

SUBCOMMITTEE NO. 4

Agenda

Senator Richard D. Roth, Chair
Senator Steven M. Glazer
Senator Scott Wilk



Tuesday, May 15, 2018
9:00 a.m.
State Capitol - Room 2040

Consultant: Renita Polk

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PROPOSED FOR VOTE ONLY**0690 OFFICE OF EMERGENCY SERVICES****Issue 1: Nonprofit Security Grant Program – May Revision BCP**

Proposal. The May Revision proposes a one-time augmentation of \$500,000 Anti-Terrorism Fund to enhance the California Nonprofit Security Grant Program.

Background. The Nonprofit Security Grant Program is administered by the Federal Emergency Management Agency (FEMA) to provide support for target hardening and other physical security enhancements to nonprofit organizations that are at high risk of terrorist attack. The program also serves to promote coordination and collaboration in emergency preparedness activities. Grant funding is awarded on a competitive basis. Scoring criteria was established and based on threat, vulnerability, and consequences faced by a specific facility or location.

FEMA's guidelines limit the grant funding to specific urban areas. Providing state funding to enhance the federally funded program opened up the program to recipients who were not located in these specific areas and were not eligible for federal grants, but met other eligibility requirements. In 2017-18 OES received 106 applications for funding but was only able to fund 28 recipients.

Staff Recommendation. Approve as budgeted.

Issue 2: Disaster Service Worker Volunteer Program – May Revision BCP

Proposal. The May Revision proposes \$675,000 General Fund in 2018-19 and annually thereafter for the Disaster Service Worker Volunteer Program (DSWVP) to provide workers' compensation benefits to injured volunteers and survivors and issue medical provider payments.

Background. The DSWVP was established in 1946 and has been an annually budgeted program since its inception. The program provides workers' compensation benefits for volunteers who are injured while performing disaster related activities. OES establishes rules and regulations governing the DSWVP. Since 2014-15, OES has requested and received additional funding for the program through provisional language to address the continual increase of costs in disability benefits and medical provider expenses of which the DSWVP has not been adjusted to match. An increase in the DSWVP is needed to pay claimant disability benefits, awards, and medical provider expenses without delay, and to avoid paying 25 percent in penalty and interest fees. Local jurisdictions and the state benefit from utilizing volunteers in lieu of paid staff, which are cost-effective and more practical given the shortage of personnel in many local areas.

Staff Recommendation. Approve as budgeted.

Issue 3: Situational Awareness and Collaboration Tool – May Revision BCP

Proposal. The May Revision includes \$353,000 General Fund, \$325,000 reimbursement authority, and two positions in 2018-19 and annually thereafter for the management, administration, and maintenance of the Situational Awareness and Collaboration Tool.

Background. In May 2015, OES and the California Department of Forestry and Fire Protection (CAL FIRE), along with the Department of Homeland Security, began the deployment of a state-managed system, branded SCOUT, which provides an information sharing environment to facilitate operational and tactical collaboration among emergency responders and interagency situational awareness. This is a web and mobile application that allows emergency responders to upload and access pertinent emergency information.

Currently, workload related to SCOUT at OES has been related to training local agencies on the use of SCOUT. The workload has been increasing as more local agencies have expressed interest in joining. Due to the increased workload, OES has a backlog of local agencies waiting to get access to SCOUT.

This proposal includes funding for two positions: a Program Manager II position to administer and oversee the SCOUT platform, and an Emergency Management Coordinator Instructor II position to provide statewide training. On February 26, 2018, the SCOUT Executive Committee approved a fee model in which SCOUT participating agencies will contribute their share of fixed costs and agency usage fees. The increase of \$325,000 in reimbursement authority will provide flexibility for OES to receive reimbursements from local participating agencies.

Staff Recommendation. Approve as budgeted.

Issue 4: Recovery Program Workload Increase – May Revision BCP

Proposal. The May Revision proposes 81 positions, \$8.4 million Federal Trust Fund, and \$2.8 million General Fund for three years, beginning in 2018-19, to manage increased workload related to disaster recovery activities.

Background. Critical to the emergency management process is the recovery from state and federally declared disasters. OES' Response and Recovery program staff work with affected jurisdictions impacted by disasters by administering the California Disaster Assistance Act (CDAA) and federal disaster programs. OES' Public Assistance program oversees every aspect of the recovery process.

In 2016-17 and 2017-18, California was impacted by an unprecedented 56 federal and state disasters. Current staffing within the recovery programs are beyond their workload capacities. This request proposes increased staffing related to the workload from these disasters.

FEDERAL DISASTERS	
FISCAL YEAR 2017 - 2018	
Disaster Name	
December 2017 California Wildfires & Debris Flows	
December 2017 California Wildfires	
Lilac 5 Fire	
Skirball Fire	
Rye Fire	
Creek Fire	
Thomas Fire	
October 2017 California Wildfires	
Canyon 2 Fire	
Patrick Fire	
Sulphur Fire	
Nuns Fire	
Redwood/Potter Fires	
La Porte Fire	
Lobo Fire	
Cascade Fire	
Tubbs Fire	
Atlas Fire	
Canyon Fire	
Pier Fire	
Mission Fire	
Railroad Fire	
La Tuna Fire	
Helena Fire	
Detwiler Fire	
Wall Fire	

STATE DISASTERS	
STATE FISCAL YEAR 2017 - 2018	
Disaster Name	
December 2017 California Wildfires & Debris Flows	
Inyo/Mono Snowmelt	
Ponderosa Fire	
October 2017 Wildfires	
Alamo and Whittier Fires	
Helena Fire	
Modoc County Wildfires	
Wall Fire	
Detwiler Fire	

**FEDERAL DISASTERS
FISCAL YEAR 2016 - 2017**

Disaster Name
February 2017 Storms
Late January 2017 Storms
Potential Failure of Oroville Dam Emergency Spillway
January 2017 Storms
Cedar Fire
Blue Cut Fire
Chimney Fire
Clayton Fire
Pilot Fire
Goose Fire
Soberanes Fire
Sand Fire
Sage Fire

**STATE DISASTERS
STATE FISCAL YEAR 2016 - 2017**

Disaster Name
February 2017 Storms
Late January 2017 Storms
January 2017 Storms
December 2016 Storms
Clayton Fire
Erskine Fire
March 2016 Storms
Pacifica Storms

A summary of the positions being requested and their associated duties are detailed in the table below.

Program	Positions	Duties
Public Assistance	37	Coordination of recovery efforts, validation of initial damage estimates, and additional administrative activities.
Fire Management Assistance Grant and Disaster Closeout	11	Performing preliminary damage assessments for fire disaster-affected public facilities, writing initial project worksheets and damage survey reports, conducting applicant briefings, and submitting quarterly progress reports to FEMA.
Grants Processing/Correspondence and Documentation Quality Control	12	Oversight of processing grant obligations, manage financial document processing, provide financial technical assistance, maintain file-tracking database, prepare responses to and maintain records and correspondence.
Administration and Information Technology	21	Payment processing, expenditure tracking, IT support, and grant tracking infrastructure.

Staff Recommendation. Approve as budgeted.

0890 SECRETARY OF STATE**Issue 1: CAL-ACCESS Replacement Project – May Revision BCP**

Proposal. The May Revision includes a one-time augmentation of \$14.8 million (General Fund), \$1 million (Political Disclosure, Accountability, Transparency, and Access Fund), continued funding for two positions received in 2017-18, five additional positions, and contracted services.

Background. SB 1349 (Hertzberg), Chapter 845, Statutes of 2016, established new functional requirements for the California Automated Lobbying and Campaign Contribution and Expenditure Search System (CAL-ACCESS). The current system cannot meet these new requirements. The current system is a conglomeration of applications that were developed at different times using multiple, now-obsolete coding languages and technologies. The current campaign finance and lobbying activity process is an inefficient process that does not meet the needs of many stakeholders. SB 1349 requires the development of a new, automated campaign and lobbying reporting and disclosure system.

The requested resources will allow the SOS to hire staff and procure consulting services necessary to design and implement a CAL-ACCESS replacement system. The request will continue funding for a System Software Specialist III position and a Senior Programmer Analyst position received in 2017-18. These positions will manage project data and serve as core programmer, respectively. In addition a Research Analyst II position, two Associate Governmental Program Analyst positions, and one Attorney I position are requested. The additional positions will be involved in research and analysis, customer support, outreach and training, and legal support.

The SOS anticipates making future funding requests in 2019-20 and 2020-21 to complete the project and to transition to maintenance and operations thereafter.

Staff Recommendation. Approve as budgeted.

Issue 2: Cyber Security Program Enhancement – May Revision BCP

Proposal. The May Revision includes an augmentation of \$1.01 million (\$759,000 Business Fees Fund and \$251,000 General Fund) in 2018-19 and one position to address information security and cyber security vulnerabilities and threats within the SOS. \$805,000 (\$605,000 Business Fees Fund and \$200,000 General Fund) of that augmentation is ongoing.

The \$1.01 million 2018-19 request includes:

- \$160,000 for new staff IT resources
- \$125,000 for position re-classification
- \$50,000 for training
- \$200,000 for contracted services for one-time security risk solution implementation
- \$475,000 for procurement of security solution subscriptions and licenses

The \$805,000 ongoing request includes:

- \$155,000 for continuing staff IT resources
- \$125,000 for position re-classification
- \$50,000 for training
- \$475,000 for maintenance of security solution subscriptions and licenses

Background. Cyber security threats continue to increase in frequency and sophistication. Proper cyber security defenses are needed to effectively detect and protect against these threats. Continuous improvement of the SOS cyber-security programs requires considerable, sustained, and dedicated effort. The additional resources requested are essential to achieve this objective and secure and protect critical information. Current resources are insufficient to adequately perform some of the functions essential to sustain the SOS cyber-security program. The requested resources will enable SOS to enhance its security tools and solutions required to protect information against emerging threats.

Staff will be provided with training to keep current with new threats, new technology, and new security solutions. Funding will also be provided for ongoing licenses and subscriptions for security solutions and contract consultants for one-time implementation of security solutions.

Staff Recommendation. Approve as budgeted.

7502 CALIFORNIA DEPARTMENT OF TECHNOLOGY (CDT)**Issue 1: Procurement Authority – May Revision TBL**

Proposal. The May Revision includes trailer bill language that modifies statute dealing with procurement authority of information technology (IT) goods and services.

Background. The CDT proposes several clarifying amendments to the Public Contract Code (PCC) to delineate between those information technology (IT) procurements that CDT has authority over versus IT procurements that the Department of General Services (DGS) has authority over. CDT indicates that, as currently written, the PCC does not accurately describe what an IT project is, which causes confusion at the department level regarding which procurements CDT and DGS have authority over.

The proposed amendments primarily include adding the phrase “goods and services related to information technology projects” where references to IT projects are found. The problem, as described by CDT, is that IT projects are not procured as a single item and are more accurately described from a procurement perspective as a collection of IT good and service procurements. Amendments also specify that only those IT procurements not related to an IT project are to be conducted under the authority of DGS, unless otherwise delegated.

The proposed amendments are clarifying only and therefore do not impact CDT’s or DGS’ budget. CDT stated it may redirect positions internally if these amendments increase its procurement related workload.

Staff Recommendation. Adopt proposed trailer bill language.

PROPOSED FOR DISCUSSION**8260 CALIFORNIA ARTS COUNCIL****Issue 1: Local Programming Augmentation – May Revision BCP**

Proposal. The May Revision includes a one-time augmentation of \$5 million with provisional language to make this funding available for expenditure and encumbrance for three years, and authority to transfer up to \$250,000 for administrative costs. These funds will allow the California Arts Council (CAC) to meet the increased demand in all grant programs.

Background. The CAC is California's state arts agency and is mandated to invest in nonprofit organizations and local government, via competitive grant programs, to ensure that arts and culture are accessed throughout California. With current funding, the CAC is able to provide grants to approximately six percent of the total applicants. In 2017-18 the CAC will award \$16.3 million in about 1,000 direct grants through fifteen unique, competitive grant programs.

With this augmentation CAC seeks to impact the entire CAC grant portfolio and establish a contract to evaluate the design and implementation of the current grant portfolio. The requested augmentation will ensure that a larger portion of projects in communities across all counties will receive CAC support. Further, the proposed funding would provide resources to assess the effectiveness of the CAC's grant making structure, outreach strategies, and conduct a gap analysis so that the CAC can effectively respond to the need. The text of the proposed provisional language is below.

Add the following provision to Item 8260-101-0001:

2. Of the amount appropriated in this item, \$5,000,000 shall be used for arts programming grants and shall be made available for encumbrance or expenditure until June 30, 2021, after which any unexpended funds shall revert to the General Fund. Of the \$5,000,000 appropriated, upon order of the Director of Finance, up to 5 percent may be transferred to Schedule (1) of Item 8260-001-0001 for the administration of arts programming grants and shall be available for encumbrance or expenditure until June 30, 2021, after which any unexpended funds shall revert to the General Fund.

LAO. The LAO suggests that the Legislature ask CAC to provide additional information on what portion of funding they anticipate using for evaluation, and how they anticipate conducting any evaluation activities to ensure that the results are credible and independent.

Staff Comment. The subcommittee may wish to inquire about the amount of funding that will go towards evaluating the design and implementation of the current grant portfolio.

Staff Recommendation. Approve as budgeted.

8620 FAIR POLITICAL PRACTICES COMMISSION (FPPC)

The subcommittee heard the following issues during its April 5, 2018, hearing.

Issue 1: Mass Mailing Prohibition (SB 45)

Budget. The FPPC requests increased expenditure authority of \$147,000 (General Fund) in 2018-19 and \$140,000 (General Fund) annually thereafter to fund an existing but unfunded position to implement the provisions of SB 45 (Mendoza), Chapter 827, Statutes of 2017.

Issue 2: Advertisement Disclosure and Earmarking of Funds (AB 249)

Budget. The FPPC requests increased expenditure authority of \$420,000 (General Fund) in 2018-19 and \$400,000 (General Fund) in 2019-20 and 2020-21 to fund three existing but unfunded positions to implement the provisions of AB 249 (Mullin), Chapter 546, Statutes of 2017.

Legislative Analyst's Office (LAO). At the April 5, 2018, hearing the subcommittee directed the LAO to review the FPPC's budget and workload to determine if the commission receives sufficient resources. The LAO published an online analysis of the FPPC on May 7, 2018. The LAO determined that the annual reports published by the commission do not provide sufficient information for oversight. There are no data presented in the report that indicate that FPPC accomplishes its work in a timely manner or that it meets public demand for advice and information. With the current information available, the LAO found it difficult to determine whether FPPC's current staffing and appropriation levels are sufficient. The LAO recommends the Legislature adopt the following language be added to Item 8260-001-0001 of the budget act.

Provisions:

1. Not later than January 10 of each year, the Fair Political Practices Commission shall report workload metrics to the fiscal committees of the Legislature, the Legislative Analyst's Office, and the Department of Finance. When possible, the report shall provide data for the past five fiscal years and distinguish workload by division. The report shall include, but not be limited to, the following:

(a) Data collected regarding enforcement of the Political Reform Act of 1974. These data shall include, but not be limited to, the number of complaints received, the number of referrals received, the number of cases opened, the number of cases with resolutions approved by the Commission (distinguished by streamline, mainline, and default cases approved by the Commission), total fines imposed by the commission, the number of warning letters issued, the number of administrative terminations, the number of cases closed with violations found, the number of advisory letters issued, the number of no action closure letters issued, and the average case pendency by category of violations under the act.

(b) Data collected from the advice phone system. These data shall include, but not be limited to, the average amount of time people wait on the phone before their call is answered and the average length of accepted calls.

(c) Data regarding informal advice issued by email. These data shall include, but not be limited to, the number of emails received, the number of advice emails responded to within 24 hours from receipt, and the number of advice emails responded to after more than 24 hours from receipt.

(d) Data regarding responsiveness to public demand for information. These data shall include, but not be limited to, the number of workshops or presentations requested by the public or a public agency and the number of workshops or presentations performed.

(e) Data regarding advice letters issued pursuant to Section 83114 of the Government Code. These data shall include, but not be limited to, the number of advice letters issued and the number of instances where it took the Commission longer than 21 days to issue an advice letter.

(f) Data regarding advice letters issued pursuant to Section 1090 of the Government Code. These data shall include, but not be limited to, the number of advice letters issued, the number of instances where it took the Commission longer than 30 days to issue an advice letter, and the number of instances where it took the Commission longer than 90 days to issue an advice letter.

0690 OFFICE OF EMERGENCY SERVICES

Issue 1: Hazard Mitigation Program Workload Increase – May Revision BCP

Proposal. The May Revision includes 23 positions and \$3.22 million Federal Trust Fund for three years, beginning in 2018-19, to manage the increased workload in hazard mitigation activities.

Background. Mitigation is the effort to reduce the loss of life and property by lessening the impact of disasters. The federal government provides mitigation funding to states. California is eligible for twenty percent of total costs in hazard mitigation funding, not to exceed \$35.33 billion. California has maintained an enhanced status by demonstrating it has developed a comprehensive mitigation program, allowing for increased funding from the federal government. The Federal Emergency Management Agency (FEMA) provides funding to states through the Hazard Mitigation Grant Program (HMGP). In California, the HMGP unit within OES administers these funds. In 2017-18, based on federal declarations, the below federal funds are available to California for mitigation projects (as of May 7, 2018).

Disaster Number	Disaster Title	Funding Amount
DR4301	January 2017 Storms	22,097,355
DR4305*	Late January 2017 Storms	10,136,842
DR4308	February 2017 Storms*	78,411,411
DR4344	October 2017 California Wildfires*	333,165,681
DR4353	December 2017 California Wildfires and Debris Flows*	56,661,168
Total		\$ 500,472,457

A breakdown of the requested positions and their duties are listed in the table below.

Unit	Number of positions	Duties
HMGP	12	Provide subject matter expertise to local governments, administer the HMGP, establish mitigation priorities, and implement mitigation measures.
Monitoring	1	Provide technical assistance and guidance, gauge compliance with federal and state regulations, ensure submitted expenditures are appropriate.
Grants Processing	2	Oversight of processing grant obligations, manage financial document processing, provide financial technical assistance.
Correspondence/ Documentation Quality Control	3	Maintain file-tracking database, prepare responses to and maintain records and correspondence.
Account, Fiscal/Budgets, IT, and Audits	5	Payment processing, expenditure tracking, IT support, grant tracking infrastructure, and audit coordination.

LAO. No specific concerns with the requested staff and funding amounts have been raised. However, the LAO notes that the Hazard Mitigation funds represent a large one-time source of funding, the significant majority of which has not been allocated. Notably, the state (through OES) administers the Hazard Mitigation funds, which can be used by state agencies, tribes, non-profits, and local governments. These funds are intended to reduce the risk and impact of future disasters and can support various activities, such as mitigating flood and drought conditions and wildfire risks. The budget includes substantial funding—from the General Fund and various special funds—for activities that could potentially be funded using these Hazard Mitigation funds instead, thus freeing up these funds for other high priorities. Accordingly, the Legislature may wish to ask the administration (1) what the current process is for determining which projects will be funded; (2) which May Revision proposals—particularly for levee maintenance and wildfire prevention—could be funded by Hazard Mitigation funds, and (3) why this source of funding was not proposed for those activities.

Staff Comment. The subcommittee may wish to inquire about the process for determining which projects will be funded and which other projects could be funded by Hazard Mitigation funds.

Staff Recommendation. Approve as budgeted.

Issue 2: Emergency Response Operations – May Revision BCP

Proposal. OES requests \$1.6 million (General Fund) and 8 positions in 2018-19, and \$1.5 million General Fund in 2019-20 and annually thereafter to support local agencies and coordinate emergency response activities.

Background. OES is charged with assuring the state’s readiness to respond to and recover from all hazards. OES coordinates the overall state response to major disasters in support of local government by managing multi-jurisdictional efforts. Significant increases in the frequency, magnitude, and scope of disasters have increased the demand for state emergency response personnel. The table below details the frequency of disasters in California over the last several years.

	2012	2013	2014	2015	2016
CA Population	38,041,000	38,373,000	38,739,000	39,060,000	39,354,000
State-Only Disasters	0	2	9	4	5
Federally-Declared Disasters	3	8	17	6	13

OES is requesting two law enforcement Assistant Chief positions within its Law Enforcement and Homeland Security Branch. The branch oversees the primary fusion center, which operates as an intelligence information sharing environment. Fusion centers function as the focal points for the receipt, analysis, gathering, and sharing of threat-related information. The requested positions will collaborate with all levels of government and provide increased information sharing. Specific duties of these positions include reviewing mutual aid agreements, coordinating with regional administrators, and assisting with and evaluating trainings related to law enforcement and terrorism events.

OES is also requesting six Emergency Service Coordinators (ESCs) within its Regional Response and Readiness Branch. The positions will support regional operations and response to disasters. ESCs will facilitate multi-jurisdictional and multi-hazard planning and exercises. The additional positions will also allow for resources to be provided to disaster victims in a timelier manner. Specific duties of these positions include conducting disaster council meetings and regional incident reviews, reviewing local government disaster plans, and emergency communication training.

LAO. This proposal would fund additional Law Enforcement and Homeland Security Branch and Regional Response and Readiness staff. In the past, the LAO has raised concerns about the justification of the level of proposed additional staff in these areas. This proposal provides some additional information beyond what the LAO has previously received, but the LAO continues to find it difficult to assess—based on the information provided—whether this is the appropriate level of ongoing staffing, particularly given the compressed time frame of the May Revision. Accordingly, to the extent that the Legislature desires to fund these staff increases, the LAO recommends doing so on a two-year limited term basis in order to provide the Legislature with an opportunity to re-evaluate the staffing level with the benefit of additional time and information from the department.

Staff Recommendation. Hold open.

Issue 3: Regional Hazardous Material Response Program – May Revision BCP

Proposal. The May Revision proposes five positions and \$3.4 million General Fund in 2018-19 and \$3.1 million General Fund in 2019-20 and 2020-21 to continue implementation of the Regional Hazardous Materials Response Program.

Background. California is the third largest refining state, and as such, sees a significant amount of hazardous materials transported into and throughout the state. Transporting highly flammable hazardous materials has resulted in a threat to the state. SB 84 (Committee on Budget and Fiscal Review), Chapter 25, Statutes of 2015, required OES to provide regional and onsite response capabilities in the event of a release of hazardous materials from a railcar or railroad accident. In 2014 and 2015-16, \$20 million was provided to assist OES in meeting this responsibility.

The \$20 million in previous funding allowed OES to purchase twelve type II hazardous materials response vehicles. The vehicles will be strategically located in rural and metropolitan fire departments. Across the state, local response agencies lack the resources necessary to respond to these kinds of incidents. These vehicles will provide those resources. The funds requested in the May Revision will provide for continued refresher and attrition training for the personnel staffing the vehicles, maintenance and fuel costs for the vehicles, and OES staff to oversee the program. The request is for three years so that OES can evaluate the program implementation and submit a more refined long-term plan with actual cost data in the future.

LAO. This proposal would provide General Fund resources for a three-year period to support 12 hazardous materials response vehicles that the state procured for use by local jurisdictions to respond to hazardous material releases from railcars. The state procured these vehicles using loans from other funds with the expectation that they—along with future associated ongoing costs such as for training and equipment for local teams that staff these vehicles and statewide emergency coordination activities—would ultimately be funded by a fee on hazardous materials moving by rail. Due to a pending lawsuit arguing that the charge is a tax rather than a fee, this proposal requests General Fund to support ongoing costs on a three-year basis.

The LAO has not raised specific concerns about the concept of providing some resources to support these vehicles. However, there is little time to evaluate this proposal and determine if it proposes the appropriate funding level or source. Accordingly, the LAO recommends that the Legislature fund these costs on a one-year basis. This would ensure that these vehicles could be transferred to jurisdictions and used in 2018-19, but would allow the Legislature time to reevaluate the proposed level of resources and source of funds with the benefit of more time. The LAO further recommends that the Legislature direct OES to include in any future proposal a discussion of its plan for funding ongoing costs (and the loan repayments)—whether from the General Fund or another source, such as a charge on hazardous materials by rail passed as a tax or a broader fee on hazardous materials transported by other means (not just rail).

Staff Comment. Staff recommends the subcommittee direct OES to include a discussion of its plan for funding ongoing costs in any future proposal.

Staff Recommendation. Hold open.

Issue 4: California Public Safety Microwave Network (CAPSNET) – May Revision BCP

Proposal. The May Revision proposes \$15 million State Emergency Telephone Number Account (SETNA) and ten positions in 2018-19. This would begin a five year plan to upgrade the CAPSNET at a total project cost of \$78.3 million SETNA and seventeen positions. A table detailing the funding request by year is below.

Funding Request by Year <i>(Dollars in thousands)</i>					
	2018-19	2019-20	2020-21	2021-22	2022-23
Positions	10	12	17	17	17
Staffing	\$1,587	\$1,844	\$2,553	\$2,553	\$2,553
Build-out Contract	\$12,440	\$12,440	\$12,440	\$12,440	\$12,440
Maintenance/Licensing	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Total	\$15,027	\$15,284	\$15,993	\$15,993	\$15,993

Background. California's current analog microwave network has been in service for more than 50 years. The statewide microwave network enables a greater communication coverage area for first responders. While the current network has been adequate up until now, it is in need of a major upgrade. In addition, the current network is unable to support a backup wireless network for the state's 9-1-1 public services answering points.

The effort to upgrade from the current network to an advanced digital network will require a significant amount of resources. The existing number of engineers does not have the capacity to upgrade the network and support current customer needs. An advanced digital network will allow OES to migrate from using fourteen different types of analog systems to one platform. Much of the CAPSNET equipment is beyond its useful life and it is often difficult to find replacement equipment. Although more efficient and resilient, the digital equipment is more complex than current equipment and will require regular lifecycle replacement about every five years. The digital equipment also requires maintenance and license agreements. At full build out, annual license and maintenance agreements are expected to cost \$1 million.

LAO. This proposal would support a five year plan to upgrade the state's Public Safety Microwave Network. This is a significant and technically complex proposal that is difficult to evaluate in the short period provided in the May Revision. Accordingly, the LAO recommends that the Legislature ask the department why it was not proposed in January or could not wait until the 2019-20 budget. While the LAO recognizes the value of having an updated system, a January proposal would give the Legislature more time to assess the specifics of this proposal

and ensure that they are reasonable. The LAO continues to discuss this issue with the department and will provide the committees additional information as it becomes available.

Staff Comment. This proposal is contingent upon approval of trailer bill language regarding the SETNA fee structure that was discussed in this committee on April 5, 2018. The proposal was held open pending final agreement between OES and stakeholders.

Staff Recommendation. Hold open.

Issue 5: Disaster Response-Emergency Operations Account – May Revision TBL

Proposal. The May Revision proposes trailer bill language that clarifies that allocations to the Disaster Response-Emergency Operations Account (DREOA) may be used for activities that commence within 120 days after a proclamation of emergency by the Governor.

Background. The DREOA within the Reserve for Economic Uncertainties was created for reimbursement of extraordinary emergency or disaster response operation costs incurred by state agencies and by state-requested local agencies as a result of a state of emergency proclamation by the Governor. The proposed language clarifies that activities funded by the DREOA must begin within 120 days after a proclamation of emergency. Current language states that activities must occur within those 120 days. The language also repeals the sunset date of January 1, 2019. Text of the proposed language is on the following pages.

LAO. In some cases there can be a need for urgent disaster response activities to continue to take place beyond 120 days. However, the LAO is concerned that allowing the use of these funds for activities that commence within 120 days could allow for activities to be funded for an extended period of time without Legislative notification or approval. In some cases, these activities may be more appropriately funded on a long-term basis through the traditional budget process. Accordingly, the LAO recommends maintaining the requirement that costs occur within 120 days, but allowing for an extension to this timeframe—for example for up to another 120 days—with an additional notification to the Joint Legislative Budget Committee (JLBC). This additional notification should include key information necessary for the JLBC to be able to assess the reasonableness of the request for additional time, including (1) the estimated additional amount of time required, (2) the reason(s) for the additional time required, (3) and the reasons why the traditional budget process could not be used to request funding for the response costs that occur beyond the initial 120 day period.

Staff Comment. There is a concern that this language will change what can be interpreted as a narrow window (120 days) to an unlimited length of time. If any disaster response activities begin within 120 days of an emergency they can continue indefinitely and be funded through a continuous appropriation. It is important to note that there is a clear distinction between “response” and “recovery” activities. Response activities are immediate and tend to deal with an emerging or ongoing crisis. Recovery activities generally begin after the immediate threat to the public has passed. The subcommittee may wish to add additional language clearly defining response and recovery activities to address this concern. In addition, the subcommittee may wish to modify language requiring notification to JLBC when an extension is requested. The notification should include the key information suggested by the LAO above.

Staff Recommendation. Hold open.

Section 1. Section 8690.6 of the Government Code is amended to read:

"8690.6. (a) The Disaster Response-Emergency Operations Account is hereby established in the Special Fund for Economic Uncertainties. Notwithstanding Section 13340, moneys in the account are continuously appropriated, subject to the limitations specified in subdivisions (c) and (d), without regard to fiscal years, for allocation by the Director of Finance to state agencies for disaster response operation costs incurred by state agencies as a result of a proclamation by the Governor of a state of emergency, as defined in subdivision (b) of Section 8558. These allocations may be for activities that ~~occur~~ commence within 120 days after a proclamation of emergency by the Governor.

(b) It is the intent of the Legislature that the Disaster Response-Emergency Operations Account have an unencumbered balance of one million dollars (\$1,000,000) at the beginning of each fiscal year. If this account requires additional moneys to meet claims against the account, the Director of Finance may transfer moneys from the Special Fund for Economic Uncertainties to the account in an amount sufficient to pay the amount of the claims that exceed the unencumbered balance in the account.

(c) Funds shall be allocated from the account subject to the conditions of this section and upon notification by the Director of Finance to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the fiscal committees in each house.

(d) Notwithstanding any other law, authorizations for acquisitions, relocations, and environmental mitigations related to activities, as described in subdivision (a), shall be authorized pursuant to this section. However, these funds shall be authorized only for needs that are a direct consequence of the proclaimed emergency if failure to undertake the project may interrupt essential state services or jeopardize public health or safety. In addition, any acquisition accomplished under this subdivision shall comply with any otherwise applicable law, except as provided in the first sentence of this subdivision.

(e) Funds allocated under this section shall not be used to supplant federal funds otherwise available in the absence of state financial relief.

(f) The amount of financial assistance provided to an individual, business, or governmental entity under this section, or pursuant to any other program of state-funded disaster assistance, shall be deducted from sums received in payment of damage claims asserted against the state, its agents, or employees, for causing or contributing to the effects of the proclaimed disaster.

(g) Any public entity administering disaster assistance to individuals shall not receive funds under this section unless it administers that assistance pursuant to the following criteria:

- (1) All applications, forms, and other written materials presented to persons seeking assistance shall be available in English and in the same language as that used by the major non-English-speaking group within the disaster area.
- (2) Bilingual staff who reflect the demographics of the disaster area shall be available to applicants.

(h) Notwithstanding any other law, funds in the Disaster Response-Emergency Operations Account shall not be expended for conditions in the state's prisons, medical facilities, or youth correctional facilities resulting solely from the action or inaction of the Department of Corrections and Rehabilitation in administering those facilities.

~~(i) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date."~~

Issue 6: Consolidation of Victims Programs

Proposal. The May Revision includes provisional language to require OES and the California Victims Compensation Board to consider the consolidation of victims programs under one organization.

Background. California funds services to victims of crimes a variety of programs, administered by different entities, including: the Victim Compensation Board (VCB), the Governor's Office of Emergency Services (OES), the Department of Justice (DOJ), and the California Department of Corrections and Rehabilitation (CDCR). The proposed language requires the VCB and OES to work together to develop options and a recommendation for combining the state's victims programs under one organization. The language requires a report to be provided to the Department of Finance and the Governor's Office by October 15, 2018. Text of the provisional language is below.

Add the following provision to Item 0690-001-0001:

2. The Governor's Office of Emergency Services and the California Victims Compensation Board shall work together to develop options and a recommendation for combining the state's victims programs under one organization. Given the significant impact that the state's programs have on victims and their survivors, the state shall consider combining the state's victims programs into a single lead agency to best serve crime victims. A report shall be provided to the Department of Finance and the Governor's Office by October 15, 2018, for consideration in the 2019-20 Governor's Budget.

Staff Comment. Staff notes that this language aligns with recommendations made by the LAO in a March 2015 report, and with staff recommendations made in an April 21, 2016, joint informational hearing for Subcommittee No. 4 and 5. However, the subcommittee may wish to include language requiring the report to be submitted to the relevant policy and budget committees of the Legislature.

Staff Recommendation. Hold open.

Issue 7: California Disaster Assistance Act Adjustment

Proposal. The May Revision includes an increase of \$49.5 million General Fund to reflect updated CDAA projections.

Background. The January budget proposed \$33.1 million General Fund in 2018-19 and \$23.5 million General Fund ongoing to support CDAA. If the proposed augmentations are approved by the Legislature the General Fund would provide \$121.7 million for CDAA in 2018-19. Most of the proposed increase for 2018-19 is attributable to costs associated with helping local communities recover from the January and February 2017 storms. In addition, the budget included one-time General Fund in 2018-19 for OES activities primarily related to the October and December fires. The table below details projected CDAA expenditures in 2018-19.

DISASTER		FISCAL YEAR 2018/19		
		2018-19 Proposed Governor's Budget	Total Projected Expenditures	Projected Surplus / (Deficiency)
DR1505 (2003-05)	San Simeon EQ	\$ 200,000	\$ -	\$ 200,000
DR1628 (2006-01)	2005/06 Winter Storms	\$ 200,000	\$ 550,000	\$ (350,000)
DR1810 (2008-11)	November 2008 CA Wildfires		\$ 1,500,000	\$ (1,500,000)
DR1884 (2010-02)	2010 Severe Winter Storms	\$ 200,000	\$ 2,400,000	\$ (2,200,000)
DR1911 (2010-03)	Baja Earthquake		\$ 500,000	\$ (500,000)
DR1952 (2010-17)	December 2010 Statewide Storms	\$ 1,100,000	\$ 2,000,000	\$ (900,000)
DR4158 (2013-02)	Rim Fire	\$ 900,000	\$ 900,000	\$ -
DR4193 (2014-02)	South Napa EQ	\$ 1,500,000	\$ 1,500,000	\$ -
DR4240 (2015-03)	Valley & Butte Fires	\$ 3,000,000	\$ 3,000,000	\$ -
DR4301 (2017-01)	January 3-12, 2017 Storms	\$ 8,120,000	\$ 8,120,000	\$ -
DR4305 (2017-02)	January 18-23, 2017 Storms	\$ 5,648,000	\$ 5,648,000	\$ -
DR4308 (2017-03)	February Storms	\$ 28,425,000	\$ 28,425,000	\$ -
DR4344 (2017-09)	October 2017 Wildfires *	\$ -	\$ 13,862,000	\$ (13,862,000)
DR4353	December 2017 Wildfires	\$ -	\$ 20,054,000	\$ (20,054,000)
CDAA Only Disasters (see attached)		\$ 22,926,000	\$ 33,278,000	\$ (10,352,000)
TOTALS		\$ 72,219,000	\$ 121,737,000	\$ (49,518,000)

* Previously included in 9901 amount for Public Assistance.

LAO. As has been the case in recent CDAA augmentations, the administration's proposal did not include a BCP with an explanation and justification of the estimated costs. However, based on subsequent information provided by OES, the LAO finds the requested amount to be reasonable. The LAO recommends that the Legislature direct OES to submit any future requests for funding adjustments to CDAA through the submission of budget proposals rather than other workload budget adjustments.

Staff Recommendation. Approve as budgeted.

Issue 8: 9-1-1 Sustainment – January BCP and TBL

This issue was previously discussed at the subcommittee's April 5, 2018, hearing.

Proposal. The budget proposes six positions, \$11.5 million (State Emergency Telephone Number Account (SETNA)) in 2018-19, and various amounts in outgoing years to build out and support Next Generation 9-1-1 activities and to maintain the legacy 9-1-1 system. The total five-year request for the project is \$131.8 million, with an ongoing increased annual cost of \$39.7 million.

The budget also includes trailer bill language to change the current calculation of the SETNA surcharge rate to a fixed rate in order to collect sufficient SETNA revenues. The budget proposal is dependent on the Legislature passing trailer bill language.

Staff Comment. At the April 5, 2018, hearing staff recommended holding this item open pending final agreement between OES and stakeholders on trailer bill language. Since that time an agreement has been reached. Staff has reviewed the language and has no concerns. However, staff notes that the language is still in draft form.

Staff Recommendation. Approve as budgeted. Adopt placeholder language to revise the SETNA fee.