

SUBCOMMITTEE NO. 2

Agenda

Senator Bob Wieckowski, Chair
Senator Mike McGuire
Senator Jim Nielsen
Senator Henry I. Stern



Thursday, April 19, 2018
9:30 a.m. or upon adjournment of session
State Capitol - Room 112

Consultant: Joanne Roy

VOTE-ONLY CALENDAR		
Issue		Page
0555	California Environmental Protection Agency	
1	Environmental Justice Small Grants	4
3930	Department of Pesticide Regulation	
2	Senior Toxicologists for Human Health Assessment Review	4
3	Surface Water Protection Program Wastewater	5
3970	Department of Resources Recycling and Recovery	
4	Funding Alignment for Local Conservation Corps Grant Staff	5
5	Education and the Environment Initiative Curriculum Printing and Fulfillment	5
6	Information Technology Services Help Center Permanent Staffing	5
7	Reappropriation: Greenhouse Gas Reduction Fund	5
8	Reappropriation: Bonzi Sanitary Landfill Closure Funding (April Finance Letter (AFL))	5
3980	Office of Environmental Health Hazard Assessment	
9	Informational Staffing and Funding	6
10	Shift Funding Source for Indicators of Climate Change in California	6
11	Position Authority for Librarian (AFL)	6
3900	Air Resources Board	
12	Heavy Duty In-Use Program (AFL)	7
13	Portable Equipment Registration Program Regulation Amendments (AFL)	7
14	Proposition 1B Goods Movement Emissions Reduction Program (AFL)	7
15	Reappropriation for Monitoring Airborne Agricultural Pesticides (AFL)	7
	<i>(Vote-Only Calendar continued on next page)</i>	

3940	State Water Resources Control Board	
16	Settlement Costs for the Santa Monica Bay Restoration Commission (AFL)	7
17	Reappropriations (AFL)	7
18	Extensions of Liquidation (AFL)	8
19	Reversions (AFL)	8
		8
8570	California Department of Food and Agriculture	8
20	Certified Farmers' Market Program	8
21	Development of Pesticide Alternatives	8
22	Farmer Equity Act of 2017 (AB 1348)	8
23	Feed Safety Rule Implementation	8
24	Food Labeling (AB 954)	9
25	Office of Farm to Fork	10
26	Pet Lover's Specialized License Plate Grant Program (SB 673)	10
27	State Organic Program Enforcement and Outreach	10
28	Relocation: Yermo Agriculture Inspection Station Project (AFL)	11
29	Support: Increases in Salaries and Benefit Rates for Employees in the California Animal Health and Food Safety Laboratory System (AFL)	11
3480	Department of Conservation	
30	Leasing Cost Increase	11
31	Proposition 40: California Farmland Conservancy Program (AFL)	12
32	Proposition 40: Soil Conservation Fund: Trailer Bill Language (AFL)	12
33	Tsunami Hazard Mapping	12
3125	California Tahoe Conservancy	
34	Conceptual Feasibility Planning (AFL)	13
35	Lake Tahoe Basin Forest Management Program Support (AFL)	13
36	Minor Capital Outlay (AFL)	13
37	Opportunity Acquisitions (AFL)	13
38	Proposition 1 Planning and Monitoring (AFL)	13
39	South Tahoe Greenway Shared Use Trail Phase 1B (AFL)	13
40	South Tahoe Greenway Shared Use Trail Phases 1B and 2 (AFL)	14
41	Tahoe Pines Restoration Project (AFL)	14
3760	State Coastal Conservancy	
42	Proposition 84 Local Assistance Grants (AFL)	14
3855	Sierra Nevada Conservancy	
43	Proposition 1 Support and Local Assistance (AFL)	14
3875	Sacramento-San Joaquin Delta Conservancy	
44	Federal Trust Fund Augmentation (AFL)	15
45	Office Space Expansion (AFL)	15

ISSUES FOR DISCUSSION		
Issue		Page
3930	Department of Pesticide Regulation	16
46	Information Security Officer (AFL)	17
3970	Department of Resources Recycling and Recovery (CalRecycle)	18
47	Improving Recycling Redemption Opportunities (SB 458)	19
8570	California Department of Food and Agriculture	20
48	Bee Safe Program	21
49	Blythe Border Protection Station Replacement	25
50	Citrus Pest and Disease Prevention Program	26
51	Use of Antimicrobial Drugs on Livestock (SB 27)	29
3480	Department of Conservation	31
52	Deserted Well/Facility Plugging and Remediation Program	31
53	Enforcement Program	33
54	Mineral Resource Classification	34
55	Regulatory Field Inspection	36
56	Well Statewide Tracking and Reporting (WellSTAR)	38

PUBLIC COMMENT

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**0555 California Environmental Protection Agency (CalEPA)**

- 1) **Environmental Justice Small Grants.** The Governor's budget proposes a total of \$1,500,000 one-time (\$375,000 each from the Air Pollution Control Fund, the California Beverage Container Recycling Fund, the Waste Discharge Permit Fund, and the Toxic Substance Control Account) to implement the Environmental justice Small Grants Program. The grant program will award grants to non-profit entities and federally recognized tribes located in areas adversely affected by environmental pollution and hazards.

Background. The Environmental Justice Small Grants Program. AB 2312 (Chu), Chapter 994, Statutes of 2002, established an Environmental Justice Small Grants Program under the CalEPA for the purpose of providing small grants to community-based, grassroots, nonprofit organizations located in areas adversely affected by environmental pollution and hazards that are involved in work to address environmental justice issues. The grants may be used for the following purposes:

- Resolve environmental problems through distribution of information.
- Identify improvements in communication and coordination among agencies and stakeholders in order to address the most significant exposure to pollution.
- Expand the understanding of a community about the environmental issues that affect their community.
- Develop guidance on the relative significance of various environmental risks.
- Promote community involvement in the decision making process that affects the environment of the community.
- Present environmental data for the purposes of enhancing community understanding of environmental information systems and environmental information.

3930 Department of Pesticide Regulation (DPR)

- 2) **Senior Toxicologists for Human Health Assessment Review.** The Governor's budget proposes \$539,000 from the Department of Pesticide Regulation Fund (DPRF) and three permanent positions to meet the department's risk assessment workload.

A risk characterization presents qualitative or quantitative estimates of the likelihood that any of the hazards associated with the pesticide will occur in exposed people. It examines how well the data support conclusions about the nature and presence or absence of risks, and describes how the risk was assessed and where assumptions and uncertainties exist.

DPR uses risk assessments to estimate quantitatively the nature and likelihood of adverse health effects in humans and to provide health-protective estimates of risks to specific subpopulations exposed under certain conditions. As a regulatory agency, DPR uses risk assessments to provide the scientific basis for decisions about new regulations, use restrictions, and mitigation activities to lower the risk of adverse effects from pesticide exposure.

The science of risk and exposure analysis has also evolved in the last five years to include sophisticated computational and quantitative analyses.

- 3) **Surface Water Protection Program (SWPP) Wastewater.** The Governor's budget proposes \$717,000 from DPRF in FY 2018-19, \$677,000 ongoing from the DPRF, and two permanent positions to address increased workload in the Surface Water Protection Program.

Background. SWPP operates to prevent pesticides from adversely affecting California's surface waters. The program is divided into prevention, monitoring, assessment, mitigation, regulation, and outreach. Before any pesticide products can be sold or used in California, it must be registered with DPR. Before DPR registers a pesticide, DPR scientists evaluate the pesticide's potential hazard and exposure to people and the environment. Through the SWPP, DPR evaluates the likelihood of the off-site movement and possible impacts of pesticide products on the aquatic environment. DPR also reviews and evaluates proposed pesticide labeling and data to support registration and give special attention to the potential for environmental damage, including interference with the attainment of environmental standards and toxicity to aquatic biota.

3970 Department of Resources Recycling and Recovery (CalRecycle)

- 4) **Funding Alignment for Local Conservation Corps (LCC) Grant Staff.** The Governor's budget proposes to proportionally adjust the funding for LCC grant administration. The proposal includes decreased expenditure authority in Beverage Container Recycling Fund of \$380,000 and increased expenditure authority of \$211,000 Electronic Waste Recovery and Recycling Account. These adjustments are intended to properly align the staff's funding with LCC Grant program's diverse funding appropriations.
- 5) **Education and the Environment Initiative (EEI) Curriculum Printing and Fulfillment.** The Governor's budget proposes one-time \$1.1 million, various funds, to address ongoing demand for the EEI Curriculum. In the absence of state-adopted instructional materials to take its place, teacher demand for the curriculum remains robust, and this proposal will enable CalRecycle to fulfill its mission to facilitate use of the curriculum and foster environmental literacy among all California students.
- 6) **Information Technology (IT) Services Help Center Permanent Staffing.** The Governor's budget proposes \$57,000 Distributed Administration, to convert current blanket-funded positions to permanent positions. No position authority is requested, as CalRecycle will use existing vacant position authority. CalRecycle currently has 2.25 positions and four student assistants performing most of the day-to-day IT Help Center support. It is anticipated that this proposal will fill an ongoing need for a wide variety of less complex technological duties, supporting IT systems, and day-to-day IT support for the department.
- 7) **Reappropriation: Greenhouse Gas Reduction Fund (GGRF).** The Governor's budget proposes the extension of unexpended GGRF program administration spending authority until FY 2019-20, as originally authorized via AB 1613 (Committee on Budget), Chapter 370, Statutes of 2016.
- 8) **Reappropriation: Bonzi Sanitary Landfill Closure Funding. (April Finance Letter (AFL))** An AFL requests a reappropriation of up to \$4.2 million in support funding from the Integrated Waste Management Account. This funding was originally approved in the Budget Act of 2017 to

implement the requirements for the closure and post-closure maintenance of the inactive Bonzi Landfill. The closure project requires the construction to occur only during dry months. Due to the time required to complete the environmental review and design work necessary to support the contract for construction, the construction will not be carried out until FY 2018-19.

3980 Office of Environmental Health Hazard Assessment (OEHHA)

- 9) Informational Staffing and Funding.** The Governor's budget proposes \$194,000 in FY 2018-19 (\$52,000 General Fund and \$142,000 from various special funds), \$172,000 ongoing (\$46,000 General Fund and \$126,000 from various special funds) to fund the reclassification of two existing OEHHA positions being redirected to OEHHA's IT branch and upgrade three existing IT positions to support OEHHA's web-based technologies and remediate IT security audit findings.

OEHHA has expanded its reliance on web-based technologies and supporting infrastructure that were developed and maintained by external contracted resources at an annual cost of over \$400,000. This proposal will enable OEHHA to support the newly implemented web-based technologies internally and to address recent IT Security Audit findings, establish the required Information Security Program and IT Risk Management Program and improve website access management and IT Assets Management programs.

- 10) Shift Funding Source for Indicators of Climate Change in California.** The Governor's budget proposes the permanent redirection of \$301,000 from the Used Oil Recycling Fund to the Cost of Implementation Account to support 1.5 positions to develop and present indicators of climate change and its impacts on California in technical reports and to expand the dissemination of this information through interactive web pages, plain language summary reports, and fact sheets.

Climate change indicators describe observed trends in the many aspects of climate change, from emissions of greenhouse gases to changes in air and ocean temperatures. Examples of climate change indicators are Sierra Nevada snowmelt runoff, incidence of large wildfires, and changes in forest vegetation distribution and animal migration patterns. Current law designates OEHHA as the lead agency for the development of environmental indicators on behalf of CalEPA. Funding for this purpose was provided through a series of interagency agreements (IAA), beginning in FY 2007-08. The Budget Act of 2017 provided one position funded by the IAA. Previously, OEHHA redirected the equivalent of 2.7 existing positions funded from the Used Oil Recycling Fund.

- 11) Position Authority for Librarian. (AFL)** An AFL proposes that one Senior Librarian position be authorized to perform systematic searches of the scientific literature regarding the health effects of chemicals and related subjects. The University of California Berkeley notified OEHHA that it will no longer be able to provide library services at the same level as the in the past beginning July 1, 2017, and will phase out services completely as of June 2018. OEHHA will redirect existing funding to support the new position.

3900 Air Resources Board

- 12) Heavy Duty In-Use Program. (AFL)** An AFL requests to restore \$1.234 million Motor Vehicle Account as a technical adjustment to expand heavy-duty testing capability and improve heavy-duty inspection programs. The FY 2017-18 Governor's budget included \$2.243 million Motor Vehicle Account, State Transportation Fund to expand heavy-duty vehicle programs, of which \$1 million was for local assistance grants. During the FY 2017-18 Conference Committee process, funding for support was removed with the expectation that it would be included in the Cap-and-Trade trailer bill; however, it was not included in any enacted FY 2017-18 trailer bills. This adjustment restores that funding.
- 13) Portable Equipment Registration Program Regulation Amendments. (AFL)** An AFL requests \$182,000 Air Pollution Control Fund and a total of three new positions (add nine permanent positions and decrease six temporary positions) to support the implementation of updated regulations for the Portable Equipment Registration Program that address compliance challenges, improve enforceability, and increase fees.
- 14) Proposition 1B Goods Movement Emissions Reduction Program. (AFL)** An AFL requests \$11.308 million of reverted bond funds to continue to fund cleaner freight vehicles and equipment through the Goods Movement Emission Reduction Program. It is also requested that provisional language be added to provide an extended encumbrance period until June 30, 2020.
- 15) Reappropriation for Monitoring Airborne Agricultural Pesticides. (AFL)** An AFL requests to reappropriate unencumbered balances from Air Pollution Control Fund provided for the expansion of the Air Monitoring Network in the Budget Acts of 2016 and 2017 to complete a two-year pilot project that expands the pesticide air monitoring network. Sampling and monitoring did not begin until March 2018 due to procurement delays. An extended encumbrance period of until June 30, 2020, is requested to provide additional time to complete the monitoring of the network sites.

3940 State Water Resources Control Board

- 16) Settlement Costs for the Santa Monica Bay Restoration Commission. (AFL)** An AFL requests that Item 3940-001-0001 be increased by \$15,000 to cover the costs of a recent settlement in a case involving the Santa Monica Bay Restoration Commission. To reduce the state's exposure to future liability, it is also requested that provisional language be added to require the commission to update its Memoranda of Agreement with The Bay Foundation to better define roles and responsibilities of the two parties.
- 17) Reappropriations. (AFL)** An AFL requests to reappropriate \$2 million in support funding from Proposition 1 with funding available for encumbrance or expenditure until June 30, 2019. The AFL proposes to reappropriate funding from Proposition 1 and Proposition 84 with funding available for encumbrance or expenditure until June 30, 2021. The AFL also requests to reappropriate funding from various special funds with funding available for encumbrance or expenditure until June 30, 2021, and extend the liquidation period to June 30, 2024.

- 18) Extensions of Liquidation. (AFL)** An AFL requests to extend the liquidation period to June 30, 2021 for various bonds and special funds. It is also requested to extend the liquidation period to June 30, 2022 for previously encumbered local assistance grants. These extensions are intended to provide additional time for final accounting and payments to be completed.
- 19) Reversions. (AFL)** An AFL requests to revert various unexpended bond funds to prevent any bond allocations from being over-committed.

8570 California Department of Food and Agriculture (CDFA)

- 20) Certified Farmers' Market (CFM) Program.** The Governor's budget proposes \$265,000 Department of Food and Agriculture Fund in FY 2018-19; \$215,000 in FY 2019-20; and \$190,000 annually thereafter. The proposed funding will allow the CFM Program to create a database and to enhance and maintain robust county and market manager training programs to ensure uniform enforcement of CFMs across the state.
- 21) Development of Pesticide Alternatives.** The Governor's budget proposes \$529,000 General Fund and one position in FY 2018-19 and ongoing for the Office of Pesticide Consultation and Analysis, to support the scientific development and testing of alternates for pesticides being considered for deregistration in California and for biocontrol efforts. The proposed funding will support extensive scientific research and one permanent Senior Environmental Scientist position for the development of reduced risk pest management techniques and biological controls. This funding is critical as there is a significant lack of pesticide alternates for those being considered for restricted use through regulations, as well as a lack of development of biological controls for insect pests and low-risk pest management options, for California specialty crops. The biological control program will target insect pests that have become established in the state and those with a high likelihood of becoming established.
- 22) Farmer Equity Act of 2017 (AB 1348).** The Governor's budget proposes \$139,000 General Fund and one position beginning in FY 2018-19 to support the activities mandated by AB 1348 (Aguiar-Curry), Chapter 620, Statutes of 2017.

Background. General. According to the 2012 USDA National Agriculture Statistics Survey, less than 20 percent of California farms are operated by women. In addition, 12 percent of California farm operators are Spanish, Hispanic, or Latino; two percent are American Indian or Alaska Native; six percent are Asian; 0.6 percent are Black or African American; and 0.4 percent are Native Hawaiian or other Pacific Islander. The 2012 census also shows that farmers of color tend to farm smaller farms, earn less money on average, and receive 36 percent less in government funding than their white counterparts.

AB 1348 (Aguiar-Curry). AB 1348 requires CDFA to ensure the inclusion of socially disadvantaged farmers and ranchers (SDF) in the development, adoption, implementation, and enforcement of food and agriculture laws, regulations, and policies and programs.

- 23) Feed Safety Rule Implementation.** The Governor's budget proposes \$716,000 (\$68,000 one-time) in federal fund authority and four positions beginning FY 2018-19 to enhance the existing Feed Inspection Program (FIP) to meet the expanded scope of work in grants from the United States Food and Drug Administration (FDA) related to recent federal animal food safety rules. The

proposed resources will allow FIP to continue to conduct Bovine Spongiform Encephalopathy (BSE) inspections, and add inspections for Veterinary Feed Directive (VFD), Preventive Controls for Animal Food (PCAF) rules, Current Good Manufacturing Practices (CGMP) for the Food Safety Modernization Act (FSMA), and Medicated Feed Current Good Manufacturing Practices (MFCGMP) for the FDA. FIP does not have the required capacity to absorb the personnel costs of the new FDA FSMA-mandated activities into FIP. In past grant years, FIP has historically conducted BSE inspections and MFCGMP inspections. However, the FDA has expanded the scope of work within the current grant to include inspections for the new FSMA CGMP, VFD, and PCAF rules. Future FDA grants have an increase in the scope of work, and the type and number of inspections in order to take into account newly mandated FSMA activities.

24) Food Labeling (AB 954). The Governor’s budget proposes \$294,000 General Fund in FY 2018-19, decreasing to \$25,000 in FY 2019-20, to implement AB 954 (Chiu), Chapter 787, Statutes of 2017, to promote consistent terminology and use of quality and safety dates on food products reaching California consumers.

Background. General. In California, milk products, eggs, and shellfish are required by law to include a “sell-by” date. CDFA regulates milk and eggs, and California Department of Public Health (DPH) regulates shellfish. Federal law only requires infant formula to provide a “use-by” date to ensure the product’s safety. However, most food manufacturers choose to include dates on food products to indicate when a product should be consumed to ensure optimal quality. Thus, meat, poultry, and eggs are common products that (nationwide) voluntarily include quality dates. These products are regulated by the Food Safety and Inspection Service of the United States Department of Agriculture (USDA) to ensure that the label dates are truthful, not misleading, and are accompanied by a phrase such as “best if used by.” However, discretion is left to the manufacturer to decide the length of time and temperature at which the food is held to determine the product’s best quality.

The Sherman Food, Drug, and Cosmetic Law requires DPH to regulate the manufacture, production, processing, packing, labeling, sale, and advertising of any food, drug, device, or cosmetic. The Sherman Act also specifies labeling requirements for individual food products and defines food as misbranded if its label is false or misleading. Although CDFA regulates label dates on milk and eggs, DPH and local environmental health officers ensure retail food safety through local inspection programs.

According to USDA, food waste in the U.S. is estimated to approach 40 percent of the food supply. In 2010, this equated to 133 billion pounds and \$161 billion worth of food. To mitigate this loss, USDA and the US Environmental Protection Agency (US EPA) announced a campaign to cut food waste in half by 2030. On the state level, CalRecycle finds that food is projected to be the third-largest waste material disposed of in 2020 and that this waste would be better managed through source reduction, diversion of edible food products to feed people or animals, industrial uses, or composting.

AB 954 (Chiu). AB 954 requires CDFA, in consultation with DPH, to publish information that encourages food manufacturers, processors, and retailers responsible for the labeling of food products to voluntarily use specified “best by” and “use by” labels that communicate quality and safety dates, respectively.

25) Office of Farm to Fork. The Governor's budget proposes \$429,000 General Fund on a two-year limited-term basis beginning FY 2018-19 to continue funding for 2.4 existing positions in the Office of Farm to Fork. This will allow CDFA to administer remaining federal Food Insecurity Nutrition Incentive Program grant funding. This proposal is General Fund neutral because CDFA will achieve savings of \$858,000 in FY 2017-18 from its \$2.5 million General Fund budget, which was appropriated to leverage matching federal funding through the Food Insecurity Nutrition Incentive Grant Program.

26) Pet Lover's Specialized License Plate Grant Program (SB 673). The Governor's budget proposes \$440,000 Pet Lover's Fund, within the Specialized License Plate Fund, on a three-year limited-term basis. Of this amount, \$110,000 is requested for administrative costs, as follows: \$53,000 for a 0.5 Associate Governmental Program Analyst position beginning in FY 2018-19 to implement and administer the program pursuant to SB 673 (Newman), Chapter 813, Statutes of 2017, which transfers administration of the Pet Lover's specialized license plate grant program from the Veterinary Medical Board to CDFA; \$2,000 for review committee travel associated with promotional activities associated with encouraging application and renewal of plates; \$330,000 for grants to qualifying spay and neuter facilities that result in low- or no-cost animal sterilization services.

Background. SB 673 (Newman). SB 673 allocates the revenue raised from the sale of the Pet Lover's license plate to CDFA upon appropriation and requires CDFA to establish a grant program to eligible veterinary facilities that offer low-cost or no-cost animal sterilization services.

Currently, there are approximately 8,100 assigned Pet Lover's specialized license plates, which is only 600 above the required 7,500 plates to maintain the specialized license plate. If the number of assigned plates drops below 7,500 for more than one year, the Department of Motor Vehicles will stop issuing the plate. Because the number of assigned plates is close to the minimum threshold, CDFA will be utilizing marketing and promotional activities to encourage plate renewals, as well as new applicants.

27) State Organic Program Enforcement and Outreach. The Governor's budget proposes \$671,000 (\$87,000 one-time) Department of Food and Agriculture Fund and three positions beginning in FY 2018-19 for the State Organic Program (SOP) to promulgate regulations, modify the SOP Database, conduct new inspections, provide training for SOP constituents on protocols for new registration and enforcement processes as authorized by the California Organic Food and Farming Act, and identified by the California Organic Products Advisory Committee and the Organic Stakeholder Work Group.

Background. SOP. Federal, state, and local agencies are all participants in the regulation of organic products. California's SOP was created under the California Organic Foods Production Act of 1990. The federal Organic Foods Production Act of 1990 authorized the USDA to establish the National Organic Program (NOP). Once NOP was fully implemented in 2002, California renamed and revised the act to the California Organic Products Act of 2003 to incorporate NOP standards and regulations in conjunction with SOP.

California is the only state with its own organic program. SOP requires organic producers, processors, handlers, retailers, wholesalers, and brokers to register with CDFA to verify SOP compliance throughout the production and supply chain.

AB 1826 (Stone), Chapter 403, Statutes of 2016, revised and recast the California Organic Products Act; revised the composition of the California Organic Products Advisory Committee; revised registration fee payment tiers based on gross product sales; and revised required information provided during registration and for recordkeeping.

- 28) Relocation: Yermo Agriculture Inspection Station Project. (AFL)** An AFL requests to reappropriate the construction phase of the Yermo Agriculture Inspection Station Relocation Project, located in Mountain Pass. A total of \$47.5 million lease revenue bond authority was authorized for this project. This project is comprised of a new agriculture station and demolition of the existing station. The new station is anticipated to be complete in June 2018; however, the demolition will not be complete until December 2018. Therefore, reappropriation is requested so that the entirety of the project can be completed without further delays.

Background. The project was originally going to be designed and bid together with the adjacent California Highway Patrol (CHP) truck safety inspection station (TSIS) project to facilitate construction of both under one contract. However, due to delays acquiring the land for the relocated border protection station (BPS), construction on the CHP TSIS began first. Due to this change in plan, the design documents had to be updated to comply with recent building code changes and to separate the BPS project from the CHP TSIS project. Caltrans initially estimated that completing the necessary updates to the design documents would take up to one year. However, the process took three years due to additional building code changes and the time needed to complete Caltrans' final approval process. As a result, construction on the project began in September 2017 and is anticipated to be complete in December 2018.

The new BPS is intended to improve CDFA's ability to properly perform its objectives through the use of modern technology and create a safer environment by increasing lane size and the number of lanes, as well as using crash barriers. The upgraded infrastructure is also intended to enhance efficiency for employees working at the BPS and expedite the inspection and movement of trucks and passenger vehicles entering the state.

- 29) California Health and Food Safety Laboratory System: Increases in Salaries and Benefit Rates for Employees. (AFL)** An AFL requests \$317,000 General Fund to provide funding for ratified increases in salaries and benefit rates for employees in the California Health and Food Safety Laboratory System. While these employees are University of California employees governed by its bargaining contracts, salaries and benefits are funded by CDFA via contract.

3480 Department of Conservation (DOC)

- 30) Leasing Cost Increase.** The Governor's budget proposes \$831,000 ongoing from the Oil, Gas, and Geothermal Administrative Fund to pay the increased leasing costs for the new facilities in Long Beach.

The Division of Oil, Gas, and Geothermal Resources (DOGGR) regulates onshore and offshore oil, gas, and geothermal well operations throughout the State by enforcing laws for the conservation of petroleum and geothermal resources. DOGGR's mission is to prevent damage to life, health, property, the environment, and natural resources by ensuring that wells are properly drilled, operated for production and injection purposes, repaired, and plugged and abandoned.

The Division has increased by 109 positions over the past eight years, which led to additional facility space needs. DOGGR, working with the Department of General Services, selected a location in Long Beach last year and entered into a lease agreement.

31) Proposition 40: California Farmland Conservancy Program. (AFL) An AFL requests the following:

- \$1.956 one-time from Proposition 40 for local assistance.
- A decrease of \$1.202 million in the Current Proposition 40 support appropriation from \$488,000 to \$250,000 from FY 2018-19 through FY 2020-21 and reduce \$488,000 support funds to \$0 in FY 2021-22 (a decrease of \$1.202 million).

This shift in funding is intended to allow DOC to provide additional grants to local governments and non-profits to purchase agricultural conservation easements that protect farmland.

32) Soil Conservation Fund: Trailer Bill Language (TBL). (AFL) An AFL requests to increase the reserve limit of the Soil Conservation Fund from \$2.536 million to \$5 million. This adjustment would help insulate the department's farmland conservation programs from volatility in the Soil Conservation Fund's source of revenue – Williamson Act contract cancellation fees – by enabling the department to capture excess revenue in good years to develop a reserve for lean years.

33) Tsunami Hazard Mapping. The Governor's budget proposes \$495,000 one-time from the Strong-Motion Instrumentation and Seismic Hazards Mapping Fund to initiate the tsunami hazard zone delineation tasks legislatively mandated by the Seismic Hazard Mapping Act of 1990, and prepare probabilistic tsunami hazard inundation maps for utilization in the 2019 update of the California Building Code in the design of critical and essential facilities.

Background. The California Geological Survey. The California Geological Survey (CGS) serves as a primary source of geologic information for California. CGS maps and analyzes data about the state's diverse geologic settings and features, earthquakes, other geologic hazards and mineral resources.

The Seismic Hazard Mapping Act of 1990 Includes Hazards Related to Tsunamis. In response to the 1989 Loma Prieta earthquake, the California Legislature enacted the Seismic Hazard Mapping (SHM) Act of 1990. The purpose of the SHM Act is to assist cities, counties and state agencies to protect the public health and safety from the effects of seismic hazards caused by earthquakes. This is accomplished by identifying potentially hazardous areas so that state and local governments can require site-specific investigations that lead to mitigation measures. The initial language of the SHM Act included hazards from soil liquefaction, earthquake-triggered landslides, and amplified ground shaking. Following the 1992 Cape Mendocino earthquake, which caused a tsunami along California's north coast, language was added to the SHM Act to address hazards related to tsunamis.

CGS Tsunami Hazard program is primarily support by Federal Funds. CGS serves as the scientific representative for California on the National Tsunami Hazard Mitigation Program Coordinating Committee, a state and federal cooperative responsible for developing policies and standards for tsunami mitigation efforts in the United States and its territories.

The CGS Tsunami Hazard program also work closely with the California Governor's Office of Emergency Services (Cal OES) Earthquake and Tsunami Program, and the Tsunami Research Center at the University of Southern California to produce statewide tsunami inundation maps and preparedness information for California.

For the past decade, the CGS Tsunami Hazard program has received all of its funding from federal government sources. Federal funding agencies, primarily the National Oceanic and Atmospheric Administration and the Federal Emergency Management Agency, have supported both CGS and CalOES staff in tsunami hazard mapping for evacuation and response planning. These agencies have also supported contracts with the University of Southern California and the California Coastal Commission to perform specialized modeling, map development, and product implementation. In recent years, federal funding has resulted in initiation of probabilistic tsunami hazard analysis (PTHA) maps in California and initiation of a detailed technical review of the PTHA methodology. These products are still in its early stages.

3125 California Tahoe Conservancy

- 34) Conceptual Feasibility Planning. (AFL)** An AFL requests a fund shift to increase Proposition 40 by \$282,000 and decrease Federal Trust Fund by the same amount due to less than anticipated federal funds.
- 35) Lake Tahoe Basin Forest Management Program Support. (AFL)** An AFL requests \$225,000 (\$150,000 Federal Trust Fund and \$75,000 in reimbursement authority) annually for three years and two positions to support the Lake Tahoe Basin's Forest Management Program and increase the pace and scale of forest restoration work in the region to reduce the risks associated with catastrophic wildfires, drought, climate change, and the bark beetle epidemic.
- 36) Minor Capital Outlay. (AFL)** An AFL requests a fund shift from the proposal to increase Proposition 50 by \$496,000 and decrease Federal Trust Fund by the same amount due to less than anticipated federal funds.
- 37) Opportunity Acquisitions. (AFL)** An AFL requests an additional \$85,000 from Proposition 12 in anticipation of cost increases in pre-acquisition activities and the strategic acquisition of environmentally sensitive or significant resource areas. A fund shift is also requested to increase Proposition 50 by \$89,000 and decrease Federal Trust Fund by the same amount due to less than anticipated federal funds.
- 38) Proposition 1 Planning and Monitoring. (AFL)** An AFL requests \$420,000 Proposition 1 in FY 2018-19 to support the conservancy in undertaking planning and monitoring activities for Proposition 1 local assistance grants. It is further requested to revert \$810,000 in unencumbered Proposition 1 local assistance funding appropriated in FY 2015-16, which will provide the conservancy with three years of funding for planning and monitoring.
- 39) South Tahoe Greenway Shared Use Trail Phase 1B. (AFL)** An AFL requests to revert the capital appropriation for this project as the conservancy has since determined that granting local assistance funds to El Dorado County for the completion of this project will create efficiencies and result in savings to the state.

40) South Tahoe Greenway Shared Use Trail Phases 1B and 2. (AFL). An AFL requests \$2.523 Proposition 12 to provide local assistance funding to El Dorado County to complete the working drawings and construction of the South Tahoe Greenway Shared Use Trail. The AFL also requests \$650,000 in reimbursements to reflect funding that the conservancy will receive from the Lake Tahoe Community College, which will be granted as local assistance to support the project.

The conservancy was scheduled to complete the project through the state capital outlay process, but has since determined that administering a grant to El Dorado County for completion of the project will create efficiencies and result in savings for the state. This proposal relies on reversions of previous capital outlay appropriations.

41) Tahoe Pines Restoration Project. (AFL) An AFL requests \$693,000 for the construction phase of the Tahoe Pines Restoration Project. This proposal also requests a reversion of the unencumbered balances of approximately \$323,000 from Item 3125-301-0262, Budget Act of 2017, and \$200,000 from Item 3125-301-0286, Budget Act of 2017. This is a net reversion of \$523,000 and a net funding increase of \$693,000. The additional funds are requested to account for an error in the initial construction cost estimate and increased labor costs as there is a lack of contractors available during Tahoe's limited construction season. This proposal also requests to change the project title and identification number to clarify the intent of the project.

3760 State Coastal Conservancy

42) Proposition 84 Local Assistance Grants. (AFL) An AFL requests an increase of \$12.439 million in Proposition 84 funding for local assistance. As the Conservancy nears the end of its allocation from Proposition 84, most of the funds included in this proposal would be used for the completion of ongoing efforts which were initiated using funds from Proposition 84 and the implementation of completed plans, many of which were completed using funds from Proposition 84. The funds are needed to ensure that progress on several major ongoing efforts is not interrupted or halted, which would slow or even prevent the achievement of several major goals contained in the Conservancy's Strategic Plan and the purposes of Proposition 84. The funds are needed to implement priority actions of several statewide plans and priorities, including restoration of coastal resources, construction of regional trails and preparation for the impacts of climate change.

3855 Sierra Nevada Conservancy

43) Proposition 1 Support and Local Assistance. (AFL) An AFL requests \$100,000 one-time in Proposition 1 funds for planning and monitoring, and \$4.7 million one-time in Proposition 1 for local assistance. The funding request is currently scheduled for appropriation in 2019-20. This request seeks to accelerate this Proposition 1 allocation. This proposal additionally requests budget bill language to make the local assistance funding available for encumbrance or expenditure until June 30, 2020 and for liquidation until June 30, 2023.

3875 Sacramento-San Joaquin Delta Conservancy

44) Federal Trust Fund Augmentation. (AFL) An AFL requests a one-time increase of \$490,000 to its existing Federal Trust Fund appropriation to support a previously awarded grant from the United States Bureau of Reclamation and a new grant from US EPA.

45) Office Space Expansion. (AFL) An AFL requests \$201,000 from the Environmental License Plate Fund in FY 2018-19 (\$104,000 for one-time expenses to expand its office space, and \$97,000 for lease expenses). Specifically, the ongoing lease expenses requested beginning in FY 2019-20 are as follows:

- FY 2019- 20: \$103,000;
- FY 2020- 21: \$110,000;
- FY 2021- 22: \$117,000; and,
- FY 2022- 23 and annually thereafter: \$68,000.

Staff Recommendation: Approve all vote-only items (January BCPs, and AFLs).

ISSUES FOR DISCUSSION

3930 Department of Pesticide Regulation

Overview

The Pesticide Program protects California residents and the environment from adverse pesticide impacts with particular emphasis on the protection of children, vulnerable populations, and communities. Specific activities include:

- Scientific evaluation of whether to register pesticide products for sale or use in California.
- Assessing human health and environmental (air, water quality, and wildlife) risks from pesticides.
- Examination, licensing, and certification of individuals and businesses that recommend, perform, or supervise pest control.
- Collecting pesticide use data and evaluating use trends.
- Monitoring pesticide residues in fresh produce, air, and water, as well as occupational settings.
- Protecting surface and groundwater from pesticide movement through evaluation, prevention, and mitigation.
- Protecting non-target wildlife from pesticide risks.
- Reevaluating and mitigating human health and environmental hazards from pesticides.
- Overseeing local enforcement of pesticide laws and regulations by County Agricultural Commissioners.
- Ensuring pesticide products sold in the marketplace are registered and meet state health, environmental, and safety standards, and that sellers comply with mill assessment responsibilities.
- Promoting the development and adoption of reduced risk pest management practices through outreach, incentives, and grants.

DPR's proposed budget is \$104.769 million, as follows:

3-YR EXPENDITURES AND POSITIONS [†]

	Positions			Expenditures		
	2016-17	2017-18	2018-19	2016-17*	2017-18*	2018-19*
3540 Pesticide Programs	288.5	283.0	366.3	\$96,338	\$104,648	\$104,769
9900100 Administration	77.8	78.3	-	11,937	12,316	-
9900200 Administration - Distributed	-	-	-	-11,937	-12,316	-
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	366.3	361.3	366.3	\$96,338	\$104,648	\$104,769
FUNDING				2016-17*	2017-18*	2018-19*
0001 General Fund				\$750	\$-	\$-
0106 Department of Pesticide Regulation Fund				92,535	99,924	99,036
0140 California Environmental License Plate Fund				447	485	485
0890 Federal Trust Fund				2,006	2,366	2,375
0995 Reimbursements				600	600	600
3288 Cannabis Control Fund				-	1,273	2,273
TOTALS, EXPENDITURES, ALL FUNDS				\$96,338	\$104,648	\$104,769

Issue 46 – Support: Information Security Officer (ISO). (AFL)

Governor’s Proposal. An AFL requests \$159,000 Department of Pesticide Regulation Fund ongoing to establish a new ISO to remediate deficiencies identified in various security survey and assessment reports. The requested position will coordinate, prioritize, and oversee the completion to security remediation issues and will lead the department’s information security program.

Background. State entities are required to comply with the information security and privacy policies, standards, and procedures issued by the California Information Security Office (Government Code §11549.3). Entities must also ensure compliance with all security and privacy laws, regulations, rules, and standards specific to governing the administration of their programs. The Statewide Administrative Manual and Statewide Information Management Manual also detail security requirements for entity conformance.

Currently, DPR’s information security duties are scattered across DPR’s Information Technology Branch staff. Resources are pulled from different projects on a piece-meal basis to address critical mandated activities. DPR’s current ISO role is performed by the Lead Database Administrator, resulting in impacts to all DPR application development activities.

Over the past three years, DPR has conducted both independent and internal audits and evaluations that have determined that the information security program is lacking adequate staffing resources, putting the department at risk. For example, in May 2015 and June 2017, the California State Auditor conducted a survey regarding DPR’s information systems general security controls – via the survey, DPR identified the lack of sufficient staffing resources to meet the workload demands of information security and competing priorities of supporting day-to-day business operations as barriers to full compliance.

This proposal would provide position authority and funding for an Information Technology Specialist II to serve as DPR’s dedicated ISO.

Staff Recommendation. Adopt AFL.

3970 Department of Resources Recycling and Recovery (CalRecycle)

Overview

CalRecycle's mission is to protect public health, safety, and the environment by regulating solid waste facilities and promoting source reduction, recycling, composting, and reuse. Additional departmental activities include research, permitting, inspection, enforcement, public education, market development to promote recycling industries and technical assistance to local agencies. Also, CalRecycle administers the Education and the Environment Initiative, a statewide effort promoting environmental education in the state.

An estimated 35 million tons of waste are disposed of in California landfills annually, of which 32 percent is compostable materials, 29 percent is construction and demolition debris, and 17 percent is paper. CalRecycle is tasked with diverting from landfills at least 75 percent of solid waste statewide by 2020 through source reduction, recycling and composting. Source reduction, or waste prevention, is designing products to reduce the amount of waste that will later need to be thrown away and also to make the resulting waste less toxic. Recycling is the recovery of useful materials, such as paper, glass, plastic, and metals, from trash to use to make new products reducing the amount of virgin materials needed. Composting involves collecting organic waste, such as food scraps and yard trimmings, and storing it under conditions designed to help it break down naturally. The resulting compost can then be used as a natural fertilizer/soil amendment. Also, CalRecycle is charged with implementing Strategic Directive 6.1, which calls for reducing organic waste disposal by 50 percent by 2020. According to CalRecycle, significant gains in organic waste diversion (through recycling technologies of organic waste, including composting and anaerobic digestion) are necessary to meet the 75 percent goal and to implement Strategic Directive 6.1.

The majority of the department's programs, with the exception of the Beverage Container Recycling Program, are funded through 23 special funds and no General Fund.

CalRecycle's proposed budget is \$1.525 billion, with the California Beverage Container Recycling Fund making up a significant majority of the total, as follows:

3-YR EXPENDITURES AND POSITIONS

	Positions			Expenditures		
	2016-17	2017-18	2018-19	2016-17*	2017-18*	2018-19*
3700 Waste Reduction and Management	334.9	352.1	343.9	\$228,820	\$355,015	\$230,666
3705 Loan Repayments	-	-	-	-3,562	-4,962	-3,940
3710 Education and Environment Initiative	11.2	10.1	10.1	3,275	2,700	3,802
3715 Beverage Container Recycling and Litter Reduction	242.3	224.1	226.0	1,307,208	1,312,516	1,294,753
9900100 Administration	103.9	109.0	109.0	13,299	16,806	16,860
9900200 Administration - Distributed	-	-	-	-13,299	-16,806	-16,860
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	692.3	695.3	689.0	\$1,535,741	\$1,665,269	\$1,525,281

Issue 47 – Improving Recycling Redemption Opportunities (SB 458)

Governor’s Proposal. The Governor’s budget proposes \$216,000 Beverage Container Recycling Fund to implement SB 458 (Wiener), Chapter 648, Statutes of 2017, until it sunsets on January 1, 2022. SB 458 amended the California Beverage Container Recycling and Litter Reduction Act (Bottle Bill) to authorize up to five recycling pilot projects that are designed to improve redemption opportunities in unserved convenience zones, as well as relieve dealer requirements to redeem beverage containers in-store within the pilot boundaries.

Background. The Bottle Bill was created to establish a financial incentive for recycling and to decrease the beverage container component of the solid waste stream by making recycling more convenient for consumers. The CRV is the centerpiece of the Bottle Bill. Retailers collect a small deposit, the CRV, on each beverage container purchased. The dealer retains a small percentage of the deposit for administration and remits the remainder to the distributor, who also retains a small portion for administration before remitting the balance to CalRecycle. When consumers return their empty beverage containers to a recycler (or donate them to a curbside or other program), the deposit is paid back as a refund.

A "convenience zone" is typically the half-mile radius surrounding a supermarket that: 1) is identified in the Progressive Grocer Marketing Guidebook; 2) has gross annual sales of \$2 million or more; and, 3) is considered a "full-line" store that sells a line of dry groceries, canned goods, or non-food items and perishable items. In some instances, such as certain rural areas, a convenience zone may be larger than a half mile. Convenience zones are intended to provide consumers opportunities to redeem containers near where beverages are purchased.

Staff Comments. SB 458 was prompted by recent and widespread recycling center closures across San Francisco. Last year, over 93 percent of San Francisco was located more than one half-mile from a recycling center, the highest percentage of any major city in the state. This means that 579 corner stores and small supermarkets lacking a recycling center within their half-mile convenience zone must redeem large volumes of cans and bottles for cash, regardless of capacity or cleanliness, or be subject to in-lieu fees totaling nearly \$40,000 per year location. These types of closures have occurred statewide, including in rural areas.

SB 458 allows for new recycling options in California that have shown success in other states, including mobile collection centers, reverse vending machines, and beverage container drop off programs, which allow consumers to drop off a bag of beverage containers and redeem their deposit electronically.

Staff recommendation. Approve as budgeted.

8570 California Department of Food and Agriculture (CDFA)**Overview**

CDFA is charged with protecting and promoting agriculture. The department manages programs in the areas of: 1) animal health and food safety; 2) crop inspection; 3) agricultural marketing; 4) enforcement of weights and measures laws and regulations for various commodities and goods; and, 5) plant health and pest prevention. Many of the department's activities are conducted in partnership with county agricultural commissioners and county sealers of weights and measures.

California is a major agricultural producer. In 2015, California's farms and ranches received \$47 billion for their output, and the state exported almost \$21 billion worth of its agricultural production. California was the leading state in the nation in terms of cash farm receipts with combined commodities representing nearly 13 percent of total U.S. production. California's leading crops in 2015 were fruits, nuts, and vegetables. Over one-third of the nation's vegetables and two-thirds of its fruits and nuts are grown in California.

The goals of CDFA are to:

- Promote and protect the diverse local and global marketability of the California agricultural brand which represents superior quality, value, and safety.
- Optimize resources through collaboration, innovation, and process improvements.
- Connect rural and urban communities by supporting and participating in educational programs that emphasize a mutual appreciation of the value of diverse food and agricultural production systems.
- Improve regulatory efficiency through proactive coordination with stakeholders.
- Invest in employee development and succession planning efforts.

According to the Legislative Analyst's Office (LAO), the Governor's budget proposes \$463 million from various funds for support of CDFA in FY 2018-19. This is a net decrease of \$139 million (23 percent) from the estimated current-year spending level. This year-over-year decrease in spending is mainly explained by \$158 million from GGRF included on a one-time basis in the current-year budget.

In addition, under the Governor's 2018-19 cap-and-trade expenditure plan—which was issued after the release of the Governor's proposed budget—CDFA requests \$104 million from the GGRF to facilitate greenhouse gas emission reductions through the Dairy Digester Research and Development Program (\$73 million), Alternative Manure Management Program (\$26 million), and Healthy Soils Program (\$5 million).

Issue 48 – Bee Safe Program

Governor’s Proposal. The Governor’s budget proposes \$1.853 General Fund and two positions in FY 2018-19 and ongoing to develop and manage the Bee Safe Program to promote and protect a safe and healthy food supply through the protection of bees. The request has two major components: 1) funds to counties for local enforcement of existing laws and implementation of new activities; and, 2) state staff to manage the Bee Safe Program.

Funding for Local Enforcement (\$1.5 Million). The proposal would provide \$1.5 million in annual funding for CDFA to contract with counties to enforce existing laws on hive registration and other laws intended to prevent apiary thefts. In addition, under the proposal, counties would: 1) develop an annual list of apiaries that have received a CDFA-issued brand (under current law, apiary owners may apply to CDFA for a serial number brand for use on apiary equipment); 2) perform one annual compliance visit to each branded apiary to ensure apiaries and apiary equipment are being handled by the lawful owners; 3) submit monthly activity reports and an annual accomplishment report to CDFA; and, 4) participate in developing anti-theft training for beekeepers and county staff.

Funding for CDFA to Perform Statewide Functions (\$353,000). The proposal would provide \$353,000 and two CDFA staff to act as statewide experts to provide outreach and education to counties and stakeholders regarding best management practices, as well as pesticides and the safe movement of colonies. CDFA staff would coordinate with counties, landowners, and stakeholders to identify and track safe locations from pesticides when hives must be temporarily relocated. The staff would also produce information that would allow registered and qualified beekeepers to identify private and public lands where foraging and safety from pesticides can be found. Land owners and land managers, including public land managers, would register parcels as bee foraging/safe harbor sites for honey bees before and after crop bloom. This would help beekeepers to move their apiaries to places with adequate forage when they are informed that a pesticide application will occur nearby.

Background. *Bees Perform a Critical Function.* Many crops in California are dependent on the state’s estimated 740,000 domestic bee colonies (excludes wild bees) for pollination. In addition to domestic colonies, beehives are transported from out-of-state into California in order to ensure there are enough bees to pollinate certain crops. For example, in order to pollinate over 900,000 acres of almonds grown in California every year (with a value of about \$5 billion in 2016), about 650,000 beehives are temporarily transported into California. In addition to pollinating commercial crops such as almonds, bees pollinate ornamental plants, fruits, and vegetables grown at private residences and in public spaces such as parks.

Multiple Factors Affect Bees’ Health. The overall health of bees is related to complex interactions among multiple factors including nutrition, pesticide applications, and disease. Honey bees need access to foraging habitat within a few miles of a hive in order to have a nutritious diet. The application of pesticides can seriously affect honey bee health and in some cases prove fatal to bees. Factors that determine the impact of pesticide applications on bees include the proximity of apiaries (a collection of hives) to the application of pesticides, the toxicity of the pesticide to bees, and the ability of beekeepers to move apiaries a safe distance away. Honey bee health can also be affected by pests (such as the Varroa mite), pathogens (such as American foulbrood, an incurable bacterial disease), and viruses. When shipments of bees arrive from out-of-state, they are typically inspected at CDFA-operated border inspection stations to try to prevent hives carrying pests, pathogens, and viruses from entering the state.

US EPA Recommends States Develop Pollinator Protection Plans. US EPA recommends that states develop managed pollinator protection plans (MP3) and adopt best management practices to protect bees from harmful pesticides. MP3 are intended to ensure that growers, pesticide applicators, beekeepers, and other agricultural stakeholders take a collaborative approach to ensuring the health of managed bees. As part of the FY 2016-17 budget, the Legislature approved a request by DPR for two positions and \$308,000 ongoing to implement an MP3 in California. Under the proposal DPR was required to: 1) develop the MP3; 2) evaluate the effects of certain pesticides on bees in collaboration with the U.S. EPA; 3) organize onsite field events for growers and beekeepers; 4) disseminate brochures and educational materials; and, 5) investigate incidents where pesticides had damaged bees.

State and Counties Regulate Bees to Promote Health. State law establishes CDFA's authority to regulate bees in conjunction with DPR and CACs. Apiary owners or beekeepers are required by law to register the number of colonies and the location of each apiary with the CAC (or CDFA in the absence of a CAC). Regulations require any person intending to apply any pesticide labeled "toxic to bees" to a blossoming plant to ask the local CAC, or designee, whether there are registered beekeepers with colonies located within a one-mile radius of the application site. The CAC provides the pesticide applicator with the contact information of registered beekeepers who wish to be notified in the affected areas. The applicator must give these beekeepers 48 hours notification before the intended application. This notification period is intended to give beekeepers an opportunity to take action to protect their colonies, such as temporarily moving them.

Statute generally:

- ***Gives CACs Enforcement Authority.*** CACs have the authority to enforce laws relating to bees, assess penalties, inspect apiaries, and take specified actions when pests or disease are found.
- ***Requires Apiary Owners to Pay a Registration Fee.*** Apiary owners are required to: 1) pay an annual registration fee of \$10 to the CAC of the county where the bees reside to cover the cost of apiary registration (CDFA has authority to periodically update this fee through regulation); and, 2) notify CACs when apiaries are moved from one county to another.
- ***Allows for Regional Coordination of Pesticide Application Notifications.*** State law allows the director of DPR to: 1) establish regions to facilitate the efficient notification of apiary owners of pesticide applications; 2) designate one of the CACs within the region as the regional coordinator; and, 3) establish fees on pesticide applicators and beekeepers to establish a program to notify beekeepers when pesticides will be applied. The director of DPR has established fees for the region including Butte, Glenn, and Tehama Counties. Pest control operators are required to pay an annual fee of \$75 at the time they register with any of the CACs in the region. Beekeepers who have filed a request with CACs for notification of pesticide usage pay an annual fee ranging from \$10 (for 1 to 100 beehives) to \$100 (for over 2,000 hives).
- ***Regulates Importation of Bees.*** Statute also prohibits, with certain exceptions, the importation into California of any apiaries unless accompanied by a valid certificate signed by an authority in the state of origin testifying that the apiary is free from pests and disease. The certificate must be delivered to the CAC within 72 hours of the arrival of the bee shipment.

Local Regulation Primarily Relies on County General Fund. As previously reported to the Legislature, in FY 2016-17 all counties combined expended \$1.1 million on apiary programs. Of these expenditures, over 90 percent was from the General Fund of counties, and less than 10 percent was from a combination of apiary registration fees and other charges CACs are authorized to charge for specified bee-related activities. According to CDFA, CACs do not have sufficient resources for

enforcement, resulting in beekeeper compliance with the registration requirement that is often low. Based on survey data, the CAC for Tehama County indicated that 26 of the state's 58 counties have an active apiary program.

Recent Legislation to Improve Bee Foraging Opportunities. In addition to statute establishing CDFA's authority to regulate bees, AB 1259 (Levine), Chapter 380, Statutes of 2015, requires the Department of Fish and Wildlife to consider authorizing placing apiaries on department-managed wildlife areas for bee foraging opportunities. This is intended to provide beekeepers with more opportunities to move their apiaries to safe locations when pesticide applications are scheduled near the location of their hives.

LAO Assessment. Bee Safe Program Would Provide Benefits to Farmers and the Public. Because managed bees provide a public benefit, LAO finds it is reasonable that some state General Fund resources be used to support the state and local government activities that would be performed under the Bee Safe Program. While the program is targeted towards improving the regulation and health of managed bees that mainly pollinate farmers' crops, the general public would benefit from the proposal as well. Bees placed in locations to facilitate pollination of commercial crops also pollinate ornamental plants, fruits, and vegetables that grow at nearby private residences and public areas. For example, bees from an apiary located in an almond orchard bordering an urban area may pollinate ornamental plants at nearby parks, schools, and private residences.

General Fund Proposed for Some Functions That Could Be Funded Through Fees. The Administration proposes to use General Fund to contract with CACs to perform certain bee-related regulatory functions. However, there is already an established policy of funding certain bee-related regulatory functions through a fee mechanism. As described earlier in this analysis, CAC's have authority to charge \$10 per apiary to cover the costs of CAC's apiary registration program, and DPR has imposed bee-related fees in one region.

According to CDFA staff, counties have indicated that the current \$10 per apiary registration fee is insufficient to support apiary registration workload. In addition, under the current scheme, CACs are dependent on beekeepers coming to the CAC to register their hives, and the fee is insufficient to support the use of CAC staff to patrol the county looking for unregistered apiary sites. Moreover, this fee is not intended to support other bee-related activities, such as inspections and training.

Options Exist to Increase Fee Revenue, but Difficult to Determine Appropriate Fee Levels. The Legislature has options to generate additional fee revenue to more fully support apiary registration and enforcement workload, as well as expanding CAC activities as proposed by the Governor. This includes increasing and expanding the use of the existing apiary registration fee. Alternatively, the existing \$10 per apiary registration fee could be shifted to a per hive fee. Apiaries generally consist of from one to a few dozen hives. By charging on a per-hive basis, the registration fees would reflect the benefit to beekeepers based upon the number of bee hives they manage. There is precedent in state law for charging a fee on a per-hive basis. In 1987, the Legislature established an annual assessment fee of \$0.03 per bee colony for the purpose of research on Africanized bees. (This fee sunset on July 1, 1992.) A third option would be to establish a fee on imported hives, which are also subject to inspection and oversight by CACs.

One challenge, however, to modifying the current fee structure is that there is insufficient data to determine the appropriate fee levels that would have to be assessed in order to fully implement a more robust program envisioned by the Administration. It is currently unknown: 1) how many registered and unregistered apiaries are operated in the state; and, 2) the extent and costs of current CAC registration and enforcement activities. LAO notes that costs for apiary programs could vary widely

based on the amount and types of agricultural production in a county and the need for managed bee pollination.

LAO Recommendations. *Approve One-Year Funding for Bee Safe Program.* LAO recommends the Legislature approve one year of funding to establish the Bee Safe Program in order to better ensure the health of California's bee population. The Bee Safe program would help CACs address a number of threats to the state's bee population including die-offs from contact with pesticides that are toxic to bees and early identification of pests and diseases that can affect bees. Representatives for the CACs have indicated that counties need additional training for their inspectors and access to state-level expertise to address an increasing number of bee-related issues. The Bee Safe Program would help to address these issues.

Consider Expanding Fee-Based Funding Options. LAO recommends the Legislature consider its options regarding how to fund the Bee Safe Program before approving ongoing General Fund support as proposed by the Governor. On the one hand, LAO believes it is appropriate to fund the program with General Fund given its broad benefit to the public. On the other hand, it is also appropriate to fund the program using fee revenues from regulated beekeepers, who would be the program's main beneficiaries. Fee-based funding could be accomplished by establishing a new fee on beekeepers or expanding the scope of the existing apiary registration fee. Ultimately, it is a policy decision for the Legislature whether to fund the Bee Safe Program with: 1) General fund as proposed by the administration; 2) a mix of General Fund and fees on beekeepers; or, 3) entirely through fees on beekeepers.

Adopt Reporting Requirement to Inform Future Funding Decisions. LAO recommends the Legislature adopt budget bill language requiring CDFA to provide a report to the Legislature by January 10, 2019 on the following: 1) annual revenues collected by counties under the current apiary registration fee; 2) county costs to administer the apiary registration program; and, 3) options to align fee revenues with county costs and responsibilities. This analysis should further look at costs and responsibilities associated with domestic and imported hives. This report would provide the Legislature with key information needed to decide the extent to which the Bee Safe Program could be funded with fee revenues in lieu of General Fund.

Staff recommendation. Approve funding for CDFA as follows: ongoing funding of \$353,000 General Fund and two positions to perform statewide functions; \$1.5 million one-year General Fund for local enforcement; and adopt budget bill language requiring CDFA to provide a report to the Legislature by January 10, 2019 per LAO's recommendation regarding future funding.

Issue 49 – Blythe Border Protection Station Replacement

Governor’s Proposal. The Governor’s budget proposes \$9.348 General Fund for the acquisition of land to replace the Blythe Border Protection Station (BPS) in Riverside County, which currently has inadequate capacity to meet increased traffic flows. The new station will be located west of the current location and will include: two office buildings with restrooms (one building for autos and one for trucks); separate, ventilated canopied areas for autos and trucks; and will have a total of eight inspection booths with air conditioning, facility lighting; and emergency generator (30KW); Department of Transportation approved signs, and frangible cartridge type safety barriers (seven each). The existing BPS would be demolished and the roadway patched and re-striped. The new BPS will be approximately 19,000 square feet. The estimated total project cost is \$60.3 million.

Background. General. CDFA maintains a system of 16 BPSs on the major roadways from Oregon, Nevada, and Arizona into California to prevent invasive species from entering the state. Invasive species are economically and environmentally devastating to California agriculture and natural habitats. Approximately 95 percent of all invasive species that have become established in California have been introduced as hitchhikers on materials brought by people.

Blythe BPS. The Blythe BPS is a critical infrastructure deficiency for the state. Constructed on Interstate 10 in 1961, vehicle traffic at the BPS has since increased and now exceeds capacity the BPS was designed to accommodate. Two routes now exist making it possible to bypass the BPS, enabling vehicles to avoid agricultural inspection. In addition, the current facility cannot handle the large volume of truck traffic, creating a public safety hazard – When long queues develop, the line of sight approaching the station is limited and vehicles can be back up on the bridge crossing the California/Arizona state line approximately ¼ mile from the Blythe BPS.

In its first full year of operation, 1962, total traffic was measured at 747,250 vehicles. Traffic measured 5,383,750 in 2015 – nine times the volume the station was designed to accommodate. With this level of traffic, thorough inspections inevitably result in traffic back up and there is not enough room to park commercial vehicles. In addition, the 500 square foot office building is too small to accommodate a crew of 24 and the equipment and storage necessary to perform regulatory duties.

Staff recommendation. Approve as budgeted.

Issue 50 – Citrus Pest and Disease Prevention Program

Governor’s Proposal. The Governor’s budget proposes \$2.5 million General Fund and \$2.5 million Department of Food and Agriculture Fund authority in FY 2018-19 and ongoing to enhance Asian Citrus Psyllid (ACP) and Huanglongbing (HLB) suppression activities in newly detected areas and to augment quarantine regulation enforcement activities in existing and newly detected areas.

Background. *California Partners With Federal and Local Agencies on Pest Prevention.* State law requires CDFA to prevent the introduction and spread of injurious insects or animal pests, plant diseases, and noxious weeds. CDFA works in partnership with many government and private organizations to implement the state’s pest prevention system because invasive species concerns cut across many different jurisdictions. For example, USDA focuses its pest prevention efforts on pests of nationwide concern and preventing pests from entering from foreign countries. CDFA’s Plant Health and Pest Prevention Services and CACs focus on state and local pest prevention efforts. Agricultural industry groups primarily focus on pests of concern to a specific commodity group. For example, in recent years the citrus industry has provided funding for the state’s efforts to detect and eradicate Asian Citrus Psyllid (ACP), an insect that is the vector for Huanglongbing (HLB), a disease fatal to citrus trees.

The Plant Health and Pest Prevention Services division investigates the existence of pests, determines the probability of its spread, and determines the feasibility of its control or eradication. The division may establish, maintain, and enforce quarantines; eradication efforts; and other measures to protect the agricultural industry and other plants from the introduction and spread of exotic pests.

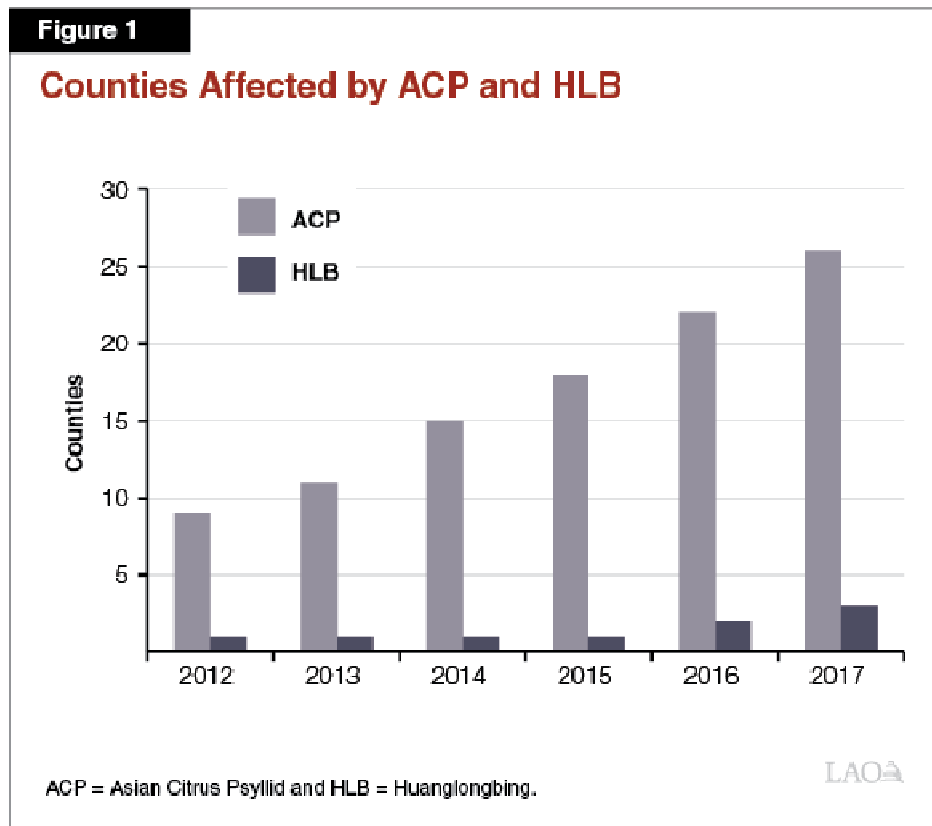
Citrus Is a Major Crop in California. According to CDFA, in 2015, California accounted for over 40 percent of the U.S. citrus production. In that year, the total value of California’s oranges, grapefruit, lemons, and mandarins was estimated at \$1.7 billion. About 90 percent of California’s citrus industry is located in five counties (Fresno, Kern, Tulare, Ventura, and Riverside). In addition to commercial citrus crops, CDFA estimates over 50 percent of residential properties have at least one citrus tree.

HLB Is Fatal for Citrus Trees. ACP is a non-native insect pest that serves as the vector for HLB. When the ACP feeds, it injects a toxin that causes citrus tree leaves to twist and die. More importantly, ACP is the vector of the bacterium that causes HLB, an incurable disease that eventually causes trees to die. Infected trees must be removed and destroyed to ensure they do not serve as a reservoir for the bacteria. The first HLB-infected tree in California was confirmed in Hacienda Heights in 2012. HLB can have a significant effect on citrus production. According to a study by the University of Florida, from 2006-07 through 2013-14 the state’s orange production declined by an estimated 24 percent due to HLB. The economic impacts of HLB in Florida over the eight-year period were estimated to be losses of \$7.8 billion in cumulative industry output, or an annual average loss of \$975 million.

State Performs Suppression and Enforcement Activities. Upon detection of ACP or HLB in a new area, quarantine boundaries are created by CDFA. Hold notices are then placed on all businesses or properties where citrus nursery stock, host plants, or citrus fruit is grown, processed, or stored. After an emergency quarantine becomes effective, agreements are signed with these entities to allow the movement of fruit and nursery trees within and out of the quarantine area under specific conditions, such as passing an inspection. Ongoing enforcement and oversight visits occur (no less than monthly) to ensure the entities are adhering to the compliance agreement conditions.

Industry Funds Suppression Activities. The industry provides funding for ACP and HLB suppression activities through a self-assessment of up to \$0.12 per carton (equivalent to 40 pounds of citrus fruit). Funds raised through the industry self-assessment—over \$20 million annually in recent years—are deposited into the Citrus Disease Management Account in the Food and Agriculture Fund. Industry also provides about \$500,000 per year to reimburse CDFA for citrus grove surveys that involve trapping insects and analyzing the results of trapping efforts. In addition, the state and federal governments have provided funding for these purposes in prior years. In FY 2017-18, the state is estimated to spend a total of \$49.1 million on suppression activities. This amount includes \$10 million in one-time General Fund support and \$24.2 million from the Food and Agriculture Fund (including industry contributions).

LAO Assessment. ACP and HLB Spreading. Data indicates that the area affected by ACP and HLB has increased substantially in California in recent years. Figure 1 shows that from 2012 through 2017 the number of counties where ACP has been detected increased from 9 to 26, or by 188 percent, and the number of counties with an HLB infected tree grew from one to three. Over this period, the number of square miles under quarantine for ACP more than doubled from 25,813 to 63,647. Similarly, between 2014 and 2017 the number of square miles under quarantine for HLB increased more than six-fold, from 92 to 617, and the number of trees identified as infected with HLB grew from 1 to 302.



Funding for Suppression of ACP and HLB Would Decrease. Figure 2 summarizes annual funding for ACP and HLB suppression from FY 2012-13 through FY 2018-19 (as proposed by the Governor). As illustrated in the figure, funding would decrease by \$10.5 million (or 21 percent) from FY 2017-18 to FY 2018-19. The bulk of this decrease is due to a \$7.5 million year-over-year reduction in General Fund support because the current-year budget includes a one-time \$10 million appropriation. In

addition, spending from the Food and Agriculture Fund is projected to decline by about \$4 million, which mainly reflects one-time funding available in FY 2017-18 that carried over from the prior year, partly offset by an increase in state contributions of \$2.5 million. Given the proposed decrease in total spending, it is unclear the degree to which the department will be able to address the continuing spread of ACP and HLB.

Figure 2

Spending on Suppression of Asian Citrus Psyllid and Huanglongbing

Program Budget	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 ^a
Authorized Expenditures (In Millions)							
General Fund	—	\$1.0	—	—	—	\$10.0	\$2.5
Reimbursements	\$0.2	0.5	\$0.4	\$0.5	\$0.4	0.5	0.5
Food and Agriculture Fund	15.7	8.9	16.2	16.1	21.3	24.2	20.2 ^b
Federal Fund	17.6	8.1	8.2	13.3	11.6	14.4	15.5
Totals	\$33.5	\$18.5	\$24.8	\$29.9	\$33.3	\$49.1	\$38.6

^aMay not total due to rounding

^bIncludes \$2.5 million in funding proposed by the administration.

LAO Recommendations. Approve Governor's Proposal. At a minimum, LAO recommends the Legislature approve the Governor's request for funding to suppress ACP and HLB. Given the recent increases in the square miles under quarantine for both ACP and HLB, the growing number of trees infected with HLB over the past few years, and the threat ACP and HLB pose to the state's citrus industry, LAO believes the request is reasonable.

Require CDFR Report at Budget Hearings on Need for Additional Resources. LAO recommends the Legislature require CDFR to report at budget hearings on whether the proposed resources are sufficient to address the threat posed by ACP and HLB to the state's citrus crops. Specifically, the department should report on: 1) whether the measures it is currently implementing are sufficient to suppress ACP and HLB; 2) whether there are additional measures that the state should implement to suppress ACP and HLB; and 3) what would be the costs of implementing any such measures. This information would help the Legislature to assess all of the available options for improving suppression of ACP and HLB, and the costs associated with implementing these options.

Staff Recommendation. Hold open.

Issue 51 – Use of Antimicrobial Drugs on Livestock (SB 27)

Governor’s Proposal. The Governor’s budget proposes \$2.668 million (\$121,000 one-time) General Fund and 11 positions in FY 2018-19 and ongoing for the Animal Health and Food Safety Services and Inspection Services Divisions to fully implement SB 27 (Hill), Chapter 758, Statutes of 2015.

Background. SB 27 (Hill). SB 27 prohibits the use of medically important antimicrobial drugs (MIAMs) for the treatment of livestock animals, except pursuant to a prescription of feed directive from a licensed veterinarian and when, in the professional judgment of a licensed veterinarian, the MIAMs are necessary: 1) to treat a disease or infection; 2) to control the spread of disease or infection; or, 3) in relation to surgery or a medical procedure. SB 27 also requires CDFA, in coordination with federal programs and agencies, to develop a program to track antimicrobial drug use in livestock and the emergence of antimicrobial-resistant bacteria; and requires CDFA to develop antimicrobial stewardship guidelines and best management practices on the proper use of these drugs.

Funding History. Funding has been phased in over three years as new parts of the law come into effect and gaps are better identified through the implementation process. Initial start-up funding was provided in the 2016 Budget Act, which included \$1.4 General Fund and eight positions in FY 2016-17 and ongoing – This established the Antimicrobial use and Stewardship Services Program. The 2017 Budget Act included the second phase of funding, for \$2.046 General Fund and 8.5 positions in FY 2017-18 and ongoing, to increase outreach and data gathering capacity, prepare to enforce antimicrobial use restrictions, fund initial studies to better understand farm practices and resistance patterns and initiate stewardship and best practices development.

This proposal is intended to address the full implementation of SB 27 related to the January 1, 2018 effective date and is based on information gained during the first two phases of implementation of this new program. CDFA’s original requests were underestimated and based on many unknowns. With the initial efforts and observations made by staff, it was found that additional funding was needed for the gaps in CDFA’s ability to adequately implement the mandates set forth in SB 27. This proposal includes additional support staff and field staff to reach adequate numbers of producers and veterinarians and funding to address the gaps in inspection services regulatory enforcement areas and the complexity and cost of monitoring and surveillance studies.

Staff Comments. A coalition of various agricultural organizations submitted a letter of support for this proposal. The coalition indicates that they worked closely with the author of the legislation during its consideration and SB 27 was crafted to ensure a balance between the judicious use of antibiotics without placing unnecessary burdens on veterinarians that could lead to animals being denied proper care. The coalition believes that the resources requested in this BCP are necessary to ensure proper implementation of the monitoring, stewardship, and oversight roles of CDFA.

Opposition concerns. A coalition of opposition has raised concerns regarding CDFA’s implementation of SB 27, stating that CDFA has not issued clear guidance or regulations on preventative (prophylactic) use of antibiotics or taken steps to collect representative antibiotics sales and use data. Opposition states that CDFA has failed to delineate prohibited uses of antibiotics and to ensure that the prohibition is understood and applied to achieve the laws objectives. More specifically, concern has been raised that by CDFA proposing to let veterinarians determine for themselves whether antibiotic use is “regular,” without any additional guidance, that this will likely lead to wide

divergence in practices, with the potential for practitioners using antibiotics in ways the law prohibits and contrary to the Legislature's intent. In addition, opposition states that CDFA has failed to collect any data on antibiotic sales and usage in California, contrary to SB 27's mandate to monitor this information, which is essential to implement the law and identify better stewardship practices.

In response, CDFA states, "CDFA and the members of our Antimicrobial Use and Stewardship (AUS) advisory committee have been working together over the phases of implementation...This process has included extensive input from all stakeholders and diverse experts in the field...CDFA has performed extensive outreach to educate and engage the public through a variety of forums including website, publications, presentations, and in-person visits...CDFA believes antimicrobial stewardship must be a coordinated effort that combines promoting [Best Management Practices] to minimize the occurrence of disease and decrease the overuse of antibiotics. The required stewardship and BMPs did not previously exist as described in the law therefore CDFA has been working to develop the framework that will inform future use of antibiotics."

Staff Recommendation. Hold open.

3480 Department of Conservation (DOC)**Overview**

DOC is charged with the development and management of the state's land, energy, and mineral resources. The department manages programs in the areas of:

- 1) Geology, seismology, and mineral resources;
- 2) Oil, gas, and geothermal resources; and
- 3) Agricultural and open-space land.

The Governor's budget proposes \$126 million for DOC in FY 2018-19, a decrease of about \$16 million (11 percent) from estimated expenditures in the current year. The year-over-year decrease is mainly explained by a reduction in GGRF spending of \$15.8 million.

Issue 52 – Deserted Well/Facility Plugging and Remediation Program

Governor's Proposal. The Governor's budget proposes \$1.65 million in FY 2018-19, \$1.6 million annually from FY 2019-20 until FY 2021-22, and \$598,000 FY 2022-23 and ongoing from the Oil, Gas, and Geothermal Administrative Fund to develop and implement a Deserted Well/Facility Plugging and Remediation Program and to carry out additional deserted well and production facility work required in SB 724 (Lara), Chapter 652, Statutes of 2017.

Background. General Background. Since 1976, the Legislature has tasked DOGGR with remediating deserted oil and gas wells to "mitigate, minimize, or eliminate their danger to life, health, and natural resources" (Public Resources Code §3520).

Current estimates suggest that approximately 29,000 idle wells exist in the state. (For context, there are about 90,000 active or idle oil and gas wells in the state.) As much as one-third of these wells have been idle for more than 15 years and some will be deserted by insolvent operators in the future, adding to the estimated total of more than 1,500 deserted wells, including buried-idle wells, existing in California. As these wells deteriorate with age, they may become hazardous and lead to contamination of groundwater, methane or hydrogen sulfide emissions, oil or contaminated fluid leaks, and, in some instances, may present a fire hazard.

According to DOGGR, plugging and abandonment costs on deserted wells are highly variable and can be difficult to predict. Costs per well can range from as low as \$10,000 to \$1 million when all associated costs are included. The average cost to properly plug and abandon a deserted well has increased from approximately \$35,000 per well to \$55,000 in just the last three years.

SB 724 (Lara). SB 724 substantially revised the Division of Oil, Gas, and Geothermal Resources' (DOGGR) processes for addressing hazardous and deserted wells and facilities, and temporarily increased the annual cap on expenditures for plugging and abandoning wells such as these from \$1 million to \$3 million annually through FY 2021-22. SB 724 also clarified that DOGGR may decommission the production facilities associated with a hazardous well, or deem a specific portion of

the production facility itself hazardous, even if the well is properly plugged and abandoned. This enables DOGGR to order the removal of equipment such as tanks, flowlines, and injection equipment. In addition, SB 274 required DOGGR to establish criteria for prioritizing deserted wells and facilities for remediation.

Deserted Well/Facility Plugging and Remediation Program. This proposal initiates a comprehensive Deserted Well/Facility Plugging and Remediation Program. DOC's anticipates the outcome of creating this program, and the metrics that may be used, include, but are not limited to:

- Consistency – Reports, methods, and forms utilized by staff in each district will be standardized.
- Improved efficiency – Increase the number of wells/facilities plugged and/or remediated by DOGGR each year and a reduction in response time between headquarters and district offices.
- Reduction in the threats to natural resources – Increase the number of remediation and threats to the environment.
- Improved contract work – More coordination to increase the use of contract dollars to get the biggest “bang for the buck.”

Staff Recommendation. Approve as budgeted.

Issue 53 – Enforcement Program

Governor’s Proposal. The Governor’s budget proposes \$1.2 million ongoing from the Oil, Gas, and Geothermal Administrative Fund and six permanent positions to develop the new Centralized Statewide Enforcement Program.

Background. *Division of Oil, Gas, and Geothermal Resources (DOGGR).* California is one of the largest oil producers in the nation. DOGGR regulates these oil extraction operations and administers laws for the conservation of petroleum and geothermal resources. One of the DOGGR’s missions is to prevent damage to life, health, property, and natural resources by ensuring that wells are properly drilled, operated for production and injection purposes, repaired, and plugged and abandoned. DOGGR is also mandated to collect production and injection data, well histories and summaries, and all surveys and logs run on wells.

Enforcement Actions Lack Consistency. There are over 55,000 active production and injection wells and approximately 29,000 idle production and injection wells in the state. The operation of these wells could pose financial risk and cause harm to life, health, property, and natural resources if not operated properly.

DOGGR issues Notice of Violations (NOVs) to operators that are non-compliant with state law. Field inspectors or engineers typically issue these notices, which have occurred to varying degrees of consistency and standard across the district offices. Furthermore, although statutes have established the criteria and maximum civil penalty amounts, DOGGR has yet to develop a comprehensive methodology to determine consistent and appropriate civil penalty amounts for individual cases.

Enforcement Actions Ineffective at Enforcing Compliance. DOGGR issues NOVs to operators that are non-compliant with state law. Continued non-compliance by those operator triggers DOGGR to issue an Order to Comply. In many cases, these operators continue to be non-compliant and DOGGR lacks the resources and expertise to force compliance.

In 2010, DOGGR requested an independent US EPA audit, and in 2011 that audit identified shortcomings in the Underground Injection Control Program. These findings prompted DOGGR to develop a Renewal Plan to conduct regulatory overhaul, new regulations, modernizing data management, and ensuring a high-quality workforce.

To implement the Renewal Plan and to enforce compliance with state law, DOGGR proposes a centralized enforcement program to initiate, track, and follow-up on enforcement actions to ensure compliance and statewide consistency.

Staff Recommendation. Approve as budgeted.

Issue 54 – Mineral Resource Classification

Governor’s Proposal. The Governor’s budget proposes \$509,000 in FY 2018-19, \$951,000 in FY 2019-20 and ongoing from the Mine Reclamation Account, and four positions (two in FY 2018-19 and two in FY 2019-20) for increased mineral and land classification activities.

Background. *Surface Mining and Reclamation Act of 1975 (SMARA).* SMARA addresses the need for a continuing supply of mineral resources, and to prevent or minimize the negative impacts of surface mining to public health, property, and the environment. The process of reclamation includes maintaining water and air quality, minimizing flooding, erosion and damage to wildlife and aquatic habitats caused by surface mining. SMARA applies to anyone engaged in surface mining operations in California that disturb more than one acre or remove more than 1,000 cubic yards of material. Examples include prospecting and exploratory activities, dredging and quarrying, streambed skimming, borrow pitting, and the stockpiling of mined materials.

SMARA requires that the State Geologist to classify mineral resource deposits throughout the state (Public Resources Code §2761) so as to provide both the Legislature and local land-use permitting agencies information on the amounts and quantities of regionally available mineral resources. To date, the State Geologist has classified approximately 43 million acres of non-fuel mineral lands including approximately 29 million acres for construction-grade aggregate, which must be continuously reviewed and updated.

Classifying Mineral Resource Deposits. The Mineral Land Classification Project (MLCP), within the Mineral Resources Program, collects and disseminates information about the state’s mineral resources including their location, estimated economic value, and annual production amounts. The objective of the mineral land classification is to ensure that mineral materials will be available when needed for community development and do not become inaccessible as a result of inadequate information during the land-use decision-making process. Mineral resource maps and reports generated by MLCP are provided to local lead agencies for use in their long-range land-use planning to protect access to mineral resources in the future.

During the past four decades, the classification has covered approximately 40 percent of the State's lands for significant mineral resources, including about 28 percent of the state for construction-grade aggregate resources that impact about 80 percent of the State's population.

Classification studies are updated approximately every 10 years to provide the most current information to land use planners and decision makers. However, some previously classified regions have not been updated for over 20 years due to reduced funding and staffing levels since the early 2000s.

Staff Comments. Although California Geologic Survey has taken it upon itself to post much, if not all, of this type of classification information on its website, the public display of this information on its website is not statutorily required. Public Resources Code §2761 et seq. are the operative statutes for mineral classifications and designations but do not reflect any requirements to post this information via the internet. In order to ensure that this information remains available electronically, the Legislature may wish to consider requiring in statute that mineral land classification and designation be posted via the internet.

Furthermore, to improve transparency and for the purposes of SMARA to prevent or minimize the negative impacts of surface mining to public health, property, and the environment, it would be prudent to provide surface mining information online, including, but not limited to, approved reclamation plans and amendments, comprehensive inspection and enforcement actions (e.g. notices of violations or penalties issued), and financial assurance cost estimates and mechanisms, utilizing the Surface Mining and Reclamation Account (Fund #0035).

Amendments to the Public Resources Code to provide information online would help to ensure greater transparency and public access. There is value to members and the public to be able to access information online as opposed to having to make a request to the department.

Staff Recommendation. Approve the Governor's proposal as budgeted. In addition, staff recommends that the subcommittee adopt placeholder trailer bill language to require the department to post information on its website as noted in staff comments.

Issue 55 – Regulatory Field Inspection

Governor’s Proposal. The Governor’s budget proposes \$4.252 million in FY 2018-19, \$3.664 million in FY 2019-20 and ongoing from the Oil, Gas, and Geothermal Administrative Fund and 21 positions to increase inspections and enforcement, assess and mitigate the risk of urban encroachment on oil and gas fields, and work with local agencies to assist with the protection of water resources.

Background. Increasing Number of “Critical” Wells. There are over 55,000 active production and injections wells and approximately 29,000 idle production and injection wells in California. If a well is within a certain distance from a building intended for human occupancy, the well is deemed "critical." Many wells that were not deemed critical when they were drilled are now being considered critical due to urban encroachment. For example, Los Angeles, was sparsely populated when oil was first discovered in the region in the mid-19th century. Today, it is the second most populous city in the nation. Los Angeles also has 50 percent of the state's critical wells, the most urbanized oil and gas province in the world, with drilling and production activities within feet of residential and commercial structures, schools, streets, parks, and airports.

While urbanization of oil properties is less in the Inland and Coastal Districts, new developments are increasingly on the periphery or within active and abandoned oil producing properties. These two districts combined have 41 percent of the Critical Wells in the State.

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

Inadequate Field Inspections. Currently law requires DOGGR to conduct field inspections, including random periodic spot check inspections, to ensure oil and gas production facilities are compliant with regulations. Typical regulatory field duties include witnessing plugging and abandonment operations, cementing, environmental lease inspections, pipeline and tank tests, blowout prevention equipment tests, mechanical integrity tests, and underground injection control tests.

Currently, DOGGR is unable to inspect 100 percent of operations mandated by statute, regulation and/or agreements with other agencies. The current level of field staffing only allow for inspections to take place in the Inland and Southern Districts at the rate of 30 percent of oil and gas leases, and 15 percent of wells annually. Inspecting pipeline and tank integrity testing occurs even less frequently and generally relegated to testing after pipelines and tanks have ruptured or leaked. Because of lack of resources, some wells, pipelines, and tanks have not been inspected in years.

Further, DOGGR does not regularly track the number of inspections it conducted in 2016 and 2017 that were performed on critical wells

DOGGR Field Inspection Workload Can Vary Due To a Number of Factors. The amount of annual inspection workload is somewhat uncertain from year to year. There are a number of factors that can affect DOGGR’s field inspection workload. These factors include:

- *Market Forces That Impact Amount of Oil and Natural Gas Production.* The amount of oil and natural gas produced in California varies from year to year depending on market factors. Generally, significant production slowdowns in California's oil and natural gas industry result in a decrease in enforcement-related workload for the division.
- *Travel Time to Field.* In the Inland and Coastal districts, the amount of time it takes to witness oil and natural gas operations and testing varies depending on the distance the inspector has to travel to get to the field. In the Southern district, travel time may vary due to traffic congestion in the Los Angeles metro area. As a result, the amount of time it takes for an inspector to witness an operation can vary significantly from observation to observation. Due to the factors described above, it is difficult to determine the precise number of field inspectors necessary to ensure that the division complies with its mandate to observe all shall-witness operations and has the capacity to observe may-witness operations deemed critical.

LAO Comments. *Approve Three-Year Funding.* LAO recommends the Legislature approve the Governor's proposal on a three-year, limited-term basis, rather than on an ongoing basis. In the LAO's view, the amount of annual inspection workload is uncertain because: 1) the department has not tracked the number of unobserved critical may-witness operations and testing activities, and, 2) variability in workload due to market conditions and other factors. By approving funding for the positions for three years, the department would need to report back to the Legislature on its progress towards improving its oversight of oil and natural gas field operations if it requests ongoing resources in the future.

Require Annual Reporting on Completion of Mandated Oversight Activities. LAO recommends the Legislature enact budget trailer legislation to require the department to annually report the following information statewide by district: 1) number of shall-witness and may-witness operations performed; 2) number of shall-witness and may-witness operations observed by DOGGR; 3) number of critical may-witness operations performed; and, 4) number of critical may-witness operations observed. This information would help the Legislature to monitor the division's progress towards complying with mandated inspection requirements. The department could fulfill this reporting requirement by posting the information to their website or preparing a written report for the Legislature. The information would also help inform the Legislature's decision about the level of permanent resources needed for the division to perform inspection and enforcement activities.

Staff Recommendation. Approve funding for three years and adopt placeholder TBL to require annual reporting on completion of mandated oversight activities as proposed by LAO.

Issue 56 – Well Statewide Tracking and Reporting (WellSTAR)

Governor’s Proposal. The Governor’s budget proposes \$15.012 million in FY 2018-19, \$5.545 in FY 2019-20, \$2.540 million in FY 2020-21, and \$1.327 ongoing from the Oil, Gas, and Geothermal Administrative Fund to continue the development and implementation of Well Statewide Tracking and Reporting (WellSTAR), a centralized database system to help run operations and meet the requirements of recent legislation.

Background. *Various Enacted Legislation Imposes Reporting Requirements on 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, including:

- *SB 4 Requires Data Collection on Oil and Gas Wells.* SB 4 (Pavley), Chapter 313, Statutes of 2013, provided 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.
- *SB 1281 Requires 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.
- *SB 855 Requires 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 Imperils 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 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, Including Ongoing Funding, for WellSTAR. The Legislature approved 10 million in FY 2015-16, \$10 million in FY 2016-17, \$21 million in FY 2017-18, \$15 million in FY 2018-19, \$5.5 million in FY 2019-20, \$2.5 million in FY 2020-21, and \$1.3 million ongoing for the development and operation 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.

LAO Comments. Approve Only Budget-Year Funding. LAO recommends that the Legislature only approve the request for \$15 million in FY 2018-19 to fund the next year of WellSTAR design, development, and implementation. By taking this year-by-year approach to funding, the Legislature would ensure that the administration would have to return with an additional funding request annually as part of the Governor's budget proposal until the project has reached the maintenance and operations stage in FY 2020-21. This would trigger a review of WellSTAR's development and implementation as part of the annual state budget process, thereby ensuring an opportunity for the Legislature to exercise further oversight of the project.

Staff Recommendation. Approve the requested amount for FY 2018-19.