

SUBCOMMITTEE NO. 4

Agenda

Senator Richard D. Roth, Chair
Senator Steven M. Glazer
Senator Janet Nguyen
Senator Richard Pan



Thursday, April 21, 2016
9:30 a.m. or upon adjournment of session
State Capitol - Room 2040

Consultant: Samantha Lui

PART B

PROPOSED FOR VOTE-ONLY

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ISSUES PROPOSED FOR VOTE-ONLY

8260 ARTS COUNCIL

Issue 1: Spring Finance Letter – Reimbursements

Budget. The California Arts Council (CAC) requests an ongoing and permanent \$2 million increase in reimbursement authority in order to continue to operate the Arts-in-Corrections program at CDCR facilities. The reimbursements, which are received through an interagency agreement with the Department of Corrections and Rehabilitation (CDCR), provide support for arts instructions to inmates in the prison system.

Background. The Arts-in-Corrections program, which is as a pilot program between CAC and CDCR, allows professional artists to provide direct instruction and guidance to over 2,000 participants in correctional settings for the creation of, and participation in, visual, performing, literary, or media arts. In 2013-14, \$1 million was provided; in 2014-15, \$1.8 million was provided. In 2015-16, funding was increased to \$3.5 million. With the certainty of a multi-year interagency agreement, the CAC no longer needs to have reimbursements unscheduled.

Resource History
(Dollars in thousands)

Program Budget	PY - 3	PY - 2	PY - 1	PY	CY
Authorized Expenditures	0	0	1,000	1,816	3,500
Actual Expenditures	0	0	1,000	1,500	3,500

Workload Measure	PY - 3	PY - 2	PY - 1	PY	CY
Facilities with Arts-in-Corrections Programming	0	0	16	19	20
Contracts awarded to Arts-in-Corrections Providers*	0	0	8	10	Pending

*Some AIC Providers are able to provide programming in multiple facilities based off of one awarded contract.

Staff Comment. The Arts-in-Corrections program was discussed as an oversight item during the Senate Subcommittee No. 5 on Corrections, Public Safety and the Judiciary hearing on April 7, 2016. The CAC will utilize a request for proposal (RFP) to select contractors to implement the Arts-in-Corrections program at the following CDCR facilities:

- Kern Valley State Prison, Facility B
- High Desert State Prison, Facility C
- Salinas Valley State Prison, Facility B
- Pleasant Valley State Prison, Facility C
- California State Prison, Corcoran, Facility B
- California Substance Abuse Treatment Facility, State Prison, Facility E
- Valley State Prison
- Pelican Bay State Prison

- San Quentin State Prison
- California State Prison-Solano Analysis of Problem
- California State Prison-Sacramento
- Mule Creek State Prison
- California Institution for Women
- California Rehabilitation Center
- California Institution for Men
- Richard J Donovan Correctional Facility
- Centinela State Prison
- Ironwood State Prison
- Sierra Conservation Center
- California State Prison-Lancaster

Staff Recommendation. Approve as requested.

7760 DEPARTMENT OF GENERAL SERVICES

The following items were discussed during the subcommittee's April 7, 2016, hearing.

Issue 1: Mercury Cleaners Site Remediation

Budget. The department requests a one-time \$2.1 million General Fund appropriation to continue the remediation efforts at the former Mercury Cleaners site located in downtown Sacramento. Testing, clean-up, and monitoring is necessitated by the detection of contaminant dry cleaning solvents in soil, soil vapor, groundwater, and indoor air samples caused by historical discharge of hazardous wastes and products associated with previous businesses. Funding will include activities to (a) confer with the Central Valley Regional Water Quality Control Board (RWQCB); (b) conduct indoor air quality studies; (c) conduct investigation and treatment of the groundwater; (d) conduct onsite and offsite studies and monitoring near the Mercury Cleaners property as requested by the RWQCB; and (e) continue soil vapor extraction testing and treatment to remediate hazardous materials

Staff Comment. The total cost for full remediation is unclear, until the full extent of the plume is defined. The department has not investigated other sites and is unable to answer with certainty whether other remediation sites may exist. In addition, it is unknown whether demolition, hazardous materials abatement, or relocation of neighboring tenants will need to occur. In regards to whether the site will generate revenue, at this time, there is no established long-term use defined for the site. The Capitol Area Plan designates this site as residential. The department will continue to finance the remediation through the budget process, as the state has the obligation to remediate state-owned land.

Staff Recommendation. Approve as requested.

Issue 2: Procurement Cost Savings for FI\$Cal
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Budget. The department requests an augmentation of \$670,000 in expenditure authority and four positions in the budget year, and \$1.26 million and eight positions in 2017-18 and ongoing, from the Service Revolving Fund. DGS-Procurement Division (DGS-PD) will recover the cost of the positions without any increase to its billable hourly rate or the acquisition surcharge. The positions, by year, are as follows:

CLASS TITLE	FY 2016-17	FY 2017-18
Associate Procurement Engineer to develop and review contract specifications.	1.0	1.0
Senior Electronic Data Processing Acquisition Specialist (Sup) to supervise the assignment of technical acquisition projects.		1.0
Senior Electronic Data Processing Acquisition Specialist (Tech) to act as lead in negotiations with state agency personnel on difficult procurements.		2.0
Staff Electronic Data Processing Acquisition Specialist to lead agency staff and vendor representatives to purchase electronic hardware, software and associated services through statewide contracts, and bidding processes.	3.0	2.0
Staff Services Analyst (General) to review, collect, and present data related to technology procurements.		2.0

Staff Comment. It is still unclear what savings will be realized through the implementation of FI\$Cal. As the budget is an annual process, staff recommends amending the proposal to allow further deliberation and monitoring the success of the staff, proposed for this year, to implement the savings.

Staff Recommendation. Amend proposal. Approve budget year request of \$670,000 in expenditure authority and four positions from the Service Revolving Fund. Reject out-year request for \$1.26 million and eight positions in 2017-18 and ongoing, from the Service Revolving Fund.

Issue 3: Procurement Workload Increase

Budget. The department requests six permanent positions to be funded by redirecting \$520,000 in operating expenses and equipment. The department notes there will be no fee increases to cover expenditures.

- **Certification and Compliance Unit.** The Certification and Compliance Unit, which certifies entities to compete and participate in annual state contracting, includes 25,649 entries of small business (SB) and disabled veteran business enterprise (DVBE) certification applications. The department requests two associate program governmental analysts to evaluate SB/DVBE certification applications.
- **Communication and Outreach Section.** The section must provide advocate training to over 125 department advocates and assist state agencies that have failed to meet the contract goals. The department requests one staff services analyst and one office technician for outreach, training, education services, and creating an advocate database.
- **Contract and Logistics Response Unit.** The unit must develop contracts, agreements, and missions for commonly procured items needed during an emergency, or prior to an emergency, in compliance with the State Emergency Plan. The department requests one staff services manager and one associate materials analyst to develop, maintain, and administer statewide contracts for use prior to and during a catastrophic disaster.

Staff Recommendation. Approve as requested.

Issue 4: TBL – Energy Services Contracts

Budget. The department proposes the following trailer bill provisions:

- Expands the authorized list of services to include energy efficiency and water conservation services, for which a state agency may enter into an energy savings contract with a qualified energy service company (ESCO).
- Authorizes the department or any other state agency to establish a pool of qualified energy service companies, based on qualifications, experience, pricing, or other factors.
- Defines “energy retrofit project” as a project for which the state works with a qualified energy service company to identify, develop, design, and implement energy conservation measures in existing facilities to reduce energy use or make energy efficient.
- Prohibits the erection or installation of a power generating system, power purchase, or project utilizing a site license or lease agreement to be considered, as an energy retrofit project.

Staff Comment. An ESCO is a single firm that manages and coordinates all phases of an energy project and provides many types of services. Typically, ESCOs provide energy audits, project financing, construction management services, and equipment maintenance and servicing. Currently, only three ESCOs actively bid on types of processes. In the last three years, the department has released twenty requests for responses/proposals (RFPs).

With the proposed language, the department would establish a pre-qualified pool of ESCOs, who would meet specified criteria, and could be ready to be assigned to a project. Each energy savings company must be re-qualified every two years. The department hopes to provide a more expedient process for awarding projects, including 40 projects in the next six months.

Staff Recommendation. Approve placeholder trailer bill language, subject to technical changes that may arise in drafting process but consistent with proposed policy change.

7502 DEPARTMENT OF TECHNOLOGY
0690 OFFICE OF EMERGENCY SERVICES**Issue 1: Transfer of Public Safety Communications, Public Safety Communications Permanent Positions**

Budget. The budget includes two related proposals that complete the final transfer of public safety communications administration.

- Department of Technology (CDT). The budget requests the transfer of one accounting officer and \$83,000 (Technology Services Revolving Fund) to the Office of Emergency Services (OES).
- Office of Emergency Services. The budget requests one accounting officer and \$83,000 (Public Safety Communications Revolving Fund) ongoing to be transferred from CDT; creation of a new Public Safety Communications Revolving Fund; and transfer existing authority from the Technology Services Revolving Fund (TSRF). The budget also includes one-time provisional language to allow borrowing General Fund dollars for cash flow purposes, as it starts up the program (discussed below). The borrowed funds must be repaid by October 31, 2017. The budget also proposes 28 positions for the Public Safety Communications section.

Corresponding trailer bill language establishes the new Public Safety Communications Fund; specifies what monies may be included in the fund; and requires any balance, which exceeds 25 percent of the current fiscal year's budget for PSC, to be used to reduce billing service rates during the following fiscal year.

Background. Public safety communications (PSC) ensure that incident-based communication systems, used by law enforcement, fire services, and state public safety agencies, remain operational during times of wildfires, law enforcement coordination, and emergency response. Originally under the Governor's 2009 IT Reorganization Plan (2009 IT GRP), PSC was aligned with CDT. However, the Governor's Reorganization Plan No. 2 of 2012 (GRP 2) realigned the PSC the OES. CDT has maintained one accounting officer to update accounts receivable, transfer funds through the State Controller's Office, deposit payments made outside of the transfer process, monitor and manage the monthly reconciliation of cash and coordinate the annual reconciliation of retained earnings in federal compliance.

374 PSC staff were transitioned from CDT to OES over two years. During the recession, and prior to the transfer of the office to OES, CDT eliminated 28 PSC positions. However, OES has been filling the workload with temporary help. Both departments agreed that one accounting position from PSC would remain with CDT, until now, to maintain collection activities and accounting services.

Staff Comment. Cal OES and CDT worked collaboratively to interview, hire, train, and redirect the accounting officer.

PSC historical billing trends established that a backlog accrues around June of each fiscal year. Cash from prior year transactions is typically not received until three months (July/August/September) into the next fiscal year. According to CDT, based on historical data, OES will face a cash deficit to fund PSC beginning July 1, 2016.

As TSRF is financially responsible for PSC's 2015-16 prior year expenditures, CDT will hold approximately \$6 million of PSC's cash to cover accrued expenditures. CDT will redirect the majority of PSC's cash to OES in October of 2016. CDT will hold \$500,000 of PSC funds following this redirection to cover PY expenditures that arrive after October 2016. In order to ensure a smooth transition, CDT and OES will reconvene on a yearly basis in September/October to finalize the close-out methodology. Revenue deposits and funds within the TSRF are separately accounted, so the PSC portion of funds can be easily identified and transferred to the new fund.

Staff Recommendation. Approve transfer of funding authority from CDT to OES. Approve shifting one permanent position from CDT to OES. Adopt placeholder provisional budget bill language and placeholder trailer bill language, subject to technical changes that may arise in drafting process but consistent with proposed policy change. Approve establishing 28 permanent positions, with no additional funding, to OES.

ISSUES PROPOSED FOR DISCUSSION/VOTE**7870 VICTIMS COMPENSATION GOVERNMENT CLAIMS BOARD****Issue 1: Increase Local Assistance Funding**

Budget. The budget requests permanent increase of \$707,000 (Restitution Fund) to the local assistance portion of the Victim Compensation and Government Claims Boards (VCGCB) budget due to increases in contracted staff and county employee wages, benefits, and operating costs. Local assistance supports the California Victim Compensation Program (CalVCP) Joint powers (JPs) contracts and the Criminal Restitution Compact (CRCs) contracts. Joint powers contracts would be increased by \$578,451 and the CRC contracts would be increased by \$128,549 annually.

Background. CalVCP helps victims of crime pay for funerals, medical bills, mental health treatment and relocation costs, and income, if applicable, for individuals who were disabled as a result of a crime. CalVCP is primarily funded by the Restitution Fund, which consists of revenue from restitution fines and orders, fees, and penalty assessments levied on persons convicted of crimes in the state; and (2) an annual grant from the federal Crime Victims Fund, which reimburses sixty cents to the state's dollar for amounts paid to reimburse victims of crime for losses incurred as a result of violent crime.

In 2011-12, to prevent insolvency of the Restitution Fund, the VCGCB reduced victim compensation claim payment rates and implemented a five percent reduction in local assistance payments. The five percent reduction in local assistance line item affected contracts with:

- 20 county governments to operate 21 local offices that process victim compensation applications and bills within county victim assistance centers. These are informally referred to as JP contracts. According to the department, JP office staff process nearly 75 percent of the applications and 66 percent of payments.
- 24 counties and one city to support positions within district attorney's offices to help impose restitution orders in criminal cases on behalf of the board. These are informally referred to as CRC contracts.

As a service-delivery model, the VCGCB contracts with locals to provide victim compensation and impose restitution fines and orders. Since 2009-10, positions supported by JP contracts have fallen from 155 to 136 (a 12 percent decrease), and the number of positions supported by the CRC contracts has fallen from 42 to 38 (a nine percent decrease).

There has been a slow decline in the number of applications made to CalVCP, from 55,620 applications in 2010-11 to 49,997 in 2014-15. Because of the reduced compensation provided to victims of crime each year, federal reimbursements, and federal funds available for administrative purposes have also declined. The department argues that \$707,000 will allow the board to sustain current staffing levels and prevent any reduction in JP budgets that may be connected to reductions in federal funding.

Staff Comment. Most JP staff and all of the CRC staff are county employees, whose wages and benefit levels are governed by county civil service systems. According to the board, county budget problems have resulted in a reduction of support to JPs, so contract funds have been devoted to operating expenses, such as rent and utilities, not staff. In addition, due to increases in operating costs, JPs and CRCs have not been able to fill positions when vacancies occurs. The board is concerned that if the funding for JP contracts is not increased, processing time of applications could be affected.

The 2011 budget request to prevent insolvency of the Restitution Fund proposed the reduction of JP claims processing and restitution specialist contracts by a like amount, \$707,000. The budget request appears to use the identical figure.

Staff Recommendation. Hold open.

Questions

1. Has the board experienced any delays in processing applications? What is the average length of time to process a CalVCP application?

7760 DEPARTMENT OF GENERAL SERVICES**7870 VICTIM'S COMPENSATION GOVERNMENT CLAIMS BOARD****Issue 1: BCP + TBL - Transfer of the Government Claims Program to DGS**

Budget. The budget proposes to shift the Government Claims Program (GCP) from the Victims Compensation Government Claims Board (VCGCB) to the Department of General Services (DGS). As part of this shift, the budget transfers nine permanent positions and \$1.2 million (Service Revolving Fund) ongoing to DGS. The Administration also proposes trailer bill language to make conforming statutory changes related to moving the program to DGS.

The budget proposes to retain the existing \$25 filing fee—which generates about \$90,000 annually—but to eliminate the charge on departments of up to 15 percent of approved claims.

In addition, the budget proposes trailer bill language to effectuate the above changes.

Background. The VCGCB is a three-member board comprised of the Secretary of the Government Operations Agency, the State Controller, and a gubernatorial appointee. The board administers the (1) California Victim Compensation Program (CalVCP), which provides compensation for victims of violent crime or reimbursement for many crime-related expensive; and (2) the Government Claims Program (GCP), which processes claims for money or damages against the state. Generally, anyone who wishes to file a lawsuit against the state or its employees must first go through the process administered under this program. In these cases, litigation against the state can only move forward to the courts if the board denies a claim. This process was established to allow the state to avoid litigation costs. In recent years, the program has processed roughly 7,000 claims annually.

As part of the Budget Act of 2004, the Legislature authorized a \$25 filing fee to the individual or company submitting each claim against the state and charging state departments for all claims that the board approves by applying a charge of up to 15 percent of the dollar value on all approved claims. The practice of charging departments for claims was established to push departments to better manage their contracts and avoid having disputes handled by the GCP. The revenues resulting from the filing fee and departmental charges are used to fund the staff who administer the GCP.

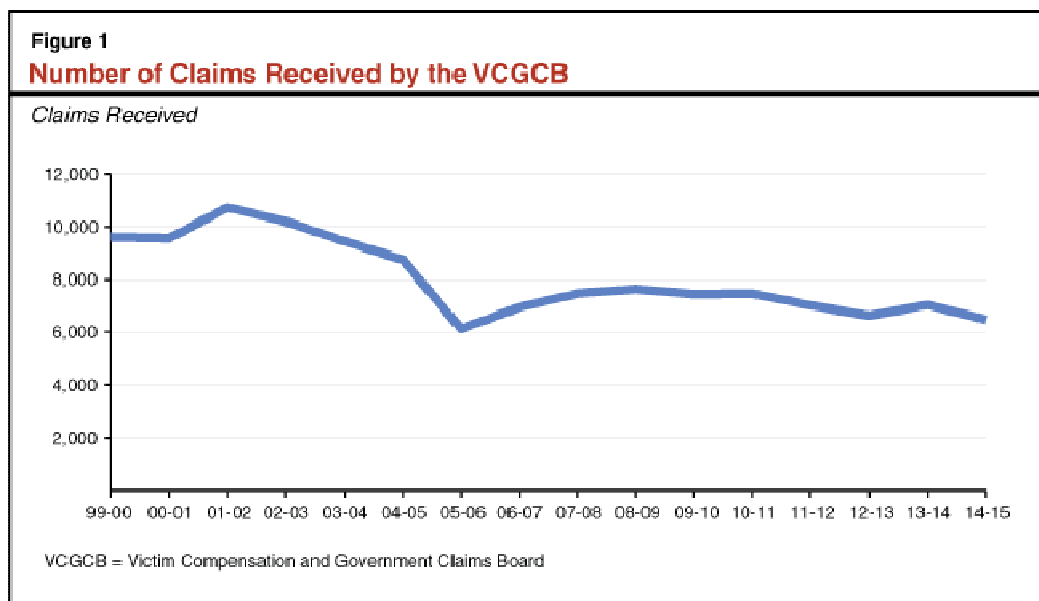
LAO Comment and Recommendation.

- **Program shift to DGS is reasonable.** The GCP is consistent with other types of services that DGS provides to departments, so it is reasonable for the department to undertake these additional activities. Additionally, the shift of GCP responsibilities to DGS will allow VCGCB to focus on the core mission of serving victims.
- **Reject proposed funding structure.** The LAO finds the existing funding structure—including both the filing fee and the charges on departments—to be effective at limiting the number of claims by providing departments an incentive to improve their operations.

The LAO recommends a funding structure that utilizes charges to departments and filing fees, and is supplemented by the DGS statewide surcharge, as necessary.

Staff Comment. The Administration proposes to retain the \$25 fee because it has deterred individuals from filing claims without merit. However, the Administration proposes to eliminate the 15 percent charge on departments because it is administratively burdensome, and the intended purpose of the charge – to improve departments’ practices (e.g., contracts) to reduce the number of claims against them – is accomplished through the \$25 filing fee alone. The Administration believes that the timing of the charge is so far removed from the contracting process that it may not inform change in behavior.

However, staff notes the evident success in the reduction of claims (see below). It is unclear whether claims decreased due to the \$25 filing fee or the 15 percent charge on departments; but, both incentives, in tandem, suggest the existing structure provides departments an incentive to adopt practices to reduce the number of claims against them.



Source: Legislative Analyst’s Office, 2016.

More broadly, the history of the VCGCB is one that includes supervising business affairs of state departments, prisons, and boards. This oversight role ended in 1927, and in 1967, the VCGCB began to administer the CalVCP. Current board responsibilities are varied (bid protests, handling claims of erroneously convicted felons, administering the California State Employees Charitable Campaign, setting rates for travel expenses for elected state officials and the judiciary, establishing per diem rates for members of the Legislature, and administering both the Good Samaritan Act and the Missing Children Reward Program). Given the breadth and variety of activities handled and the shift of Government Claims (a non-victims service related program), the subcommittee may wish to ask whether there has been further discussion about relieving VCGCB of other non-victim related responsibilities and shifting them to other departments.

Staff Recommendation. Hold open.

7760 OFFICE OF EMERGENCY SERVICES

Issue 1: Emergency Operations and Critical Support

Budget. The budget requests \$35.2 million General Fund in state operations authority in the budget year, and \$14.8 million General Fund in state operations authority in 2017-18 and ongoing; 77 permanent positions, and a permanent decrease of \$3.9 million Federal Trust Fund state operations authority. The chart below describes the proposal's 16 various components.

Governor's Proposed Positions and General Fund for Emergency Operations and Critical Infrastructure Support

Program	Ongoing Positions	2016-17	2017-18
Fire Response			
Fire apparatus fleet replacement and augmentation	—	\$20,000,000	—
Fire and Rescue Branch staffing	12	2,528,000	\$2,368,000
Automated Vehicle Location	—	342,000	177,000
Fire apparatus operating costs and maintenance	—	102,000	224,000
Disaster Coordination			
Statewide disaster programs	2	4,987,000	4,987,000
Regional response and readiness	13	1,951,000	1,951,000
Law Enforcement Branch staffing	6	1,661,000	1,533,000
Disaster Logistics Program	3	421,000	421,000
Facilities			
Regional Coordination center	—	700,000	700,000
Fire Maintenance Shop lease	—	94,000	94,000
Technology			
Information technology	—	1,030,000	1,030,000
Cal EOC support	3	495,000	495,000
Other			
Federal Emergency Management Program	—	700,000	700,000
Emergency Operations Incident Support Training	—	169,000	169,000
Public Safety Communications	28	—	—
Administrative support	10	—	—
Totals	77	\$35,180,000	\$14,849,000

LAO Comment and Recommendation. Overall, the LAO finds the proposal provides few details, but portions of the proposal raise no concerns; some are justified in concept but require technical modifications; others or are poorly substantiated. The LAO recommends modifying the proposal and approving \$3.1 million and 35.5 positions (chart below).

Governor's Proposal and LAO Recommendations for 2016-17

Program	Governor's Proposal		LAO Recommendations	
	Positions	Funding	Positions	General Fund
Fire Response				
Fire apparatus fleet replacement and augmentation	—	\$20,000,000	—	—
Fire and Rescue Branch staffing	12	2,528,000	0.0	—
Automated Vehicle Location	—	342,000	—	\$193,000 ^a
Fire apparatus operating costs and maintenance	—	102,000	—	—
Disaster Coordination				
Statewide disaster programs	2	4,987,000	0.0	188,000
Regional response and readiness	13	1,951,000	0.0	—
Law Enforcement Branch staffing	6	1,661,000	0.0	—
Disaster Logistics Program	3	421,000	3.0	421,000
Facilities				
Regional Coordination center	—	700,000	—	700,000 ^b
Fire Maintenance Shop lease	—	94,000	—	94,000
Technology				
Information technology	—	1,030,000	—	1,030,000
Cal EOC support	3	495,000	3.0	495,000
Other				
Federal Emergency Management Program	—	700,000	—	—
Emergency Operations Incident Support Training	—	169,000	—	—
Public Safety Communications	28	—	28.0	—
Administrative support	10	—	1.5	— ^c
Totals	77	\$35,180,000	35.5	\$3,121,000
^a Recommend adjusting funding for Automated Vehicle Location to reflect number of fire apparatus in operation. ^b Recommend reducing funding in 2017-18 to \$500,000, since one-time moving costs will not be incurred in 2017-18. Recommend adjusting subsequent years' funding levels to reflect anticipated changes in rent and amortization of tenant improvements. ^c Recommend adjusting Administrative Support augmentation to reflect reduced number of positions that are recommended for funding (not including Public Safety Communications positions, which are supported by existing staff).				

Staff Comment. The following items (pages 18 – 26) are components of this larger proposal and are broken up for clarity and discussion purposes.

Issue 1A: Fire Engine Fleet Replacement and Augmentation

Budget. The department requests one-time \$20 million General Fund to purchase 62 wildland fire engines (\$10 million GF for replacement apparatus [27 replacement apparatus] and \$10 million GF for new apparatus), increasing it from 141 to 203.

Background. On November 2, 2003, Governors Davis and Schwarzenegger established the Blue Ribbon Fire Commission, which reviewed the impact of 2003 Southern California wildfires and made recommendations to improve a fire-safe environment in the wildland urban interface environment. This 2004 report, with the most recent version validated in 2007, recommended OES acquire an additional 150 fire engines for fire suppression needs. Since the report, OES has acquired 44 apparatus, such as support vehicles or engines. Currently, the department owns and maintains a fleet of 141 fire apparatus placed throughout the state through agreements with local agencies. OES can use these fire apparatus for emergency response. The department has a \$1.8 million budget to replace these apparatus. Historically, this level of funding has allowed OES to replace apparatus on a 15-year cycle, which is the industry-standard.

LAO Recommendation. The LAO recommends rejecting the proposal because: (1) recommendations from the 2004 report may be outdated, and (2) the department has not justified its need for the proposed fire apparatus. There was no gap analysis conducted; nor was there an analysis of where these new apparatus should be located to meet the state's needs. Local agencies can maintain their own fire apparatus, which the state can access through the mutual aid system.

In addition, the LAO is concerned with the department's previous practice to use its replacement apparatus budget to purchase new apparatus. In 2012-13, the department purchase seven Type III fire engines for \$1.8 million General Fund and \$300,000 federal funds; and in 2013-14, the department purchase 18 Type I engines for \$1.8 million General Fund and \$3.4 million federal funds. The LAO notes, "This redirection of funds, which occurred without formal legislative approval, resulted in the department deferring the replacement of the department's existing apparatus. The department is now requesting that the Legislature backfill the funds that it redirected, so that it can replace existing apparatus."

Staff Comment. The request reflects the replacement of 25 apparatus and purchase of new apparatus to meet 2004 report recommendations. The department funds the replacement of the fleet in a 15-year replacement cycle, with an estimated 7 new fire engines purchased each year. The department opted to augment the fleet by 25 fire engines over two fiscal years, rather than replace 7 fire engines each year.

At this time, it is unknown where the engines will be located, despite there being some consideration to place engines in the most at-risk areas. The department acknowledges its placement of apparatus, as a mutual aid responsibility, is affected by locals' ability to maintain and staff them, which may not be the case in remote areas of the state. The subcommittee may wish to consider a phase-in approach for the proposal.

Staff Recommendation. Hold open.

Issue 1B: Fire Engine Operating Costs and Maintenance

Budget. With the addition of 65 new engines to the fleet (previous proposal), the department projects operating and maintenance costs of \$102,000 for the 25 new engines in 2016-17, and ongoing costs of \$224,000 once Cal CES receives and assigns all 65 engines by 2017-18.

Background. OES will incur additional operating costs for fuel, maintenance, and repairs. During 2014-15, fleet costs were \$573,000 for the 141 fire engines, or a per-engine cost of \$4,100.

Staff Recommendation. Hold open. Conform operating costs to action associated with the fire engine fleet replacement and augmentation request.

Issue 1C: Fire and Rescue Branch Staffing

Budget. The budget requests \$2.5 million General Fund in the budget year, and \$2.4 million General Fund in 2017-18 and ongoing, and 12 permanent positions (six coordinators, two heavy equipment mechanics, one associate governmental program analyst, two staff services analysts, and one management services technician) to expand capabilities for the Fire and Rescue Mutual Aid System by providing supervision of assigned Cal CES fleet assets within the six fire and rescue mutual aid regions. Duties include: agency representation at major fires and other major natural and man-made disasters, coordination of mission-tasked resources, and ensuring timely reimbursement of fire and rescue mutual aid providers.

Background. The Fire and Rescue Branch performs various maintenance activities on fire apparatus and coordinates fire-related mutual aid requests. The branch currently has \$5.7 million (primarily General Fund) and 34 existing positions. The Governor's proposal provides an additional 12 permanent positions and \$2.5 million annually from the General Fund.

LAO Comment. The LAO recommends rejecting the proposal because the proposed staff would be used to support various fire apparatus maintenance and coordination activities associated with the 62 additional fire apparatus as well as the existing fleet. Since the LAO did not recommend funding the additional apparatus, the additional staffing related to these new fire apparatus would not be necessary. Further, OES did not provide information to state that its current staffing levels would be inadequate and thus, exacerbated with the purchase of the 62 new apparatus.

Staff Recommendation. Hold open and conform final action to fire apparatus fleet replacement and augmentation proposal.

Issue 1D: Automated Vehicle Location

Budget. The budget requests \$342,000 General Fund in 2016-17, and \$177,000 General Fund in 2017-18 and ongoing, to implement the use of Automated Vehicle Location (AVL) on 250 CES fire fleet vehicles.

Background. Currently, the OES fire fleet does not have AVL, which is a system that provides real-time information on vehicle location and condition and provides for alerts if vehicles leave a specified area or are in an accident.

LAO Comment and Recommendation. The LAO recommends modifying the request, reducing the request from \$342,000 General Fund to \$193,000 General Fund in 2016-17, and from \$177,000 General Fund to \$100,000 General Fund, to reflect adding AVL to OES' existing 141 fleet, not the expanded 250 vehicles.

Staff Recommendation. Hold open and conform final action with fire apparatus fleet replacement and augmentation proposal.

Issue 1E: Statewide Disaster Programs

Budget. The department requests an increase of \$5.0 million General Fund and two permanent positions (program manager and staff services manager), and a decrease of \$3.9 million federal authority to support statewide disaster programs. The proposal seeks to realign the pre-disaster and flood mitigation program to 75 percent federal funds and 25 percent General Fund. In addition, the proposal includes \$562,000 for operating costs over three years to close out state-only disaster workload.

Background. When a local government or eligible private non-profit is impacted by an emergency or disaster that is beyond their capabilities, OES provides services and funding assistance under the provisions of the California Disaster Assistance Act (CDAA) for recovery. Many events are considered "state-only events" meaning they do not receive any federal funding because they do not meet the threshold for a Presidential Disaster Declaration. State-only events are funded exclusively by the General Fund through the CDAA.

Prior to 2008, the OES was able to receive 75 percent Federal Emergency Management Agency (FEMA) reimbursement for the public assistance program until the last project was closed. In the past, OES was able to manage its funding with approximately 50 percent federal funds and 50 percent General Fund. However, in March 2008, FEMA's new reimbursement process required all reimbursement requests be made within eight years, and the amount the state can receive for administrative costs is capped.

Due to the limited time period to receive reimbursement, OES' public assistance program is operating at 23 percent federal funds and 77 percent General Funds. OES uses General Fund to

cover the workload and administrative costs needed to effectively close out the 7 of 14 open federal disasters.

LAO Comment and Recommendation. The LAO recommends modifying the proposal by approving \$188,000 of the \$5 million General Fund requested. The LAO requested additional information to justify the two positions and justify that the amount of state funding appropriately addresses state-only workload.

Staff Recommendation. Hold open.

Issue 1F: Regional Response and Readiness

Budget. The department requests \$2.0 million and 13 permanent positions (one project manager and 12 emergency services coordinators) to support regional operations, emergency preparedness, and response capabilities.

Background. The department supports counties and tribal governments, divided in to three regions (inland, coastal, and southern) during emergency management. Emergency service coordinators must be physically present in their respective areas to facilitate multi-jurisdiction and multi-hazard planning and exercises. They are also expected to deploy when any emergency occurs in one of their assigned operational areas. If a shift goes beyond 12 hours, additional staff is deployed to cover additional shifts.

The department cites increases in domestic and international terrorist activity, ongoing drought conditions, tree mortality, wildfire activity, and mudslide risks as reasons for the need for increased emergency response personnel

LAO Comment and Recommendation. The LAO recommends rejecting the proposal because the department has not demonstrated why existing resources are insufficient for responding to disasters. Further, OES not provided adequate evidence to support the magnitude of increasing natural disaster activity or domestic and international terrorist activity.

Staff Comment. The department acknowledges that there are cyclical times of the year, such as wildfire season, which create surges in demands for emergency response. The subcommittee may wish to ask the department how it calculated its staffing needs relative to the threat of domestic or international terrorism or other natural disasters.

Staff Recommendation. Hold open.

Issue 1G: Law Enforcement and Homeland Security Branch Staffing

Budget. The department requests \$1.7 million General Fund in the budget year, and \$1.5 million General Fund in 2017-18 and ongoing, and 6 permanent positions (senior coordinator, law enforcement) in the Law Enforcement and Homeland Security (LEHS) Branch.

Background. The LEHS Branch is the state's law enforcement mutual aid and intelligence information sharing and oversees the state's designated primary fusion center. This request is for staff to work directly with the regional emergency management and fusion centers to provide a unity of effort directly between the state and the fusion centers. The Assistant Chiefs will collaborate with all levels of government and provide increased information sharing for the Cal CES Regions and other programs with emergency management responsibilities. This request will also assist with enhancing the project oversight and technical assistance to these centers, which receive homeland security funding.

LAO Comment and Recommendation. The LAO recommends rejecting the proposal because the department has not demonstrated its existing resources are insufficient. While OES has provided anecdotal evidence of increasing threats, it has not provided data to support the amount of these increasing threats.

Staff Recommendation. Hold open.

Issue 1H: Disaster Logistics Program

Budget. The department requests \$421,000 General Fund and three permanent positions (one program manager and two emergency services coordinators) to address gaps identified in the 2012 Logistics Capability Assessment Tool.

Background. The department supports various emergency planning and response activities, including those related to logistics. For example, the department develops facility use agreements, in coordination with the Department of General Services, to ensure that the necessary locations are available for use during emergency events. The OES reports that the department does not have any existing staff dedicated to disaster logistics, and this function has been covered by existing staff.

Staff Comment. Approve as requested.

Issue 1I: Regional Coordination Center

Budget. The department requests \$782,000 (\$700,000 General Fund, \$82,000 Public Safety Communications Revolving Fund) in the budget year and ongoing to combine the Inland Region, Coastal Region, and a public safety communications office into one site near Fairfield or Vacaville. This new site will expand current regional emergency management capabilities and capacity, and create a Regional Coordination Center. The three existing sites currently occupy 7,601 square feet and will be combined into one site with 14,566 useable square feet. The additional costs of approximately

LAO Comment and Recommendation. The LAO finds the proposal reasonable, given the department's operational needs and deficiencies at existing facilities. The LAO recommends a technical modification, reducing the request from \$700,000 General Fund to \$500,000 General Fund in 2017-18, since one-time and short-term costs associated with the office moves and tenant improvements will not be on an ongoing basis. (This funding amount should be further reduced beginning in 2020-21 to account for reduced costs associated with tenant improvements.)

Staff Recommendation. Modify proposal and reduce out-year budget expenditure authority to \$500,000 General Fund.

Issue 1J: Fire Maintenance Shop Lease

Budget. The department requests an additional \$94,000 General Fund for a new lease on the fire branch maintenance shop and storage warehouse.

Background. Currently, the OES leases its maintenance shop facility from the Sacramento Metro Fire District for approximately \$40,000 annually. The department also leases, for \$50,000 annually, a warehouse space at McClellan Business Park. Sacramento Metro Fire District asked the department to vacate the facility by December 2015.

Staff Comment. The department is negotiating a lease of \$184,000 annually, for a new facility to replace the Sacramento Metro Fire District location and warehouse space. The department estimates additional cost to lease the new facility at approximately \$94,000 annually. The subcommittee may wish to ask the department for an update on its new lease space.

Staff Recommendation. Hold open.

Issue 1K: Information Technology

Budget. The department requests \$1.0 million General Fund in budget year, and ongoing, to update hardware on a five-year cycle (\$660,000) and for Geographic Information System (GIS) software (\$370,000).

Background. The department operates and maintains critical information technology infrastructure services for emergency notifications and business needs. The GIS software creates maps for use in its disaster response activities. The department shares that its existing GIS software were funding with one-time General Fund, and its hardware, which is now in need of replacement, was purchased with one-time federal funds.

Staff Recommendation. Hold open.

Question

1. Does the department receive GIS software upgrades for free? Or, is a new software license required for each update?

Issue 1L: CalEOC support

Budget. The department requests \$495,000 General Fund in the budget year, and ongoing, for three permanent positions to support its communications tool. The positions are:

- One emergency management coordinator/instructor to document business practices and standardize and facilitate training.
- Two staff analyst programmers for IT support.

Currently, two employees are assigned to manage CalEOC. The department is requesting civil service staff, instead of relying on a contractor.

Background. CalEOC is the department's new emergency response system, which all OES personnel, staff from 58 county emergency management agencies, state agencies with emergency response roles (such as the National Guard), federal emergency partners, and private sector and non-profit partners can accessed. CalEOC provides tools to manage real-time crisis information and emergency response to authorized users.

Staff Comment. Hold open.

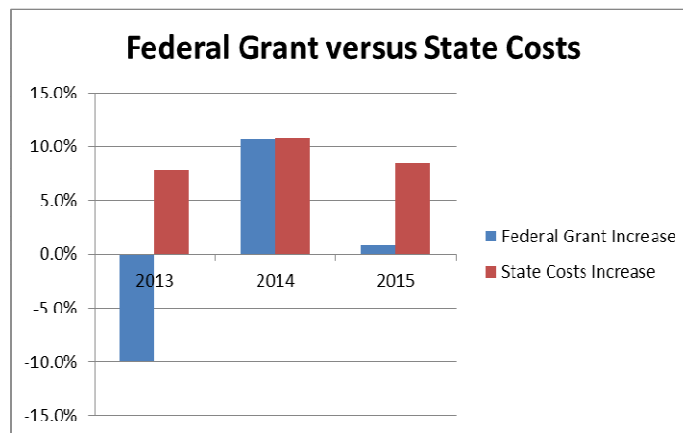
Question

1. How much has been spent in contracting for Cal EOC support needs?

Issue 1M: Federal Emergency Management Program

Budget. The department requests \$700,000 General Fund to match the federal Emergency Management Performance Grant (EMPG) from the Federal Emergency Management Agency (FEMA). The annual grant funds emergency management needs, regional response operations, training, and preparedness.

Background. The annual EMPG grant is about \$28 million, of which the state retains about \$12 million and provides around \$16 million to local governments. The grant requires a 50 percent cost share, which can be met with state funds or in-kind contributions. In recent years, the state has provided about half of the match through cash and half through in-kind contributions, such as staff time, property, services, or equipment. As EMPG grant funding levels has not kept up with increased staff and operating cost needs, the department requests \$700,000 General Fund to match eligible federal funds.



This request allows the department to match federal funds for CalEOC (its automated disaster information management system), maintenance and ongoing costs, mobile command vehicle maintenance, and geographic information system software costs.

LAO Comment and Recommendation. The LAO recommends rejecting the proposal because the department will likely receive the full amount of potential federal funds for this program, and because additional state dollars requested would not result in the state receiving additional federal funds. Instead, additional funds allow the state to meet its federal match, with a greater share of cash relative to in-kind contributions.

Staff Comment. In subsequent conversations, the department clarifies the request is not about matching or drawing down additional federal funds, but is instead increasing the amount of cash match and reducing the in-kind contribution. Instead, the department argues that if it has the cash match, it can provide more services and fund more projects, since the in-kind match, which are non-cash contributions, are not actual dollars to spend.

Staff Recommendation. Hold open.

Issue 1N: Emergency Operations Incident Support Training

Budget. The department requests \$169,000 General Fund to support costs associated with the department's California Specialized Training Institute (CSTI, which cannot be recovered by reimbursement).

Background. The CSTI provides training to OES staff: three incident support teams (18 members available on rotating months to be first responders to support emergencies) and other employees, who are on operational readiness teams. The internal training is funded by a variety of sources, such as federal funds, General Fund, and anti-terrorism funds.

LAO Comment and Recommendation. The LAO recommends rejecting the funding request, because the department has not articulated what additional specialized training would be provided with the requested funds, how it differs from existing training, or what additional benefits the training would provide.

Staff Recommendation. Hold open.

Issue 1O: Administrative Support

Budget. The department requests 10 permanent administrative support positions, with no additional funding, to handle the increased workload in functions such as accounting, budgets, human resources, IT, and legal that are associated with the overall budget request.

LAO Comment and Recommendation. The LAO recommends reducing the request from 10 positions to 1.5 positions to reflect a reduction in support staff, commensurate with their previous recommendations.

Staff Recommendation. Hold open.

Issue 2: Drought Funding

Budget. The department requests \$26.7 million General Fund (\$4.5 million General Fund in state operations, \$22.2 million General Fund in local assistance for the California Disaster Assistance Act [CDAA] program) for the budget year to support ongoing drought operations (long-term activation of the State Operations Center and Regional Operations Centers, responses to local assistance centers, the public information office's drought campaigns and public awareness, and the temporary tank program). The department cannot identify the specific number of positions because staff is rotated into emergency response positions temporarily.

Background. On January 17, 2014, Governor Brown proclaimed a drought state of emergency. On September 19, 2014, Governor Brown required the OES to provide local governments' assistance with temporary water supplies to households without water for drinking and sanitation purposes under the authority of the CDAA. The department provided CDAA funding for emergency water supplies to households without water for drinking and/or sanitation purposes to the following counties: Fresno, Kern, Madera, Mariposa, Merced, Stanislaus, Tulare, and Tuolumne. CDAA can provide funding to cities, counties, special districts, school districts, community colleges, and certain private non-profits for emergency distribution of water to households. Eligible costs may include: temporary connections to public water lines; emergency water supplies for sanitation, such as providing portable toilets, portable showers or laundry services in a centralized location; and installation and removal of temporary water tanks.

In 2015-16, the department received \$22.2 million in drought local assistance, which has been primarily used for the temporary tank (TT) program. As of December 9, 2015, there are 2,588 reported dry wells impacting 12,940 residents statewide. The TT program has installed and/or serviced 868 tanks.

LAO Comment. Thirteen state agencies have received funding specifically for drought-related activities. Nearly all drought-related activities proposed in the budget year are continuations of earlier initiatives. The LAO finds that funding continued drought response is prudent and finds the Governor's proposals (the remainder are discussed in Senate Budget Subcommittee No. 2 on Resources, Environmental Protection, Energy, and Transportation) focused on human and environmental drought-related needs appropriate.

Staff Comment. The basis of the proposal have significant merit, however, the proposal itself, lacks the specificity, such as number of positions affected, which is included in a typical budget proposal. Given the state's ongoing vulnerability to upcoming wildfires and the ongoing drought response and impact to jobs, environment, and communities, this proposal covers ongoing state operations costs and local assistance.

Updated CDAA guidelines for TT program make eligible households that rent eligible for the program. As drought conditions persist, the department projects affected households will double in the budget year. The subcommittee may wish to ask the department about its future plans for the TT program.

Staff Recommendation. Hold open.

Questions

1. How much of the \$22.2 million GF for drought-related local assistance through the CDAA program has been spent?
2. Will the state apply for federal funds, given the ongoing drought?
3. How many more individual households will be eligible to participate in TT with the updated CDAA guidelines?

Issue 3: California Sexual Violence Victim Services Fund – Local Assistance

Budget. The Office of Emergency Services (OES) requests \$250,000 in local assistance authority to administer the California Sexual Violence Victim Services Fund, which was established by Senate Bill 782 (DeSaulnier), Chapter 366, Statutes of 2014.

Background. Existing law allows taxpayers to contribute to one or more of 20 voluntary contribution funds, known as check-offs, by checking a box on their state income tax return. Check-off contributions must be made from taxpayers' own resources, not from their tax liability. Check-off amounts may be claimed as charitable contributions on taxpayers' tax returns in the subsequent year. With a few exceptions, check-offs remain on the return until they either are repealed by a sunset date or fail to meet a minimum contribution amount, usually \$250,000, beginning in the fund's second year.

Senate Bill 782 added the "California Sexual Violence Victim Services Fund" on the tax form for voluntary contributions. Contributions received through the fund would be distributed to support rape crisis programs for victims of rape and sexual assault. The Franchise Tax Board (FTB) and the State Controller may be reimbursed for administration of the fund, but OES is prohibited from using any charitable contributions for its administrative costs.

OES plans to begin awarding grants to rape crisis centers by July 2016. Staff requested additional information about the number of eligible rape crisis centers but did not receive information to include in time of print.

Staff Comment. According to data from the FTB, the current contribution fund balance from June 2015 to March 2016 is \$115,598. It is unclear whether this fund will reach the \$250,000 minimum contribution for 2016. In addition, because the FTB does not charge administrative costs in the first year, it will likely retain the lesser amount of three percent of contributions or \$6,000 to cover administrative costs this year. The subcommittee may wish to: (1) clarify the amount currently in the fund and align the budget proposal to the appropriate amount, and (2) discuss how allocation to the rape crisis centers will be allocated.

Staff Recommendation. Amend proposal to adopt placeholder provisional budget bill language that authorizes the local assistance amount aligned with the amount in the fund's current contribution fund balance.

Issue 4: Proposition 1B Adjustment

Budget. The budget requests a reduction of \$20 million in the budget year, and a reduction of \$80 million in 2017-18, of the Proposition 1B bond funding local assistance appropriation to balance administrative costs and to close out the program.

Background. On November 2006, California voters approved Proposition 1B, known as the “Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006,” which authorizes the issuance of \$19.9 billion general obligation bonds over the course of ten years for purposes including: grants for transit system safety, security, and disaster response projects. The department administers the Proposition 1B program and draws funding from the Transit System Safety, Security, and Disaster Response Account (TSSSDRA) and allocates \$100 million each year over the course of 10 years.

Existing law prohibits administrative costs (e.g., audit and program oversight costs for agencies, commission, or departments) recoverable by bond funds from exceeding three percent of the program's cost (\$30 million). Currently, four staff (three associate governmental program analysts and one staff services manager) oversee the Proposition 1B program; and support staff from the Accounting Branch, Financial Accountability and Compliance Division, and the Grants Processing Unit are also included in the administrative costs.

The 2016-17 budget year is the final fiscal year for the department to allocate funding for the program. With one year to encumber the funds¹ and two years to liquidate,² the department has three years left (until 2018-19) to administer the program, conduct program oversight, and manage the program. The department estimates only \$20 million of the allowable \$30 million is needed to manage the program. \$20 million includes the amounts needed to reimburse the Department of Finance and the Office of State Audits and Evaluations for program audits. The expected outcome is to ensure compliance of all Proposition 1B grant-funded activity and allow for staff to fully close out projects that fulfill the program requirements.

Staff Comment. As the administrative agency, the department must oversee project activities, expenditures, and outcomes. Grant recipients provide semi-annual project progress reports, report all project expenditures, interest accrued (if applicable), and equipment received. This information is compiled and reported to the Department of Transportation and posted on the Bond Accountability website.

Staff Recommendation. Approve as requested.

¹ Last day to encumber 2016-17 Proposition 1B program funds is June 30, 2017.

² Last day to liquidate 2016-17 Proposition 1B program funds is June 30, 2019.

Issue 5: Cap Outlay – Southern Region Emergency Operations Center Replacement, Los Alamitos

Budget. This budget requests \$1.4 million General Fund for the working drawing phase of the project to replace the two existing modular buildings totaling approximately 7,200 square feet, and construct a new Southern Region Emergency Operations Center at the Joint Forces Training Base in Los Alamitos. The total estimated project cost is \$24.6 million General Fund.³ The budget request provides provisional budget bill language, below:

Item 0690-301-0001

Provisions:

1. Notwithstanding any other provision of law, the Office of Emergency Services is authorized to acquire a long-term leasehold interest in real property for the project authorized in Schedule (3) and is further authorized to execute any and all easements, agreements, or leases to secure the necessary real estate rights. Any such acquisition shall be subject to the Property Acquisition Law. Any easement, agreement, or lease made pursuant to this provision shall not require the approval of the Director of General Services.

2. Notwithstanding any other provision of law, the Military Department is authorized to manage and deliver the project authorized in Schedule (3) on — 47 — Ch. 10/11 Item Amount behalf of the Office of Emergency Services and to execute any and all contracts, agreements, leases, or other documents necessary to complete the preliminary plans for that project, provided however that the project is subject to State Public Works Board oversight pursuant to Section 13332.11 of the Government Code. 3. The funds appropriated for the preliminary plans phase of the project authorized in Schedule (3) shall be available for encumbrance after the Office of Emergency Services has acquired the necessary long-term, real estate rights through a lease that is compatible with lease-revenue bond financing, as determined by the Department of Finance. This provision shall not be construed as a commitment by the Legislature to appropriate lease revenue bond financing for future phases of this project.

Background. The department's Southern Region Emergency Operations Center (SREOC), located at the California Military Department's Joint Forces Training Base (JFTB) in Los Alamitos, serves as a central point for mobilizing assets in Southern California, provides disaster intelligence to the State Operations Center in Sacramento, and serves as liaison with local agencies, and interfaces with the media. The two existing modular facilities have been in use since 1991, were built as a result of the legislation that requires the department to establish an interim state operations office in Southern California for earthquake response coordination. The current facility does not meet the Essential Services Act for Seismic Safety (ESASS) requirements.

³ The cost estimate is based on CES obtaining a long-term lease on the real property necessary for the project and the Military Department managing the project to build the proposed facility.

In November 2005, the Department of General Services (DGS) conducted a study, which was later validated in a 2014 feasibility study, identifying the need for an additional 30,000 sq. ft. The new facility must include: adequate staffing space, an expandable information technology infrastructure, and space for an alternate State Operations Center and State Warning Center in the event the headquarters facility would become inoperable.

Construction is expected to start by July 2017 and completed by April 2019.

Staff Comment. Moving to the new facility will incur a \$60,000 one-time cost, with around \$540,000 General Fund in ongoing operating costs, such as utilities, maintenance, and staff.

Staff Recommendation. Hold open.

Question

1. Although the project requires a long-term lease of the project site from the United States Army, a lease has not yet been secured. Please provide an update on efforts to secure this lease.

Issue 6: Cap Outlay – Relocation of Red Mountain Communications Site, Del Norte County

Budget. The Office of Emergency Services requests \$1.26 million General Fund reappropriation of the 2015-16 working drawings appropriation for the relocation of the Red Mountain communications site to allow completion of the working drawings phase.

Background. Due the U.S. Forest Service’s forced closure, by December 31, 2022, of the existing Red Mountain site in Del Norte County, this project will construct public safety communications towers and vaults on three hilltops, providing services for seven state agencies and five local/federal agencies. The expansion to three sites is necessary to provide comparable radio communications coverage achieved by the current communications tower because of line of sight challenges associated with northern California’s steep terrain and dense foliage. The department will use agency funds to purchase and install radio equipment after the construction of the radio towers and appurtenant radio vaults, including solar power and back-up natural gas power generators to operate the radio equipment.

Staff Comment. Due to delays during the preliminary plans phase (securing an architectural and engineering contract and pursuing long-term leases for two of the three new sites), the working drawings phase swill now start later than expected. The total project cost is expected to be \$20 million General Fund, with contract award approval by October 2018 and project completion by April 2021.

Staff Recommendation. Approve as requested.

Issue 7: Spring Finance Letter (SFL) – Headquarters Complex, Rancho Cordova: Public Safety Communications Network

Budget. The department requests to re-appropriate \$609,000 General Fund of the \$1.5 million General Fund 2015-16 preliminary plans appropriation to complete the preliminary plans phase. In addition, the department requests to include \$92,000 General Fund for the bidding process to begin at the end of fiscal year 2016-17. The total cost of the project has increased by \$1.9 million, from \$4.3 million to \$6.2 million.

Background. On July 1, 2015, the performance criteria/preliminary plans phase started. The project, which will construct a new public safety communications network operations center at the department's headquarters in Rancho Cordova, includes a new microwave path, a 120-foot communications tower, and testing and installing microwave circuit monitoring devices in various locations around the Sacramento area.

The department attributes project delays to DGS Division of the State Architect (DSA) and the Department of Technology's Statewide Technology Procurement Division (STPD)'s procedures. Specifically, DSA extended the timeline for the review period and now, must use independent contractors for architecture and engineering (A&E) on communications tower projects. Hiring an A&E person/firm requires approximately four to six months. In addition, the STPD requires its staff to provide project management/oversight. In the past, this project was not considered an information technology project.

Staff Comment. The total cost of the project increased by \$1.9 million, from \$4.3 million to \$6.2 million. The increase in the construction contract estimate is based on a current bid for a similar tower and knowledge of current market conditions. Also, CDT oversight costs of approximately \$200,000 were not known at the time of the original estimate. The subcommittee may wish to discuss how the department plans to remedy the delayed project schedule and prevent further increases in project costs.

Staff Recommendation. Approve as requested.

Issue 8: Spring Finance Letter (SFL) Provisional Language: Victim Assistance Discretionary Grant Training Program

Budget. The department requests provisional language to authorize the use of \$2.7 million in local assistance federal funds to provide training for the Victims of Crime Act (VOCA) Victim Assistance Discretionary Grant (VADG) Training Program. The proposed provisional language is as follows:

Item 0690-101-0890

Provisions:

2. Of the amount appropriated in this item, \$2,719,000 is to be used for the Victim Assistance Discretionary Grant Training Program, which provides training and technical assistance to victim assistance service providers and others who work with crime victims.

Background. In 1984, VOCA established the Crime Victims Fund in the federal U.S. Treasury and authorized this fund to receive deposits of fines and penalties levied against criminals convicted of federal crimes. The Office for Victims of Crime (OVC) distributes victim assistance and compensation funds to states and United States territories, in accordance with VOCA. In 2015, the department applied for and received the VADG, which is a program that provides training and technical assistance to VOCA victim assistance service providers who work with victims of crime. Examples of activities include: statewide training initiatives, crime victim-related conferences, and scholarships to providers and others who work with victims of crime. This funding will allow for the improvement of services for victims through the proposed creation of six new training programs under the VADG Training Program.

The Victim Services Division convened the VOCA Steering Committee (VSC), consisting of several stakeholders who represent a statewide perspective, to identify the needs of victim service providers in California. The VSC discussed the level of funding required to accomplish the goals of a statewide training initiative and prioritized the top six training needs:

- Victims and Criminal Justice System, which provides victims' rights in the criminal justice system.
- Cultural Awareness, which focuses on building cultural awareness of at least five marginalized communities⁴.
- Human Trafficking, which is curriculum-based and focuses on identifying and responding to the needs of human trafficking victims.
- Trauma-Informed Care.
- Innovative Proposal, which will be determined through the competitive bid process.

⁴ The proposal did not specify the five communities.

- Tribal Trauma-Informed Care, which provides trauma-informed care for victims and service provider trauma.

Staff Comment. As discussed during Part A, the department received federal VOCA funds and identified new programs to fund, without legislative consideration. In providing this spring finance letter, the department provides a transparent process for review.

Staff Recommendation. Hold open.

Questions

1. Please describe the stakeholder process that identified and informed the decision to create six new training programs. Please describe the training programs, such as the human trafficking program
2. How quickly can funds be effectively distributed to the community organizations? Have organizations already applied for these federal training funds?
3. How much is allocated to the each proposed training program?

Issue 10: Oversight - Emergency Earthquake Preparedness

Budget. The Governor's budget does not provide funding for a state emergency earthquake early warning system, which detects seismic waves as an earthquake happens, calculates the maximum expected shaking, and sends alerts to surrounding communities before damaging shaking arrives.

Background. Senate Bill 135 (Padilla), Chapter 342, Statutes of 2013, requires the Office of Emergency Services, in collaboration with the California Institute of Technology (CalTech), the California Geological Survey (CGS), the University of California (UC Berkeley), the United States Geological Survey (USGS), the California Seismic Safety Commission, and other stakeholders, to develop a comprehensive statewide earthquake early warning system in California through a public/private partnership.

Senate Bill 494 (Hill), Chapter 799, Statutes of 2015, added to this requirement that the development of this comprehensive statewide earthquake early warning system is contingent on the department identifying funding for the system, using federal funds, revenue bonds, local funds, and/or private dollars. Existing law prohibits the use of General Fund dollars to create the system. However, if by July 1, 2016, funding is not identified, the OES must file that finding with the Secretary of State. The law also provides an automatic repeal of the requirement to develop an earthquake warning system, if funding is not identified.

Staff Comment. In 2014, USGS estimated capital investment costs for a West Coast early earthquake warning system to be \$38.3 million and annual maintenance and operations of \$16.1 million, in addition to existing earthquake monitoring expenditures. According to OES, USGS estimated construction and operations costs for a California-only system were \$12 million annually. The department notes its ability to build on existing earthquake monitoring; however, the state's fault zones, infrequent large events, limited sensor density, false and missed alerts pose limitations.

The department's progress on identifying and securing a funding stream for early earthquake warning system is unclear. The subcommittee may wish to ask the OES for an update on identifying funds to implement SB 135.

Staff Recommendation. This item is included for oversight and informational purposes. No action is required.