

*Senate Budget and Fiscal Review—Holly J. Mitchell, Chair*

# SUBCOMMITTEE NO. 4

# Agenda

**Senator Anna Caballero, Chair**

**Senator Jim Nielsen**

**Senator Maria Elena Durazo**



**Thursday, March 12, 2020**  
**9:30 a.m. or Upon Adjournment of Session**  
**State Capitol - Room 2040**

Consultant: Yong Salas

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**ITEMS FOR VOTE-ONLY****7760 DEPARTMENT OF GENERAL SERVICES (DGS)****Issue 1: Statewide Emergency Management Functions**

**Request.** The Department of General Services, Office of Risk & Insurance Management requests \$295,000 in ongoing Service Revolving Fund expenditure authority and two permanent positions to support the increased demand for departmental and statewide emergency management functions.

**Background.** The Government Operations Agency (GovOps) is assigned by the Governor's Office of Emergency Services (CalOES) in the State Emergency Plan as the lead for Construction and Engineering and Resources. GovOps has delegated this responsibility to DGS.

DGS remains actively involved in debris removal operations for the November 2018 Wildfires, and also has taken on a large support role for Mass Care and Shelter by providing leasing services for shelters, rental of sanitation equipment, food services, and other necessary wraparound services such as showers and restrooms. DGS also has taken on contracts for base camps as well as logistics and transportation services that support CalOES disaster response. DGS was mission-tasked to limit state staff impacts on hotel and rental housing markets to ensure survivors had adequate housing options, which were already limited in the Chico area. State staff, from multiple departments, used the base camp for lodging while in Chico working on debris removal activities. This unit currently has two authorized positions, and this request would augment it with two more, for a total of four positions.

**Staff Recommendation.** Approve as budgeted.

**Issue 2: Enterprise Technology Solutions Permanent Positions**

**Request.** DGS, Enterprise Technology Solutions unit is requesting nine permanent positions to be established in 2020-21 to support DGS' information technology security, privacy, and enterprise application management. No increase to expenditure authority is required.

**Background.** In 2017, DGS was designated as a Health Insurance Portability and Accountability Act (HIPAA) Covered Entity and Business Associate due to DGS' involvement in processing health information. This designation has significantly increased the amount of work for staff performing security, network and application support, project management, and system testing functions.

**Staff Recommendation.** Approve as budgeted.

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**Issue 3: California Commission on Disability Access**

**Request.** DGS requests two permanent positions and a permanent budget augmentation of \$700,000 General Fund beginning in 2020-21 to align budget authority with necessary personal services and operating expenses for the California Commission on Disability Access (CCDA).

**Background.** CCDA was established by the Legislature in 2008 to provide information regarding disability access issues and compliance, develop recommendations that would enable persons with disabilities to exercise their full and equal rights to access public facilities, and facilitate business compliance with laws and regulations to prevent and minimize compliance issues and avoid unnecessary litigation.

However, in 2014-15, CCDA became aware of a funding shortfall associated with the program operating at full staffing levels. In 2017, CCDA transitioned to DGS to alleviate cost pressures to meet their workload requirement. Since then, their expenditures have increased due to increased rent when they relocated from the Department of Rehabilitation building to the Victim Compensation Board building. Additionally, they are required to conduct outreach services, estimated at approximately \$38,000 per event, and maintain educational tools, estimated to cost approximately \$67,000 per fiscal year.

**Staff Recommendation.** Approve as budgeted.

**Issue 4: Clean-up of Provisional Language**

**Background.** The 2019 budget provided \$8 million General Fund in deferred maintenance projects for DGS. The language was inadvertently left in for the 2020-21 Governor's Budget.

**Staff Recommendation.** Reject the provisional language appropriating \$8 million for deferred maintenance under 7760-001-0001.

**7910 OFFICE OF ADMINISTRATIVE LAW****Issue 5: Right-size Funding for Staff and Contracted Services**

**Request.** The Office of Administrative Law (OAL) requests \$644,000 (\$386,000 General Fund and \$258,000 Central Service Cost Recovery Fund) for 2020-21 and ongoing for one permanent Attorney position and to address the structural deficit within the department's current operations budget.

**Background.** OAL has a current operating budget of \$4.1 million and 22 positions, of which 11 are reviewing attorney positions and 11 management and support staff. However, over the years, the operating costs for OAL have increased without associated increased expenditure authority, due in part to increased lease costs, increased legal reference materials costs, increased third-party

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service rates, increased printing costs, and increased training costs. OAL has determined that \$501,000 is needed to right-size its budget.

Additionally, OAL states that they need an additional attorney to meet increased workload due to an increase in the number of Public Records Act (PRA) requests and provide additional reviews of agency submissions. In 2019-20, the Legislature appropriated resources for an additional Associate Governmental Program Analyst (AGPA) position to help address the workload of the increased PRA requests as well as additional duties; however, OAL states that much of the increased workload is attorney workload that cannot be handled within the duties of the AGPA.

**Staff Recommendation.** Approve as budgeted.

## **8620 FAIR POLITICAL PRACTICES COMMISSION**

### **Issue 6: Political Reform Act of 1974: contribution limits (AB 571)**

**Request.** The Fair Political Practices Commission (FPPC) requests \$932,000 General Fund in 2020-21 with \$890,000 General Fund ongoing thereafter, and six permanent positions to implement the provisions of AB 571 (Mullin), Chapter 556, Statutes of 2019.

**Background.** AB 571 established default campaign contribution limits for county and city office at the same level as the limit on contributions from individuals to candidates for the Senate and Assembly, effective January 1, 2021. Cities and counties are able to establish its own contribution limits, which would prevail over these default limits. According to the FPPC, 28 percent of counties, 23 percent of cities, and a small minority of districts have adopted their own local contribution limits under existing state law.

To adequately implement and enforce a statewide default contributions limit, the FPPC states that they require the addition of two political reform consultants, two senior commission counsel, one special investigator, and one program specialist, for a total of six additional positions. The Enforcement Division will be tasked with enforcing limits in numerous jurisdictions that do not currently have limits, and in some jurisdictions that currently have limits who may repeal existing contributions restrictions to shift the costs of enforcing limits to the state and the FPPC. The Legal Division will also see an increase in providing informal assistance, conducting educational and informational seminars throughout the state for local entities.

**Staff Recommendation.** Approve as budgeted.

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**8885 COMMISSION ON STATE MANDATES**
**Issue 7: Administrative and Budget Staff for Mandatory Requirements**

**Request.** The Commission on State Mandates (Commission) requests \$206,000 ongoing General Fund and 1.5 positions to perform the Commission’s administrative functions of budgeting, procurement, and human resources, and comply with the additional requirements of FI\$Cal.

**Background.** The 2019 Budget provided \$53,000 ongoing General Fund and 0.5 positions to meet human resources requirements, as well as personal services contracting and new procurement requirements under FI\$Cal. The Commission recently underwent a compliance audit by the State Personnel Board, which found that staffing levels were insufficient for the procurement process, which requires a separation of functions through multiple positions.

**Staff Recommendation.** Approve as budgeted.

**Issue 8: Funded and Suspended Mandates**

**Request.** The proposed funding for non-education mandate payments to local governments is included in the Commission’s budget. The Governor’s mandate proposal is largely a continuation of the status quo in terms of mandates in effect (funded) and mandates not in effect (suspended). The budget proposes expenditures of \$41.1 million related to funding non-education mandates. Funded mandates are listed in the following table.

<b>2019-20 Funded Local Government Mandates for Governor's Budget</b>		<b>Proposed GB</b>
	<b>General Fund</b>	
1.	Allocation of Property Tax Revenues	585,000
2.	Crime Victims' Domestic Violence Incident Reports	165,000
3.	Custody of Minors-Child Abduction and Recovery	12,884,000
4.	Domestic Violence Arrest Policies	9,475,000
5.	Domestic Violence Arrests and Victims Assistance	2,221,000
6.	Domestic Violence Treatment Services	2,388,000
7.	Health Benefits for Survivors of Peace Officers and Firefighters	2,675,000
8.	Local Agency Ethics	23,000
9.	Medi-Cal Beneficiary Death Notices	15,000
10.	Medi-Cal Eligibility of Juvenile Offenders	4,000
11.	Peace Officer Personnel Records: Unfounded Complaints and Discovery	819,000
12.	Rape Victim Counseling	604,000
13.	Sexually Violent Predators	3,689,000
14.	State Authorized Risk Assessment Tool	657,000
15.	Threats Against Peace Officers	0

16.	Tuberculosis Control	221,000
17.	Unitary Countywide Tax Rates	413,000
18	U Visa 918 Form	3,300,000
19	Impasse Procedures II	1,009,000
	<b>Total General Fund</b>	<b>41,147,000</b>

Of note, the Governor's Budget proposes to reimburse local agencies for costs related to two new claims – the U Visa 918 Form, Victims of Crime: Nonimmigrant Status mandate (SB 674 [De Leon], Chapter 721, Statutes of 2015), and for costs related to Local Agency Employee Organizations, Impasse Procedures II (AB 1606 (Perea), Chapter 314, Statutes of 2012). SB 674 required agencies, upon the request of an immigrant victim of crime, to certify victim helpfulness on the applicable form so that the victim may apply for a U-visa to temporarily live and work in the United States. AB 1606 clarified that fact-finding is available to employee organizations in all situations, regardless of whether the employer and employee have engaged in mediation.

Consistent with previous years, the budget includes the suspension of 38 mandates totaling \$564.7 million.

**Staff Recommendation.** Approve as budgeted.

## 0511 SECRETARY OF GOVERNMENT OPERATIONS AGENCY

### Issue 9: Funding Realignment

**Request.** The Government Operations Agency (GovOps) requests to realign \$252,000 between General Fund and reimbursements and authority to make annual baseline workload adjustments based on GovOps approved funding methodology.

**Background.** GovOps states that this realignment of funding will allow GovOps to accurately charge departments, boards, and offices GovOps oversees for the services provided to them. Currently, GovOps receives funding for its operations based on the percentage of positions each entity under GovOps is authorized to have. Departments that are primarily General Fund-funded, or where a policy decision was made to only recover a partial amount for services rendered, General Fund is provided to cover the difference.

Over the past four years, workload within GovOps has grown through reimbursement funding, with minimal General Fund growth. As a result, the handful of departments within GovOps have been reimbursing the agency for services provided by GovOps to other entities. This request will correct that imbalance and more accurately reflect the services provided by GovOps to its entities under its jurisdiction.

**Staff Recommendation.** Approve as budgeted.

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## ITEMS FOR DISCUSSION

### 8880 DEPARTMENT OF FISCAL

**Overview.** The Department of FISCAL is responsible for supporting the Financial Information System for California (FISCAL) Project, including supporting the system's customers and stakeholders, onboarding any new, deferred, or exempt entities, as well as assuming responsibility for system maintenance, upgrades, and enhancements as portions of the system are implemented and accepted.

The FISCAL project is a partnership of four control agencies: the Department of Finance, the State Controller's Office, the State Treasurer's Office, and the Department of General Services. FISCAL will provide the state with a single integrated financial management system that encompasses budgeting, accounting, procurement, cash management, and financial management and reporting. FISCAL, through the adoption of best business practices, will: reengineer business processes; improve efficiency; enhance decision making and resource management; and provide reliable, accessible, and timely statewide financial information allowing the state to be more transparent.

**Budget.** The budget includes \$103 million (\$59 million General Fund) and 256.6 positions in 2020-21.

#### Issue 10: Special Project Report 8 Update

**Background.** One of the most vital projects for the state is FISCAL, the statewide project being undertaken to integrate and re-engineer the statewide business processes related to budgeting, accounting, procurement and cash management. FISCAL provides a unified and consistent financial system that will be used by virtually all state entities, and provides transparency in state financial data. FISCAL is managed by a partnership of four control agencies – Department of Finance, State Controller's Office (SCO), State Treasurer's Office, and the Department of General Services.

Departments began operating in FISCAL in July 2013, and since then, have onboarded in "waves." In 2016-17, the Legislature approved a permanent administrative structure for FISCAL, establishing it as a stand-alone department. FISCAL is a central service agency, and non-general fund costs are recouped through the Central Service Recovery Fund, which charges various special and nongovernmental funds. Currently, 152 departments are now transacting in the system. There are 10 deferred departments, who are implemented or in the process of implementing their own financial management system (and as these systems require upgrades or the departments desire expanded functionality, they will move on to FISCAL). There are also 10 exempt departments, who have statutory authority to use systems other than FISCAL for their financial management.

FISCAL is an ambitious and complex project that has undergone numerous changes in scope, schedule and cost. These various changes have been incorporated and documented in special project reports (SPRs) with the project currently working under the rubric of SPR 8, which was established in August 2019. ~~This SPR delayed project completion from July 2019 to July 2020, and also removed the SCO cash management functionality from the scope.~~



The 2019 Budget Act appropriated \$58.1 million through June 2022 to provide additional support for state departments utilizing the FI\$Cal system and struggling to transition from their legacy and department-specific applications to the integrated financial platform. Accenture, LLP is the contracted FI\$Cal System Integrator, and assisted the state in heavily configuring software developed by Oracle and used in FI\$Cal, and in deploying the software for department usage. This included departmental trainings to use the software, solving complaint tickets, and providing enhancements to the software based on feedback. In addition, the 2019 Budget Act provided \$6 million to implement the SCO cash management functionality and the Consolidated Annual Financial Report (CAFR) reporting.

This funding allowed FI\$Cal to contract for additional resources to provide departmental support, deploy tools to help departments create reports, improve performance in system use, and improve training for departments. FI\$Cal states that the main reasons for the delays in closing out month and year-end reports are: 1) the time it takes for a department to be proficient in FI\$Cal; 2) training that has not been completed by end-users; 3) staff turnover; and 4) the challenges that come with changing the internal business processes of a department. FI\$Cal states that historically, it takes one to three years before a department consistently completes their month and year-end reports in a timely manner. For the 2020-21 fiscal year, departments are requesting additional resources to meet the workload required by operating in FI\$Cal, with \$23.2 million and 132.3 positions in the first year, and \$19.6 million ongoing.

In its December 17, 2019, letter to the Governor and the Legislature, the California State Auditor expressed concerns with “the manner in which the 2019 project plan update sets a formal end date for the project even though the FI\$Cal project will not have implemented promised functionality.” Specifically, the Auditor pointed out that the project removed features from the project’s scope, and that the project’s financial documentation understates the true costs of the project. As a result, the Auditor expressed concerns that the state’s credit rating would be affected and increase borrowing costs.

Since 2015, the state’s credit rating has improved or remained the same:

Year	Fitch	Moody’s Investor Service	Standard & Poor’s
2020 (Current)	AA	Aa2	AA-
2019	AA (Aug.)	Aa2 (Oct.)	AA-
2018	AA-	Aa3	AA-
2017	AA-	Aa3	AA-
2016	AA-	Aa3	AA-
2015	A+	Aa3	AA-

A key change made in SPR 8 was the removal of “Milestone 6,” or the closeout of the SCO’s legacy system when the SCO has gained assurance in the system as the Book of Record. In the meantime, SCO will run the FI\$Cal system and its existing legacy accounting systems in tandem under what’s known as the Integrated Solution. The Integrated Solution includes developing interfaces between both FI\$Cal and SCO’s legacy systems so that data is entered only once (in

either system) but then both systems share the data so that each system can perform the accounting and cash management functions for the state.

**LAO.** The LAO points out that SPR 8 delays the project deadline by one year to July 2020, and removes some functions from the project's scope, while simultaneously increasing the project cost by \$150 million for a total of \$1.06 billion. The LAO also points out that the projected cost as stated in SPR 8 does not reflect total costs associated with the project; for example, the project cost does not include \$25.6 million (of which \$15.1 million is General Fund) for SCO to support the development and implementation of the Integrated Solution, nor does it include funding for departments to change their business processes and hire staff to operate in FISCAL. The project does not include the addition of the ten deferred departments to the FISCAL system.

The LAO recommends that the Legislature: (1) consider adopting statutory language defining IT project completion and success for the FISCAL project; (2) consider adopting statutory language that continues current oversight practices into the operations and maintenance (post-completion) stage of the FISCAL project, should project completion continue to be defined as under SPR 8; and, (3) consider as a future practice adopting budget bill language that conditions the release of IT project funding (in the case of FISCAL and IT projects more generally) on the California Department of Technology's approval of the latest SPR and 30-day notification being given to the Legislature that includes the total cost and schedule of the project from the project approval document.

**Staff Comment.** SPR 7 removed Milestone 6, or the retirement of the SCO's legacy system from the FISCAL project scope, and FISCAL states that it will address this milestone using the Department of Technology's approved processes. Additionally, reporting requirements that are statutorily required will sunset upon the completion of the project, which is currently slated to be July 2020. The Legislature is currently working with the Administration on a new reporting structure for information technology projects in general, potentially including the FISCAL project reporting as part of this new structure.

The subcommittee may wish to consider reporting requirements that capture critical information needed for continued legislative oversight after the project is complete, in particular with regard to the SCO functionality and the deferred departments.

**Staff Recommendation.** Adopt additional reporting requirements that include tracking the progress of Milestone 6, or the progress of SCO's transition from its legacy system to the FISCAL, and when the remaining departments operate in FISCAL.

**CORRECTION:** The analysis incorrectly stated that the removal of Milestone 6 was part of SPR 8; it was removed in SPR 7. Additionally, the analysis incorrectly stated that SPR 8 will remove the SCO's cash management functionality from its project scope. Staff comment was updated to reflect this, as well as state that conversations around reporting are currently ongoing.

## 7760 DEPARTMENT OF GENERAL SERVICES (DGS)

**Overview.** The Department of General Services, as an enterprise organization under the Government Operations Agency, provides centralized services to state agencies in the areas of: management of state-owned and leased real estate, including design and construction of state infrastructure projects; approval of architectural designs for local schools and other state-owned buildings; printing services; procurement of commodities, services, and equipment for state agencies; and management of the state's vehicle fleet. Furthermore, DGS employs practices that support initiatives to reduce energy consumption and help preserve California resources. The director of DGS serves on several state boards and commissions.

**Budget.** The Governor's Budget includes \$1.3 billion (\$120.5 million General Fund, \$1.2 billion special funds, and \$5.7 million in reimbursements) to support the department and its various programs.

### **Issue 11: Contracted Fiscal Services Workload Increase**

**Request.** DGS' Contracted Fiscal Services Program requests \$2.3 million in additional authority comprised of the following funds: \$720,000 Central Services Cost Recovery Fund, \$850,000 Service Revolving Fund, and \$710,000 General Fund. Additionally, the Department requests 15 positions to provide accounting services for four new client agencies and establish a strike team to consult and assist other state agencies with their accounting.

**Background.** The Financial Information System for California (FI\$Cal) provides a unified and consistent financial system that will be used by virtually all state entities, and provides transparency in state financial data. With the transition to the new system, FI\$Cal changed how some state entities performed their accounting and budgeting functions. For example, FI\$Cal requires multiple users operating within it to maintain a separation of duties in order to prevent fraud and minimize errors, and changed how transactions were recorded. At the same time, the Contracted Fiscal Services (CFS) unit within DGS, which provides budgeting and accounting services to other state departments, boards, and commissions that do not have the staff or expertise necessary to perform budget and/or accounting functions, has seen an increase in its clientele. Currently, CFS provides accounting services to 48 state entities and budgeting services to 23 state entities using FI\$Cal, and recovers its costs by billing customers through an interagency agreement.

In 2020-21, CFS will be providing accounting services for California Children and Families Commission, California Student Aid Commission, and the Public Employment Relations Board. In addition, CFS will be providing accounting, human resources and budgeting services for the Commission on Asian and Pacific Islander Affairs. DGS requests nine positions to assume the accounting work for the additional client agencies.

DGS also requests six new, ongoing positions to establish the CFS Accounting Strike Team. The Department of FI\$Cal and the Department of Finance (DOF) provide a variety of support options to assist departments in operating within the FI\$Cal system. FI\$Cal department staff provide on-site support, training, and assistance with using the system, and DOF staff provide policy and procedure support regarding accounting-related issues, as well as training and technical support.

The proposed strike team would assist state entities in the following areas:

- Providing instructions and assistance in posting of daily and monthly accounting transactions.
- Providing instructions and assistance with month-end close.
- Assisting with researching accounting issues.
- Collaborating with the Department of FI\$Cal and DOF to resolve any accounting issues or provide consultative advice to the state entity.

**LAO.** The LAO recommends that the Legislature approve the funding for the six-person CFS Strike Team on a two-year limited-term basis, rather than on an ongoing basis, as proposed by the Governor. If DGS determines continued resources are required at the end of this limited-term funding, it can request funding for additional years at that time. After the two-year period, the Administration should be able to provide information on how the resources provided to implement FI\$Cal—including those provided to the CFS Strike Team, Department of FI\$Cal, and other departments that have received FI\$Cal-related augmentations—have been used thus far and the outcomes they have achieved. This information should enable the Legislature to make a more informed decision regarding whether ongoing resources are needed for the CFS Strike Team. Additionally, this information should assist the Legislature with its ongoing oversight over the progress of the FI\$Cal project.

**Staff Comments.** In 2019-20, FI\$Cal received \$58.1 million to provide additional departmental training and support for state departments struggling with the FI\$Cal system, which was provided over three years. These resources were provided in response to departments struggling to transition from legacy and department-specific applications to FI\$Cal, a majority of which was used to retain the contract vendor.

DGS states that the CFS strike team would also backfill vacant positions that are critical to perform accounting functions in FI\$Cal in small- to medium-sized departments until those positions can be filled.

**Staff Recommendation.** Hold open.

### **Issue 12: Sacramento Region: Jesse Unruh Building Renovation**

**Request.** DGS requests \$116.8 million (\$116,768,000) lease-revenue bond authority in 2020-21 for the design-build phase of a project to renovate the historic Jesse Unruh Building, located at 915 Capitol Mall in Sacramento.

**Background.** The 2018 Budget Act provided \$6.3 million General Fund for the performance criteria phase of the Jesse Unruh Building renovation project, and would bring the total project cost to \$123.1 million. The estimated project total in 2018 was \$89.9 million for this project. The Administration states that the design-build phase currently includes \$91.7 million for the contract, \$6.4 million for contingency, \$4.1 million for A&E, and \$14.6 million for other costs. DGS states that approximately 25 percent of hazardous materials were found than was previously known about in the building. Additionally, the water intrusion was more severe than anticipated, resulting in a 25 percent increase in repair costs.

The Capitol Fountain was completed circa 1928, and is one of three listed contributors to the Capitol Annex National Register Historic District, which also includes the Unruh Building and the Stanley Mosk Library and Courts Building. However, the draft environmental impact report for the Jesse Unruh Building Renovation Project found that there were issues with “electrical shortages in the fountain lighting, failure of mechanical equipment, leaks in the fountain bowl and associated valves, and a possible drain line collapse.”<sup>1</sup>

In an opinion piece in *The Sacramento Bee*, Preservation Sacramento wrote, “As the central element to the plaza, the fountain has framed California’s Capitol since 1928. The beauty of this fountain reflects its purpose: ‘Celebrate California’... California cities have successfully restored historic fountains: Sacramento’s Chavez Plaza Park fountain, Los Angeles’ Mulholland Memorial Fountain and San Diego’s Broadway Fountain in Horton Plaza Park.”<sup>2</sup>

The Jesse Unruh building was built in 1929 and is a historical landmark – the proposed renovation will restore the building’s historical character and also address critical life safety and other code deficiencies. The proposed \$116.8 million in lease-revenue bond financing would only be enough to renovate the building. To include restoration to the fountain, the total amount needed would \$118.8 million, an increase of \$2 million, and would also include potential modification costs to the Capitol Mall roundabout area as well.

A facilities condition assessment completed in 2015 ranked the Jesse Unruh Building number five for requiring renovation or replacement. This project is part of DGS’ 10-year sequencing plan for Sacramento.

**Legislative Analyst’s Office (LAO).** The LAO recommends requiring DGS to report on options to contain costs for legislative consideration. We recommend that the Legislature require DGS to report at budget hearings with further details on potential options—such as reducing the extent of renovations, employing less expensive materials, or delaying projects—that could reduce the costs of these projects, along with their associated trade-offs.

**Staff Recommendation.** Approve \$118.8 million lease-revenue bond financing for the design build phase of the renovations to the Jesse M. Unruh Building and the Capitol Plaza, including the restoration of the State Capitol Fountain in accordance with the Secretary of Interior’s Standards for treatment of historic properties. Adopt budget bill language that prohibits the demolition of the State Capitol Fountain.

### **Issue 13: Sacramento Region: Resources Building Renovation**

**Request.** DGS requests \$421.3 million lease revenue bond authority for the design-build phase of a project to renovate the Resources Building, located at 1416 Ninth Street in Sacramento.

<sup>1</sup> <https://www.dgs.ca.gov/-/media/Divisions/RESD/Resources/Notices-Information-Resources-for-CEQA/Projects/Sacramento-County/Jesse-M-Unruh-Building-Renovation-Project/Unruh-DEIR-508-compliant.pdf>

<sup>2</sup> Vanacker, Eleanor and Gregory (17 October 2019). “California’s Capitol Mall fountain should not be demolished.” *The Sacramento Bee*. p. 11A

**Background.** The 2019 Budget Act provided \$8.9 million General Fund for the performance criteria phase of the renovation project, and would bring the total cost of the project to \$430.2 million. The estimated cost for the design-build phase when funds associated with the performance criteria phase was approved in 2019 was \$367 million. DGS states that the extent of the hazardous materials in the building, while not materially different than assumed, will now require a phased demolition approach, which is costlier than a more straightforward demolition approach.

A study completed in 2008 (and updated in 2013) identified various fire and life safety, building code, hazardous materials, and other infrastructure deficiencies at the Resources Building, which was the first major post-war development constructed in 1964 and has not received any significant renovations since then. It has been designated as a “historic building” due to its historical significance and its architectural design and requires State Historic Preservation Office review.

A facilities condition assessments completed in 2015 found that the Resources Building ranked first statewide for state-owned, DGS-controlled office buildings requiring renovation or replacement. This project will correct numerous and serious code deficiencies, including lack of fire suppression, inadequate fire alarm, presence of hazardous materials such as asbestos, poor indoor air quality, lack of proper emergency exiting, and inadequate structural integrity.

**LAO.** The LAO recommends requiring DGS to report on options to contain costs for legislative consideration. The LAO recommends that the Legislature require DGS to report at budget hearings with further details on potential options—such as reducing the extent of renovations, employing less expensive materials, or delaying projects—that could reduce the costs of these projects, along with their associated trade-offs.

**Staff Recommendation.** Approve as budgeted.

#### **Issue 14: Sacramento Region: Gregory Bateson Building Renovation**

**Request.** DGS requests \$183.6 million lease-revenue bond authority in 2020-21 for the design-build phase of a project to renovate the Gregory Bateson Building, located at 1600 Ninth Street in Sacramento.

**Background.** The 2018 Budget Act provided \$5.2 million General Fund for the performance criteria phase of the Gregory Bateson Building renovation project. This request brings the total cost of the project to \$188.8 million. In 2018, the total project costs were estimated to be \$161 million. DGS states that while exterior water intrusion was evident, further investigation revealed the entire exterior system was unsalvageable. In addition, replacement of the exterior balcony guard rails is needed.

The building ranked sixth statewide for state owned, DGS- controlled office buildings requiring renovation or replacement. The current occupants, the Health and Human Services Agency, Department of Developmental Services, and Department of State Hospitals. Proposed tenants for the renovated Bateson Building include California Natural Resources Agency departments from



leased space that are not consolidating into the New Natural Resources Agency Headquarters Building.

The project includes renovation of all major building systems, applicable reinstatement of energy systems, and corrections to ADA and fire and life safety deficiencies. The mechanical, plumbing, electrical, and telecommunications systems will be replaced. In addition, repairs to prevent water intrusion and hazardous material abatement will be performed. A security officer station and physical barriers will also be placed at one of the building entrances.

**LAO.** The LAO recommends requiring DGS to report on options to contain costs for legislative consideration. We recommend that the Legislature require DGS to report at budget hearings with further details on potential options—such as reducing the extent of renovations, employing less expensive materials, or delaying projects—that could reduce the costs of these projects, along with their associated trade-offs.

**Staff Recommendation.** Approve as budgeted.

#### Issue 15: Facilities Management Division Elevator Deferred Maintenance

**Request.** DGS requests \$56.4 million one-time General Fund to address critical safety issues relating to conveyance systems including elevator repairs in buildings owned and operated by DGS.

**Background.** DGS states that limited funding and competing priorities have contributed to a backlog of deferred maintenance projects. The current statewide deferred maintenance need totals \$1.4 billion and includes fire alarm systems, end-of-life elevator systems, heating and cooling systems, and end-of-life roofing systems. This proposal requests \$56.4 million to address the most urgent elevator safety deficiencies. The four projects identified below are related to fire/life/safety, public safety, violations of regulations, and/or malfunctioning mission-critical systems and equipment that have been identified for repair or modernization.

Location	Building Name	Number of Stories	Number of Cars	Project Cost
Oakland	Elihu Harris	22	17	\$17,901,000
Los Angeles	Ronald Reagan State Building	14 & 16	20	\$21,060,000
San Francisco	Ronald M. George SOC (Hiram Johnson Building)	14	13	\$14,196,000
San Francisco	Ronald M. George SOC (Earl Warren Building)	6	3	\$3,276,000
<b>Totals</b>			<b>53</b>	<b>\$56,433,000</b>

**LAO.** The LAO recommends: 1) rejecting funding for two non-urgent elevator projects; 2) modifying provisional language to limit use of elevator funding to specific projects; and 3) requiring DGS to report on plan for maintaining facilities and adjusting rates to reflect actual costs. The LAO recommends that the Legislature only approve funding for the most critical, urgent

deferred maintenance projects. Less urgent projects should generally be planned for in advance and funded over a period of time through DGS' rates structure. This approach would more fairly apportion their costs across various funds and also create better incentives for the department to be a good steward of its buildings. Consistent with this approach, the LAO recommends that the Legislature reject the \$35.4 million (General Fund) proposed for the Elihu Harris and Ronald M. George Building elevator projects. While these specific projects may be worthwhile, it is not clear they represent immediate, critical needs. (The LAO is not raising concerns with the \$44.7 million for the Ronald Reagan Building elevator project and the fire alarm system projects, since the department and the facility condition assessments better support the urgency of these projects.)

**Staff Comment.** The LAO notes that the facility condition assessments on the Ronald M. George, Elihu Harris, and Ronald Reagan buildings identified much lower costs for the recommended elevator modernizations than what is being requested by DGS. The facility condition assessments estimated that the costs of the elevator projects at these three buildings would total about \$13 million, and DGS is currently requesting \$56.4 million.

DGS states that the facility condition assessment costs were never intended to be exact estimations of cost for the following reasons: 1) the estimates were made at a point in time in 2015—five years of escalation is considerable, and does not account for code changes that have since occurred; 2) the estimates were made without respect to market conditions with regard to the availability and the cost of firms who install and repair elevators; and 3) the estimates were made without respect to associated/ancillary work triggered by undertaking the modernization. DGS states that the \$56.4 million is based upon professional estimates from a construction management firm based upon recent design work and reflect total project costs, including full soft costs and escalation.

**Staff Recommendation.** Hold open.

#### **Issue 16: Facilities Management Division Fire Alarm System Deferred Maintenance**

**Request.** DGS requests \$23.6 million one-time General Fund, available over two years, to repair or replace fire alarm systems in seven state buildings owned and operated by DGS.

**Background.** Fire alarm systems include fire alarm control panels, accessible pull stations, smoke detection systems, and accessible audio-visual announcement devices. The existing fire alarm systems in the seven buildings identified below require replacement for a number of reasons, including system malfunctions and the inability of manufacturers to provide replacement parts for antiquated systems.



Location	Building Name	Project Cost
San Francisco	Edmund Brown Building	\$ 2,562,431
Van Nuys	Van Nuys Building	\$ 1,283,207
Sacramento	Justice Building	\$ 2,817,587
Sacramento	Library & Courts II	\$ 1,014,300
Sacramento	FTB Campus - Los Angeles	\$ 4,322,774
Sacramento	FTB Campus - Sacramento/San Francisco	\$ 7,987,438
Sacramento	FTB Campus - San Diego	\$ 3,645,317
<b>Totals</b>		<b>\$ 23,633,054</b>

**Staff Recommendation.** Approve as budgeted.

#### **Issue 17: Electric Vehicle Service Equipment Assessments and Infrastructure**

**Request.** DGS requests a one-time augmentation of \$23.4 million one-time Service Revolving Fund, which will allow the Office of Sustainability to expend a one-time General Fund transfer of \$15 million to the Service Revolving Fund and recover \$8.4 million in costs from special funds. DGS also requests one permanent position to continue performing assessments for the installation of Electric Vehicle Service Equipment (EVSE) at state facilities.

**Background.** In prior years, DGS requested funding for this project through an equal split between the Service Revolving Fund, which receives General Fund and charges for work rendered by the Department of General Services, and the General Fund. However, DGS states that restrictions on fund use and budgetary challenges kept departments from using special funds, which has slowed down progress. DGS states that special funds have accounted for only 36 percent of authorized EVSE expenditures for 2017-18 and 2018-19, and is now asking for a funding split that adheres to 64 percent General Fund and 36 percent special fund.

In 2018, the Governor issued an executive order that set a target of putting five million ZEVs on California roads by 2030. The 2018 Action Plan prioritized actions for state agencies to execute in 2018 to enable progress toward the 2025 and 2030 goals. As part of this plan, DGS is responsible for assisting state agencies in: (1) having at least 50 percent of the state's annual light-duty fleet purchase be ZEVs by 2025, and (2) creating charging capabilities in five percent of workplace parking spaces.

DGS supports state agencies in completing readiness surveys, conducting site assessments, and providing oversight of architectural and engineering functions, construction management, system activation, and identification of alternative funding options if available. In 2019-20, DGS received a one-time augmentation of \$18.6 million (\$9.3 million General Fund and \$9.3 million Service Revolving Fund) to continue the activities related to the installation of EVSEs in state facilities. In 2018-19, DGS received a one-time augmentation of \$15.6 million (\$7.8 million General Fund and \$7.8 million Service Revolving Fund) to continue the installation of EVSE in state facilities and three permanent positions, bringing the total to four positions.

This request is to fund year four of the DGS ZEV Five-Year Infrastructure Plan to install EVSEs in state facilities to support both the state fleet and state employee charging needs, and would bring the total positions to five. \$23.1 million will support 1,647 EVSE installations and the remaining \$256,000 will support work related to the remaining goal of completing 377 facility assessments. Total costs to implement this effort is \$93.9 million to install 5,750 EVSEs by 2021-22, which is 734 less ports than what was previously planned.

**Staff Comment.** To date, DGS has completed 6,107 assessments, and estimates that they will install 5,750 EVSEs, assuming that they would be able to fully use the authorized special funds. In 2017-18, they were able to expend 41 percent of their authorized special funds, and in 2018-19, they were able to expend 85 percent of their authorized special funds. Because assessments cost less than installations, a significant number of more assessments have been made than installations:

<b>Actual Implementation</b>			
Assessments	954	3,753	1,400
Ports Installed	22	160	400

The current number of completed assessments outnumber DGS' projection of EVSE port installations. DGS states that although it has completed 6,107 assessments to date, DGS will need to perform a minimum of 6,484 assessments in order to reach the goal of 6,484 installations. Assessments are the first step in determining the actual cost and number of ports that can be installed at a given site. As a result, some assessments are not acted on due to cost or other limitations discovered during the assessment. DGS' current estimate is that approximately 5,750 ports would be installed through 2023-24, however, actual installations are likely to be closer to DGS' goals as a result of increased General Fund resources relative to past years.

**Staff Recommendation.** Hold open.

#### **Issue 18: California Pharmaceutical Collaborative Local Outreach**

**Request.** DGS Procurement Division requests four positions and \$723,000 ongoing Service Revolving Fund expenditure authority to support the workload for the Statewide Pharmaceutical Program's Local Governmental Outreach Project and Member Agency responsibilities for the California Pharmaceutical Collaborative.

**Background.** The Statewide Pharmaceutical Program was established in 2002, and allows state and local governmental entities to access negotiated contracts that can provide substantial savings through bulk purchasing of pharmaceutical products and services. While local governmental entities may participate in the statewide pharmaceutical program, very few do.

The Governor issued Executive Order N-01-19 to create the largest single purchaser for prescription drugs and allow private employers to join the State in negotiating drug prices. As part of the executive order, DGS: 1) developed a list of prescription drugs that could be prioritized for future bulk purchasing initiatives or reexamined for renegotiation; 2) based on the prioritized list, develop and implement bulk purchasing arrangements for high-priority drugs and provide pro-

active outreach to local governments to encourage participation; and 3) develop a framework for enabling private purchasers, including small businesses, health plans, and the self-insured to opt in to a state purchasing program to benefit from the state bulk pharmaceutical purchasing program.

According to DGS, the Governor's Office specified defined objectives to reduce the cost of prescription drugs at local jails, and a jail task force will be established. High-cost drugs and other drugs that counties identify as a priority need for their populations will be prioritized, and prioritized in largely populated counties with high pharmaceutical spend such as Los Angeles County and Alameda County.

**Staff Comment.** According to the Board of State and Community Corrections Jail Profile Survey, second quarter 2019 reports show that statewide, local communities have spent \$13.2 million on medication, of which, \$4.7 million were spent on psychotropic drugs (based on information provided by 24 jurisdictions). Of these, Los Angeles County spent the most at \$7.8 million, of which \$2.8 million were spent on psychotropic drugs.

A recent policy brief by the California Health Policy Strategies published in January 2018 found that the use of jail inmates taking psychotropic drugs jumped by 25 percent in between March 2012 and February 2017 in a sample of 45 counties, and they now account for about a fifth of the county jail population across the state.<sup>3</sup> The policy brief stated that this increase could be a result of several different causes – 1) a trend toward increased incarceration in jails of seriously mentally ill individuals, either due to increased local homelessness and/or state policy changes under the public safety realignment; or 2) better identification, diagnosis, and treatment of seriously mentally ill individuals.

However, recent articles highlighted the concerns of some advocates for the mentally ill who worry that the drugs are at times prescribed inappropriately, or administered without the context of holistic mental health treatment.<sup>4</sup> These issues are outside of the scope of this request and the jurisdiction of this subcommittee, but are concerns that hang overhead as this jail task force moves forward. Mainly, if the Legislature approves this request, are we enabling easier acquisition of psychotropic drugs to use as a tool for sedation and behavioral management of mentally-ill inmates without proper therapeutic treatments? Additionally, the jail task force—why it was established, its composition, and its goals—requires further scrutiny from the Legislature.

While these issues will be deliberated in other areas of the budget, the subcommittee may wish to ask questions on the jail task force when considering this request.

**Staff Recommendation.** Hold open.

## 0511 SECRETARY OF GOVERNMENT OPERATIONS AGENCY

### Issue 19: Workload Adjustment and Position Transparency BCP

<sup>3</sup> [https://calhps.com/reports/PolicyBrief\\_PsychotropicMedications\\_CalHPS.pdf](https://calhps.com/reports/PolicyBrief_PsychotropicMedications_CalHPS.pdf)

<sup>4</sup> [https://www.washingtonpost.com/national/health-science/use-of-psychiatric-drugs-soars-in-california-jails/2018/05/08/57fcb9e2-52a0-11e8-a6d4-ca1d035642ce\\_story.html](https://www.washingtonpost.com/national/health-science/use-of-psychiatric-drugs-soars-in-california-jails/2018/05/08/57fcb9e2-52a0-11e8-a6d4-ca1d035642ce_story.html)

**Request.** GovOps requests 3 new positions and the reclassification of 2 existing positions, associated with \$286,000 General Fund and \$450,000 reimbursements ongoing to fund and manage existing and new workload and increased lease costs.

**Background.** GovOps has been borrowing staff from other departments to cover shortfalls in personnel needs that have been dedicated to existing and ongoing GovOps workload. With the addition of the Office of Digital Innovation and other new priority initiatives, GovOps workload continues to increase.

The three new positions that are being requested will cover ongoing workload needs:

1. *Permanent transfer of a position from the Franchise Tax Board (FTB).* This position is currently located within GovOps through a borrowed vacant position from the FTB. This position will work on workforce development, performance improvement, and state employee apprenticeship programs.
2. *Agency information officer.* The work is currently being conducted by an agency information officer within the Business and Consumer Services and Housing Agency (BCSH), and covering two agencies by the same information officer is no longer tenable.
3. *Assistant Secretary for Communications.* GovOps currently has one Deputy Secretary for Communications and is borrowing two positions from other entities to help with the communications workload.

Additionally, GovOps is proposing to convert two existing positions.

1. *Legal Secretary.* First, they are proposing to convert an office technician position into a legal secretary to provide the legal team with the necessary support. GovOps states that legal workload has continued to increase as GovOps has grown, and with the Administration focusing heavily on compliance and enforcement of regulations, mandatory trainings, and accessibility laws to ensure a diverse, well trained, and fair workforce, the workload and associated tracking in the legal area is best suited for a legal secretary rather than an office technician.
2. *Chief Data Officer.* Finally, GovOps is proposing to convert the Director of Performance Improvement, a position that the Legislature approved last year as permanent, into an exempt position for the Chief Data Officer. This position will be the primary steward of the data portal for the state's public data, and will mediate disagreements when data holders decline to share requested data. The ongoing workload associated with the director of performance improvement will be transferred to a different position, whose previous workload associated with apprenticeship programs is being reduced. The Administration states that this individual will work with the Department of Technology in developing a public repository of all agreements and requests.

**Staff Comment.** Data sharing among government entities may provide benefits to the public of which they may be unaware – for example, the Department of Social Services shares data about foster youth with the Department of Education so that local educational agencies can identify foster youth and provide educational support services to these individuals. The Administration has indicated that it intends to develop a standard process for departments to request and receive data from other departments, wherein the chief data officer would mediate any data sharing disputes that arise.

Existing law, namely the Information Practices Act of 1977, outlines requirements that state entities must do when collecting personal information, which includes notice of the principal purpose within the agency for which the information is to be used and any known or foreseeable disclosures when data sharing is required by law.

Most recently, the Legislature passed and the Governor signed the California Consumer Privacy Act (CCPA). Among the requirements, consumers now have the right to know what personal information is collected, used, shared or sold by; the right to delete personal information held by businesses; and the right to opt-out of sale of personal information by businesses. These requirements are not applicable to public entities that hold or collect consumer data, nor should they be since certain information is mandated for some programs. Existing law requires that forms used by state agencies to collect personal information also include specified notices, including the principal purpose within the agency for which the information is to be used, any known or foreseeable disclosures that are required by law, and whether submission of that information is voluntary or mandatory.

The subcommittee may wish to strengthen some of the disclosure requirements, especially in light of the Administration’s direction to share data and with regard to voluntary data sharing agreements.

**Staff Recommendation.** Hold open.

## 8260 CALIFORNIA ARTS COUNCIL

### Issue 20: Cultural Districts and Disaster Preparedness

**Request.** The California Arts Council requests \$10.5 million one-time General Fund. Of the requested amount, \$9 million will be used to support existing cultural districts and expand the cultural district program. \$1 million will be used to develop disaster preparedness guidelines and best practices for local governments to protect and preserve resources and artifacts during a disaster. \$500,000 will be used to support administrative costs and technical assistance services associated with these activities.

**Background.** Chapter 396, Statutes of 2015, required the Council to develop a state designated cultural districts program. During the time of the bill’s deliberation, the author argued that, “Cultural districts have the potential to draw in tourism and invigorate local economies... other states, such as Massachusetts and Louisiana, that have Arts & Culture District programs have seen substantial economic benefit over time: the creation of new business, increased community

interaction and out-of-area visitors, as well as increased government revenue based on economic growth.”

Out of 42 applications, 14 districts were selected for a two-year pilot program. A minimum of three partnering organizations from a cultural nonprofit or artist collective, a local business or business association, and a branch of local government or a community development corporation was required to apply, among other criteria. Each state-designated cultural district received \$10,000, technical assistance via webinars, marketing and branding support, and a convening of professional learning and networking. The 14 districts are:

<b>Cultural District</b>	<b>City</b>
Balboa Park Cultural District	San Diego
Barrio Logan Cultural District	San Diego
The BLVD Cultural District	Lancaster
Calle 24 Latino Cultural District	San Francisco
Rotten City - Emeryville Cultural Arts District	Emeryville
Eureka Cultural Arts District	Eureka
Grass Valley-Nevada City Cultural District	Grass Valley/Nevada City
Little Tokyo	Los Angeles
Oceanside Cultural District	Oceanside
Redding Cultural District	Redding
San Pedro Arts & Cultural District	San Pedro
Downtown San Rafael Arts Districts	San Rafael
SOMA Pilipinas - Filipino Cultural Heritage District	San Francisco
Truckee Cultural District	Truckee

The Council contracted with third-party evaluators to review the pilot cohort's first two years. The evaluation suggested 12 recommendations to enhance future program effectiveness: 1) provide significantly greater financial support to the districts; 2) continue current program inputs (designation, stipend, marketing materials, State partner agencies, technical assistance, and peer-to-peer networking) and develop them in ways that will increase their impact; 3) develop a comprehensive technical assistance resource center to support capacity building for cultural districts; 4) develop inter-agency partnerships to support capacity building for cultural districts; 5) do a round of applications in 2020 to select a second cohort of cultural districts but then pause for three years; 6) defer decisions about program expansion beyond the initial two cohorts until the first five years of the program can be assessed; 7) increase program investment through a legislative request or allocation of CAC Program Funds; 8) conduct ongoing and annual evaluation; 9) document economic impact of the districts and the program; 10) increase CAC staffing of the program; 11) revisit and clarify the legislative language in AB 189; and 12) encourage cultural districts to consider applications to other CAC programs.

The evaluation identified an additional 7 recommendations specific to equity:

1. Prioritize designation of African American/Black, Native American, and Chinese American cultural districts in the next cohort.
2. Prioritize designation of districts in areas of the state that are underfunded or not directly funded by the CAC.
3. Support the development of applications that promote equity.
4. Build inter-agency partnerships to identify and support diverse districts.



5. Provide technical assistance to communities considering an application and to applicants.
6. Revisit and refine the selection criteria for the program with an equity lens.
7. More strongly make the case for the importance of the state designation.

In addition to the workload related to its cultural districts program, the Council requests \$1 million to expand its pilot efforts to center cultural placekeeping as a preparedness strategy to safeguard and strengthen local arts and culture communities. The Council provides \$5,000 stipends to each of 19 participating counties and also paid for various costs associated with providing training workshops. This investment will allow the Council to provide \$10,000 for two years for each of the 58 counties.

**Staff Comment.** The evaluation of the pilot cultural districts commissioned by the Council found that participants identified benefits including improved or increased collaboration within the district, credibility, visibility, and increased visitation. Only 8 percent of the stakeholders perceived the designation resulted in positive economic development. 77 percent of respondents identified underfunding as a challenge, in addition to lack of staff and marketing visibility, among others.

The \$9 million requested would support stipends of \$100,000 annually for three years for 30 cultural districts (14 existing districts and 16 new districts), a significant increase from the current stipend of \$10,000 over two years.

The evaluation presented its gap analysis report, which found that half of the 14 cultural districts are located in counties whose residents live above the state's median household income and half are below. However, if we look at the median household income of each zip code where these districts are located (as reported by the United States Census Bureau), and compare it to the poverty level threshold used for Medi-Cal applicants (138 percent of the federal poverty level, which is \$35,535 in 2019), we find that 13 out of the 14 cultural districts are located in zip codes where the median household income is above the poverty line. The evaluation notes that some of the cultural districts face challenges with gentrification and displacement of lower-income residents.



Cultural District	Zip Code	Median Income*	Poverty Level**
Balboa Park Cultural District	92101	\$ 60,417	Above
Barrio Logan Cultural District	92113	\$ 33,125	Below
The BLVD Cultural District	93534	\$ 37,883	Above
Calle 24 Latino Cultural District	94110	\$ 109,747	Above
Rotten City - Emeryville Cultural Arts District	94608	\$ 68,352	Above
Eureka Cultural Arts District	95501	\$ 40,629	Above
Grass Valley-Nevada City Cultural District	95945/95959	\$ 53,609	Above
Little Tokyo	90012	\$ 38,786	Above
Oceanside Cultural District	92054	\$ 56,170	Above
Redding Cultural District	96001	\$ 48,125	Above
San Pedro Arts & Cultural District	90731	\$ 49,464	Above
Downtown San Rafael Arts Districts	94901	\$ 85,889	Above
SOMA Pilipinas - Filipino Cultural Heritage District	94103	\$ 49,052	Above
Truckee Cultural District	96161	\$ 89,091	Above

\* As reported by the U.S. Census.

\*\* Poverty level is defined at \$35,535.

Above	13
Below	1

Additionally, the evaluation notes that “the cultural districts are not often located in regions of the state that are underserved by the Arts Council, especially the northeastern, southeastern, and Central Valley counties of the state.”

The Arts Council stated that the gap analysis is only one resource it is utilizing to establish new guidelines which will be voted on by the Council. The Council intends to establish an advisory committee to develop the new Cultural Districts guidelines in the most equitable way. One of the recommendations specific to equity from the evaluation was to “revisit and refine the selection criteria for the program with an equity lens.” The subcommittee may wish to ask the Council how it envisions it would define equity when considering which districts to select in the expansion.

Because the expansion will provide significant investments in the cultural districts, the subcommittee may wish to consider prioritizing these dollars in low-income communities or in geographic areas without state-designated districts, such as the Central Valley.

**Staff Recommendation.** Hold open.