

# SUBCOMMITTEE NO. 2

# Agenda

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



Thursday, April 26, 2018  
9:30 a.m. or upon adjournment of session  
State Capitol - Room 112

Consultant: Joanne Roy

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## **PUBLIC COMMENT**

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**VOTE-ONLY CALENDAR****3560 State Lands Commission (SLC)**

- 1) **Bolsa Chica Lowlands Restoration Project.** The Governor's budget proposes \$2 million from the Environmental License Plate Fund (ELPF) for FY 2018-19 and FY 2019-20 to continue operations and management responsibilities for the Bolsa Chica Lowlands Restoration Project in Orange County.

Operations and management costs average \$1.5–2 million annually, including required dredging, on-site staff, repairs, and other operational costs. The project does not have a dedicated funding source and without additional funding, the account balance will be depleted before the end of FY 2018-19.

**Background.** The Bolsa Chica Lowlands is the largest coastal wetland restoration project in the history of southern California, with a total investment of over \$150 million dollars. SLC has been searching for alternative funding sources for several years without success. This proposal would provide continued operational funding and funding to initiate a study of alternatives and recommendations to reduce the long-term operational costs of the wetlands.

If funds are exhausted, management operations would cease, and the tidal inlet will close. That could cause catastrophic negative impacts to the wetland system and endangered species habitat, resulting in a significant loss to coastal wetlands; as well as cause flooding in the adjacent residential areas and oil fields. Additionally, if the inlet closes, the wetlands cannot drain and the basin water levels will rise. This would expose the state to significant liability for potential damages to adjacent residential areas from groundwater intrusion, and to the oil field operator that shares the wetland site for lost production or oil spill cleanup costs caused by flooding.

- 2) **Records Digitalization.** The Governor's budget proposes \$340,000 from ELPF from FY 2018-19 and FY 2019-20 for records digitalization and long-term digital records preservation. SLC maintains a rich repository of California's sovereign and land trust records. These records define the state's historical boundaries and are the basis for California's ownership in lands granted to California when it became a state in 1850. This proposal seeks to digitize and preserve two of SLC's most high risk, high value, and high use historical records sets, which include swamp and overflowed location files and maps.
- 3) **Selby Slag Site Remediation.** The Governor's budget proposes \$3.045 million to fund the state's obligation to pay a proportionate share of certain ongoing hazardous waste remediation costs in Selby, California. SLC's share of these costs, pursuant to a 1989 Consent Judgment, is 38 percent. The activities identified for FY 2018-19 funding according to the Project Budget Forecast are estimated to cost \$7.883 million. SLC's portion is \$2.995 million. In addition to the cost of the activities shown on the Project Budget Forecast, SLC must contribute an estimated \$50,000 to the Department of Toxic Substances Control (DTSC) for its share of DTSC's staff oversight costs, which include direct and indirect labor costs attributable to the remediation effort and overseeing development of the environmental impact report. This request is consistent with the Governor's budget policy for new projects because it is critical to the health and safety of the public and the environment and is a court-ordered project.

- 4) **Spatially Indexed Records Management System (SIRMS) Information Technology Project.** The Governor's budget proposes \$2.039 million General Fund for FY 2018-19 to fund the first part of a three-phased effort to protect and preserve historic state sovereign land ownership records. It is anticipated there will be subsequent funding requests for future project activities along with ongoing maintenance and operations. SIRMS project is intended to provide geo-referenced, digital accessibility to these land ownership records and improve leasing and permitting workflow processes associated with them. The digitization and preservation of these historic, one-of-a-kind records, is ongoing and while not a part of this request, will provide the content that will be ingested into it. The project will assist staff in more efficiently issuing leases and permits, identifying jurisdictional ownership, improving workflows, and eventually allowing the public to access the historical records electronically.

**Background.** SIRMS project is an Agency Information officer approved reportable project that is moving through the California Department of Technology Project Approval Lifecycle process. For FY 2016-17, SLC received \$225,000 in one-time funding for planning work and Stage 2, Alternative Analysis, project approval in October 2017.

## 3720 California Coastal Commission

- 5) **Whale Tail License Plate Marketing.** The Governor's budget proposes \$55,000 one-time ELPF to enhance marketing and increase revenue of the Whale Tail license plate.
- 6) **Increased Leasing Costs. (AFL)** An AFL requests \$1.409 million baseline General Fund increase for increased leasing costs at its combined Headquarters and North Central Coast District office in located in San Francisco.

**Background.** By statute, CCC's headquarters is required to be in a coastal county. The commission has been in its current location for 28 years and is seeking to renew its lease which expires October 31, 2018. The Department of General Services is continuing to negotiate with the lessor and search for other viable locations in the area. The lease agreement may not be finalized in time for the Budget Act; therefore, the provisional language is included that will ensure any savings are returned to the General Fund.

## 3820 San Francisco Bay Conservation and Development Commission (BCDC)

- 7) **Regulation Enforcement in the San Francisco Bay.** The Governor's budget proposes two positions and \$211,000 Bay Fill Cleanup and Abatement Fund in FY 2018-19, and \$421,000 ongoing beginning FY 2019-2020 to implement and support BCDC's new data-driven enforcement strategy which will create efficiencies in resolving permit violations and modernize BCDC's regulatory laws, policies, and regulations.

**Background.** BCDC is responsible for managing the protection and use of the San Francisco Bay and its shoreline and the Suisun Marsh under the provisions of the McAteer-Petris Act, the polices of the *San Francisco Bay Plan*, the Suisun Marsh Preservation Act, the *Suisun Marsh*

*Protection Plan*, and the Suisun Marsh Local Protection Program. BCDC's authorization is required for nearly all development in and around the Bay (within 100 feet of high tide).

BCDC's enforcement unit is comprised of one Coastal Program Analyst III and two Coastal Program Analyst IIs. BCDC's legal team is comprised of two attorneys and one legal secretary. This three-person legal team supports the entire agency. The enforcement unit attempts to resolve dozens of enforcement cases every year, but faces a growing backlog of approximately 200 cases. The relatively large number of permit applications and enforcement cases exposes staffing inadequacies causing delays.

### **3790 Department of Parks and Recreation (Parks)**

- 8) **Anza-Borrego Desert State Park: Inholding Acquisitions.** The Governor's budget proposes \$1.656 million in Federal Trust Fund authority to acquire approximately 17,000 acres of private inholdings from the Anza-Borrego Foundation (Foundation). The Foundation, established at the request of the California State Parks Commission in 1967, has acquired more than 54,000 acres to be incorporated in to Anza-Borrego Desert State Park, and currently hold more than 17,000 acres ready for transfer to Parks. The total amount for these acquisitions is anticipated to be \$4.817 million. Parks will spend \$3.161 million in currently available Habitat Conservation Funds authorized for acquisitions in addition to this request to provide authority to spend \$1.656 in federal money obtained through a Land and Water Conservation grant.
- 9) **Calaveras Big Trees State Park: Campsite Relocation.** The Governor's budget proposes \$100,000 reimbursement authority for the working drawings phase to relocate five existing campsites to a new location within the park, which will include leach field replacement, as needed. The total estimated project cost is \$2.028 million.
- 10) **Community Outreach and California History Interpretation Programs.** The Governor's budget proposes \$519,000 in one-time funding for FY 2018-19 from the State Parks Protection Fund to continue efforts in establishing the Community Outreach and California History Interpretation pilot programs.
- 11) **El Capitan State Beach: New Lifeguard Headquarters.** The Governor's budget proposes reversion of the existing Capital Outlay appropriations (Fund 6051 – Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund) for this project. Upon completion of initial design and studies, it has been found the necessary potable water supply and waste water capacity do not meet the water and wastewater needs for this type of facility. The costs to upgrade these systems exceed available resources at this time causing Parks to terminate the existing project for the time being.
- 12) **Hungry Valley State Vehicular Recreation Area (SVRA): 4x4 Obstacle Course Improvements.** The Governor's budget proposes \$42,000 for working drawings from the Off-Highway Vehicle (OHV) Trust Fund to upgrade and enhance an existing 4x4 obstacle course at Hungry Valley SVRA. Improvements to the facility are intended to broaden the relevance of Hungry Valley SVRA and provide a variety of experiences and challenges to meet the growing demand of the OHV community. The existing facility is aged and outdated, making it increasingly difficult to maintain with existing resources. An enhanced facility may encourage

OHV enthusiasts to use the designated obstacle course instead of searching for more challenging terrain, possibly off limits to OHV use, resulting in excessive resource damage.

**Hungry Valley SVRA: 4x4 Obstacle Course Improvements project (AFL).** An AFL requests reappropriation of the funds from the Off-Highway Vehicle Trust Fund for the preliminary plans phase so that all project expenses can be properly applied and to prevent further delays. The project is currently in preliminary plans with approval anticipated in the winter of FY 2018-19. Parks experienced administrative delays in contracts that impacted the start of design for this project.

- 13) **Increase in Reimbursement Authority – Harbors and Watercraft Revolving Fund.** The Governor’s budget proposes a one-time augmentation of \$400,000 to increase its support reimbursement authority to a total of \$600,000 for the Harbors and Watercraft Revolving Fund in FY 2018-19. This increase is needed to cover a contract with the Department of Water Resources for Enhanced Control of Aquatic Weeds for the Delta Smelt Resiliency Strategy.

- 14) **Lake Del Valle State Recreational Area (SRA): Boat Ramp Replacement.** The Governor’s budget proposes \$132,000 from the Harbors and Watercraft Revolving Fund for working drawings to replace a boat ramp at the Lake Del Valle SRA. The existing boat ramp is over 40 years old and deteriorating to a condition where it poses a public safety risk. The surface is extremely slippery year-round, with an increased probability for visitors to easily slip and fall or have their vehicles and trailers slide out of control. To improve safety and convenience for users, this project would completely reconstruct the failing boat launching ramp at this location.

**Lake del Valle SRA: Boat Ramp Replacement project (AFL).** An AFL proposes reappropriation of funds from the Harbors and Watercraft Revolving Fund so that all project expenses can be properly applied and to prevent further delays to this project. The project is currently in preliminary plans with approval anticipated in the winter of FY 2018-19. Parks experienced administrative delays in contracts that impacted the start of design for this project.

- 15) **Lake Oroville SRA: Gold Flat Campground Upgrades.** The Governor’s budget proposes \$91,000 for working drawings from available Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Proposition 84) bond funds to upgrade the aged and failing infrastructure in Gold Flat Campground. This project will replace the outdated electrical and water distribution systems, install data conduit for future use, and overlay campground roads and campsite spurs at this popular campground. As per the Americans with Disabilities Act, accessible campsites will be created, along with accessible paths of travel and accessibility upgrades to the existing combination building.

**Lake Oroville SRA: Bidwell Canyon Gold Flat Campground project (AFL).** An AFL requests reappropriation of the preliminary plans and working drawings phases so that all project expenses can be properly applied and to prevent further delays to this project. The project is currently in preliminary plans and approval is anticipated in June 2018.

- 16) **Los Angeles State Historic Park: Soil Remediation.** The Governor’s budget proposes \$3.470 million funding from available California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection (Proposition 40) bond funds for the preliminary plans, working drawings, and construction phases of this project. This project will perform remediation of the arsenic and lead contamination in the soil remaining after initial clean-up through the Phase I

Build-Out project completed in 2017. The remaining contaminated soil has been secluded and fenced off to the public in the northern portion of the site. Upon completion of this project, this area will be open to the public as an extension of the existing park, as originally planned.

- 17) **Malibu Creek State Park: New Stokes Creek Bridge.** The Governor's budget proposes a supplemental appropriation of \$375,000 from available Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Proposition 84) bond funds for the working drawings phase of this project. This continuing project will replace an existing, undersized arch culvert with a bridge to restore a secondary escape route for park visitors in the event of fire or other emergencies, reduce deferred maintenance costs and disruption to campers, and restore the creek to its natural configuration.

Additional funding is necessary due to unforeseen costs related to obtaining a coastal development permit required by the Santa Monica Mountains Local Coastal Program, in accordance with the California Coastal Act. The permit is required because the project is in an area categorized as a habitat with the highest biological significance, rarity, and sensitivity. Conditions of the permit will require additional oak tree and oak woodland mitigation and long-term monitoring that have increased total project costs. Parks is seeking grant funds to cover the construction phase of this project (not yet appropriated). The estimated total cost of this project is \$4.556 million.

- 18) **McArthur-Burney Falls Memorial State Park: Group Camp Development.** The Governor's budget proposes a supplemental appropriation of \$276,000 from available California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Proposition 40) bond funds for the working drawings phase to develop two adjoining group camps at McArthur-Burney Falls Memorial State Park as identified in the June 1997 General Plan. Development of the group camps is expected to increase the park's group camping capacity by a total of 100 campers.

This proposal is separate and in addition to the mitigation funds received from Pacific Gas & Electric (PG&E), an existing reimbursement appropriation for this project. Additional funds are necessary due to the change in project costs resulting from the need to redistribute workload within the department. Estimated total project cost in the Governor's January budget proposal was \$1.206 million.

**McArthur-Burney Falls Memorial State Park: Group Camp Development (AFL).** An AFL requests to amend Item 3790-496 to revert the balance of the existing appropriations for working drawings (\$23,000) and construction (\$868,000) for this project.

The AFL also proposes that Item 3790-301-0392 be amended by increasing reimbursements by \$891,000 (\$23,000 for the working drawings and \$868,000 for construction phases of this project), and that Item 3970-301-6029 be increased by \$268,000 (Proposition 40) to provide the balance of the funding necessary to construct this project.

The net increase between the reversion and a new appropriation is \$268,000. The increased project costs are a result of additional leach field modifications, alterations to the electrical trenching route to avoid cultural and natural resources. Project completion is anticipated in December 2019. The accompanying BCP to this AFL estimates total project cost of \$1.333 million.



- 19) **Mendocino Headlands State Park: Big River Boat Launch.** The Governor's budget proposes \$155,000 from the Harbors and Watercraft Revolving Fund for working drawings to improve the existing beach launch at Mendocino Headlands State Park by constructing a concrete boat ramp, paving the dirt boat launch parking lot, repaving the park road connecting the highway with the boat launch parking lot, constructing accessible parking spaces, and adding required signage and pavement markings. Estimated total project cost is \$1.737 million.

**Mendocino Headlands State Park: Big River Boat Launch project (AFL).** An AFL requests reappropriation of the funds for the preliminary plans phase so that all project expenses can be properly applied and to prevent further delays to this project. The project is currently in preliminary plans with approval anticipated in the fall of 2018. Parks experienced administrative delays in contracts that impacted the start of design for this project.

- 20) **Oceano Dunes SVRA: Grand Avenue Lifeguard Tower.** \$146,000 from the Off-Highway Vehicle Trust Fund for working drawings to develop a lifeguard tower headquarters at Oceano Dunes State Vehicular Recreation Area. The project would provide a full-time, permanent observation tower throughout the year. The tower would provide preventative and responsive aquatic public safety response, medical and first aid to park visitors, an information center for visitors, an office location for lifeguards to perform administrative functions, and would satisfy mandatory training functions and activities required of the classification. Estimated total project cost is \$1.256 million.

**Oceano Dunes SVRA: Grand Avenue Lifeguard Tower Project (AFL).** An AFL requests reappropriation of the funds from the Off-Highway Vehicle Trust Fund for the preliminary plans phase so that all project expenses can be properly applied and to prevent further delays. The project is currently in preliminary plans with approval anticipated in the winter of FY 2018-19. Parks experienced administrative delays in contracts that impacted the start of design for this project.

- 21) **Oceano Dunes SVRA: Le Sage Bridge Replacement.** The Governor's budget proposes \$108,000 from the Off-Highway Vehicle Trust Fund for the preliminary plans phase of this project. This project will rehabilitate the Le Sage Bridge to provide critical structural improvements and enhanced design features for combined vehicle and pedestrian use. Estimated total project cost is \$1.186 million.

- 22) **Ocotillo Wells SVRA: Auto Shop Addition.** The Governor's budget proposes \$106,000 from the Off-Highway Vehicle Trust Fund for the preliminary plans and working drawings phases to convert this existing minor capital outlay Ocotillo Wells SVRA project to a major capital outlay project. During the preliminary plans phase, it has become evident that this project will require additional funding (a net increase of \$739,000) and an extended schedule due to the fire suppression system needs, which require the addition of a fire pump building and water storage tank. This critical project will expand the existing auto shop repair facilities by constructing an additional and larger repair bay and storage space immediately adjacent to the existing building to accommodate the items in the current fleet. The unexpended balance of existing minor funding for this project (approximately \$678,000) is also proposed for reversion. Currently, Ocotillo Wells SVRA staff complete maintenance and repairs to vehicles outdoors, unsheltered in the extreme weather conditions found at this desert park. Estimated total project cost is \$1.527 million.

- 23) **Ocotillo Wells SVRA: Holmes Camp Water System Upgrade.** The Governor's budget proposes \$109,000 from the Off-Highway Vehicle Trust Fund for the working drawings phase of the Ocotillo Wells SVRA project to provide for the construction of a new water treatment and distribution system to meet current demand and health department standards, to comply with the California Department of Health Services – Drinking Water Field Operations Branch Check List of Security Measures for Water Utilities, and provide storage and protection from the desert environment. Estimated total project cost is \$1.407 million.

**Ocotillo Wells SVRA: Holmes Camp Water System Upgrade project (AFL).** An AFL requests reappropriation of the funds from the Off-Highway Vehicle Trust Fund for the preliminary plans phase so that all project expenses can be properly applied and to prevent further delays. The project is currently in preliminary plans with approval anticipated in the winter of FY 2018-19. Parks experienced administrative delays in contracts that impacted the start of design for this project.

- 24) **Off-Highway Motor Vehicle Recreation (SB 249).** The Governor's budget proposes a one-time increase of \$2.845 million in FY 2018-19 and an ongoing increase of \$2.681 million from the Off-Highway Vehicle Trust Fund and 17.5 positions to meet the requirements of SB 249 (Allen), Chapter 459, Statutes of 2017, which extended the OHV program indefinitely and made various other changes to the Off-Highway Motor Vehicle Recreation Act.

- 25) **Off-Highway Vehicle and Beach Erosion Control Local Assistance Grants.** The Governor's budget proposes one-time funding of \$36.3 million and ongoing funding of \$2 million for a total of \$38.3 million in spending authority for FY 2018-19 from special and federal funds for various local assistance programs, including \$35 million from the Off-Highway Vehicle Trust Fund, \$2 million from the Recreational Trust Fund, and \$1.3 million from the Public Beach Restoration Fund.

**Background.** The Off-Highway Vehicle Trust Recreation Act of 1988 provides for well-managed OHV recreation in the state by providing financial assistance to cities, counties, districts, federal agencies, state agencies, educational institutions, federally recognized Native American Tribes, and nonprofit entities.

- 26) **Pfeiffer Big Sur State Park: Low-Cost Alternative Coastal Lodging. (AFL)** An AFL requests \$190,000 from the State Park Contingent Fund for the preliminary plans phase of the Pfeiffer Big Sur State Park: Low-Cost Alternative Coastal Lodging project to develop up to fifteen new, low-cost camping cabins and a combo building at Pfeiffer Big Sur State Park. (A combo building is a structure with toilets and showers.) This project is intended to allow Parks to create new, low-cost alternative lodging along the coast to enhance visitor experience and increase visitation within Pfeiffer Big Sur State Park. Funds for this project will be received from the California Coastal Commission as payment for in-lieu of mitigation fees paid by developers for coastal permits, totaling \$3.462 million over the next several years.

**Background.** Coastal state parks cover 339 miles of Pacific coastline. Pfeiffer Big Sur State Park is located at 47225 Highway 1, Big Sur, California. On the western slope of the Santa Lucia Mountains, peaks of the park tower high above the Big Sur River Gorge, where the Big Sur River enters the park. A campground accommodates hikers, bikers, car campers, and RVs.

Many campsites are located along the Big Sur River. Big Sur Lodge is located in the park, which has 61 guest rooms, a conference center, café, and a grocery store.

The California Coastal Commission is providing funding for the planning, development, construction, operation, and maintenance of new lower cost overnight accommodations within the coastal area of Monterey County. A low-cost camping cabin would include a basic structure, two to four beds (elevated wooden flats to place sleeping bags), and a spigot for running water.

- 27) **Picacho State Recreation Area (SRA): Park Power System Upgrade.** The Governor's budget proposes \$200,000 from available California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Proposition 40) bond funds for the study phase of this project. This project will evaluate the park's current and future electrical power needs, including redundant backup, and determine sustainable options for providing reliable and cost effective electrical power at this remote location. Options to be considered include, but are not limited to, photovoltaic panels on existing buildings and/or new shade structures, replacing existing diesel generators, or other mixes of conventional and renewable electrical sources.

Although total project cost is currently estimated at \$3.791 million, this estimate remains conceptual as this project will allow Parks to better refine the project scope and achieve a more accurate cost estimate upon completion of this study.

**Background. Picacho SRA.** Picacho SRA is located along the California-Arizona border approximately 26 miles north of Yuma, Arizona in Imperial County. With eight miles of the lower Colorado River on the park's eastern boundary, Picacho SRA offers year-round opportunities for boaters, hikers, anglers and campers, as well as wildlife such as wild burros, bighorn sheep, and migratory waterfowl travelling along the Pacific Flyway.

Picacho SRA's remote location and extreme climate, which can range from a low of 20 degrees in the winter to 120 degrees in the summer, places heavy demand on the park's power generation and distribution equipment. Currently, all electrical power in the park comes from two diesel-powered generators. However, given the age of the generators, location in a harsh desert environment, and the power needs of the park, the current system is insufficient, as evidenced by regular reports of electrical spikes in the park office, which is extremely hard on office electronics. In addition, the diesel generators are costly to operate and emit large amounts of greenhouse gases.

The purpose of this project is to evaluate the park's current and future electrical power needs, including redundant backup, and determine sustainable options for providing reliable and cost effective electrical power in this remote location. This project is also intended to aid in refining the project scope, which should provide a more accurate cost estimate.

- 28) **Pismo State Beach: Entrance Kiosk Replacement.** The Governor's budget proposes \$136,000 funding from the Off-Highway Vehicle Trust Fund for the working drawings phase of the Pismo Beach State Beach: Entrance Kiosk Replacement project to replace an entrance station kiosk in the North Beach Campground at Pismo State Beach. This project aims to reduce deferred maintenance by removing and replacing an entrance kiosk that is rapidly deteriorating and burdening maintenance staff due to seasonal flooding. The entrance kiosk

will be relocated to a higher elevation to prevent flood damage and ensure continued operation. Estimated total project cost is \$1.039 million.

**Pismo State Beach: Entrance Kiosk Replacement (AFL).** An AFL requests reappropriation of the funds from the Off-Highway Vehicle Trust Fund for the preliminary plans phase so that all project expenses can be properly applied and to prevent further delays. The project is currently in preliminary plans with approval anticipated in the winter of FY 2018-19. Parks experienced administrative delays in contracts that impacted the start of design for this project.

- 29) **Prairie City SVRA: Initial Erosion Control.** The Governor's budget proposes \$298,000 from the Off-Highway Vehicle Trust Fund for the working drawings phase of the Prairie City SVRA: Initial Erosion Control project to address erosion issues caused by stormwater runoff at the park, as required by the Federal Clean Water Act. Work will include the installation of sediment basins, stormwater spray fields, drainage crossings, and riparian areas. In addition, there will be drainage control measures including culverts, diversion ditches, and swales. The project will meet Best Management Practices for stormwater management pursuant to the Federal Clean Water Act. A comprehensive Watershed Assessment Study, performed through a separate effort, will be used as a detailed guide in implementing this project. Estimated total project cost is \$5.832 million.
- 30) **R.H. Meyer Memorial State Beach: El Matador Parking Lot Grading and Expansion.** The Governor's budget proposes \$320,000 from available California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection (Proposition 40) bond funds for preliminary plans phase of this project. This project will increase available parking, install permanent vault toilets, repair the beach trail, and reduce beach trail erosion through parking lot grading and the use of more durable yet permeable surfaces. The expanded parking lot will reduce the need for visitors to park along the eastbound (inland) side of the Pacific Coast Highway, which is also intended to help reduce the number of pedestrian versus vehicle accidents caused as visitors cross the Pacific Coast Highway to enter the park. Estimated total project cost is \$3.658 million.
- 31) **Revenue Generation Program: Reservation System (AFL).** An AFL requests a one-time increase of \$1.136 million and from the State Parks and Recreation Fund and nine permanent positions to support the newly implemented online reservation system, ReserveCalifornia. This funding is intended to provide support services within the department and to park visitors, as well as provide for the installation and maintenance of point of sale systems in park units across the state.

**Background.** Reserve America, the legacy system for creating reservations within the State Parks System, provided services such as issuing refunds to customers and providing revenue reports to both internal and external stakeholders. The long-standing contract with Reserve America expired and Parks has assumed all previous responsibilities of Reserve America through the introduction of its own reservation system, ReserveCalifornia. The new system allows customers to create their reservations online with expanded park options previously not available under Reserve America. The accessibility of ReserveCalifornia is intended to increase annual reservations across the state parks system, thereby leading to a growth in revenue for the department, and consequently fund the requested positions and additional operating expenses and equipment. Supporting documentation shows that the proposal in this

AFL will likely need an ongoing increase of \$1.185 million from the State Parks and Recreation Fund for out-years.

- 32) **San Luis Reservoir SRA: San Luis Creek Ramp Replacement and Parking Improvements.** The Governor's budget proposes \$135,000 from the Harbors and Watercraft Revolving Fund for working drawings to improve visitor throughput at the San Luis Reservoir State Recreation Area by widening the existing two-lane boat ramp by two lanes, adding a third boarding float, and reconfiguring the parking lot. The project will also upgrade outdated fish cleaning and parking lot lighting systems. Estimated total project cost is \$2.042 million.

**San Luis Reservoir SRA: San Luis Creek Ramp Replacement and Park project (AFL).** An AFL requests reappropriation of the funds for the preliminary plans phase so that all project expenses can be properly applied and to prevent further delays to this project. The project is currently in preliminary plans with approval anticipated in the winter of 2018-19. Parks experienced administrative delays in contracts that impacted the start of design for this project.

- 33) **State Coastal Conservancy: Lower Cost Coastal Accommodations Program.** The Governor's budget proposes \$189,000 in FY 2018-19 and \$138,000 in FY 2019-20 from the ELPF and one position to conduct the coastal assessment necessary to identify potential locations for additional lower cost accommodations within the State Park System pursuant to AB 250 (Gonzalez Fletcher), Chapter 838, Statutes of 2017.

- 34) **Technical Adjustment to Re-Establish Positions.** The Governor's budget proposes a technical adjustment to re-establish 115.2 positions erroneously abolished due to Government Code §12439 in order to accurately reflect what is currently displaced in Parks' annual budget.

**Background.** Government Code (GC) §12439 established authority for the State Controller's Office (SCO) to identify and abolish positions that remained vacant for at least six consecutive monthly pay periods, either during the fiscal year or between two consecutive fiscal years. GC §12439 was repealed on June 24, 2015. Parks submitted Change in Established Positions, Standard Form 607s to re-establish 115.2 positions in FY 2014-15, however, the 607s were not received by SCO and the positions were abolished pursuant to GC §12439. It is unclear why these forms were not received by SCO.

Parks' budget has continued to display the accurate count of the department's authorized positions. The re-establishment of Parks' 115.2 positions is a technical adjustment that is intended to ensure Parks' authorized position count with SCO reflects what is displayed in the annual budget.

- 35) **Topanga State Park: Rehabilitate Trippet Ranch Parking Lot.** The Governor's budget proposes \$3.202 million for the construction phase from available Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Proposition 84) bond funds to rehabilitate the Trippet Ranch parking lot and surrounding area, which have been damaged by erosion and stormwater. This project is intended to reduce the safety risk to the public, reduce maintenance costs and better support interpretive uses of the historic zone. Estimated total project cost is \$3.737 million.

- 36) **Statewide: Volunteer Enhancement Program (VEP) Minor Capital Outlay Program.** The Governor's budget proposes \$643,000 from available Safe Drinking Water, Water Quality and

Supply, Flood Control, River and Coastal Protection Fund of 2006 (Proposition 84) funds for the VEP Minor Capital Outlay Program. These minor projects are intended to enhancements or improvements to address critical issues, including park operations, public recreation/access, energy efficiency and resource protection/restoration. Estimated total project cost is \$643 million.

**Statewide: Volunteer Enhancement Minor Program (AFL).** Parks experienced administrative delays in contracts that impacted the start design for this project. Reappropriation is requested so that the project can proceed without further delay.

- 37) **Conservancy Administrative Services Consolidation.** The Governor's budget proposes an ongoing increase of \$902,000 in reimbursement authority for the State Parks and Recreation Fund and seven permanent positions beginning FY 2018-19, and ongoing, for the consolidation of administrative services work for six state conservancies that are currently under the Department of General Services' Contracted Fiscal Services Unit.

**Withdrawal of Conservancy Administrative Services Consolidation (AFL).** An AFL requests a decrease of \$902,000 ongoing reimbursement authority and seven positions in FY 2018-19. The Governor's budget requested these resources to consolidate the administrative services work for six state conservancies currently receiving these services from the Department of General Services Contracted Fiscal Services Unit. However, upon further review, Parks is in a period of transition and it has been determined the department is not currently positioned well to absorb the additional workload associated with that proposal. The Administration remains supportive of the concept and anticipates resubmitting the proposal in the future.

- 38) **Reversions: Capital Outlay Program (AFL).** An AFL requests that Item 3790-496 be amended to revert the unencumbered balance of funding for the following projects:

- *0263 – Off-Highway Vehicle Trust Fund*
  - *Hungry Valley SVRA: Vehicle Wash Station.* The project is indefinitely delayed until Parks can develop a workable design to facilitate their vehicle wash station needs at this SVRA.
  - *Carnegie SVRA: Vehicle Wash Station.* The project is indefinitely delayed until Parks can develop a workable design to facilitate their vehicle wash station needs at this SVRA.
  - *Oceano Dunes SVRA: Pismo State Beach Sediment Track-Out Prevention.* The project is indefinitely delayed until issues with stakeholders and regulatory agencies are resolved.
- *0516 – Harbors and Watercraft Revolving Fund*
  - *Angel Island State Park: East Garrison Mooring Field project.* The project has been cancelled due to an impasse in lease negotiations with the County of San Francisco.

- *6051 – Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006*
  - *MacKerricher State Park: Replace Water Treatment System project.* Parks reported a revised schedule for this project that indicates construction funds will not be expended during FY 2018-19.
  - *Torrey Pines State Natural Reserve: Sewer and Utility Modernization project.* Parks reported a revised schedule for this project that indicates construction funds will not be expended during FY 2018-19.

39) **Reappropriations: Capital Outlay Program (AFL).** An AFL requests that Item 3790-491 be added to reappropriate funding for the following projects:

- *0001 – General Fund*
  - *Angel Island State Park: Immigration Station Hospital Rehabilitation project.* The project is currently out to bid with construction anticipated to start in the spring of 2018 and finish in the winter of FY 2018-19. This reappropriation is being proposed to complete construction without delays.
  - *Malakoff Diggins State Historic Park: Solar Panel Generator project.* The project is pending final State Fire Marshal and Division of State Architect approvals. It is anticipated that these approvals will be received and this project will proceed to bid in the spring of 2018. Working drawings phase is complete; however reappropriation of both the working drawings and construction phases is requested so that all expenses have been captured and for construction to continue without delay.
- *0005 – Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund*
  - *San Elijo State Beach: Replace Main Lifeguard Tower project.* The construction contract has been awarded and construction is anticipated to begin soon. It is anticipated that the contract will be encumbered prior to the end of FY 2018-19; however, this reappropriation is proposed as a precaution in case the construction and equipment funds cannot be fully encumbered prior to the end of the fiscal year.
- *0263 – Off-Highway Vehicle Trust Fund*
  - *Carnegie SVRA: Road Reconstruction project.* The project is currently in working drawings. A scope change was recently approved to make modifications necessary for pending permits. It is anticipated that this project will proceed to bid in the spring of 2018. Reappropriation is proposed to prevent any further delays.
  - *Hollister Hills SVRA: Waterline Expansion project.* The project is currently in working drawings with proceed to bid approval anticipated in fall 2018. Parks experienced administrative delays in contracts that impacted the start of design for this project. Reappropriation of the funds for the working drawings and construction phases is requested so that all project expenses can be properly applied and to prevent further delays.

- *Heber Dunes SVRA: Water System Upgrades project.* The project is currently in working drawings with proceed to bid approval anticipated in the summer of 2018. Parks experienced administrative delays in contracts that impacted the start of design for this project. Reappropriation of the working drawings and construction phases is requested so that all project expenses can be properly applied and to prevent further delays.
- *0392 – State Parks and Recreation Fund*
  - *Calaveras Big Trees State Park: Mitigation Campsite Relocation project.* The project was approved for a scope change in November 2017. The project is currently in preliminary plans and request for approval is anticipated in June 2018. However, in case there are delays in finalizing permits and/or approvals, reappropriation is requested so that all project expenses can be properly applied and to prevent further delays.
- *0516 – Harbors and Watercraft Revolving Fund*
  - *McArthur-Burney Falls Memorial State Park: Ramp and Boarding Float Replacement project.* The project is currently in preliminary plans and request for approval is anticipated in April 2018, with proceed to bid approval anticipated in June 2018. Completion of preliminary plans has been delayed because additional permitting requirements were identified during the California Environmental Quality Act (CEQA) review process. Reappropriation of working drawings and construction funds is requested to keep the project moving forward without further delays.
  - *Statewide: Department of Boating and Waterways Minor Program project.* Parks experienced administrative delays in contracts that impacted the start of design for this project. Reappropriation is requested so that the project can proceed without further delay.
- *0890 – Federal Trust Fund*
  - *Leo Carillo State Park: Steelhead Trout Barrier Removal project.* Construction of this project is complete and mitigation efforts are now underway to comply with permitting agency requirements. Reappropriation is requested so that these efforts are completed without further delay.
  - *South Yuba River State Park: Historic Cover Bridge project.* The project is anticipated to proceed to bid approval in May 2018. Reappropriation of the construction phase is requested so that all project expenses can be properly applied and to prevent further delays.
- *6029 – California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund*
  - *California Indian Museum project.* The acquisition process has created delays for this project and renovation has yet to begin. The preliminary plans phase will start once the



acquisition is finalized. Reappropriation is requested so that the project can start design without further delays.

- *Statewide: State Park System Acquisition Program project.* Acquisitions funded through this program are in progress. Some of the acquisitions pending finalization are: California Indian Museum, Vierra North Peak, Save the Redwoods League/Otis Reagan Westing properties, and Bureau of Land Management/Red Rock Canyon. Reappropriation is requested so that all acquisitions can progress without delay and all project expenses can be properly applied.
- *6051 – Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006*
  - *Fort Ord Dunes State Park: New Campground and Beach Access project.* The project is currently in working drawings and has faced delays due to the coastal permitting process. The project team is working with the Coastal Commission to obtain the required coastal permit approvals. Proceed to bid is anticipated in August 2018. Reappropriation of the working drawings and construction phases is requested so that construction funds remain available to keep the project moving forward without further delays.
  - *Gaviota State Park: Main Water Supply Upgrades project.* The project is in preliminary plans and approval is anticipated in the fall of 2018. The project experienced administrative delays in transferring funds, contract negotiations, as well as delays due to environmental constraints. Reappropriation is requested to keep project moving forward and to prevent further delays.
  - *MacKerricher State Park: Replace Water Treatment System project.* The project is in preliminary plans with completion delayed due to environmental issues and exploratory well drillings. Design revisions are in process and preliminary plans approval is anticipated for the summer of 2018. Reappropriation of preliminary plans and working drawings phases is requested so that all project expenses can be properly applied and keep the project moving forward without delay.
  - *Malibu Creek SB: New Stokes Creek Bridge project.* The project is in preliminary plans and approval is anticipated in the fall of 2018. Due to habitat classification and coastal development permit requirements, the project experienced delays and necessitated an augmentation, which was approved in January 2018. Reappropriation of the preliminary plans and working drawings phases is requested so that all project expenses can be properly applied and to prevent further delays.
  - *Old Sacramento SHP: Boiler Shop Renovation project.* The Railyards acquisition closed in January 2018 and preliminary plans have begun. It is anticipated preliminary plans will be completed in spring 2019. Reappropriation is requested so that all project expenses can be properly applied and to prevent further delays to this project.
  - *Old Town San Diego SHP: Building Demolition and Immediate Public Use project.* The project is currently in the bidding process. It is anticipated that the construction contract will be awarded in May 2018, with project completion in the summer of 2019.

Reappropriation of construction funds is requested to keep the project moving forward without delay.

- *Silverwood Lake SRA: Nature Center Exhibits project.* The project is in construction and project completion is anticipated in December 2018. Reappropriation is requested so that funds are available to complete the construction phase of this project.
- *South Yuba River State Park: Historic Covered Bridge project.* The project is anticipated to proceed to bid in May 2018. Reappropriation of the construction phase is requested so that all project expenses can be properly applied and to prevent further delays.
- *Torrey Pines State Natural Reserve: Sewer and Utility Modernization project.* The project is in preliminary plans and approval is anticipated for the fall of 2019. During the preliminary plans phase, significant impacts to surrounding resources were identified. The project has thus experienced delays, and a subsequent shift of funds from working drawings to preliminary plans was approved. Reappropriation of the preliminary plans and working drawings phases is requested so that all project expenses can be properly applied and to prevent further delays to this project.

## 0540 California Natural Resources Agency

40) **Implementation of AB 707 – Clear Lake.** (AFL) An AFL requests \$250,000 ELPF to provide funding necessary to implement the provisions of AB 707 (Aguiar-Curry), Chapter 842, Statutes of 2017, which requires the Natural Resources Agency to establish a Blue Ribbon Committee for planning and oversight for the rehabilitation of Clear Lake. AB 707 requires the committee to meet quarterly for discussion, review research, plan, and provide oversight regarding the environmental health of Clear Lake. The committee is required to provide an annual report to the Governor and the Legislature on its activities.

41) **Various Technical Adjustments for Departments within the Natural Resources Agency.** (AFL) An AFL requests various technical reappropriations, reversions, reversions with associated new appropriations, and baseline appropriation adjustments to continue implementation of previously authorized programs, as follows:

Department Name	Title	Amount	Proposition/ Fund	Item of Appropriation	Reason
Natural Resources Agency	Reappropriation		6076 California Ocean Protection Trust Fund 6083 Proposition 1	0540-001-6076 0540-101-6076 0540-101-6083	Allow additional time to encumber funds.
Natural Resources Agency	Reappropriations	\$500,000	6029 Prop 40 - \$500,000 residual funds	0540-101-6029	Appropriate the remaining Proposition 40 funds for the California River

					Parkways Program.
Office of Exposition Park Management	Deferred Maintenance Reappropriation		0001 General Fund	3100-001-0001	Allow additional time to encumber funds.
Energy Commission	Reimbursement Authority for Transmission Siting Cases	\$1.25 million	0465 Energy Resources Programs Account	3360-001-0465 3360-501-0995	Allow the Energy Resources Conservation and Development Commission (Energy Commission) to invoice the California Public Utilities Commission (PUC) for work performed by Energy Commission staff under an Interagency Agreement supporting the PUC's electric transmission siting cases and other proceedings requiring electricity system studies.
Energy Commission	Energy End-Use Survey Funding Reappropriation	Up to \$5.825 million of unexpended balances from Item 3360-001-0853, Budget Act of 2017	0853 Petroleum Violation Escrow Account	3360-490	Allow additional time to encumber funds
Conservation	WellSTAR Reappropriation		3046 Oil, Gas, and Geothermal Administrative Fund	3480-001-3046	Allow additional time to encumber funds.
Department of Forestry and Fire Protection	Local Government Cash Flow Loan Repayment Extension		0001 General Fund	3540-001-0001	Extend the repayment date for the General Fund cash flow loan from September 30 to November 15 of the fiscal year following the one in which the loan is made. This request is needed to align the repayment date with current operational practices.

Department of Forestry and Fire Protection	Yolo County Bridge Extended Liquidation	\$800,000	0001 General Fund	3540-101-0001	Enable the County to complete all phases of the project based on its current project schedule.
Coastal Conservancy	Net Zero Shift in Reimbursement Authority		0140 Environmental License Plate Fund 0565 State Coastal Conservancy Fund	3760-001-0140 3760-001-0565	State Coastal Conservancy requests a net zero shift of \$467,000 in reimbursement authority between 3760-001-0565 and 3760-001-0140 based on recent changes to its operating budget.
Coastal Conservancy	Proposition 50 Reversions		6031 Prop 50	3760-101-6031	True up remaining allocations from Proposition 50 consistent with point in time decisions included in the Governor's budget.
State Parks	2016 Deferred Maintenance Funds Reappropriation		0001 General Fund	3790-001-0001	Allow additional time to encumber funds.
State Parks	Reappropriation for Administrative Delays	Up to \$19,225,000	0392 State Parks and Recreation Fund	3790-001-0392	Allow additional time to encumber funds.
State Parks	Harbors and Watercraft Revolving Fund Revision	\$400,000	0516 Harbors and Watercraft Revolving Fund	3790-001-0516	The Department of Parks and Recreation requests that 3790-001-0516 be increased by \$400,000 for the Division of Boating and Waterways and that this item be amended to decrease reimbursements by \$400,000 to align the Department of Parks and Recreation's and the Department of Water Resources' Governor's Budget requests related to implementation of the Delta Smelt Resiliency Strategy.

Santa Monica Mountains Conservancy	Technical Adjustments	\$(5,000)	6029 Prop 40 6031 Prop 50 6051 Prop 84	3810-001-6051 3810-301-6029 3810-301-6031 3810-301-6051	Reappropriate these funds due to project delays which result in a need for extended authority.
San Francisco Bay Conservation and Development Commission	Bay Fill Clean-Up and Abatement Technical Adjustment	\$(180,000) and \$(219,000) on-going	0914 Bay Fill Clean-Up and Abatement Fund	3820-001-0914	Align the appropriation with corrected costs for increased regulation enforcement in the San Francisco Bay.
Baldwin Hills Conservancy	Proposition 84 Reversions		6051 Prop 84	3835-001-6051	Align appropriated authority with the Conservancy's remaining allocation balances based on updated point-in-time information.
San Diego River Conservancy	Reappropriation Prop 1		6083 Prop 1	3845-101-6083	Allow additional time to encumber funds.

### 3340 California Conservation Corps

42) **Auburn Campus: Kitchen, Multipurpose Room and Dorm Replacement. (AFL)** An AFL requests an additional \$4.746 million General Fund for the working drawings (\$256,000) and construction (\$4.49 million) phases of this project to construct a new kitchen, multipurpose building and dormitory at the Auburn-Placer Residential Center located in Placer County. For construction, the request reverts the existing appropriation of \$19.666 million and newly appropriates \$24.156 million.

The Auburn facility was constructed in the 1950s and has functional and structural deficiencies. Additional working drawing funding is needed to redesign portions of the project to incorporate value engineering options and rebid the project. Additional construction funding is needed because of project delays associated with obtaining a utility easement, additional time to review design documents, constraints on fire water tank installations, a more challenging site than previously anticipated, and market conditions.

**3600 Department of Fish and Wildlife**

- 43) **Dedicated Fish and Game Preservation Fund (FGPF) Realignment. (AFL)** An AFL requests a one-time increase of \$1.007 million and a decrease of \$688,000 ongoing to better align the program expenditures of 11 dedicated accounts within FGPF with associated revenues to maintain stability and structural balance. Each dedicated account with proposed increases have sufficient balances and any proposed decrease is intended to ensure the applicable dedicated account maintains solvency.

The FGPF dedicated accounts comprise 29 accounts dedicated to specific revenue sources such as tag sales, application fees, donations, and violation fines. Various FGPF dedicated accounts require realignment due to a number of factors that impact revenues and expenditures. These adjustments will not shift authority from the non-dedicated FGPF to increase the dedicated accounts.

**3540 Department of Forestry and Fire Protection (CalFire)**

- 44) **Ishi Conservation Camp: Replace Kitchen. (AFL)** An AFL requests \$383,000 General Fund for the working drawings phase of this project to replace the kitchen/dining facility that was destroyed by fire at the existing state-owned Ishi Conservation Camp located in Tehama County. The department examined the project schedule and determined that working drawings can also be initiated in FY 2018-19.
- 45) **Howard Forest Helitack Base: Acquisition. (AFL)** An AFL requests \$400,000 General Fund for the acquisition of a 29-acre parcel from a private party to serve as buffer land for the existing Howard Forest Helitack Base located in Mendocino County. The opportunity to acquire this parcel is intended to provide the department with additional security for the public, the helitack base, and its helicopters.
- 46) **Westwood Fire Station: Replace Facility. (AFL)** An AFL requests \$2.072 million Public Buildings Construction Fund for the working drawings (\$50,000) and construction (\$2.022 million) phases of this project to replace the existing Westwood Fire Station located in Lassen County, which was constructed in 1973 and has structural and operational deficiencies. The construction contract for this project went out to bid in January 2018, but the lowest bid exceeded the budgeted amount. Additional funds are needed to rebid and construct this project.
- 47) **Statewide: Replace Communications Facilities, Phase V. (AFL)** An AFL requests to revert the balance of the working drawings appropriation of \$1.755 million for this project and increase \$2.249 million General Fund for the preliminary plans and working drawings phases of this project. The net increase between the reversion and the new appropriation is \$494,000 for this project. Additional funding is needed for labor and design fee increases, increased costs for real estate due diligence, and additional inspection fees to assess the Phase V projects to prevent issues recently found at one of the Phase III towers and vaults projects.

- 48) **Aviation Parts and Logistics Contract Funding.** (AFL) An AFL requests \$1.651 million General Fund to fund increased costs associated with CalFire's aviation parts and logistics contract. This action is requested to provide the department with additional resources to meet the requirements of the new contract, which will go into effect in FY 2018-19. This proposal is intended to ensure continuity of service from the vendor, which is integral to the operation and maintenance of the department's aviation assets.
- 49) **Increased Workers' Compensation Costs.** (AFL) An AFL requests an increase of \$4.1 million (\$4.019 million General Fund and \$115,000 various special funds) to provide additional resources to reflect the department's rising workers' compensation costs.
- 50) **Board of Forestry and Fire Protection Effectiveness Monitoring.** (AFL) An AFL requests \$425,000 Timber Regulation and Forest Restoration Fund to enable the Board of Forestry and Fire Protection to continue to engage academic institutions, governmental agencies, and consultants to monitor the effectiveness of the state's forest practice laws, rules, and regulations.
- 51) **Safe Energy Infrastructure and Excavation Fund Loan Repayment Extension and Trailer Bill Language.** (AFL) An AFL requests to extend the repayment date for the \$7.406 million loan from the California High-Cost Fund-B Administrative Committee Fund to the Safe Energy Infrastructure and Excavation Fund by two years, from July 1, 2019 to July 1, 2021. Budget Bill language is also requested to authorize earlier repayment of the loan under specified conditions.

Additionally it is requested that trailer bill language be adopted to: 1) clarify that the California Underground Facilities Safe Excavation Board cannot take enforcement actions before July 1, 2020; and, 2) enable the Board to conduct investigations prior to July 1, 2020.

## 3860 Department of Water Resources

- 52) **Proposition 1 Salmon Studies.** (AFL) An AFL requests increasing reimbursements by \$1.589 million to support a study on how water exports affect salmon survival and a study on juvenile salmon use of and benefits from various habitat types. These studies will be supported by previously appropriated Proposition 1 grant funding from Department of Fish and Wildlife.
- 53) **Proposition 13 San Joaquin River Fish Population Enhancement.** (AFL) An AFL requests \$43.318 million Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (Proposition 13) to support work to improve fish populations in the San Joaquin River Watershed. The work will include construction of facilities such as physical habitat structures that have been modified to provide water delivery of flood water routing, and may involve the bed, banks, and floodways of the San Joaquin River and its tributaries. The AFL also requests that provisional language be added to make the funds available for encumbrance or expenditure until June 30, 2021.

**54) Proposition 50 Water Use Efficiency Technical Assistance. (AFL)** An AFL requests \$2.7 million to support implementation of the Water Use Efficiency Technical Assistance Program. Funding will be used to upgrade and expand the California Irrigation Management Information System network and to provide financial assistance for emerging and innovative water efficiency technologies.

**55) Extensions of Liquidation Periods, Reappropriations, Reversions, and Technical Adjustments.** An AFL requests A Spring Fiscal Letter requests reappropriations, extensions of liquidation periods, reversions, and technical adjustments for various funds. These technical changes are critical to various projects, which cannot be completed by June 30, 2018.

**Staff Recommendation:** Approve all vote-only items.



**ISSUES FOR DISCUSSION****3560 State Lands Commission (SLC)****Issue 56 – Coastal Hazard Removal Program (SB 44)**

**Governor’s Proposal.** The Governor’s budget proposes \$2 million transfer from tideland oil and gas revenues into SLC’s Land Bank Fund to implement the coastal hazard and legacy oil and gas well removal and remediation program associated with SB 44 (Jackson), Chapter 645, Statutes of 2017.

**Background. SB 44 (Jackson).** SB 44 allows SLC, upon appropriation, to transfer \$2 million from tideland oil and gas revenues to the Land Bank Fund to implement its coastal hazard and legacy oil and gas well removal and remediation program. SB 44 also allows SLC, upon appropriation, to transfer an amount sufficient to bring the unencumbered balance of the Land Bank Fund to \$2 million for each fiscal year from FY 2019-20 to FY 2027-28 to implement this program.

The first year of work is to complete an inventory of legacy oil and gas wells in the coastal zone, remove previously-identified coastal hazards, identify new coastal hazards, and prepare a Programmatic Environmental Impact Report (EIR) to use for legacy well removal and remediation.

**Coastal Hazards.** Coastal hazards are abandoned human-made structures that pose a potential threat to public health, safety, and the environment. Coastal hazards are legacy oil and gas wells and human-made structures that have been orphaned, including piers, jetties, seawalls, and facilities associated with past oil extraction and other operations. Coastal hazards include wood or steel piles or piling, sheet metal pilings, H piles and H beams, well casings, well caissons, railroad irons, cables, angle bars, pipes, pipeline, rip rap, and wood beams and structures. SLC coordinates the planning and field activities for removing hazards.

In the mid-1980’s, SLC inventoried coastal hazards and identified over 400 individual hazards, many of which are located on state and local beaches and in coastal areas that the public uses. SLC has a coastal hazards removal program, but lacks funding. In recent decades, SLC has identified and removed coastal hazards primarily from the Santa Barbara Channel area of Santa Barbara and Ventura Counties. Hazard removal typically occurs during the winter. After removal, SLC continues to observe and monitor sites in case previously undiscovered hazards become exposed.

The commission estimates that an additional \$200,000 annually over the next several years will be required to remove hazards from the known locations and to remove new hazards.

**Staff recommendation.** Approve as budgeted.

**Issue 57 – Oil and Gas Plug Abandonment**

**Governor’s Proposal.** The Governor’s budget proposes \$58 million General Fund in FY 2018-19, \$40 million General Fund in FY 2019-20, and \$10.5 million General Fund in FY 2020-21, to permanently secure, plug and abandon, and decommission oil wells and facilities, located onshore and offshore, in Santa Barbara and Ventura Counties. Total project cost for these activities at Platform Holly and Rincon Island are estimated to be \$108.5 million over three years.

The lessees of the two facilities, Venoco LLC and Rincon Island Limited Partnership, recently filed for bankruptcy and rejected their lease obligations to plug and abandon the oil and gas wells and decommission and remove the oil production facilities. In the absence of a lessee to assume responsibility and protect public health and safety and the coastal marine environment from an accidental release of oil, the commission must undertake actions to staff Platform Holly and a related onshore facility, plug and abandon 32 oil wells on the platform and adjacent piers, and permanently secure, decommission, and abandon 49 wells and oil infrastructure on Rincon Island.

**Background. *SLC is Responsible for State’s Coastal Oil and Gas Resources.*** Many of California’s most productive oil and gas resources are located along its coastline. In 1921, the Legislature created the first program to permit oil and gas development in the state’s coastal waters. According to SLC, between 1921 and 1929 the state issued approximately 100 permits and leases, and over 850 wells were drilled in Santa Barbara and Ventura counties. Environmental concerns regarding offshore drilling have, however, led to various limitations on such development in the ensuing years. Following a large oil spill off the coast of Santa Barbara in 1969, the commission enacted a moratorium on new offshore leases, and in 1994, the Legislature enacted the California Coastal Sanctuary Act, which prohibited the state from entering into new leases for oil and gas development in the state’s coastal waters. Many of the preexisting leases and facilities remain in operation and under SLC’s jurisdiction. Specifically, SLC oversees leases for four offshore oil platforms in state waters: platforms Holly in Santa Barbara County, Eva and Emmy in Huntington Beach, and Esther off Seal Beach. The commission also has some jurisdiction over five artificial islands built for oil and gas drilling—four in the Long Beach Harbor, and Rincon Island in Ventura County.

***State Recently Assumed Control of Two Facilities After Lessees Declared Insolvency.*** In two separate instances, SLC recently had to take control of offshore oil and gas drilling and production facilities. In both cases, the holders of the leases declared fiscal insolvency, failed to meet their lease obligations to remove the facilities and restore the land to its natural condition, and relinquished the facilities back to the state, resulting in the state having to assume responsibility for protecting against the release of oil into the marine environment. The two sites of these facilities are:

- ***Platform Holly.*** Venoco LLC held the lease for Platform Holly (and its associated processing facilities) from 1997 to 2017. ExxonMobil Corporation was a prior lessee of these facilities. The oil produced from the offshore platform flows through subsea pipelines and is processed and stored at the Ellwood Onshore Facility, which also incinerates the hydrogen sulfide gas produced at the platform. No production has taken place at Platform Holly since 2015, when the pipeline that transported the oil produced from these facilities ruptured, causing the Refugio oil spill. That pipeline, which is owned by another entity, is still not operational. In April 2017, Venoco filed for bankruptcy and quitclaimed its oil and gas leases back to SLC. Since that time, SLC has been staffing and operating Platform Holly, the associated 32 wells, and the Elwood Onshore Facility.

- **Rincon Island.** The Rincon Island Limited Partnership (RILP) held the lease for Rincon Island from 1995 to 2017. The Atlantic Richfield Company (ARCO) was a prior lessee of these facilities. This artificial island, which is connected to the shore by a causeway, has 49 wells and contains various other processing equipment and facilities. Rincon Island has not produced oil or gas since 2008, due in part to damage to the causeway that connects the island to shore. RILP failed to meet regulatory and contractual terms for several years, resulting in significant deterioration of the facilities and leading SLC to initiate termination of the lease in 2016. That termination was preempted by RILP declaring bankruptcy, and the bankruptcy court granted SLC a quitclaim of the lease in December 2017.

Currently, SLC is undertaking the initial steps to permanently plug the wells and prepare the facilities at these two sites for safe abandonment.

**Legislative Analyst’s Office (LAO) Comments. *Immediate Action Needed to Address Environmental and Public Health Risks.*** LAO concurs with the Administration that commencing work to plug and abandon Platform Holly and Rincon Island immediately would be prudent. The potential for an oil spill or gas leak from these active facilities poses a dangerous environmental and public health risk that should be addressed as quickly as possible. State action requires a General Fund appropriation because payouts from ExxonMobil and the RILP performance bond are uncertain and could take years to be paid. Moreover, the state is already incurring the costs of staffing, monitoring these facilities in the interim, and these costs will continue to accrue until the plugging, and abandonment activities are completed.

***State Costs Could Ultimately Be Significantly Lower.*** While the Governor’s proposal represents a significant multiyear General Fund expenditure, the ultimate cost to the state is likely to be less than the \$108.5 million that is requested. In particular, SLC is negotiating with ExxonMobil to cover a considerable portion of costs to plug and abandon Platform Holly. The commission believes that under the terms of its prior lease, ExxonMobil retains significant liability to plug, abandon, and decommission Platform Holly since the subsequent lessee is unable to do so. While ExxonMobil acknowledges these terms, it disputes the extent of that liability, and the state could pursue future litigation to resolve the dispute.

***SLC Taking Steps to Protect State from Future Liability.*** In addition to Platform Holly and Rincon Island, the state has leased out three other offshore platforms and four artificial islands that are still operational. While SLC indicates that the lessees of those sites appear to maintain healthy fiscal solvency, the commission is taking steps to revise those lease terms to protect the state’s liability and prevent a recurrence of the Venoco and RILP outcomes. Specifically, SLC is negotiating to build in conditions such as: 1) increasing the amount of the performance bonds the lessees must hold; 2) requiring the lessees to begin plugging and abandoning idle wells now, rather than delaying until the leases expire; 3) placing liens on other properties the lessees own; and, 4) establishing terms that name SLC as a priority claimant if bankruptcy were to be declared.

***State Will Face Future Decisions Regarding Decommissioned Facilities.*** The amount of funding requested by the Governor will not cover the full costs of decommissioning Platform Holly and Rincon Island. The proposed \$108.5 million is to undertake the plugging and abandoning activities that will render the facilities safe and stable, but is not sufficient to fully remove the platform and island. SLC indicates that once the initial abandonment activities are completed, it will undertake a California Environmental Quality Act review—in collaboration with input from local residents and stakeholders—to identify the implications of removing, partially removing, or retaining and

repurposing the remaining infrastructure. The Legislature should expect future budget requests for the planning and implementation of the final decommissioning phases for these sites.

**LAO Recommendation. *Adopt Governor's Proposals.*** Because Platform Holly and Rincon Island (and their associated wells and facilities) continue to pose risks to the environment and public health until they are fully plugged and secured, the LAO recommends the Legislature adopt the Governor's proposed funding request so that work can begin immediately.

***Require SLC to Provide Funding Update in 2019.*** Given the uncertainty surrounding how much funding SLC may ultimately receive from ExxonMobil, LAO recommends that the Legislature require the commission to provide an update to inform the 2019-20 budget process and the need for General Fund support. This would also be a good opportunity for the Legislature to monitor the work in progress and the status of other offshore leases. Specifically, LAO recommends the Legislature adopt supplemental reporting language requiring SLC to provide a report by January 10, 2019 that includes an update on the following:

- The status of negotiations with and amount of funding received from ExxonMobil for the Platform Holly project and the amount ultimately received from the RILP performance bond.
- The project status and work accomplished, timelines for completion, and latest project cost estimates for both Platform Holly and Rincon Island.
- The status of lease renegotiations with existing offshore platform and island lessees and the specific protections put in place to limit future state liability.

**Staff Comments.** Failure to secure and properly plug and abandon the Venoco and RILP wells could result in significant harms to public health and safety, and damage to the marine and coastal environment. The state would be financially liable for some degree of the remediation costs, including of the coastline and marine environment, and legally liable for any emergency event at the facilities.

**Staff recommendation.** Approve as budgeted and adopt supplemental reporting language as proposed by LAO.

**3780 Native American Heritage Commission (NAHC)**  
**3560 State Lands Commission (SLC)****Issue 58 –Expansion of NAHC (AFL)**

**Governor’s Proposal.** An AFL requests for NAHC \$643,000 General Fund and 10 positions in FY 2018-19 and full year costs of \$1.286 General Fund ongoing, thereafter, to implement state and federal statutes governing Native American tribal rights

In addition, the AFL proposes for SLC \$241,000 General Fund and two positions to accommodate the increased accounting, contracting, budgeting, and personnel services it provides to the Native American Heritage Commission.

**Background.** AB 52 (Gatto), Chapter 532, Statutes of 2014, required NAHC to create a geotechnical database of tribal territories and the governmental agencies that overlap these areas for purposes of the California Environmental Quality Act (CEQA) tribal consultation process. The Budget Act of 2015 provided \$1.6 million General Fund and five permanent positions for these activities. The Budget Act of 2017 provided \$254,000 General Fund and three positions to support increased workload associated with Sacred Lands Inventory research and consultation and authorized NAHC to establish fees to recover the costs for providing Sacred Lands File searches.

Since it was established in 1976, NAHC’s mission and statutory obligations have increased over the years. Staff workload has become more challenging with additional statutory obligations and an overall increase in demand for NAHC training, mediation, Sacred Lands Inventory searches, and technical expertise provided to tribes and CEQA lead agencies.

**Staff Comments.** The accompanying BCP to the AFL states that NAHC requests 10 positions to meet current workload backlog demands as well as to address the corresponding long-standing workload problems of fulfilling statutory obligations including enforcement, compliance, and mediation.

*Statutory Authority to Charge a Fee for SLF But Not Charging Yet.* According to NAHC, “the rulemaking process to implement Sacred Land File (SLF) fees has not begun because of the increased demands for enforcement and compliance actions to protect cultural resources and a lack of legal staff to oversee rulemaking (the NAHC has one attorney). Additional positions will provide the needed resources to complete the rulemaking process by November 2018 and begin collecting fees by December of 2018. The anticipated amount of fees to be collected during the 2018-19 fiscal year is \$1,500,000.”

The following chart shows the increase in requests over the past few years as well as the potential revenue generated by SLF:

Native American Heritage Commission Sacred Lands File Search Requests	
Fiscal Year	Search Requests
2014/15	2,903
2015/16	4,873
2016/17	12,667
2017/18*	19,766

\* Number is projected total for FY 2017/2018 based upon 9,883 SLF requests received for the first six months of FY.

Potential Missed Revenue for FY 2017/2018  
Sacred Lands Inventory Searches  
 19,766\*  
 Cost/ Search (\$150) = \$150  
 19,766 x \$150 = \$2,964,900  
 \*Sacred Lands Inventory searches are projected total for FY 2017/2018

Source: Department of Finance

NAHC anticipates the tentative fee of \$150 will be the actual fee once the rulemaking is complete. NAHC has determined this to be reasonable based on the cost of staff time, the cost of SLF software and file maintenance, and fees charged for similar inventory searches at another state agency.

*Increase in SLF requests.* NAHC notes that because of AB 52, the commission has seen a drastic increase in requests for assistance, particularly for searches of SLF. Based on current numbers, NAHC states that it appears this increase is a continuing trend. Also, NAHC states that an additional but unquantified consideration in the increase in SLF searches is due to cannabis regulations.

*Proposal Consistent with LAO Recommendation.* Department of Finance provides clarification to the proposal, stating, “The proposal before the [L]egislature currently is consistent and aligns with the LAO’s Recommendation. The Commission has only one appropriation (General Fund), and does not have any special funds. The fees collected will be deposited into the General Fund to cover the costs associated with the NAHC Sacred Lands Inventory Searches and the [L]egislature would appropriate funds out of the General Fund to the Commission. The proposal currently before the [L]egislature does use fee revenue to offset costs identified in the BCP in the out years, it is just all through the General Fund.”

**Staff Recommendation.** Approve as budgeted.

**3790 Department of Parks and Recreation (Parks)****Overview**

The state park system, administered by the Department of Parks and Recreation (DPR), contains 280 parks and serves about 75 million visitors per year. State parks vary widely by type and features, including state beaches, museums, historical sites, and rare ecological reserves. The size of each park also varies, ranging from less than one acre to 600,000 acres. In addition, parks offer a wide range of amenities—including campsites, golf courses, ski runs, visitor information centers, tours, trails, fishing and boating opportunities, restaurants, and stores. Parks also vary in the types of infrastructure they maintain, including buildings, roads, power generation facilities, and water and wastewater systems.

For 2018-19, the Governor's budget proposes \$1.1 billion in total expenditures for the department. This includes \$480 million for state park operations, \$601 million for local assistance grant programs, and \$11 million for capital projects.

The following tables show the department's expenditures and positions by each budgeted program area for the past, current, and budget years:

**3-YR EXPENDITURES AND POSITIONS**

		Positions			Expenditures		
		2016-17	2017-18	2018-19	2016-17*	2017-18*	2018-19*
2840	Support of the Department of Parks and Recreation	3,780.4	1,751.1	2,274.7	\$440,395	\$606,611	\$511,316
2850	Division of Boating and Waterways	60.8	29.5	29.5	22,660	29,862	30,025
2855	Local Assistance Grants	-	-	-	79,802	270,457	633,529
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>		<b>3,841.2</b>	<b>1,780.6</b>	<b>2,304.2</b>	<b>\$542,857</b>	<b>\$906,930</b>	<b>\$1,174,870</b>

The proposed budget total represents an increase of \$224 million, or 20 percent, above the estimated level of current-year spending for state parks. This increase largely reflects a proposal for \$468 million from SB 5 bond funds in FY 2018-19, as well as a proposal to increase spending on various park services using revenue from a recent fuel tax increase. These increases are partially offset by the carryover of one-time funds in the FY 2017-18 budget.

**Issue 59 – Fix Our Parks: Facility, Access, and Visitor Service Enhancement and Improvements**

**Governor’s Proposal.** The Governor’s budget proposes \$61.5 million ongoing from the State Parks and Recreation Fund beginning in FY 2018-19 and 364 full-time positions to improve the State Park System, deliver critical services that will address facilities and other infrastructure, and increase access to the State Park units. The resources for this proposal have been informed by Park’s Service-Based Budgeting (SBB) efforts.

This proposal includes an investment of \$41.448 million to address critical needs in the State Parks System focused on improving Parks units and enhancing services provided to the public, \$1 million to further efforts towards improving its recruitment and training program, \$500,000 to improve access to State Park units, \$16.552 million to right size Parks’ appropriation consistent with one-time increases, \$1 million to support off-highway vehicle recreation through the Local Assistance grant program, and \$1 million to reduce boating hazards through the Abandoned Watercraft Abatement Fund program.

**Background.** *Parks Forward Commission and Transformation Team Initiated Service-Based Budgeting.* The California State Parks Stewardship Act of 2012 (AB 1589 (Huffman), Chapter 533, Statutes of 2012, and AB 1478 (Blumenfeld), Chapter 530, Statutes of 2012) called for the formation of an advisory council to conduct an independent assessment of the state parks system. One of the results was the design and implementation of SBB, which was first used in 2017. This new tool uses estimates of the number of staff hours and other costs necessary to carry out different tasks (such as public safety patrols and specific facility maintenance tasks). These estimates are then used to calculate the amount of services parks can provide at varying levels of funding. The department has used its SBB tool to compare current service levels across parks, as well as to estimate the level of resources necessary for each park to achieve its “optimum service level” based on its mission, facilities, and other factors. DPR then identified both across the parks system and for various types of services where there were the largest gaps between the current and optimum service levels.

**LAO Comments.** *SBB Provides Reasonable Tool for Determining Priorities.* LAO states that the new SBB system appears provides the department an improved approach to evaluating its current resources and estimating the largest gaps between those resources and what increases would be necessary to achieve the goals of park administrators. However, the allocation of resources among needs still reflects the Administration’s prioritization of different state park functions. While LAO has no specific concerns with the activities and position authority proposed, LAO thinks the Legislature should evaluate whether the proposed mix of activities reflects its top priorities for the department. To the extent the Legislature preferred a different mix, it could dedicate a greater share of the funding towards particular services.

LAO finds, for example, that the Administration’s proposed funding for increased maintenance makes sense given the department’s history of deferred maintenance and because properly maintaining facilities can reduce costs in the long term if costly repairs are avoided in the future. LAO also notes that several areas of proposed spending could encourage visitorship and enhance the public’s enjoyment of state parks, including efforts to maintain trails and facilities, increase public engagement, and provide more educational services. Lastly, the Administration’s proposal includes \$2.7 million for revenue generation efforts. LAO notes that this is consistent with existing statutory direction that directs Parks to increase park-generated revenue. If these or other services are a higher priority for the Legislature than what is reflected in the Governor’s proposal, the Legislature could increase funding



for those particular services. However, doing so would require a commensurate reduction in funding for other services and/or the amount of funds going towards the fund balance.

The Governor's proposal is mostly for additional staffing for the functions described above. The Legislature could also consider using the proposed funding in other ways. For example, the funds could be used to fund specific projects, such as building more campsites or implementing deferred maintenance projects.

**LAO Recommendation.** *Ensure That Needs Identified by SBB Align With Legislative Priorities.* LAO states that to the extent that the Legislature's priorities differ from the Administration's, the Legislature could request additional information on current service levels throughout the state, the cost associated with reaching its desired service levels for certain functions, or what services are not included for funding in the proposal. Ultimately, LAO recommends that the Legislature utilize this information to adopt a budget package that reflects its priorities.

**Staff recommendation.** Approve as budgeted.

**Issue 60 – Regional Infrastructure Projects**

**Governor’s Proposal.** The Governor’s budget proposes \$7.5 million General Fund in FY 2018-19 for one-time local assistance grants for regional infrastructure projects with Anaheim Family YMCA and the City of Fullerton.

The Governor’s budget includes \$7.5 million from the General Fund for one-time local assistance grants for the construction of a Young Men’s Christian Association (YMCA) Active Living Center in Anaheim and to the restoration of the Fox Fullerton Theatre.

*Anaheim YMCA Active Living Center (\$5 Million).* The Administration proposes to provide this funding to the Anaheim Family YMCA to construct a new four-acre, 16,800 square foot indoor and outdoor facility that would include outdoor soccer arenas, an indoor gymnasium, a teaching kitchen, and community gathering spaces. Total costs are estimated to be \$10 million, with the difference between the proposed state funding and the cost to be made up by fundraising efforts. Proponents estimate that more than 3,000 residents would visit each week.

*Fox Fullerton Theater (\$2.5 Million).* The Administration proposes funding to the City of Fullerton to support the restoration of the Fox Fullerton Theatre, which was built in 1925 and is listed in the National Register of Historic Places. Renovation of the theater is already underway, and is expected to cost at least \$15 million, with the funds coming mostly from grants, donated supplies, and volunteer hours.

**Background. Existing Parks Local Assistance Programs.** Parks has historically administered several local assistance programs, including grants to build, maintain, or restore local parks and outdoor spaces, recreational facilities, historical structures, trail systems, and museums. The department has administered approximately \$3 billion in grant funding throughout California since 2000—mostly federal and bond funds, including grants from Propositions 84 (2006), 40 (2002), and 12 (2000). The types of projects funded by these bond programs include the development of new youth sports recreation facilities, as well as restoration and rehabilitation of historic buildings. Most of funds—over 90 percent—authorized in these bonds for local parks have been spent or are now committed to projects. Additionally, Parks’ Office of Historic Preservation administers grants from the federal Certified Local Government program, which encourages the direct participation of local governments in the identification, evaluation, registration, and preservation of historic properties. Four cities received a total of \$160,000 under this program in 2017-18.

*Local Assistance Funds Generally Awarded as Per Capita or Competitive Grants.* Typically, Parks awards funds to local jurisdictions on either a per capita basis or through competitive grant awards based on the requirements of the bond. Cities, counties, and districts are eligible to apply for per capita grants and are frequently used by local agencies to address high priority maintenance items, but generally are not enough for larger projects. Parks develops guidelines for each competitive grant program that are based on statewide priorities as determined by its Statewide Comprehensive Outdoor Recreation Plan or statutory direction.

In addition, in some cases, the Legislature has appropriated funds for specific local park projects. For example, the 2017-18 budget included a \$4 million grant to the San Mateo County Resource Conservation District for its Butano Channel Restoration and Resiliency project and \$3.5 million was provided for the restoration of the Geneva Car Barn and Powerhouse, an art center and event space in San Francisco. Both grants were supported from the General Fund.

**LAO Comments. *Unclear Why These Projects Selected for General Fund Support.*** While there are a few exceptions, the state generally funds local projects through grant programs, often through a competitive application process. At the time of this analysis, the Administration had not provided an explanation as to why these proposed projects were selected for General Fund support, such as by identifying a statewide benefit that would be achieved. Additionally, assessment of the potential merits of these proposals is difficult to evaluate because the Administration has not provided many details, such as why they were selected for funding over other projects, how they contribute to achieving state goals, or detailed cost and revenue information.

***Projects Potentially Could Apply for Traditional Grant Programs Should Voters Approve Proposition 68.*** State voters will have the chance to consider Proposition 68 on the June 2018 ballot. (Proposition 68 was put on the ballot by SB 5, de León), Chapter 852, Statutes of 2017. This measure, if approved, would provide about \$1 billion to Parks for local assistance, including \$725 million for the competitive grant program established by the Statewide Park Development and Community Revitalization Act of 2008 for park-poor neighborhoods, as well as \$215 million for per capita block grants. The Governor's budget includes \$460.3 million from Proposition 68 in FY 2018-19 for Parks local assistance. Accordingly, the jurisdictions in which these two proposed projects are located would have access to two new pots of funding for local park projects. The per capita block grants would be awarded to all jurisdictions for local park rehabilitation, creation, and improvements, and these projects could also compete for the competitive grants. While Parks has not yet drafted its guidelines for the grant programs that would be funded by Proposition 68, LAO thinks it seems possible that these projects could be eligible. Even if the projects are ultimately not eligible for Proposition 68, the cities will still receive per capita grants and other projects in their jurisdiction could be awarded competitive funds. This could free up funds in the cities' park and recreation budgets for these projects.

**Staff recommendation.** Approve as budgeted.

**Issue 61 – Revenue Generation Program**

**Governor’s Proposal.** The Governor’s budget proposes \$4.935 million ongoing from the State Parks and Recreation Fund to continue its established revenue generation program, and to support ongoing costs associated with implementation of successful Revenue Generation projects. This proposal includes \$595,000 for five revenue-generating projects.

The Governor's budget also requests trailer bill language (TBL) to amend and extend the Revenue Generation Program, and to revise how money is deposited into the State Parks Revenue Incentive Subaccount. Specifically, the proposed trailer bill language:

- 1) Removes the annual transfer of \$4.34 million from SPRF to the State Parks Revenue Incentive Subaccount.
- 2) Remove the inoperative and repeal dates for the subaccount, thereby extending these provisions indefinitely.
- 3) Make funds in the subaccount available indefinitely for encumbrance, expenditure, and liquidation.
- 4) Authorize DPR to transfer to the subaccount and allocate up to 50 percent of the total amount of revenues generated by park districts that exceed their revenue targets to these districts, and to transfer to the subaccount and allocate up to 50 percent of these excess revenues for specified purposes.
- 5) Make the revenue in the California State Park Enterprise Fund available for encumbrance and expenditure until June 30, 2021, and for liquidation until June 30, 2023.

**Background. Revenue Generation Program.** Pursuant to PRC §5010.6 and §5010.7, Parks has established a Revenue Generation Program to bolster a long-term sustainable funding strategy. Through implementation of Revenue Generation projects, Parks has incurred new ongoing costs to support these newly established, revenue-generating operations (such as tours, expanded campgrounds, etc.). Since 2012, the program has invested in a wide variety of projects and support functions to increase Parks revenue and improve visitor service. Upon successful completion of these projects, Parks evaluates the ongoing viability of these respective revenue contributions and refines the ongoing costs associated with operating these new assets and programs. An ongoing augmentation of new operational levels is required to sustain these revenue-generating ventures.

Parks received funding in FY 2017-18 for five revenue generating projects at: 1) Hearst San Simeon State Historic Monument; 2) Morro Strand State Beach; 3) South Carlsbad State Beach; 4) San Elijo State Beach; and, 5) Two projects in the Central Valley District. These projects were originally approved with one-time funding from SPRF in FY 2017-18.

PRC §5010.6 contains sunset language that would cease Revenue Generation Incentive Subaccount expenditure and encumbrance availability on June 30, 2019. This proposal would provide continuation of expenditure and encumbrance availability in perpetuity. Such availability would allow Parks to continue the incentivization effort that provides those state parks districts that have created revenue in excess of projected targets a portion of that revenue, including incentive payments for meeting revenue goals.

**Staff recommendation.** Approve BCP and TBL.

**3810 Santa Monica Mountains Conservancy****Issue 62 – Triangle Ranch Acquisition (AFL)**

**Governor’s Proposal.** An AFL requests \$300,000 for support and \$25 million for local assistance from Proposition 68 and \$2.275 million for local assistance from Proposition 1 to provide funding for the acquisition of Triangle Ranch, a 321-acre property. The property consists of primarily open space habitat largely in its natural, undisturbed conditions.

These funds will be used for the acquisition of a 321-acre property known as Triangle Ranch consistent with the Santa Monica Mountains Comprehensive Plan, the Rim of the Valley Trails Corridor Master Plan, the Los Angeles County River master Plan, the San Gabriel and Los Angeles Rivers Watershed and Open Space Plan, and to further cooperation with local governments in the region to secure open space and parkland, to expand efforts to integrate nature into the urban environment and to expand education, public access, and resource stewardship components in a manner that best serves the public, protects habitat, and provides recreational opportunities.

**Background.** The Santa Monica Mountains Conservancy was allocated \$30 million in Proposition 1. Of the \$30 million, all but \$5.38 million remains unencumbered. This request is intended to allow a portion of the remaining unencumbered funds to be available for projects.

Currently, these funds are the only potential funding source for a major acquisition in the conservancy zone known as Triangle Ranch. The acquisition is currently set up in phases. Phase one is in the works and is funded by Conservancy Proposition 1 funds, LA County, and Agoura Hills. Phase 2-3 are expected to this summer with the total amount estimated to be around \$35 million. If not all of these funds are used for the acquisition, the conservancy would use the funds for implementation of a grant program in accordance with the authorizing bond sections.

**Staff Comments.** At Subcommittee 2 hearing on March 15, 2018, all SB 5-related proposals were held open. To be consistent, this proposal should be held open as well so that it may be considered with all of the other SB 5 items proposed in the Governor’s January budget.

**Staff Recommendation.** Hold open.

**3540 Department of Forestry and Fire Protection (CalFire)****Issue 63 – Helicopter Acquisition and Support (AFL)**

**Governor’s Proposal.** An AFL requests \$3.588 million in General Fund for FY 2018-19; \$11.868 million and 15 positions in FY 2019-20; \$10.535 million in FY 2020-21; \$15.009 million in FY 2021-22; \$14.589 million in FY 2022-23; and \$13.789 million in FY 2023-24. The requested resources are for the acquisition of 11 helicopters to replace the existing Super Huey helicopters with the competitively procured Sikorsky S-70i.

The FY 2018-19 Governor’s budget includes \$24.4 million in FY 2017-18 for the purchase of one helicopter; \$97.6 million in FY 2018-19 for the purchase of four helicopters; \$97.6 million in FY 2019-20 for the purchase of four helicopters; and \$75.3 million in FY 2020-21 for the purchase of three helicopters.

In addition to the support costs included in this request, future infrastructure costs of \$26.5 million have been identified. These costs are incremental to the overall costs of planned future capital outlay projects and will be requested as part of those future capital outlay projects.

**Intent to Purchase First Helicopter.** On April 13, 2018, the Department of Finance submitted a letter to the Joint Legislative Budget Committee as notification for an augmentation of \$12.687 million to complete the purchase order for the first helicopter for a total of \$24.687 million that it intends to approve no sooner than 30 days from the date of this letter.

**Background. Current Helicopter Fleet.** When fighting wildland fires, CalFire uses helicopters to deliver fire crews and to perform water or retardant drops that slow the fires’ spread. Helicopters are also used for other firefighting and fire prevention operations, medical evacuations, cargo transport, mapping, rescues, and other missions. CalFire currently has 12 Super Huey helicopters that were acquired in 1990 through the Federal Excess Personal Property Program at no cost to the state. The U.S. Army originally owned them from 1963 to 1975 for troop and cargo transport. Once acquired by CalFire, these helicopters were modified for wildland firefighting at a cost of about \$500,000 per aircraft.

**Clear Need to Replace Current Fleet.** The Governor’s Blue Ribbon Fire Commission Report, in 2003, recommended replacement and diversification of the aging CalFire helicopter fleet and establishment of a helicopter replacement planning cycle. The Governor made replacing helicopters a top priority in the California Fire Prevention and Suppression Action Plan of 2004. The Legislature followed the next year with AB 287 (Negrete McLeod), Chapter 290, Statutes of 2005, which directed the state to replace the CalFire’s aging helicopter fleet with aircraft that can meet the future needs of CalFire. The act includes non-codified language stating the Legislature’s intent to have the resources necessary to meet the future needs of CalFire and to ensure that in the event of a major disaster, such as the 2003 Southern California fire siege, adequate resources would be available to deploy quickly and efficiently.

***Helicopter Procurement Process.*** CalFire and the Department of General Services (DGS) initiated a helicopter procurement process in February 2015 by drafting a Request for Information (RFI), which was released to the bidding community on April 15, 2015. An RFI is used to solicit additional information from potential vendors on what goods and/or services might be purchased in the future. The responses were due to DGS on May 1, 2015. DGS and CalFire worked through the summer and fall of 2015 to prepare helicopter specifications for a bid solicitation based on the information received. The helicopter specifications are the equivalent of the business needs of the helicopter in that they describe what the helicopter must be capable of doing so CalFire can fully meet its operational needs.

On January 18, 2016, DGS released an Invitation for Bid (IFB), with bids due to DGS on February 22, 2016. Based on this procurement schedule, the Department of Finance included a placeholder of \$100 million General Fund in the FY 2016-17 Governor's budget, anticipating at the time that a spring budget request would be made. It was the intention that the spring proposal would include a funding request for FY 2016-17, and detail the multi-year acquisition, support, and capital outlay costs associated with replacement helicopters.

On February 22, 2016, at the request of several helicopter vendors, DGS extended the closing date for bids to March 8, 2016. On that date, DGS conducted a public opening of vendor bids. DGS decided to cancel the IFB on March 21, 2016 because of ambiguities in the helicopter specifications language. DGS and CalFire then drafted more refined and precise language for the helicopter specifications to address the vendor concerns identified from the canceled IFB. DGS and CalFire both agreed to a project schedule that would allow the state to begin another competitive procurement process.

A Request for Proposal (RFP) was issued by DGS in March 2017 with a due date in April 2017. All bids were determined to be non-compliant and deemed drafts. In May 2017, DGS re-released the RFP to the vendor community with a due date in June 2017. DGS and CalFire reviewed the proposals and determined that two vendors offered three helicopter models that were potential candidates. After the administrative and technical reviews were completed on each helicopter make and model, it was further determined that one was non-compliant with the administrative and technical components of the request. The remaining two makes and models were determined to be compliant.

On August 2, 2017, DGS posted an Intent to Award to Air Methods/United Rotorcraft, with the technically and administratively compliant Sikorsky S-70i. The unsuccessful bidder, AgustaWestland Philadelphia Corporation, filed a protest on August 15, 2017. The Office of Administrative Hearings assigned an Administrative Law Judge (ALJ) to act as an arbitrator to hear the protest. On December 6, 2017, the ALJ ruled and found that various points assigned to the bidders in the bid evaluations needed to be adjusted based on testimony received at the hearing. However, the ALJ found that the Intent to Award was correctly offered to Air Methods/United Rotorcraft and denied the bid protest. DGS and CalFire were advised of the ALJ's decision on December 11, 2017.

***The Two Competing Helicopters.*** To better understand the costs associated with each helicopter, CalFire has provided the chart below:

## HELICOPTER COMPARISONS

### Tanked Helicopter Costs

Costs	AgustaWestland AW-189	Sikorsky S70i
Base cost	\$16,209,717	\$18,064,251
Equipment	\$1,033,270	\$4,352,613
Training	Included in base cost	\$210,652
Subtotal	\$17,242,987	\$22,627,516
Tax (7.75%)	\$1,336,332	\$1,753,632
DGS Fees (1.35%)	\$232,781	\$305,471
Grand Total	\$18,812,100	\$24,686,620

### Bucketed Helicopter Costs

Specifications	AgustaWestland AW-189	Sikorsky S70i
Base cost	\$16,209,717	\$18,064,251
Equipment	\$165,673	\$2,661,776
Training	Included in base cost	\$210,652
Subtotal	\$16,375,390	\$20,936,679
Tax (7.75%)	\$1,269,093	\$1,622,593
DGS Fees (1.35%)	\$221,068	\$282,645
Grand Total	\$17,865,551	\$22,841,917

\* Costs are based on like items using respective vendor contract price sheets. \*\*AgustaWestland costs do not include the costs associated with simulator training required and located in Sesto Calende, Italy. \*\*\* Training costs are based on (2) pilots and (2) mechanic staff per helicopter purchased.

Examples of items included under the “equipment” category are hoists, tanks, communications equipment, and extended landing gear.

**Future Capital Outlay Budget Impacts.** CalFire helicopters are located at 10 helitack bases spread across the state. Nine of these helitack bases will need future capital improvements to accommodate the new helicopters. In total, CalFire estimates future incremental infrastructure costs of \$26 million to accommodate the new helicopters and the transition to night flight. These costs include: nine new hangars estimated at \$2.5 million per hangar, for a total of \$22.5 million, and five permanent barracks for the bases that will support night flight at \$800,000 per barracks, for a total of \$4 million. Five of the ten helitack bases have been included in the state’s 2018 Five-Year Infrastructure Plan and are currently in various stages of the capital outlay process.

**Staff Comments.** When CalFire first acquired the current fleet of Vietnam-era helicopters from federal military, the plan was to use them for 20 years based on the projected availability of parts to support operations. Use of these helicopters has been about 30 years. Since then, the Federal Aviation Administration guidelines have evolved; and replacement parts have been more difficult to find and at times need to be fabricated.



The process to replace these helicopters has been a three-year ordeal with multiple hiccups along the way. However, while there has been controversy over the bidding process, ALJ found that the intent to award was offered to the appropriate bidder.

The higher cost of these helicopters is a result of several factors. For example, the chart above shows that the tax for a single helicopter is over \$1 million. According to DOF, the amount cited in the original BCP was a placeholder and was not intended to be the ceiling. In addition, these helicopters are tailored for specific use by CalFire, which demands certain add-ons and retrofits.

The current fleet of helicopters has served the state well, but replacement helicopters are needed. However, when considering the somewhat turbulent procurement process, the individual cost of each helicopter for purchase is over double the amount of the original placeholder, and that the overall cost of these helicopters, including infrastructure, amounts to over \$300 million, it is certainly understandable for this proposal to give the Senate pause as to whether the state is getting its money's worth or buying more than what it actually needs.

**Staff Recommendation.** Hold open.