipulate how cities and counties can use these waterfront and submerged lands, such as for piers, ports, harbors, airports, or recreation.) Oversees assessments that grant trustees are required to conduct for how they plan to adapt to SLR, pursuant to AB 691 (Muratsuchi), Chapter 592, Statutes of 2013.

State Has Been Engaged in SLR Planning and Data Collection. The state has published a number of comprehensive and helpful reports in recent years concerning SLR projections and steps the state and local governments might take to respond. Among these is the *State of California Sea-Level Rise Guidance Document*, which was initially adopted in 2010 and most recently updated in 2018. This document—developed by the Ocean Protection Council in coordination with other partner agencies—provides (1) a synthesis of the best available science on SLR projections and rates for California, (2) a stepwise approach for state agencies and local governments to evaluate those projections and related hazard information in their decision-making, and (3) preferred coastal adaptation approaches. Other SLR-related plans and reports the state has released in recent years include several iterations of the *Safeguarding California Plan* (each of which consists of multiple companion reports), the *California State Hazard Mitigation Plan*, and *Paying It Forward: The Path Toward Climate-Safe Infrastructure in California*.

State Law Encourages Coastal Communities to Develop LCPs. Enacted in 1976, the California Coastal Act encourages the 76 cities and counties along the coast to develop plans—known as LCPs—to guide development in the coastal zone. The LCPs specify the appropriate location, type, and scale of new or changed uses of land and water, as well as measures to implement land use policies (such as zoning ordinances). The Coastal Commission reviews and approves (“certifies”) these plans to ensure they protect coastal resources in ways that are consistent with the goals and policies of the Coastal Act. Local governments have incentives to complete certified LCPs, as they can then handle development decisions themselves (although stakeholders can appeal such decisions to the Coastal Commission). In contrast, any project undertaken in the coastal zone in communities without certified LCPs must attain a permit from the Coastal Commission. As of June 2018, nearly 90 percent of the applicable geographic area was covered by a certified LCP. Most of these LCPs, however, were developed around 30 years ago—long before the need to account for the potential effects of climate change and SLR. As such, some coastal communities are beginning to work on updating their LCPs, including by conducting SLR vulnerability assessments, undertaking adaptation planning, and updating their land use policies.

State Has Provided Some Greenhouse Gas Reduction Fund (GGRF) for Coastal Planning and Adaptation. In both 2017-18 and 2018-19, the state provided GGRF to three state departments for coastal adaptation activities—Coastal Conservancy, Coastal Commission, and the San Francisco Bay Conservation and Development Commission (BCDC). As shown below, a total of \$6 million was provided in 2017-18 and \$5 million in 2018-19. In each year, the funds were provided on a one-time basis, and were not included in the Governor’s original proposals but rather were added by the Legislature through the course of budget negotiations. The funded programs and activities at each department have the primary goal of assisting coastal communities in assessing their SLR vulnerability, planning for rising tides, and implementing adaptation projects.

Greenhouse Gas Reduction Funds for Coastal Adaptation Activities (In Millions)			
	2017-18	2018-19	2019-20 Proposed
Coastal Conservancy—Climate Ready Program	\$4.0	\$3.0	—
Coastal Commission—completing and updating LCPs	1.5	1.5	\$1.5
Bay Conservation and Development Commission—regional adaptation planning	0.5	0.5	1.8
Totals	\$6.0	\$5.0	\$3.3
LCP = Local Coastal Program.			

Coastal Adaptation Activities Also Funded From Other State Sources. The recent GGRF appropriations supplemented other funding at these three departments for similar activities. For example, over the past five years the Coastal Commission has awarded \$6 million in grants for vulnerability assessments and LCP updates, funded through appropriations from the General Fund and bonds. Similarly, between 2013 and 2015 the Coastal Conservancy awarded \$7.3 million in grants through its Climate Ready Program using state bonds and special funds. Additionally, many of the other programs and activities at these departments are related to SLR adaption. For example, the Coastal Conservancy’s governing board adopted a comprehensive climate change policy and amended its project selection criteria to require that *all* Coastal Conservancy projects must be designed with climate change in mind—even those funded by other Coastal Conservancy grants and programs apart from its Climate Ready Program. The state has also provided funding for the Ocean Protection Council to conduct SLR preparation activities including research and data dissemination. For example, in 2018-19 the Legislature appropriated \$10 million from Proposition 68 for the Ocean Protection Council to dedicate to projects that assist coastal communities, including grants for local SLR adaptation projects.

Governor’s Proposals. Proposes Two Ongoing Appropriations From GGRF for Coastal Adaptation Planning. The Governor’s budget proposes ongoing funding for two of the departments that received GGRF appropriations in prior years—\$1.8 million for BCDC and \$1.5 million for the Coastal Commission. Additionally, the proposal would establish four new positions for BCDC. The proposed GGRF would be used as follows:

- **BCDC (\$1.8 Million).** This increase from previous GGRF funding levels of \$500,000 is proposed to grow BCDC’s capacity to support the region’s SLR planning efforts. The agency would use the funding for four new positions and 12 existing positions in part to help develop the Bay Area’s first Regional Shoreline Adaptation Plan. Additional activities would include increased outreach to disadvantaged communities, enhanced technical support to cities and

counties that are undertaking adaptation projects, and increased capacity to implement BCDC's regulatory role in reviewing and permitting projects and ensuring that they adequately incorporate SLR adaptation.

- ***Coastal Commission (\$1.5 Million).*** The Coastal Commission would use funds consistently with the previous GGRF appropriations of the same amount. Specifically, it would use \$750,000 to provide grants to local jurisdictions to help update their LCPs, including by conducting SLR vulnerability assessments and updating their land use policies. Based on prior years, this likely would fund about five grants per year. The other \$750,000 would fund Coastal Commission staff to provide technical assistance, document review, and support for those efforts.

Does Not Propose GGRF for Coastal Conservancy. In contrast to the current and prior years, the Governor's budget would not provide GGRF for the Coastal Conservancy in 2019-20. According to the Administration, this is because the Coastal Conservancy has other available funding—primarily from Propositions 1 (2014) and 84 (2006)—for purposes consistent with the Climate Ready Program. The Administration states that significant overlap exists between the Climate Ready Program's objectives and other bond-funded programs the Coastal Conservancy is undertaking, such that additional GGRF is not essential.

LAO Assessment. Governor's Proposals Meet Important Needs. While the magnitude and timing of SLR still are unknown, scientists are confident that some level of rise is certain. To moderate the severity of the impacts these changes will bring, California's coastal communities need to begin planning now for how they will respond over the coming decades. As such, the LAO finds the Governor's proposals to be worthwhile. The proposed funding would allow BCDC and the Coastal Commission to assist local governments in their adaptation efforts. While most of the SLR adaptation actions must be undertaken by local jurisdictions, the state can help by facilitating regional collaboration and coordination (as with the BCDC funding) and by providing funds to encourage communities to assess their vulnerability and plan their responses (as with the Coastal Commission funding). Additionally, these allocations are consistent with the uses and priorities for which the Legislature has directed funds in previous years.

State Has Vested Interest in Preparing Coastal Assets for SLR. The LAO does not have concerns with the Governor's choice of GGRF to fund the proposed activities because climate adaptation is one of the priorities for GGRF expenditures listed in statute. While the funds are supporting efforts that benefit individual communities, these activities also have statewide value. Although most of the development along the coast is owned by either private entities or local governments—not the state—the state has a strong rationale for helping ensure that local jurisdictions plan and take action to adapt to SLR in order to minimize costly and traumatic damage for state residents and their property. Additionally, serious public health and safety impacts could occur if proper steps are not taken to prepare for how SLR will affect certain coastal infrastructure. This includes threats to drinking water (from impacts to coastal groundwater aquifers and water treatment plants), sewage treatment, local transportation infrastructure, and essential facilities such as hospitals and schools. The state also owns and is directly responsible for maintaining certain coastal highways that face significant risk from SLR. Moreover, the economy and tax base—both local and statewide—would be negatively affected by significant damage to certain key coastal infrastructure and other assets, such as ports, airports, railway lines, beaches and parks used for recreation, as well as high-technology companies located along the San Francisco Bay. The state also is charged with overseeing natural resources on behalf of the public trust, and thus is responsible for protecting public access to the coast and the health of coastal wetlands, wildlife, and habitats. Because of this broad statewide interest, we believe GGRF,

general obligation bonds, and General Fund all would be reasonable funding sources for coastal adaptation activities.

Additional State Assistance to Local Communities Likely Will Be Needed in Future Years. Local governments along the coast face costly challenges and difficult decisions for how they will respond to the impacts of SLR. They will need to grapple with which existing properties, infrastructure, and natural resources to try to protect from the rising tides (and how they might do so), which to modify or move, and which may be unavoidably affected. As described earlier, state departments are making efforts to assist coastal communities in these efforts by providing research, data and guidance, as well as grants for planning and projects. Given the magnitude of the challenges SLR will bring in the coming decades, however, coastal communities likely will look to the state for more help in future years—including additional fiscal resources, policy guidance, and statutory changes.

LAO Recommendations. *Adopt Governor’s Proposals.* Because the proposed funding would assist local governments in their SLR adaptation efforts, the LAO recommends the Legislature adopt the Governor’s proposals to provide \$1.8 million to BCDC and \$1.5 million to the Coastal Commission in ongoing GGRF. The state has a vested interest in ensuring local jurisdictions are prepared to protect coastal resources from rising seas. Facilitating regional collaboration and providing funds for local adaptation planning are appropriate supporting roles for state departments to play.

Explore Additional Ways to Assist Local Communities in Adapting to Rising Sea Levels. While the Governor’s proposals represent helpful and justifiable activities for state departments to undertake, additional steps likely will be needed to help support local communities’ significant planning and response needs in the coming years as threats from SLR become more pressing. The LAO recommends the Legislature continue to work with state departments, local governments, and coastal residents to identify the most effective ways for the state to help adapt to the impacts of rising seas. These could—and likely will—include additional data collection and research, policy changes, and funding appropriations. For example, the state may want to provide more funding for and/or enact additional requirements around local adaptation planning—whether through the LCP process or some other approach. The recent state-produced reports mentioned earlier contain data and recommendations that can help guide state and local actions in the coming years. Additionally, the Legislature can continue to convene experts—as it has with several policy and select committee hearings in recent years—to help solicit input as to the progress of local adaptation planning and how the state can most effectively contribute to SLR preparation efforts. Some of the key questions for the Legislature to explore in the coming months and years could include:

- ***State vs. Local Role.*** Which activities are appropriate for the state to undertake, and which should be local responsibilities? Are there decisions that have traditionally been made at the local level in which the state should become involved to protect public safety and statewide interests?
- ***Adaptation Progress.*** What is the status and pace of local governments’ progress in preparing for SLR? Are there certain high-risk regions that are not making sufficient progress? Are there steps the state should take to help facilitate, expedite, or compel additional progress?
- ***Funding.*** What are the most effective uses of state funding to address SLR? What fund sources are available and appropriate for state-level SLR efforts? Are there additional tools that the state or local governments could use to generate additional funding for these efforts, and does the Legislature need to take steps to authorize such tools?
- ***Research and Data.*** Is there additional information the state should collect and provide to assist local governments in their SLR planning? How are scientific understandings and

projections of SLR evolving, and how should this change the guidance the state is providing to local governments?

- ***State Assets.*** What steps should the state take to protect assets for which the state has primary responsibility—such as highways and state-owned buildings—from the effects of SLR? Does the state have a long-term adaptation plan—including time lines, cost estimates, and identified funding—for these assets? Has a state entity been identified to help coordinate and oversee these actions?
- ***Current LCP Process.*** Why are certain jurisdictions opting not to update their LCPs, (or, in some cases, not to have an LCP certified in the first place)? Do particular barriers exist within the LCP process that the Legislature can help address? Are there ways the state should modify the LCP process to better regulate planning, development, and decision-making in the coastal zone?

3720 CALIFORNIA COASTAL COMMISSION**3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION****Issue 10: Coastal Adaptation**

Governor’s Proposal. The Governor’s budget proposes \$3.3 million in ongoing Greenhouse Gas Reduction Fund (GGRF) to assist local governments in their sea-level rise adaptation efforts. Specifically, the proposal includes:

- \$1.8 million and four positions for the San Francisco Bay Conservation and Development Commission to support the region’s sea-level rise planning efforts. The agency would use the funding for four new positions and 12 existing positions in part to help develop the Bay Area’s first Regional Shoreline Adaptation Plan. Additional activities would include increased outreach to disadvantaged communities, enhanced technical support to cities and counties that are undertaking adaptation projects, and increased capacity to implement BCDC’s regulatory role in reviewing and permitting projects and ensuring that they adequately incorporate sea-level rise adaptation.
- \$1.5 million to the California Coastal Commission. \$750,000 would be used to provide grants to local jurisdictions to help update their Local Coastal Programs, including by conducting sea-level rise vulnerability assessments and updating their land use policies. Based on prior years, this likely would fund about five grants per year. The other \$750,000 would fund Coastal Commission staff to provide technical assistance, document review, and support for those efforts.

These two proposals may be found in the budget change proposal (BCP), “2019-20 Cap-and-Trade Expenditure Plan,” which proposes \$575 million GGRF in addition to the Cap-and-Trade funding already approved, for various programs implemented by a variety of agencies. This BCP was heard and held open in this subcommittee on March 28, 2019.

Background. *(Please see LAO Background in Issue #7.)*

LAO Recommendation. The LAO recommends the Legislature adopt this proposal because of the potential future impacts of sea level rise. The LAO also recommends that the Legislature continue to work with state and local entities to identify the most effective ways to support local communities’ planning and response needs, including ongoing assessments of progress, how these efforts should be funded, and what additional research and data is needed.

Staff Recommendation. No action is required. As noted above, this issue is a part of a larger BCP, “2019-20 Cap-and-Trade Expenditure Plan,” which was heard and held open in this subcommittee on March 28, 2019.

3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION (BCDC)**Issue 11: Relocation to Bay Area Metro Center (Budget Change Proposal (BCP) and Spring Finance Letter (SFL))**

Governor's Proposal. The Governor's BCP proposes \$127,000 General Fund in 2019-20 for increased leasing costs, which increase annually thereafter, to move to the San Francisco Bay Area Metro Center Regional Headquarters building (Metro Center) to co-locate with its regional planning partners.

The Governor's SFL proposes an additional \$32,000 General Fund in 2019-20 for increased leasing costs, which increase annually thereafter, to move to the Metro Center. In addition, BCDC requests a reappropriation of \$3.02 million General Fund provided in the 2018 Budget Act to pay for agreed-to tenant improvements and moving costs, which are not anticipated until 2019-20.

Background. BCDC. BCDC is responsible for managing the protection and use of the San Francisco Bay, its shoreline, and nearly all development in and around the Bay (within 100' of high tide). By statute, BCDC is required to be located in the City of San Francisco. The current facilities in the Hiram Johnson State Office Building cannot accommodate Commission meetings (the Commission's 27 members cannot be seated on the dais) and are inadequate for hosting any other formal meetings due to its lack of internet and audio-visual capabilities. After the Metro Center opened in 2016, BCDC moved all of its public meetings from various facilities in San Francisco and Oakland to the Metro Center because the building has space that is specifically designed to hold large public meetings in hospitable spaces.

The Budget Act of 2018 provided \$3.02 million for one-time tenant improvements and moving costs for BCDC's move to the Metro Center. The estimate at the time was \$3.02 million one-time. Since then, it was discovered the rental cost data the state and Bay Area Headquarters Authority were working and negotiating from was outdated and did not reflect updated market numbers for the lease in the Bay Area. Therefore, rent in the new headquarters building is expected to be higher than originally estimated. BCDC's annual rent in the Metro Center building would start at \$1.125 million, which is approximately \$127,000 more than BCDC's 2019-20 rent at the Hiram Johnson State Office Building in San Francisco where the Department of Justice (DOJ) will backfill.

Metro Center. The Metro Center was built to house the Metropolitan Transportation Commission, the Bay Area Air Quality Management District, the Association of Bay Area Governments, the Bay Area Regional Collaborative, and the San Francisco Estuary Partnership, which are the regional and state agencies in the Bay Area that collaborate to resolve and implement local, regional, and state policies around the Bay. Issues that the agencies address collectively include sea-level rise threats on state-owned assets such as local and regional transportation networks.

According to the Administration, the proposed lease for BCDC's new space is low compared to San Francisco's market rates both north and south of Market Street and grows at an acceptable rate of inflation. The lease will include utilities, common area expenses, and two parking spaces.

Department of Justice. In 2006, DOJ submitted a request for additional space in the City of San Francisco and the Department of General Services began searching for a new space. At the same time, BCDC submitted a request to move to the Metro Center. DOJ is expected to move into the location from where BCDC plans to move out.

Staff Comment. This SFL is the *third* budget change request related to this move and asks for additional funding for leasing costs. The SFL's BCP states, "The discrepancy between the estimates at the Governor's Budget and this April 1 request is due to a misunderstanding of fiscal years within a spreadsheet that contained the data used to build the estimates." Should the Legislature anticipate additional budget change requests regarding BCDC's move to the Metro Center?

Staff Recommendation. Hold open.

3560 STATE LANDS COMMISSION (SLC)**Issue 12: School Lands Forestry Inventory**

Governor's Proposal. The Governor's budget proposes \$184,000 School Land Bank Fund and one permanent position in 2019-20, and \$149,000 annually thereafter to be used to manage and develop school lands into a permanent and productive resource base. The requested position would collaborate with other public agencies that manage forest resources and would be responsible for maintaining and managing SLC's inventory of forested land. SLC intends to conduct an inventory to assess the health, species, size, and density of its forested land to assist in its efforts to develop a comprehensive forest management plan.

Background. *Forested School Lands.* SLC manages approximately 458,843 acres of fee-owned school lands for the benefit of California State Teachers' Retirement System. Of these, approximately 55,000 acres are forested. Until the late 1990s, SLC had Foresters on staff who actively managed its forested school lands. Retirements and redirection of staff have led to the forested lands being largely neglected since then. Timber salvage and sanitation operations have occurred on an as-needed basis due to losses from natural causes such as fire, high winds, insect infestation, and disease. Existing staff are generally redirected to support these efforts.

This request is a result of the Commission's participation in the Forest Climate Action Team and the 2018 Forest Carbon Plan. SLC is requesting a Public Lands Management Specialist III to proactively manage its forested land.

Staff Recommendation. Approve as budgeted.

3720 CALIFORNIA COASTAL COMMISSION**Issue 13: Increased Lease Cost**

Governor's Proposal. This subcommittee did not receive a budget change proposal for the increased lease cost for the California Coastal Commission. The Coastal Commission instead, includes \$1.3 million in new ongoing General Fund for higher rent costs in the new office location within its base budget.

Background. *The Coastal Commission's Headquarters is in San Francisco.* In addition to its headquarters in San Francisco, the Coastal Commission maintains six regional district offices: North Coast, North Central Coast, Central Coast, South Central Coast, South Coast, and San Diego Coast to provide accessibility to, and participation by, the public.

The North Central Coast District Office is located at Headquarters and serves four counties (Sonoma, Marin, San Francisco, and San Mateo) from the north end of Sonoma County at the Gualala River to the San Mateo/Santa Cruz County border near Año Nuevo State Reserve in the south, approximately 258 miles of coastline. It encompasses three offshore National Marine Sanctuaries.

According to the Coastal Commission, San Francisco is a central location between Northern California and Southern California, making it easily accessible by other District offices, appointed members, public officials, local governments, and the public served by the Coastal Commission. They further assert that the current headquarters is close to the Coastal Commission's sister agencies, the San Francisco Bay Conservation and Development Commission who is also in San Francisco and the State Coastal Conservancy in Oakland. Staff works closely with these agencies. The Coastal Commission's human resources office provides personnel services for the San Francisco Bay Conservation and Development Commission.

Approved funds for the Coastal Commission to Address Increased Lease Cost at its San Francisco Headquarters and its North Coast District Office. The Budget Act of 2018 provided \$1.409 million ongoing in General Fund for the Coastal Commission to address the increased leasing costs at its San Francisco Headquarters and the North Central Coast District office.

LAO Comments. *Coastal Commission Increased Lease Costs.* The budget proposal includes \$1.3 million in new ongoing General Fund for higher rent costs in the new office location to which the Coastal Commission is moving in the budget year. This would be in addition to the \$1.4 million ongoing that the Legislature approved in 2018-19 for such costs. The Administration, however, did not submit a formal proposal or justification for why additional funds are needed and what alternatives were considered. Rather, the new funds were simply built into the department's base budget.

Staff Comments. The Administration did not submit a budget change proposal on this item nor included it in a consolidated BCP. Instead, this funding increase was built into the Coastal Commission base budget. The Administration asserts that provisional language adopted in the 2018 Budget Act authorized this change. While funding for the increased cost might be reasonable, it would have been prudent and more transparent to propose this increase as a budget change proposal.

Staff Recommendation. Hold open.

3640 WILDLIFE CONSERVATION BOARD (WCB)**Issue 14: Proposition 68**

Governor's Proposal. The Governor's budget proposes \$127 million and five positions for restoration and conservation projects implemented by WCB, such as:

- Lower American River Program
- Regional Conservation Investment Strategies
- Natural Community Conservation Planning (NCCP) Implementation
- UC Natural Reserve System
- WCB Governing Statues
- Pacific Flyway Habitat Protection and Restoration
- Wildlife or Fish Passage
- Sierra Nevada and Cascade Mountains
- Lower American River Conservancy Program

The following table, which carries over to the next page, reflects proposed Proposition 68 funding to be implemented by WCB:

WCB: Proposed Proposition 68 Funding 2019-20

(Dollars in thousands)

Public Resources Code Section	Program	P-68 Bond Allocation	FY 2018-19 Local Assistance Allocation	FY 2019-20 Local Assistance Allocation (Proposed)	Estimated Solicitation Timing
		\$275,000	\$71,000	\$133,875	
Chapter 7: California River Recreation, Creek, and Waterway Improvements Program					
80100 (a) The sum of one hundred sixty-two million dollars (\$162,000,000) shall be available, upon appropriation by the Legislature, for grants pursuant to the California River Parkways Act of 2004 (Chapter 3.8 (commencing with Section 5750) of Division 5) and the Urban Streams Restoration Program pursuant to Section 7048 of the Water Code. Eligible projects shall include, but are not limited to, projects that protect and enhance urban creeks.					
80100	Wildlife Conservation Board	\$10,000	\$2,000	\$7,250	
80100 (a)(3)	Of the amount made available pursuant to this subdivision, ten million dollars (\$10,000,000) shall be available to the Lower American River Conservancy Program pursuant to Chapter 10.5 (commencing with Section 5845) of Division 5.	\$10,000	\$2,000	\$7,250	Solicitation out Spring or Summer 2019

(Table continued onto next page.)

Chapter 8: State Conservancy, Wildlife Conservation Board, and Authority Funding					
80110 The sum of seven hundred sixty-seven million dollars (\$767,000,000) shall be available, upon appropriation by the Legislature, as described in this chapter.					
80110(c) One hundred thirty-seven million dollars (\$137,000,000) shall be available to the Wildlife Conservation Board.					
80111	Wildlife Conservation Board	\$137,000	\$39,000	\$64,975	
80111 (a)	Five million dollars (\$5,000,000) shall be available for the development of regional conservation investment strategies.	\$5,000	\$2,000	\$2,625	Continuous solicitation out January 31, 2019
80111 (b)	At least fifty-two million dollars (\$52,000,000) shall be available for the acquisition, development, rehabilitation, restoration, protection, and expansion of habitat that furthers the implementation of natural community conservation plans adopted pursuant to the Natural Community Conservation Planning Act.	\$52,000	\$26,000	\$22,100	TBD
80111 (c)	Up to ten million dollars (\$10,000,000) may be granted to the University of California Natural Reserve System for matching grants for acquisition of land, construction and development of research facilities to improve the management of natural lands, for preservation of California's wildlife resources, and to further research related to climate change. The Wildlife Conservation Board shall establish a matching grant requirement for grants awarded pursuant to this subdivision.	\$10,000	\$4,000	\$5,250	Working with UC staff to get priorities for this year.
80111 (d)	The remainder of the amount available shall be available to the Wildlife Conservation Board to provide funding for the following projects: (1) Projects to protect and enhance national recreation areas serving heavily urbanized areas or, in coordination with the State Lands Commission, to acquire an interest in federal public lands that may be proposed for sale or disposal. (2) Projects according to the Wildlife Conservation Board's governing statutes for its specified purposes.	\$70,000	\$7,000	\$35,000	TBD. Possible Programs for this money: 1) T & E restoration projects ; 2) ERAL Program ; 3) Rangeland/grazing/grassland; 4) Oaks; 5) Forest Conservation; 6) Riparian Program.
Chapter 10: Climate Preparedness, Habitat Resiliency, Resource Enhancement, and Innovation					
80130 The sum of four hundred forty-three million dollars (\$443,000,000) shall be available, upon appropriation by the Legislature, as competitive grants for projects that plan, develop, and implement climate adaptation and resiliency projects. Eligible projects shall improve a community's ability to adapt to the unavoidable impacts of climate change, improve and protect coastal and rural economies, agricultural viability, wildlife corridors, or habitat, develop future recreational opportunities, or enhance drought tolerance, landscape resilience, and water retention.					
80132	Wildlife Conservation Board	\$128,000	\$30,000	\$61,650	
80132(a)	Eighteen million dollars (\$18,000,000) shall be available to the Wildlife Conservation Board for direct expenditures pursuant to the Wildlife Conservation Law of 1947.	\$18,000	\$10,000	\$6,650	Some portion for Public Access. Solicitation out Spring 2019.
80132(c)(1)	Thirty million dollars (\$30,000,000) shall be available for the acquisition, development, rehabilitation, restoration, protection, and expansion of wildlife corridors and open space to improve connectivity and reduce barriers between habitat areas and to protect and restore habitat associated with the Pacific Flyway. In awarding grants pursuant to this subdivision, priority may be given to projects that protect wildlife corridors.	\$20,000	\$0	\$10,000	Solicitation in May 2019.
80132(e)(1)	Sixty million dollars (\$60,000,000) shall be available to the Wildlife Conservation Board for construction, repair, modification, or removal of transportation or water resources infrastructure to improve wildlife or fish passage.	\$30,000	\$10,000	\$15,000	Solicitation out late February or early March 2019.
80132(f)	Sixty million dollars (\$60,000,000) shall be available to the Wildlife Conservation Board for the protection, restoration, and improvement of upper watershed lands in the Sierra Nevada and Cascade Mountains, including forest lands, meadows, wetlands, chaparral, and riparian habitat, in order to protect and improve water supply and water quality, improve forest health, reduce wildfire danger, mitigate the effects of wildfires on water quality and supply, increase flood protection, or to protect or restore riparian or aquatic resources.	\$60,000	\$10,000	\$30,000	Solicitation in April 2019.

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 \$4.1 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. They are as follows:

FUNDING ALLOCATIONS		
Chapter	Purpose	Amount (in millions)
2	Investments in environmental and social equity, enhancing disadvantaged communities	\$725
3	Investments in protecting, enhancing, and accessing local and regional outdoor spaces	\$285
4	Restoration, preservation, and protection of existing state park facilities and units	\$218
5	Trails and greenway investments	\$30
6	Rural recreation, tourism, and economic enrichment investment	\$25
7	Grants pursuant to the California River Parkways Act of 2004 and the Urban Streams Restoration Program	\$162
8	To the state conservancies, Wildlife Conservation Board, California Natural Resources Agency, and the Salton Sea Authority for specified purposes	\$767
9	Ocean, bay, and coastal protection	\$175
10	Climate preparedness, habitat resiliency, resource enhancement, and innovation	\$443
11	Clean drinking water and drought preparedness	\$250
11.1	Groundwater sustainability	\$80
11.5	Flood protection and repair	\$550
11.6	Regional sustainability for drought and groundwater, and water recycling	\$390
TOTAL		\$4,100

Proposition 68 Allocations Last Year. The Budget Act of 2018 authorized \$1.24 million for the first year of various Proposition 68 bond program implementation. Programs and projects funded by the bond-measure in 2018-19 were prioritized to support a number of existing programs, projects that are shovel-ready and new programs with a phased-in approach.

Staff Recommendation. No action is required. This issue is part of a larger BCP, “Proposition 68 Implementation,” which was heard and held open in this subcommittee on March 7, 2019.

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 15: Proposition 68

Governor’s Proposal. The Governor’s budget proposes \$70 million Proposition 68 and fourteen new positions ongoing for improving and expanding state (\$16 million) and local parks (\$54 million). More specifically, this proposal includes:

- **Positions.** Of the 14 positions requested for 2019-20, 13 are continuing positions that were requested and approved for 2018-19. 11 positions are under the Office of Grants and Local Services (OGALS) to develop the grant programs and administer funding under Proposition 68. The other two positions are administrative positions, one in the Budget Sections and the other in Accounting Services. The one “new” position is an accounting position in the payables unit; funded solely from grant allocations.
- **Program Delivery.** Of Parks’ \$70.1 million Proposition 68 requests, \$3.76 million is related to program delivery. The majority of that is for OGALS program delivery and State Park System administration costs. There are small allocations for program delivery in the Nature Resources Division (NRD) and Deferred Maintenance Program (DMP).
- **Projects.** \$4 million for Enterprise Projects. Projects funded under this allocation will add revenue generating infrastructure enhancements within the identified Park Units. \$11.5 million for DMP projects. These DMP projects will come directly from Parks’ list of backlogged deferred maintenance.
- **Local Assistance.** \$13.9 million in local assistance for smaller entities per capita grants, a continuing program outlined in bond section 80061(b).

Department of Parks: Proposed Proposition 68 Funding 2019-20

**Dollars in thousands*

Purpose Type	Program	2019-20 Proposed	Description
Program Delivery	Various Grant Programs	\$3,449	OGALS Program Delivery
Program Delivery	Preservation of Existing Parks	\$132	State Parks Admin Costs (Program Delivery)
Program Delivery	SPS Natural Resource Values	\$30	NRD Program Delivery related to 18/19 Appropriations
Program Delivery	Deferred Maintenance	\$150	DMP Program Delivery
		\$3,761	
Projects	Enterprise Projects	\$4,000	Revenue generating projects
Projects	Deferred Maintenance	\$11,500	DMP Projects (\$2.3m to each region for 4 years)
		\$15,500	
Grants	Per Capita - Smaller Entities	\$13,875	Local Assistance
Grants	Revenue Enhancement	\$37,000	Local Assistance
		\$50,875	
Total:		\$70,136	

** Source: Department of Parks and Recreation.*

Background. Proposition 68. (Please see “Background” under Issue 14)

Staff Comments. The Governor's proposal includes \$37 million Proposition 68 funds to provide grants to local agencies for revenue enhancement measures aimed at improving and enhancing local or regional park infrastructure. This is the first time Parks has undertaken this program. The subcommittee may wish to ask Parks regarding the Revenue Enhancement Activities at Parks, what is the structure of this new program?

Staff Recommendation. No action is required. This issue is part of a larger BCP, "Proposition 68 Implementation," which was heard and held open in this subcommittee on March 7, 2019.

Issue 16: Administrative Support Staffing

Governor's Proposal. The Governor's budget proposes \$1.74 million General Fund one-time, and \$1.633 million General Fund ongoing beginning in 2020-21, and 12 positions to support the increasing fiscal demands, address control agency audits, reduce backlogs, and support new and ongoing departmental operations in the Accounting Services and Business Management Services Sections.

Background. *The New Accounting System, FI\$Cal.* The Financial Information System for California, better known as FI\$Cal, is California's statewide accounting, budget, cash management and procurement information technology (IT) system. The State Controller, the State Treasurer, and the Directors of the Departments of Finance and General Services signed a Memorandum of Understanding in 2007, to formalize the cooperative partnership to support the development of the FI\$Cal system. In July 2016, FI\$Cal was formally recognized as a new department that implements, maintains and operates the FI\$Cal system.

Migration to FI\$cal is Creating Backlogs. According to Parks, the transition to FI\$cal is creating backlogs and new workload. Many processes that were automated in the previous fiscal system have now become manual; one-step extracts now require numerous steps to achieve the same results in the new system; and processes that occurred on a monthly basis now require daily, weekly, and monthly action. Parks asserts that it does not have permanent staff to meet the demand for fiscal tracking, reporting, auditing, and procuring.

Parks further asserts that its implemented mitigating efforts to help with transition but these resolutions cannot continue without additional personnel. Current staff has worked over 10,000 hours of overtime since the transition, temporary help has been hired, and the Department has created numerous databases and systems to attempt to automate processes. In addition, Parks has redirected staff from other units and administrative managers contributed over 11,800 additional hours of transitional and live work.

Staff Comments. The new FI\$cal system is meant to increase efficiency overtime. Why is this request asking for ongoing resources?

Staff Recommendation. Hold open.

Issue 17: California Indian Heritage Center Staffing

Governor’s Proposal. The Governor's budget proposes \$428,000 General Fund ongoing and three positions to patrol, maintain, and develop the California Indian Heritage Center property.

Background. *A Museum for California Tribes.* The concept for a museum for California Tribes originated in 1927 with a loan to the state from Benjamin Hathaway of nearly 40,000 objects. A temporary facility to store, exhibit, and educate the public about these collections came to fruition in 1940 with the construction of a 4,300 square foot building at Sutter's Fort State Historic Park, funded by the Native Daughters of the Golden West. In 1950, the state purchased the collection, hired its first professional staff, and developed new exhibits.

California Indian Heritage Center. Senate Bill 2063 (Brulte), Chapter 290, Statutes of 2002, appropriated \$5 million to establish the California Indian Cultural Center and Museum Task Force. The bill also directs this taskforce to advise and make recommendations to the department regarding development of a new museum, including its location, design, content, and governance structure.

The task force adopted the name “California Indian Heritage Center (CHIC).” The Department, CHIC, and community representatives selected the West Sacramento site at the confluence of the Sacramento and American Rivers after assessing several alternatives.

The Budget Act of 2018 Included Funding for the Construction of the CIHC. The 2018-19 budget includes \$100 million General Fund to construct the CIHC and \$100 million in matching State Park Contingent Fund authority for costs to be funded through gifts or donations. The CIHC, when complete, will include up to approximately 120,000 square feet of building space, equipment and furnishings, outdoor plazas and venues, along with interpretive/educational trail connections to the Sacramento River. Total estimated project cost is \$200 million.

During earlier attempts to acquire the property from the City of West Sacramento, Parks acknowledged that the property would require additional resources to manage, such as patrols and site maintenance. Parks had requested the City to cover the operating costs for the property, but the City rejected the request. With \$100 million approved in last year’s budget for the project and the desire to restart acquisition negotiations with the City, Parks agreed to cover the cost of operating the property, immediately upon transfer of title. Parks anticipates acquisition of the property by July 2019 and will need to begin patrols and maintaining the property at the beginning of 2019-20.

Staff Recommendation. Approve as budgeted.

Issue 18: California Museum

Governor's Proposal. The Governor's budget proposes \$1 million General Fund ongoing for local assistance funding to the California Museum to support the museum's mission to engage and educate the public on California history.

Background. *The California Museum was Created to Share the Contents of the State Archives with the Public.* Created in partnership with the Secretary of State's Office, the California Museum was created as a venue to provide exhibitions emphasizing stories that reflect all aspects of California's diverse population and culture.

The California Museum offers educational programs for students and teachers that focus on history, social science, visual arts, and English language arts Common Core standards.

The museum also offers lesson plans and classroom materials to educators. Signature Exhibits for the Museum include the California Hall of Fame; 31st Star, the lead up to California becoming a state; California Indians: The First People; California's Missions; California's Remarkable Women; and others.

Parks intends to use the requested fund to support the Museum's efforts to develop and operate additional content celebrating one hundred years of women's suffrage and gender justice. These exhibits are intended to expand on existing content that documents the significant roles and achievements of remarkable women in strengthening, shaping, and serving California and their roles as community leaders and activists, business leaders, inventors, entertainers, mothers, daughters, sisters, and partners.

Staff Recommendation. Hold open.

Issue 19: Replacement of Emergency Fleet

Governor's Proposal. The Governor's budget proposes a one-time increase in spending authority of \$1.8 million in 2019-20 and \$1.7 million in 2020-21 from the General Fund to replace aging motorized equipment.

The 2019-20 funding is intended to be used to procure two vessels and a fixed-wing aircraft, and the 2020-21 funding is intended to be used to procure two vessels and a type I firefighting apparatus.

Background. *Parks Has a Fleet of Public Safety Equipment.* Parks operates a fleet of marine vessels, aircraft, fire apparatus and other public safety equipment to protect the natural and cultural resources at more than 280 park units, which provide direct service millions of visitors, and the surrounding communities. These are specialized equipment and apparatus and are part of the State's Office of Emergency Services response plan.

Parks' Fleet of Equipment Is Antiquated. Parks currently deploys four specialized vessels to patrol the coastal waters of the Pacific. These vessels have a hull designed with a specialized deep "V" at the stern, allowing them to drive through surf without capsizing or sinking. They also have the unique ability to drive backwards without danger of submersion. In addition, these vessels contain two motors and associated outdrives allowing the boat to pivot 360 degrees, in place. The vessels are designed for swimmer and rescuer safety with a large swim step, and outdrives/propellers located mid-hull to avoid propeller-related injuries. These vessels are responsible for more than 1,000 swimmer rescues per year, 80 vessel assists per year, and patrol approximately 27 miles of high-use coastline.

Three of the currently deployed vessels are over 20 years old (32, 30, and 21 years, respectively), are worn out, inadequate, and have sustained significant damage over the years due to the environmental conditions of the ocean surf. The fourth vessel, which is 12 years old, was extensively refurbished in 2016 and does not need to be replaced.

Parks also maintains a 33-year-old aircraft, which patrols more than 800,000 acres of Anza Borrego Desert State Park, Ocotillo Wells State Vehicular Recreation Area, Salton Sea State Recreation Area, and Picacho State Recreation Area to assist with locating lost or injured hikers, ecological studies, and law enforcement related duties. In addition, Parks deploys large firefighting vehicles and equipment, which provides service to the public and protects some of the most valued historical structures in the state. This fire apparatus also serves to assist with controlled burns for maintenance and success of some of the world's most sensitive habitats.

Modernizing the specialized emergency mobile equipment is intended to assist in proper response to emergencies as well as assist in Parks' mission to protect and preserve California's natural and cultural resources. The vessels patrol marine protected areas, monitoring these sensitive underwater parks for natural damage, as well as human destruction.

Staff Recommendation. Approve as budgeted.

Issue 20: Various Capital Outlay Projects

Governor's Proposal. The Governor's budget proposes \$19.062 million from various funds for a number of capital outlay projects. Specifically, this proposal includes the following:

Project Title	Description
Calaveras Big Trees SP: Campsite Relocation (<i>continuing</i>)	\$1.8 million reimbursement authority for the construction phase of the Calaveras Big Trees State Park: Campsite Relocation project in Calaveras County. This continuing project includes relocation of approximately five existing campsites to a new location within the Calaveras Big Trees State Park. Estimated total project cost: \$2.003 million.
Colusa-Sacramento River SRA: Boat Launching Facility (<i>new</i>)	\$397,000 Harbors and Watercraft Revolving Fund one-time for the preliminary plans phase of the Colusa-Sacramento River State Recreation Area (SRA): Boat Launching Facility project in Colusa County. This project will redesign and improve the existing boating support facilities in anticipation of the completion of a new boat ramp. The project includes replacement, relocation, and improvements to the existing boating support facilities, camping facilities, and day-use area as well as installation of utility systems and construction of road and multi-use paths. Estimated total project cost: \$6.486 million.
El Capitan SB: Entrance Improvements (<i>continuing</i>)	\$2.6 million Proposition 84 bond funds and \$1 million in reimbursement authority for the construction phase of the El Capitan State Beach (SB): Entrance Improvements project in Santa Barbara County. This continuing project addresses safety and operational issues by including construction of an alternate safe route for pedestrians and bicyclists, increased space for today's larger vehicles on the park road and entrance area, replacement of a culvert with a bridge to allow the endangered steelhead trout a barrier free passage, and replacement of the aging and damaged entrance kiosk. Estimated total project cost: \$4.43 million.
Fort Ross SHP: Cultural Trail (<i>continuing</i>)	\$2.5 million Proposition 40 bond funds one-time for the construction phase of the Fort Ross State Historic Park (SHP): Cultural Trail project in Sonoma County. This continuing project includes construction of the Fort Ross Cultural Trail, adding a new trail segment to the California Coastal Trail. Estimated total project cost: \$3.358 million.
Fort Ross SHP: Visitor and Educational Improvements (<i>new</i>)	\$3.9 million General Fund one-time for the preliminary plans phase of the Fort Ross State Historic Park (SHP): Visitor and Educational Improvements project in Sonoma County. This proposal also includes provisional language to make program funds available for encumbrance for two years instead of one year. This project includes construction of new cabin accommodations, replacement of the water treatment system, accessibility upgrades for the existing kitchen and restroom, demolition of existing cabins for tent camping, stabilization of the historic Lambing Barn, and adaptive rehabilitation of ranch era historic structures for classrooms and interpretive areas. Estimated total project cost: \$29.485 million.
Hungry Valley SVRA: 4x4 Obstacle Course Improvements (<i>continuing</i>)	\$451,000 Off-Highway Vehicle Trust Fund for the Hungry Valley State Vehicular Recreation Area (SVRA): 4x4 Obstacle Course Improvement project in Los Angeles County. This continuing project includes upgrade and enhancement of an existing 4x4 obstacle course at Hungry Valley SVRA. Estimated total project cost: \$567,000.
Lake Del Valle SRA: Boat Ramp Replacement (<i>continuing</i>)	\$940,000 Harbors and Watercraft Revolving Fund for the construction phase of the Lake Del Valle State Recreation Area (SRA): Boat Ramp Replacement project in Alameda County. This continuing project will replace an existing boat ramp, which is over 40 years old, deteriorating, and a public safety risk due to its extremely slippery surface. Estimated total project cost: \$1.204 million.

Lake Oroville SRA: Gold Flat Campground Upgrades (<i>continuing</i>)	\$1.3 million Proposition 84 bond funds for the construction phase of the Lake Oroville State Recreation Area (SRA): Gold Flat Campground Upgrades project in Butte County. This continuing project will upgrade aged and failing infrastructure, by including replacement of the outdated electrical and water distribution systems, installation of data conduit for future use, and overlay of campground roads and campsite spurs. The project will also construct accessible campsites and accessible paths of travel and accessibility upgrades to the existing combination building. Estimated total project cost: \$1.606 million.
Oceano Dunes SVRA: Le Sage Bridge Replacement (<i>continuing</i>)	\$97,000 Off Highway Vehicle Trust Fund for the working drawings phase of the Oceano Dunes State Vehicle Recreation Area (SVRA): Le Sage Bridge Replacement project located in San Luis Obispo County. This continuing project includes rehabilitation of the Le Sage Bridge to provide critical structural improvements and enhanced design features for combined vehicle and pedestrian use. Estimated total project cost: \$1.166 million.
Oceano Dunes SVRA: Pismo SB Sediment Track-Out Prevention (<i>continuing</i>)	\$95,000 Off Highway Vehicle Trust Fund for the working drawings phase of the Oceano Dunes State Vehicle Recreation Area (SVRA): Pismo State Beach (SB) Sediment Track Out Prevention project in San Luis Obispo County. This continuing project includes construction of several dirt track-out prevention measures at park exits to help ensure that dirt from vehicles does not track-out from Oceano Dunes SVRA and Pismo SB onto public roads. Estimated total project cost: \$1.059 million.
Ocotillo Wells SVRA: Auto Shop Addition (<i>continuing</i>)	\$1.3 million Off-Highway Vehicle Trust Fund for the construction phase of the Ocotillo Wells State Vehicle Recreation Area: Auto Shop Addition project located in San Diego County. This continuing project will expand the existing auto shop repair facilities by including construction of an additional and larger repair bay and storage space immediately adjacent to the existing building to accommodate items in the current fleet. Parks must provide safe working conditions for all staff. Currently, staff are forced to complete maintenance and repairs to vehicles outdoors, unsheltered in the extreme weather conditions found at this desert park. Estimated total project cost: \$1.525 million.
Ocotillo Wells SVRA: Holmes Camp Water System Upgrade (<i>continuing</i>)	\$1.2 million Off-Highway Vehicle Trust Fund for the construction phase of the Ocotillo Wells State Vehicular Recreation Area (SVRA): Holmes Camp Water System Upgrade project in San Diego County. This continuing project includes construction of a new water treatment and distribution system to meet current demand and health department standards, comply with the California Department of Health Services-Drinking Water Field Operations Branch (DHS-DWFOB) Check List of Security Measures for Water Utilities, and provide storage and protection from the desert environment. Estimated total project cost: \$1.402 million.
Old Sacramento SHP: Boiler Shop Renovation (<i>continuing</i>)	\$423,000 Proposition 84 bond funds for the working drawings phase of the Old Sacramento State Historical Park (SHP): Boiler Shop Renovation project located in Sacramento County. This continuing project includes critical improvements to the historic Boiler Shop in the Downtown Sacramento Railyards. The project will address hazardous material abatement, structural seismic stabilization, and improvements to the building exterior shell, interior core improvements, and related utilities to ensure Boiler Shop is clean and safe. Estimated total project cost: \$13.042 million.
Pfeiffer Big Sur SP: Low-Cost Alternative Coastal Lodging (<i>continuing</i>)	\$178,000 State Park Contingent Funds for the working drawings phase of the Pfeiffer Big Sur State Park (SP): Low-Cost Alternative Coastal Lodging project in Monterey County. This continuing project includes construction of up to 15 new, lower-cost alternative lodging cabins along the coast to enhance visitor experience and increase visitation by non-traditional users within Pfeiffer Big Sur SP. Funds for this project will come from the California Coastal Commission (Commission) as a donation of in-lieu mitigation fees totaling \$3.462 million over the next several years. Estimated total project cost: \$3.462 million.

R.H. Meyer Memorial SB: El Matador Parking Lot Grading and Expansion (continuing)	\$181,000 Proposition 40 bond funds for the working drawings phase of the R.H. Meyer Memorial State Beach (SB): El Matador Parking Lot Grading and Expansion project in Los Angeles County. This continuing project includes increasing available parking to help reduce pedestrian and vehicle accidents, installing permanent vault toilets, repairing the beach trail, and reducing beach trail erosion through parking lot grading and the use of more durable yet permeable surfaces. Estimated total project cost: \$3.592 million.
San Luis Reservoir SRA: San Luis Creek Ramp Replacement and Parking Improvements (continuing)	\$1.7 million Harbors and Watercraft Revolving Fund for the construction phase of the San Luis Reservoir State Recreation Area (SRA): San Luis Creek Ramp Replacement and Parking Improvements project in Merced County. This continuing project is intended to improve visitor throughput by widening the existing two-lane boat ramp by two lanes, adding a third boarding float, and reconfiguring the parking lot. The project is also intended to upgrade outdated fish cleaning and parking lot lighting systems. Estimated total project cost: \$2.003 million.

Background. California's Park System. California State Parks represents the most diverse natural and cultural heritage holdings of any land management agency in California. The largest in the United States, California's park system consist of over 260 park units, 280 miles of coastline, 625 miles of lake and river frontage, nearly 18,000 campsites, 3,000 miles of hiking, biking and equestrian trails, and 450 miles of off-highway vehicle trails on nearly 1.3 million acres. Historical units included missions, forts, the gold discovery site at Coloma, Hearst San Simeon, Jack London's home, Bidwell Mansion and many other sites.

These lands support a stunning array of the state's landscape provinces, environmentally sensitive habitat areas, threatened species, ancient Native American sites and historic facilities. With almost twenty-five percent of California's magnificent coastline under its care, California State Parks manages the state's finest coastal wetlands, estuaries, and dune systems.

Capital Outlay Process. The capital outlay process includes ten major phases, three of which are included in the various projects above as follows:

- **Preliminary Plans.** Preliminary plans are the initial design phase in preparing the construction bidding documents (design-bid-build process is used for most state projects). These documents are developed from the information contained in a budget package. Typically the preliminary plans are developed in two distinct steps referred to as schematics (initial architectural and engineering plans, depicting the designer's conceptual solution to project needs) and design development (final documents defined as a site plan, architectural floor plans, elevations and a cost estimate). The two-step process allows the department and architect/engineer to interact before the design is developed, helping to ensure a mutual understanding of the design objectives, limitations and budget.
- **Working Drawings.** Working drawings are the final design phase in preparing the construction bidding documents. Section 3.00 of the Budget Act further defines working drawings as a complete set of plans and specifications showing and describing all phases of a project, architectural, structural, mechanical, electrical, civil engineering, and landscaping systems to the degree necessary for the purposes of accurate bidding by contractors and for the use of artisans in constructing the project. All necessary professional fees and administrative service costs are included in the preparation of these drawings. Documents also include a dated final cost estimate.

- **Construction.** Construction, when used in connection with a capital outlay project, include all related things such as fixtures, installed equipment, auxiliary facilities, contingencies, project construction, management, administration and associated costs. Construction may also include departmental staffing costs for agency-retained construction work.

Proposed Capital Outlay Projects are Mostly Continuing. All of the proposed capital outlay projects are continuing the next phases of previously approved projects, with the exception of two:

Colusa-Sacramento River SRA: Boat Launching Facility. The Governor proposes \$397,000 Harbors and Watercraft Revolving Fund for the preliminary plans phase of the Colusa-Sacramento River SRA: Boat Launching Facility project in Colusa County. The SRA is located north of the City of Colusa (City) and occupies approximately 359 acres along the west bank of the Sacramento River. Through an operating agreement, the City currently operates the park, which offers recreational activities, such as camping and picnic sites, and a launch ramp for small boats.

The existing facilities are over 40 years old, with most of the amenities constructed in the early 1960s. The facilities are outdated, small and unable to meet the projected visitor demand a new motorized boat ramp will bring to the area. The ramp was constructed on City property and completed in December 2018.

This project is intended to redesign and improve the existing boating support facilities, including replacement, relocation, and improvements to the existing boating support facilities, camping facilities, and day-use area, as well as installation of utility systems and construction of road and multi-use paths.

Estimated total project cost is \$6.486 million, which includes:

- Preliminary plans: \$397,000
- Working drawings: \$424,000
- Construction: \$5.665 million

Preliminary plans are intended to begin in July 2019. Completion the entire project is expected to be December 2022.

Fort Ross SHP: Visitor and Educational Improvements. The Governor proposes \$3.992 million General Fund for the preliminary plans phase of this proposed project in Sonoma County as well as provisional language to make these program funds available for encumbrance for two years, rather than one year.

This project is proposed to do the following: provide lower-cost cabin accommodations, demolish rotting cabins for tent camping, upgrade utilities, stabilize the historic Lambing Barn, and rehabilitate historic structures located behind the Call Ranch Residence. This project is intended to provide an area for interpretation and classrooms, a safe and secure location for the cultural collections with visitor viewing access.

The request for an extended encumbrance is because the project is located in a place of natural resource sensitivity, which results in longer than average time requirements for design, permitting, environmental compliance and construction.

Estimated total project cost is \$29.485 million, which includes:

- Preliminary plans: \$3.992 million
- Working drawings: \$1.817 million
- Construction: \$23.676 million

Preliminary plans are intended to begin in July 2019. Completion of the entire project is expected to be June 2025.

Anticipated revenue for cabin rentals is calculated assuming a rate of \$120/night, similar to other facilities in the area, for a total annual revenue of \$209,000. Anticipated revenue for meeting space rentals is calculated assuming a rate of \$275/day for a total annual revenue of \$234,000.

Staff Recommendation. Hold open.