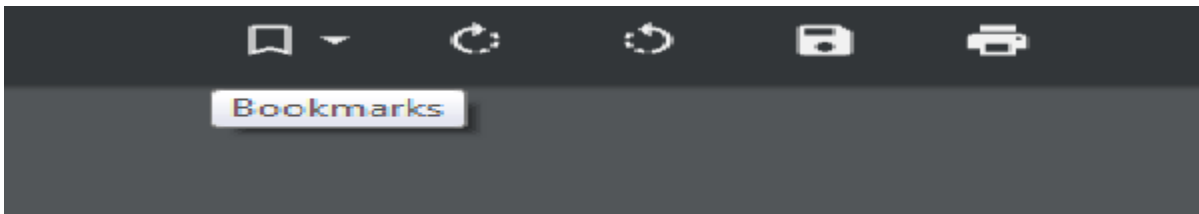


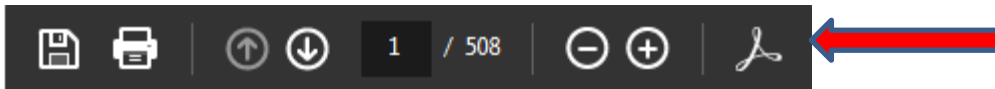
Senate Budget and Fiscal Review

The 2020 Agendas for Subcommittee No. 2 on Resources, Environmental Protection, Energy and Transportation are archived below. To access an agenda or outcomes by a specific date, please refer to “Bookmarks” icon on the screen. Depending on your web browser the bookmarks menu will look different. Below are instructions to help you find the “Bookmarks” icon in Internet Explorer 11, Mozilla Firefox, or Chrome.

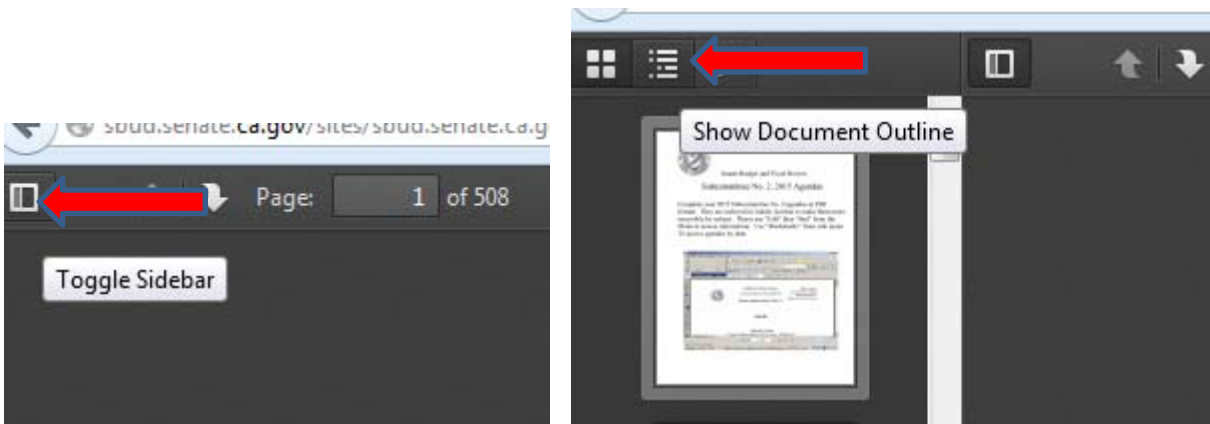
Chrome has access to Acrobat bookmark located in the upper right hand corner



Internet Explorer 11 selects Acrobat from box



Mozilla Firefox on upper left, click toggle sidebar, and then document outline.



ISSUES FOR DISCUSSION

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

Issue 12: Update on the Service Based Budget Review Process..... 8

Issue 13: Advancing Biodiversity Protection, Operational Modernization, and Regulatory Efficiencies
(Budget Change Proposal (BCP) and Trailer Bill Language (TBL) 11

Issue 14: Statewide Bobcat Management (AB 1254)..... 14

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

3540 CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 15: Law Enforcement Use of Deadly Force: Policy and Training Update (AB 392/SB230).....15

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

3860 DEPARTMENT OF WATER RESOURCES (DWR)

3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)

3480 DEPARTMENT OF CONSERVATION (DOC)

Issue 16: Technical Budgeting Adjustments:

(a) Budget Change Proposal (BCP): Stream Gaging Plan Implementation (SB 19)

(b) BCP: Central Valley Flood Protection Board: Continuation of Existing Staff

(c) BCP: Flood Planning Resourcing 17

3860 DEPARTMENT OF WATER RESOURCES (DWR)

Issue 17: Hydrometeorology and Surface Water Observations..... 21

Issue 18: (a) BCP for New River Improvement Project and (b) BCP for Tijuana River Project..... 22

Issue 19: Sustainable Groundwater Management Program (SGMP)..... 25

Issue 20: Systemwide Flood Improvement Projects..... 27

Issue 21: Urban Flood Risk Reduction – American River Common Features Project 28

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

VOTE-ONLY CALENDAR

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

Issue 1: Camp Fire Assistance Act of 2019 Implementation (AB 430)

Governor's Proposal. Requests \$275,000 (General Fund) GF and one position in 2020-21 and \$220,000 ongoing thereafter to support increased workload in the Environmental Review and Permitting program associated with AB 430 (Gallagher), Chapter 745, Statutes of 2019.

AB 430 expedites the process to build housing projects in Butte County and surrounding areas to facilitate the relocation of the Camp Fire victims. AB 430, which is in effect until January 1, 2026, eliminates the need for local governments to issue a conditional use permit for housing development applications. Projects that meet specified criteria can be approved by the local agencies through a ministerial approval process. The 2018 Camp Fire destroyed 18,804 structures and displaced over 50,000 people.

Staff Recommendation. Approve as budgeted.

Issue 2: Freshwater and Estuarine Harmful Algal Bloom (HAB) Program

Governor's Proposal. Requests \$214,000 GF and one position in 2020-21, \$202,000 ongoing thereafter, to address the workload addressing HABs and protecting water quality and public health pursuant to AB 834 (Quirk), Chapter 354, Statutes of 2019.

Background. HABs are colonies of algae and cyanobacteria that produce toxins harmful, and even fatal, to people, fish, shellfish, marine mammals, and birds. Toxic blooms have appeared to have increased in recent years and impact humans through drinking water, recreational water use, and contaminated or dietary supplements.

AB 834 requires the development of a Freshwater and Estuarine HAB Program to do the following:

- 1) Coordinate on incident response and incident notifications to state and local decision makers and the public;
- 2) Conduct field assessments and monitoring to evaluate HAB extent, status, and trends;
- 3) Determine regions, watersheds, or waterbodies experiencing or at risk of experiencing HABs to prioritize assessment, monitoring, remediation, and risk management;
- 4) Conduct applied research and develop decision-support tools; and,
- 5) Provide outreach and education and maintain a centralized website for HAB information and data.

Staff Recommendation. Approve as budgeted.

Issue 3: New Streamlined Temporary Permit and Temporary Change Order Water Permitting for Groundwater Sustainability Implementation (AB 658)

Governor's Proposal. Requests \$1.119 million GF in 2020-21 and five positions, \$1.059 million ongoing thereafter to fund implementation of AB 658 (Arambula), Chapter 678, Statutes of 2019.

AB 658 encourages groundwater recharge projects during high-flow events by creating a temporary five-year permit and a temporary five-year change order for Groundwater Sustainability Agencies and local agencies. AB 658 expands the number of allowable applicants and projects that may apply for the new streamlined permits. With new Sustainable Groundwater Management Act (SGMA) requirements and the need for groundwater storage to serve as a reservoir under increasing use of conjunctive water management regimes, AB 658 is intended to increase the submission rate for project applications that divert surface water for groundwater storage.

Staff Recommendation. Approve as budgeted.

Issue 4: Proposed Water Transfers from Groundwater Basins Underlying Desert Lands (SB 307)

Governor's Proposal. Requests \$420,000 GF and two positions in 2020-21, \$400,000 ongoing thereafter to implement SB 307 (Roth), Chapter 169, Statutes of 2019.

SB 307 requires the Fish and Wildlife Commission, in consultation with DFW, to evaluate proposal transfers of water from groundwater basins underlying desert lands near state and federally protected lands in San Bernardino County's Mojave Desert for impacts on natural and cultural resources.

The transfer of water would be prohibited if DFW was to find that the water transfer would have an adverse impact on natural or cultural resources, including groundwater resources or habitat on those state or federal lands.

SB 307 responds to a proposed project, the Cadiz Valley Water Conservation, Recovery, and Storage Project, which would pump and transport water from an aquifer under the Mojave Desert to Southern California and raises concerns about harm to the Mojave Desert's environmental and cultural resources. Given Southern California's population growth and increasing strain on groundwater resources outside of the basins managed under SGMA, DFW anticipates future groundwater transfer project proposals for California's inland deserts, requiring ongoing workload.

Staff Recommendation. Approve as budgeted.

Issue 5: Various Minor Projects

Governor's Proposal. Requests \$400,000 in reimbursement authority for several projects related to the eradication of nutria. The projects, located in the Imperial Wildlife Area (Imperial County), Hernandez Lake Wildlife Area (Alpine County), and Woodbridge Ecological Reserve (San Joaquin County), are to be grant-funded by the Sacramento-San Joaquin Delta Conservancy and \$480,000 in Federal Trust Fund authority.

Staff Recommendation. Approve as budgeted.

3860 DEPARTMENT OF WATER RESOURCES (DWR)**Issue 6: DWR Charge Fund Program Implementation (AB 1054)**

Governor's Proposal. Requests 11 new positions for the start-up and ongoing operations of the DWR Charge Fund program pursuant to AB 1054 (Holden), Chapter 79, Statutes of 2019. This includes re-purposing the collection of existing bond charges on California's electric investor-owned utilities' (IOUs) ratepayers from the Electric Power Fund program to the Charge Fund program, issuance of bonds, and compliance with regulatory and financial orders and agreements.

AB 1054 enacted a broad set of reforms and programs related to the prevention and remediation of utility-caused wildfires in California and established the Wildfire Fund. The purpose of the Wildfire Fund is to provide a source of money to pay or reimburse eligible claims arising from a covered wildfire, which is a wildfire ignited by a participating IOU company's equipment or infrastructure, within that IOU's service territory. The Wildfire Fund is capitalized through a combination of payments from participating IOU companies, and monthly surcharges on ratepayers' power bills. These monthly charges are administered through the DWR Charge Fund.

To initiate activities related to the implementation of the DWR Charge Fund, AB 1054 includes a \$9 million loan from the GF in 2019-20. The \$9 million loan will be repaid upon issuance of bonds, likely occurring in fall 2020. In addition, AB 1054 includes a \$2 billion loan to the Wildfire fund, to be repaid with proceeds from future DWR issuance of bonds.

Staff Recommendation. Approve as budgeted.

Issue 7: Federal Emergency Management Agency (FEMA) Grant Reimbursement

Governor's Proposal. Requests \$36.25 million in Reimbursement Authority (\$3.25 million in 2020-21 and \$8.25 million ongoing) in order to receive two FEMA grants, one for hazard mitigation efforts and the other related to high hazard dams.

Grant funding will be allocated by California Governor's Office of Emergency Services (Cal OES) and FEMA for two purposes: (1) Post Hazard Mitigation Grant for post fire watershed and alluvial fan flood hazard mapping, instrumentation, and coordination platform application, and (2) High Hazard Potential Dams grants (first round will be for technical, planning, design, and other pre-construction activities).

Background. *Federal funding for natural disasters.* Upon a Presidential Disaster Declaration, FEMA provides grant funding for plans and projects that reduce the effects of natural disasters through their Hazard Mitigation Grant Program (HMGP). The purpose of HMGP is to reduce the loss of life and property due to natural disasters and to enable mitigation measures to be implemented during the immediate recovery from a disaster. The funds are administered through the California Governor's Office of Emergency Services (Cal OES) through its Post Hazard Mitigation Grant Program.

Staff Recommendation. Approve as budgeted.

Issue 8: Flood Management Support

Governor’s Proposal. Requests \$835,000 GF in 2020-21 and \$791,000 ongoing to support three positions to address the resource needs for large flood and multi-benefit projects.

Background. *Division of Flood Management (DFM).* DWR, through its DFM, has a significant role in flood control and management to safeguard life and property. DWR fulfills this mission by supervising design, construction, operation and maintenance of more than 1,200 jurisdictional dams; encouraging preventative floodplain management practices; maintaining and operating Sacramento Valley flood control facilities; cooperating in flood control planning and facility development; and providing flood advisory information. DWR works with local and federal agencies to build and maintain a robust flood system of levees and bypasses.

Staff Comments. The request asserts that “large projects essential to addressing these significant flood risks require additional project management and environmental support beyond what is currently available. The lack of resources is impacting the timeliness of these projects and the result is a risk of stranded investments and lengthy delays in work.”

Funding this request would enable DWR to have the necessary resources to support large flood projects that are required to maintain the state’s flood system, protect developing communities, and increase flood system functionality to achieve both flood protection and environmental goals.

Staff Recommendation. Approve as budgeted.

Issue 9: Perris Dam Remediation Plan

Governor’s Proposal. Requests \$5 million Proposition 84 to support 7.2 existing positions and fund development, rehabilitation, acquisition, and restoration related to providing public access to recreation and fish and wildlife enhancement resources at Perris Dam, a State Water Project (SWP) facility. This project will also be supported by approximately \$9.8 million in SWP funds for 2020-21.

The Perris Dam and Reservoir are located in San Bernardino County. It is a terminal SWP Reservoir and provides key water supply and delivery benefits. The Lake Perris State Recreation Area is a popular and highly visited recreational facility with over one million visitors annually. This state park unit provides recreational opportunities including boating, swimming, and other water-based recreation in an area significantly deprived of other such resources.

Staff Recommendation. Approve as budgeted.

Issue 10: Public Affairs Office Staffing

Governor's Proposal. Requests six new positions across five sections in the Public Affairs Office to meet the increasing demand for public information and reduce the need for overtime and contractors. DWR has seen a significant increase in public and media interest in DWR operations, specifically the SWP.

The Public Affairs Office has approximately 3,600 employees statewide and is comprised of three branches: Communications and Outreach, Creative Services, and Administrative.

Staff Recommendation. Approve as budgeted.

Issue 11: Transmission Operator – Compliance Support

Governor's Proposal. Requests 23 new permanent positions, funded by SWP funds, to support in registering and becoming functionally compliant as a Transmission Operator (TO) by September 2020, as mandated by the North American Electric Reliability Corporation (NERC) and the Western Electricity Coordination Council, to maintain participation in the Bulk Electric System and deregulated electrical market. Failure to do so will result in significant fines and jeopardize SWP's ability to operate.

The TO role was previously performed by Pacific Gas & Electric (PG&E) for DWR. In December 2018, PG&E declined to serve this function for DWR. In order to serve this role, DWR needs additional staffing for operations at both a primary and backup transmission desks, operation of a new backup center, ongoing system maintenance and support of new technology systems in both centers, and the supporting activities with compliance requirements of evidence, audits, and reports as identified by NERC.

This request supports SWP by maintaining a reliable operating condition for delivering water and continue as a utility participating in the deregulated electrical market operating under mandated requirement to operate by September 2020.

Staff Recommendation. Approve as budgeted.

ISSUES FOR DISCUSSION

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

Issue 12: Update on the Service Based Budgeting (SBB) Project

SBB is a budgeting approach that identifies the tasks needed to accomplish DFW's mission. This review will help inform future budgets based on staff time needed to complete these tasks. The SBB approach is task-based, labor-focused, and organized by DFW's services to the public.

The SBB project is governed by a team of DFW executive leaders and is a collaborative effort of managers and employees across the department working alongside independent consultants. The SBB project is a long-term effort running through 2021, when the SBB Review Report is due to the Legislature.

SB 854 (Committee on Budget and Fiscal Review), Chapter 51, Statutes of 2018, required DFW to contract with an independent entity to conduct a comprehensive SBB review, and provided \$2 million for this project. In addition to contract funds, this appropriation included funding for DFW staff to participate and help implement SBB. SB 854 required the SBB review to include an analysis of existing fund sources, program costs and how these align to meet statutory mandates. DFW entered into a contract with Deloitte, Inc. in November 2018. Toward the end of the contract negotiations, it became apparent that the 2018 Budget Act funding would be sufficient to complete the first of two phases of the SBB review and that additional funding would be needed in 2019-20 to complete the project.

The project began in earnest in January 2019. The first phase of the project includes: (1) established a project work plan; (2) built out a complete catalog of DFW tasks; (3) developed a stakeholder engagement plan to keep all parties informed of progress, including the Administration, the Legislature and the public; (3) compared existing resources to the level needed to fully carry out statutory mandates; and (4) provided for development of an information technology tool for future budget planning.

Additional funding of \$2 million Environmental License Plate Fund one-time was provided in 2019-20 to fund the completion of the SBB review, SBB tracking system, training for staff on using the SBB tool for ongoing budgeting needs, continued stakeholder engagement, and final legislative report due January 15, 2021.

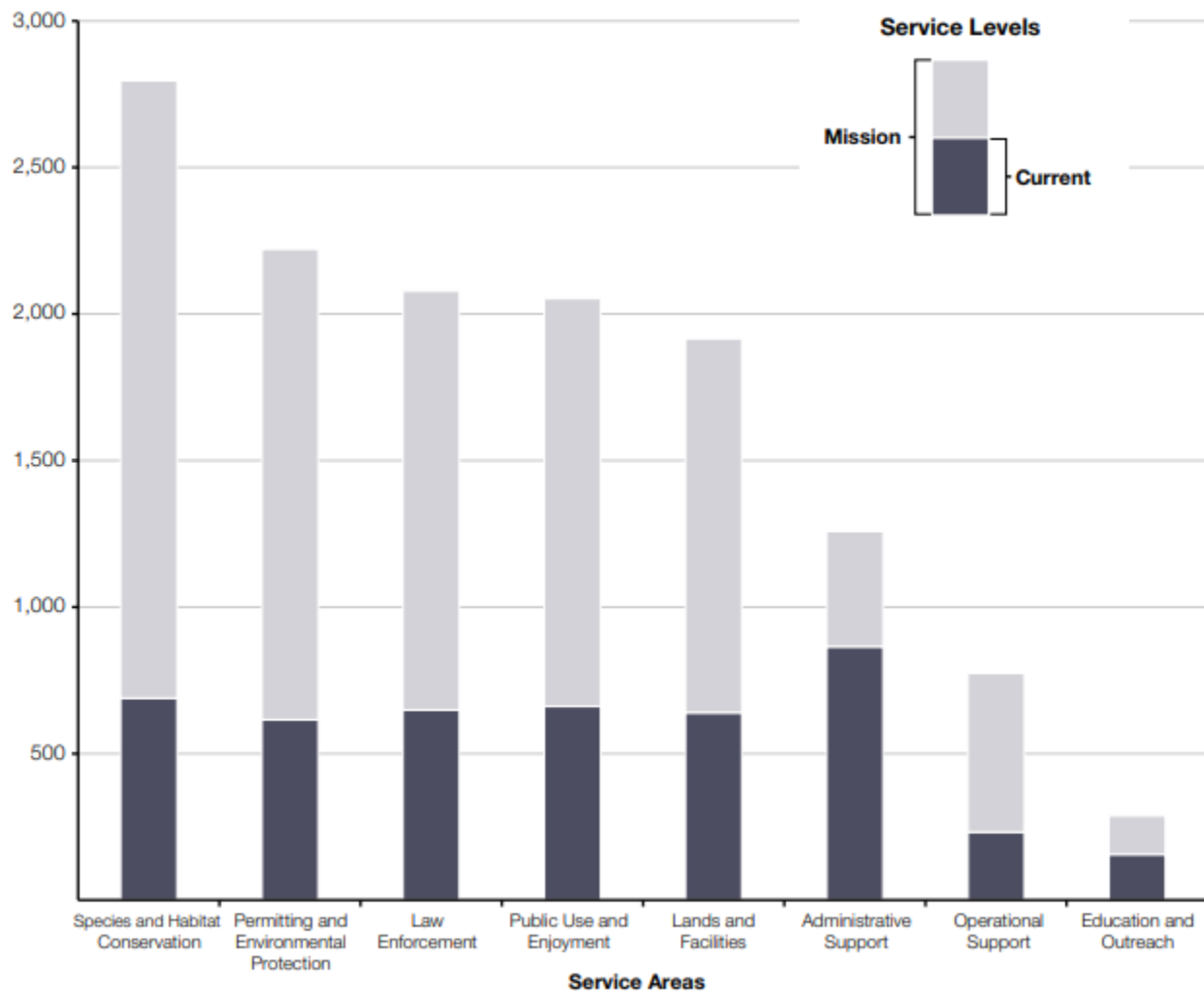
The review is intended to provide more clarity regarding the following:

- The core activities that DFW undertakes.
- The existing gap between the department's "mission" level of service (defined as the service standards and essential activities required for the department to meet its mission and statutory requirements) and its current levels.
- Instances where DFW may be conducting activities outside its mission and statutory requirements.
- Detailed estimates for the costs and staffing that would be necessary to meet mission service levels.
- An analysis of DFW's existing revenue structure and activities supported by those fund sources including instances where different funding sources or revenue structures might be allowable or more appropriate.

According to the Legislative Analyst’s Office (LAO), the Legislature has provided \$4 million in one-time GF to provide this detailed review of the department’s activities and budget. DFW is currently in the middle of the SBB process. Specifically, it has accomplished two of the tasks described – defining current and mission service levels and their relative gap in terms of staffing levels – but has not yet determined what it would cost to fully achieve its mission or analyzed its revenue sources and comparative distribution of funding.

According to the LAO, while DFW has not yet completed the SBB review, its initial analysis has identified significant gaps between its existing levels of service and those it has determined would be necessary to fulfill its mission and meet all of its statutory responsibilities. The figure below by LAO displays these results, showing the difference between the number of staff hours currently being dedicated in each of DFW’s eight areas of service compared to the number of hours the department has determined would be needed to meet its mission.

Review Found CDFW Is Falling Short of Meeting Its Mission
Hours Per Year



CDFW = California Department of Fish and Wildlife.

LAO

As shown in the figure above, in most areas, DFW has determined that current service levels are less than one-third of mission levels. The largest shortfall – both proportionally and in terms of total staff hours – is in species and habitat conservation, the service area the department has determined requires the most comparative workload. Specifically, DFW staff currently spend about 690,000 hours per year

on activities in that service area, compared to the 2.8 million hours the department estimates would be needed to meet its mission. The second largest gap is in the permitting and environmental protection service area – falling short of meeting mission service levels by about 1.6 million hours annually.

Issue 13: Advancing Biodiversity Protection, Operational Modernization, and Regulatory Efficiencies (BCP) and Habitat Conservation Fund Transfer Sunset to Advance Biodiversity Protection (Trailer Bill Language (TBL))

Governor’s Proposal. Requests \$38.9 million GF in 2020-21 and 58 positions, \$42.3 million in 2020-21 and ongoing. This includes: (1) \$20 million one-time GF in 2020-21 to support operational efficiency investments, and (2) an \$18.9 million ongoing GF shift from the Habitat Conservation Fund (HCF) to DFW for activities that support ecosystem-based management and biodiversity conservation, and (3) \$23.4 million ongoing starting in 2021-22 to permanently extend the limited-term funding that was first provided in the 2018 Budget Act, to allow DFW to continue critical programs.

The Governor’s proposal includes TBL to change the sunset date of HCF from 2030 to 2020. This proposed amendment would implement the shift of \$18.9 million from the Wildlife Conservation Board’s HCF and undo the recent statutory reauthorization of funding for HCF.

Background. DFW mission. The mission of DFW is to manage California’s diverse fish, wildlife, and plant resources for their ecological value and for their use and enjoyment by the public. This includes habitat protection and maintenance in a sufficient amount and quality to protect the survival of all species and natural communities. DFW is also responsible for the diversified use of fish and wildlife, including recreational, commercial, scientific, and educational uses.

Fish and Game Preservation Fund (FGPF). The FGPF was established in 1909 as a repository for all funds collected under the Fish and Game Code and any other law relating to the protection and preservation of birds, mammals, fish, reptiles, and amphibians in California. These revenues are generated from the sale of licenses for hunting, recreational and commercial fishing, and numerous special permits. Over time, the Legislature has created various subaccounts within FGPF, which have specified permit fees generating revenue for projects benefitting those species. For example, the taking of migratory waterfowl in California requires a state duck stamp validation in addition to a general hunting license. Revenues from the duck stamps are deposited into the Duck Stamp Account within FGPF to be used for waterfowl protection and habitat restoration. There are currently 29 dedicated subaccounts within the fund. The department issues more than 500 different types of hunting and fishing licenses and permits.

Revenues from licenses, fees, and permits that are not directed by statute to a dedicated account are accounted for in what is known as the non-dedicated FGPF. This is the largest repository for department revenues, including sales of general fishing and hunting licenses and permits. Approximately 75 - 80 percent of total FGPF revenues are deposited into the non-dedicated account, with the remainder going to the various 29 dedicated subaccounts. There is a running deficit in the non-dedicated FGPF.

Structural imbalance within FGPF. In recent years, expenditures have exceeded revenues in the non-dedicated account of the FGPF, with the gap reaching over \$20 million annually beginning 2014-15. Some of the causes of the FGPF’s structural imbalance that the department has identified include: fund shifts (particularly GF), lifting of prior spending restrictions (e.g. vehicles, furloughs), increased need for federal funds, increased responsibilities, decreasing revenues from user groups, and cost of business increases (e.g. employee compensation).

Prior attempts to address funding challenges and operational capacity and effectiveness. AB 2376 (Huffman), Chapter 424, Statutes of 2010, required CNRA to convene a committee to develop a strategic vision for DFW in order to improve and enhance their capacity and effectiveness in fulfilling their public

trust responsibilities for protecting and managing the state's fish and wildlife. As part of the project, a blue ribbon citizen commission and a stakeholder advisory group supported the executive committee in developing a strategic vision report in 2012.

The Budget Act of 2017 required DFW to reconvene the 2012 stakeholder group and provide a report to the Legislature regarding implementation of the 2012 recommendations as well as undergo a zero-based budget evaluation. The Budget Act of 2018 directed DFW to complete a "service-based budget" (SBB) review process. The 2018 Budget Act also provided DFW \$23.4 million (GF and Tire Recycling Management Fund) annually for three years and \$6.6 million GF ongoing to support FGPF's structural imbalance.

DFW is currently undergoing the SBB review process. The SBB review process is intended to create data transparency to analyze DFW's ability to meet service levels required to achieve its mission, statutory requirements, and public/stakeholder expectations. This exercise, upon completion, is intended to help identify DFW's greatest areas of need as well as identify the service standards required. This process is currently underway at DFW.

The Governor's proposal. According to DFW, the preliminary results of the SBB review process confirm that the species and habitat conservation program area and the permitting and environmental protection program area face service level shortfalls. According to DFW, the incremental funding in this proposal allows them to better protect species; enhance, maintain, and restore quality habitat; and reduce obstacles to restoration projects. DFW intends to spend the funds in this proposal as follows:

1) *New Ongoing Proposals*

- a. *Protect endangered species:* 31 positions and \$10.75 million to conduct work to implement and enforced compliance with the California Endangered Species Act (CESA), including reviewing positions to list new species as threatened or endangered, processing and monitoring CESA-related regulatory permits, and developing and implementing plans to help CESA-listed species recover.
- b. *Increase awareness about biodiversity and climate change:* Seven positions and \$1.9 million to conduct climate-risk assessments on DFW lands. Develop and disseminate education and outreach materials about the state's biodiversity and climate change risks.
- c. *Improve permitting process for restoration projects:* 15 positions and \$3.4 million to direct additional staff resources to consult with restoration project proponents and process environmental permits to expedite timelines and enable permitting for larger scale projects.
- d. *Administration and facilities:* Five positions and \$2.8 million to provide administrative support and office space proportional to new staff and activities included in the overall proposal.

2) *New one-time proposals*

- a. *New aircraft:* \$6 million to purchase a new aircraft to aerially monitor wildlife.
- b. *Fish hatchery equipment:* \$6.5 million to purchase equipment to upgrade hatchery operations, including egg sorters and fish stocking vehicles.
- c. *Equipment and water conveyance projects at state wetlands:* \$7.5 million to undertake projects to improve water conveyance, including upgrading canals, levees, and water pumps, and installing solar panels. Purchase new heavy equipment for maintenance including tractors, graders, and excavators.

Source of funding for this proposal: Habitat Conservation Fund (HCF). The funding sources for this

proposal is a mix of GF dollars and \$18.9 million that is being redirected from HCF.

Proposition 117, passed by voters in 1990, established HCF. The proposition required an annual transfer of \$30 million GF into the fund until the year 2020 and specified how the moneys were to be expended for acquiring, restoring, and enhancing habitat necessary to protect wildlife and plant populations, especially deer, mountain lions, rare, endangered, threatened or fully protected species, wetlands, riparian and aqua it habitat. The Budget Act of 2019 extended the HCF 2020 sunset date to 2030.

LAO Comments. *LAO finds that ongoing funding addresses some service gaps, but Legislature could prioritize other activities.* DFW has identified a significant deficit in existing service levels, with the largest gaps in the areas of: (1) species and habitat conservation; and, (2) permitting and environmental protection. Most of the Governor’s proposal for new ongoing funding are targeted in these categories, suggesting they would help the department be better positioned to carry out its mission. As such, the LAO finds that the proposed use of the new \$18.9 million seems well-targeted for addressing existing deficiencies in DFW services.

The LAO finds that the proposal has merit, however, the funding for the ongoing activities would be shifted from other state conservation programs. The LAO recommends the Legislature adopt the one-time \$20 million funding proposal because the resources will be used to make certain department operations and maintenance activities more efficient. The LAO further recommends the Legislature weigh the relative trade-offs of the ongoing \$19 million shift from HCF proposal with its other conservation and GF priorities. Lastly, the LAO recommends deferring action on the third component of the Governor’s proposal — to extend funding scheduled to expire in 2021-22 — until next year, when a more in-depth analysis of DFW’s budget will be available.

Staff Comments. DFW works on a broad range of activities such as habitat protection, law enforcement, promotion of hunting and fishing opportunities, and management of wildlife areas and ecological reserves. Costs to deliver these programs have increased considerably over the years, resulting in a structural deficit within the FGPF of about \$20 million annually. Given the the lack of information on how to address the structural deficit, DFW is undergoing the SBB exercise in order to better inform the Legislature on funding decisions. The SBB review is still underway. Even without completing the SBB review, based on its preliminary results, it is clear that DFW needs additional funding.

While the funding needs at DFW is clear, a question arises as to whether it is appropriate and prudent to redirect \$18.9 million from the Wildlife Conservation Board (WCB) to DFW for a similar purpose, and whether there would be a net benefit to DFW and the WCB’s mission. The funds being redirected would otherwise be going to WCB for a variety of habitat restoration projects.

Staff Recommendation. Hold open.

Issue 14: Statewide Bobcat Management (AB 1254)

Governor’s Proposal. Requests \$2.742 million GF in 2020-21 and \$2.389 million in 2021-22, to fund staffing, field equipment, and vehicles to design and implement a statewide monitoring plan to assess bobcat populations. DFW also requests three positions and \$566,000 GF in 2022-23 and ongoing to develop a bobcat management plan and implement the state bobcat management program pursuant to AB 1254 (Kamlager-Dove), Chapter 766, Statutes of 2019.

Background. AB 1254. AB 1254 prohibits the hunting of bobcats, effective January 1, 2020. The prohibition will remain in place until DFW completes a bobcat management plan and the California Fish and Game Commission authorizes the reopening of bobcat hunting seasons, no earlier than January 1, 2025. Upon appropriation by the Legislature, DFW is required to develop a bobcat management plan, including a statewide bobcat population estimate based on best available science, an assessment of the overall health of the population, a comprehensive strategy to manage bobcat populations and their habitats, an investigation of effective non-lethal strategies to prevent bobcat predation on livestock, and recommendations for regulatory and statutory changes needed to implement the plan. AB 1254 requires DFW to submit the management plan to the Commission by January 1, 2024.

Bobcats. Native to North America, bobcats (*lynx rufus*) are about double the size of domestic cats and weigh up to 40 pounds for an adult male. Bobcats may live up to 15 years in the wild. Bobcat fur can be highly valued, and trapping of bobcats for their fur has resulted in the takes of up to thousands of bobcats annually in the past. They are known to inhabit every county, except San Francisco. However, the carrying capacity of each county and within each county varies widely. They can adapt to many types of habitat but avoid urban and exurban lands, and generally avoid humans.

DFW and Bobcats. Because bobcats are non-game species, DFW does not have dedicated resources to manage this wildlife. DFW has studied and managed bobcats in the past, as funding allowed. For example, in 2014, DFW initiated “The Eastern Sierra Nevada Bobcat Study,” using a combination of capture-mark-recapture, remote cameras, and genetic techniques in order to obtain more precise information about current bobcat and mesocarnivore populations and their prey base.

Staff Recommendation. Approve as budgeted.

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)
3540 CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)
3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 15: Law Enforcement Use of Deadly Force: Policy and Training Update (AB 392/SB230)

Governor’s Proposal. Requests \$3.2 million GF and six positions in 2020-21 and \$1.8 million ongoing thereafter to implement the training and policy components related to law enforcement use of deadly force pursuant to AB 392 (Weber), Chapter 170, Statutes of 2019, and SB 230 (Caballero), Chapter 285, Statutes of 2019. More specifically, this request includes:

- DFW requests two positions, \$833,000 in 2020-21, and \$419,000 in 2021–22 and ongoing, including funding for one mobile training simulator and a vehicle to transport the simulator.
- CalFire requests two positions, \$1.689 million in 2020-21, and \$884,000 in 2021-22 and ongoing. CalFire’s request includes one-time funding of \$750,000 in 2020-21 for the acquisition of one live fire training simulator.
- Parks requests two positions, \$619,000 in 2020-21, and \$419,000 in 2021-22 and ongoing, including funding to purchase one mobile training simulator and a vehicle to transport the simulator.

Background. SB 230 and AB 392 are a legislative package that seeks to reduce police use of force by mandating all law enforcement agencies to maintain a public policy on use of force. By January 1, 2021, specified law enforcement agencies are required to maintain a policy that provides guidelines on the use of force, utilization of de-escalation techniques, crisis intervention tactics, other alternatives to the use of force, the application of deadly force, and factors for evaluating and reviewing all peace officers in California for the purpose of raising the level of competence. The legislation requires Peace Officer Standards and Training (POST) to augment its academy and ongoing law enforcement training to incorporate the subject areas identified in the legislation, which requires a collaborative effort between law enforcement agencies to revised POST basics and ongoing training. The legislation implementation is intended to result in improved training, transparency, and better outcomes for both law enforcement officers and the individuals who encounter them under adversarial circumstances.

DFW employs 466 sworn wildlife officers that are fully authorized peace officers and have law enforcement jurisdiction throughout the state and 200 miles out to sea. Wildlife officers have the authority to enforce all laws of the state, including poaching and pollution laws, laws related to violent crime, domestic violence, stolen vehicles, drug crimes, etc., and are federally deputized to enforce federal laws related to interstate wildlife trafficking. DFW’s Law Enforcement Division has a use of force policy in place for its wildlife officers, requires training on that policy, and has an extensive reporting/review requirement. DFW’s use of force policies are required to be posted publicly, which was not mandated prior to passage of SB 230.

CalFire employs approximately 180 peace officers who are responsible for enforcing laws related to CalFire’s forest and fire protection mission, and enforcement duties delegated to the Office of the State Fire Marshal. These law enforcement activities require statewide jurisdiction and are not pursued by other state or local law enforcement agencies as they fall solely within CalFire’s jurisdiction to enforce. All of CalFire’s peace officers are authorized to carry a firearm on a regular basis. CalFire will be

required to update its use of force standards to meet the requirements of AB 392/SB 230.

Parks employs approximately 540 rangers and lifeguards, all of whom are peace officers. Although the definition of “law enforcement agencies” as stated in the enacted legislation do not include Parks explicitly, the requirements of the legislation applies to Parks as it employs law enforcement officers. To fulfill the requirements, Parks intends to utilize a traveling simulator throughout the state.

Staff Recommendation. Approve as budgeted.

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)
3860 DEPARTMENT OF WATER RESOURCES (DWR)
3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)
3480 DEPARTMENT OF CONSERVATION (DOC)

Issue 16: Technical Budgeting Adjustments: (a) Budget Change Proposal (BCP): Stream Gaging Plan Implementation (SB 19); (b) BCP: Central Valley Flood Protection Board: Continuation of Existing Staff; and, (c) BCP: Flood Planning Resourcing

(a) BCP for DFW, DWR, SWRCB, and DOC: Stream Gaging Plan Implementation (SB 19).

Governor's Proposal. Requests \$1.575 million (\$1.175 million GF and \$400,000 Water Rights Fund) over two years to implement SB 19 (Dodd), Chapter 361, Statutes of 2019, which requires the development of a plan to deploy a network of stream gages.

Background. DFW and SWRCB are heavily dependent on streamflow monitoring data from the network of gages maintained by United States Geological Survey (USGS) and DWR. DFW programs rely on monitoring data from these gages to inform hydrology and water temperature for instream flow study planning, implementation, and analysis.

Historically, the stream gaging network in California was operated by USGS and DWR, with various other federal, state, and local agencies, as well as private entities, operating gages on a smaller scale. The majority of permanent telemetered gages installed by USGS and DWR in California are used for water supply and flood forecasting and to monitor compliance, with flow or water quality requirements, downstream of dams or diversions. Currently, USGS operates approximately 8,000 stream gages nationwide, with over 500 gages in California. Likewise, DWR has expanded its gage network and operates approximately 200 gages throughout the state, reflecting the need and demand for real-time reliable streamflow data.

However, due to loss of funding in state and federal stream monitoring programs, the stream gage network has contracted considerably in the past two decades. Since 1990, more than 600 USGS stream gages, with continuous records of more than 30 years, have been discontinued in the US and additional gages are slated to be discontinued. Likewise, California's stream gaging network has experienced a similar contraction. Some of these discontinued sites represent the only real-time streamflow information in a watershed, and many sites had lengthy periods of record prior to removal. As California learned in the recent drought, the decommissioning of gages and lack of gages in priority watersheds result in important data gaps that hamper effective management of water resources, which forces state agencies to spend extra resources on field investigations and other less accurate means to obtain the needed data or to forgo timely and effective action because the data is unavailable. The existing gage network is insufficient to address key management needs (water supply management, flood management, water quality management, and ecosystem management).

LAO Comments. The positions requested are not newly established positions. This request includes an additional \$34,000 in 2020-21 compared to the subsequent year.

(b) BCP for DWR: Central Valley Flood Protection Board: Continuation of Existing Staff

Governor's Proposal. Requests \$4.01 million GF in 2020-21, and \$3.688 million for 2021-22 and 2022-23 to support 19 existing positions within CVFPB. While CVFPB is an independent entity, its budget is contained within DWR, and it receives some staff and administrative support from the department.

Background. *The State Plan on Flood Control (SPFC).* The SPFC is the state-federal flood protection system in the Central Valley. SPFC includes over 1,600 miles of levees, over 1,300 miles of designated floodways, and approximately 18,000 parcels of land held in fee, easement, or other agreements. Although many SPFC components were locally or federally constructed, in the 1950s, the state committed to the federal government that it would oversee the SPFC system and maintain it pursuant to federal standards. For most segments of SPFC levees, the state has developed formal agreements with local governments (primarily local reclamation districts) to handle regular operations and maintenance responsibilities.

CVFPC oversees the SPFC facilities. The CVFPB is an independent state agency and the lead authority for flood control in the Central Valley. CVFPB is responsible for permitting and enforcing encroachments and operation and maintenance of all SPFC facilities. CVFPB collaborate with local authorities and stakeholders to ensure an integrated flood control system. CVFPB also manages real estate and easements necessary for flood control. CVFPB's activities include: (1) collaborating with local agencies to improve SPFC flood protection structures; (2) issuing permits for work on SPFC levees and facilities; and (3) ensuring that levees are maintained up to required standards, including ensuring that levee encroachments such as pipes or docks either meet code requirements and receive permits or are removed.

Funding for CVFPB. The permitting, inspection, and enforcement programs have been historically funded by GF appropriations. In addition to GF, the CVFPB has relied on the Disaster Preparedness and Flood Prevention Bond Act (Proposition 1E) funds allocated in 2012 to fulfill its statutory mandates. Those bond funds were fully expended by the end of 2017-18. The 2018 Budget Act included \$1.4 million annually for two years for CVFPB to support ten existing permanent positions in order to continue to exercise its regulatory oversight authority over SPFC and its implementation of the Central Valley Flood Protection Plan.

CVFPB has the authority to levy finds and charge fees for inspection related activities, but was unable to utilize its authority due to incomplete real estate records and limited inspection and enforcement staff. The 2017 Budget Act provided provided CVFPB with an annual appropriation of \$2.2 million, one existing position for three years, and nine new permanent positions for CVFPB's operating costs and to determine the nature and extent of its real estate rights and encroachments within the SPFC.

In July 2019, CVFPB began collecting fees for permitting and inspections with the intent of recovery 75-100 percent of the costs of these programs. However, there are approximately 21,000 outstanding permits, which would take time before those existing permits can generate sufficient fee revenue to sustain existing staffing.

LAO Comments. The positions requested are not newly established positions. This request includes an additional \$322,000 in 2020-21 compared to subsequent years.

Staff Comments. According to CVFPB, without this funding, it will not be able to continue to fund at

least half of its 47 positions, all of which implement critical statutory programs. In 2017, as part of the approval of a budget request for additional staffing, the Legislature required CVFPB to explore creating revenue streams including charging fees for permits, collecting fines from illegal encroachments, increasing rent and royalty revenue from the Sacramento-San Joaquin Drainage District properties and exploring the feasibility of reviving CVFPB's assessment authority. As reported earlier this year, CVFPB has made significant progress, but revenue generating programs are not mature enough yet to support any CVFPB operations, requiring limited-term GF support. Allowing CVFPB to continue its existing level of oversight of the SPFC facilities is an important component of state efforts to maintain flood protection and public safety.

(c) BCP for DWR: Flood Planning Resourcing.

Governor's Proposal. Requests \$2.283 million GF one-time and \$2.089 million ongoing thereafter to support programs responsible for planning and project implementation within the Central Valley. Funding will support mandated updates to the Central Valley Flood Protection Plan and implementation of the Conservation Strategy.

Background. *Central Valley Flood Protection Plan (CVFPP).* The CVFPP is California's strategic blueprint to improve flood risk management in the Central Valley. The first plan was adopted in 2012 and is updated every five years. The last update to the plan was in 2017. The plan lays out strategies to:

- Prioritize the state's investment in flood management over the next three decades
- Promote multi-benefit projects
- Integrate and improve ecosystem functions associated with flood risk reduction projects.

The 2012 CVFPP was built on the foundation of Central Valley flood risk management efforts dating back to 1850. In 2006, DWR consolidated and coordinated its various flood risk management programs under the FloodSAFE California Initiative, which incorporated emergency preparedness, flood operations, flood risk reduction and ecosystem restoration projects, flood project maintenance, and comprehensive, systemwide assessment and planning to deliver improved flood protection as quickly and efficiently as possible.

The CVFPP was prepared in coordination with local flood management agencies, the Central Valley Flood Control Board, US Army Corps of Engineers, FEMA, and the Bureau of Reclamation. It was supported by data, analyses, and findings from related FloodSAFE efforts. These included the SPFC Descriptive Document, the Flood Control System Status Report, and the CVFPP Final Program environmental impact report, being prepared in parallel with the CVFPP and documented in interim products and reference documents. The 2012 CVFPP focused on improving integrated flood management and flood risk reduction for areas protected by facilities of the SPFC. While the CVFPP focuses on the areas protected by SPFC facilities, the flood emergency response and operations and management of facilities in tributary watersheds that influence SPFC-protected areas were also considered.

CVFPP Conservation Strategy. The 2016 CVFPP Conservation Strategy is a non-regulatory document that provides measurable ecological objectives and long-term approaches for improving riverine and floodplain ecosystems through multi-benefit projects that include ecosystem restoration and improvements, and operations, maintenance, repair rehabilitation, and replacement. The Conservation Strategy provides a wealth of data and information necessary to support the 2017 CVFPP Update development by guiding the integration and improvement of ecosystem functions associated with flood-risk-reduction actions and providing the basis for recommending conservation actions for the SPFC. The

Conservation Strategy's measurable ecological objectives will guide and support monitoring and tracking of contributions to the CVFPP's supporting goal of promoting ecosystem functions over time.

Funding for the DFM. Since 2006, the most significant source of funding for DFM has been bond funds. In 2006, Proposition 1E was passed, authorizing \$4.09 billion in general obligation bonds to rebuild and repair California's most vulnerable flood control structures, to protect homes and prevent loss of life from flood-related disasters, and to protect drinking water systems. In the same year, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act (Proposition 84), allocated an additional \$800 million for flood control projects. DFM anticipates having committed or spent most bond funds by the end of 2018-19. Proposition 1E funds are no longer available after 2019-20.

LAO Comments. The positions requested are not newly established positions. This request includes an additional \$194,000 in 2020-21 compared to subsequent years.

Staff Comments. Significant investment is needed to maintain California's aged flood system, protect developing communities, and increase flood system functionality to achieve both flood and environmental protection. DFM seeks to manage floods in a manner that addresses both flood protection and environmental enhancement and restoration. This request will fund staff to work on the 2022 CVFPP updates and Conservation Strategy.

Staff Recommendation for (a), (b), and (c):

(a) Stream Gaging Plan Implementation. Approve \$1.541 million (\$1.141 GF and \$400,000 Water Rights Fund) over two years.

(b) Central Valley Flood Protection Board: Continuation of Existing Staffing. Approve \$3.688 million GF in 2020-21, and \$3.688 million for 2021-22 and 2022-23.

(c) Flood Planning Resourcing. Approve \$2.089 million GF one-time and \$2.089 million ongoing thereafter.

3860 DEPARTMENT OF WATER RESOURCES (DWR)**Issue 17: Hydrometeorology and Surface Water Observations**

Governor's Proposal. Requests \$6 million GF ongoing and 11 positions (six existing and five new) to bolster surface water monitoring through reactivation or upgrade of existing monitoring stations, and installation of new stations to address prioritized known information gaps.

Background. *DWR uses weather stations and stream gages to collect hydrologic data.* DWR maintains over 250 remote weather stations and supporting the operations and maintenance of more than 20 stream gages that provide critical information for flood emergency response and water supply forecasting.

Funding for weather station operation and maintenance have been unstable. Funding for station maintenance, repair, and upgrades are done on an ad hoc basis. This has resulted in a patchwork network of different equipment of different ages and reliability. Some equipment currently in the field comes from manufacturers that are no longer in business. Under current resourcing, the decline in data quality and availability from the network of observing stations will continue and accelerate as equipment ages and maintenance is continued to be deferred. In addition to station design, programming, and maintenance, work is needed to secure and maintain permits with relevant federal and state agencies, and coordinate activities with local agency partners.

Staff Comments. With the requested resources, DWR proposes to bolster surface water monitoring through reactivation or upgrade of existing monitoring stations, and installation of new stations to address prioritized known information gaps. Having good hydrologic data can help inform climate adaptation strategies and how water is managed in California.

Staff Recommendation. Approve as budgeted.

Issue 18: (a) New River Improvement Project and (b) for Tijuana River Project

Governor's Proposals. (a) New River Improvement Project. Requests \$18 million GF and \$10 million Proposition 68 funds to support the New River Improvement Project and address solid waste and pollution exposure challenges in the City of Calexico, which supports health, recreation, and economic benefits in the area.

Background on New River Improvement Project. *The New River is polluted by domestic, agricultural, and industrial waste.* The New River is a cross-border, trans boundary river that flows from Mexicali, Baja California, Mexico, into the City of Calexico in California and on to the Salton Sea. The New River is severely polluted by discharges of waste from domestic, agricultural and industrial sources in Mexico and the Imperial Valley. New River pollution threatens public health, prevents supporting healthy ecosystems for wildlife and other biological resources in the New River, and contributes to water quality problems of the Salton Sea. Also, New River pollution hinders economic development in Imperial County. Based on the most recent available data, the following water quality problems are evident in the New River on the US side of the US-Mexico International Boundary: pathogens, low dissolved oxygen, toxicity, trash, selenium, sediment/silt, chlordane, dichlorodiphenyltrichloroethane (DDT), dieldrin, polychlorinated biphenyls (PCBs), hexachlorobenzene (HCB), nutrients, and mercury.

Prior efforts to remediate the New River's water quality and promote recreational opportunities. AB 1079 (V. Manuel Perez), Chapter 382, Statutes of 2009, established a Technical Advisory Committee (TAC) to prepare a strategic plan to study, monitor, remediate, and enhance the New River's water quality to protect human health, and to develop a river parkway suitable for public use and enjoyment.

The New River TAC solicited advice from consultants, academics, and agency experts. The TAC developed a comprehensive set of recommendations to address the New River problems through the Strategic Plan, which was published in 2011 and updated in 2016. The New River Strategic Plan contemplates additional benefits and includes additional green space in the community.

The New River Improvement Project. The New River Improvement Project is a component of the New River Strategic Plan and provides a critical first step to developing the River Parkway specified in the Strategic Plan. The New River Improvement Project will divert the polluted water away from the city, reducing risks of exposure to potentially harmful pollutants, and will replace the riverbed treated water to facilitate ecosystem and health benefits. The Governor's Budget proposes \$28 million for DWR, in coordination with the California Environmental Protection Agency and the Salton Sea Authority, to prioritize funding investments in a trash screen, piping and pump back system, and the construction of additional aeration structure components, and will engage in continued conversations with local partners, including the City of Calexico, Imperial County, and the Imperial Irrigation District.

LAO Comments. Approve funding for New River Project. Because the proposed projects would address serious public health issues in the City of Calexico and the Administration has a plan for how the investments would be maintained in future years by local stakeholders, the LAO recommends approving the Governor's proposal to provide \$28 million for the New River Improvement Project.

(b) Tijuana River Project. Requests \$35 million GF one-time for the construction, operation, and maintenance of a series of pollution capture devices and infrastructure projects on the US side of the Tijuana River Valley that supports health and environmental benefits and address pollution issues affecting the Tijuana River.

Background on the Tijuana River Project. *The Tijuana River is polluted by raw sewage, waste tires, and industrial waste.* The Tijuana River stretches roughly 120 miles and is sourced from two main tributaries, one originating in the Laguna Mountains (US) and one originating above the Abelardo L. Rodriguez Dam (Mexico).

Raw sewage and waste flowing from the City of Tijuana and its surrounding areas flow into California along the Tijuana River. Despite cross-border cleanup efforts, this remains a recurring problem and is a main source of pollution in the area. This pollution threatens public and ecosystem health in the Tijuana River Valley. The river's waste discharges generally consist of waste tires, residential and industrial waste, as well as some hazardous waste, building materials, and sediment, all of which contribute to contaminated stormwater runoff that flows into the Tijuana River National Estuarine Research Reserve among other ecological, recreational, and economic resources.

Waste discharges into the Tijuana River often result in beach closures along the City of San Diego's coastline, extending as far north as the City of Coronado.

Efforts to address pollution in the Tijuana River. CalEPA and the San Diego Regional Water Quality Control Board, together with local, regional, and state agencies and non-governmental organizations, are working to address long-standing pollution issues affecting the Tijuana River, the Tijuana River Valley, and its residents.

SB 507 (Hueso), Chapter 542, Statutes of 2017, dedicated funding to the County of San Diego to study and identify solutions designed to remedy Tijuana River pollution. This study, known as the County of San Diego's SB 507 "Needs and Opportunities Assessment," is currently underway and identifies 26 potential solutions in the San Diego area and along the US side of the Tijuana River Valley. This study is expected to be completed by spring of 2020.

The 2019 Budget Act provided \$15 million to the Coastal Conservancy for Tijuana River Border Pollution Control projects. Also, SB 690 (Hueso), Chapter 381, Statutes of 2019, requires the conservancy to prioritize those projects identified in the SB 507 Study when expending any funds to address trans boundary flows and pollution in the Tijuana River Valley.

LAO Comments. *Withhold approval of funding for Tijuana River projects until the state has plan for funding ongoing costs.* The LAO recommends the Legislature withhold action on approving the \$35 million for the Tijuana River series of projects until it has more certainty about how ongoing costs to operate and maintain the projects will be funded in future years. The LAO believes the proposed projects have merit and address important needs in the region. Because of this, the LAO believes the state should ensure the projects will continue to function as intended beyond the two years for which maintenance funding is proposed. The LAO recommends that the Legislature require that the Administration present a plan for how operations and maintenance for the Tijuana River projects will be funded in future years. Approving funding to construct the projects without a plan for which entities will assume the significant costs of operating and maintaining them on an ongoing basis runs the risk of them falling into neglect and failing to function effectively in the future. This could place future pressure on the state to fund ongoing costs to protect its substantial investment. If the Administration believes there is a significant

chance that the state will need to assume the \$6.5 million in annual costs to maintain these projects, the Legislature should incorporate that costs into its decision of whether or not to construct these projects now. If the Administration is able to submit the aforementioned plan within the coming months, this would still allow the Legislature to consider approving funding for the Tijuana River projects as part of the 2020-21 budget.

Staff Recommendation. (a) Approve as budgeted the BCP for the New River Improvement Project and (b) Hold open the BCP for the Tijuana River Project.

Issue 19: Sustainable Groundwater Management Program (SGMP)

Governor’s Proposal. Requests \$39.6 million GF in 2020-21, \$11.2 million in 2021-22, and \$16.3 million ongoing thereafter to fund 37 new positions to do the following: (1) establish the regulations for how a Groundwater Sustainability Plan (GSP) must be prepared and assess the GSP’s likelihood of achieving sustainability, and (2) assist local entities prepare and implement GSPs that will bring groundwater levels back into balance through technical and planning support. This request includes \$30 million GF one-time local assistance grants to support economic mitigation planning and/or implementation projects across critically overdrafted basins.

Background. *Sustainable Groundwater Management Act (SGMA).* In 2014, amidst a major drought, SGMA was signed into law establishing a new structure for managing California’s groundwater resources at the local level by local agencies. SGMA provides a framework for long-term sustainable groundwater management across the state. SGMA requires the formation of Groundwater Sustainability Agencies (GSAs) to form in high- and medium-priority basins by June 30, 2017. The GSAs have until 2022 (in critically overdrafted basins until 2020) to develop, prepare, and begin implementation of GSPs. GSAs will have until 2040 to achieve groundwater sustainability.

DWR’s role in SGMA implementation. DWR has a regulatory role as well as an assistance role in SGMA implementation. DWR established the SGMP in 2015 to fulfill these dual roles.

Regulatory role. DWR has to develop regulations governing how a GSP must be prepared and its likelihood of achieving sustainability. DWR’s regulatory responsibilities include prioritizing basins, developing and implementing regulations, and evaluating basin sustainability. DWR has met its regulatory responsibilities to date.

Assistance role. DWR helps local agencies prepare and implement their GSPs through technical, planning, and financial support. This includes providing facilitation support, direct technical support, data, information, and funding.

DWR provides local agencies with technical assistance. DWR began its Facilitation Support Services Program in 2015 to assist local agencies from GSAs. Through this engagement with the local agencies it was clear there was a demand for DWR to initiate a number of technical assistance projects to assist with data gaps. Starting in 2017-18, SGMP received an appropriation that allowed DWR to expand its assistance efforts to include new technical assistance projects with an emphasis on data collection and dissemination.

Local agencies continue to need technical assistance. According to DWR, the level of assistance needed by GSAs and their stakeholders has exceeded expectations. DWR initially estimated approximately 200 GSAs would form; however, there are nearly 270 GSAs. In addition, the level of assistance requested by GSAs has continually increased over the last two years. SGMP began in January 2015 and the first few years of this program were heavily focused on the regulatory requirements as there were aggressive legislative deadlines to meet. The primary assistance functions were outreach efforts associated with the development of the two regulations DWR prepared.

In 2018-19, DWR further expanded its technical assistance offerings with temporary Proposition 68 funding. Even as the number of assistance projects and programs expanded, DWR anticipated being able to ramp down as more GSAs submitted their GSPs for DWR evaluation. It was assumed a GSA would need less support after completion of its GSP. However, as the basins are wrapping up their GSPs, they

are finding their technical and planning assistance needs will not subside. They are recognizing they have data gaps that will need to be filled between now and the submittal of their five-year update and into their 10-year update, and potentially beyond.

LAO Comments. Approve \$9.6 million increase for DWR’s implementation activities. The LAO recommends the Legislature approve the Governor’s proposal to provide DWR with additional staff and funding to implement SGMA. Enhancing DWR’s efforts to support GSAs will increase the chances that local agencies will achieve statewide groundwater sustainability goals. Moreover, helping to ensure greater local compliance with the act’s requirements will lessen the odds that the state has to assume what likely would be significant costs to take over management of non compliant basins.

Approve \$30 million for implementation of grants, but add language directing use of funds. To help support critically overdrafted basins in their efforts to begin bringing their groundwater use into balance, the LAO recommends approving the Governor’s proposal to provide \$30 million in one-time GF. However, the LAO recommends the Legislature include provisional language in the budget bill that places parameters around how these funds can — and cannot — be used. For example, the LAO recommends requiring that the funds be used on projects that focus on public benefits (such as for studies of strategies to assist vulnerable communities that may lose drinking water from dry wells) rather than private benefits (such as to compensate individual farmers who will have to reduce their dependence on groundwater pumping). Moreover, the LAO recommends these funds be focused on local efforts needed to implement GSPs (such as to collect additional data necessary to follow the plans) rather than projects intended to address regional economic impacts that are outside DWR’s scope of responsibility for assisting with SGMA implementation (such as responding to potential changes in the local labor market).

Staff Comments. This proposal builds on existing resources, some of which are set to expire in the current year. The increasing workload and costs associated with evaluating the GSPs appear justified. While there are no concerns with the requested resources associated with continuing SGMA implementation, it is unclear how the requested \$30 million for local assistance grants will be used to minimize economic impacts of SGMA implementation.

Safe and Affordable Drinking Water. Last year, SB 200 (Monning), Chapter 120, Statutes of 2019, established the Safe and Affordable Drinking Water Fund (SADWF) to help water systems provide an adequate and affordable supply of safe drinking water in both the near and long term.

Stakeholders have raised concern that SGMA is being implemented in a manner that ignores the needs of providing safe and affordable drinking water in low-income communities of color. They state that many draft GSPs released to date do not account for impacts on local communities dependent on groundwater, which includes a significant majority of small communities in the San Joaquin Valley and that “some Central Valley GSPs have established minimum thresholds — or failure points — that, if reached, would allow up to 85 percent of domestic wells to go dry or be impacted. Other draft GSPs propose allowable groundwater quality contamination to exceed safe drinking water standards by as much as 20 percent, which is illegal under the state’s water quality statutes. Even worse, some GSPs ignore water quality impacts entirely. Some Groundwater Sustainability Agencies insinuate that any negative impacts to water quantity or quality caused by GSPs can be ameliorated but he [SADWF]...” A question arises as to how SGMA implementation can address groundwater issues without exacerbating safe and affordable drinking water problems in the same groundwater basins.

Staff Recommendation. Hold open.

Issue 20: Systemwide Flood Improvement Projects

Governor’s Proposal. Requests \$96 million one-time from bond funds to implement multi-benefit flood improvement projects. Specifically: (1) \$68 million Proposition 68 and (2) \$28 million Proposition 1.

Background. *The State Plan of Flood Control (SPFC).* The SPFC is the state-federal flood protection system in the Central Valley. SPFC includes over 1,600 miles of levees, over 1,300 miles of designated floodways, and approximately 18,000 parcels of land held in fee, easement, or other agreements.

DWR is responsible for many large flood control structures throughout the SPFC. These structures include weirs, pumping plants, and outfall gates that are integral to the flood control system. In many cases, they were constructed by locals pre-project, transferred to the state during project turnover from the US Army Corps of Engineers (USACE), and then operated and maintained by DWR since. As the structures age, some components lose functionality and require repair, replacement, or rehabilitation.

SPFC system needs. USACE identified thousands of non-compliant encroachments and/or deficient maintenance and operations of facilities within the SPFC. An estimated 90 percent of the state’s project levees no longer qualify for the federal Levee Rehabilitation Program. When a state project levee loses this status, it is no longer eligible for federal contribution funding for rehabilitation to return a levee to its pre-flood status. Instead, those rehabilitation costs and any associated liability due to loss of life/property falls on the state and/or local flood agency.

State is financially liable for the loss of life or property if SPFC facilities fail. In the 2003 *Paterno* decision, the California Supreme Court found the state liable from the 1986 Linda Levee collapse in Yuba County. The levee failure killed two people and destroyed or damaged about 3,000 homes. The Court opined, “when a public entity operates a flood management system built by someone else, it accepts liability as if it had planned and built the system itself.” The state settled with property owners for \$500 million. Since the 2005 settlement, the state has invested billions of dollars in improving the levees and other SPFC facilities.

Staff Comments. Funding this request is intended to help provide flood risk reduction, ecosystem restoration, and water supply reliability to urban and non-urban areas of Solano, Sutter, Yolo, Colusa, San Joaquin, and Sacramento counties.

Staff Recommendation. Approve as budgeted.

Issue 21: Urban Flood Risk Reduction – American River Common Features Project

Governor’s Proposal. Requests \$46 million GF one-time to support the state cost-share requirement of a critical flood risk reduction project that is being implemented by USACE. This request includes provisional language for a three-year encumbrance period.

Background. *The American River Common Features 2016 (ARCF 2016) Project.* The ARCF 2016 Project is part of the Urban Flood Risk Reduction program. These priority projects were part of USACE feasibility studies and included in the Central Valley Flood Protection Plan (CVFPP) adopted in 2012 and updated in 2017.

The ARCF 2016 Project consists of the construction of levee improvement measures that address seepage, stability, erosion, and overtopping concerns identified for the East levee of the Sacramento River downstream of the American River to Freeport (Pocket Area), East levee of the Natomas East Main Drainage Canal, Arcade Creek, and Magpie Creek, as well as erosion control measures along the American River, and widening of the Sacramento Weir and Bypass to deliver more flood flows into the Yolo Bypass.

The ARCF 2016 Project makes a significant reduction in the overall identified flood risk in the Central Valley.

Federal funding for ARCF 2016. The ARCF 2016 project received \$1.565 billion in federal appropriations through the Bipartisan Budget Act of 2018 (BBA 2018). The BBA 2018 appropriation fully funded the federal cost share as well as required the project to be implemented in five years versus the originally planned 10-year implementation timeframe. To leverage this federal funding and take advantage of the accelerated schedule, the state is responsible for providing \$570 million of funding of both cost-share payments to USACE and funds for acquisition of real estate and relocation of utilities.

This proposal requests a total of \$46 million GF that will leverage over \$158 million of federal funding over the next year.

Staff Recommendation. Approve as budgeted.

ISSUES FOR DISCUSSION

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

Issue 12: Update on the Service Based Budget Review Process (Informational)

Issue 13: Advancing Biodiversity Protection, Operational Modernization, and Regulatory Efficiencies (Budget Change Proposal (BCP) and Trailer Bill Language (TBL) **Held open**)

Issue 14: Statewide Bobcat Management (AB 1254) **4-1 (Stern - No)**

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

3540 CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 15: Law Enforcement Use of Deadly Force: Policy and Training Update (AB 392/SB230) **5-0**

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

3860 DEPARTMENT OF WATER RESOURCES (DWR)

3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)

3480 DEPARTMENT OF CONSERVATION (DOC)

Issue 16: Technical Budgeting Adjustments:

(a) Budget Change Proposal (BCP): Stream Gaging Plan Implementation (SB 19) **5-0**

(b) BCP: Central Valley Flood Protection Board: Continuation of Existing Staff **5-0**

(c) BCP: Flood Planning Resourcing **5-0**

3860 DEPARTMENT OF WATER RESOURCES (DWR)

Issue 17: Hydrometeorology and Surface Water Observations **5-0**

Issue 18: (a) BCP for New River Improvement Project **5-0**

Issue 18: (b) BCP for Tijuana River Project **Held open**

Issue 19: Sustainable Groundwater Management Program (SGMP) **Held open**

Issue 20: Systemwide Flood Improvement Projects **Held open**

Issue 21: Urban Flood Risk Reduction – American River Common Features Project **4-0 (McGuire - Not voting)**

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate

services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

VOTE-ONLY CALENDAR

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

Issue 1: Camp Fire Assistance Act of 2019 Implementation (AB 430)

Governor's Proposal. Requests \$275,000 (General Fund) GF and one position in 2020-21 and \$220,000 ongoing thereafter to support increased workload in the Environmental Review and Permitting program associated with AB 430 (Gallagher), Chapter 745, Statutes of 2019.

AB 430 expedites the process to build housing projects in Butte County and surrounding areas to facilitate the relocation of the Camp Fire victims. AB 430, which is in effect until January 1, 2026, eliminates the need for local governments to issue a conditional use permit for housing development applications. Projects that meet specified criteria can be approved by the local agencies through a ministerial approval process. The 2018 Camp Fire destroyed 18,804 structures and displaced over 50,000 people.

Staff Recommendation. Approve as budgeted.

Issue 2: Freshwater and Estuarine Harmful Algal Bloom (HAB) Program

Governor's Proposal. Requests \$214,000 GF and one position in 2020-21, \$202,000 ongoing thereafter, to address the workload addressing HABs and protecting water quality and public health pursuant to AB 834 (Quirk), Chapter 354, Statutes of 2019.

Background. HABs are colonies of algae and cyanobacteria that produce toxins harmful, and even fatal, to people, fish, shellfish, marine mammals, and birds. Toxic blooms have appeared to have increased in recent years and impact humans through drinking water, recreational water use, and contaminated or dietary supplements.

AB 834 requires the development of a Freshwater and Estuarine HAB Program to do the following:

- 1) Coordinate on incident response and incident notifications to state and local decision makers and the public;
- 2) Conduct field assessments and monitoring to evaluate HAB extent, status, and trends;
- 3) Determine regions, watersheds, or waterbodies experiencing or at risk of experiencing HABs to prioritize assessment, monitoring, remediation, and risk management;
- 4) Conduct applied research and develop decision-support tools; and,
- 5) Provide outreach and education and maintain a centralized website for HAB information and data.

Staff Recommendation. Approve as budgeted.

Issue 3: New Streamlined Temporary Permit and Temporary Change Order Water Permitting for Groundwater Sustainability Implementation (AB 658)

Governor's Proposal. Requests \$1.119 million GF in 2020-21 and five positions, \$1.059 million ongoing thereafter to fund implementation of AB 658 (Arambula), Chapter 678, Statutes of 2019.

AB 658 encourages groundwater recharge projects during high-flow events by creating a temporary five-year permit and a temporary five-year change order for Groundwater Sustainability Agencies and local agencies. AB 658 expands the number of allowable applicants and projects that may apply for the new streamlined permits. With new Sustainable Groundwater Management Act (SGMA) requirements and the need for groundwater storage to serve as a reservoir under increasing use of conjunctive water management regimes, AB 658 is intended to increase the submission rate for project applications that divert surface water for groundwater storage.

Staff Recommendation. Approve as budgeted.

Issue 4: Proposed Water Transfers from Groundwater Basins Underlying Desert Lands (SB 307)

Governor's Proposal. Requests \$420,000 GF and two positions in 2020-21, \$400,000 ongoing thereafter to implement SB 307 (Roth), Chapter 169, Statutes of 2019.

SB 307 requires the Fish and Wildlife Commission, in consultation with DFW, to evaluate proposal transfers of water from groundwater basins underlying desert lands near state and federally protected lands in San Bernardino County's Mojave Desert for impacts on natural and cultural resources.

The transfer of water would be prohibited if DFW was to find that the water transfer would have an adverse impact on natural or cultural resources, including groundwater resources or habitat on those state or federal lands.

SB 307 responds to a proposed project, the Cadiz Valley Water Conservation, Recovery, and Storage Project, which would pump and transport water from an aquifer under the Mojave Desert to Southern California and raises concerns about harm to the Mojave Desert's environmental and cultural resources. Given Southern California's population growth and increasing strain on groundwater resources outside of the basins managed under SGMA, DFW anticipates future groundwater transfer project proposals for California's inland deserts, requiring ongoing workload.

Staff Recommendation. Approve as budgeted.

Issue 5: Various Minor Projects

Governor's Proposal. Requests \$400,000 in reimbursement authority for several projects related to the eradication of nutria. The projects, located in the Imperial Wildlife Area (Imperial County), Hernandez Lake Wildlife Area (Alpine County), and Woodbridge Ecological Reserve (San Joaquin County), are to be grant-funded by the Sacramento-San Joaquin Delta Conservancy and \$480,000 in Federal Trust Fund authority.

Staff Recommendation. Approve as budgeted.

3860 DEPARTMENT OF WATER RESOURCES (DWR)**Issue 6: DWR Charge Fund Program Implementation (AB 1054)**

Governor's Proposal. Requests 11 new positions for the start-up and ongoing operations of the DWR Charge Fund program pursuant to AB 1054 (Holden), Chapter 79, Statutes of 2019. This includes re-purposing the collection of existing bond charges on California's electric investor-owned utilities' (IOUs) ratepayers from the Electric Power Fund program to the Charge Fund program, issuance of bonds, and compliance with regulatory and financial orders and agreements.

AB 1054 enacted a broad set of reforms and programs related to the prevention and remediation of utility-caused wildfires in California and established the Wildfire Fund. The purpose of the Wildfire Fund is to provide a source of money to pay or reimburse eligible claims arising from a covered wildfire, which is a wildfire ignited by a participating IOU company's equipment or infrastructure, within that IOU's service territory. The Wildfire Fund is capitalized through a combination of payments from participating IOU companies, and monthly surcharges on ratepayers' power bills. These monthly charges are administered through the DWR Charge Fund.

To initiate activities related to the implementation of the DWR Charge Fund, AB 1054 includes a \$9 million loan from the GF in 2019-20. The \$9 million loan will be repaid upon issuance of bonds, likely occurring in fall 2020. In addition, AB 1054 includes a \$2 billion loan to the Wildfire fund, to be repaid with proceeds from future DWR issuance of bonds.

Staff Recommendation. Approve as budgeted.

Issue 7: Federal Emergency Management Agency (FEMA) Grant Reimbursement

Governor's Proposal. Requests \$36.25 million in Reimbursement Authority (\$3.25 million in 2020-21 and \$8.25 million ongoing) in order to receive two FEMA grants, one for hazard mitigation efforts and the other related to high hazard dams.

Grant funding will be allocated by California Governor's Office of Emergency Services (Cal OES) and FEMA for two purposes: (1) Post Hazard Mitigation Grant for post fire watershed and alluvial fan flood hazard mapping, instrumentation, and coordination platform application, and (2) High Hazard Potential Dams grants (first round will be for technical, planning, design, and other pre-construction activities).

Background. *Federal funding for natural disasters.* Upon a Presidential Disaster Declaration, FEMA provides grant funding for plans and projects that reduce the effects of natural disasters through their Hazard Mitigation Grant Program (HMGP). The purpose of HMGP is to reduce the loss of life and property due to natural disasters and to enable mitigation measures to be implemented during the immediate recovery from a disaster. The funds are administered through the California Governor's Office of Emergency Services (Cal OES) through its Post Hazard Mitigation Grant Program.

Staff Recommendation. Approve as budgeted.

Issue 8: Flood Management Support

Governor’s Proposal. Requests \$835,000 GF in 2020-21 and \$791,000 ongoing to support three positions to address the resource needs for large flood and multi-benefit projects.

Background. *Division of Flood Management (DFM).* DWR, through its DFM, has a significant role in flood control and management to safeguard life and property. DWR fulfills this mission by supervising design, construction, operation and maintenance of more than 1,200 jurisdictional dams; encouraging preventative floodplain management practices; maintaining and operating Sacramento Valley flood control facilities; cooperating in flood control planning and facility development; and providing flood advisory information. DWR works with local and federal agencies to build and maintain a robust flood system of levees and bypasses.

Staff Comments. The request asserts that “large projects essential to addressing these significant flood risks require additional project management and environmental support beyond what is currently available. The lack of resources is impacting the timeliness of these projects and the result is a risk of stranded investments and lengthy delays in work.”

Funding this request would enable DWR to have the necessary resources to support large flood projects that are required to maintain the state’s flood system, protect developing communities, and increase flood system functionality to achieve both flood protection and environmental goals.

Staff Recommendation. Approve as budgeted.

Issue 9: Perris Dam Remediation Plan

Governor’s Proposal. Requests \$5 million Proposition 84 to support 7.2 existing positions and fund development, rehabilitation, acquisition, and restoration related to providing public access to recreation and fish and wildlife enhancement resources at Perris Dam, a State Water Project (SWP) facility. This project will also be supported by approximately \$9.8 million in SWP funds for 2020-21.

The Perris Dam and Reservoir are located in San Bernardino County. It is a terminal SWP Reservoir and provides key water supply and delivery benefits. The Lake Perris State Recreation Area is a popular and highly visited recreational facility with over one million visitors annually. This state park unit provides recreational opportunities including boating, swimming, and other water-based recreation in an area significantly deprived of other such resources.

Staff Recommendation. Approve as budgeted.

Issue 10: Public Affairs Office Staffing

Governor's Proposal. Requests six new positions across five sections in the Public Affairs Office to meet the increasing demand for public information and reduce the need for overtime and contractors. DWR has seen a significant increase in public and media interest in DWR operations, specifically the SWP.

The Public Affairs Office has approximately 3,600 employees statewide and is comprised of three branches: Communications and Outreach, Creative Services, and Administrative.

Staff Recommendation. Approve as budgeted.

Issue 11: Transmission Operator – Compliance Support

Governor's Proposal. Requests 23 new permanent positions, funded by SWP funds, to support in registering and becoming functionally compliant as a Transmission Operator (TO) by September 2020, as mandated by the North American Electric Reliability Corporation (NERC) and the Western Electricity Coordination Council, to maintain participation in the Bulk Electric System and deregulated electrical market. Failure to do so will result in significant fines and jeopardize SWP's ability to operate.

The TO role was previously performed by Pacific Gas & Electric (PG&E) for DWR. In December 2018, PG&E declined to serve this function for DWR. In order to serve this role, DWR needs additional staffing for operations at both a primary and backup transmission desks, operation of a new backup center, ongoing system maintenance and support of new technology systems in both centers, and the supporting activities with compliance requirements of evidence, audits, and reports as identified by NERC.

This request supports SWP by maintaining a reliable operating condition for delivering water and continue as a utility participating in the deregulated electrical market operating under mandated requirement to operate by September 2020.

Staff Recommendation. Approve as budgeted.

ISSUES FOR DISCUSSION

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

Issue 12: Update on the Service Based Budgeting (SBB) Project

SBB is a budgeting approach that identifies the tasks needed to accomplish DFW's mission. This review will help inform future budgets based on staff time needed to complete these tasks. The SBB approach is task-based, labor-focused, and organized by DFW's services to the public.

The SBB project is governed by a team of DFW executive leaders and is a collaborative effort of managers and employees across the department working alongside independent consultants. The SBB project is a long-term effort running through 2021, when the SBB Review Report is due to the Legislature.

SB 854 (Committee on Budget and Fiscal Review), Chapter 51, Statutes of 2018, required DFW to contract with an independent entity to conduct a comprehensive SBB review, and provided \$2 million for this project. In addition to contract funds, this appropriation included funding for DFW staff to participate and help implement SBB. SB 854 required the SBB review to include an analysis of existing fund sources, program costs and how these align to meet statutory mandates. DFW entered into a contract with Deloitte, Inc. in November 2018. Toward the end of the contract negotiations, it became apparent that the 2018 Budget Act funding would be sufficient to complete the first of two phases of the SBB review and that additional funding would be needed in 2019-20 to complete the project.

The project began in earnest in January 2019. The first phase of the project includes: (1) established a project work plan; (2) built out a complete catalog of DFW tasks; (3) developed a stakeholder engagement plan to keep all parties informed of progress, including the Administration, the Legislature and the public; (3) compared existing resources to the level needed to fully carry out statutory mandates; and (4) provided for development of an information technology tool for future budget planning.

Additional funding of \$2 million Environmental License Plate Fund one-time was provided in 2019-20 to fund the completion of the SBB review, SBB tracking system, training for staff on using the SBB tool for ongoing budgeting needs, continued stakeholder engagement, and final legislative report due January 15, 2021.

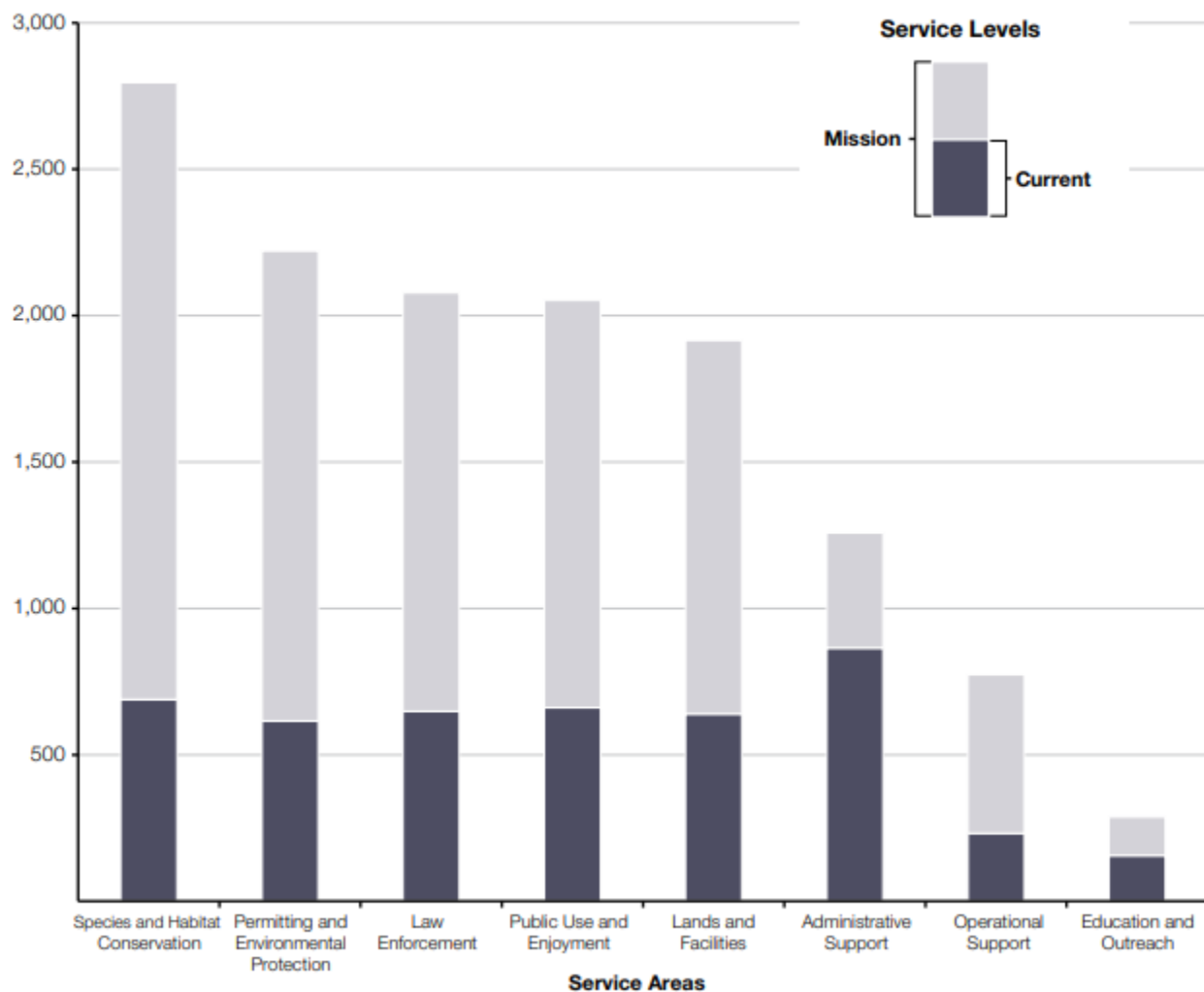
The review is intended to provide more clarity regarding the following:

- The core activities that DFW undertakes.
- The existing gap between the department's "mission" level of service (defined as the service standards and essential activities required for the department to meet its mission and statutory requirements) and its current levels.
- Instances where DFW may be conducting activities outside its mission and statutory requirements.
- Detailed estimates for the costs and staffing that would be necessary to meet mission service levels.
- An analysis of DFW's existing revenue structure and activities supported by those fund sources including instances where different funding sources or revenue structures might be allowable or more appropriate.

According to the Legislative Analyst’s Office (LAO), the Legislature has provided \$4 million in one-time GF to provide this detailed review of the department’s activities and budget. DFW is currently in the middle of the SBB process. Specifically, it has accomplished two of the tasks described – defining current and mission service levels and their relative gap in terms of staffing levels – but has not yet determined what it would cost to fully achieve its mission or analyzed its revenue sources and comparative distribution of funding.

According to the LAO, while DFW has not yet completed the SBB review, its initial analysis has identified significant gaps between its existing levels of service and those it has determined would be necessary to fulfill its mission and meet all of its statutory responsibilities. The figure below by LAO displays these results, showing the difference between the number of staff hours currently being dedicated in each of DFW’s eight areas of service compared to the number of hours the department has determined would be needed to meet its mission.

Review Found CDFW Is Falling Short of Meeting Its Mission
Hours Per Year



CDFW = California Department of Fish and Wildlife.

LAO

As shown in the figure above, in most areas, DFW has determined that current service levels are less than one-third of mission levels. The largest shortfall – both proportionally and in terms of total staff hours – is in species and habitat conservation, the service area the department has determined requires the most comparative workload. Specifically, DFW staff currently spend about 690,000 hours per year

on activities in that service area, compared to the 2.8 million hours the department estimates would be needed to meet its mission. The second largest gap is in the permitting and environmental protection service area – falling short of meeting mission service levels by about 1.6 million hours annually.

Issue 13: Advancing Biodiversity Protection, Operational Modernization, and Regulatory Efficiencies (BCP) and Habitat Conservation Fund Transfer Sunset to Advance Biodiversity Protection (Trailer Bill Language (TBL))

Governor’s Proposal. Requests \$38.9 million GF in 2020-21 and 58 positions, \$42.3 million in 2020-21 and ongoing. This includes: (1) \$20 million one-time GF in 2020-21 to support operational efficiency investments, and (2) an \$18.9 million ongoing GF shift from the Habitat Conservation Fund (HCF) to DFW for activities that support ecosystem-based management and biodiversity conservation, and (3) \$23.4 million ongoing starting in 2021-22 to permanently extend the limited-term funding that was first provided in the 2018 Budget Act, to allow DFW to continue critical programs.

The Governor’s proposal includes TBL to change the sunset date of HCF from 2030 to 2020. This proposed amendment would implement the shift of \$18.9 million from the Wildlife Conservation Board’s HCF and undo the recent statutory reauthorization of funding for HCF.

Background. DFW mission. The mission of DFW is to manage California’s diverse fish, wildlife, and plant resources for their ecological value and for their use and enjoyment by the public. This includes habitat protection and maintenance in a sufficient amount and quality to protect the survival of all species and natural communities. DFW is also responsible for the diversified use of fish and wildlife, including recreational, commercial, scientific, and educational uses.

Fish and Game Preservation Fund (FGPF). The FGPF was established in 1909 as a repository for all funds collected under the Fish and Game Code and any other law relating to the protection and preservation of birds, mammals, fish, reptiles, and amphibians in California. These revenues are generated from the sale of licenses for hunting, recreational and commercial fishing, and numerous special permits. Over time, the Legislature has created various subaccounts within FGPF, which have specified permit fees generating revenue for projects benefitting those species. For example, the taking of migratory waterfowl in California requires a state duck stamp validation in addition to a general hunting license. Revenues from the duck stamps are deposited into the Duck Stamp Account within FGPF to be used for waterfowl protection and habitat restoration. There are currently 29 dedicated subaccounts within the fund. The department issues more than 500 different types of hunting and fishing licenses and permits.

Revenues from licenses, fees, and permits that are not directed by statute to a dedicated account are accounted for in what is known as the non-dedicated FGPF. This is the largest repository for department revenues, including sales of general fishing and hunting licenses and permits. Approximately 75 - 80 percent of total FGPF revenues are deposited into the non-dedicated account, with the remainder going to the various 29 dedicated subaccounts. There is a running deficit in the non-dedicated FGPF.

Structural imbalance within FGPF. In recent years, expenditures have exceeded revenues in the non-dedicated account of the FGPF, with the gap reaching over \$20 million annually beginning 2014-15. Some of the causes of the FGPF’s structural imbalance that the department has identified include: fund shifts (particularly GF), lifting of prior spending restrictions (e.g. vehicles, furloughs), increased need for federal funds, increased responsibilities, decreasing revenues from user groups, and cost of business increases (e.g. employee compensation).

Prior attempts to address funding challenges and operational capacity and effectiveness. AB 2376 (Huffman), Chapter 424, Statutes of 2010, required CNRA to convene a committee to develop a strategic vision for DFW in order to improve and enhance their capacity and effectiveness in fulfilling their public

trust responsibilities for protecting and managing the state's fish and wildlife. As part of the project, a blue ribbon citizen commission and a stakeholder advisory group supported the executive committee in developing a strategic vision report in 2012.

The Budget Act of 2017 required DFW to reconvene the 2012 stakeholder group and provide a report to the Legislature regarding implementation of the 2012 recommendations as well as undergo a zero-based budget evaluation. The Budget Act of 2018 directed DFW to complete a "service-based budget" (SBB) review process. The 2018 Budget Act also provided DFW \$23.4 million (GF and Tire Recycling Management Fund) annually for three years and \$6.6 million GF ongoing to support FGPF's structural imbalance.

DFW is currently undergoing the SBB review process. The SBB review process is intended to create data transparency to analyze DFW's ability to meet service levels required to achieve its mission, statutory requirements, and public/stakeholder expectations. This exercise, upon completion, is intended to help identify DFW's greatest areas of need as well as identify the service standards required. This process is currently underway at DFW.

The Governor's proposal. According to DFW, the preliminary results of the SBB review process confirm that the species and habitat conservation program area and the permitting and environmental protection program area face service level shortfalls. According to DFW, the incremental funding in this proposal allows them to better protect species; enhance, maintain, and restore quality habitat; and reduce obstacles to restoration projects. DFW intends to spend the funds in this proposal as follows:

1) *New Ongoing Proposals*

- a. *Protect endangered species:* 31 positions and \$10.75 million to conduct work to implement and enforced compliance with the California Endangered Species Act (CESA), including reviewing positions to list new species as threatened or endangered, processing and monitoring CESA-related regulatory permits, and developing and implementing plans to help CESA-listed species recover.
- b. *Increase awareness about biodiversity and climate change:* Seven positions and \$1.9 million to conduct climate-risk assessments on DFW lands. Develop and disseminate education and outreach materials about the state's biodiversity and climate change risks.
- c. *Improve permitting process for restoration projects:* 15 positions and \$3.4 million to direct additional staff resources to consult with restoration project proponents and process environmental permits to expedite timelines and enable permitting for larger scale projects.
- d. *Administration and facilities:* Five positions and \$2.8 million to provide administrative support and office space proportional to new staff and activities included in the overall proposal.

2) *New one-time proposals*

- a. *New aircraft:* \$6 million to purchase a new aircraft to aerially monitor wildlife.
- b. *Fish hatchery equipment:* \$6.5 million to purchase equipment to upgrade hatchery operations, including egg sorters and fish stocking vehicles.
- c. *Equipment and water conveyance projects at state wetlands:* \$7.5 million to undertake projects to improve water conveyance, including upgrading canals, levees, and water pumps, and installing solar panels. Purchase new heavy equipment for maintenance including tractors, graders, and excavators.

Source of funding for this proposal: Habitat Conservation Fund (HCF). The funding sources for this

proposal is a mix of GF dollars and \$18.9 million that is being redirected from HCF.

Proposition 117, passed by voters in 1990, established HCF. The proposition required an annual transfer of \$30 million GF into the fund until the year 2020 and specified how the moneys were to be expended for acquiring, restoring, and enhancing habitat necessary to protect wildlife and plant populations, especially deer, mountain lions, rare, endangered, threatened or fully protected species, wetlands, riparian and aqua it habitat. The Budget Act of 2019 extended the HCF 2020 sunset date to 2030.

LAO Comments. *LAO finds that ongoing funding addresses some service gaps, but Legislature could prioritize other activities.* DFW has identified a significant deficit in existing service levels, with the largest gaps in the areas of: (1) species and habitat conservation; and, (2) permitting and environmental protection. Most of the Governor’s proposal for new ongoing funding are targeted in these categories, suggesting they would help the department be better positioned to carry out its mission. As such, the LAO finds that the proposed use of the new \$18.9 million seems well-targeted for addressing existing deficiencies in DFW services.

The LAO finds that the proposal has merit, however, the funding for the ongoing activities would be shifted from other state conservation programs. The LAO recommends the Legislature adopt the one-time \$20 million funding proposal because the resources will be used to make certain department operations and maintenance activities more efficient. The LAO further recommends the Legislature weigh the relative trade-offs of the ongoing \$19 million shift from HCF proposal with its other conservation and GF priorities. Lastly, the LAO recommends deferring action on the third component of the Governor’s proposal — to extend funding scheduled to expire in 2021-22 — until next year, when a more in-depth analysis of DFW’s budget will be available.

Staff Comments. DFW works on a broad range of activities such as habitat protection, law enforcement, promotion of hunting and fishing opportunities, and management of wildlife areas and ecological reserves. Costs to deliver these programs have increased considerably over the years, resulting in a structural deficit within the FGPF of about \$20 million annually. Given the the lack of information on how to address the structural deficit, DFW is undergoing the SBB exercise in order to better inform the Legislature on funding decisions. The SBB review is still underway. Even without completing the SBB review, based on its preliminary results, it is clear that DFW needs additional funding.

While the funding needs at DFW is clear, a question arises as to whether it is appropriate and prudent to redirect \$18.9 million from the Wildlife Conservation Board (WCB) to DFW for a similar purpose, and whether there would be a net benefit to DFW and the WCB’s mission. The funds being redirected would otherwise be going to WCB for a variety of habitat restoration projects.

Staff Recommendation. Hold open.

Issue 14: Statewide Bobcat Management (AB 1254)

Governor’s Proposal. Requests \$2.742 million GF in 2020-21 and \$2.389 million in 2021-22, to fund staffing, field equipment, and vehicles to design and implement a statewide monitoring plan to assess bobcat populations. DFW also requests three positions and \$566,000 GF in 2022-23 and ongoing to develop a bobcat management plan and implement the state bobcat management program pursuant to AB 1254 (Kamlager-Dove), Chapter 766, Statutes of 2019.

Background. AB 1254. AB 1254 prohibits the hunting of bobcats, effective January 1, 2020. The prohibition will remain in place until DFW completes a bobcat management plan and the California Fish and Game Commission authorizes the reopening of bobcat hunting seasons, no earlier than January 1, 2025. Upon appropriation by the Legislature, DFW is required to develop a bobcat management plan, including a statewide bobcat population estimate based on best available science, an assessment of the overall health of the population, a comprehensive strategy to manage bobcat populations and their habitats, an investigation of effective non-lethal strategies to prevent bobcat predation on livestock, and recommendations for regulatory and statutory changes needed to implement the plan. AB 1254 requires DFW to submit the management plan to the Commission by January 1, 2024.

Bobcats. Native to North America, bobcats (*lynx rufus*) are about double the size of domestic cats and weigh up to 40 pounds for an adult male. Bobcats may live up to 15 years in the wild. Bobcat fur can be highly valued, and trapping of bobcats for their fur has resulted in the takes of up to thousands of bobcats annually in the past. They are known to inhabit every county, except San Francisco. However, the carrying capacity of each county and within each county varies widely. They can adapt to many types of habitat but avoid urban and exurban lands, and generally avoid humans.

DFW and Bobcats. Because bobcats are non-game species, DFW does not have dedicated resources to manage this wildlife. DFW has studied and managed bobcats in the past, as funding allowed. For example, in 2014, DFW initiated “The Eastern Sierra Nevada Bobcat Study,” using a combination of capture-mark-recapture, remote cameras, and genetic techniques in order to obtain more precise information about current bobcat and mesocarnivore populations and their prey base.

Staff Recommendation. Approve as budgeted.

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)
3540 CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)
3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 15: Law Enforcement Use of Deadly Force: Policy and Training Update (AB 392/SB230)

Governor’s Proposal. Requests \$3.2 million GF and six positions in 2020-21 and \$1.8 million ongoing thereafter to implement the training and policy components related to law enforcement use of deadly force pursuant to AB 392 (Weber), Chapter 170, Statutes of 2019, and SB 230 (Caballero), Chapter 285, Statutes of 2019. More specifically, this request includes:

- DFW requests two positions, \$833,000 in 2020-21, and \$419,000 in 2021–22 and ongoing, including funding for one mobile training simulator and a vehicle to transport the simulator.
- CalFire requests two positions, \$1.689 million in 2020-21, and \$884,000 in 2021-22 and ongoing. CalFire’s request includes one-time funding of \$750,000 in 2020-21 for the acquisition of one live fire training simulator.
- Parks requests two positions, \$619,000 in 2020-21, and \$419,000 in 2021-22 and ongoing, including funding to purchase one mobile training simulator and a vehicle to transport the simulator.

Background. SB 230 and AB 392 are a legislative package that seeks to reduce police use of force by mandating all law enforcement agencies to maintain a public policy on use of force. By January 1, 2021, specified law enforcement agencies are required to maintain a policy that provides guidelines on the use of force, utilization of de-escalation techniques, crisis intervention tactics, other alternatives to the use of force, the application of deadly force, and factors for evaluating and reviewing all peace officers in California for the purpose of raising the level of competence. The legislation requires Peace Officer Standards and Training (POST) to augment its academy and ongoing law enforcement training to incorporate the subject areas identified in the legislation, which requires a collaborative effort between law enforcement agencies to revised POST basics and ongoing training. The legislation implementation is intended to result in improved training, transparency, and better outcomes for both law enforcement officers and the individuals who encounter them under adversarial circumstances.

DFW employs 466 sworn wildlife officers that are fully authorized peace officers and have law enforcement jurisdiction throughout the state and 200 miles out to sea. Wildlife officers have the authority to enforce all laws of the state, including poaching and pollution laws, laws related to violent crime, domestic violence, stolen vehicles, drug crimes, etc., and are federally deputized to enforce federal laws related to interstate wildlife trafficking. DFW’s Law Enforcement Division has a use of force policy in place for its wildlife officers, requires training on that policy, and has an extensive reporting/review requirement. DFW’s use of force policies are required to be posted publicly, which was not mandated prior to passage of SB 230.

CalFire employs approximately 180 peace officers who are responsible for enforcing laws related to CalFire’s forest and fire protection mission, and enforcement duties delegated to the Office of the State Fire Marshal. These law enforcement activities require statewide jurisdiction and are not pursued by other state or local law enforcement agencies as they fall solely within CalFire’s jurisdiction to enforce. All of CalFire’s peace officers are authorized to carry a firearm on a regular basis. CalFire will be

required to update its use of force standards to meet the requirements of AB 392/SB 230.

Parks employs approximately 540 rangers and lifeguards, all of whom are peace officers. Although the definition of “law enforcement agencies” as stated in the enacted legislation do not include Parks explicitly, the requirements of the legislation applies to Parks as it employs law enforcement officers. To fulfill the requirements, Parks intends to utilize a traveling simulator throughout the state.

Staff Recommendation. Approve as budgeted.

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)
3860 DEPARTMENT OF WATER RESOURCES (DWR)
3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)
3480 DEPARTMENT OF CONSERVATION (DOC)

Issue 16: Technical Budgeting Adjustments: (a) Budget Change Proposal (BCP): Stream Gaging Plan Implementation (SB 19); (b) BCP: Central Valley Flood Protection Board: Continuation of Existing Staff; and, (c) BCP: Flood Planning Resourcing

(a) BCP for DFW, DWR, SWRCB, and DOC: Stream Gaging Plan Implementation (SB 19).

Governor’s Proposal. Requests \$1.575 million (\$1.175 million GF and \$400,000 Water Rights Fund) over two years to implement SB 19 (Dodd), Chapter 361, Statutes of 2019, which requires the development of a plan to deploy a network of stream gages.

Background. DFW and SWRCB are heavily dependent on streamflow monitoring data from the network of gages maintained by United States Geological Survey (USGS) and DWR. DFW programs rely on monitoring data from these gages to inform hydrology and water temperature for instream flow study planning, implementation, and analysis.

Historically, the stream gaging network in California was operated by USGS and DWR, with various other federal, state, and local agencies, as well as private entities, operating gages on a smaller scale. The majority of permanent telemetered gages installed by USGS and DWR in California are used for water supply and flood forecasting and to monitor compliance, with flow or water quality requirements, downstream of dams or diversions. Currently, USGS operates approximately 8,000 stream gages nationwide, with over 500 gages in California. Likewise, DWR has expanded its gage network and operates approximately 200 gages throughout the state, reflecting the need and demand for real-time reliable streamflow data.

However, due to loss of funding in state and federal stream monitoring programs, the stream gage network has contracted considerably in the past two decades. Since 1990, more than 600 USGS stream gages, with continuous records of more than 30 years, have been discontinued in the US and additional gages are slated to be discontinued. Likewise, California’s stream gaging network has experienced a similar contraction. Some of these discontinued sites represent the only real-time streamflow information in a watershed, and many sites had lengthy periods of record prior to removal. As California learned in the recent drought, the decommissioning of gages and lack of gages in priority watersheds result in important data gaps that hamper effective management of water resources, which forces state agencies to spend extra resources on field investigations and other less accurate means to obtain the needed data or to forgo timely and effective action because the data is unavailable. The existing gage network is insufficient to address key management needs (water supply management, flood management, water quality management, and ecosystem management).

LAO Comments. The positions requested are not newly established positions. This request includes an additional \$34,000 in 2020-21 compared to the subsequent year.

(b) BCP for DWR: Central Valley Flood Protection Board: Continuation of Existing Staff

Governor's Proposal. Requests \$4.01 million GF in 2020-21, and \$3.688 million for 2021-22 and 2022-23 to support 19 existing positions within CVFPB. While CVFPB is an independent entity, its budget is contained within DWR, and it receives some staff and administrative support from the department.

Background. *The State Plan on Flood Control (SPFC).* The SPFC is the state-federal flood protection system in the Central Valley. SPFC includes over 1,600 miles of levees, over 1,300 miles of designated floodways, and approximately 18,000 parcels of land held in fee, easement, or other agreements. Although many SPFC components were locally or federally constructed, in the 1950s, the state committed to the federal government that it would oversee the SPFC system and maintain it pursuant to federal standards. For most segments of SPFC levees, the state has developed formal agreements with local governments (primarily local reclamation districts) to handle regular operations and maintenance responsibilities.

CVFPC oversees the SPFC facilities. The CVFPB is an independent state agency and the lead authority for flood control in the Central Valley. CVFPB is responsible for permitting and enforcing encroachments and operation and maintenance of all SPFC facilities. CVFPB collaborate with local authorities and stakeholders to ensure an integrated flood control system. CVFPB also manages real estate and easements necessary for flood control. CVFPB's activities include: (1) collaborating with local agencies to improve SPFC flood protection structures; (2) issuing permits for work on SPFC levees and facilities; and (3) ensuring that levees are maintained up to required standards, including ensuring that levee encroachments such as pipes or docks either meet code requirements and receive permits or are removed.

Funding for CVFPB. The permitting, inspection, and enforcement programs have been historically funded by GF appropriations. In addition to GF, the CVFPB has relied on the Disaster Preparedness and Flood Prevention Bond Act (Proposition 1E) funds allocated in 2012 to fulfill its statutory mandates. Those bond funds were fully expended by the end of 2017-18. The 2018 Budget Act included \$1.4 million annually for two years for CVFPB to support ten existing permanent positions in order to continue to exercise its regulatory oversight authority over SPFC and its implementation of the Central Valley Flood Protection Plan.

CVFPB has the authority to levy finds and charge fees for inspection related activities, but was unable to utilize its authority due to incomplete real estate records and limited inspection and enforcement staff. The 2017 Budget Act provided provided CVFPB with an annual appropriation of \$2.2 million, one existing position for three years, and nine new permanent positions for CVFPB's operating costs and to determine the nature and extent of its real estate rights and encroachments within the SPFC.

In July 2019, CVFPB began collecting fees for permitting and inspections with the intent of recovery 75-100 percent of the costs of these programs. However, there are approximately 21,000 outstanding permits, which would take time before those existing permits can generate sufficient fee revenue to sustain existing staffing.

LAO Comments. The positions requested are not newly established positions. This request includes an additional \$322,000 in 2020-21 compared to subsequent years.

Staff Comments. According to CVFPB, without this funding, it will not be able to continue to fund at

least half of its 47 positions, all of which implement critical statutory programs. In 2017, as part of the approval of a budget request for additional staffing, the Legislature required CVFPB to explore creating revenue streams including charging fees for permits, collecting fines from illegal encroachments, increasing rent and royalty revenue from the Sacramento-San Joaquin Drainage District properties and exploring the feasibility of reviving CVFPB's assessment authority. As reported earlier this year, CVFPB has made significant progress, but revenue generating programs are not mature enough yet to support any CVFPB operations, requiring limited-term GF support. Allowing CVFPB to continue its existing level of oversight of the SPFC facilities is an important component of state efforts to maintain flood protection and public safety.

(c) BCP for DWR: Flood Planning Resourcing.

Governor's Proposal. Requests \$2.283 million GF one-time and \$2.089 million ongoing thereafter to support programs responsible for planning and project implementation within the Central Valley. Funding will support mandated updates to the Central Valley Flood Protection Plan and implementation of the Conservation Strategy.

Background. *Central Valley Flood Protection Plan (CVFPP).* The CVFPP is California's strategic blueprint to improve flood risk management in the Central Valley. The first plan was adopted in 2012 and is updated every five years. The last update to the plan was in 2017. The plan lays out strategies to:

- Prioritize the state's investment in flood management over the next three decades
- Promote multi-benefit projects
- Integrate and improve ecosystem functions associated with flood risk reduction projects.

The 2012 CVFPP was built on the foundation of Central Valley flood risk management efforts dating back to 1850. In 2006, DWR consolidated and coordinated its various flood risk management programs under the FloodSAFE California Initiative, which incorporated emergency preparedness, flood operations, flood risk reduction and ecosystem restoration projects, flood project maintenance, and comprehensive, systemwide assessment and planning to deliver improved flood protection as quickly and efficiently as possible.

The CVFPP was prepared in coordination with local flood management agencies, the Central Valley Flood Control Board, US Army Corps of Engineers, FEMA, and the Bureau of Reclamation. It was supported by data, analyses, and findings from related FloodSAFE efforts. These included the SPFC Descriptive Document, the Flood Control System Status Report, and the CVFPP Final Program environmental impact report, being prepared in parallel with the CVFPP and documented in interim products and reference documents. The 2012 CVFPP focused on improving integrated flood management and flood risk reduction for areas protected by facilities of the SPFC. While the CVFPP focuses on the areas protected by SPFC facilities, the flood emergency response and operations and management of facilities in tributary watersheds that influence SPFC-protected areas were also considered.

CVFPP Conservation Strategy. The 2016 CVFPP Conservation Strategy is a non-regulatory document that provides measurable ecological objectives and long-term approaches for improving riverine and floodplain ecosystems through multi-benefit projects that include ecosystem restoration and improvements, and operations, maintenance, repair rehabilitation, and replacement. The Conservation Strategy provides a wealth of data and information necessary to support the 2017 CVFPP Update development by guiding the integration and improvement of ecosystem functions associated with flood-risk-reduction actions and providing the basis for recommending conservation actions for the SPFC. The

Conservation Strategy's measurable ecological objectives will guide and support monitoring and tracking of contributions to the CVFPP's supporting goal of promoting ecosystem functions over time.

Funding for the DFM. Since 2006, the most significant source of funding for DFM has been bond funds. In 2006, Proposition 1E was passed, authorizing \$4.09 billion in general obligation bonds to rebuild and repair California's most vulnerable flood control structures, to protect homes and prevent loss of life from flood-related disasters, and to protect drinking water systems. In the same year, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act (Proposition 84), allocated an additional \$800 million for flood control projects. DFM anticipates having committed or spent most bond funds by the end of 2018-19. Proposition 1E funds are no longer available after 2019-20.

LAO Comments. The positions requested are not newly established positions. This request includes an additional \$194,000 in 2020-21 compared to subsequent years.

Staff Comments. Significant investment is needed to maintain California's aged flood system, protect developing communities, and increase flood system functionality to achieve both flood and environmental protection. DFM seeks to manage floods in a manner that addresses both flood protection and environmental enhancement and restoration. This request will fund staff to work on the 2022 CVFPP updates and Conservation Strategy.

Staff Recommendation for (a), (b), and (c):

(a) Stream Gaging Plan Implementation. Approve \$1.541 million (\$1.141 GF and \$400,000 Water Rights Fund) over two years.

(b) Central Valley Flood Protection Board: Continuation of Existing Staffing. Approve \$3.688 million GF in 2020-21, and \$3.688 million for 2021-22 and 2022-23.

(c) Flood Planning Resourcing. Approve \$2.089 million GF one-time and \$2.089 million ongoing thereafter.

3860 DEPARTMENT OF WATER RESOURCES (DWR)**Issue 17: Hydrometeorology and Surface Water Observations**

Governor's Proposal. Requests \$6 million GF ongoing and 11 positions (six existing and five new) to bolster surface water monitoring through reactivation or upgrade of existing monitoring stations, and installation of new stations to address prioritized known information gaps.

Background. *DWR uses weather stations and stream gages to collect hydrologic data.* DWR maintains over 250 remote weather stations and supporting the operations and maintenance of more than 20 stream gages that provide critical information for flood emergency response and water supply forecasting.

Funding for weather station operation and maintenance have been unstable. Funding for station maintenance, repair, and upgrades are done on an ad hoc basis. This has resulted in a patchwork network of different equipment of different ages and reliability. Some equipment currently in the field comes from manufacturers that are no longer in business. Under current resourcing, the decline in data quality and availability from the network of observing stations will continue and accelerate as equipment ages and maintenance is continued to be deferred. In addition to station design, programming, and maintenance, work is needed to secure and maintain permits with relevant federal and state agencies, and coordinate activities with local agency partners.

Staff Comments. With the requested resources, DWR proposes to bolster surface water monitoring through reactivation or upgrade of existing monitoring stations, and installation of new stations to address prioritized known information gaps. Having good hydrologic data can help inform climate adaptation strategies and how water is managed in California.

Staff Recommendation. Approve as budgeted.

Issue 18: (a) New River Improvement Project and (b) for Tijuana River Project

Governor's Proposals. (a) New River Improvement Project. Requests \$18 million GF and \$10 million Proposition 68 funds to support the New River Improvement Project and address solid waste and pollution exposure challenges in the City of Calexico, which supports health, recreation, and economic benefits in the area.

Background on New River Improvement Project. *The New River is polluted by domestic, agricultural, and industrial waste.* The New River is a cross-border, trans boundary river that flows from Mexicali, Baja California, Mexico, into the City of Calexico in California and on to the Salton Sea. The New River is severely polluted by discharges of waste from domestic, agricultural and industrial sources in Mexico and the Imperial Valley. New River pollution threatens public health, prevents supporting healthy ecosystems for wildlife and other biological resources in the New River, and contributes to water quality problems of the Salton Sea. Also, New River pollution hinders economic development in Imperial County. Based on the most recent available data, the following water quality problems are evident in the New River on the US side of the US-Mexico International Boundary: pathogens, low dissolved oxygen, toxicity, trash, selenium, sediment/silt, chlordane, dichlorodiphenyltrichloroethane (DDT), dieldrin, polychlorinated biphenyls (PCBs), hexachlorobenzene (HCB), nutrients, and mercury.

Prior efforts to remediate the New River's water quality and promote recreational opportunities. AB 1079 (V. Manuel Perez), Chapter 382, Statutes of 2009, established a Technical Advisory Committee (TAC) to prepare a strategic plan to study, monitor, remediate, and enhance the New River's water quality to protect human health, and to develop a river parkway suitable for public use and enjoyment.

The New River TAC solicited advice from consultants, academics, and agency experts. The TAC developed a comprehensive set of recommendations to address the New River problems through the Strategic Plan, which was published in 2011 and updated in 2016. The New River Strategic Plan contemplates additional benefits and includes additional green space in the community.

The New River Improvement Project. The New River Improvement Project is a component of the New River Strategic Plan and provides a critical first step to developing the River Parkway specified in the Strategic Plan. The New River Improvement Project will divert the polluted water away from the city, reducing risks of exposure to potentially harmful pollutants, and will replace the riverbed treated water to facilitate ecosystem and health benefits. The Governor's Budget proposes \$28 million for DWR, in coordination with the California Environmental Protection Agency and the Salton Sea Authority, to prioritize funding investments in a trash screen, piping and pump back system, and the construction of additional aeration structure components, and will engage in continued conversations with local partners, including the City of Calexico, Imperial County, and the Imperial Irrigation District.

LAO Comments. Approve funding for New River Project. Because the proposed projects would address serious public health issues in the City of Calexico and the Administration has a plan for how the investments would be maintained in future years by local stakeholders, the LAO recommends approving the Governor's proposal to provide \$28 million for the New River Improvement Project.

(b) Tijuana River Project. Requests \$35 million GF one-time for the construction, operation, and maintenance of a series of pollution capture devices and infrastructure projects on the US side of the Tijuana River Valley that supports health and environmental benefits and address pollution issues affecting the Tijuana River.

Background on the Tijuana River Project. *The Tijuana River is polluted by raw sewage, waste tires, and industrial waste.* The Tijuana River stretches roughly 120 miles and is sourced from two main tributaries, one originating in the Laguna Mountains (US) and one originating above the Abelardo L. Rodriguez Dam (Mexico).

Raw sewage and waste flowing from the City of Tijuana and its surrounding areas flow into California along the Tijuana River. Despite cross-border cleanup efforts, this remains a recurring problem and is a main source of pollution in the area. This pollution threatens public and ecosystem health in the Tijuana River Valley. The river's waste discharges generally consist of waste tires, residential and industrial waste, as well as some hazardous waste, building materials, and sediment, all of which contribute to contaminated stormwater runoff that flows into the Tijuana River National Estuarine Research Reserve among other ecological, recreational, and economic resources.

Waste discharges into the Tijuana River often result in beach closures along the City of San Diego's coastline, extending as far north as the City of Coronado.

Efforts to address pollution in the Tijuana River. CalEPA and the San Diego Regional Water Quality Control Board, together with local, regional, and state agencies and non-governmental organizations, are working to address long-standing pollution issues affecting the Tijuana River, the Tijuana River Valley, and its residents.

SB 507 (Hueso), Chapter 542, Statutes of 2017, dedicated funding to the County of San Diego to study and identify solutions designed to remedy Tijuana River pollution. This study, known as the County of San Diego's SB 507 "Needs and Opportunities Assessment," is currently underway and identifies 26 potential solutions in the San Diego area and along the US side of the Tijuana River Valley. This study is expected to be completed by spring of 2020.

The 2019 Budget Act provided \$15 million to the Coastal Conservancy for Tijuana River Border Pollution Control projects. Also, SB 690 (Hueso), Chapter 381, Statutes of 2019, requires the conservancy to prioritize those projects identified in the SB 507 Study when expending any funds to address trans boundary flows and pollution in the Tijuana River Valley.

LAO Comments. *Withhold approval of funding for Tijuana River projects until the state has plan for funding ongoing costs.* The LAO recommends the Legislature withhold action on approving the \$35 million for the Tijuana River series of projects until it has more certainty about how ongoing costs to operate and maintain the projects will be funded in future years. The LAO believes the proposed projects have merit and address important needs in the region. Because of this, the LAO believes the state should ensure the projects will continue to function as intended beyond the two years for which maintenance funding is proposed. The LAO recommends that the Legislature require that the Administration present a plan for how operations and maintenance for the Tijuana River projects will be funded in future years. Approving funding to construct the projects without a plan for which entities will assume the significant costs of operating and maintaining them on an ongoing basis runs the risk of them falling into neglect and failing to function effectively in the future. This could place future pressure on the state to fund ongoing costs to protect its substantial investment. If the Administration believes there is a significant

chance that the state will need to assume the \$6.5 million in annual costs to maintain these projects, the Legislature should incorporate that costs into its decision of whether or not to construct these projects now. If the Administration is able to submit the aforementioned plan within the coming months, this would still allow the Legislature to consider approving funding for the Tijuana River projects as part of the 2020-21 budget.

Staff Recommendation. (a) Approve as budgeted the BCP for the New River Improvement Project and (b) Hold open the BCP for the Tijuana River Project.

Issue 19: Sustainable Groundwater Management Program (SGMP)

Governor's Proposal. Requests \$39.6 million GF in 2020-21, \$11.2 million in 2021-22, and \$16.3 million ongoing thereafter to fund 37 new positions to do the following: (1) establish the regulations for how a Groundwater Sustainability Plan (GSP) must be prepared and assess the GSP's likelihood of achieving sustainability, and (2) assist local entities prepare and implement GSPs that will bring groundwater levels back into balance through technical and planning support. This request includes \$30 million GF one-time local assistance grants to support economic mitigation planning and/or implementation projects across critically overdrafted basins.

Background. *Sustainable Groundwater Management Act (SGMA).* In 2014, amidst a major drought, SGMA was signed into law establishing a new structure for managing California's groundwater resources at the local level by local agencies. SGMA provides a framework for long-term sustainable groundwater management across the state. SGMA requires the formation of Groundwater Sustainability Agencies (GSAs) to form in high- and medium-priority basins by June 30, 2017. The GSAs have until 2022 (in critically overdrafted basins until 2020) to develop, prepare, and begin implementation of GSPs. GSAs will have until 2040 to achieve groundwater sustainability.

DWR's role in SGMA implementation. DWR has a regulatory role as well as an assistance role in SGMA implementation. DWR established the SGMP in 2015 to fulfill these dual roles.

Regulatory role. DWR has to develop regulations governing how a GSP must be prepared and its likelihood of achieving sustainability. DWR's regulatory responsibilities include prioritizing basins, developing and implementing regulations, and evaluating basin sustainability. DWR has met its regulatory responsibilities to date.

Assistance role. DWR helps local agencies prepare and implement their GSPs through technical, planning, and financial support. This includes providing facilitation support, direct technical support, data, information, and funding.

DWR provides local agencies with technical assistance. DWR began its Facilitation Support Services Program in 2015 to assist local agencies from GSAs. Through this engagement with the local agencies it was clear there was a demand for DWR to initiate a number of technical assistance projects to assist with data gaps. Starting in 2017-18, SGMP received an appropriation that allowed DWR to expand its assistance efforts to include new technical assistance projects with an emphasis on data collection and dissemination.

Local agencies continue to need technical assistance. According to DWR, the level of assistance needed by GSAs and their stakeholders has exceeded expectations. DWR initially estimated approximately 200 GSAs would form; however, there are nearly 270 GSAs. In addition, the level of assistance requested by GSAs has continually increased over the last two years. SGMP began in January 2015 and the first few years of this program were heavily focused on the regulatory requirements as there were aggressive legislative deadlines to meet. The primary assistance functions were outreach efforts associated with the development of the two regulations DWR prepared.

In 2018-19, DWR further expanded its technical assistance offerings with temporary Proposition 68 funding. Even as the number of assistance projects and programs expanded, DWR anticipated being able to ramp down as more GSAs submitted their GSPs for DWR evaluation. It was assumed a GSA would need less support after completion of its GSP. However, as the basins are wrapping up their GSPs, they

are finding their technical and planning assistance needs will not subside. They are recognizing they have data gaps that will need to be filled between now and the submittal of their five-year update and into their 10-year update, and potentially beyond.

LAO Comments. Approve \$9.6 million increase for DWR’s implementation activities. The LAO recommends the Legislature approve the Governor’s proposal to provide DWR with additional staff and funding to implement SGMA. Enhancing DWR’s efforts to support GSAs will increase the chances that local agencies will achieve statewide groundwater sustainability goals. Moreover, helping to ensure greater local compliance with the act’s requirements will lessen the odds that the state has to assume what likely would be significant costs to take over management of non compliant basins.

Approve \$30 million for implementation of grants, but add language directing use of funds. To help support critically overdrafted basins in their efforts to begin bringing their groundwater use into balance, the LAO recommends approving the Governor’s proposal to provide \$30 million in one-time GF. However, the LAO recommends the Legislature include provisional language in the budget bill that places parameters around how these funds can — and cannot — be used. For example, the LAO recommends requiring that the funds be used on projects that focus on public benefits (such as for studies of strategies to assist vulnerable communities that may lose drinking water from dry wells) rather than private benefits (such as to compensate individual farmers who will have to reduce their dependence on groundwater pumping). Moreover, the LAO recommends these funds be focused on local efforts needed to implement GSPs (such as to collect additional data necessary to follow the plans) rather than projects intended to address regional economic impacts that are outside DWR’s scope of responsibility for assisting with SGMA implementation (such as responding to potential changes in the local labor market).

Staff Comments. This proposal builds on existing resources, some of which are set to expire in the current year. The increasing workload and costs associated with evaluating the GSPs appear justified. While there are no concerns with the requested resources associated with continuing SGMA implementation, it is unclear how the requested \$30 million for local assistance grants will be used to minimize economic impacts of SGMA implementation.

Safe and Affordable Drinking Water. Last year, SB 200 (Monning), Chapter 120, Statutes of 2019, established the Safe and Affordable Drinking Water Fund (SADWF) to help water systems provide an adequate and affordable supply of safe drinking water in both the near and long term.

Stakeholders have raised concern that SGMA is being implemented in a manner that ignores the needs of providing safe and affordable drinking water in low-income communities of color. They state that many draft GSPs released to date do not account for impacts on local communities dependent on groundwater, which includes a significant majority of small communities in the San Joaquin Valley and that “some Central Valley GSPs have established minimum thresholds — or failure points — that, if reached, would allow up to 85 percent of domestic wells to go dry or be impacted. Other draft GSPs propose allowable groundwater quality contamination to exceed safe drinking water standards by as much as 20 percent, which is illegal under the state’s water quality statutes. Even worse, some GSPs ignore water quality impacts entirely. Some Groundwater Sustainability Agencies insinuate that any negative impacts to water quantity or quality caused by GSPs can be ameliorated by the [SADWF]...” A question arises as to how SGMA implementation can address groundwater issues without exacerbating safe and affordable drinking water problems in the same groundwater basins.

Staff Recommendation. Hold open.

Issue 20: Systemwide Flood Improvement Projects

Governor’s Proposal. Requests \$96 million one-time from bond funds to implement multi-benefit flood improvement projects. Specifically: (1) \$68 million Proposition 68 and (2) \$28 million Proposition 1.

Background. *The State Plan of Flood Control (SPFC).* The SPFC is the state-federal flood protection system in the Central Valley. SPFC includes over 1,600 miles of levees, over 1,300 miles of designated floodways, and approximately 18,000 parcels of land held in fee, easement, or other agreements.

DWR is responsible for many large flood control structures throughout the SPFC. These structures include weirs, pumping plants, and outfall gates that are integral to the flood control system. In many cases, they were constructed by locals pre-project, transferred to the state during project turnover from the US Army Corps of Engineers (USACE), and then operated and maintained by DWR since. As the structures age, some components lose functionality and require repair, replacement, or rehabilitation.

SPFC system needs. USACE identified thousands of non-compliant encroachments and/or deficient maintenance and operations of facilities within the SPFC. An estimated 90 percent of the state’s project levees no longer qualify for the federal Levee Rehabilitation Program. When a state project levee loses this status, it is no longer eligible for federal contribution funding for rehabilitation to return a levee to its pre-flood status. Instead, those rehabilitation costs and any associated liability due to loss of life/property falls on the state and/or local flood agency.

State is financially liable for the loss of life or property if SPFC facilities fail. In the 2003 *Paterno* decision, the California Supreme Court found the state liable from the 1986 Linda Levee collapse in Yuba County. The levee failure killed two people and destroyed or damaged about 3,000 homes. The Court opined, “when a public entity operates a flood management system built by someone else, it accepts liability as if it had planned and built the system itself.” The state settled with property owners for \$500 million. Since the 2005 settlement, the state has invested billions of dollars in improving the levees and other SPFC facilities.

Staff Comments. Funding this request is intended to help provide flood risk reduction, ecosystem restoration, and water supply reliability to urban and non-urban areas of Solano, Sutter, Yolo, Colusa, San Joaquin, and Sacramento counties.

Staff Recommendation. Approve as budgeted.

Issue 21: Urban Flood Risk Reduction – American River Common Features Project

Governor’s Proposal. Requests \$46 million GF one-time to support the state cost-share requirement of a critical flood risk reduction project that is being implemented by USACE. This request includes provisional language for a three-year encumbrance period.

Background. *The American River Common Features 2016 (ARCF 2016) Project.* The ARCF 2016 Project is part of the Urban Flood Risk Reduction program. These priority projects were part of USACE feasibility studies and included in the Central Valley Flood Protection Plan (CVFPP) adopted in 2012 and updated in 2017.

The ARCF 2016 Project consists of the construction of levee improvement measures that address seepage, stability, erosion, and overtopping concerns identified for the East levee of the Sacramento River downstream of the American River to Freeport (Pocket Area), East levee of the Natomas East Main Drainage Canal, Arcade Creek, and Magpie Creek, as well as erosion control measures along the American River, and widening of the Sacramento Weir and Bypass to deliver more flood flows into the Yolo Bypass.

The ARCF 2016 Project makes a significant reduction in the overall identified flood risk in the Central Valley.

Federal funding for ARCF 2016. The ARCF 2016 project received \$1.565 billion in federal appropriations through the Bipartisan Budget Act of 2018 (BBA 2018). The BBA 2018 appropriation fully funded the federal cost share as well as required the project to be implemented in five years versus the originally planned 10-year implementation timeframe. To leverage this federal funding and take advantage of the accelerated schedule, the state is responsible for providing \$570 million of funding of both cost-share payments to USACE and funds for acquisition of real estate and relocation of utilities.

This proposal requests a total of \$46 million GF that will leverage over \$158 million of federal funding over the next year.

Staff Recommendation. Approve as budgeted.

California State Senate

TRANSPORTATION AND
BUDGET AND FISCAL REVIEW
SUBCOMMITTEE NO. 2 ON RESOURCES,
ENVIRONMENTAL PROTECTION, ENERGY AND
TRANSPORTATION



SENATORS BEALL AND WIECKOWSKI
CHAIRS

**INFORMATIONAL HEARING:
DMV PERFORMANCE UPDATE – REAL ID**

Tuesday, March 10, 2020
Capitol Room 112
10:00 a.m.

BACKGROUND

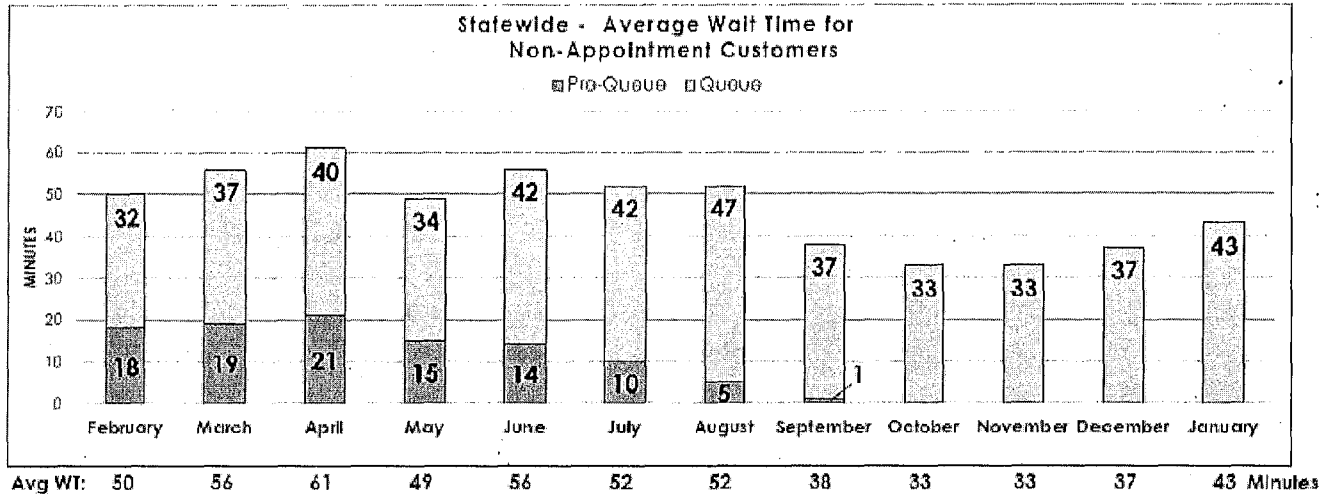
Department of Motor Vehicles: REAL ID Preparations and Wait Times

BACKGROUND

REAL ID Act. The federal government enacted the REAL ID Act in 2005, which requires state-issued driver licenses and identification (ID) cards to meet minimum identity verification and security standards in order for them to be accepted by the federal government for official purposes—such as accessing most federal facilities or boarding federally regulated commercial aircraft. In California, after October 1, 2020, only REAL ID compliant driver licenses or ID cards, and other federally acceptable forms of ID (such as a passport) can be used for these purposes. The federal Secretary of Homeland Security has deemed 48 states (including California) REAL ID compliant, while Oregon and Oklahoma have received an extension for compliance.

Impact of REAL ID Implementation on DMV. California began issuing REAL ID compliant driver licenses and ID cards in January 2018 and reports having issued about 7.2 million as of December 2019. Individuals seeking compliant driver licenses and ID cards must visit a field office and provide certain specified documents that DMV staff verify and scan. This has increased workload at DMV field offices, as these transactions take longer to process than noncompliant transactions. Individuals sometimes do not bring in the required documentation and therefore must make repeated trips to the DMV in order to successfully complete the process. Additionally, more individuals—such as those who would otherwise have renewed their licenses by mail or those whose licenses expire after the October 2020 federal deadline—are visiting field offices to obtain compliant driver licenses or ID cards.

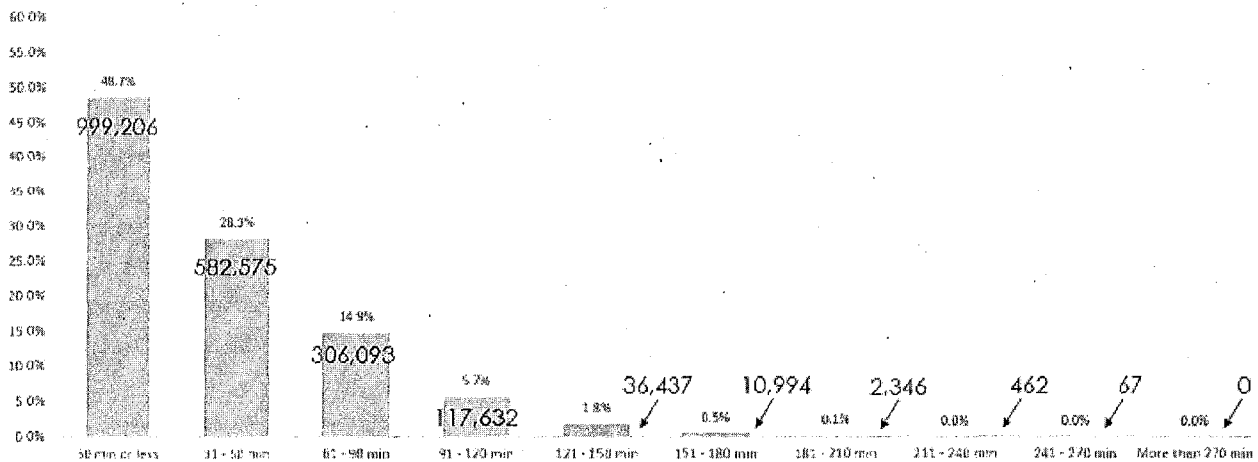
DMV Wait Times Increased Significantly Initially, Then Dropped. Despite receiving additional funding to support the increased workload (as discussed later), DMV field offices began reporting a significant increase in wait times mid-2018. At its peak, some individuals visiting certain offices could experience wait times of several hours. For example, average wait times for a non-appointment customer averaged 114 minutes in August 2018. Since then, and with the addition of resources and some process improvements, wait times have dropped. As shown in the figure below, average wait times for a non-appointment customer averaged 61 minutes in April 2019, before dropping to 37 minutes in December 2019. According to DMV, it has achieved these reduced wait times through various actions, including hiring temporary workers, extending field office hours, and expanding the number of self-service terminals available for individuals to conduct transactions outside of field offices or without the assistance of DMV staff. However, January 2020 wait times have risen slightly, averaging 43 minutes.



Note that the average wait time is not indicative of everyone’s experience. At the 20 DMV field offices with the greatest wait times, the average wait time in August 2018 for a non-appointment customer was 177 minutes. In December 2019, the average wait time was 59 minutes, an increase of seven minutes from November. In January of 2020 it was 65 minutes.

To better reflect the range of wait times customers may experience in a field office, the figure below shows the wait times by range in January 2020. This data shows that in January 2020, 13,869 individuals waited over 2.5 hours. By contrast, in August 2018, nearly 150,000 individuals waited over 2.5 hours. Despite the improvement from the highs of summer 2018, the January numbers still reflect an increase in wait times from December of 2019, when 12,190 individuals waited more than 2.5 hours.

Wait times by Range: Month of January 2020



It is possible that this increase in wait times is the result of increased customer volume, as DMV processed over 1 million Driver’s License and ID card applications in January, versus 930,000 in December of 2019.

EVALUATIONS OF DMV OPERATIONS

The Department of Finance's Office of State Audits and Evaluations (OSAE) and the California Government Operations Agency's DMV Strike Team both completed reviews of DMV's operations.

Department of Finance OSAE Performance Audit. In September 2018, Governor Brown directed OSAE to conduct a performance audit of DMV's IT and customer service functions. The audit objectives were to 1) assess the efficiency and effectiveness of DMV's current operations and make recommendations to improve its practices and enhance the field office customer experience and 2) evaluate DMV's information technology (IT) system and its impact on the field office customer experience. Overall, the audit was very critical of DMV's management and operations and found that its operations were not always efficient and effective in delivering services and that DMV has operated with significant weaknesses in its underlying governance structure and organizational culture. The audit finds that "without strengthening the underlying foundation supporting its operations, DMV will continue facing challenges in efficiently and effectively delivering services to its customers." The audit identifies many opportunities for improvement. These findings are summarized below, and detailed in Appendix A of this audit report. DMV's corrective action plan to address the audit's findings and recommendations is due by the end of May 2019.

Findings related to operations and the field office customer experience include:

- *Significant deficiencies in planning and implementation of the REAL ID program negatively impacted the field office customer experience.* The field office customer experience was significantly impacted by the implementation of REAL ID, manifested mainly by long field office wait times in summer 2018. The approach for complying with REAL ID was inconsistent in the decade leading up to implementation, the REAL ID IT project was not recognized as a priority until 2017, and DMV missed opportunities to reevaluate policy impacting the frequency with which customers require its services.
- *Organizational and reporting structure is outdated and does not reflect current operational needs.* The outdated organizational and reporting structure is reflected in DMV's reliance on its decades-old field office grading for resource allocation, inconsistencies in regional office oversight of field offices, and ineffectiveness of the vertical and hierarchical communication structure.
- *Budgeting and staffing approach is not focused on maximizing field office capacity.* DMV has taken steps to increase its field office capacity; however, opportunities for increasing and analyzing capacity exist related to field office service windows, absenteeism, and requesting field office positions.
- *Appointment practices need improvement.* Significant weaknesses in DMV's appointment practices impact customers' ability to consistently reserve appointments in a timely manner. Specifically, the appointment system allows for variations in appointment availability among regions, the reservation of duplicate appointments, and inconsistent verification of appointment authenticity within field offices.
- *Monitoring of the field office customer experience needs improvement.* Although DMV takes a centralized approach to collect, analyze, and review direct customer feedback, other initiatives

such as the Command Center created in 2018, and Lean Six Sigma Team created in 2016, were untimely implemented and could do more to support DMV's strategic goal to provide superior customer service. Further, DMV's Internal Audit Unit is underutilized with respect to monitoring the field office customer experience.

- *Enhancements to field office customer service were inconsistently implemented and additional opportunities for improvement exist.* Despite DMV implementing several operational enhancements in its field offices, these enhancements were inconsistently implemented and additional opportunities for improvement exist.
- *Field office employee development resources are inadequate.* DMV's current training, employee transaction manuals, policies, and procedures are not comprehensive, intuitive, or regularly updated, and do not adequately emphasize customer service.

Findings related to information technology's impact on the field office customer experience include:

- *Insufficient network system infrastructure and lack of monitoring processes contributed to field office outages, impacting customers' ability to obtain DMV services.* Significant components affecting network connectivity are in need of upgrading and DMV's practices for monitoring and resolving IT related issues are ineffective. This impacts field offices' ability to consistently provide timely and reliable service to customers.
- *Project prioritization, management, testing, and documentation practices need improvement.* Weaknesses exist in DMV's project prioritization, defect resolution, testing, and documentation processes.
- *Legacy computer programming languages contributes to succession planning risks.* Although DMV has taken steps towards sustaining its institutional knowledge related to legacy programming languages, DMV faces succession planning risks because of the knowledge and skills needed to maintain the legacy language, further exacerbated by the IT workforce approaching retirement age.

Government Operations Agency's DMV Strike Team. In January 2019, Governor Newsom tasked the Government Operations Agency Secretary to lead a DMV Strike Team to affect change and reinvention at the DMV. The team is working on a series of efforts to streamline and enhance services to customers and begin the transition to a user-centered culture. Below is a description of some of the areas that the Strike Team has identified as opportunities for improvement and a summary of early efforts.

- *Pilot "pop-up" DMV office.* Better prepare customers and prioritize those who must have a REAL ID. The Strike Team proposed piloting a "pop-up" DMV office in April 2019 where DMV served numerous employees at one site working with the employer to ensure their employees have the documentation that is needed.
- *Implement outreach campaign.* Increase public awareness through an outreach campaign that helps to ensure customers bring in the documentation they need, but also so that they do not unnecessarily visit the DMV for other transactions.

- *Facilitate documentation preparedness.* Allow customers to upload documents needed for REAL ID in advance of coming into a DMV office.
- *Streamline REAL ID processes using a contractor.* DMV began work to streamline REAL ID processes in early 2019, began implementing changes to the process statewide in June and July 2019.
- *Staffing.* Assess the staffing approach being used to handle the increase in customers.
- *Training.* Actions are needed to improve staff training.
- *Enhance the customer experience.* The Strike Team suggests expanding credit card use to field offices. It also suggests making changes to the DMV website so that it is easier for people to find the information they need and to conduct transactions.
- *Improve customer interactions.* Explore ways to improve the DMV call center and add on-line capabilities such as live chat.
- *Improve mailroom processes.* Examine mailroom processes to speed turnaround time and reduce errors.
- *Expand the use of kiosks.* Physically increase the number of kiosks available statewide to 200 by the end of the year and to possibly add more services to the kiosks.
- *Fill key vacancies.* The Administration appointed Steve Gordon as Director of the DMV in July 2019, and has worked to fill other key managerial vacancies.

FUNDING FOR REAL ID WORKLOAD

To support the increased workload related to REAL ID, the Legislature has appropriated additional resources to DMV the last few years. The figure below shows the amounts provided to DMV in the last three fiscal years and what is proposed for 2020-21. The funding provided in the past for REAL ID implementation and proposed for 2020-21 is discussed in more detail below.

Fiscal Year	Funding (millions)	Positions
2016-17	\$4.5	70
2017-18	\$23.0	218
2018-19 Budget Act	\$46.6	550
2018-19 (August 2018)	\$16.6	230
2018-19 (January 2019)	\$40.4	120
2018-19 (March 2019)	\$6.0	300
Subtotal 2018-19	\$109.6	1,200
2019-20 Budget Act	\$242.2	2,052
2020-21 Budget Proposal	\$200	1,992
Total	\$579.3	N/A

2016-17 and 2017-18 REAL ID Funding. DMV received \$4.5 million from the Motor Vehicle Account (MVA) to begin implementation of REAL ID in 2016-17. In 2017-18, \$23 million was provided from the MVA to support 218 positions.

2018 Budget Act Provided REAL ID Funding. In the 2018 Budget Act, \$46.6 million from the MVA was appropriated to support 550 positions. The 2018-19 budget included provisional language that authorized the Department of Finance to provide DMV with additional resources as needed no sooner than 30 days following notification to the Joint Legislative Budget Committee (JLBC).

August 2018 Supplemental Funding Request. An additional \$16.6 million and 230 positions were requested and provided pursuant to this authorization in August 2018 in order to help DMV reduce the significant wait times in the field offices.

January 2019 Supplemental Funding Request. In January 2019, DOF submitted a subsequent notification to the JLBC that it intends to provide DMV with an additional \$40.4 million to maintain existing wait times in the current year no earlier than April 30, 2019. This amount consists of (1) \$17.5 million for additional expenditures in the first six months of the current year, and (2) \$22.9 million for additional expenditures in the remaining portion of the year. DMV plans to use this funding to support an additional 120 positions, as well as to maintain all the activities enacted to date (such as the extension of field office operational hours).

March 2019 Supplemental Funding Request. In late March 2019, DMV submitted another funding request for \$6 million that would fund the following.

- \$4.5 million for an additional 300 temporary positions to begin in May 2019.
- \$1 million for a training contract to provide one full day of training for all field office staff simultaneously, likely in June, to train staff in order to reduce transaction times, return visits, and as a result wait times.
- \$250,000 to initiate an outreach campaign for REAL ID.

2019-20 Budget Act. The REAL ID funding provided in 2017-18 and 2018-19 was limited term and expired June 30, 2019. To continue the implementation of REAL ID, the 2019-20 budget provided \$242.1 million in 2019-20 and \$199.8 million in 2020-21. This was intended to address the REAL ID workload demands and respond to the OSAE audit and Strike Team review. The resources supported four primary categories of activities: 1) increased REAL ID workload, 2) customer service improvements, 3) operational improvements, and 4) IT improvements.

Request Category	Amount
REAL ID & Transaction Volume	\$196 million
Customer Service Improvements	\$17.7 million
Operational Improvements	\$29.5 million
IT Improvements	\$17 million
Less Credit Card Fee Savings	(\$18.2 million)
Total Request	\$242 million

REAL ID and Transaction Workload

The 2019-20 request includes a total of \$196 million for increased REAL ID and other transaction workload that includes the following:

- \$150 million for 1,900 temporary positions.
- \$12.4 million for four drivers' license processing centers in Los Angeles, Stanton, San Jose, and Fontana and for the cost of providing extended hours and weekends at field offices.
- \$9.8 million for expanded janitorial services.
- \$9.5 million for an outreach campaign.
- \$6 million for identity management application software for customers who use the online DL/ID card application.
- \$6.8 million for DL/ID card contract for duplicates.

Customer Service Improvements

The 2019-20 request includes \$17.7 million for the following efforts to improve customer service:

- \$100,000 for DMV identifiable attire such as lanyards to address an OSAE finding.
- \$2 million for a website redesign.
- \$500,000 for a Chatbot user contract.
- \$14.2 million for customer relationship management systems that include live chat services.

Operational Improvements

The 2019-20 includes \$29.5 million for various operational improvements described below:

- \$600,000 for a learning management system that will combine department-wide training management, records, and reporting.
- \$1.4 million for 12 departmental training officers.
- \$700,000 for two mobile command units to be used for emergencies or short-term office closures.
- \$2.8 million for 30 positions to staff the mobile command units and to operate "pop ups" for outreach events.
- \$6 million for 32 district manager positions that will be allocated to each of the eight regional offices throughout the state.
- \$900,000 for 32 vehicles for district managers (one-time and \$100,000 ongoing) to enable them to visit field offices in the region.
- \$964,000 for eight district analyst-level positions.

- \$1.6 million for software for online DL/ID replacement.
- \$8.3 million (growing to \$14.4 million in 2020-21 and ongoing) for 200 new self-service terminals.
- \$2.6 million to replace 88 of DMV's fleet of 298 vehicles and \$1.6 million ongoing for future replacements.
- \$1 million for a consultant to develop an effective governance structure.
- \$1 million for organizational change management services.
- \$150,000 for appointment system modifications.
- \$1 million (\$4 million in 2020-21) for field office assessment and redesign.

Information Technology Improvements

The 2019-20 request includes \$17 million for IT improvements as follows:

- \$3.1 million for an IT refresh to replace IT equipment that has reached the end of its useful life on a five-year replacement schedule.
- \$4.7 million for network redundancy as recommended by OSAE.
- \$3 million for document authentication devices (one-time) that have reached their end of useful life.
- \$6.2 million for 6,500 new personal computers (one-time and \$900,000 ongoing).

Less Credit Card Fee Savings

The budget included funding for DMV to install the infrastructure necessary to accept credit card payments in field offices, and to pass along the associated credit card fees to customers. DMV previously paid for a customer's credit card fees. In 2019-20 this is estimated to save the Department roughly \$18 million.

Current Status and Recent Actions. As of December 31, 2019, DMV produced and issued 7.2 million REAL ID driver license and identification cards. However, the Department projects that 16,062,170 REAL IDs will need to be processed by October 1, 2020, with another 2,342,265 REAL IDs needing to be processed after October 1, 2020 through December 31, 2020.

To hit their goal of issuing 16 million REAL IDs by October 2020, DMV projects that they will need to issue more than 800,000 per month over the course of FY 2019-20. To date, the Department has issued between roughly 350,000 and 470,000 per month. The Department has indicated that this under-performance is a result of both longer processing times and lower customer volume than anticipated. To address this, the Department has indicated that it is working to implement the recommendations of a number of process improvement pilot efforts statewide. They anticipate that this will reduce the processing time for a REAL ID application, from 18 minutes to 10 minutes, allowing the Department to process more per day. Additionally, the Department has launched a public education and communication

campaign to encourage customers to come to the field offices earlier, rather than waiting for the deadline to get their REAL ID. This is intended to drive up customer volume in the intervening months.

DMV has implemented a number of efforts funded in the 2019-20 budget. These include the following:

- The department installed repeaters and connectors that expand Wi-Fi capabilities in field offices, allowing employees with tablets to check customers into the queue system while in line. This has contributed to the elimination of pre-queue wait times.
- The Departmental Training Branch received 12 new training staff in the 2019-20 budget to ensure timely training. The 12 trainers have been selected and reported to the Departmental Training Branch prior to September.
- DMV contracted with McKinsey & Company for consultative services to improve the DMV customer experience, in particular as it relates to the implementation of REAL ID. Tools developed through these efforts include:
 - **Operation Excellence: DMV Training** – The DMV closed 183 DMV field offices, Commercial Drive Test Centers, and Industry Business Centers throughout the state for a one-day comprehensive training on REAL ID procedures and customer service. This training was held on July 24, 2019.
 - **Digital Field Office Guide** – DMV simplified more than 25 policy memos that frontline employees previously had to sort through into one simplified “source of truth” document to answer customer inquiries.
 - **REAL ID Microsite (www.realid.dmv.ca.gov)** – DMV created a single web resource for REAL ID that provides clear, streamlined information regarding how to get a REAL ID and a decision tree to determine if users need a REAL ID or can wait.

ISSUES FOR CONSIDERATION

Governor’s 2020-21 Budget Proposal

The 2020-21 budget proposal includes \$200 million from the Motor Vehicle Account for additional REAL ID workload. This is the second year of the two-year funding for additional staff and new processes provided in the 2019-20 budget.

The DMV is the primary point of contact between many Californians and the state government. Recent events have strained this relationship, and damaged the trust that exists between the state and the people who live here. Clearly, DMV must take action to address these issues.

Wait Times Likely to Get Worse in the Near Future. The DMV has processed about 7.2 million REAL ID driver’s licenses and ID cards. DMV estimates it will need to process roughly 9 million more cards by the October 2020 deadline—a monthly volume that is more than double the amount DMV is currently processing per month. As a result, it is very likely that, even with significant investments and changes at the DMV, wait times are likely to increase over the next few months.

Workload Surge Likely Coming. As noted above, DMV's rate of processing REAL IDs is lower than their workload projections require to hit their goal of 16 million REAL IDs by October 2020. This means that, in addition to falling behind their projected pace, a potential backlog of individuals who need a REAL ID by October 2020, but who have yet to get one, is building up. This suggests that a potential surge in REAL ID applications, above and beyond what DMV has projected, could materialize in the months leading up to the deadline. If DMV is not prepared for this surge, it could result in a return to long wait times and public discontent with the department.

DMV has identified this issue, but has yet to propose a plan for dealing with future surges in workload. Given the compressed timeline, the department should be taking steps now to prepare for this possible surge in workload. July 2020 is too late. The Legislature may want to discuss the actions the department is taking now to prepare for this deadline, and identify options for addressing a surge in applications should one materialize.

DMV Could Explore Creative Solutions in the Short Term. Federal law will require a compliant REAL ID to fly or enter government buildings come October 2020. Given the likely late surge in applications, it is possible that there would be many thousands of people who would apply for a REAL ID too close to the October 2020 deadline to receive their REAL ID. The Legislature may want to consider asking DMV to identify options for fast-tracking REAL ID applications for those who are eligible to receive them, and provide the necessary documentation, but are applying too close to the deadline to receive their ID in time.

While the October 2020 deadline is the most pressing concern, this issue is likely to persist past that date. It is easy to imagine an individual applying for a REAL ID immediately before a necessary flight, leaving them without the needed ID to board. DMV should consider what actions it can take to mitigate this issue.

Opportunities to Partner with Outside Partners. The travel industry has become increasingly concerned about the lack of REAL IDs nationwide. In February the trade association representing airports warned that thousands of passengers could be denied boarding and left stranded, calling it a crisis waiting to happen. DMV has been working to communicate the need for REAL IDs to the public, and the process for applying for one. The new engagement by outside groups represents an opportunity to leverage other outreach avenues. DMV could consider partnering with the airlines and airports to have expand their respective outreach efforts, including advising them when they purchase their tickets that they'll need a REAL ID (rather than waiting to do so at the airport security checkpoint).

REAL ID Deadline Most Immediate, But Not Only Concern. While meeting the requirements of the REAL ID Act have put an acute strain on the Department, it is not the only issue facing the department. The current REAL ID push has created an opportunity to reimagine DMV and reevaluate all of its business functions and operations to modernize its services and efficiencies. The challenge is to address the immediate challenge of REAL ID while creating a more responsive, efficient, and functional DMV organization.

The 2019-20 budget focused on REAL ID implementation, but also supported a multi-year approach to addressing some of the department's longer-term issues, such as information technology modernization, implementation of Motor Voter, and overall culture shift within the department. Successfully managing the implementation of REAL ID while building the foundation for longer-term reforms will require

managerial capability as well as strong oversight from the Legislature. The Legislature should focus on meeting the requirements of the REAL ID act, but not at the expense of longer term reforms. Future budget deliberations should address this issue directly – particularly given the precarious nature of the Motor Vehicle Account’s fund balance (given that the MVA is the primary fund supporting DMV’s operations).

California State Senate
TRANSPORTATION AND
BUDGET AND FISCAL REVIEW
SUBCOMMITTEE NO. 2 ON RESOURCES,
ENVIRONMENTAL PROTECTION, ENERGY AND
TRANSPORTATION



SENATORS BEALL AND WIECKOWSKI
CHAIRS

INFORMATIONAL HEARING:
DMV PERFORMANCE UPDATE – REAL ID

Tuesday, March 10, 2020
Capitol Room 112
10:00 a.m.

AGENDA

- I. Comments from the Chairs
- II. Stakeholder Perspectives
 - Frank Miller, Executive Director, Hollywood Burbank Airport
 - Lauren Beyer, Vice President, Security and Facilitation, Airlines for America
 - Caroline Beteta, President and CEO, Visit California
- III. DMV Actions and Updates
 - Steve Gordon, Director, Department of Motor Vehicles
- IV. Public Comment

California State Senate

TRANSPORTATION AND
BUDGET AND FISCAL REVIEW
SUBCOMMITTEE NO. 2 ON RESOURCES,
ENVIRONMENTAL PROTECTION, ENERGY AND
TRANSPORTATION



SENATORS BEALL AND WIECKOWSKI
CHAIRS

**INFORMATIONAL HEARING:
DMV PERFORMANCE UPDATE – REAL ID**

Tuesday, March 10, 2020
Capitol Room 112
10:00 a.m.

BACKGROUND

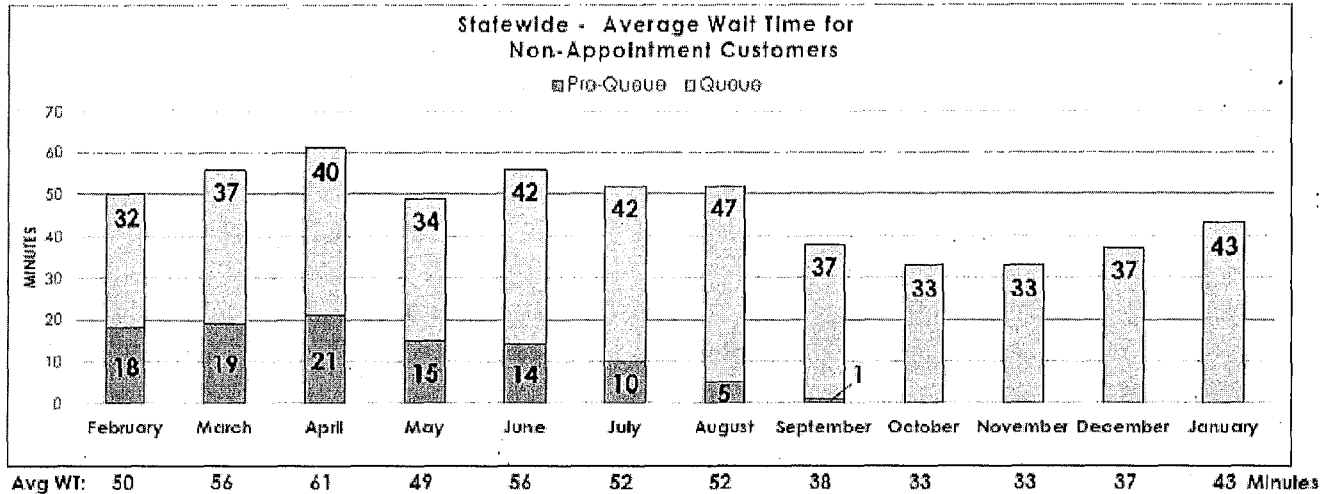
Department of Motor Vehicles: REAL ID Preparations and Wait Times

BACKGROUND

REAL ID Act. The federal government enacted the REAL ID Act in 2005, which requires state-issued driver licenses and identification (ID) cards to meet minimum identity verification and security standards in order for them to be accepted by the federal government for official purposes—such as accessing most federal facilities or boarding federally regulated commercial aircraft. In California, after October 1, 2020, only REAL ID compliant driver licenses or ID cards, and other federally acceptable forms of ID (such as a passport) can be used for these purposes. The federal Secretary of Homeland Security has deemed 48 states (including California) REAL ID compliant, while Oregon and Oklahoma have received an extension for compliance.

Impact of REAL ID Implementation on DMV. California began issuing REAL ID compliant driver licenses and ID cards in January 2018 and reports having issued about 7.2 million as of December 2019. Individuals seeking compliant driver licenses and ID cards must visit a field office and provide certain specified documents that DMV staff verify and scan. This has increased workload at DMV field offices, as these transactions take longer to process than noncompliant transactions. Individuals sometimes do not bring in the required documentation and therefore must make repeated trips to the DMV in order to successfully complete the process. Additionally, more individuals—such as those who would otherwise have renewed their licenses by mail or those whose licenses expire after the October 2020 federal deadline—are visiting field offices to obtain compliant driver licenses or ID cards.

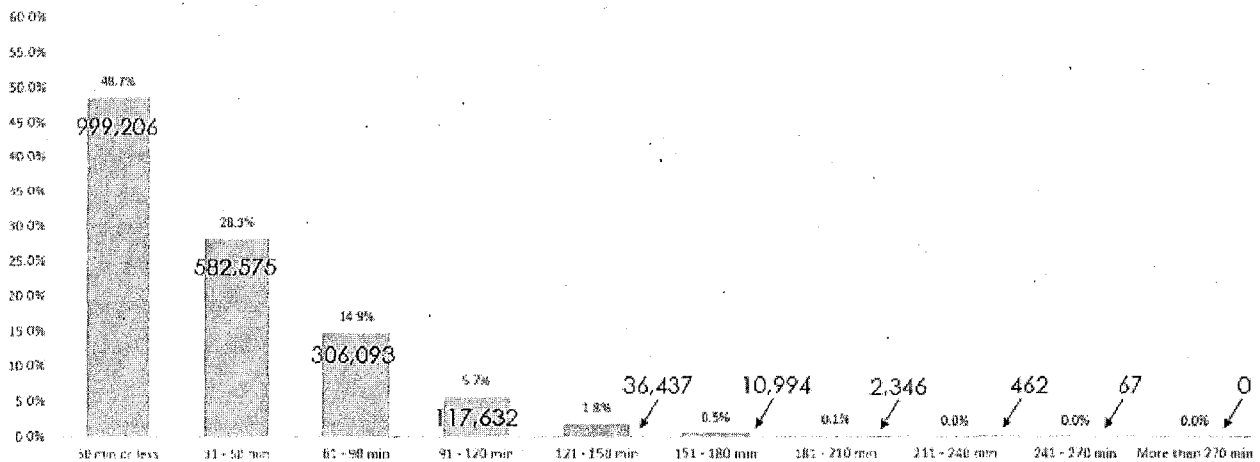
DMV Wait Times Increased Significantly Initially, Then Dropped. Despite receiving additional funding to support the increased workload (as discussed later), DMV field offices began reporting a significant increase in wait times mid-2018. At its peak, some individuals visiting certain offices could experience wait times of several hours. For example, average wait times for a non-appointment customer averaged 114 minutes in August 2018. Since then, and with the addition of resources and some process improvements, wait times have dropped. As shown in the figure below, average wait times for a non-appointment customer averaged 61 minutes in April 2019, before dropping to 37 minutes in December 2019. According to DMV, it has achieved these reduced wait times through various actions, including hiring temporary workers, extending field office hours, and expanding the number of self-service terminals available for individuals to conduct transactions outside of field offices or without the assistance of DMV staff. However, January 2020 wait times have risen slightly, averaging 43 minutes.



Note that the average wait time is not indicative of everyone’s experience. At the 20 DMV field offices with the greatest wait times, the average wait time in August 2018 for a non-appointment customer was 177 minutes. In December 2019, the average wait time was 59 minutes, an increase of seven minutes from November. In January of 2020 it was 65 minutes.

To better reflect the range of wait times customers may experience in a field office, the figure below shows the wait times by range in January 2020. This data shows that in January 2020, 13,869 individuals waited over 2.5 hours. By contrast, in August 2018, nearly 150,000 individuals waited over 2.5 hours. Despite the improvement from the highs of summer 2018, the January numbers still reflect an increase in wait times from December of 2019, when 12,190 individuals waited more than 2.5 hours.

Wait times by Range: Month of January 2020



It is possible that this increase in wait times is the result of increased customer volume, as DMV processed over 1 million Driver’s License and ID card applications in January, versus 930,000 in December of 2019.

EVALUATIONS OF DMV OPERATIONS

The Department of Finance's Office of State Audits and Evaluations (OSAE) and the California Government Operations Agency's DMV Strike Team both completed reviews of DMV's operations.

Department of Finance OSAE Performance Audit. In September 2018, Governor Brown directed OSAE to conduct a performance audit of DMV's IT and customer service functions. The audit objectives were to 1) assess the efficiency and effectiveness of DMV's current operations and make recommendations to improve its practices and enhance the field office customer experience and 2) evaluate DMV's information technology (IT) system and its impact on the field office customer experience. Overall, the audit was very critical of DMV's management and operations and found that its operations were not always efficient and effective in delivering services and that DMV has operated with significant weaknesses in its underlying governance structure and organizational culture. The audit finds that "without strengthening the underlying foundation supporting its operations, DMV will continue facing challenges in efficiently and effectively delivering services to its customers." The audit identifies many opportunities for improvement. These findings are summarized below, and detailed in Appendix A of this audit report. DMV's corrective action plan to address the audit's findings and recommendations is due by the end of May 2019.

Findings related to operations and the field office customer experience include:

- *Significant deficiencies in planning and implementation of the REAL ID program negatively impacted the field office customer experience.* The field office customer experience was significantly impacted by the implementation of REAL ID, manifested mainly by long field office wait times in summer 2018. The approach for complying with REAL ID was inconsistent in the decade leading up to implementation, the REAL ID IT project was not recognized as a priority until 2017, and DMV missed opportunities to reevaluate policy impacting the frequency with which customers require its services.
- *Organizational and reporting structure is outdated and does not reflect current operational needs.* The outdated organizational and reporting structure is reflected in DMV's reliance on its decades-old field office grading for resource allocation, inconsistencies in regional office oversight of field offices, and ineffectiveness of the vertical and hierarchical communication structure.
- *Budgeting and staffing approach is not focused on maximizing field office capacity.* DMV has taken steps to increase its field office capacity; however, opportunities for increasing and analyzing capacity exist related to field office service windows, absenteeism, and requesting field office positions.
- *Appointment practices need improvement.* Significant weaknesses in DMV's appointment practices impact customers' ability to consistently reserve appointments in a timely manner. Specifically, the appointment system allows for variations in appointment availability among regions, the reservation of duplicate appointments, and inconsistent verification of appointment authenticity within field offices.
- *Monitoring of the field office customer experience needs improvement.* Although DMV takes a centralized approach to collect, analyze, and review direct customer feedback, other initiatives

such as the Command Center created in 2018, and Lean Six Sigma Team created in 2016, were untimely implemented and could do more to support DMV's strategic goal to provide superior customer service. Further, DMV's Internal Audit Unit is underutilized with respect to monitoring the field office customer experience.

- *Enhancements to field office customer service were inconsistently implemented and additional opportunities for improvement exist.* Despite DMV implementing several operational enhancements in its field offices, these enhancements were inconsistently implemented and additional opportunities for improvement exist.
- *Field office employee development resources are inadequate.* DMV's current training, employee transaction manuals, policies, and procedures are not comprehensive, intuitive, or regularly updated, and do not adequately emphasize customer service.

Findings related to information technology's impact on the field office customer experience include:

- *Insufficient network system infrastructure and lack of monitoring processes contributed to field office outages, impacting customers' ability to obtain DMV services.* Significant components affecting network connectivity are in need of upgrading and DMV's practices for monitoring and resolving IT related issues are ineffective. This impacts field offices' ability to consistently provide timely and reliable service to customers.
- *Project prioritization, management, testing, and documentation practices need improvement.* Weaknesses exist in DMV's project prioritization, defect resolution, testing, and documentation processes.
- *Legacy computer programming languages contributes to succession planning risks.* Although DMV has taken steps towards sustaining its institutional knowledge related to legacy programming languages, DMV faces succession planning risks because of the knowledge and skills needed to maintain the legacy language, further exacerbated by the IT workforce approaching retirement age.

Government Operations Agency's DMV Strike Team. In January 2019, Governor Newsom tasked the Government Operations Agency Secretary to lead a DMV Strike Team to affect change and reinvention at the DMV. The team is working on a series of efforts to streamline and enhance services to customers and begin the transition to a user-centered culture. Below is a description of some of the areas that the Strike Team has identified as opportunities for improvement and a summary of early efforts.

- *Pilot "pop-up" DMV office.* Better prepare customers and prioritize those who must have a REAL ID. The Strike Team proposed piloting a "pop-up" DMV office in April 2019 where DMV served numerous employees at one site working with the employer to ensure their employees have the documentation that is needed.
- *Implement outreach campaign.* Increase public awareness through an outreach campaign that helps to ensure customers bring in the documentation they need, but also so that they do not unnecessarily visit the DMV for other transactions.

- *Facilitate documentation preparedness.* Allow customers to upload documents needed for REAL ID in advance of coming into a DMV office.
- *Streamline REAL ID processes using a contractor.* DMV began work to streamline REAL ID processes in early 2019, began implementing changes to the process statewide in June and July 2019.
- *Staffing.* Assess the staffing approach being used to handle the increase in customers.
- *Training.* Actions are needed to improve staff training.
- *Enhance the customer experience.* The Strike Team suggests expanding credit card use to field offices. It also suggests making changes to the DMV website so that it is easier for people to find the information they need and to conduct transactions.
- *Improve customer interactions.* Explore ways to improve the DMV call center and add on-line capabilities such as live chat.
- *Improve mailroom processes.* Examine mailroom processes to speed turnaround time and reduce errors.
- *Expand the use of kiosks.* Physically increase the number of kiosks available statewide to 200 by the end of the year and to possibly add more services to the kiosks.
- *Fill key vacancies.* The Administration appointed Steve Gordon as Director of the DMV in July 2019, and has worked to fill other key managerial vacancies.

FUNDING FOR REAL ID WORKLOAD

To support the increased workload related to REAL ID, the Legislature has appropriated additional resources to DMV the last few years. The figure below shows the amounts provided to DMV in the last three fiscal years and what is proposed for 2020-21. The funding provided in the past for REAL ID implementation and proposed for 2020-21 is discussed in more detail below.

Fiscal Year	Funding (millions)	Positions
2016-17	\$4.5	70
2017-18	\$23.0	218
2018-19 Budget Act	\$46.6	550
2018-19 (August 2018)	\$16.6	230
2018-19 (January 2019)	\$40.4	120
2018-19 (March 2019)	\$6.0	300
Subtotal 2018-19	\$109.6	1,200
2019-20 Budget Act	\$242.2	2,052
2020-21 Budget Proposal	\$200	1,992
Total	\$579.3	N/A

2016-17 and 2017-18 REAL ID Funding. DMV received \$4.5 million from the Motor Vehicle Account (MVA) to begin implementation of REAL ID in 2016-17. In 2017-18, \$23 million was provided from the MVA to support 218 positions.

2018 Budget Act Provided REAL ID Funding. In the 2018 Budget Act, \$46.6 million from the MVA was appropriated to support 550 positions. The 2018-19 budget included provisional language that authorized the Department of Finance to provide DMV with additional resources as needed no sooner than 30 days following notification to the Joint Legislative Budget Committee (JLBC).

August 2018 Supplemental Funding Request. An additional \$16.6 million and 230 positions were requested and provided pursuant to this authorization in August 2018 in order to help DMV reduce the significant wait times in the field offices.

January 2019 Supplemental Funding Request. In January 2019, DOF submitted a subsequent notification to the JLBC that it intends to provide DMV with an additional \$40.4 million to maintain existing wait times in the current year no earlier than April 30, 2019. This amount consists of (1) \$17.5 million for additional expenditures in the first six months of the current year, and (2) \$22.9 million for additional expenditures in the remaining portion of the year. DMV plans to use this funding to support an additional 120 positions, as well as to maintain all the activities enacted to date (such as the extension of field office operational hours).

March 2019 Supplemental Funding Request. In late March 2019, DMV submitted another funding request for \$6 million that would fund the following.

- \$4.5 million for an additional 300 temporary positions to begin in May 2019.
- \$1 million for a training contract to provide one full day of training for all field office staff simultaneously, likely in June, to train staff in order to reduce transaction times, return visits, and as a result wait times.
- \$250,000 to initiate an outreach campaign for REAL ID.

2019-20 Budget Act. The REAL ID funding provided in 2017-18 and 2018-19 was limited term and expired June 30, 2019. To continue the implementation of REAL ID, the 2019-20 budget provided \$242.1 million in 2019-20 and \$199.8 million in 2020-21. This was intended to address the REAL ID workload demands and respond to the OSAE audit and Strike Team review. The resources supported four primary categories of activities: 1) increased REAL ID workload, 2) customer service improvements, 3) operational improvements, and 4) IT improvements.

Request Category	Amount
REAL ID & Transaction Volume	\$196 million
Customer Service Improvements	\$17.7 million
Operational Improvements	\$29.5 million
IT Improvements	\$17 million
Less Credit Card Fee Savings	(\$18.2 million)
Total Request	\$242 million

REAL ID and Transaction Workload

The 2019-20 request includes a total of \$196 million for increased REAL ID and other transaction workload that includes the following:

- \$150 million for 1,900 temporary positions.
- \$12.4 million for four drivers' license processing centers in Los Angeles, Stanton, San Jose, and Fontana and for the cost of providing extended hours and weekends at field offices.
- \$9.8 million for expanded janitorial services.
- \$9.5 million for an outreach campaign.
- \$6 million for identity management application software for customers who use the online DL/ID card application.
- \$6.8 million for DL/ID card contract for duplicates.

Customer Service Improvements

The 2019-20 request includes \$17.7 million for the following efforts to improve customer service:

- \$100,000 for DMV identifiable attire such as lanyards to address an OSAE finding.
- \$2 million for a website redesign.
- \$500,000 for a Chatbot user contract.
- \$14.2 million for customer relationship management systems that include live chat services.

Operational Improvements

The 2019-20 includes \$29.5 million for various operational improvements described below:

- \$600,000 for a learning management system that will combine department-wide training management, records, and reporting.
- \$1.4 million for 12 departmental training officers.
- \$700,000 for two mobile command units to be used for emergencies or short-term office closures.
- \$2.8 million for 30 positions to staff the mobile command units and to operate "pop ups" for outreach events.
- \$6 million for 32 district manager positions that will be allocated to each of the eight regional offices throughout the state.
- \$900,000 for 32 vehicles for district managers (one-time and \$100,000 ongoing) to enable them to visit field offices in the region.
- \$964,000 for eight district analyst-level positions.

- \$1.6 million for software for online DL/ID replacement.
- \$8.3 million (growing to \$14.4 million in 2020-21 and ongoing) for 200 new self-service terminals.
- \$2.6 million to replace 88 of DMV's fleet of 298 vehicles and \$1.6 million ongoing for future replacements.
- \$1 million for a consultant to develop an effective governance structure.
- \$1 million for organizational change management services.
- \$150,000 for appointment system modifications.
- \$1 million (\$4 million in 2020-21) for field office assessment and redesign.

Information Technology Improvements

The 2019-20 request includes \$17 million for IT improvements as follows:

- \$3.1 million for an IT refresh to replace IT equipment that has reached the end of its useful life on a five-year replacement schedule.
- \$4.7 million for network redundancy as recommended by OSAE.
- \$3 million for document authentication devices (one-time) that have reached their end of useful life.
- \$6.2 million for 6,500 new personal computers (one-time and \$900,000 ongoing).

Less Credit Card Fee Savings

The budget included funding for DMV to install the infrastructure necessary to accept credit card payments in field offices, and to pass along the associated credit card fees to customers. DMV previously paid for a customer's credit card fees. In 2019-20 this is estimated to save the Department roughly \$18 million.

Current Status and Recent Actions. As of December 31, 2019, DMV produced and issued 7.2 million REAL ID driver license and identification cards. However, the Department projects that 16,062,170 REAL IDs will need to be processed by October 1, 2020, with another 2,342,265 REAL IDs needing to be processed after October 1, 2020 through December 31, 2020.

To hit their goal of issuing 16 million REAL IDs by October 2020, DMV projects that they will need to issue more than 800,000 per month over the course of FY 2019-20. To date, the Department has issued between roughly 350,000 and 470,000 per month. The Department has indicated that this under-performance is a result of both longer processing times and lower customer volume than anticipated. To address this, the Department has indicated that it is working to implement the recommendations of a number of process improvement pilot efforts statewide. They anticipate that this will reduce the processing time for a REAL ID application, from 18 minutes to 10 minutes, allowing the Department to process more per day. Additionally, the Department has launched a public education and communication

campaign to encourage customers to come to the field offices earlier, rather than waiting for the deadline to get their REAL ID. This is intended to drive up customer volume in the intervening months.

DMV has implemented a number of efforts funded in the 2019-20 budget. These include the following:

- The department installed repeaters and connectors that expand Wi-Fi capabilities in field offices, allowing employees with tablets to check customers into the queue system while in line. This has contributed to the elimination of pre-queue wait times.
- The Departmental Training Branch received 12 new training staff in the 2019-20 budget to ensure timely training. The 12 trainers have been selected and reported to the Departmental Training Branch prior to September.
- DMV contracted with McKinsey & Company for consultative services to improve the DMV customer experience, in particular as it relates to the implementation of REAL ID. Tools developed through these efforts include:
 - **Operation Excellence: DMV Training** – The DMV closed 183 DMV field offices, Commercial Drive Test Centers, and Industry Business Centers throughout the state for a one-day comprehensive training on REAL ID procedures and customer service. This training was held on July 24, 2019.
 - **Digital Field Office Guide** – DMV simplified more than 25 policy memos that frontline employees previously had to sort through into one simplified “source of truth” document to answer customer inquiries.
 - **REAL ID Microsite (www.realid.dmv.ca.gov)** – DMV created a single web resource for REAL ID that provides clear, streamlined information regarding how to get a REAL ID and a decision tree to determine if users need a REAL ID or can wait.

ISSUES FOR CONSIDERATION

Governor’s 2020-21 Budget Proposal

The 2020-21 budget proposal includes \$200 million from the Motor Vehicle Account for additional REAL ID workload. This is the second year of the two-year funding for additional staff and new processes provided in the 2019-20 budget.

The DMV is the primary point of contact between many Californians and the state government. Recent events have strained this relationship, and damaged the trust that exists between the state and the people who live here. Clearly, DMV must take action to address these issues.

Wait Times Likely to Get Worse in the Near Future. The DMV has processed about 7.2 million REAL ID driver’s licenses and ID cards. DMV estimates it will need to process roughly 9 million more cards by the October 2020 deadline —a monthly volume that is more than double the amount DMV is currently processing per month. As a result, it is very likely that, even with significant investments and changes at the DMV, wait times are likely to increase over the next few months.

Workload Surge Likely Coming. As noted above, DMV's rate of processing REAL IDs is lower than their workload projections require to hit their goal of 16 million REAL IDs by October 2020. This means that, in addition to falling behind their projected pace, a potential backlog of individuals who need a REAL ID by October 2020, but who have yet to get one, is building up. This suggests that a potential surge in REAL ID applications, above and beyond what DMV has projected, could materialize in the months leading up to the deadline. If DMV is not prepared for this surge, it could result in a return to long wait times and public discontent with the department.

DMV has identified this issue, but has yet to propose a plan for dealing with future surges in workload. Given the compressed timeline, the department should be taking steps now to prepare for this possible surge in workload. July 2020 is too late. The Legislature may want to discuss the actions the department is taking now to prepare for this deadline, and identify options for addressing a surge in applications should one materialize.

DMV Could Explore Creative Solutions in the Short Term. Federal law will require a compliant REAL ID to fly or enter government buildings come October 2020. Given the likely late surge in applications, it is possible that there would be many thousands of people who would apply for a REAL ID too close to the October 2020 deadline to receive their REAL ID. The Legislature may want to consider asking DMV to identify options for fast-tracking REAL ID applications for those who are eligible to receive them, and provide the necessary documentation, but are applying too close to the deadline to receive their ID in time.

While the October 2020 deadline is the most pressing concern, this issue is likely to persist past that date. It is easy to imagine an individual applying for a REAL ID immediately before a necessary flight, leaving them without the needed ID to board. DMV should consider what actions it can take to mitigate this issue.

Opportunities to Partner with Outside Partners. The travel industry has become increasingly concerned about the lack of REAL IDs nationwide. In February the trade association representing airports warned that thousands of passengers could be denied boarding and left stranded, calling it a crisis waiting to happen. DMV has been working to communicate the need for REAL IDs to the public, and the process for applying for one. The new engagement by outside groups represents an opportunity to leverage other outreach avenues. DMV could consider partnering with the airlines and airports to have expand their respective outreach efforts, including advising them when they purchase their tickets that they'll need a REAL ID (rather than waiting to do so at the airport security checkpoint).

REAL ID Deadline Most Immediate, But Not Only Concern. While meeting the requirements of the REAL ID Act have put an acute strain on the Department, it is not the only issue facing the department. The current REAL ID push has created an opportunity to reimagine DMV and reevaluate all of its business functions and operations to modernize its services and efficiencies. The challenge is to address the immediate challenge of REAL ID while creating a more responsive, efficient, and functional DMV organization.

The 2019-20 budget focused on REAL ID implementation, but also supported a multi-year approach to addressing some of the department's longer-term issues, such as information technology modernization, implementation of Motor Voter, and overall culture shift within the department. Successfully managing the implementation of REAL ID while building the foundation for longer-term reforms will require

managerial capability as well as strong oversight from the Legislature. The Legislature should focus on meeting the requirements of the REAL ID act, but not at the expense of longer term reforms. Future budget deliberations should address this issue directly – particularly given the precarious nature of the Motor Vehicle Account’s fund balance (given that the MVA is the primary fund supporting DMV’s operations).

Senator Bob Wieckowski, Chair
Senator Brian Dahle
Senator Mike McGuire
Senator William W. Monning
Senator Henry I. Stern



Thursday, March 12, 2020
9:30 a.m. or upon adjournment of session
State Capitol – Room 112

Consultant: James Hacker

<u>Item</u>	<u>Department</u>	<u>Page</u>
<u>Vote Only Calendar</u>		
2660	CALIFORNIA DEPARTMENT OF TRANSPORTATION	3
Issue 1:	Continuation of ADA Infrastructure Program	3
Issue 2:	Highway Fund Shift	3
Issue 3:	Continuation of Proposition 1B Administrative Support	3
Issue 4:	Pedestrian and Bicyclist Safety Investigations	4
Issue 5:	Transportation System Network Replacement	4
2720	CALIFORNIA HIGHWAY PATROL (CHP)	4
Issue 6:	Increased Reimbursement Authority	4
<u>Items for Discussion</u>		
2660	CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS)	5
Issue 7:	Airport Improvement Grants Matching Funds	6
Issue 8:	Litter Abatement	7
Issue 9:	Wildfire Litigation	8
2665	CALIFORNIA HIGH-SPEED RAIL AUTHORITY	9
Issue 10:	IT Office Restructuring	10
2720	CALIFORNIA HIGHWAY PATROL	11
Issue 11:	Motor Vehicle Account Fund Condition	12
Issue 12:	Capital Outlay Proposals	16
Issue 13:	E-Cigarette Tax Enforcement	18
2740	CALIFORNIA DEPARTMENT OF MOTOR VEHICLES	20
Issue 14:	Capital Outlay Proposals	21
Issue 15:	Motor Voter Resources	22

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

VOTE-ONLY CALENDAR

2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION

Issue 1: Continuation of ADA Infrastructure Program

Governor’s Proposal. The budget includes a permanent increase of \$1,000,000 from the State Highway Account (SHA) to fund the Americans with Disabilities Act (ADA) Infrastructure Program. The resources will be used for consultant contracts to continue implementing and administering ADA requirements the “Californians for Disability Rights, Inc v. California Department of Transportation, Case No. C 06 5125 Settlement Agreement re Class Action Settlement.”

The Class Action Settlement required Caltrans to retain an “Access Consultant” to provide an annual report of compliance of Caltrans ADA projects and to review the Caltrans ADA Annual Report. Caltrans received temporary funding for the current consultant contract through a 2014-15 BCP. However, that funding expires in June 2020. The request provides permanent funding for the required consultants, so it can continue doing the mandated work. The consultant workload began in 2008 and is expected to continue at current levels throughout the term of the settlement agreement.

Issue 2: Highway Fund Shift

Governor’s Proposal. The budget includes a \$95,993,000 fund conversion from federal resources to the State Highway Account (SHA) within the Maintenance Program. In 2009-10, Caltrans requested \$84,989,000 in the Maintenance Program to be converted from SHA to federal funds. Similarly, in 2012-13, Caltrans requested \$11,004,000 to be converted from SHA to federal funds, for a total conversion of \$95,993,000.

Caltrans converted these funds because at the time, the Capital Outlay Projects Program was not receiving enough state funding to match all available federal funds. Caltrans began using federal funds on some maintenance projects so that California was able to use all available federal funds. The state’s transportation funding situation has changed with the enactment of the Road Repair and Accountability Act of 2017 (SB 1). Caltrans has sufficient state funding to fully utilize all federal funding within the Capital Outlay Projects Program. Converting this money from federal to state resources allows Caltrans to fund highway maintenance projects more efficiently without added federal requirements.

Issue 3: Continuation of Proposition 1B Administrative Support

Governor’s Proposal. The budget includes funding to continue the administration of the workload associated with Caltrans’ responsibilities under Proposition 1B, the “Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006”. This includes 2020-21 funding for the continuation of 19.5 positions totaling \$4,992,000 and 2021-22 funding for the continuation of 18.5 positions totaling \$4,874,000. Total funding requested in each fiscal year includes \$2,300,000 in operating expenses for a project and program audit contract administered by the Department of Finance. This request reduces the 2019-20 Proposition 1B staffing level of 30 positions by 10.5 positions in 2020-21 and by one additional position in 2021-22, for a total reduction of 11.5 positions. This proposal does not include resources needed for project delivery.

Issue 4: Pedestrian and Bicyclist Safety Investigations

Governor's Proposal. The budget includes a two-year limited-term increase of 12 positions and \$2,209,000 in State Highway Account funds for Pedestrian and Bicyclist Safety Investigation Programs consistent with the Federal Highway Safety Improvement Program (HSIP) and Caltrans' Strategic Management Plan (SMP) pedestrian and bicyclist safety targets. Caltrans Traffic Operations routinely performs traffic safety investigations to determine whether improvements are needed in locations with high collision concentrations. A timely response to identified traffic safety concerns improves the safety of the public and reduce traffic fatalities, injuries and property damage collisions. Currently, there are six traffic safety programs for the state highway system. However, none of these programs specifically identify or address potential issues related to pedestrian and/or bicyclist safety. Without a specific pedestrian or bicyclist safety improvement program, Caltrans has no mechanism dedicated to specifically improve safety for pedestrians and bicyclists. This request would allow Caltrans to pilot the creation of such a mechanism before deciding whether or not to make it a permanent part of the department's budget.

Issue 5: Transportation System Network Replacement

Governor's Proposal. The budget includes \$5,424,000 one-time to develop an updated Transportation Network System (TSN) for California's public roadways that meets federal mandates, through the Transportation Network System Replacement project. Caltrans must comply with federal mandates and avoid the loss of federal funding by developing an updated TSN system with the required capabilities. The current TSN does not meet federal requirements for data collection and coverage of all public roads. The Department has indicated that project implementation is scheduled to start November 1, 2020 and end in June 2023, with an estimated total cost of \$21.9 million.

2720 CALIFORNIA HIGHWAY PATROL (CHP)**Issue 6: Increased Reimbursement Authority**

Governor's Proposal. The budget includes a permanent budget augmentation of \$4.040 million in reimbursement authority to provide protective services to the Department of Industrial Relations' (DIR) Division of Workers' Compensation (DWC) district offices statewide. The CHP currently has an interagency agreement with the DIR to provide full-time protective services to 15 various DWC district offices from 8:00 am to 5:00 pm, five days a week. Additionally, two offices are secured through agreements with the Department of General Services (DGS). The DWC has 24 district offices in total and is requesting additional funding to expand security to all district offices, and improve security statewide.

The CHP's current interagency agreement with DIR allocates only \$2.202 million in FY 2019-20. However, the estimated cost for the CHP to provide protective services for all 24 DWC district offices in FY 2020-21 amounts to approximately \$6.242 million, an increase of \$4.040 million.

Staff Recommendation: Approve all Vote Only items as budgeted.

ISSUES FOR DISCUSSION

2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS)

The California Department of Transportation (Caltrans) designs and oversees the construction of state highways, operates and maintains the highway system, funds three intercity passenger rail routes, and provides funding for local transportation projects. Through its efforts, Caltrans supports a safe, sustainable, integrated, and efficient transportation system to enhance California's economy and livability.

Budget Overview: The budget proposes \$15.5 billion to support 20,755 positions at Caltrans. This is an increase of nearly \$2 billion, mostly due to an increase in funding for Capital Outlay and Local Assistance projects. The budget includes \$2.3 billion in SB 1 funding for a variety of transportation programs at Caltrans.

3-YEAR EXPENDITURES AND POSITIONS †

		Positions			Expenditures		
		2018-19	2019-20	2020-21	2018-19*	2019-20*	2020-21*
1830019	Aeronautics	21.5	24.0	24.0	\$5,561	\$9,690	\$8,998
1835010	Capital Outlay Support	8,092.5	8,880.6	8,880.6	1,880,505	2,194,058	2,206,050
1835019	Capital Outlay Projects	-	-	-	4,309,379	4,933,668	5,022,371
1835020	Local Assistance	269.3	264.5	262.5	1,677,160	2,716,396	3,245,124
1835029	Program Development	217.6	201.2	195.2	66,979	78,001	81,205
1835038	Legal	258.6	276.6	276.6	145,864	147,764	149,509
1835047	Operations	1,097.0	1,077.2	1,089.2	279,455	278,142	278,608
1835056	Maintenance	7,149.9	6,906.5	6,906.5	2,218,186	2,115,349	2,137,927
1840019	State and Federal Mass Transit	61.0	62.7	61.7	240,183	365,417	1,129,935
1840028	Intercity Rail Passenger Program	49.5	43.7	40.7	313,358	351,440	916,649
1845013	Statewide Planning	650.5	725.3	725.3	144,281	169,502	167,470
1845022	Regional Planning	98.4	38.5	38.5	122,800	126,628	125,538
1850010	Equipment Service Program	660.4	647.6	647.6	210,369	231,814	228,297
1850019	Distributed Equipment Service Program Costs	-	-	-	-210,369	-231,814	-228,297
1870	Office of Inspector General	55.1	92.0	91.5	10,778	16,361	16,479
9900100	Administration	1,546.3	1,518.5	1,515.5	437,194	419,045	425,042
9900200	Administration - Distributed	-	-	-	-437,194	-419,045	-425,042
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		20,227.6	20,758.9	20,755.4	\$11,414,489	\$13,502,416	\$15,485,863

Issue 7: Airport Improvement Grants Matching Funds

Governor’s Proposal. The budget includes a \$10,000,000 interfund transfer (\$2,500,000 annually over four years) from the Local Airport Loan Account (LALA) to the Aeronautics Account (Account). The transfer will provide increased annual Local Assistance funding capacity of \$2,500,000 to fund the Aeronautics Program (Aeronautics) Airport Improvement Program (AIP) Matching Grant Program.

Background. State excise tax on general aviation (GA) fuel is the Caltrans Aeronautics Program’s primary source of revenue to fund and maintain its grant programs. Since the Great Recession, these figures have dropped to an average of \$5,600,000 annually, creating challenges to fund robust grant programs that benefit public-use airports statewide. The program is projected to receive approximately \$5,600,000 in revenue in 2020–21, and current projections reflect a steady decline over the next four years. Grants from Aeronautics are used to fund safety, maintenance, operations and capital improvements projects at airports by serving as a portion of the local match required for federal AIP grants. Grant recipients are required to provide a 10 percent match for federal AIP funds – Caltrans provides half of this (five percent total) for recipients, up to a max amount of \$150,000 per project.

The LALA was established with one-time seed money in the amount of \$1,000,000 from the Aeronautics Account to provide low cost loans to local General Aviation airports. LALA resources can be used to plan, acquire, construct, improve, maintain, or operate a statewide system of airports. It has been underutilized in recent years, leading to a high fund balance and under-utilized funds. Existing law allows for funds to be transferred from the LALA to the Aeronautics Account to provide matching AIP funds. In 2018-19, an additional \$1,400,000 was transferred from the LALA. The Department of Finance (DOF) also authorized transfers of \$1,400,000 and \$1,100,000 for the AIP in January 2019 and July 2019 respectively, providing \$2,500,000 for the AIP in 2019-20.

Staff Comments. The LALA has been historically underutilized by local airports which, combined with the repayment of the loans still outstanding, has led the fund to develop a significant fund balance. In 2020-21, the fund is estimated to begin the year with a fund balance of roughly \$31 million. Statutorily, the DOF, with concurrence from the Commission, is authorized to transfer funds from the LALA to the Account, with the caveat that the LALA cannot be depleted below \$5,000,000. The Department has indicated that the implementation of this proposal projects an ending balance of \$22,000,000, significantly above the statutory requirement.

The Department has indicated that revenues have not been adequate to sustain the historical level of AIP state support, and several transfers from the LALA have been required. Current revenue forecasts show continued reduced funding capacity for the AIP in future years. Aeronautics is requesting the multi-year transfer to sustain the historical level of local assistance for the AIP.

Additional funding in the Aeronautics Account will allow the Department to provide additional match for federal AIP funds, allowing airports in California to draw down more federal funds. The Department has indicated that, based on their estimates, a \$2.5 million transfer is appropriate. However, it is an open question of whether additional match funds will lead to additional local applications for AIP funds. Given the large fund balance in the LALA, and larger transfer could be explored without pushing the LALA below the statutorily –required fund balance of \$5 million.

Staff Recommendation. Hold Open.

Issue 8: Litter Abatement

Governor’s Proposal. The budget includes an increase of \$31,835,000 in 2020-21, increasing to a permanent increase of \$43,350,000 in 2024-25, all from the State Highway Account, for the Division of Maintenance to fund the Litter Abatement Program.

Background. The Litter Abatement Program, part of the Division of Maintenance, is designed to remove litter on the State Highway System throughout the state. The amount of litter collected by the department has increased by roughly 77 percent over that past four years. The number of service requests for litter abatement have increased from about 3,800 in 2014-15 to 5,300 in 2018-2019—a 40 percent increase. As the need for litter abatement has increased on the SHS, Caltrans has redirected resources from its overall maintenance budget to increase the capacity of the Litter Abatement Program. The department’s expenditure levels on the program have increased by \$39 million (62 percent) from 2014-15 to 2018-2019—from \$63 million to \$102 million.

Staff Comments. Given the large and growing issue of litter on state right of way, it is generally reasonable to increase funding for abatement activities. As noted above, Caltrans expenditures on litter abatement has increased by roughly \$39 million over the last several years – mostly by redirecting resources from elsewhere in the Maintenance budget. Additional funding would allow the Department to meet the Programs workload without significant redirection.

However, questions remain about the implementation of this funding. Some regions are experiencing greater litter issues than others. Litter issues have created significant legal issues for the department in some jurisdictions. The Department should explain how this funding will be prioritized across the state.

LAO Comments.

Approve Funding for Litter Abatement and Require Assessment. Given the likelihood that current litter conditions will continue, we recommend that the Legislature approve the Governor’s proposal to increase funding for the department’s Litter Abatement Program. We also recommend the Legislature adopt supplemental reporting language requiring Caltrans to provide an assessment to inform future litter prevention strategies. This assessment should identify, to the extent possible, (1) the type of litter being left on state highways, (2) the source of litter, (3) the degree to which increases in litter are concentrated in certain geographical regions, (4) best practices to reduce litter from other states, and (5) potential recommendations to prevent litter on the SHS.

Staff Recommendation. Hold Open.

Issue 9: Wildfire Litigation

Governor’s Budget. The budget includes \$1,747,000 per year for four-year limited term resources in State Highway Account funds for the increases in the Legal Division’s workload resulting from wildfire litigation.

Background. Caltrans’ Legal Division advises on federal and state statutes, regulations, and case law along with how those laws impact Caltrans policy makers, operational needs, and associated risks. California’s tort liability laws make public entities such as Caltrans a party to liability lawsuits when personal injuries or fatalities occur on the State Highway System.

As part of its larger maintenance responsibility, Caltrans conducts vegetation control to reduce the risk of fire. Caltrans annually assesses its ability to service the state highway system through level of service scores. Level of services scores range from 0 to 100, with lower scores indicating a higher maintenance need. The department’s level of services scores for tree and brush encroachment have been about 70 in recent years. The department stated a goal of increasing these scores to at least 90.

Staff Comments. The department indicates that it currently is facing lawsuits related to recent wildfires that started along state highways. Wildfire litigation will likely begin July 1, 2020, with pre-litigation work beginning immediately including instituting litigation holds to preserve evidence from an expansive group of entities and individuals, as well as, securing expert witnesses. Multiple wildfire litigations may coincide with each other, and the number of plaintiffs may range from 600 to over 1,500. As such, additional legal resources seem appropriate. While it is unclear whether improper vegetation management contributed to the wildfire that is the subject of the recent lawsuit, Caltrans’ low scores for tree and brush encroachment are concerning, particularly given recent wildfires and projections of increased risks over the long-term due to climate change.

LAO Comments.

Recommend Approving Funding for Wildfire Litigation. It appears likely that Caltrans will face increased workload associated with recent wildfire litigation, and it is in the best interest of the state for the department to have sufficient resources to engage in the litigation effectively. Accordingly, we recommend the Legislature approve the proposed \$1.7 million to augment the department’s legal division.

Report at Budget Hearings on the Implementation of Vegetation Control. We also recommend that the Legislature use spring budget hearings as an opportunity to exercise additional oversight of Caltrans’ vegetation management activities by requiring the department to report at budget hearings on the following topics:

- **Vegetation Management Plan.** What are the department’s current vegetation management policies to reduce wildfire risk?
- **Low Level of Service Scores.** Why are level of service scores for tree and brush encroachment relatively low?
- **Level of Service Score by Location.** To what extent do level of service scores vary geographically, such as based on an area’s risk of wildfire?
- **Steps to Improve Scores.** What steps has the department taken (or plan to take) to improve level of service scores related to tree and brush encroachment?

Staff Recommendation: Hold Open.

2665 CALIFORNIA HIGH-SPEED RAIL AUTHORITY

The California High-Speed Rail Authority's mission is to plan, design, build, and operate a high-speed train system for California. Planning is currently underway for the entire high-speed train system, which consists of Phase 1 (San Francisco to Los Angeles/Anaheim), and Phase 2 (extensions to Sacramento and San Diego). The Authority continues to develop the first section of the high-speed train system, extending 119 miles from Madera to just north of Bakersfield.

Budget Overview: The budget provides roughly \$2.9 billion for the High-Speed Rail project in 2020-21. This includes \$2.4 billion in capital spending for the continued construction of the Phase 1 Blended System, predominantly in the Central Valley.

3-YEAR EXPENDITURES AND POSITIONS

		Positions			Expenditures		
		2018-19	2019-20	2020-21	2018-19*	2019-20*	2020-21*
1960	High-Speed Rail Authority Operations	-	-	289.0	\$-	\$-	\$60,223
1970	High-Speed Rail Authority--Administration	197.7	274.0	-	40,229	54,004	-
1975	Program Management and Oversight Contracts	-	-	-	1	1	-
1980	Public Information and Communications Contracts	-	-	-	226	500	-
1985	Fiscal and Other External Contracts	-	-	-	-	3,750	-
1990	Blended System Projects	-	-	-	617,147	59,518	423,335
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		197.7	274.0	289.0	\$657,603	\$117,773	\$483,558
FUNDING					2018-19*	2019-20*	2020-21*
3228	Greenhouse Gas Reduction Fund				\$-	\$103	\$103
6043	High - Speed Passenger Train Bond Fund				657,293	116,920	482,705
9331	High-Speed Rail Property Fund				310	750	750
TOTALS, EXPENDITURES, ALL FUNDS					\$657,603	\$117,773	\$483,558
					2018-19*	2019-20*	2020-21*
State Building Program Expenditures							
1995	CAPITAL OUTLAY Projects						
	Design Build				3,149	69,571	-
0000727	Phase 1 Blended System				69,393	804,750	2,427,987
	Design Build				69,393	804,750	2,427,987
TOTALS, EXPENDITURES, ALL PROJECTS					\$221,203	\$983,440	\$2,427,987
FUNDING					2018-19*	2019-20*	2020-21*
0890	Federal Trust Fund				\$266	\$-	\$-
3228	Greenhouse Gas Reduction Fund				69,393	804,750	2,427,987
6043	High - Speed Passenger Train Bond Fund				151,544	178,690	-
TOTALS, EXPENDITURES, ALL FUNDS					\$221,203	\$983,440	\$2,427,987

Issue 10: IT Office Restructuring

Governor's Budget. The budget includes \$2.63 million and 15 permanent positions in 2020-21 and ongoing. These positions will continue the transition of day-to-day information technology (IT) operational activities from contractor resources to state employees.

Background. Certain IT staff are currently contracted through HSRA's Rail Delivery Partner (RDP). This includes the licensing and support agreements necessary for critical IT functions, such as the use of the cost management, asset management, right-of-way management, and contract management systems. These agreements must transfer from the RDP to the state prior to the end of the RDP contract in June 2022 to ensure the continuity of IT services. Once transferred to the state, licenses and support agreements will require periodic renewal to comply with software licensing terms and to ensure these systems receive ongoing support from the software vendor, including maintaining service levels, access to updates and security patches, and troubleshooting incidents and problems.

In November 2018, the California State Auditor's Office concluded an audit of the Authority and released California State Auditor Report 2018-108. Key amongst its findings, the report called out the Authority's reliance on contractors as a key risk area to the ongoing success of the program. In response, HSRA began transitioning contractor resources to state staff in certain administrative roles, including IT. The 2019-20 budget included five permanent positions and \$2.2 million in Proposition 1A funds (\$1.53 million ongoing) to transition certain IT security roles from contractors to HSRA staff, as well as five permanent positions and \$2.2 million to enhance baseline IT capabilities and acquire licensing and maintenance agreements.

Staff Comments. HSRA has indicated that the requested positions will focus on several key IT functions that are core to the transfer of IT roles from the RDP to state staff. This includes two PYs focused on the transition of key roles and licenses to state staff.

HSRA has also indicated that the 15 requested positions will be offset by a reduction of 15 vendor FTEs from the RDP contract. This will result in a reduction of \$4.2 million in IT consulting resources and net ongoing IT savings of \$1.5 million per year.

There is significant merit in moving these core IT functions from contractor to state staff. It is consistent with the recommendations of the State Auditor and will result in cost savings to the state. However, given the larger questions around the direction and future of the project, it is prudent to withhold action on this proposal until those larger questions are answered.

Staff Recommendation: Hold Open.

2720 CALIFORNIA HIGHWAY PATROL

The California Highway Patrol (CHP) promotes the safe, convenient, and efficient transportation of people and goods across the state highway system and provides the highest level of safety and security to the facilities and employees of the State of California.

Budget Overview: The budget requests \$2.7 billion and 10,760.5 positions for 2020-21, a decrease of roughly \$100 million and an increase of 17 positions.

3-YEAR EXPENDITURES AND POSITIONS

	Positions			Expenditures		
	2018-19	2019-20	2020-21	2018-19*	2019-20*	2020-21*
2050 Traffic Management	8,294.1	8,293.1	8,310.1	\$2,232,996	\$2,468,605	\$2,368,916
2055 Regulation and Inspection	1,094.7	1,047.0	1,047.0	256,371	274,851	272,737
2060 Vehicle Ownership Security	227.9	222.4	222.4	56,322	60,520	59,845
9900100 Administration	1,134.6	1,181.0	1,181.0	197,901	230,331	221,453
9900200 Administration - Distributed	-	-	-	-197,901	-230,331	-221,453
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	10,751.3	10,743.5	10,760.5	\$2,545,689	\$2,803,976	\$2,701,498
FUNDING				2018-19*	2019-20*	2020-21*
0001 General Fund				\$8,048	\$78,269	\$6,737
0042 State Highway Account, State Transportation Fund				81,858	85,868	85,970
0044 Motor Vehicle Account, State Transportation Fund				2,296,334	2,450,707	2,423,687
0293 Motor Carriers Safety Improvement Fund				1,680	1,919	1,921
0840 California Motorcyclist Safety Fund				2,622	3,191	3,191
0890 Federal Trust Fund				16,140	26,440	22,033
0942 Special Deposit Fund				968	20,336	2,336
0974 California Peace Officer Memorial Foundation Fund				140	300	300
0995 Reimbursements				136,840	119,340	123,397
3314 California Cannabis Tax Fund				1,059	-	-
3347 Cannabis Tax Fund - California Highway Patrol - Allocation 2				-	3,000	3,000
3353 Cannabis Tax Fund - California Highway Patrol, State and Local Government Law Enforcement Account - Allocation 3				-	14,476	21,796
3366 Electronic Cigarette Products Tax Fund				-	-	7,000
8122 National Alliance on Mental Illness California Voluntary Tax Contribution Fund				-	130	130
TOTALS, EXPENDITURES, ALL FUNDS				\$2,545,689	\$2,803,976	\$2,701,498

Issue 11: Motor Vehicle Account Fund Condition

Background. The Motor Vehicle Account (MVA), part of the State Transportation Fund, is the primary fund source for the Department of Motor Vehicles (DMV) and the Department of the California Highway Patrol (CHP). The MVA supports the administration and enforcement of laws regulating the operation and registration of vehicles used on public streets and highways, as well as mitigation of the environmental effects of vehicle emissions.

The MVA receives most of its revenues from vehicle registration fees. In 2020-21, the MVA is projected to receive roughly \$4.4 billion in revenues, with vehicle registration fees accounting for \$3.7 billion (84 percent). For 2020-21, the state is expected to collect \$599 million from other fees, including driver's license registration fees, late fees, identification card fees, and miscellaneous fees for special permits and certificates (such as fees related to the regulation of automobile dealers and driver training schools). These revenues tend to fluctuate based on the number of licenses renewed each year. The MVA is also projected to collect \$95 million in both 2019-20 and 2020-21 in REAL ID conversion fees – fees paid by individuals to convert a non-compliant to a REAL ID compliant ID prior to their license renewal date.

Governor's Budget. The Governor's budget estimates the MVA will receive a total of \$4.4 billion in revenues in 2020-21 and proposes a total of \$3.9 billion in expenditures. The budget proposes a total of \$3.8 billion in expenditures from the MVA for CHP, DMV, and Air Resources Board (ARB)—about 91 percent of total MVA support expenditures. A small share of MVA revenues (from miscellaneous fees) are not restricted by the State Constitution. Because they are available for broader purposes, since between 2009-10 and 2018-19 the state has transferred these revenues to the General Fund. In 2018-19, this transfer was \$93 million.

The Department of Finance's five-year projection (2020-21 through 2024-25) estimates that the MVA will have small and declining operating surpluses through 2023-24, before it turns negative in 2024-25. These projections reflect expenditures already approved by the Legislature and those proposed in the Governor's budget.

The January five-year fund condition is detailed below.

Motor Vehicle Account (0044) Fund Condition									
(dollars in millions)									
2020-21 Governor's Budget									
	Past Year	Current Year	BY 20-21	BY+1 21-22	BY+2 22-23	BY+3 23-24	BY+4 24-25		
	18-19	19-20							
BEGINNING RESERVES	\$532	\$569	\$433	\$530	\$411	\$252	\$68		
REVENUES & TRANSFERS									
<u>Revenues</u>									
Registration Fee	\$3,415	\$3,535	\$3,672	\$3,828	\$3,957	\$4,088	\$4,226		
Other Fees	\$628	\$586	\$599	\$574	\$621	\$635	\$650		
REAL ID Fee Revenue - Conversions	\$0	\$95	\$95	\$0	\$0	\$0	\$0		
Total Fee Revenue	\$4,043	\$4,216	\$4,366	\$4,402	\$4,578	\$4,723	\$4,876		
<u>Transfers</u>									
Transfers To Other Funds	-\$93	\$0	\$0	\$0	\$0	\$0	-\$106		
Total Resources	\$4,482	\$4,785	\$4,799	\$4,932	\$4,989	\$4,975	\$4,838		
EXPENDITURES									
<u>Baseline Support Expenditures</u>									
CHP - Base Budget	\$2,296	\$2,426	\$2,424	\$2,679	\$2,872	\$3,029	\$3,171		
CHP - Patrol Member Retirement Contribution	\$0	\$25	\$25	\$25	\$25	\$0	\$0		
CHP - Dash Cam Costs*	\$0	\$0	\$0	\$14	\$14	\$14	\$14		
DMV - Base Budget	\$1,121	\$1,109	\$1,125	\$1,198	\$1,235	\$1,278	\$1,313		
DMV - Operational Improvements*	\$63	\$242	\$200	\$86	\$72	\$34	\$34		
DMV - Swap Admin Costs for Collecting TIF from MVA to RMRA			-\$6.6	-\$6.6	-\$6.6	-\$6.6	-\$6.6		
ARB - Base Budget	\$148	\$153	\$152	\$155	\$158	\$161	\$165		
Other (Other Departments, Local Assistance, Assessments including Pro Rata)	\$278	\$263	\$268	\$273	\$279	\$284	\$290		
Switch CalSTA funding from MVA to SHA/PTA			-\$3	-\$3	-\$3	-\$3	-\$3		
Supplemental Pension Plan Payments	\$0	\$124	\$64	\$66	\$69	\$72	\$75		
Subtotal, Support	\$3,906	\$4,342	\$4,248	\$4,487	\$4,715	\$4,863	\$5,052		
<u>Capital Outlay Expenditures</u>									
CHP	\$4	\$8	\$16	\$13	\$10	\$22	\$35		
DMV	\$3	\$2	\$5	\$13	\$4	\$14	\$9		
ARB	\$0	\$0	\$0	\$8	\$8	\$8	\$8		
Subtotal, Capital Outlay	\$7	\$10	\$21	\$34	\$22	\$44	\$52		
Expenditure Total	\$3,913	\$4,352	\$4,269	\$4,521	\$4,737	\$4,907	\$5,104		
FUND BALANCE	\$569	\$433	\$530	\$411	\$252	\$68	-\$265		

In recognition of the estimated operational shortfalls facing the MVA, and the projections that the account will become insolvent in the future, the Governor's January budget included various proposals intended to benefit the MVA.

Specifically, the January budget proposes to:

- **Shift from "Pay-As-You-Go" to Financing for Most DMV and CHP Area Office Replacements.** The state has typically funded the replacement of CHP and DMV area offices from the MVA on a pay-as-you go basis. The Governor's budget proposes to finance the replacement of most CHP and DVM area offices through the Public Buildings Construction Fund, rather than paying for the construction of these facilities on a cash basis as was done in

the past. The financing (principal and interest costs) for the projects would be repaid from the MVA over many years.

- ***Continue Suspension of the Transfer of Certain MVA Revenues to General Fund.*** The Administration proposes to suspend the transfer of non-constitutionally restricted revenues to the General Fund (savings of roughly \$90-\$100 million a year) until 2024-25.
- ***Suspend Supplemental Pension Plan Payments (SB 84).*** The 2017 Budget Act (SB 84) borrowed \$6 billion from the state's cash balances to make a one-time supplemental payment to the California Public Employees' Retirement System (CalPERS). All funds that make employer contributions to CalPERS—including the MVA—will repay a share of this loan. Suspending these repayments creates savings of roughly \$60 million a year for five years, but results in greater out-year costs due to interest costs.
- ***Shift Certain Costs from the MVA to Other Funding Sources.*** The Administration proposes to shift costs from the MVA to more appropriate fund sources. This includes :1) the administrative costs from collecting the transportation improvement fee to the Road Maintenance and Rehabilitation Account resulting in savings of about \$6.6 million annually;and,2) switching some of the funding for the State Transportation Agency from the MVA to the State Highway Account.

LAO Comments. The LAO notes that, while the Governor's budget proposals would help alleviate the operational shortfalls in the MVA over the next few years, they would not fully address the account's structural imbalance. The LAO also notes that the Governor's forecast of the MVA fund condition assumes the future adoption of two proposals that would increase MVA expenditures in 2021-22 and beyond. Specifically, the forecast assumes additional annual costs for CHP dash cams (\$14 million) and DMV operational improvements for customer service, communication, training, management, and technology (\$86 million, which would decrease to \$34 million annually beginning in 2023-24).

In developing its plan for addressing the projected insolvency of the MVA, the LAO notes that the Legislature will want to consider the impacts on the MVA beyond the Administration's forecast period of the next five years. For example, the condition of the fund has shaped both the DMV's and CHP's approach to capital outlay expenditures. Both departments have aging facilities with safety, structural, and size deficiencies. However, due to the condition of the MVA, the Administration is proposing to fund only one new facility replacement or renovation project per year for each department. CHP has 111 total offices, and DMV has 172 field offices. The current rate of replacing or reconfiguring these aging facilities is not likely to be sufficient over the longer term and could affect the ability of these departments to fulfill their responsibilities as effectively as possible.

In order to assist the Legislature in developing its plan and mix of strategies for addressing the MVA's condition, the LAO has identified the following options for its consideration:

- ***Delay Supplemental Pension Plan Repayments.*** The Legislature could delay the supplemental pension plan repayments from the MVA that began in 2019-20. The administration's MVA projections account for these annual payments, which are estimated to moderately grow from \$64 million in 2020-21 to \$75 million in 2024-25. While delaying these loan payments would increase costs when they are eventually made, it would provide immediate relief to the MVA until then. (Under current law, the principal and interest of the loan must be repaid by June 30, 2030.) This could be particularly beneficial to accommodate some of the increased cost

pressures on the MVA that are not ongoing, such as the increased workload associated with the implementation of REAL ID.

- ***Eliminate General Fund Transfer.*** As mentioned earlier, the MVA receives roughly \$90 million of the miscellaneous revenues that are not limited in their use by the California Constitution. In 2019-20, the Legislature suspended transfers of these revenues to the General Fund for five years in order to keep these revenues in the MVA, particularly given that these funds were initially transferred by the Legislature on a temporary basis to help address the state's General Fund condition at the time. The Legislature could eliminate such transfers on an ongoing basis to provide an additional \$106 million in 2024-25 to support MVA expenditures.
- ***Increase MVA Revenues.*** The Legislature could generate additional revenues by increasing vehicle registration or driver license fees—either on a limited-term or ongoing basis. In determining whether to increase such fees, the Legislature will want to consider the potential fiscal impacts on drivers and vehicle owners. The LAO estimates that roughly \$35 million in additional revenue could be generated annually from a \$1 increase in the base vehicle registration or CHP fee, and roughly \$5 million from a \$1 increase in the driver license fee. Given the magnitude of the future operation shortfalls in the MVA, if the Legislature wanted to increase existing DMV fees, it would need to do so by a significant amount or in combination with other actions.
- ***Reduce Operational Costs.*** As mentioned earlier, increasing employee compensation is one of the key cost pressures to the MVA. The Legislature could reduce employee compensation costs from the MVA by reducing the number of positions at DMV and CHP; however, such actions would result in a decrease in the level of service. Going forward, the Legislature also might want to consider the impact of employee compensation costs on the overall MVA fund condition when it evaluates future memoranda of understanding negotiated between the administration and the employee unions that represent the majority of DMV and CHP employees.

Staff Comments. As the above discussion should make clear, the MVA is under significant fiscal strain. While action was taken in the 2019-20 budget to improve the fund condition balance the fund over the short run, significant long-term issues remain. Some of the funding shortfall is attributable to the short-term need for increased funding to implement REAL ID. Other cost pressures have come from the need to replace numerous DMV and CHP offices that are not structurally sound and from increased employee compensation costs. While revenues are expected to rise, they are unlikely to keep up with increasing cost pressures.

Given the state of the MVA, its role as the primary funding source for both CHP and DMV, and the complexity of the issue, any MVA-funded budget request should be considered in the context of a complete MVA fund condition discussion involving long-term solutions to the fiscal issues facing the fund. To ensure that the most cost-effective strategies are used to reduce fiscal pressures on the MVA, the Subcommittee may wish to ask the Department of Finance (DOF) what analyses it has done to evaluate the cost-effectiveness of its proposals. For example, of the two, which is the least costly in the out years—suspending supplemental pension payments or financing capital outlay projects? The Subcommittee may also want to ask DOF if it has thoroughly examined all MVA expenditures to ensure they are consistent with the requirements of the State Constitution.

Staff Recommendation. Hold Open.

Issue 12: Capital Outlay Proposals

Governor’s Proposal. The budget includes a total of \$141.5 million—from the Public Buildings Construction Fund and the MVA—for various capital outlay projects.

Background. The CHP operates 103 area offices across the state. In 2013-14, the Administration initiated a plan to replace a few of the most outdated and unsafe CHP field offices each year for the next several years. Accordingly, the Legislature has approved MVA funding in each of the past fiscal years for advanced planning and site selection, and for the replacement of offices. Nearly all of the office replacement projects over the last 10 years at CHP have been funded directly from the MVA. As discussed in the MVA Fund Condition write up earlier in this agenda, there will be fiscal pressure on the MVA in the near future.

As a result of various constraints on the MVA, it is anticipated that funds will be insufficient to provide for CHP office replacement projects over the next five years. The 2019-20 budget included the use of the Public Buildings Construction Fund for the design-build phase of several projects to allow these existing projects to continue while reducing pressure on MVA. The use of the PBCF will relieve pressure on the MVA in the near-term, but assuming 25-year lease revenue bonds, it is estimated that over time the total cost of the amount of funding financed--\$132.7 million—will be \$211.9 million, which over the long term puts greater fiscal pressure in the MVA.

The 2020-21 budget continues this practice by funding a total of \$141.5 million—from the Public Buildings Construction Fund and the MVA—for various capital outlay projects. This includes funding to continue four area office replacement projects, as well as initiate one new area office replacement project (Gold Run). These projects are detailed below.

California Highway Patrol Capital Outlay Projects

(In Thousands)

	2020-21	Phase	Total Project Cost
Santa Fe Springs-office replacement	\$44,279	DB	\$46,226
Baldwin Park-office replacement	43,137	DB	44,869
Quincy-office replacement	38,112	DB	40,252
Enhanced radio system-towers and vaults replacement	10,208	C	13,034
Humboldt-office replacement	2,107	A, PC	44,197
Keller Peak-tower replacement (reappropriation)	1,819	C	2,323
Gold Run-office replacement	1,370	A	40,338
Statewide planning and site identification	500	A,S	500
Totals	\$141,532		\$231,739

DB = design-build; C = construction; A = acquisition; PC = performance criteria; and S = study.

Source: LAO

Staff Comments. Staff has no concerns with the specific proposals. However, there are concerns about the overall approach to addressing the MVA shortfall borrowing instead of funding with cash. While

financing will result in short-term MVA relief, it raises questions about the long-run strategy for balancing the fund while continuing to fund core CHP and DMV operations. As such, financing CHP's capital outlay projects should be considered as part of the overall approach to maintaining the solvency of the MVA.

Staff Recommendation. Hold Open.

Issue 13: E-Cigarette Tax Enforcement

Governor's Budget. The budget includes 10 positions and a \$7 million permanent augmentation from the Electronic Cigarette Products Tax Fund in 2020-21 for the purposes of creating a task force charged with combatting illicit vaping device and product import, export, manufacture, transportation, distribution, and sales. This request includes trailer bill language to clarify CHP's role in enforcing the proposed E-Cigarette tax.

Background. The increasing popularity of vaping products has led to the advent of an illicit vaping market, which many believe may be the cause of the numerous injuries and deaths associated with vaping nationwide. There are some indications these injuries may be associated with specific additives found in some vaping liquids (several reports cite vitamin E acetate), and/or vaping devices constructed with substandard and/or harmful materials. As of December 4, 2019, the Center for Disease Control places the number of electronic cigarette or vaping product use associated lung injuries at 2,291, and the number of deaths at 48. Currently, a variety of state agencies are responsible for regulating vaping devices and products, including the California Department of Public Health (tobacco/nicotine and manufactured cannabis products), the Bureau of Cannabis Control (cannabis product sales and distribution), and the California Department of Food and Agriculture (cannabis and industrial hemp-based cultivation).

In order to address the rapidly increasing youth use of potent nicotine-based vaping products, the Administration has proposed a new nicotine content-based E-cigarette tax. The new tax will begin on January 1, 2021, and will be \$2 for each 40 milligrams of nicotine in the product. The tax fee will be used for administration, enforcement, youth prevention, and health care workforce programs. A large part of the enforcement currently conducted consists of assessing fines based on the violation of administrative regulations.

Staff Comments. While vaping-related injuries and deaths are a serious public health issue, and the illegal vaping market may play a significant role, this proposal raises a number of issues. First, it is unclear what the scope of the illegal vaping market is, including the number and types of individuals or groups involved in the market for unregulated and untested vaping products, as well as whether such activity is taking place across the state or concentrated in particular regions.

Additionally, it is unclear whether CHP is the appropriate entity to perform this work. Currently, CHP does not have a dedicated unit that specializes in investigating illicit tobacco or cannabis products. The department reports they have not yet conducted any investigations into illicit vaping devices. However, other departments, such as the California Department of Public Health, Bureau of Cannabis Control, and Department of Justice have prior expertise in regulating and enforcing laws concerning tobacco and cannabis products.

Lastly, this request depends on the passage of the related trailer bills that 1. Create the tax to fund the task force, and 2. Name CHP as an enforcing agency. The tax trailer bill is currently under consideration in Budget Subcommittee No. 4 on State Administration and General Government. It is premature to take action on this proposal before the relevant subcommittee takes action on that language.

LAO Comments. It is unclear whether the Governor's proposal to create a CHP-led investigative task force would be the most effective approach to addressing the problem of illicit vaping products. However, given the number of illnesses and deaths attributed to illicit vaping products in recent years, it is reasonable for the Governor and the Legislature to be concerned and want to implement strategies

to address this potentially growing public health problem. To the extent the Legislature would like to direct more resources towards combatting illicit vaping products, we recommend that it consider the following questions as it develops its policy approach:

- ***What Is the Scope of the Problem?*** Currently, the problem of illicit vaping devices is poorly understood, both in terms of the size of the market and the extent to which the problem is geographically concentrated in some areas within California. To better understand the issue, the Legislature might want to consider providing resources to study the scope of the problem, which could better inform how best to target enforcement or other strategies.
- ***What Are the Most Effective Approaches?*** This proposal focuses on enforcement as an approach to addressing the problem of illicit vaping products. However, the Legislature might want to consider the degree to which it wants to rely on a law enforcement approach as compared to focusing on consumer awareness, implementation of regulations, or some combination of approaches.
- ***What Level of Resources Is Appropriate?*** The Legislature could appropriate more or less funding than proposed in the Governor's budget depending on how it prioritizes this issue, as well as what approach it wants to take to address the problem.
- ***What Is the Appropriate Fund Source?*** The Administration proposes to fund the task force with a new tax on vaping products. However, it currently is unclear whether the Legislature will approve this new tax. In the case that the proposed tax is rejected and addressing the illicit vaping problem remains a priority, the Legislature could consider using other fund sources, such as the General Fund or one of the various tobacco and cannabis-related funds.
- ***Who Should Lead the Effort?*** It is not clear that CHP currently has the most expertise to lead an anti-illicit vaping effort. Other state and local entities might be better suited to lead a coordinated effort due to their existing roles and responsibilities related to tobacco and cannabis law enforcement, product regulation, public health and education.

Staff Recommendation: Hold Open.

2740 CALIFORNIA DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles (DMV) promotes driver safety by licensing drivers and protects consumers by issuing vehicle titles and regulating vehicle sales.

Budget Overview. The Governor's budget includes \$1.4 billion, mostly from the Motor Vehicle Account (MVA), and 8,563 positions for the Department of Motor Vehicles (DMV) in 2020-21, a decrease of roughly \$30 million from the current year level.

3-YEAR EXPENDITURES AND POSITIONS

	Positions			Expenditures		
	2018-19	2019-20	2020-21	2018-19*	2019-20*	2020-21*
2130 Vehicle/Vessel Identification and Compliance	4,156.0	3,953.4	3,965.7	\$651,394	\$674,776	\$664,834
2135 Driver Licensing and Personal Identification	2,333.0	2,265.7	2,309.8	384,121	528,017	508,836
2140 Driver Safety	1,266.1	1,224.0	1,226.3	141,903	150,116	146,770
2145 Occupational Licensing and Investigative Services	479.6	454.5	455.5	61,167	63,965	62,782
2150 New Motor Vehicle Board	8.6	13.0	13.0	1,504	1,820	1,823
9900100 Administration	613.8	590.7	592.9	109,060	136,306	132,927
9900200 Administration - Distributed	-	-	-	-109,060	-136,306	-132,927
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	8,857.1	8,501.3	8,563.2	\$1,240,089	\$1,418,694	\$1,385,045
FUNDING				2018-19*	2019-20*	2020-21*
0001 General Fund				\$4,202	\$6,407	\$9,556
0042 State Highway Account, State Transportation Fund				7,314	7,954	8,348
0044 Motor Vehicle Account, State Transportation Fund				1,183,778	1,351,037	1,318,166
0054 New Motor Vehicle Board Account				1,504	1,820	1,823
0064 Motor Vehicle License Fee Account, Transportation Tax Fund				18,876	19,445	20,479
0516 Harbors and Watercraft Revolving Fund				2,764	5,226	2,704
0890 Federal Trust Fund				126	2,790	2,789
0995 Reimbursements				13,694	15,249	14,549
3290 Road Maintenance and Rehabilitation Account, State Transportation Fund				7,831	8,766	6,631
TOTALS, EXPENDITURES, ALL FUNDS				\$1,240,089	\$1,418,694	\$1,385,045

Issue 14: Capital Outlay Proposals

Governor’s Proposal. The budget includes a total of \$54.7 million—from the Public Buildings Construction Fund and the MVA—for capital outlay projects, including continuation of four field office replacement and reconfiguration projects, as well as one new replacement project (San Francisco).

Background. DMV operates 249 facilities that include customer service field offices, telephone service centers, commercial licensing facilities, headquarters, and driver safety and investigations offices. Over half of DMV facilities are field offices. According to DMV, most of its field offices are programmatically deficient and/or do not meet seismic criteria. Beginning in 2015-16, the Administration initiated a plan to replace a couple of DMV field offices each year.

Staff Comments. This proposal includes the following components.

Department of Motor Vehicles Capital Outlay Projects

(In Thousands)

	2020-21	Phase	Total Project Cost
Santa Maria-field office replacement	\$17,372	C	\$21,820
Reedley-field office replacement	17,354	C	20,944
Delano-field office replacement	15,291	C	18,003
San Francisco-field office replacement	2,905	PC	5,126
Oxnard-field office reconfiguration	1,229	W	13,537
Statewide-planning and site identification	500	A, S	500
Totals	\$54,651		\$109,930
<small>C = construction; PC = performance criteria; W = working drawings; A = acquisition; and S = study.</small>			

Source: LAO

Staff Comments. While the state has typically funded the replacement of DMV facilities from the MVA on a pay-as-you-go basis, the Administration’s 2020-21 budget proposes that the construction phase of capital projects be financed through the Public Buildings Construction Fund. This includes three projects totaling roughly \$38 million. Staff has no concerns with the specific proposals. However, these proposals raise concerns about the overall approach to addressing the MVA fund balance issues. While financing will result in short-term MVA relief, it raises questions about the long-run strategy for balancing the fund while continuing to fund core CHP and DMV operations. As such, financing DMV’s capital outlay projects should be considered as part of the overall approach to maintaining the solvency of the MVA.

Staff Recommendation. Hold Open.

Issue 15: Motor Voter Resources

Governor's Proposal. The budget includes 38 additional ongoing positions and \$6.4 million in 2020-21, \$4.9 million in FY 2021-22, and \$4.1 million in 2022-23 and ongoing for continued administration of the Motor Voter Program, all from the General Fund. One-time funding of \$900,000 is requested in 2020-21 for continued information technology (IT) vendor support and knowledge transfer.

Background. Since 1993, the National Voter Registration Act required states to offer individuals an opportunity to register to vote when they apply for a driver's license or identification (DL/ID) card. AB 1461 (Gonzalez), Chapter 729, Statutes of 2015, established the New Motor Voter Program (NMVP), which in addition to the federal requirements, required the DMV to electronically provide information related to voter registration for all eligible individuals to the Secretary of State (SOS) automatically. Under NMVP, all eligible individuals who apply for an original or renewal DL/ID card or submit a Change of Address (COA) form at the DMV are automatically registered to vote, unless the person affirmatively declined to be registered to vote during the transaction.

DMV received one-time and ongoing augmentations to implement AB 1461 in 2016-17, 2017-18, and 2018-19. This funding was intended to allow DMV to develop and implement an electronic DL/ID card application, as well as to process new voter registration-related workload. Currently, DMV has baseline funding of \$3.2 million from the General Fund for 12 positions to implement the NMVP. In addition to the baseline funding, DMV has been redirecting 50 positions to administer and process the workload associated with the NMVP.

In September 2018, Finance contracted with Ernest & Young (E&Y) for an independent assessment of the NMVP program, processes, issues, and risks. E&Y's report provided recommendations on business process improvements. In response, the DMV implemented improved quality assurance processes, provided legal and compliance resources, and established data governance policies.

Staff Comments. The DMV has indicated that the 12 positions and \$3.1 million approved in 2017-18 is not sufficient to administer the workload associated with the Motor Voter Program, and that additional resources are needed to meet the requirements of AB 1461 without continuing to adversely affect the department's registration and licensing operations workloads.

Under this proposal, the 50 positions currently being redirected to Motor Voter workload would be returned to their usual work. This means that, under this proposal, fewer positions will be allocated to Motor Voter workload than are currently budgeted. The DMV has indicated that it is requesting fewer new positions than it has been redirecting because it assumes it can achieve some efficiencies in processing time. However, these efficiencies have not been fully implemented, meaning there some uncertainty in the actual workload. In addition, the voter registration deadline for the recent election was on February 18, 2020. As a result, over the coming months, the DMV will have more information on the outcomes of the process improvements. This information could help the Legislature determine the appropriate staffing levels for the NMVP.

LAO Comments. Although it is clear that the NMVP requires additional ongoing resources, it is unclear whether the proposed positions and funds would fully address the workload. Therefore, the LAO recommends the Legislature withhold action on the request until later in the spring when additional information might be available to determine the appropriate staffing level.

Staff Recommendation. Hold Open.

Senator Bob Wieckowski, Chair
Senator Brian Dahle
Senator Mike McGuire
Senator William W. Monning
Senator Henry I. Stern



Thursday, March 12, 2020
9:30 a.m. or upon adjournment of session
State Capitol – Room 112

Consultant: James Hacker

All Items Held Open

<u>Item</u>	<u>Department</u>	<u>Page</u>
<u>Vote Only Calendar</u>		
2660	CALIFORNIA DEPARTMENT OF TRANSPORTATION	3
Issue 1: Continuation of ADA Infrastructure Program		3
Issue 2: Highway Fund Shift		3
Issue 3: Continuation of Proposition 1B Administrative Support		3
Issue 4: Pedestrian and Bicyclist Safety Investigations		4
Issue 5: Transportation System Network Replacement		4
2720	CALIFORNIA HIGHWAY PATROL (CHP)	4
Issue 6: Increased Reimbursement Authority		4
<u>Items for Discussion</u>		
2660	CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS)	5
Issue 7: Airport Improvement Grants Matching Funds		6
Issue 8: Litter Abatement		7
Issue 9: Wildfire Litigation		8
2665	CALIFORNIA HIGH-SPEED RAIL AUTHORITY	9
Issue 10: IT Office Restructuring		10
2720	CALIFORNIA HIGHWAY PATROL	11
Issue 11: Motor Vehicle Account Fund Condition		12
Issue 12: Capital Outlay Proposals		16
Issue 13: E-Cigarette Tax Enforcement		18
2740	CALIFORNIA DEPARTMENT OF MOTOR VEHICLES	20
Issue 14: Capital Outlay Proposals		21
Issue 15: Motor Voter Resources		22

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

SUBCOMMITTEE NO. 2

Agenda

Senator Bob Wieckowski (Chair)

Senator Brian Dahle

Senator Mike McGuire

Senator Bill Monning

Senator Henry Stern



Part A

Transportation and Energy

Sunday, May 24, 2020

State Capitol - Senate Chambers

Consultant: James Hacker

TABLE OF CONTENTS

Vote-Only Calendar

Vote Only Calendar for Governor's Budget Proposals from January Issues 1-26 Various Subjects	Pg. 1
Vote Only Calendar for Proposals Withdrawn from the January Budget Issues 27-48 Various Subjects	Pg. 22
Vote Only Calendar for Modifications to Budget Proposals from January Issue 49-51 Various Subjects	Pg. 35
Vote Only Calendar for New Administration Proposals Introduced in May Issue 52-71 Various Subjects	Pg. 38

Items for Discussion

2660 Issue 72	Department of Transportation Transportation Loans and Transfers	Pg. 51
3360 Issue 73	Energy Resource Conservation and Development Commission Building Initiative for Low-Emissions Development (BUILD) Program	Pg. 52
8660 Issue 74	California Public Utilities Commission Wildfire Proposals	Pg. 53
Issue 75	Study of Aliso Canyon	Pg. 55
Issue 76	CalSPEED Testing	Pg. 56

Vote - Only Calendar for Budget Proposals from Governor’s January Budget

Issue	Entity	Department	Subject	General Fund	Other Funds	Positions	Staff Comments	Staff Recommendation
1	2660	Department of Transportation	Continuation of Americans with Disabilities Act Infrastructure Program	--	1,000,000	--	The budget includes a permanent increase of \$1,000,000 from the State Highway Account (SHA) to fund the Americans with Disabilities Act (ADA) Infrastructure Program. The resources will be used for consultant contracts to continue implementing and administering ADA requirements per	Approve as Budgeted

							past court decisions.	
2	2660	Department of Transportation	Litter Abatement	--	31,835,000	--	The budget includes an increase of \$31,835,000 in 2020-21, increasing to a permanent increase of \$43,350,000 in 2024-25, all from the State Highway Account, for the Division of Maintenance to fund the Litter Abatement Program. Given the large and growing issue of litter on state	Approve as Budgeted

							right of way, it is generally reasonable to increase funding for abatement activities.	
3	2660	Department of Transportation	Highway Fund Shift	--	--	--	The budget includes a technical fund shift to balance Federal and state funds across the highway maintenance program.	Approve as Budgeted.
4	2660	Department of Transportation	Continuation of Proposition 1B Administrative Support	--	4,992,000	19.5	The budget includes funding to continue the administration of the workload associated with Caltrans' responsibilities under Proposition 1B. This includes 2020-21 funding for 19.5 positions	Approve as Budgeted.

							2021-22 funding for 18.5 positions.	
5	2665	High-Speed Rail Authority	IT Office Re-Structuring	--	2,634,000	15.0	The January budget included \$2.63 million and 15 permanent positions in 2020-21 and ongoing. These positions will continue the transition of day-to-day information technology (IT) operational activities from contractor resources to state employees.	Approve as Budgeted.

6	2720	Department of California Highway Patrol	California Cybersecurity Integration Center	977,000	--	4.0	The January budget requests four positions to implement CHP's role in the state Cybersecurity Integration Center as required by AB 2813. This proposal will be considered at a later date.	Reject without prejudice and defer consideration for a later date.
7	2720	Department of California Highway Patrol	Mandatory Relocation to Capitol Swing Space	--	1,111,000	--	The January budget included \$1.111 million in fiscal year 2020-21 from the Motor Vehicle Account for the costs associated with the mandatory relocation to the Capitol Swing Space building. All CHP operations within the State Capitol	Approve as Budgeted.

							Annex building and the CHP's Capitol Communications Center will be permanently relocated to the new Capitol Swing Space building.	
8	2720	Department of California Highway Patrol	Increase in Reimbursement Authority	--	4,040,000	--	The January budget included a permanent budget augmentation of \$4.040 million in reimbursement authority to provide protective services to the Department of Industrial Relations' (DIR) Division of Workers' Compensation (DWC) district offices statewide.	Approve as Budgeted.

9	2720	Department of California Highway Patrol	E-Cigarette Tax Enforcement	--	7,000,000	10.0	The January budget included 10 positions and a \$7 million permanent augmentation from the Electronic Cigarette Products Tax Fund in 2020-21 for the purposes of creating a task force charged with combatting illicit vaping devices and products. This proposal is dependent upon the passage of the Administration's proposed vaping tax. This proposal contains trailer bill language.	Hold Open.
---	------	---	-----------------------------	----	-----------	------	--	------------

10	2720	Department of the California Highway Patrol	0001489 - Keller Peak: Area Office Replacement - COBCP/Reappropriation - C	0	1,819,000	--	The January budget included a reappropriation of \$1,819,000 from the Motor Vehicle Account for the construction phase of the Keller Peak Tower Replacement project. Delays in the completion of the working drawings phase necessitates a request for reappropriation of funding for the construction phase of this project. In January 2016, the CHP communications tower at Keller Peak collapsed due to its weight	Approve as Budgeted.
----	------	---	--	---	-----------	----	--	----------------------

							and metal deterioration caused by inclement weather.	
11	2740	Department of Motor Vehicles	Motor Voter Workload Resources	6,405,000	--	38.0	The January budget included 38 additional ongoing positions and \$6.4 million in 2020- 21, \$4.9 million in FY 2021-22, and \$4.1 million in 2022- 23 and ongoing for continued administration of the Motor Voter Program, all from the General Fund. under this proposal, fewer positions will be allocated to Motor Voter workload than are	Approve as Budgeted.

							currently budgeted. The DMV has indicated that it is requesting fewer new positions than it has been redirecting because it assumes it can achieve some efficiencies in processing time.	
12	2740	Department of Motor Vehicles	Eureka Field Office Relocation	--	2,971,000	--	The January budget included \$2,971,000 in 2020-21, \$685,000 in 2021-22, and \$719,000 in 2022-23 and ongoing for a new leased Eureka Field Office due to the loss of the lease at the current office.	Approve as Budgeted.

13	3360	Energy Resources Conservation and Development Commission	One-Time Expenditure Authority for Unspent Alternative and Renewable Fuel and Vehicle Technology Funds	--	51,000,000	--	The January budget included \$51 million in one-time expenditure authority from the Alternative and Renewable Fuel and Vehicle Technology Fund (Fund 3117) to increase and accelerate the deployment of Electric Vehicle (EV) charging infrastructure which will support increased Zero Emission Vehicle (ZEV) adoption and deployment in California. Due to its nexus with the states climate goals. This proposal should	Reject this proposal without prejudice and defer for consideration at a later date.
----	------	--	--	----	------------	----	--	---

							be considered with the broader Greenhouse Gas Reduction Fund.	
14	3360	Energy Resources Conservation and Development Commission	One-Time Expenditure Authority for Unspent Public Interest Energy Research Natural Gas Funds	--	8,100,000	--	The January budget includes \$8.1 million in unspent funds from the Public Interest Energy Research, Natural Gas Subaccount, to support research funding for energy efficiency, pipeline safety and methane emissions, small grants for natural gas technology entrepreneurs, and program administration. These funds are	Approve as budgeted.

							program reversions and interest earned on fund resources.	
15	3360	Energy Resources Conservation and Development Commission	Modernized Appliance Efficiency Database System	--	1,000,000	--	The January budget included \$1,500,000 in one-time contract funding to upgrade CEC's Modernized Appliance Efficiency Database System (MAEDbS). Upgrading the existing data structure will increase compliance with the appliance efficiency standards and improve enforcement of	Approve as Budgeted.

							the standards, helping to achieve the state’s greenhouse gas emission reduction goals.	
16	3360	Energy Resources Conservation and Development Commission	Cap and Trade Expenditure Plan: Climate Resilience Research, Regional Collaboration, and Implementation	--	1,000,000	--	The January budget included resources for CEC to participate in regional and statewide research efforts. While this research is laudable, this proposal should be considered along with the rest of the Greenhouse Gas Reduction fund proposals.	Reject this proposal without prejudice and defer for consideration at a later date.

17	3360	Energy Resources Conservation and Development Commission	Resources to Support Flexible Demand Appliance Standards (SB 49)	--	750,000	4.0	The January budget included funding for four positions to implement the requirements of SB 49 (Skinner), Chapter 697, Statutes of 2019, which directs the CEC to adopt appliance standards that promote the use of flexible demand technologies to assist with grid reliability through expanded capacity for flexible demand.	Approve as Budgeted.
----	------	--	--	----	---------	-----	--	----------------------

18	3360	Energy Resources Conservation and Development Commission	Energy Resources Programs Account Structural Deficit Relief	--	0	0.0	The January budget included a shift of \$1.65 million of eligible expenditures and 11.0 permanent positions from ERPA to other appropriate fund sources to preserve the Energy Program Resource Account fund balance.	Approve as Budgeted.
19	8660	Public Utilities Commission	Public Advocate's Office - Wildfire Prevention & Recovery Legislative Package Funding (SB 901)	--	2,635,000	14.0	This request would make permanent limited-term positions that were provided in 2019-20, as workload is ongoing.	Approve as budgeted.

20	8660	Public Utilities Commission	Communications Restoral	--	398,000	2.0	The January budget included funding support two permanent positions to report to the public, local governments and the PUC regarding restoral of communications facilities after natural and other disasters, and annually in a public formal report.	Approve as Budgeted.
21	8660	Public Utilities Commission	Lifeline	--	4,934,000	5.0	The January budget included five positions to track and implement the program's federal and state policy changes, oversight of the third-party	Approve as Budgeted.

							administrator, and to conduct a formal assessment of the Program and to conduct statewide marketing and outreach to increase program participation.	
22	8660	Public Utilities Commission	IT Services Division Support	--	2,261,000	14.0	The January budget includes 14 positions to expand PUCs IT functions and allow the organization to serve the growing Commission.	Approve as budgeted.
23	8660	Public Utilities Commission	Energy: Posting Rates and Programs (AB 1362)	--	1,021,000	3.0	The January budget included three positions and contract funding for the PUC to implement AB 1362 (O'Donnell),	Approve as Budgeted.

							Chapter 395, Statutes of 2019, which requires the CPUC to post, in a consolidated location on its website, residential electric rate tariffs and programs of Load Serving Entities (LSE) to enable comparison of rates, services, and environmental attributes.	
24	8660	Public Utilities Commission	Utilities Supplier Diversity Program (SB 255)	--	396,000	1.0	The January budget included one position to implement SB 255 (Bradford), Chapter 407, Statutes on 2019, which extended requirements of	Approve as Budgeted.

							the General Order (GO) 156 Utilities Supplier Diversity Program to community choice aggregators (CCAs), electric service providers, certain wholesale generators selling electricity to retail sellers, distributed energy resource contractors, and energy storage system companies.	
25	8660	Public Utilities Commission	Provider of Last Resort (SB 520)	--	770,000	4.0	The budget included four positions to implement SB 520 (Hertzberg), Chapter 408, Statutes of 2019, which requires CPUC to develop	Approve as Budgeted.

							processes, market rules, and oversight frameworks to monitor new provider of last resort responsibilities in the state's electricity market.	
26	8660	Public Utilities Commission	CA Lifeline: State Operations and Local Assistance Estimate	--	-73,297,000	--	Technical corrections to align the LifeLine programs budget authority with anticipated program demand.	Approve as Budgeted.

Vote-Only Calendar for Proposals Withdrawn from the January Budget

Issue	Entity	Department	Subject	General Fund	Other Funds	Positions	Staff Comments	Staff Recommendation
27	2720	Department of the California Highway Patrol	Withdrawal of 0000144 - CHPERS: Replace Towers and Vaults - COBCP - C	0	-10,208,000	--	This would delay the construction phase for two radio projects. Reduces MVA pressure in the budget year but delays project completion.	Approve withdrawal of the January proposal.
28	2720	Department of the California Highway Patrol	Withdrawal of 0000751 - Statewide Planning and Site Identification - COBCP - S A	0	-500,000	--	This would delay the site selection work needed to identify suitable parcels for future CHP field offices, and therefore delays the long-term replacement and modernization of the CHP's facilities.	Approve withdrawal of the January proposal.

29	2720	Department of the California Highway Patrol	Withdrawal of 0000629 - Quincy: Replacement Facility - COBCP - B	0	-38,112,000	--	The January budget included a proposal to fund the replacement of the Quincy area office using lease-revenue bonds. Withdrawing this proposal would preserve the out-year Motor Vehicle Account balance, but would also delay project completion.	Approve withdrawal of the January proposal.
30	2720	Department of the California Highway Patrol	Withdrawal of 0003851 - Baldwin Park: Area Office Replacement - COBCP - B	0	-43,137,000	--	The January budget included a proposal to fund the replacement of the Baldwin Park area office using lease-revenue bonds. Withdrawing this proposal would preserve the out-year Motor	Approve withdrawal of the January proposal.

							Vehicle Account balance, but would also delay project completion.	
31	2720	Department of the California Highway Patrol	Withdrawal of 0003852 - Santa Fe Springs: Area Office Replacement	0	-44,279,000	--	The January budget included a proposal to fund the replacement of the Santa Fe Springs area office using lease-revenue bonds. Withdrawing this proposal would preserve the out-year Motor Vehicle Account balance, but would also delay project completion.	Approve withdrawal of the January proposal.
32	2720	Department of the California Highway Patrol	Withdrawal of 0001487 - Gold Run: Area Office Replacement - COBCP - A	0	-1,370,000	--	This would delay the acquisition phase of the Gold Run area office project. Reduces MVA pressure in	Approve withdrawal of the January proposal.

							the budget year but delays project completion.	
33	2720	Department of the California Highway Patrol	Withdrawal of 0001488 - Humboldt: Area Office Replacement - COBCP - A D	0	-2,107,000	--	This would delay the acquisition and performance criteria phases of the Humboldt area office replacement project. The Humboldt office is one of the smallest in the CHP organization. Reduces MVA pressure in the budget year but delays project completion.	Approve withdrawal of the January proposal.
34	2740	Department of Motor Vehicles	Oxnard Field Office Swing Space	--	-60,000	--	Cancels the acquisition of functional swing space for the Oxnard Field Office. The replacement project is proposed for	Approve withdrawal of the January proposal.

							deferral and swing space is unnecessary until that project moves forward.	
35	2740	Department of Motor Vehicles	Inglewood Swing Space	--	-1,972,000	--	Cancels the acquisition of functional swing space for the Inglewood Field Office. The replacement project is proposed for deferral and swing space is unnecessary until that project moves forward.	Approve withdrawal of the January proposal.
36	2740	Department of Motor Vehicles	Withdrawal of 0000707 - Delano: Field Office Replacement - COBCP - C	0	-15,291,000	--	The January budget included a proposal to fund the replacement of the Delano field office using lease-revenue bonds. Withdrawing this proposal would	Approve withdrawal of the January proposal.

							preserve the out-year Motor Vehicle Account balance, but would also delay project completion.	
37	2740	Department of Motor Vehicles	Withdrawal of 0000708 - Santa Maria: Field Office Replacement - COBCP - C	0	-17,372,000	--	The January budget included a proposal to fund the replacement of the Santa Maria field office using lease-revenue bonds. Withdrawing this proposal would preserve the out-year Motor Vehicle Account balance, but would also delay project completion.	Approve withdrawal of the January proposal.
38	2740	Department of Motor Vehicles	Withdrawal of 0001491 - Oxnard: Field Office	0	-1,229,000	--	Delays the working drawings phase of the Oxnard field	Approve withdrawal of the January proposal.

			Reconfiguration - COBCP - W				office reconfiguration project. Reduces MVA pressure in the budget year but delays project completion.	
39	2740	Department of Motor Vehicles	Withdrawal of 0001492 - Reedley: Field Office Replacement - COBCP - C	0	-17,354,000	--	The January budget included a proposal to fund the replacement of the Reedley field office using lease-revenue bonds. Withdrawing this proposal would preserve the out-year Motor Vehicle Account balance, but would also delay project completion.	Approve withdrawal of the January proposal.
40	2740	Department of Motor Vehicles	Withdrawal of 0006796 - San Francisco: Field Office Replacement -	0	-2,905,000	--	Delays the performance criteria phase of the San Francisco Field Office	Approve withdrawal of the January proposal.

			COBCP - D				Replacement project. Reduces MVA impact in the budget year but delays project completion.	
41	2740	Department of Motor Vehicles	Withdrawal of 0001493 - Statewide Planning and Site Identification - COBCP - S A	0	-500,000	--	Delays planning and site identification for the replacement of one field office, and to develop studies for the identified replacement (whether on-site or as a result of a successful site search) or up to two reconfiguration/renovation projects. Reduces MVA pressure in the budget year but delays the long-term replacement and modernization	Approve withdrawal of the January proposal.

							of MVA facilities.	
42	8660	Public Utilities Commission	Transportation Enforcement and Licensing	--	-2,362,000	-14.0	The January budget requested 14 positions to implement the findings of a performance audit and strengthen the PUC's transportation enforcement capabilities. While this is a laudable goal, the current fiscal situation limits the ability of the state to grow existing programs or invest in new programs.	Approve withdrawal of the January proposal.
43	8660	Public Utilities Commission	IT Services Division Security	--	-1,492,000	-9.0	The January budget included nine positions to further develop the PUC's	Approve withdrawal of the January proposal.

							capabilities in IT security. While this is a laudable goal, the current fiscal situation limits the ability of the state to grow existing programs or invest in new programs.	
44	8660	Public Utilities Commission	Cyber and Physical Security	--	-405,000	-2.0	The January budget included two positions to develop the PUC's ability to provide oversight and coordination on physical and cyber security issues statewide. While this is a laudable, the current fiscal situation limits the ability of the state to develop new programs. Related	Approve withdrawal of the January proposal.

							work will be performed statewide by other state entities.	
45	8660	Public Utilities Commission	Energy Division Management and Support	--	-1,842,000	-9.0	The January budget included nine positions to provide additional management and support for the growing Energy Division. The current fiscal situation limits the state's ability to continue to grow existing programs.	Approve withdrawal of the January proposal.
46	8660	Public Utilities Commission	Administrative Law Judge Division Management and Proceeding Support	--	-1,146,000	-8.0	The January budget included eight positions to provide additional administration and proceeding support for the Administrative Law Judge division. The current fiscal	Approve withdrawal of the January proposal.

							situation limits the state's ability to continue to grow existing programs.	
47	8660	Public Utilities Commission	Data Analytics	--	-2,034,000	-9.0	The January budget included nine positions to establish a new Data Analytics group within the PUC to support analytically-intensive workload across the commission. While this is a laudable, the current fiscal situation limits the ability of the state to develop new programs. Related work will be performed elsewhere in the PUC.	Approve withdrawal of the January proposal.

48	8660	Public Utilities Commission	Wildfire Forecast and Threat Intelligence Integration Center (SB 209)	--	-191,000	-1.0	The January budget included one position to support CalOES and CalFire in the Wildfire Forecast and Threat Intelligence Integration Center created by SB 209. This workload can be absorbed by other entities involved in the Center.	Hold Open.
----	------	-----------------------------	---	----	----------	------	---	------------

Vote -Only Calendar for Modifications to the Governor’s Budget Proposals from January

Issue	Entity	Department	Subject	General Fund	Other Funds	Positions	Staff Comments	Staff Recommendation
49	2660	Department of Transportation	Pedestrian and Bicyclist Safety Investigations	--	-2,209,000	-12.0	The January budget included a two-year limited-term increase of 12 positions and \$2,209,000 in State Highway Account funds for Pedestrian and Bicyclist Safety Investigation Programs consistent with the Federal Highway Safety Improvement Program (HSIP) and Caltrans’ Strategic Management Plan (SMP) pedestrian and bicyclist safety targets. Caltrans has	Approve the modification of the January proposal.

							indicated that this work will be absorbed elsewhere in the department.	
50	2660	Department of Transportation	Transportation Systems Network Information Technology Project	--	-5,424,000	--	The January budget included \$5,424,000 one-time to develop an updated Transportation Network System (TSN) for California's public roadways that meets federal mandates, through the Transportation Network System Replacement project. The department has indicated that this expense can be absorbed within the current budget.	Approve the modification of the January proposal.

51	2660	Department of Transportation	Wildfire Litigation	--	-1,747,000	--	The January budget included \$1,747,000 per year for four-year limited-term resources in State Highway Account funds for the increases in the Legal Division's workload resulting from wildfire litigation. The department has indicated that this workload is absorbable in current resources.	Approve the modification of the January proposal.
----	------	------------------------------	---------------------	----	------------	----	---	---

Vote -Only Calendar for New Administration Proposals Introduced in May

Issue	Entity	Department	Subject	General Fund	Other Funds	Positions	Staff Comments	Staff Recommendation
52	0521	Secretary for Transportation Agency	Fund Allocation Adjustment	--	0	--	The May Revision includes a request to reduce reimbursement authority and replace it with special fund authority. A review of CalSTA's funding sources and the resulting workload resulted in an estimated funding split of 60 percent State Highway Account, 20 percent Motor Vehicle Account, and 20 percent Public Transportation	Approve as Budgeted.

							Account.	
53	2660	Department of Transportation	Office Space Related Costs	--	4,469,000	--	The May Revision includes funding for office space costs related to staff growth resulting from increased transportation funding provided by Chapter 5, Statutes of 2017(SB 1).	Approve as Budgeted.
54	2660	Department of Transportation	DGS Increased Surcharge Costs	--	2,661,000	--	The May Revision includes funds for increased Department of General Services Statewide Surcharge costs.	Approve as Budgeted.

55	2660	Department of Transportation	DGS Increased Vehicle Insurance Premium Costs	--	4,931,000	--	The May Revision includes \$4,931,000 for increased DGS vehicle insurance premium costs	Approve as Budgeted.
56	2665	High-Speed Rail Authority	Form to Function	--	13,398,000	70.0	The May Revision includes a shift of 70 positions from contracted positions to state staff, consistent with legislative direction and the findings of recent audits by the State Auditor.	Approve as Budgeted.
57	2720	Department of California Highway Patrol	Vehicle Insurance Premium Assessment	--	2,850,000	--	The May Revision includes funding for increased vehicle insurance premium costs.	Approve as budgeted.
58	2740	Department of Motor Vehicles	Heavy-Duty Vehicle Inspections and Maintenance Program	--	1,705,000	--	Provides resources to begin the Project Approval Lifecycle process to plan for an IT system that will	Approve as Budgeted.

							receive data from the Air Resources Board regarding heavy-duty truck smog violations as required by SB 210 (Leyva), Chapter 298, Statutes of 2019. The system will assist the Board in improving its emissions control program for heavy-duty vehicles, resulting in reductions in harmful vehicle emissions.	
59	2740	Department of Motor Vehicles	Withdraw Front-End Sustainability Funding	--	-12,096,000	--	The May Revision includes a decrease of \$12,096,000 to reflect a shift in the approach of the Department Motor Vehicles (DMV) in the	Approve as Budgeted.

							replacement of its legacy IT systems. After analysis of its IT systems, the California Department of Technology and DMV determined that it is more appropriate to stabilize DMV's current legacy systems to lessen the chance of outages at field offices and at headquarters before beginning the replacement of the legacy systems.	
60	3360	Energy Resources Conservation and Development Commission	Reappropriation of Various Funds	--	0	--	Technical change to allow the Commission to address potential delays in awarding grants and recipients	Approve as budgeted.

							completing projects caused by COVID-19. This will provide additional time for project completion and the funding to be spent for the same purposes for which the funds were originally appropriated.	
61	3360	Energy Resources Conservation and Development Commission	Reimbursement Authority for Hydrogen Refueling Infrastructure	--	5,000,000	--	The May Revision includes five million in reimbursement authority to allow for the Commission to accept reimbursements from Bay Area Air Quality Management District to fund construction of hydrogen refueling stations. The	Approve as budgeted

							additional reimbursement authority will enable the Commission to award as many as five additional hydrogen refueling station projects within California.	
62	3360	State Energy Resources Conservation and Development Commission	General Fund Loans	--	--	--	The May Revision includes several loans to the General Fund from various special funds. These loans range in size from three million to 25 million, and provide a total of \$52 million. These loans would be repaid at the discretion of the Department of Finance.	Hold Open.

63	8660	Public Utilities Commission	Telecommunications Safety Audits	--	855,000	4.0	The May Revision includes four new permanent full-time positions from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) to conduct in-house safety-related audits of the telecommunications carriers and Public Purpose Programs (PPPs) to ensure telecommunications carriers are providing vital telecommunication and emergency services in all geographic areas and	Approve as Budgeted.
----	------	-----------------------------	----------------------------------	----	---------	-----	---	----------------------

							to qualified low-income, disabled, and disadvantaged consumers and households as required by current law.	
64	8660	Public Utilities Commission	CA Lifeline: State Operations and Local Assistance Estimate	--	18,091,000	--	The May Revision provides an update to the LifeLine program estimate to align program funding with anticipated demand. This would provide \$427,515,000 for fiscal year 2019-20 and \$398,620,000 for fiscal year 2020-21 from the Universal LifeLine Telephone Service Trust Administrative Committee Fund consistent with the	Approve as budgeted.

							2020-21 Enrollment, Caseload, and Population May Revision estimates.	
65	8660	Public Utilities Commission	Loan from High Cost Fund B to General Fund	60,000,000	-60,000,000	--	The May Revision includes a loan from the California High Cost Fund B to the General Fund to provide General Fund relief.	Hold Open
66	8660	Public Utilities Commission	Loan from Universal Lifeline Service Trust Fund to General Fund	300,000,000	-300,000,000	--	The May Revision provides for a loan from the LifeLine program to the General Fund to provide General Fund relief. This loan would severely impact the fund balance in 2020-21 and leave the fund precariously balanced.	Hold Open

67	8660	Public Utilities Commission	Loan from California Advanced Services Fund to General Fund	60,000,000	-60,000,000	--	The May revision provides for a loan from the California Advanced Services Fund to provide General Fund relief.	Hold Open
68	8660	Public Utilities Commission	Exemption from Statutory Salary Cap for Commissioners	--	--	--	Exempts PUC Commissioners from statutory salary caps and raises the maximum allowable salary for those Commissioners. The current fiscal situation is not an appropriate time to consider a salary increase for Commissioners.	Reject this language for inclusion in the June Budget.
69	8660	Public Utilities Commission	Improve California's Ability to Compete for Federal	--	--	--	Makes a number of changes to state law to expand the PUC's ability to support broadband	Reject without prejudice for consideration through the policy process.

			Broadband Funding				expansion and improve the state's ability to access federal broadband funds. While laudable goals, this is a substantive bill that should be considered through the policy process.	
70	2640	State Transit Assistance	Statutory Relief for Transit Operators	--	--	--	Makes a number of short-term changes to existing statute to provide transit operators with temporary relief from state funding penalties relate to farebox recovery ratios, hold-harmless provisions, and operating cost per vehicle revenue hour.	Approve placeholder language.

71	Various	Various	Reversion of Legislative priorities	--	--	--	Reverts unused or unencumbered funds from a variety of legislative investments in recent years.	Hold Open
----	---------	---------	-------------------------------------	----	----	----	---	-----------

Issues for Discussion

BU 2660 DEPARTMENT OF TRANSPORTATION

Issue 72: Transportation Loans and Transfers

Request. The May Revision includes several transfers and loans from transportation funds to the General Fund to provide General Fund relief.

Background. The proposed loans and transfers include:

- \$21 million loan from the Local Airport Loan Account to the General Fund
- \$130 million transfer from the State Highway Account to the General Fund
- \$32 million transfer from the Traffic Congestion Relief Account to the General Fund.

The State Highway Account is primarily funded by excise taxes on the sale of gasoline. The Local Airport Loan Account (LALA) was established with one-time seed money from the Aeronautics Account, which is funded by excise tax on the sale of aviation fuel, to provide low cost loans to local General Aviation airports. The Traffic Congestion Relief Fund was created by a transfer of General Fund and state gas tax revenues.

Staff Comments. State law typically limits transportation revenues to transportation uses. The Administration has indicated that, for accounting purposes, the SHA transfer consists of interest paid on SHA funds in state accounts, and therefore does not consist of gas tax revenues. Similarly, the TCRF transfer consists of the remaining balance of that fund attributable to the original General Fund transfer.

Staff Recommendation: Hold Open.

**BU 3360 ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
COMMISSION****Issue 73: Building Initiative for Low-Emissions Development (BUILD) Program**

Request. The May Revision includes \$40 million in 2020-21, \$20 million in 2021-22, and \$20 million in 2022-23 from greenhouse gas (GHG) emission allowances directly allocated to gas corporations and consigned to auction as part of the California Air Resources Board Cap-and-Trade Program to implement the Building Initiative for Low-Emissions Development (BUILD) Program authorized in SB 1477 (Stern), Chapter 378, Statutes of 2018.

Background. SB 1477 authorizes the California Public Utilities Commission (PUC) to develop, in consultation with the CEC, the Building Initiative for Low-Emissions Development (BUILD) Program to reduce GHG emissions from buildings by providing incentives for adopting near-zero emission technologies. It requires the PUC, from July 1, 2019 through June 30, 2023, to allocate \$50 million annually from gas corporations' GHG emissions allowance revenues to be split between the BUILD Program and another initiative. Funds are available for expenditure for up to 10 years following accrual, through June 30, 2033. CPUC Decision 20-03-027, issued on April 6, 2020, identifies the CEC as the BUILD Program Administrator with a total administrative budget of no more than \$8 million (10 percent) over the duration of the BUILD Program.

Staff Comments. Energy use in buildings causes 25 percent of California's GHG emissions and contributes to indoor and outdoor air pollution. The Administration has indicated that the BUILD Program will provide incentives for the installation of near-zero GHG emission technologies such as heat pumps, induction cooking, and other traditionally gas appliances and building fixtures in new, low-income residential housing as one measure to reduce GHG emissions and decarbonize California's building sector.

The Administration has indicated that Budget Bill Language will define the extended encumbrance and liquidation period necessary for these funds.

Staff Recommendation. Approve as Budgeted.

BU 8660 CALIFORNIA PUBLIC UTILITIES COMMISSION**Issue 74: Wildfire Proposals**

Request. The January budget included \$23.6 million and 93 positions to implement AB 1054 (Holden), Chapter 79, Statutes of 2019. The May Revision added an additional 11 positions and \$2 million to this request.

Background. AB 1054 (Holden), Chapter 79, Statutes of 2019, provides step by step responsibilities and sets standards for electrical corporations which are measurable and enforceable. AB 111 (Committee on Budget), Chapter 81, Statutes of 2019, creates a new Office of Energy Infrastructure Safety that would oversee the WSD starting on July 1, 2021. The bill also creates an Advisory Board within the PUC that will advise the WSD on wildfire safety reporting matrices, contents of WMPs, and develop standards among other responsibilities. Within AB 111, a one-time appropriation for fiscal year 2019-20 was provided for the PUC to begin implementation given the fact that wildfire season is upon the state, and the PUC is required to have the WSD up and running by January 1, 2020.

Staff Comments. The PUC has indicated that the requested positions would fall into several key categories:

- Wildfire response
 - 22 positions within the new Wildfire Safety Division, which was stood up in January 2020 and will be transferred to the new Office of Energy Infrastructure Safety by July 1, 2021.
 - 30 positions at the new Safety Policy Division of the PUC, which would provide policy support to the WSD consistent with AB 1054 and SB 901 (Dodd), Chapter 626, Statutes of 2018.
 - \$10 million per year for three years for contract support for required workload related to safety culture assessments, wildfire risk assessment, and modeling capabilities.

- Fair allocation of wildfire damages
 - 16 positions at the PUC to develop and implement a framework for reviewing and allocating costs related to future catastrophic wildfires.
- PUC effectiveness and efficiency
 - 15 positions at the PUC to streamline processes, procedures, and regulations
- Other proceedings and administrative resources
 - One position related to the Diablo Canyon decommissioning process
 - Nine positions to provide administrative support to the rest of the organization

The May Revision requested a further 11 positions, including:

- 10 new positions at the Wildfire Safety Division to provide data analysis and modeling support.
- One positions at the Safety Policy Division to provide management and support to field staff.

The structure of the proposal generally aligns with the requirements and intent of AB 1054 and AB 111. However, questions remain about the duration and shape of some of the workload in the out years. Specifically, the amount of work required to allocate costs from catastrophic wildfires is uncertain and subject to external factors. Additionally, the streamlining and process improvement work proposed here may result in out year savings that are not captured in this proposal.

Staff Recommendation. Hold Open.

Issue 75: Study of Aliso Canyon

Request. The January budget included \$1.4 million in one-time contract authority to take additional steps to secure consultation services for developing scenarios that could expedite the closure of and/or replace the services provided by Aliso Canyon natural gas storage field.

Background. On October 23, 2015, through February 18, 2016, a catastrophic gas leak occurred at the Aliso Canyon Gas Storage Facility (Facility), owned and operated by Southern California Gas Company (SoCalGas) and located in the County of Los Angeles. After dealing with the immediate emergency, on February 9, 2017, the CPUC opened an investigation to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility while still maintaining energy and electric reliability for the region and just and reasonable rates. This was pursuant to Senate Bill 380 (Pavley), Chapter 14, Statutes of 2016. On January 4, 2019, the PUC issued a ruling adopting a scenarios framework and closing Phase I of this investigation. This framework sets forth the methodologies to undertake the three studies that are presently underway in Phase 2: (1) hydraulic modeling, (2) production cost modeling, and (3) economic modeling.

Staff Comments. The PUC has indicated that the requested resources will allow the Commission to engage an independent third-party consultant to examine specific scenarios that could be implemented to entirely replace the Aliso Canyon facility. The scenarios will explore closure of the facility within two planning horizons: 2027 and 2045. The year 2027 marks 10 years from the letter sent on July 19, 2017, from then-Energy Commission Chair Robert Weisenmiller to then-PUC President Michael Picker, requesting planning for closing the facility within 10 years. The year 2045 is aligned with the SB 100 (De Leon, 2018) policy goal for 100 percent of retail sales in California to be supplied by eligible renewables and zero-carbon resources.

Staff Recommendation. Approve as Budgeted.

Issue 76: CalSPEED Testing

Request. The May Revision includes \$2,813,000 for three new permanent full-time positions, consulting contracts, mobile devices, service subscription, hardware, and license costs to reinstitute and expand the PUC's CalSPEED program. This program includes Mobile testing program, use of CalSPEED mobile apps, and CalSPEED fixed broadband testing program.

Background. CalSPEED was created as part of a five-year, \$8 million American Recovery and Reinvestment Act (ARRA) Mapping Grant awarded to the PUC in October 2009 from the National Telecommunications and Information Administration (NTIA), which concluded in October 2014. At the end of the Grant, six additional field tests were funded by the California Advanced Services Fund (CASF) program, as mobile broadband availability was a factor in determining grant-eligible areas.

CalSPEED developed a fixed mobile testing program, as ordered by the PUC Decision in the Competition Order Instituting Investigation (D.08-09-042), which provided for one round of fixed service performance testing provided by each broadband technology. That testing is being performed, but completion has been delayed by the COVID-19 situation.

T-Mobile is required to reimburse the PUC for merger-related CalSPEED costs, projected to total \$504,000 in 2020-21 and \$758,000 annually in subsequent years, through 2026.

Staff Comments. California's experience last year with both devastating wildfires and PSPS events made clear the critical role that reliable, resilient communications networks play in public health and safety, and the current COVID-19 emergency has highlighted the critical role access to broadband services plays in the welfare of the state.

The Commission has indicated that the requested resources would will provide data and analysis that is critical to the state to improve the safety of the public and first responders, secure maximum federal broadband subsidies for California, and monitor and enforce CPUC merger/reorganization requirements and conditions. These are laudable goals. However, the resource mix raises concerns. Specifically, the proposal includes ongoing positions as well as ongoing funding for contracts with

several academic organizations. It is unclear why this work should not be brought in-house if it is permanent in nature.

Staff Recommendation. Hold Open.

VOTE-ONLY CALENDAR FOR SUSTAINED GOVERNOR’S BUDGET PROPOSALS FROM JANUARY23

CNRA and its BDOs — Sustained..... 23

CalEPA and its BDOs — Sustained..... 35

CDFA — Sustained..... 40

Capital Outlay Proposals — Various BDOs — Sustained..... 42

VOTE-ONLY CALENDAR FOR MODIFICATIONS TO GOVERNOR’S BUDGET PROPOSALS FROM JANUARY45

CNRA and its BDOs — Modified..... 45

CalEPA and its BDOs — Modified..... 50

CDFA — Modified..... 55

Capital Outlay — Various BDOs — Modified..... 57

VOTE-ONLY CALENDAR FOR NEW GOVERNOR’S BUDGET PROPOSALS INTRODUCED IN MAY60

CNRA and its BDOs — New Proposals 60

CalEPA and its BDOs — New Proposals 83

CDFA — New Proposals 91

Capital Outlay — Various BDOs — New Proposals..... 94

TRAILER BILL LANGUAGE (TBL)98

ISSUES FOR DISCUSSION

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE).....100
 Wildfires Background Information 100
 Issue 329: Modification of Fire Protection Enhancements: Relief Staffing..... 105
 Issue 330: Innovation Procurement Sprint (New Request for MR) 106

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW).....107
 Issue 331-341: DFW 2020 May Revision General Fund State Operations Budget (New Request for MR) 107

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)113
 Issue 342: Parks: Backfills and Budget Cuts..... 113

3860 DEPARTMENT OF WATER RESOURCES (DWR)115
 Issue 343: Sustainable Groundwater Management Act (SGMA) Implementation (Withdrawal) 115

3900 AIR RESOURCES BOARD (ARB).....116
 Issue 344: Cap-and-Trade Auction Platform and Market Registry Databases (NewRequest for MR)116

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

**Please note: All actions taken in the Subcommittee 2 hearing on March 5, 2020, are rescinded.*

VOTE-ONLY CALENDAR

VOTE-ONLY CALENDAR FOR WITHDRAWAL OF GOVERNOR'S BUDGET PROPOSALS FROM JANUARY

California Natural Resources Agency (CNRA) and its Boards, Departments & Offices (BDOs) — Withdrawn

Issue	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	Staff Comments	Staff Recommendation
1	0540	Secretary of the Natural Resources Agency	Withdrawal of Forest Management Task Force Administration and Research Support	--	-210,000	-2.0	The Governor's Budget (GB) in January proposed \$210,000 Environmental License Plate Fund (ELPF) ongoing and two positions to support the work of the task force by improving internal and external communications, coordination of policy and legislation, strategic planning and other efforts.	Approve as proposed for withdrawal.
2	0540	Secretary of the Natural Resources Agency	Withdrawal of Innovation and Improving Use of Technology: Light Detection and Ranging Data (LiDAR)	-80,000,000	--	--	The GB proposed \$80 million General Fund (GF) one-time to collect and make publicly available high-quality airborne LiDAR data.	Approve as proposed for withdrawal.

3	3340	California Conservation Corps	Withdrawal of FISCAL Resources	-318,000	-230,000	-2.0	The GB proposed \$548,000 (\$318,000 GF and \$230,000 Collins-Dugan California Conservation Corps Reimbursement Account (Collins-Dugan Account) in 2020-21 to support business services functions to increase the Corps's capacity to address increased workload to support FISCAL implementation.	Approve as proposed for withdrawal.
4	3340	California Conservation Corps	Withdrawal of Baseline Program Support Positions	-96,000	-458,000	-4.0	The GB proposed \$96,000 GF, \$69,000 Collins-Dugan Account, and \$389,000 Greenhouse Gas Reduction Fund (GGRF) in 2020-21 and a total of \$476,000 ongoing and four positions to address critical staffing needs in the Corps's baseline and Energy Corps Programs to better serve and develop corpsmembers.	Approve as proposed for withdrawal.
5	3480	Department of Conservation	Withdraw Funding for Stream Gage Plan Implementation (SB 19)	-119,000	--	--	The Department of Water Resources, State Water Resources Control Board, Department of Fish and Wildlife, and Department of Conservation requested funding in GB of \$1.575 million to develop a plan to deploy a network of stream gages. The Plan will address significant gaps in information necessary for water management and the conservation of freshwater species.	Hold open.

6	3480	Department of Conservation	Withdrawal of California Geologic Energy Management Division: Mission Transformation and Oversight	--	-564,000	-3.0	The GB proposed a total of 128 positions and \$24.323 Oil, Gas and Geothermal Administrative Fund, phased in over three years (2020-21: 53 positions, \$13.867 million; 2021-22 48 additional positions, \$19.483; and 2022-23: 27 positions, \$24.323 million), to strengthen enforcement of existing laws and regulations, limit the state's financial liability, and improve public transparency.	Approve as proposed for withdrawal.
7	3480	Department of Conservation	Withdrawal of California Geologic Energy Management Division: Mission Transformation and Oversight	--	-1,000,000	--	The GB proposed a total of 128 positions and \$24.323 Oil, Gas and Geothermal Administrative Fund, phased in over three years (2020-21: 53 positions, \$13.867 million; 2021-22 48 additional positions, \$19.483; and 2022-23: 27 positions, \$24.323 million), to strengthen enforcement of existing laws and regulations, limit the state's financial liability, and improve public transparency.	Approve as proposed for withdrawal.
8	3480	Department of Conservation	Withdrawal of California Geologic Energy Management Division: Mission Transformation and Oversight	--	-381,000	-2.0	The GB proposed a total of 128 positions and \$24.323 Oil, Gas and Geothermal Administrative Fund, phased in over three years (2020-21: 53 positions, \$13.867 million; 2021-22 48 additional positions, \$19.483; and 2022-23: 27 positions, \$24.323 million), to strengthen enforcement of existing laws and regulations, limit the state's financial liability, and improve public transparency.	Approve as proposed for withdrawal.

9	3480	Department of Conservation	Withdrawal of California Geologic Energy Management Division: Mission Transformation and Oversight	--	-2,090,000	-12.0	The GB proposed a total of 128 positions and \$24.323 Oil, Gas and Geothermal Administrative Fund, phased in over three years (2020-21: 53 positions, \$13.867 million; 2021-22 48 additional positions, \$19.483; and 2022-23: 27 positions, \$24.323 million), to strengthen enforcement of existing laws and regulations, limit the state’s financial liability, and improve public transparency.	Approve as proposed for withdrawal.
10	3480	Department of Conservation	Withdrawal of California Geologic Energy Management Division: Mission Transformation and Oversight	--	-5,030,000	-14.0	The GB proposed a total of 128 positions and \$24.323 Oil, Gas and Geothermal Administrative Fund, phased in over three years (2020-21: 53 positions, \$13.867 million; 2021-22 48 additional positions, \$19.483; and 2022-23: 27 positions, \$24.323 million), to strengthen enforcement of existing laws and regulations, limit the state’s financial liability, and improve public transparency.	Approve as proposed for withdrawal.
11	3480	Department of Conservation	Withdrawal of California Geologic Energy Management Division: Mission Transformation and Oversight	--	-4,802,000	-22.0	The GB proposed a total of 128 positions and \$24.323 Oil, Gas and Geothermal Administrative Fund, phased in over three years (2020-21: 53 positions, \$13.867 million; 2021-22 48 additional positions,	Approve as proposed for withdrawal.

							\$19.483; and 2022-23: 27 positions, \$24.323 million), to strengthen enforcement of existing laws and regulations, limit the state's financial liability, and improve public transparency.	
12	3540	Department of Forestry and Fire Protection	Withdrawal of Fire Protection Enhancements: Direct Mission Support	-10,798,000	-5,784,000	-103.0	The GB proposed \$16.6 million (\$10.8 million GF and \$5.8 million Reimbursements) and 103 positions in 2020-21 ongoing to enhance CalFire's administrative staffing and improve operational effectiveness.	Approve as proposed for withdrawal.
13	3540	Department of Forestry and Fire Protection	Withdrawal of State Fire Training Program Enhancements	--	-986,000	-4.0	The GB proposed \$1 million GF loan to the California Fire and Arson Training (CFAT) Fund to repaid over four years; \$986,000 CFAT Fund in 2020-21; \$837,000 CFAT Fund ongoing; and four positions to address increased workload and to meet statewide fire service training needs.	Approve as proposed for withdrawal.
14	3540	Department of Forestry and Fire Protection	Withdraw Funding for Workers' Compensation (SB 542) Modification of Increased Workers' Compensation Costs (SB 542)	-2,725,000	-137,000	-2.0	The GB proposed \$362,000 from various funds (\$2.725 million GF) in 2020-21, \$320,000 from various funds (\$198,000 GF) ongoing, and two positions, to address anticipated increases in workers' compensation claims workload related to implementation of SB 542 (Stern), Chapter 390, Statutes of 2019.	Hold open.

15	3540	Department of Forestry and Fire Protection	Withdraw Funding for Wildfire Forecast and Threat Intelligence Integration Center (SB 209)	-5,608,000	--	-11.0	The GB included a joint proposal for the Governor's Office of Emergency Services, CalFire, California Public Utilities Commission (PUC), and California Military Department requesting a total of 22 positions, \$8.794 million GF, \$191,000 PUC Utilities Reimbursement Account (PUCURA) in 2020-21; \$6.109 million GF, \$190,000 PUCURA in 2021-22, and \$6.097 million GF, \$190,000 PUCURA ongoing to support the implementation and strategy development of the Wildfire Forecast and Threat Intelligence Integration Center.	Hold open.
16	3540	Department of Forestry and Fire Protection	Withdraw Funding for Law Enforcement Use of Deadly Force: Policy and Training Update (SB 230/AB 392)	-1,689,000	--	-2.0	The GB included a joint proposal for CalFire, Department of Parks and Recreation, and Department of Fish and Wildlife for a collective six positions, \$3.2 million GF in 2020-21 and \$1.8 million in 2021-22 ongoing, to implement the training and policy components related to law enforcement use of deadly force.	Hold open.
17	3540	Department of Forestry and Fire Protection	Withdrawal of Fire Protection Enhancements: Davis Mobile Equipment Staffing	-1,653,000	--	-9.0	The GB proposed \$1.7 million GF in 2020-21, \$1.5 million ongoing, and nine positions to meet the increased operational demands within CalFire's Davis Mobile Equipment Management Unit.	Approve as proposed for withdrawal.

18	3540	Department of Forestry and Fire Protection	Withdrawal of Fire Protection Enhancements: Mobile Equipment Replacement	-19,000,000	--	--	The GB proposed \$19 million GF in for mobile equipment replacement to help CalFire reduce back long of scheduled mobile equipment replacement cycles, maintain future fleet replacement, and better meet the mission to safeguard and protect the people and resources of the state.	Approve as proposed for withdrawal.
19	3540	Department of Forestry and Fire Protection	Withdrawal of Wildland Firefighting Research Grant Program	-5,000,000	--	--	The GB proposed \$5 million GF one-time to provide pass-through grants to California State University, San Marcos to study enhanced firefighting equipment and strategies to protect firefighters from the conditions present during wildfires in the wildland urban interface.	Approve as proposed for withdrawal.
20	3540	Department of Forestry and Fire Protection	Withdrawal of Fire Protection Enhancements: Hired Equipment Program Rightsizing	-2,864,000	--	-10.0	The GB proposed \$2.9 million GF in 2020-21, \$2.4 million GF ongoing, and 10 positions to increase staffing levels within CalFire's Hired Equipment Program.	Approve as proposed for withdrawal.
21	3760	State Coastal Conservancy	Withdraw of Explore the Coast Program Support and Local Assistance Appropriations	--	-1,000,000	--	The GB proposed \$1 million ELPF for support and local assistance for the Conservancy's Explore the Coast Program.	Approve as proposed for withdrawal.
22	3790	Department of Parks and Recreation	Withdrawal of State Beaches and Parks Smoking Ban (SB 8)	-2,048,000	--	--	The GB proposed \$2.048 million GF one-time to create, replace, or upgrade signage with language depicting a smoking prohibition on state beaches or in a unit of the state parks system.	Hold open.

23	3790	Department of Parks and Recreation	Withdrawal of Outdoor Environmental Education Grant Program (AB 209)	-20,000,000	--	--	The GB proposed \$20 million GF one-time to implement the Outdoor Environmental Education Grants Program.	Hold open.
24	3790	Department of Parks and Recreation	Withdrawal of K-12 Access Program Expansion	--	-2,879,000	-19.0	The GB proposed \$2.879 million ELPF ongoing and 19 positions to expand the Parks Online Resources for Teachers and Students (PORTS) Program and the Summer Learning Program K-12 access programs.	Approve as proposed for withdrawal.
25	3790	Department of Parks and Recreation	Withdrawal of Law Enforcement Use of Deadly Force Training Policy Updates (SB 230/AB 392)	-619,000	--	-2.0	The GB included a joint proposal for CalFire, Department of Parks and Recreation, and Department of Fish and Wildlife for a collective six positions, \$3.2 million GF in 2020-21 and \$1.8 million in 2021-22 ongoing, to implement the training and policy components related to law enforcement use of deadly force.	Hold open.
26	3790	Department of Parks and Recreation	Withdrawal of Public Safety Dispatch Radio Console Replacement	-1,600,000	--	--	\$1.6 million GF one-time for the replacement of 29 obsolete dispatch consoles. These consoles are utilized by the department's two communication centers for mission critical radio communications between dispatchers, department peace officers, Department of Fish and Wildlife wardens, state park non-peace officer personnel, and allied agencies.	Approve as proposed for withdrawal.

27	3830	San Joaquin River Conservancy	Withdrawal of Maintenance of Parkway Habitat	--	-75,000	--	The GB proposed \$75,000 ELPF ongoing to support a contract with local government to help maintain the San Joaquin River Parkway and assist in ongoing maintenance of existing ecological restoration projects and protected areas on state-owned lands, including the operations and maintenance of the River West project located within the Parkway.	Approve as proposed for withdrawal.
28	3860	Department of Water Resources	Withdraw Tijuana River Project	-35,000,000	--	--	The GB proposed \$35 million GF one-time for the construction, operation, and maintenance of a series of pollution capture devices and infrastructure projects on the US side of the Tijuana River Valley that supports health and environmental benefits and address pollution issues affecting the Tijuana River.	Approve as proposed for withdrawal.
29	3860	Department of Water Resources	Withdrawal of Stream Gaging Plan Implementation (SB 19)	-383,000	--	--	The Department of Water Resources, State Water Resources Control Board, Department of Fish and Wildlife, and Department of Conservation requested funding in GB of \$1.575 million to develop a plan to deploy a network of stream gages. The Plan will address significant gaps in information necessary for water management and the conservation of freshwater species.	Hold open.

30	3860	Department of Water Resources	Withdrawal of Hydrometeorology and Surface Water Observations	-6,000,000	--	-5.0	The GB proposed \$6 million GF ongoing to support the Hydrometeorology and Surface Water Observations program. The funding and positions would have been spread across the tree programs with surface water observation capabilities. DWR would hav bolstered surface water monitoring under these programs through reactivation or upgrade of existing monitoring stations, and installation of new stations to address prioritized known information gaps.	Approve as proposed for withdrawal.
31	3860	Department of Water Resources	Withdrawal of Flood Management Support	-853,000	--	--	The GB proposed \$853,000 GF in 2020-21 and \$791,000 in 2021-22 ongoing to support three new positions to address the resource needs for large flood and multi-benefit projects.	Approve as proposed for withdrawal.

California Environmental Protection Agency (CalEPA) and its BDOs — Withdrawn

Issue	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	Staff Comments	Staff Recommendation
32	3900	Air Resources Board	Withdraw San Diego County Air Pollution Control District Audit (AB 423)	--	-185,000	--	<p>The GB proposed \$185,000 Air Pollution Control Fund (APCF) in 2020-21 to complete a program audit of the San Diego Air Pollution Control District from 2013-18.</p> <p>LAO Comment. AB 423 (Gloria), Chapter 744, Statutes of 2019, requires this audit be completed by June 2021. According to the administration, this proposal was withdrawn because the audit can be completed at a later date. However, the administration is not proposing to change the statutory deadline for the audit. LAO does not have any concerns with this proposal, but, if the proposal is ultimately withdrawn, the Legislature should consider moving the statutory deadline for the audit to a later date.</p>	Hold open.
33	3900	Air Resources Board	Withdraw Heavy-Duty Vehicle Inspection and Maintenance Program (SB 210)	--	-1,047,000	-4.0	<p>The GB proposed \$1.047 million APCF and four permanent positions and \$729,000 ongoing to begin implementation of the Heavy-Duty Vehicle Inspection and Maintenance Program.</p> <p>The MR includes trailer bill language to amend recently chartered legislation to delay workload and associated cost</p>	Hold open.

							pressures from SB 210 (Leyva), Chapter 298, Statutes of 2019.	
34	3900	Air Resources Board	Withdraw Wildfire Smoke Clean Air Shelters for Vulnerable Populations Incentive Pilot Program (AB 836)	--	-5,510,000	-1.0	The GB proposed \$510,000 APCF for five years and three positions (one permanent ongoing position) to administer the Wildfire Smoke Clean Air Shelters for Vulnerable Populations Incentive Pilot Program until January 1, 2025. The proposal included \$5 million APCF one-time to provide grants to create a network of clean air centers during wildfires and other smoke events.	Hold open.
35	3900	Air Resources Board	Withdraw Cutting Toxic Air Pollution in California Communities	--	-2,492,000	-8.0	The GB proposed \$2.492 million APCF and eight permanent positions and \$1.6 million ongoing thereafter to strengthen the air toxics control program.	Approve as proposed for withdrawal.
36	3930	Department of Pesticide Regulation	Withdraw Pesticide Air Monitoring Network Continuation	--	-1,879,000	-5.0	The GB proposed \$1.879 million APCF and five permanent positions in 2020-21 and \$1.854 million in 2021-22 and ongoing to continue the current operations of the Pesticide Air Monitoring Network (AMN). The AMN provides air monitoring data for 31 pesticides and several breakdown products in eight California communities that represent the areas of highest agricultural use of some of the most potentially hazardous pesticides in the state.	Approve as proposed for withdrawal.

37	3940	State Water Resources Control Board	Withdraw Funding for Public Health: Fish and Shellfish: Public Health Advisories (AB 762)	-400,000	--	--	The GB proposed \$400,000 in 2020-21, which included \$380,000 for local assistance and \$20,000 one-time funding for state operations, and \$50,000 for local assistance annually thereafter, funded from GF to provide funding for local health officers to post fish consumption health warnings. The health warnings will notify the public about the potential risks of consuming fish from certain contaminated water bodies.	Hold open.
38	3940	State Water Resources Control Board	Withdraw Business Licenses: Stormwater Discharge Compliance (SB 205)	--	-175,000	-1.0	The GB proposed one permanent position and \$175,000 Waste Discharge Permit fund ongoing. SB 205 (Hertzberg) requires applicable licensed businesses to obtain regulatory coverage for industrial stormwater discharges through SWRCB Statewide Industrial Stormwater General Permit. Applicable industrial facilities must demonstrate current coverage under this permit when applying for a new city or county business license or renewing an existing license. TBL delays the applicability of the provisions of SB 205 from January 1, 2020 to January 1, 2023.	Hold open.
39	3940	State Water Resources Control Board	Withdraw Freshwater and Estuarine Harmful Algal Bloom Program (AB 834)	--	-1,500,000	-5.0	The GB proposed \$1.5 million Waste Discharge Permit Fund (includes \$750,000 in contract and purchasing) and five permanent positions to support implementation of water quality and public health protection actions/components of the Freshwater and Estuarine Harmful Algal Bloom Program.	Hold open.

							TBL adds language to make establishing a Freshwater and Estuarine Harmful Algal Bloom Program upon the appropriation of funding and deletes deadline for the board to post a specified report by July 1, 2021.		
40	3940	State Water Resources Control Board	Withdraw Funding for Stream Gaging Plan (SB 19)	-67,000	-200,000	--	The Department of Water Resources, State Water Resources Control Board, Department of Fish and Wildlife , and Department of Conservation requested funding in GB of a total of \$1.575 million to develop a plan to deploy a network of stream gages. The Plan will address significant gaps in information necessary for water management and the conservation of freshwater species.	Hold open.	
41	3940	State Water Resources Control Board	Withdraw Funding for Onsite Wastewater Treatment Systems: Prohibited Chemicals (SB 317)	-200,000		--	The GB proposed \$200,000 GF to investigate methods to detect and quantify the presence of harmful chemicals in onsite wastewater treatment systems.	Hold open.	
42	3940	State Water Resources Control Board	Withdraw Funding for Update Uniform Statewide Criteria for Nonpotable Recycled Water Use (AB 1180)	-525,000		--	-1.0\$The GB proposed \$525,000 GF for two years and \$175,000 for one permanent position ongoing to develop and adopt updated statewide nonpotable recycled water criteria, including work with stakeholder groups, draft regulations, and facilitate the regulations through the administrative and legal process.	Hold open.	
43	3940	State Water Resources Control Board	Withdraw Oil and Gas Monitoring Program Ongoing Funding for Underground Injection Control (UIC) Project Review		--	-1,353,000	--	The GB proposed \$1.353 million Oil, Gas, and Geothermal Administrative Fund to continue collaborating with the California Geological Energy Management Division in its periodic review (project by project) of active Class II underground injection control	Approve as proposed for withdrawal.

							projects in order to ensure these projects comply with the federal Safe Drinking Water Act and applicable state statutes and regulations, safeguarding groundwater resources.	
44	3980	Office of Environmental Health Hazard Assessment	Withdraw Evaluating Unassessed Chemicals Using Precision Prevention Methodologies	-5,962,000	--	-5.0	The GB proposed \$5.962 million GF in 2020-21; \$962,000 and five positions ongoing, and \$5 million one-time to develop and implement rapid computational and molecular toxicology approaches for identifying toxic chemicals and safer alternatives. \$5 million would have been used for interagency contracts with the University of California to develop these approaches and the five positions would have applied UC reader has to advance scientific assessments of currently unevaluated chemicals.	Approve as proposed for withdrawal.
45	3980	Office of Environmental Health Hazard Assessment	Withdraw Well Stimulation Treatment Health and Environmental Risks	--	-425,000	-2.0	The GB proposed \$425,000 Oil, Gas, and Geothermal Administrative Fund for three years, to continue to evaluate and assess the health and environmental risks from chemicals used in hydraulic fracturing. The proposal also included permanent position authority for two limited-term Staff Toxicologist positions.	Approve as proposed for withdrawal.

California Department of Food and Agriculture (CDFA) — Withdrawn

Issue	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	Staff Comments	Staff Recommendation
46	8570	Department of Food and Agriculture	Withdrawal of Laboratory Information Management System for Food Safety Protection Animal Disease Prevention and Emergency Response	-494,000	--	--	The GB proposed \$494,000 GF in 2020-21 and \$515,000 in 2021-22 for Phase 1 of replacement of the California Animal Health and Food Safety Laboratory Information Management System, which is reaching the end of its life-cycle.	Approve as proposed for withdrawal.
47	8570	Department of Food and Agriculture	Withdrawal of Agricultural and Rural Economic Advisor	-199,000	--	-1.0	The GB proposed \$199,000 GF and one permanent position to support the activities necessary to develop and implement strategies for improving California's rural, agriculturally based economies.	Approve as proposed for withdrawal.
48	8570	Department of Food and Agriculture	Withdrawal of Cal Expo Fiscal Support and Assessment	-2,250,000	--	--	The GB proposed \$2.25 million GF one-time to support Cal Expo's operational and fiscal sustainability. This included \$750,000 for a comprehensive assessment that would have identified solutions to Cal Expo's operational, fiscal, and statutory issues and \$1.5 million to offset short-term funding deficiencies.	Approve as proposed for withdrawal.
49	8570	Department of Food and Agriculture	Withdrawal of State Water Efficiency and Enhancement Program (SWEEP) Grants	-20,000,000	--	--	The GB proposed \$20 million GF to award, administer, and monitor \$18 million in SWEEP grants with a focus on depleted groundwater basins.	Approve as proposed for withdrawal.

50	8570	Department of Food and Agriculture	Withdrawal of Food Waste Recovery	-188,000	--	-1.0	The GB proposed \$188,000 GF ongoing and one position to perform food waste recovery work for purposes including minimizing waste of edible food for humans and animals, aid in meeting the state's waste reduction goals, research and implement methods for diverting organic waste from landfills, and develop organic waste processing and recycling infrastructure.	Approve as proposed for withdrawal.
51	8570	Department of Food and Agriculture	Withdrawal of Fairs and Exposition Branch Oversight	0	-1,098,000	-4.0	The GB proposed \$1.098 million Fairs and Exposition (F&E) Fund in 2020-21; \$1.188 million F&E Fund in 2021-22 and 2022-23, and \$771,000 in 2023-24 ongoing to fund four permanent positions and support three year limited resources equivalent to three positions to coordinate, and oversee Fair and Expositions Branch's facility improvement and deferred maintenance activities and general operational support activities.	Approve as proposed for withdrawal.

Capital Outlay Proposals — Various BDOs — Withdrawn
--

Issue	Entity	Department	BR Title	General Fund	Other Funds	Staff Comments	Staff Recommendation
52	3340	California Conservation Corps	Withdrawal of Technical Adjustment: 0001376 - Residential Center, Los Pinos: New Residential Center - W	-1,253,000	0		Approve as proposed for withdrawal.
53	3340	California Conservation Corps	0001375 - Withdrawal of Residential Center, Auberry: New Residential Center - W	-2,210,000	0	The GB proposed \$2.21 million GF for working drawings to renovate the existing Auberry Elementary School into a new residential center in the City of Auberry in Fresno County to meet programmatic needs. The total estimated cost of the project is \$40.569 million.	Approve as proposed for withdrawal.
54	3540	Department of Forestry and Fire Protection	0003211 - Withdrawal of Prado Helitack Base: Replace Facility - COBCP - W	-1,490,000	0		Approve as proposed for withdrawal.
55	3540	Department of Forestry and Fire Protection	0001378 - Withdrawal of Butte Fire Center: Replace Facility - W	-2,745,000	0		Approve as proposed for withdrawal.
56	3540	Department of Forestry and Fire Protection	0005020 - Withdrawal of Hemet-Ryan Air Attack Base: Replace Facility - W	-1,931,000	0		Approve as proposed for withdrawal.
57	3540	Department of Forestry and Fire Protection	0001379 - Withdrawal of Temecula Fire Station: Relocate Facility - A/P	-595,000	0		Approve as proposed for withdrawal.
58	3540	Department of Forestry and Fire Protection	0006679 - Withdrawal of Intermountain Conservation Camp: Replace Facility - P	-3,831,000	0		Approve as proposed for withdrawal.
59	3540	Department of Forestry and Fire Protection	0006681 - Withdrawal of Howard Forest Helitack Base: Replace Facility - A	-550,000	0		Approve as proposed for withdrawal.

60	3540	Department of Forestry and Fire Protection	0006682 - Withdrawal of Kneeland Helitack Base: Replace Facility - A	-850,000	0		Approve as proposed for withdrawal.
61	3790	Department of Parks and Recreation	0006866: Withdrawal of Candlestick Point SRA: Build-Out of Park	0	-2,660,000	The GB proposed \$2.666 million California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Fund (Proposition 68) for the preliminary plans phase of the Candlestick Point State Recreation Area: Initial Build-Out of Park Project in San Francisco County. The total estimated cost of the project is \$50 million.	Approved as proposed for withdrawal.
62	8570	Department of Food and Agriculture	0003191 - Withdrawal of Blythe Border Protection Station Replacement	-3,019,000	0		Approve as proposed for withdrawal.
63	8570	Department of Food and Agriculture	0005081 - Withdrawal of Needles Border Protection Station Replacement	-10,371,000	0		Approve as proposed for withdrawal.

VOTE-ONLY CALENDAR FOR SUSTAINED GOVERNOR'S BUDGET PROPOSALS FROM JANUARY

CNRA and its BDOs — Sustained

Issue	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	Staff Comments	Staff Recommendation
64	0540	Secretary of the Natural Resources Agency	Museum Grant Program	--	1,000,000	--	\$1 million California Cultural and Historical Endowment Fund for competitive grants to museums to support small capital projects and programming.	Approve as budgeted.
65	0540	Secretary of the Natural Resources Agency	Ocean Protection Council (OPC): Once-Through Cooling (OTC) Interim Mitigation	--	1,012,000	--	\$1.012 million Ocean Protection Trust Fund spending authority to disburse mitigation fees paid by Southern California Edison for decommissioning activities at the San Onofre Generating Station to offset impacts from the power plant's OTC technology. OPC has established OTC Interim Mitigation Program and receives and disburses up to \$5.4 million annually to support projects that improve marine life.	Approve as budgeted.
66	0540	Secretary of the Natural Resources Agency	Cap and Trade Expenditure Plan: Climate Resilience Research, Regional Collaboration, and Implementation	--	6,000,000	1.0	\$6 million GGRF	Defer without prejudice.

67	0540	Secretary of the Natural Resources Agency	Environmental Justice and Tribal Affairs	--	360,000	2.0	\$360,000 Environmental License Plate Fund ongoing and two positions to support and expand CNRA's effort to institutionalize environmental justice and tribal consultation practices into is program planning, development, and implementation decisions.	Approve as budgeted.
68	0540	Secretary of the Natural Resources Agency	Proposition 68: Technical Adjustment	--	-109,000	--		Approve as budgeted.
69	3125	California Tahoe Conservancy	Increase Reimbursement and Federal Trust Fund Authority	--	2,059,000	--		Approve as budgeted.
70	3125	California Tahoe Conservancy	Lake Tahoe Science and Lake Improvement Account State Operations and Local Assistance Net-Zero Shift	--	0	--		Approve as budgeted.
71	3125	California Tahoe Conservancy	Resources Agency Technical Proposals: Proposition 1 Reversion	--	0	--		Approve as budgeted.
72	3340	California Conservation Corps	Continue Operation and Maintenance Funding for the C-Cubed System	--	150,000	--	\$150,000 Collins-Dugan California Conservation Corps Reimbursement Account annually for four years to fund improvements and maintenance for the C-Cubed system, e.g. adding and modifying functionalities to track corps member time, recruitment efforts and outcomes, and reimbursement contracts.	Approve as budgeted.
73	3340	California Conservation Corps	Technical Adjustments	--	0	--		Approve as budgeted.
74	3480	Department of Conservation	Lease Cost Increase	--	1,200,000	--	\$1.2 million Oil, Gas, and Geothermal Administrative Fund	Approve as budgeted.

							ongoing to pay increased leasing costs for new facilities in Bakersfield.	
75	3480	Department of Conservation	Oil and Gas Environmental Remediation Account	--	146,000	--	Baseline appropriation increase of \$146,000 Oil and Gas Environmental Remediation Account to plug and abandon oil and gas wells, decommission attendant facilities, and remediate sites that pose a danger to life, health, water quality, wildlife, or natural resources.	Approve as budgeted.
76	3480	Department of Conservation	Tsunami Hazard Zone Mapping	--	600,000	--	\$600,000 Strong-Motion Instrumentation and Seismic Hazards Mapping Fund annually for three years to map Tsunami Hazard Zones along 1,100 miles of coastline.	Approve as budgeted.
77	3480	Department of Conservation	Proposition 68: California Farmland Conservancy Program	--	250,000	--		Approve as budgeted.
78	3540	Department of Forestry and Fire Protection	Resources Agency Technical Proposals: Tree Mortality Funding Reappropriation	--	0	--		Approve as budgeted.
79	3540	Department of Forestry and Fire Protection	Enhanced Industrial Disability Leave (SB 334 and SB 1134)	5,012,000	--	--	\$5 million GF one-time for estimated increase in overtime costs. Overtime backfill will be reviewed on an annual basis until three years data is available to demonstrate incremental increase in costs related to SB 344 and SB 1144, at which time CalFire's ongoing funding needs will be assessed.	Approve as budgeted.
80	3540	Department of Forestry and Fire Protection	Resources Agency Technical Proposals: Urban Forestry (Proposition 40 and 84)	--	3,969,000	--		Approve as budgeted.

81	3540	Department of Forestry and Fire Protection	Proposition 68: Reversion and New Appropriation	--	1,070,000	--		Approve as budgeted.
82	3540	Department of Forestry and Fire Protection	Fire Safe Building Standards and Defensible Space Program (SB 190)	--	689,000	2.0	\$689,000 Building Standards Administration Special Revolving Fund and two positions starting in 2020-21, and \$588,000 and two positions ongoing, to develop a model defensible space program, a Wildland Urban Interface (WUI) Fire Safety Building Standards Compliance training, and a WUI products listing.	Approve as budgeted.
83	3540	Department of Forestry and Fire Protection	Electronic Positive Response (Protection of Underground Infrastructure) (AB 1166)	--	356,000	1.0	\$365,000 California Underground Facilities Safe Excavation (Dig Safe) Fund and one position in 2020-21, \$335,000 Dig Safe Fund in 2021-22, and \$175,000 in 2022-23 and ongoing to implement AB 1166 (Levine), Chapter 453, Statutes of 2019, which requires every operator of a subsurface installation to supply electronic positive response through a regional notification center before the excavation start date.	Approve as budgeted.
84	3540	Department of Forestry and Fire Protection	Firefighters: Peer Support (AB 1116)	--	50,000	--	\$50,000 California Fire and Arson Training Fund one-time to establish a Peer Support and Crisis Referral Program.	Approve as budgeted.
85	3560	State Lands Commission	Bolsa Chica Lowlands Restoration Project	--	2,000,000	--	\$2 million ELPF one-time to fund continued operations and management for the Bolsa Chica Lowlands Restoration Project in Orange County. The existing operations and maintenance fund fo	Approve as budgeted.

							the project is nearly depleted and can no longer support baseline costs.	
86	3600	Department of Fish and Wildlife	Continuation of the Cannabis Regulatory and Enforcement Program	--	12,717,000	63.0	\$12.717 million (\$8.507 million Cannabis Tax Fund and \$4.21 million Lake and Streambed Alteration Dedicated Account) for three years to continue implementation of its cannabis regulatory program. DFW also requests 14 positions and \$4.74 million ongoing starting in 2023-24, to make permanent its cannabis enforcement program.	Approve as budgeted. Conform to actions by Subcommittee.
87	3600	Department of Fish and Wildlife	Resources Agency Technical Proposals: Proposition 84 Reappropriation	--	0	--		Approve as budgeted.
88	3600	Department of Fish and Wildlife	Resources Agency Technical Proposals: Salton Sea Restoration Fund	--	328,000	--		Approve as budgeted.
89	3600	Department of Fish and Wildlife	Resources Agency Technical Proposals: Proposition 50 Reappropriation and Liquidation Period Extension	--	0	--		Approve as budgeted.
90	3600	Department of Fish and Wildlife	Resources Agency Technical Proposals: Proposition 1 Local Assistance Adjustment	--	20,000,000	--		Approve as budgeted.
91	3640	Wildlife Conservation Board	Proposition 68: Reappropriation for the Lower American River Conservancy Program	--	0	--		Approve as budgeted.

92	3640	Wildlife Conservation Board	Proposition 68: Reappropriation for Specified Wildlife Conservation Board Purposes (Regional Conservation Investment Strategies, Natural Community Conservation Plan, University of California Natural Reserve System, and Other Projects	--	0	--		Approve as budgeted.
93	3640	Wildlife Conservation Board	Proposition 68: Reappropriation for Habitat Protection and Restoration Competitive Grants	--	0	--		Approve as budgeted.
94	3640	Wildlife Conservation Board	Resources Agency Technical Proposals: Proposition 40 - San Joaquin River Conservancy	--	4,738,000	--		Approve as budgeted.
95	3640	Wildlife Conservation Board	Resources Agency Technical Proposals: Reappropriation for Proposition 84, Natural Community Conservation Plans	--	0	--		Approve as budgeted.
96	3640	Wildlife Conservation Board	Resources Agency Technical Proposals: Extension of Liquidation Period for Proposition 84, Chapter 10, Statutes of 2015	--	0	--		Approve as budgeted.
97	3720	California Coastal Commission	Public Access Violation Enforcement Support	--	300,000	2.0	Continuation of two positions and \$300,000 State Coastal Conservancy Fund's Violation Remediation Account for three additional years, to resolve public access violations.	Approve as budgeted.
98	3720	California Coastal Commission	Federal Coastal Zone Management Program Grant	--	375,000	--	\$375,000 Federal Trust Fund to align expenditures of the federal Coastal	Approve as budgeted.

							Zone Management Program with its annual grant award.	
99	3760	State Coastal Conservancy	Proposition 68: Reversions and New Appropriations	--	11,935,000	2.0		Approve as budgeted.
100	3760	State Coastal Conservancy	Resources Agency Technical Proposals: Proposition 84 Local Assistance Appropriations	--	17,087,000	--		Approve as budgeted.
101	3760	State Coastal Conservancy	Resources Agency Technical Proposals: Proposition 1 Adjustments to Support Appropriations	--	257,000	--		Approve as budgeted.
102	3790	Department of Parks and Recreation	Proposition 68: Program Delivery and Projects	--	8,915,000	--		Approve as budgeted.
103	3790	Department of Parks and Recreation	Non-Profit Operated Park Unit Deferred Maintenance	--	4,875,000	--	\$4.875 million Proposition 68 for special repair and deferred maintenance projects in park units managed by non-profit organizations that have entered into operating agreements with the department.	Approve as budgeted.
104	3825	San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy	Resources Agency Technical Proposals: Rivers and Mountains Conservancy Proposition 1 Reappropriation	--	0	--		Approve as budgeted.
105	3825	San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy	Proposition 68 BCP	--	2,821,000	--		Approve as budgeted.
106	3835	Baldwin Hills Conservancy	Proposition 68: Reappropriation	--	0	--		Approve as budgeted.

107	3835	Baldwin Hills Conservancy	Resources Agency Technical Proposals: Reappropriation of Propositions 1 and 84 Local Assistance	--	0	--		Approve as budgeted.
108	3835	Baldwin Hills Conservancy	Resources Agency Technical Proposals: Reversion and New Appropriation of Proposition 84 State Operations	--	94,000	--		Approve as budgeted.
109	3845	San Diego River Conservancy	Resources Agency Technical Proposals: Proposition 1 Adjustments	--	-1,375,000	--		Approve as budgeted
110	3845	San Diego River Conservancy	Proposition 68: Reversions and New Appropriations	--	-50,000	--		Approve as budgeted.
111	3845	San Diego River Conservancy	Resources Agency Technical Proposals: Various Technical Adjustments	--	60,000	--		Approve as budgeted.
1121	3850	Coachella Valley Mountains Conservancy	Resources Agency Technical Proposals: Reappropriation of Propositions 1, 12, 40, and 84 Local Assistance	--	0	--		Approve as budgeted.
113	3850	Coachella Valley Mountains Conservancy	Resources Agency Technical Proposals: Reduction of Reimbursement Authority	--	-16,000	--		Approve as budgeted.
114	3855	Sierra Nevada Conservancy	Proposition 68: Local Assistance New Appropriation and Reversions	--	5,000,000	--		Approve as budgeted.
115	3855	Sierra Nevada Conservancy	Resources Agency Technical Proposals: Proposition 1 Reversions and Technical Adjustments	--	-42,000	--		Approve as budgeted.
116	3860	Department of Water Resources	Systemwide Flood Improvement Projects	--	96,000,000	--	\$96 million (\$68 million Proposition 68, \$28 million Proposition 1) to support existing staff and contract work needed to carry out flood improvement projects.	Approve as budgeted.

117	3860	Department of Water Resources	Urban Flood Risk Reduction - American River Common Features Project	46,000,000	--	--	\$46 million GF one-time to support the state cost-share requirement of this critical flood risk reduction project being implemented by the US Army Corps of Engineers. The project received \$1.565 billion in federal appropriations through the Bipartisan Budget Act of 2018.	Approve as budgeted.
118	3860	Department of Water Resources	Perris Dam Remediation Plan	--	5,000,000	--	\$5 million Proposition 84 to support 7.2 existing positions and fund development, rehabilitation, acquisition and restoration related to providing public access to recreation and fish and wildlife enhancement (RFWE) resources at Perris Dam, a State Water Project (SWP) facility. The total cost is \$246.1 million, of which RFWE is 32.2 percent of \$79.24 million. This project will also be supported by \$9.8 million in SWP funds in 2020-21.	Approve as budgeted.
119	3860	Department of Water Resources	Proposition 68: Continuation of Various Flood and Restoration Programs	--	54,575,000	5.0		Approve as budgeted.
120	3860	Department of Water Resources	Central Valley Flood Protection Board (CVFPB): Continuation of Existing Staffing	4,010,000	--	--	\$4.01 million GF in 2020-21, \$3.688 million in 2021-22 and 2022-23 to support 19 existing positions within the CVFPB. Revenue generating programs are not mature enough yet to support any CVFPB operations, requiring limited-term GF support.	Approve as budgeted.

121	3860	Department of Water Resources	Public Affairs Office Staffing	0	0	6.0	Six new positions across to meet increasing demands for public information and reduce the need for overtime and contractors. DWR has seen a significant increase in public and media interest in DWR operations, specifically the State Water Project.	Approve as budgeted.
122	3860	Department of Water Resources	Resources Agency Technical Proposals: Continuation of Various Bond Programs	--	38,911,000	--		Approve as budgeted.
123	3860	Department of Water Resources	Federal Emergency Management Agency Grant Reimbursement	--	3,250,000	--	A total of \$36.25 million in reimbursement authority, which includes \$3.25 million in 2020-21 and \$8.25 million baseline authority in future years to be able to receive two Federal Emergency Management Agency (FEMA) grants, one for hazard mitigation efforts, and the other for high hazard dams.	Approve as budgeted.
124	3860	Department of Water Resources	Transmission Operator-Compliance Support	--	6,592,000	23.0	23 new permanent positions and \$6.592 million California Water Resources Development Bond Fund to support in registering and becoming functionally compliant as a Transmission Operator by September 2020, as mandated by the North American Electric Reliability Corporation and the Western Electricity Coordination Council, to maintain participation in the Bulk	Approve as budgeted.

							Electric System and deregulated electrical market. Failure to do so will result in significant fines and jeopardize the State Water Project's ability to operate. SWP funds will support the new positions.	
125	3860	Department of Water Resources	Department of Water Resources Charge Fund Program Implementation (AB 1054)	--	1,964,000	11.0	Eleven positions and \$1.964 million Department of Water Resources Charge Fund (Charge Fund) for the start-up and ongoing operations of the DWR Charge Fund program, which includes re-purposing the collection of existing bond charges on California's electric investor owned utilities' ratepayers from the Electric Power Fund program to the Charge Fund program, issuance of bonds, and compliance with regulatory and financial orders and agreements.	Approve as budgeted.
126	3860	Department of Water Resources	New River Improvement Project	18,000,000	10,000,000	--	<p>\$18 million GF and \$10 million Proposition 68 to support the New River Improvement Project and address solid waste and pollution exposure challenges in the City of Calexico, which supports health, recreation, and economic benefits in the area.</p> <p>LAO Comment. The May Revision maintains the January proposal to provide \$18 million General Fund and \$10 million from Proposition 68 to construct water quality</p>	Approve as budgeted.

							<p>improvement projects along the New River in the City of Calexico in Imperial County. This approach is somewhat inconsistent with other May Revision proposals in that it maintains—rather than withdrawing—General Fund for a new project that is not responding to COVID-19. The Legislature may want to consider whether the project could be implemented in phases across multiple years, using the bond funds for components that begin to address the most severe pollution issues in 2020-21, and delaying the General Fund-supported portions of the project until future years when the state’s fiscal health improves.</p>	
--	--	--	--	--	--	--	--	--

CalEPA and its BDOs — Sustained
--

Item	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	Staff Comments	Staff Recommendation
127	0555	Secretary for Environmental Protection	Technical Adjustment: Environmental Enforcement and Training Account	--	--	--		Approve as budgeted.
128	3900	Air Resources Board	Monitoring and Laboratory Division (MLD) & Information Services Program Support	--	172,000	3.0	\$172,000 APCF and three positions in BYB, and \$340,000 in 2021-22 and ongoing thereafter, to address regulatory and security requirements within the MLD and technology security unit.	Approve as budgeted.
129	3900	Air Resources Board	Technical Adjustment: Reappropriation for Extension of Liquidation for Low Carbon Transportation and Zero/Near-Zero Emission Warehouse Facilities Program Funds	--	--	--		Approve as budgeted.
130	3900	Air Resources Board	Technical Adjustment: Proposition 1B Grant Program	--	--	--		Approve as budgeted.
131	3900	Air Resources Board	Cap and Trade Expenditure Plan: Local Air District Implementation of AB 617	--	25,000,000	--	\$25 million Greenhouse Gas Reduction Fund (GGRF)	Defer without prejudice.
132	3900	Air Resources Board	Cap and Trade Expenditure Plan: AB 617 - Community Air Protection	--	200,000,000	--	\$200 million GGRF	Defer without prejudice.
133	3900	Air Resources Board	Cap and Trade Expenditure Plan: AB 617 - Technical	--	10,000,000	--	\$10 million GGRF	Defer without prejudice.

			Assistance to Community Groups					
134	3900	Air Resources Board	Cap and Trade Expenditure Plan: Clean Trucks, Buses & Off-Road Freight Equipment	--	150,000,000	--	\$150 million GGRF	Defer without prejudice.
135	3900	Air Resources Board	Cap and Trade Expenditure Plan: Enhanced Fleet Modernization Program	--	75,000,000	--	\$75 million GGRF	Defer without prejudice.
136	3900	Air Resources Board	Cap and Trade Expenditure Plan: Agricultural Diesel Engine Replacement Upgrades	--	50,000,000	--	\$50 million GGRF	Defer without prejudice.
137	3900	Air Resources Board	Cap and Trade Expenditure Plan: Clean Vehicle Rebate Project	--	-75,000,000	--	\$75 million GGRF	Defer without prejudice.
138	3930	Department of Pesticide Regulation	Implementation of Cannabis Regulations	--	3,487,000	9.0	\$3.5 million in 2020-21 and \$2.7 million in 2021-22 ongoing from the Cannabis Tax Fund for enforcement of cannabis-related pesticide use activities. This includes \$1 million annually for County Agricultural Commissioners for compliance assistance and enforcement activities. This also includes a contract with CDFR for laboratory testing of pesticide residue on legal cannabis grows.	Approve as budgeted. Conform to action by Subcommittee 4.
139	3940	State Water Resources Control Board	Technical Adjustments: Bond Technical Adjustments	--	1,784,000	--		Approve as budgeted.
140	3940	State Water Resources Control Board	Administrative and Accounting Support	--	--	10.0	Positions are to meet increased workload needs due to several changes over the past year such as the transfer of the Drinking	Approve as budgeted.

							Water Program, Tank Program activities, Cannabis, and Safe and Affordable Drinking Water.	
141	3940	State Water Resources Control Board	Continuation of Cannabis Program	--	22,556,000	116.0	\$22.556 million (\$10.5 million Waste Discharge Permit fund, \$10.9 million Cannabis Tax Fund, and \$1.1 million Water Rights Fund) for three years to support 116 positions including an ongoing \$4.5 million Cannabis Tax Fund to support 24 permanent positions for the Water Board's Cannabis Cultivation Program and addressing water quality and instream flow related impacts of cannabis cultivation and associated water diversion.	Approve as budgeted.
142	3940	State Water Resources Control Board	Safe and Affordable Drinking Water Staffing	--	--	48.0	48 positions to fully implement the new Safe and Affordable Drinking Water Program pursuant to SB 200 (Monning), Chapter 120, Statutes of 2019.	Approve as budgeted.
143	3960	Department of Toxic Substances Control	Cost Recovery Management System (CRMS) IT Project	--	2,710,000	--	\$2.71 million one-time, split between the Hazardous Waste Control Account, the Lead-Acid Battery Cleanup Fund, and the Toxic Substances Control Account, to mitigate, implement and support the project plan for the platform upgrade of CRMS.	Approve as budgeted.

144	3960	Department of Toxic Substances Control	Technical Adjustment: Reimbursement Authority Alignment	--	3,000,000	--		Approve as budgeted.
145	3970	Department of Resources Recycling and Recovery	Technical Adjustment: Greenhouse Gas Reduction Fund Reappropriation	--	--	--		Approve as budgeted.
146	3970	Department of Resources Recycling and Recovery	Pharmaceutical and Sharps Waste Stewardship Program Enforcement	--	454,000	3.0	Three positions ongoing and \$454,000 Pharmaceutical and Sharps Stewardship Fund, and four positions ongoing and \$935,000 in 2021-22, and \$927,000 ongoing thereafter to implement the required oversight and enforcement responsibilities under the Pharmaceutical and Sharps Waste Stewardship Law.	Approve as budgeted.
147	3970	Department of Resources Recycling and Recovery	Solid Waste Reporting, Inspection, and Enforcement	--	367,000	3.0	Three positions ongoing and \$367,000 Integrated Waste Management Account in 2020-21 and \$361,000 ongoing to perform increased duties associated with inspection, enforcement, data analysis, and evaluation of solid waste facilities.	Approve as budgeted.
148	3970	Department of Resources Recycling and Recovery	Technical Adjustment: Extended Producer Responsibility Program Expenditure Authority Alignment	--	200,000	--		Approve as budgeted.
149	3970	Department of Resources	Carpet Stewardship Program (AB 729)	--	119,000	1.0	One position and \$119,000 Carpet Stewardship Account in	Approve as budgeted.

		Recycling and Recovery					2030-32 and \$117,000 ongoing to implement specified responsibilities for the Carpet Stewardship Program.	
150	3970	Department of Resources Recycling and Recovery	Financing Mechanisms and Support for In-state Recycling Manufacturing Infrastructure (AB 1583)	--	390,000	2.8	\$294,000 Recycling Market Development Revolving Loan Subaccount ongoing and \$96,000 Integrated Waste Management Account ongoing to implement the California Recycling Market Development Act of 2019 to assist in-state recycling manufacturing.	Approve as budgeted.
151	3970	Department of Resources Recycling and Recovery	Used Mattress Recovery and Recycling Program (AB 187)	--	103,000	1.0	\$103,000 Used Mattress Recycling Fund in 2020-21 and \$101,000 ongoing to facilitate additional legal workload and clear a backlog of enforcement cases.	Approve as budgeted.
152	3970	Department of Resources Recycling and Recovery	Beverage Container Redemption Pilot Project Grant Program (AB 54)	--	126,000	--	\$126,000 in 2020-21 Beverage Container Recycling Fund in 2020-21 and \$124,000 annually for two years to develop, implement, and provide oversight of the pilot project grant program.	Approve as budgeted.
153	3970	Department of Resources Recycling and Recovery	Cap and Trade Expenditure Plan: Waste Diversion	--	15,000,000	--	\$15 million GGRF	Defer without prejudice.

C DFA — Sustained

Issue	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	Staff Comments	Staff Recommendation
154	8570	Department of Food and Agriculture	Cap and Trade Expenditure Plan: Methane Reduction		20,000,000	--	\$20 million GGRF	Defer without prejudice
155	8570	Department of Food and Agriculture	Farm to School Program	10,000,000	--	6.0	\$10 million GF in 2020-21, and \$1.5 million GF in 2021-22 ongoing, to establish six positions to provide baseline and expansion support to the Office of Farm to Fork’s California Farm to School Network. This proposal includes \$8.496 million for grants to schools to establish programs that coordinate local and California grown food procurement.	Approve as budgeted.
156	8570	Department of Food and Agriculture	Weights and Measures Oversight and Services	0	799,000	2.0	\$799,000 Department of Food and Agriculture Fund annually for three years, then \$320,000 thereafter, and two permanent positions, to allow C DFA to continue instruction and oversight of county sealers who inspect commercial weighing and measuring devices and provide metrology laboratory certification services.	Approve as budgeted.

157	8570	Department of Food and Agriculture	Milk Producer Security Trust Fund Program (AB 590)	--	--	4.0 Four positions to administer the Milk Producers Security Trust Fund (MPSTF) Program. Due to the adoption of the Federal Milk Marketing Order in 2018, AB 590 (Mathis and Eggman), Chapter 304, Statutes of 2019, sets the assessment rate to be collected by CDFA for MPSTF and authorizes the Secretary to change the rate as needed to defray reasonable costs to administer the program.	Approve as budgeted.
-----	------	------------------------------------	--	----	----	---	----------------------

Capital Outlay Proposals — Various BDOs — Sustained
--

Issue	Entity	Department	BR Title	General Fund	Other Funds	Staff Comments	Staff Recommendation
158	3125	California Tahoe Conservancy	0001390 - Various Projects: Minor - COBCP - M	0	850,000		Approve as budgeted.
159	3125	California Tahoe Conservancy	0001389 - Conceptual Feasibility Planning - COBCP - S	0	622,000		Approve as budgeted.
160	3340	California Conservation Corps	0000904 - Residential Center, Ukiah: Replacement of Existing Residential Center - C	0	61,582,000	\$61.582 million Public Buildings Construction Fund to replace the existing center in Mendocino County to address functional and structural deficiencies.	Approve as budgeted.
161	3340	California Conservation Corps	0000693 - Tahoe Base Center: Equipment Storage Relocation (Reversion)	0	0		Approve as budgeted.
162	3540	Department of Forestry and Fire Protection	0003210 - Perris Emergency Command Center: Remodel Facility - C	2,263,000	0		Approve as budgeted.
163	3540	Department of Forestry and Fire Protection	0000167 - Bieber Forest Fire Station/Helitack Base: Relocate Facility - C	0	24,638,000		Approve as budgeted.
164	3540	Department of Forestry and Fire Protection	0006680 - Lake/Napa Unit Autoshop and Warehouse: Replacement - A/P	2,102,000	0		Approve as budgeted.
165	3540	Department of Forestry and Fire Protection	Various Projects - Miscellaneous Baseline Adjustments	0	341,000		Approve as budgeted.
166	3540	Department of Forestry and Fire Protection	Various Projects - Carryover	20,198,000	0		Approve as budgeted.

167	3600	Department of Fish and Wildlife	0001390 - Various Projects: Minor - COBCP - M	0	880,000		Approve as budgeted.
168	3790	Department of Parks and Recreation	00006865: Statewide: Museum Collection Storage Facility Acquisition	0	15,000,000	\$15 million Proposition 84 for the acquisitions phase of the storage facility in Sacramento County.	Approve as budgeted.
169	3790	Department of Parks and Recreation	00000633: Statewide: SP System Acquisition Program	0	4,600,000	\$4.6 million from various bond funds for property appraisals and acquisition opportunity and in holding parcels made available to the department, with the goal of expanding and protecting existing state parks and providing other co-benefits to the state.	Approve as budgeted.
170	3790	Department of Parks and Recreation	00006867: Colonel Allensworth State Historic Park: Visitor Center: P+WD+C	0	572,000	\$572,000 California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Fund for the park's visitor center in Tulare County. Total estimated cost of the project is \$8.638 million.	Approve as budgeted.
171	3790	Department of Parks and Recreation	00006839: Humboldt Redwoods State Park: Replace Founders Grove Restroom: P+WD+C	0	225,000	\$225,000 Proposition 84 for preliminary plans phase of the park to replace restrooms. Total estimated cost of the project is \$3.787 million.	Approve as budgeted.
172	3790	Department of Parks and Recreation	00006838: Lake Perris State Recreation Area: Replace Lifeguard Headquarters: P+WD+C	0	414,000	\$414,000 Proposition 84 for preliminary plans phase for the lifeguard headquarters. Total estimated cost of the project is \$9.161 million.	Approve as budgeted.

173	3790	Department of Parks and Recreation	00006837: Old Sacramento State Historic Park: Riverfront Improvements: P+WD+C	0	583,000	\$583,000 Proposition 68 for the preliminary plans phase of this project to create a space for visitors that provides opportunities for special events, a four-season river viewing experience, and a complementary space to the Sacramento Waterfront. Total estimated cost of the project is \$5 million.	Approve as budgeted.
-----	------	------------------------------------	---	---	---------	---	----------------------

VOTE-ONLY CALENDAR FOR MODIFICATIONS TO GOVERNOR'S BUDGET PROPOSALS FROM JANUARY

CNRA and its BDOs — Modified

Issue	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	Staff Comments	Staff Recommendation
174	0540	Secretary of the Natural Resources Agency	Modify Natural Resources Agency New Facility Relocation	-4,823,000	--	--	<p>The GB proposed \$9.646 million GF one-time to conduct critical activities and acquisitions associated with its required move to the new facility.</p> <p>The May Revision (MR) decreases 0540-001-0001 by \$4.823 million to reduce the level of resources associated with the agency's move to a new facility. The agency's relocation will be evaluated consistent with the Administration's proposal to make state government more efficient through workforce telework opportunities that may result in the restocking of state offices. It is also requested that budget bill language (BBL) be added requiring the use of funding be contingent on the completion of this evaluation.</p>	Approve as modified.
175	3540	Department of Forestry and Fire Protection	Modification of Forest Resources Improvement Fund Expenditure Authority Re-Baseline	--	-3,033,000	--	<p>The GB proposed \$3.033 million Forest Resources Improvement Fund (FRIF) in 2020-21 and \$2.4 million FRIF in 2021-22 ongoing to re-baseline the FRIF state operations budget to support all</p>	Approve as modified.

						<p>authorized positions and programmatic expenditures in addition to costs to operate and maintain the eight Demonstration State Forests.</p> <p>The MR decreases FRIF by \$3.033 million, consistent with the withdrawal of various funding augmentations, without prejudice, that were included in the GB.</p> <p>However, the Administration is proposing to retain clean-up statutory changes in the GB to clarify the conditions under which required transfers from FRIF to GF should occur.</p>		
176	3540	Department of Forestry and Fire Protection	Modification of Wildfire Mitigation Financial Assistance Pilot Program and Defensible Space (AB 38)	-933,000		-3.0	<p>The GB included a proposal for both the California Office of Emergency Services (Cal OES) and CalFire, which jointly requested \$10.1 million (\$1.8 million GF and \$8.3 million GGRF) in 2020-21, \$7.7 million (\$1.6 million GF and \$6.1 million GGRF) annually through 2024-25, \$6.1 million GGRF ongoing, and 33 positions to implement AB 38. This proposal also included \$100 million (\$25 million GF and \$75 million Federal Trust Fund) for Cal OES to administer wildfire mitigation grants through the home hardening pilot program.</p>	Hold open.

						<p>For the CalFire portion of the proposal, the MR decreases GF by \$933,000 and three positions (essentially withdrawing this portion of the GB proposal).</p> <p>The MR also maintains \$8.314 GGRF and 26 positions for CalFire to address workload related to defensible space compliance documentation requirements for home sellers in High and Very High Hazard Severity Zones, and assisting CNRA with completing a regional forest health and fire prevention capacity review.</p>	
178	3560	State Lands Commission	Modification of Increased Lease Costs	-3,778,000	-628,000	-- <p>The GB proposed \$4.754 million from various funds in 2020-21 for increased lease costs, tenant improvements, and restocking expenses at its Sacramento headquarters. In addition, the GB included \$358,000 in 2021-22, \$398,000 in 2022-23 and 2023-24, and \$436,000 in 2024-25 ongoing for increased rent costs.</p> <p>The May Revision decreases GF by \$3.778 million and various special funds by \$628,000.</p> <p>The total reduction is \$4.406 million to remove funding dedicated towards restocking and tenant improvement costs.</p>	Approve as proposed to be modified.

179	3560	State Lands Commission	Modification of Oil and Gas Decommissioning: Environmental Review and Feasibility Study	-2,500,000	--	--	<p>The GB proposed \$5 million GF one-time for the next phase of oil and gas decommissioning work at Platform Holly and Rincon Island. This included \$600,000 for engineering feasibility studies for decommissioning alternatives and \$4.4 million to fund preparation of two separate environmental impact reports.</p> <p>The MR decreases GF by \$2.5 million to reflect shifting funding for the South Ellwood Project’s environmental review and feasibility study to 2021-22.</p>	Approve as proposed to be modified.
180	3560	State Lands Commission	Modification of Administrative Support Staffing	-739,000	--	-4.0	<p>The GB proposed nine positions, \$1.23 million from various funds in 2020-21, and \$1.185 million ongoing to augment its Administrative Services Division.</p> <p>The MR decreases GF by \$739,000 and four positions to reflect a decrease in GF resources for this proposal.</p>	Approve as proposed to be modified.
181	3780	Native American Heritage Commission	Modified Truth and Healing Council	--	-350,000	--	<p>The GB proposed \$450,000 ELPF from 2020-21 through 2023-24, and \$225,000 in 2024-25 to support the establishment of the Truth and Healing Council, pursuant to Executive Order N-15-19.</p>	Approve as proposed to be modified.

							The MR decreases ELPF by \$350,000 to implement the GB proposal for the Truth and Healing Council with a modified level of resources of \$100,000.	
182	3860	Department of Water Resources	Modify Flood Planning Resourcing	-2,283,000	2,089,000	--	<p>The GB proposed \$2.283 million GF in 2020-21 and \$2.089 million in 2021-22 ongoing to support critical programs and 8.5 existing staff positions responsible for planning and project implementation within the Central Valley. Funding will support mandated updates to the Central Valley Flood Protection Plan and implementation of the Conservation Strategy.</p> <p>The MR decreases GF by \$2.283 million and adds \$2.089 million Proposition 68 to shift the funding source from GF to Proposition 68 bond funds at a decreased level to continue supporting workload associated with statutory updates to the Central Valley Flood Protection Plan.</p>	Approve as proposed to be modified.
183	3885	Delta Stewardship Council	Modify Delta Plan Implementation	--	-490,000	-3.0	The GB proposed five new positions and \$837,000 ELPF annually for three years to support science synthesis and science contracts administration, and essential core function efforts	Approve as proposed to be modified.

							<p>associated with Delta Plan Implementation.</p> <p>The MR decreases ELPF by \$490,000 and three positions to reduce the level of resources while still providing support for the statutory requirements for the implementation of the Delta Plan.</p>	
--	--	--	--	--	--	--	---	--

CalEPA and its BDOs — Modified

Issue	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	Staff Comments	Staff Recommendation
184	3900	California Air Resources Board	Various Cap and Trade Expenditure Plan Allocation Provisions and Control Section 15.14 Amendments	--	--	--	<p>The GB proposed a \$965 million GGRF for the 2020-21 Cap-and-Trade Expenditure Plan.</p> <p>The MR excludes from Section 15.14(b) be eliminated from specified item and that Control Section 15.14 be amended to provide the methodology by which the Department of Finance can calculate allocations based on proceeds generated at each quarterly auction. Non-continuously appropriated auction proceeds shall first be directed to meet the existing allocations for the Safe and Affordable Drinking Water, AB</p>	Defer without prejudice.

						617 Community Air Protection, Forest Health and Fire Prevention, AB 34 Safety and Defensible Space, and Agricultural Diesel programs; additional auction proceeds will be allocated to the remaining budgeted programs proportionally. Furthermore, departments shall prioritize funding for non-discretionary fixed costs.	
185	3930	Department of Pesticide Regulation	Modify Integrated Pest Management Work Group	-350,000	215,000	--The GB proposed \$350,000 GF one-time to continue and build upon the work of an Integrated Pest Management Work Group started in 2019-20, which focuses on systems-wide, long-term strategies for pesticide management. The MR eliminates GF funding and adds \$215,000 Department of Pesticide Regulation Fund to provide continued support for the Integrated Pest Management Work Group. This modified proposal eliminates funding for a limited-term position to conduct research for the work group.	Approve as proposed to be modified.

186	3960	Department of Toxic Substances Control	Base Funding to Maintain Operations	-27,277,000	27,277,000	--	The MR decreases \$19.5 million GF, adds \$19.5 million dollars APCF; decreases \$12 million GF, adds \$7.777 million APCF to shift the funding source for the backfill transfers fro the Hazardous Waste Control Account (HWCA) and Toxic Substances Control Account (TSCA) from GF to APCF. The reduction in the backfill transfer in the backfill from \$12 million to \$7.777 million is due tot the decrease in the level of resources provided for state orphan sites. It is also requested that provisional language be added to specify that these transfers are funded from APCF penalty revenues.	Reject as proposed. Approve \$27.277 million APCF as a loan.
187	3960	Department of Toxic Substances Control	National Priorities List and State Orphan Sites	--	-4,223,000	--	The MR decreases the Site Remediation Account and TSCA by \$4.223 to focus resources on operation and maintenance at National Priority List and State Orphan Sites and the state's 10 percent match obligation for new National Priority list sites.	Approve as proposed to be modified.
188	3960	Department of Toxic Substances Control	Board of Environmental Safety Funding	-3,000,000	3,000,000	--	The GB proposed \$3 million GF annually for two years, 15 permanent positions, and statutory changes to establish the Board of Environmental Safety within the Department of Toxic	Defer without prejudice.

						<p>Substances Control. The Board is proposed to set and review fees, hear permit appeals, and provide strategic guidance to the department director. This proposal also includes trailer bill language to: (1) revise the Environmental Fee rates and hazardous waste fee rates and structure; and (2) authorize the board to set future fee rates under a capped fee-setting authority.</p> <p>The MR decreases by \$3 million GF and 15 positions and adds \$3 million APCF and 15 positions to shift funding source for the Board of Environmental Safety from GF to APCF on a one-time basis. It is also requested that provisional language be added to specify that these expenditures are funded by APCF penalty revenues. Beginning in 2021-22, the funding source for the board will shift to the department's special funds.</p>	
189	3960	Department of Toxic Substances Control	Argonaut Mine Dam Project Phase II Stormwater Upgrade Construction	-2,100,000	2,100,000	--The GB proposed \$2.1 million GF one-time to complete construction of a stormwater system upgrade project in the City of Jackson. The upgrade project will provide safe conveyance of stormwater from the Argonaut Dam to prevent potential flooding of two main	Reject as proposed. Approve \$2.1 million APCF as a loan.

						<p>state highways and the downtown commercial district. This upgrade is critical to prevent liability to the state for potential damages FI stormwater discharges exceed their city's capacity.</p> <p>The MR decreases by \$2.1 million GF and increases \$2.1 million APCF. It is also requested that provisional language be added to shift the funding source for the Argonaut Mine Dam Project Phase II stormwater upgrade Priego the from GF to APCF; to allow for encumbrance or expenditure until June 30, 2022; and to specify that these expenditures are funded from APCF penalty revenues.</p>	
190	3960	Department of Toxic Substances Control	Base Funding to Maintain Operations Reduction	-4,223,000	4,223,000	--The MR decreases GF by \$4.223 million in the base funding to maintain base funding to maintain operations associated with the decrease in resources provided for National Priorities List and State Orphan Sites.	Approve as proposed to be modified.

C DFA — Modified

Issue	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	Staff Comments	Staff Recommendation
191	8570	Department of Food and Agriculture	Modification of Information Technology Workload Growth and Sustainability	-2,462,000	2,462,000	--	<p>The GB proposed \$5.372 million Various Funds (including \$2.462 GF) in 2020-21 and \$3.818 million in 2021-22 ongoing to support its personnel services and immediate end of life hardware and software needs for CDFA’s Office of Information Technology Services.</p> <p>The MR decreases GF by \$2.462 million and increases by \$1.484 million Department of Agriculture Account, \$90,000 Fair and Exposition Fund, \$359,000 Federal Trust Fund, \$33,000 Cost Implementation Account, \$397,000 Cannabis Control Fund, \$99,000 Pierce’s Disease Management Account as authorized by Food and Agriculture Code Section 6046I(c)(1) to shift GF components of the department’s request to special funds.</p>	Approve as proposed to be modified.
192	8570	Department of Food and Agriculture	Modification of Fresno-Merced Food Innovation Corridor	-31,000,000	--	--	<p>The GB proposed \$33 million GF in 2020-21 with a three-year encumbrance period to develop a Fresno-Merced Food Innovation Corridor Grant Program to</p>	Approve as proposed to be modified.

						<p>stimulate research and development, commercialization, and innovation that will advance sustainable agricultural production and processing and support high quality jobs in the San Joaquin Valley.</p> <p>The MR decreases by \$31 million GF to reflect a reduced level of state resources available for this purpose. This will result in a modified proposal of \$2 million for this program.</p>	
--	--	--	--	--	--	--	--

Capital Outlay — Various BDOs — Modified

Issue	Entity	Department	BR Title	General Fund	Other Funds	Staff Comments	Staff Recommendation
193	3540	Department of Forestry and Fire Protection	Modification of C130 Air Attack Base (AAB): Infrastructure Improvements	-9,704,000	0	<p>The GB proposed \$13.624 million for continuing infrastructure improvements at four AABs for operation of C130 Aircraft. The estimated total cost for all four project is \$26 million.</p> <p>The MR decreases by \$11.441 to remove construction appropriations that were included in GB for Paso Robles, Fresno, and Ramona air attack bases. It also requests 3540-490 be amended to reappropriate design funding for these projects. The design phases for these projects were originally appropriate in the 2019 Budget Act. However, design delays have occurred due to the complexity of the projects.</p>	Approve as proposed to be modified.
194	3540	Department of Forestry and Fire Protection	Modification of Minor Projects - Technical Adjustments	-1,950,000	0	<p>The GB proposed \$4.6 million GF for five minor projects located throughout the state.</p> <p>The MR decreases by \$1.95 million GF. The remaining appropriation amount is needed for the minor projects most critical to fire/life safety. Total project cost is \$2.65 million.</p>	Approve as proposed to be modified.
195	3540	Department of Forestry and Fire Protection	0000971 - Modification of Shasta Trinity Unit Headquarters/Northern	-5,998,000	0	<p>The GB proposed \$5.998 million GF for the working drawings phase of this project to construct a new joint facility to co-locate</p>	Approve as proposed to be modified.

			operations: Relocate Facility - W			<p>the Shasta Trinity Unity Headquarters and several Northern Region Operations — Redding (NOPS) facilities in Shasta County. This is a continuing project. The total estimated cost is \$101.615 million.</p> <p>The MR decreases by \$5.998 million to remove working drawings funding for the Shasta Trinity Unit project. It also requests that Item 3540-495 be amended to revert preliminary plans funding in the amount of \$4.329 million appropriated in the 2019 Budget Act per workload Budget requirements.</p>	
196	3540	Department of Forestry and Fire Protection	Modification of Various Technical Adjustments	740,000	9,705,000	The MR amends 3540-490 and 3540-495 to provide the reappropriation and reversion of eight existing GF and lease revenue bond funded projects.	Approve as proposed to be modified.
197	3540	Department of Forestry and Fire Protection	0003212 - Fund Shift - Ishi Conservation Camp: Replace Kitchen project	-10,708,000	10,708,000	The MR amends 3540-495 to revert GF construction (\$10.708 million) phase appropriation included in the 2019 Budget Act. It is further requested to increase Item 3540-301-0660 (Public Buildings Construction Fund) by \$10.708 million . Replacing the kitchen that burned down at this facility is critical for continued operations. The change in fund source will allow this project to be completed without delay.	Approve as proposed to be modified.
198	3790	Department of Parks and Recreation	0006914: Modification of Equitable Access Program: New State Park	-15,000,000	0	The GB proposed \$20 million GF to purchase property for an unnamed, new state park.	Approve as proposed to be modified.

						The MR decreases by \$15 million GF to reduce the proposal's impact to GF while continuing to support equitable park access for all Californians.	
199	8570	Department of Food and Agriculture	0006705 - Modification of Anaheim Facility Purchase	-1,872,000	1,872,000	<p>The GB proposed \$1.872 million GF to exercise the purchase option on the CDFA's existing Anaheim facility lease.</p> <p>The MR decreases by \$1.872 million GF and increases by \$1.872 million Analytical Laboratory Account. The shift in fund source will allow the department to exercise the lease purchase option of the Anaheim Facility without delay.</p>	Approve as proposed to be modified.

VOTE-ONLY CALENDAR FOR NEW GOVERNOR'S BUDGET PROPOSALS INTRODUCED IN MAY

CNRA and its BDOs — New Proposals

Issue	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	Staff Comments	Staff Recommendation
200	0540	Secretary of the Natural Resources Agency	Reappropriations	--	0	--	The MR adds Item 0540-490 to reappropriate the balances of funds from various support and local assistance appropriations, with funding available for encumbrance or expenditure until June 30, 2023. This will provide additional time for project completion and the funding to be spent for the same purposes for which the funds were originally appropriated.	Approve as proposed.
201	0540	Secretary of the Natural Resources Agency	Extension of Liquidations	--	0	--	The MR adds Item 0540-491 to extend the liquidation period for various local assistance appropriations to allow sufficient time for project completion.	Approve as proposed.
202	0540	Secretary of the Natural Resources Agency	Proposition 84: Continuation of San Joaquin River Restoration Project	--	12,013,000	--	The MR adds 0540-101-6051 by \$12.013 million with extended encumbrance through June 30, 2023 to support continued restoration of the San Joaquin River.	Approve as proposed.

203	0540	Secretary of the Natural Resources Agency	Salton Sea Management Plan Operations	--	0	2.0	The MR increases Item 0540-001-6088 by two permanent positions to support increased workload associated with implementation of the Salton Sea Management Plan.	Approve as proposed.
204	0540	Secretary of the Natural Resources Agency	Biological Opinions Litigation	515,000	--	--	The MR increases Item 0540-001-6088 by \$515,000 GF for litigation costs associated with the release of the federal biological opinions.	Approve as proposed.
205	0540	Secretary of the Natural Resources Agency	Reversion of Legislative Investments	--	0	--	The MR adds Item 0540-495 to revert the unencumbered balance of various Legislative investments in the 2019 Budget Act.	Defer without prejudice.
206	0540	Secretary of the Natural Resources Agency	Good Neighbor Authority Fund Trailer Bill Language				The MR adds statutory changes to establish the Good Neighbor Authority (GNA) Fund in the State Treasury to facilitate the implementation of forest management projects on federal lands. Under GNA Agreements, state and local agencies agree to complete vegetation management projects on federal lands in cooperation with the US Forest Service. GNA Agreements authorize these entities to sell timber harvested during these activities to offset project costs and support implementation of new GNA	Approve as proposed.

							projects. This new fund will serve as a depository for timber sale revenues generated by state agencies through the completion of GNA projects, which will be reinvested to help increase the pace and scale of forest treatment activities on federal lands.	
207	3100	Exposition Park	Budget Increase for Parking Operations (OEPM)	--	91,000	--	The MR includes a total of \$417,000 Exposition Park Improvement Fund: \$91,000 in BY and \$326,000 in BY+1 to cover increased expenses for parking operations.	Approve as proposed.
208	3100	Exposition Park	Ongoing Increase to Reimbursement Authority (OEPM)	--	400,000	--	The MR increases Item 3100-001-0267 by \$400,000 to allow OEPM to recover additional security staff and overtime costs associated with an anticipated increase in special events.	Approve as proposed.
209	3125	California Tahoe Conservancy	Lease Renewal	--	603,000	--	The MR increases Item 3125-001-0140 by \$603,000 and adds budget bill language to make this amount available, up one approval by the Department of Finance, for costs associated with tenant improvement projects the California Tahoe Conservancy will undertake to facilitate its operations in conjunction with executing a	Approve as proposed.

							new long-term lease for its current facility in South Lake Tahoe.	
210	3125	California Tahoe Conservancy	Resources Agency Technical Proposals: Proposition 1 Reappropriation	--	0	--	The MR adds Item 3125-491 to reappropriate the unencumbered balance of Proposition 1 local assistance funding appropriated in 2015-16 to make the funds available for encumbrance or expenditure until June 30, 2023, and for liquidation until June 30, 2025. This reappropriation will provide additional time for: (1) the conservancy to leverage unallocated funds to support grants for new projects, and (2) grantees to complete projects that have already been initiated.	Approve as proposed.
211	3125	California Tahoe Conservancy	Proposition 68: Reappropriation	--	0	--	The MR adds Item 3125-490 to reappropriate the unencumbered balance of Proposition 68 state operations funding to make the funds available for encumbrance or expenditure until June 30, 2021. This reappropriation will provide adding all time for the conservancy to complete planning, monitoring, and administration activities, consistent with the purpose	Approve as proposed.

							for which the funds were originally appropriated.	
212	3125	California Tahoe Conservancy	Resources Agency Technical Proposals: Increase Reimbursement and Federal Trust Fund Authority	--	1,033,000	--	The MR amends Item 3125-001-0140 by increasing reimbursements by \$210,000; and Item 3125-001-0890 by \$823,000 to reflect the anticipated level of federal, state, and local reimbursements that will be available to the Conservancy in 2020-21. These adjustments also reflect changes in the Conservancy's projected reimbursement funding plan based on project work that has been completed to date.	Approve as proposed.
213	3340	California Conservation Corps (CCC)	Resources Agency Technical Proposals: Proposition 84 Funding for Local Conservation Corps (LCC)	--	1,293,000	--	The MR adds Item 3340-101-6051 in the amount of \$1.293 (Proposition 84) with provisional language making the funds available until June 30, 2023 to enable CCC to provide grants to LCC for conservation and facility development projects, consistent with the requirement of the bond.	Approve as proposed.
214	3480	Department of Conservation	Well Statewide Tracking and Reporting (WellSTAR) System Reappropriation	--	0	--	The MR reappropriates up to \$2 million Oil, Gas, and Geothermal Administrative Fund to make funds available for encumbrance or expenditure until June 30,	Approve as proposed.

							2021. This request will enable the department to continue enhancing the functionality of the WellSTAR system. Although the project remains on schedule, certain services will be performed beyond the current availability of funding.	
215	3480	Department of Conservation	Net-zero Technical Reimbursement Authority Adjustment	--	0	--	The MR amends Item 3480-001-0001 by decreasing reimbursements by \$1.503 million GF and Item 3480-001- 0338 by increasing reimbursements by \$1.503 million Strong-Motion Instrumentation and Seismic Hazards Mapping Fund. This net-zero shift will consolidate all reimbursement authority associated with the Geologic Hazards and Mineral Resources Conservation Program to a single item.	Approve as proposed.
216	3540	Department of Forestry and Fire Protection	Emergency Medical Services - Dispatch (SB 438)	--	1,480,000	2.0	The MR increases 3540-001-0001 by \$1.48 million GF and two positions to enable CalFire to create connections out from its computer-aided dispatch (CAD) system to CAD systems operated by Emergency Medical Services (EMS) providers. Creating CAD to CAD connections will enable EMS providers to more effectively and	Approve as proposed.

							efficiently respond to emergency incidents.	
217	3540	Department of Forestry and Fire Protection	Resources Agency Technical Proposals: Joint Institute for Wood Products Innovation Budget Bill Language	--	0	--	The MR adds provisional language to Item 3540-001-3212 (Timber Regulation and Forest Restoration Fund (TRFRF)) to enable the Joint Institute for Wood Products Innovation, with the Board of Forestry and Fire Protection, to administer grants, consistent with the purpose for which the funding was appropriated, as described in the 2018-19 Forest Carbon Plan Budget Change Proposal.	Approve as proposed.
218	3540	Department of Forestry and Fire Protection	Resources Agency Technical Proposals: Board of Forestry and Fire Protection Effectiveness Monitoring Services Budget Bill Language	--	0	--	The MR adds provisional language to Item 3540-001-3212 (TRFRF) to enable the Board of Forestry and Fire Protection to administer grants to facilitate its role in monitoring the effectiveness of the Z' Berg-Nejedely Forest Practices Act and associated statutes and regulations. The Board partners with various entities to perform effectiveness monitoring activities. This provisional language will facilitate increased collaboration by enabling the Board to also issue grants to support these activities.	Approve as proposed.

219	3540	Department of Forestry and Fire Protection	Resources Agency Technical Proposals: Greenhouse Gas Reduction Fund Reappropriations and Extensions of Liquidation	--	0	--	The MR adds Item 3540-494 to reappropriate various GGRF funds from 2017, 2018, and 2019 Budget Acts to provide extended encumbrance and liquidation availability to support implementation of forest health and fire prevention projects. The COVID-19 State of Emergency has resulted in a number of implementation challenges and project delays, so additional time is needed to encumber and liquidate these funds for their intended purposes.	Approve as proposed.
220	3540	Department of Forestry and Fire Protection	Reversion of Legislative Investments	--	0	--	The MR adds Item 3540-497 to be added to revert the unencumbered balance of various 2018 and 2019 Legislative investments.	Defer without prejudice.
221	3560	State Lands Commission	Oil and Gas Plug Abandonment Reappropriation	--	0	--	The MR adds Item 3560-490 to reappropriate up to \$15 million GF to make funds available for encumbrance or expenditure until June 30, 2021 to continue Phase I of the South Ellwood Project, also referred to as Platform Holly. The 2018 Budget Act included \$108.5 million over three years for SLC to engage in plug and abandonment activities at two sites — Rincon Island in Ventura County and Platform Holly in	Approve as proposed.

							Santa Barbara County. Although Rincon Island activities are on schedule, the Platform Holly plug and abandonment activities are taking longer to complete, resulting in a project timeline that will stretch beyond current funding availability.	
222	3600	Department of Fish and Wildlife	Dedicated Fish and Game Preservation Fund Realignment	--	757,000	--	The MR increases Item 3600-001-0200 by \$757,000 to align program expenditures with the associated revenues of 12 dedicated accounts within the Fish and Game Preservation Fund. These resources will help the department maintain stability, structural balance, and support workload. This includes various adjustments to the Fish and Game Preservation Fund’s dedicated accounts.	Approve as proposed.
223	3600	Department of Fish and Wildlife	Salton Sea Management Plan Operations	--	--	2.0	The MR requests to increase Item 3600-001-0001 by two permanent positions to support implementation of the Salton Sea Management Plan.	Approve as proposed.
224	3600	Department of Fish and Wildlife	Resources Agency Technical Proposals: Augmentation of Reimbursements to Various Programs	--	9,565,000	--	The MR amends 3600-001-0200 by increasing reimbursement authority by \$9.565 million to reflect ongoing work related to biodiversity conservation, environmental review and technical assistance, and fish hatchery operations, pursuant	Approve as proposed.

							to agreements with various non-profit and go emend entities.	
225	3600	Department of Fish and Wildlife	Resources Agency Technical Proposals: Various Reappropriations	--	0	--	The MR adds Item 3600-492 to reappropriate various support funds from 2016 and 2017 Budget Acts and make those funds available for encumbrance or expenditure until June 30, 2021. This provides the department sufficient time to collect associated reimbursements, perform financial adjustments, and complete expenditure reconciliations.	Approve as proposed.
226	3600	Department of Fish and Wildlife	Resources Agency Technical Proposals: Proposition 1 and 68 Reappropriation and Extension of Liquidation	--	0	--	The MR adds Item 3600-493 to reappropriate Resources with funding available for encumbrance or expenditure until June 30, 2023, and liquidation until June 30, 2025, to continue existing programs.	Approve as proposed.
227	3600	Department of Fish and Wildlife	Resources Agency Technical Proposals: Federal Trust Fund Authority Increase for Various Programs	--	3,000,000	--	The MR increases Item 3600-001-0890 (Federal Trust Fund) by \$3 million to reflect additional federal grant funding available to complete various projects under the State Wildlife Grant Program and the Sport Fish Restoration Act Program.	Approve as proposed.
228	3600	Department of Fish and Wildlife	Resources Agency Technical Proposals: Environmental Enhancement Fund Realignment	--	760,000	--	The MR increases Item 3600-001-0322 by \$760,000 to provide better alignment of program expenditures with associated revenues in the	Approve as proposed.

							Environmental Enhancement Fund, to promote stability, structural balance, and support workload.	
229	3600	Department of Fish and Wildlife	Reversion of Legislative Investments	--	0	--	The MR adds Item 3600-495 to revert the unencumbered balance of Legislative investments in the 2019 Budget Act.	Defer without prejudice.
230	3640	Wildlife Conservation Board	Resources Agency Technical Proposals: Proposition 1, 12, and 84 Reappropriations	--	0	--	The MR amends Item 3640-490 to reappropriate local assistance funding from prior years with funding available for encumbrance or expenditure until June 30, 2023. The reappropriations will provide additional time for projects to be completed.	Approve as proposed.
231	3640	Wildlife Conservation Board	Resources Agency Technical Proposals: Proposition 40 Reimbursement Authority Reduction	--	-1,000,000	--	The MR amends Item 3640-302-6029 to decrease reimbursements by \$1 million to reflect consistency with anticipated program reimbursements.	Approve as proposed.
232	3640	Wildlife Conservation Board	Resources Agency Technical Proposals: Wildlife Restoration Fund State Operations Authority Reduction	--	-684,000	--	The MR amends Item 3640-001-0447 to decrease by \$684,000 ongoing to align expenditures with anticipated revenues.	Approve as proposed.
233	3720	California Coastal Commission	Regulatory Compliance of Coastal Zone Transportation Projects	--	--	6.0	The MR includes six positions funded by reimbursements through a five-year interagency agreement between Caltrans and the Coastal Commission. These resources will execute planning and regulatory activities that advance	Approve as proposed.

							regulatory compliance for coastal zone transportation projects.	
234	3760	State Coastal Conservancy	Resources Agency Technical Proposals: Prop 12 Reappropriation	--	0	--	The MR adds Item 3760-492 to reappropriate Proposition 12 local assistance funds from the 2017 Budget Act to allow for completion of Ballona Wetlands project.	Approve as proposed.
235	3760	State Coastal Conservancy	Proposition 68: State Coastal Conservancy Local Assistance Reappropriation	--	0	--	The MR adds Item 3760-492 to reappropriate Proposition 68 local assistance funding from the 2018 Budget Act to allow for the completion of various coastal forest conservation projects.	Approve as proposed.
236	3760	State Coastal Conservancy	Resources Agency Technical Proposals: Restore Reimbursement Current Service Level (Proposition 68)	--	6,000,000	--	The MR increases Item 3760-101-6088 by \$6 million to reflect consistency with anticipated program reimbursements.	Approve as proposed.
237	3760	State Coastal Conservancy	Resources Agency Technical Proposals: Reversion Item Cleanup (Language Only)	--	0	--	The MR amends 3760-495 to clarify certain amounts of 2018 Budget Act Proposition 68 local assistance funds to be reverted.	Approve as proposed.
238	3760	State Coastal Conservancy	Resource Agency Technical Proposals: Non-Proposition 68 Bond Reappropriations	--	0	--	The MR adds Item 3760-492 to reappropriate funds from prior years for various local assistance appropriations to allow additional time for project implementation.	Approve as proposed.
239	3760	State Coastal Conservancy	Resources Agency Technical Proposals: General Fund Reappropriation	--	0	--	The MR adds Item 3760-493 to reappropriate funds from 2018 Budget Act GF local assistance appropriations for the purposes of the Santa Ana River Conservancy program.	Approve as proposed.

240	3760	State Coastal Conservancy	Resources Agency Technical Proposals: Other Fund Reappropriations	--	0	--	The MR adds Item 3760-493 to reappropriate funds from prior years for various local assistance appropriations to allow additional time for project implementation.	Approve as proposed.
241	3760	State Coastal Conservancy	Proposition 68 Reappropriations: Alameda Creek and Tijuana River Valley Restoration	--	0	--	The MR adds Item 3760-491 to reappropriate Proposition 68 local assistance appropriations for the Alameda Creek and Tijuana River Valley Restoration projects.	Approve as proposed.
242	3790	Department of Parks and Recreation	Resources Agency Technical Proposals: Statewide Bond Costs – Website Management	--	285,000	--	The MR adds Item 3790-001-6083 in the amount of \$285,000 for administrative costs associated with continued operation of the Natural Resources Agency’s bond accountability website.	Approve as proposed.
243	3790	Department of Parks and Recreation	Proposition 68: Local Assistance Grants	--	197,333,000	--	The MR increases Item 3790-101-6088 by \$197.333 million and provisional language to clarify which allocations of the Bond Act appropriations should be made from. This funding will provide for grants for the creation and expansion of safe neighborhood parks in park-poor neighborhoods.	Approve as proposed.
244	3790	Department of Parks and Recreation	Resources Agency Technical Proposals: Various Reappropriations	--	0	--	The MR adds Item 3790-490 to reappropriate funds from prior years for various support appropriations to allow additional time for project implementation.	Approve as proposed.

245	3790	Department of Parks and Recreation	Resources Agency Technical Proposals: Proposition 84 Grants	--	8,900,000	--	The MR adds Item 3790-101-6051 in the amount of \$1.4 million for nature, education, and research facility grants with provisional language making the funds available until June 30, 2023. It is further requested that Item 3790-102-6051 be added in the amount of \$7.5 million for competitive grants with provisional language making the funds available until June 30, 2023 for local and regional parks.	Approve as proposed.
246	3790	Department of Parks and Recreation	Resources Agency Technical Proposals: Extension of Liquidation	--	0	--	The MR adds Item 3790-493 to extend the liquidation availability for the department's primary support appropriation.	Approve as proposed.
247	3790	Department of Parks and Recreation	Shift of Deferred Maintenance to Proposition 68	--	44,343,000	--	The MR adds Item 3790-497 to revert \$44.343 in GF appropriations for deferred maintenance projects. It also requests that Item 3790-002-6088 be increased by \$44.343 Proposition 68 to maintain support of these projects.	Approve as proposed.
248	3790	Department of Parks and Recreation	Reversion of 2019 Budget Act Legislative Investments	--	0	--	The MR adds Item 3790-497 to revert the unencumbered balance of various 2019 Legislative investments.	Defer without prejudice.
249	3810	Santa Monica Mountains Conservancy	Resources Agency Technical Proposals: Various Reappropriations	--	0	--	The MR adds Item 3810-490 to reappropriate funds from various bond appropriations from prior years with funding available for encumbrance or expenditure until June 30,	Approve as proposed.

							2023, to allow additional time for project implementation.	
250	3820	San Francisco Bay Conservation and Development Commission	Public Records Act Litigation Attorney's Fees	343,000	--	--	The MR increases Item 3820-001-0001 by \$343,000 GF for one-time attorney's fees and costs resulting from a court order issued pursuant to litigation.	Approve as proposed.
251	3820	San Francisco Bay Conservation and Development Commission	Attorney General Fees	330,000	--	--	The MR increases Item 3820-001-0001 by \$330,000 ongoing to support billing from the Department of Justice for services for enforcement activities.	Approve as proposed.
252	3830	San Joaquin River Conservancy	San Joaquin River Parkway Enhanced Access	--	84,000	--	The MR increases 3830-001-0104 by \$84,000 San Joaquin River Conservancy Fund to provide expanded public access opportunities on conservancy lands. The funding will allow the conservancy to engage with local partners to develop and manage the San Joaquin River Parkway.	Approve as proposed.
253	3835	Baldwin Hills Conservancy	Resources Agency Technical Proposals: Reversion and New Appropriation - Proposition 1	--	96,000	--	The MR increases Item 3835-001-6083 by \$96,000 Proposition 1 to support administrative costs associated with oversight of bond funded projects. It is further requested that Item 3835-496 be added to revert the unencumbered balances of various items to support bond oversight costs.	Approve as proposed.

254	3850	Coachella Valley Mountains Conservancy	Resources Agency Technical Proposals: Proposition 12 Local Assistance	--	73,000	--	The MR adds Item 3850-101-0005 in the amount of \$73,000 to provide funding for local assistance grants with provisional language to make the funds available for encumbrance or expenditure until June 30, 2023.	Approve as proposed.
255	3855	Sierra Nevada Conservancy	Proposition 68: Reappropriations and Reversion	--	0	--	The MR adds Item 3855-490 to reappropriate the unencumbered balance of 2018-19 support funding to extend the encumbrance and expenditure period by two years, from June 30, 2020 to June 30, 2022. It is also requested that Item 3855-491 be added to extend the liquidation period of 2018-19 local assistance funding by three years from June 30, 2022 to June 30, 3025. The MR also amends Item 3855-495 to revert an additional \$2.057 million in unexpected 2018-19 state operations funding, for a revised total of \$2.793 million. These technical requests will facility implementation of the conservancy's Proposition 68 programs.	Approve as proposed.
256	3855	Sierra Nevada Conservancy	Resources Agency Technical Proposals: Sierra Nevada Conservancy Fund Cash Flow Technical Adjustment	--	1,450,000	--	The MR increases Item 3855-001-8120 (Sierra Nevada Conservancy Fund) by \$1.45 million to meet the conservancy's cash flow needs associated with	Approve as proposed.

							receiving reimbursements from grants and other agreements in arrears. It is also requested that Provision 2 be added to this Item for this purpose. The 2019 Budget Act included a transfer of \$1.45 million ELPF to the Sierra Nevada Conservancy Fund. This technical correction will enable the conservancy to make upfront payments of projects costs in order to be eligible for reimbursements, which the cashflow transfer was intended to facilitate.	
257	3855	Sierra Nevada Conservancy	Resources Agency Technical Proposals: Federal Trust Fund and Reimbursement Authority Increases	--	4,093,000	--	The MR increases Item 3855-001-0890 by \$511,000 and Item 3855-001-8120 by \$3.582 million to reflect the anticipated level of federal, state, and local reimbursements that will be available to the conservancy in 2020-21 based on grant and other agreements that have been executed to date. These adjustments also reflect changes in the conservancy's projected reimbursement funding plan based on the project work that has been completed to date.	Approve as proposed.
258	3860	Department of Water Resources	Department of Water Resources Charge Fund Legal Support	--	400,000	2.0	The MR proposes an increase of \$400,000 Department of Water Resources Charged Fund and two permanent	Approve as proposed.

							positions for increased workload related to AB 1054 (Holden), Chapter 79, Statutes of 2019, which created additional safety oversight and processes for utility infrastructure, recast recovery of costs from wildfire damages to third parties and authorized an electrical corporation and ratepayer jointly funded Wildfire Fund to address future related wildfire liabilities.	
259	3860	Department of Water Resources	Salton Sea Management Plan Operations	--	0	6.0	The MR increases Item 3860-001-0001 by six permanent positions to support increased workload associated with implementation of the Salton Sea Management Plan.	Approve as proposed.
260	3860	Department of Water Resources	Systemwide Flood Risk Reduction Technical Adjustment	--	34,680,000	--	The MR increases Item 3860-301-6088 (Proposition 68) by \$34.68 million and amends Item 3860-495 to support the Lower Elkhorn Basin Levee Bryce project within the Systemwide Flood Risk Reduction program.	Approve as proposed.
261	3860	Department of Water Resources	Resources Agency Technical Proposals: Grizzly Slough Floodplain Project Reimbursements	--	2,701,000	--	The MR amends Item 3860-001-0001 by increasing reimbursements by \$2.701 million to support the Grizzly Slough Floodplain project.	Approve as proposed.
262	3860	Department of Water Resources	Delta Compliance Program, Regulatory Support	--	--	2.0	The MR adds two permanent positions for regulatory workload associated with the Incidental Take Permit for	Approve as proposed.

							long-term operation of the State Water Project.	
263	3860	Department of Water Resources	Resources Agency Technical Proposals: Various Adjustments, Reappropriations, Extensions of Liquidation, and Reversions	--	4,800,000	--	The MR increases Item 3860-001-6031 by \$4.8 million to support continued project delivery for Proposition 50 bond funded programs. The MR adds 3860-490 to reappropriate various local assistance appropriations from prior years with funding available for encumbrance or expenditure until June 30, 2022. It is also requested that Item 3860 be added to extend the liquidation period for various appropriations to provide sufficient time for project completion. The MR amends Item 3860-495 to include various reversions that are necessary to establish new appropriations to facility project delivery of various bond funded programs.	Approve as proposed.
264	3860	Department of Water Resources	Proposition 68: Central Valley Flood Protection Plan Update	--	6,750,000	--	The MR increase Item 3860-001-6088 (Proposition 68) by \$4.85 and Item 3860-101-6088 by \$1.9 million to support workload associated with the update to the Central Valley Flood Protection Plan.	Approve as proposed.
265	3860	Department of Water Resources	Proposition 68: Salton Sea Authority North Lake Pilot Project	--	19,250,000	--	The MR adds Item 3860-101-6088 in the amount of \$19.25 million with extended encumbrance through June 30, 2023 to support a pilot	Approve as proposed.

							project at the north end of the Salton Sea.	
266	3860	Department of Water Resources	Reversion of Legislative Investments	--	0	--	The MR adds Item 3860-496 to revert the unencumbered balances of Legislative investments in the 2019 Budget Act.	Defer without prejudice.
267	3875	Sacramento-San Joaquin Delta Conservancy	Reappropriations	--	0	--	The MR adds Item 3875-490 to be added to reappropriate funds from a 2019 Budget Act appropriation to address contractor delays and allow additional time for project implementation.	Approve as proposed.
268	3875	Sacramento-San Joaquin Delta Conservancy	Extension of Liquidation	--	0	--	The MR adds Item 3875-491 to extend the liquidation period for various appropriations until June 30, 2022, to allow additional time for project completion.	Approve as proposed.
269	3885	Delta Stewardship Council	Extension of Liquidation	--	0	--	The MR adds Item 3885-490 to extend the liquidation period for a 2017 Budget Act GF appropriation until June 30, 2022, to allow additional time for activities that advance Delta Plan implementation.	Approve as proposed.
270	0540	Natural Resources Agency	Loan from the Environmental Enhancement and Mitigation Program Fund to the General Fund	--	--	--	The MR adds Item 0540-011-0183 to authorize a \$17 million loan from the Environmental Enhancement and Mitigation Program Fund to GF. It is also requested that provisional language be added to authorize repayment of all or a portion of the loan	Approve as proposed.

							under specified circumstances.	
271	3480	Department of Conservation	Loan from the Hazardous and Idle-Deserted Well Abatement Fund to the General Fund	--	--	--	The MR adds Item 3480-011-0275 to authorize a loan of up to \$10 million from the Hazardous and Idle-Deserted Well Abatement Fund to GF. It is also requested that provisional language be added to authorize repayment of all or a portion of the loan under specified circumstances.	Approve as proposed.
272	3480	Department of Conservation	Loan from the Strong-Motion Instrumentation and Seismic Hazard Mapping Fund to the General Fund	--	--	--	The MR adds Item 3480-011-0338 to authorize a loan of up to \$5.435 million from the Strong-Motion Instrumentation and Seismic Hazards Mapping Fund to GF. It is also requested that provisional language be added to authorize repayment of all or a portion of the loan under specified circumstances.	Approve as proposed.
273	3540	Department of Forestry and Fire Protection	Loan from the California Hazardous Liquid Pipeline Safety Fund to the General Fund	--	--	--	The MR adds Item 3540-011-0209 to authorize a loan of up to \$3 million from the California Hazardous Liquid Pipeline Safety Fund to GF. It is also requested that provisional language be added to authorize repayment of all or a portion of the loan under specified circumstances.	Approve as proposed.

274	3540	Department of Forestry and Fire Protection	Loan from the Forest Resources Improvement Fund to the General Fund	--	--	--	The MR adds 3540-011-0928 to authorize a loan of up to \$2.8 million from the Forest Resources Improvement Fund to GF. It is also requested that provisional language be added to authorize repayment of all or a portion of the loan under specified circumstances.	Approve as proposed.
275	3560	State Lands Commission	Loan from the School Land Bank Fund to the General Fund	--	--	--	The MR adds Item 3560-011-0347 to authorize a loan of up to \$32 million from the h School Loan Bank Fund to GF. It is also requested that provisional language be added to authorize repayment of all or a portion of the loan under specified circumstances.	Approve as proposed.
276	3600	Department of Fish and Wildlife	Loan from Oil Spill Response Trust Fund (0321) to General Fund (0001)	--	--	--	The MR adds Item 3600-011-0321 to provide a \$30 million loan to GF. It is also requested that provisional language be added to authorize repayment of all or a portion of the loan under specified circumstances.	Approve as proposed.
277	3600	Department of Fish and Wildlife	Loan from Oil Spill Response Trust Fund (0321) to the Oil Spill Prevention and Administration Fund (0320)	--	--	--	The MR adds Item 3600-012-0321 to provide up to \$6.5 million loan from Oil Spill Response Trust Fund to Oil Spill Prevention and Administration Fund to support existing level of expenditures. It is also requested that provisional language be added to	Approve as proposed.

							authorize repayment of all or a portion of the loan under specified circumstances.	
--	--	--	--	--	--	--	--	--

CalEPA and its BDOs — New Proposals

Issue	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	Staff Comments	Staff Recommendation
278	0555	Secretary for Environmental Protection	Technical Adjustment: Environmental Justice Small Grants Program Reappropriation and Extension of Liquidation	--	--	--	The MR reappropriate unencumbered balances of specified Item and extends the liquidation periods for specified Items. These funds support the Environmental Justice Small Grants Program, which assists non-profit community organizations and federally-recognized Tribal governments with addressing environmental justice issues in areas disproportionately affected by environmental pollution and hazards.	Approve as proposed.
279	0555	Secretary for Environmental Protection	Federal Biological Opinions Litigation	515,000	--	--	The MR requests a total request of \$1.03 million GF for CNRA and CalEPA for one-time litigation costs associated with the federal biological opinions. The Attorney General’s Office filed a complaint against the federal government challenging the 2019 biological opinions issued by US Fish & Wildlife and National Marine Fisheries Service regarding proposed operations of the Central Valley Project and State Water Project under the Endangered Species Act.	Approve as proposed.

280	0555	Secretary for Environmental Protection	Technical Adjustment: Reduction to Unified Program Account Expenditures	--	-750,000	--	The MR decreases Item 0555-001-0028 by \$750,000 on a one-time basis to align expenditures with revenues.	Approve as proposed.
281	3900	Air Resources Board	Southern California Headquarters Relocation and Building Management	--	6,724,000	--	The MR includes \$6.724 million APCF one-time for relocation and travel costs to ARB's new Southern California headquarters in Riverside.	Approve as proposed.
282	3900	Air Resources Board	Community Air Protection Program (AB 617) Information Technology Projects	--	2,900,000	--	The MR includes \$2.9 million APCF one-time to complete the AB 617 Integrated Multi-Pollutant Emissions Inventory (IMPEI) and the Community Air Quality Monitoring information technology projects. These projects, initiated in 2018, were delayed because the vendor failed to meet project scope requirements and the vendor contract was terminated. Additional one-time funding for these projects is needed for project completion. It is also requested that provisional language be added to make these funds contingent upon California Department of Technology approval of project documents.	Approve as budgeted.
283	3900	Air Resources Board	Technical Adjustment: Reappropriation of Greenhouse Gas Reduction Funds for the Hybrid and Zero-Emission Truck and	--	--	--	The MR adds Item 3900-492 to reappropriate the disencumbered balance of Item 3900-101-3228, Budget Act of 2016. This funding will support heavy-duty vehicle investments	Approve as proposed.

			Bus Voucher Incentive Project				in the state's disadvantaged and low-income communities through the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project. This funding is available due to the cancellation of an advanced technology freight demonstration project in January 2020.	
284	3940	State Water Resources Control Board	Accurate and Timely Assessment of California's Surface Water Quality	--	1,289,000	8.0	The MR increases Item 3940-001-0193 (Waste Discharge Permit Fund) by \$1.289 million and eight positions to allow SWRCB to support timely assessments for the California Integrated Report, which is required under the federal Clean Water Act. These additional resources will help SWRCB and the Regional Water Quality Control Boards compile and prepare data for these required reports.	Approve as proposed.
285	3940	State Water Resources Control Board	Water Quality Permitting of Transportation Projects	--	1,473,000	10.0	The MR amends Item 3940-001-0439 (Underground Storage Tank Cleanup Fund) by increasing reimbursements by \$1.473 million and 10 permanent positions to implement an interagency agreement with Caltrans to address additional workload due to an increased number of transportation projects and additional early coordination activities.	Approve as proposed.

286	3940	State Water Resources Control Board	General Fund Reappropriation	--	--	--	The MR adds Item 3940-491 to reappropriate funding with an extended encumbrance period until June 20, 2021 and liquidation until June 30, 2024, for local assistance funding for: urgent drinking water needs, drinking water Administrator's, and household drinking water/wastewater projects.	Approve as proposed.
287	3940	State Water Resources Control Board	Extension of Liquidation	--	--	--	The MR adds Item 3940-492 to extend the liquidation period of Timber Regulation and Forest Restoration Funds until June 30, 2021 for a restoration project along the Elk River. The funding for this project has been encumbered but requires an additional year to liquidate funding.	Approve as proposed.
288	3940	State Water Resources Control Board	Air Pollution Control Fund One-Time Offset	-24,000,000	24,000,000	--	The MR decreases Item 3940-001-0001 by \$24 million GF and adds Item 3940-001-0015 (APCF) by \$24 million to provide a one-time offset of GF costs.	Reject as proposed. Approve funding of \$24 million APCF as a loan.
289	3940	State Water Resources Control Board	Water Resilience Portfolio	--	1,838,000	8.0	The MR increases Item 3940-001-0193 (Waste Discharge Permit Fund) by \$1.338 million and six positions, and reimbursements increased by \$500,000 and two positions to expedite recycled water permitting, implement critical wastewater/recycled water	Approve as proposed.

							pretreatment inspections and analysis, evaluate constituents of emerging concerns, and expedite water rights permitting for Water Storage Investment Program projects.	
290	3940	State Water Resources Control Board	Reversion of Legislative Investments	--	--	--	The MR adds item 3940-496 to revert the unencumbered balance of various Legislative investments in the 2019 Budget Act.	Defer without prejudice.
291	3940	State Water Resources Control Board	Loan from the Underground Storage Tank Cleanup Fund (0439) to the General Fund (0001) per Item 3940-011-0439, Budget Act of 2020	--	0	--	The MR adds Item 3940-011-0439 in the amount of \$500 million to authorize a loan from the Underground Storage Tank Cleanup Fund to GF. It is also requested that provisional language be added to authorize repayment of all or a portion of a loan under specified circumstances.	Approve as proposed.
292	3940	State Water Resources Control Board	Loan from the Site Cleanup Subaccount (3264) to the General Fund (0001) per Item 3940-011-3264, Budget Act of 2020	--	0	--	The MR adds Item 3940-011-3264 in the amount of \$25 million to authorize a loan from the Site Cleanup Subaccount to GF. It is also requested that provisional language be added to authorize repayment of all or a portion of the loan under specified circumstances.	Approve as proposed.
293	3960	Department of Toxic Substances Control	Exide: 2014 Enforcement Order Program Oversight	--	1,000,000	--	The MR includes \$1,000,000 annually for two years from the Lead-Acid Battery Cleanup Fund (LABCF) to support DTSC's activities to oversee and implement activities for the	Approve as proposed.

							Exide 2014 Stipulation Order. DTSC also requests trailer bill language (TBL) to clarify use of LABCF for Exide.	
294	3960	Department of Toxic Substances Control	Exide: Third-Party Quality Assurance Oversight Contract for Closure Implementation	--	600,000	--	The MR includes \$600,000 annually for two-year limited-term from LABCF for a contractor to continue to conduct Third-Party Quality Assurance as mandated by Exide Closure Plan and oversee closure activities. DTSC also requests TBL to clarify the use of LABCF for Exide.	Approve as proposed.
295	3960	Department of Toxic Substances Control	Stringfellow Superfund Site Expenditure Shift	-11,805,000	11,805,000	--	The MR shifts DTSC General Fund (GF) expenditures and Governor Budget proposals to the Air Pollution Control Fund (APCF) on a one-time basis	Reject as proposed. Approve \$11.805 million APCF as loan.
296	3960	Department of Toxic Substances Control	General Fund Expenditure Shift to Air Pollution Control Fund	-9,493,000	9,493,000	--	The MR shifts DTSC GF expenditures and Governor Budget proposals to APCF on a one-time basis.	Reject as proposed. Approve \$9.493 million APCF as loan.
297	3960	Department of Toxic Substances Control	Lease Revenue Debt Service Adjustment	-4,399,000	4,399,000	--	The MR shifts DTSC GF expenditures and Governor Budget proposals to APCF on a one-time basis.	Reject as proposed. Approve \$4.399 million APCF as a loan.
298	3960	Department of Toxic Substances Control	Reversion of Legislative Investments	--	--	--	The MR adds Item 3960-495 to revert unencumbered balance of a Legislative investment in the 2019 Budget Act.	Defer without prejudice.
299	3960	Department of Toxic Substances Control	Stringfellow Superfund Site Expenditure Reduction	-5,500,000	796,000	--	The MR shifts GF expenditures for the Stringfellow Superfund Site to the Stringfellow Residual Proceeds Account.	Approve as proposed.

300	3960	Department of Toxic Substances Control	Illegal Drug Lab Cleanup Account Backfill Shift	-749,000	749,000	--	The MR shifts DTSC GF expenditures and Governor Budget proposals to APCF on a one-time basis	Reject as proposed. Approve \$749,000 APCF as a loan.
301	3970	Department of Resources Recycling and Recovery	Extension of the Loan Repayment Period for the 2014 Loan from the Integrated Waste Management Account (Fund 0387) to the Used Mattress Recycling Fund (Fund 3257)	--	--	--	The MR adds Item 3970-401 to extend the loan repayment period for the loan authorized by Item 3970-012-0387, Budget Act of 2014. This was a loan from the Integrated Waste Management Account to the Used Mattress Recycling Fund. Budget bill language extends repayment of \$1.6 million loan authorized in Budget Act of 2014 from June 30, 2020 to June 30, 2022.	Approve as proposed.
302	3970	Department of Resources Recycling and Recovery	Mendocino Complex Fire Augmentation	2,213,000	--	--	The MR includes \$2.213 million GF to fund completion of debris removal on properties in Lake County affected by the 2018 Mendocino Fire Complex.	Approve as proposed.
303	3970	Department of Resources Recycling and Recovery	Loan from Solid Waste Disposal Site Cleanup Trust Fund (0386) to the General Fund (0001) per Item 3970-011-0386 Budget Act of 2020	--	0	--	The MR adds Item 3970-011-0386 to authorize a loan of up to \$4 million from them Solid Waste Disposal Site Cleanup Trust Fund Account to GF. It is also requested that provisional language be added to authorize repayment of all or a portion of the loan under specified circumstances.	Approve as proposed.
304	3970	Department of Resources Recycling and Recovery	Loan from Electronic Waste Recovery and Recycling Account (3065) to General Fund (0001) per Item 3970-	--	0	--	The MR adds Item 3970-012-3065 to authorize a loan of up to \$20 million from the Electronic Waste Recovery and Recycling Account to GF. It is	Approve as proposed.

			012-3065 Budget Act of 2020				also requested that provisional language be added to authorize repayment of all or a portion of the loan under specified circumstances.	
305	3980	Office of Environmental Health Hazard Assessment	Budget Bill Language for General Fund Cash Flow Loan	--	--	--	The MR adds provisional language to Item 3980-001-0001 to allow a short-term GF cash flow loan, not to exceed 20 percent of OEHHA's reimbursements, to meet cash needs resulting from the lag between invoicing for services and receipt of reimbursements by state departments. The GF serves as OEHHA's primary funding source and must cover costs until reimbursements are collected and received. At times, the lag between expenditures and reimbursement creates difficulties in meeting cash flow needs, particularly at the end of the fiscal year.	Approve as proposed.

CDFR — New Proposals

Issue	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	Staff Comments	Staff Recommendation
306	8570	Department of Food and Agriculture	Navel Orange Worm Pilot Program	--	2,715,000	--	The MR increases 8570-001-0890 by \$2.715 million for three years to provide authority for the department to expand additional federal funds awarded in the 2020 Federal Budget. These resources will help the department expand the Naval Orangeworm Pilot Program to increase the acreage used to validate the current sterile insect technique.	Approve as proposed.
307	8570	Department of Food and Agriculture	Continuation of Cannabis Cultivation Program	0	64,080,000	165.0	<p>The MR increases Item 8570-001-0001 by 13 positions, Item 8570-001-0111 by three positions, item 8570-001-3288 by \$48.113 million and 149 positions, and reimbursements by \$15.967 million to continue implementation of the Cannabis Cultivation Program.</p> <p>According to Dept. of Finance, the baseline in this proposal accidentally double-counts the existing baseline that was in Governor's January Budget. To avoid double counting the baseline, this proposal needs to be reduced by \$5.714 million.</p>	Approve as proposed and reduce by \$5.714 million Cannabis Control Fund ongoing.

308	8570	Department of Food and Agriculture	Farm Animal Confinement (Proposition 12)	--	1,443,000	<p>6.0 The MR adds Item 8670-002-0111 by \$1.443 million and six positions in 2020-21, and \$2.8 million and 15 positions ongoing to continue implementation of Proposition 12. This proposal includes trailer bill language to establish a new fee authority to support the associated program costs. This proposal will be funded for two years by a short-term loan from the Food and Agriculture Fund until new fee revenue materializes to support all program costs. This proposal also includes budget bill language that holds the Food and Agriculture Fund harmless to the extent fee revenue does not materialize to repay short-term costs.</p> <p>There is some uncertainty about the amount of workload that will be driven by implementation of Proposition because it is a new program. Therefore, it would be prudent to take a cautious approach to staffing up the program, especially given the state's current fiscal outlook.</p>	<p>Approve \$1.443 million and six positions in 2020-21. Reject \$2.8 million and fifteen ongoing positions. Approve trailer bill language to establish new fee authority to support associated program costs. Approve budget bill language holding the Food and Agriculture Fund harmless to the extent fee revenue does not materialize to repay short-term costs.</p>
-----	------	------------------------------------	--	----	-----------	---	--

309	8570	Department of Food and Agriculture	Reduction of California Biodiversity Initiative	-3,901,000	--	--	The MR decreases by \$3.901 million GF to reflect reduced GF resources available for the California Biodiversity Initiative.	Hold open
310	8570	Department of Food and Agriculture	Reappropriation of Proposition 68	--	--	--	The MR adds Item 8570-490 to reappropriate existing Proposition 68 funds for one year related to the State Water Efficiency and Enhancement Program.	Approve as proposed.

Capital Outlay — Various BDOs — New Proposals
--

Issue	Entity	Department	BR Title	General Fund	Other Funds	Staff Comments	Staff Recommendation
311	3100	Exposition Park	California Science Center: Reversion of Legislative Investment	0	0	The MR reverts the unencumbered balance of 2019 Budget Act legislative investments.	Defer without prejudice.
312	3540	Department of Forestry and Fire Protection	Technical Adjustment of San Luis Obispo Unit Headquarters Replacement project	0	1,900,000	The MR shifts \$35.012 million in lease revenue authority from 3540-301-0660, Budget Act of 2019 to Item in order to be consistent with the 2015 Budget Act appropriation and to extend availability of working drawings: (1) Add item 3540-301-0668 in the amount of \$35.012 million, (2) Amend Item 3540-490 to withdraw the reappropriation of construction proposed in GB, and (3) Amend Item 3540-495 to eliminate Item 3540-301-0660, Budget Act of 2019 project authority.	Approve as proposed.
313	3540	Department of Forestry and Fire Protection	0000198 - Halt Design and Construction of Ventura Training Center	0	0	The MR amends Item 3540-495 to revert the working drawings (\$1.093 million) and construction (\$16.673 million) phase appropriations included in the 2018 Budget Act consistent with the workload budget requirements.	Approve as proposed.
314	3540	Department of Forestry and Fire Protection	0000186 - Halt Design of Potrero Forest Fire Station: Replace Facility	0	0	The MR amends Item 3540-495 to revert the working drawings (\$981,000) phase appropriation included in the 2019 Budget Act. Halting capital outlay	Approve as proposed.

						that have not yet broken ground is consistent with workload budget requirements.	
315	3790	Department of Parks and Recreation	00000697: Torrey Pines SNR: Sewer and Utility Modernization	0	3,317,000	The MR increases Item 3790-301-6051 by \$3.317 million to provide the construction phase of an ongoing project to connect the park to local sewer systems and upgrade aging water and utility infrastructure.	Approve as proposed.
316	3790	Department of Parks and Recreation	00000234: Oceano Dunes SVRA: Pismo SB Sediment Track-out Prevention	0	827,000	The MR adds \$827,000 Off-Highway Vehicle Trust Fund to provide for the construction phase of this ongoing project intended to prevent sand and soil from being tracked onto public streets.	Approve as proposed.
317	3790	Department of Parks and Recreation	000002696: Pfeiffer Big Sur State Park: Low-Cost Alternative Coastal Lodging	0	178,000	The MR adds \$178,000 State Park Contingent Fund to develop working drawings for an ongoing project to provide additional low-cost coastal accommodations within this park.	Approve as proposed.
318	3790	Department of Parks and Recreation	00007312: Silver Strand SB: Low Cost Accommodations Study	0	375,000	The MR increases 3790-301-6088 by \$375,000 to fund the study phase of a project to provide increased lower cost coastal accommodations at Silver Strand State Beach.	Approve as proposed.
319	3790	Department of Parks and Recreation	Reimbursement Authority: Various Projects	0	5,344,000	The MR adds Item 3790-301-0392 (State Parks and Recreation Fund) to provide additional reimbursement authority to various capital outlay projects in order to make use of grants	Approve as proposed.

						available to the department. Additionally, it is requested that Item 3790-496 be added to revert project funding being replaced with grant awards.	
320	3790	Department of Parks and Recreation	Statewide: Reappropriations	0	20,547,000	The MR adds 3790-491 to reappropriate funding for several ongoing projects consistent with updated project timelines.	Approve as proposed.
321	3790	Department of Parks and Recreation	Statewide: Reappropriations	0	17,077,000	The MR adds 3790-491 to reappropriate funding for several ongoing projects consistent with updated project timelines.	Approve as proposed.
322	3790	Department of Parks and Recreation	Statewide: Reappropriations	0	10,929,000	The MR adds 3790-491 to reappropriate funding for several ongoing projects consistent with updated project timelines.	Approve as proposed.
323	3790	Department of Parks and Recreation	0004006: California Indian Heritage Center: Reversion of Working Drawings and Construction Funding	0	0	The MR adds Item 3790-311-3312 and Item 3790-496 to revert out-year funding (95.31 million) for working drawings and construction of the California Indian Heritage Center while the project is in preliminary plans. As future projects phases are lease revenue bond eligible, these changes will result in no project delays.	Approve as proposed.
324	3900	Air Resources Board	Southern California Consolidation Project Lease Revenue Bond Reappropriation	0	270,121,000	The MR adds 3900-493 to reappropriate lease revenue bond revenue financing authority fo the Southern California Consolidated Lab. The project consolidates ARB administrative offices, vehicle emission testing and laboratory facilities. This project is	Approve as proposed.

						currently in the design-build phase and is scheduled to be complete by February 2022.	
--	--	--	--	--	--	---	--

TRAILER BILL LANGUAGE (TBL)

Issue	Entity	Department	Title	Description	Staff Comments	Staff Recommendation
325	3960	Department of Toxic Substances Control	Department of Toxic Control Fiscal Reform	This TBL revises the Environmental Fee rates and hazardous waste fee rates and structures.	This TBL is part of DTSC' governance and fiscal reform proposal.	Defer without prejudice
326	3940	State Water Resources Control Board	401 Water Quality Certification	This TBL authorizes the board to issue 401 water quality certification before completion of an environmental review if the board determines that awaiting completion of that environmental review poses a substantial risk of waiver of certification authority.	This TBL is intended to address the waiver of Section 401 Water Quality Certifications under the federal Clean Water Act. Federal Energy Regulatory Commission (FERC) has been increasingly issuing orders finding that failure of a state to act on an application for certification within a one-year deadline means the state has waived its authority under the federal Clean Water Act regardless of the reason for a state's failure to act.	Approve as proposed
327	8570	California. Department of Food and Agriculture (CDFA)	Chapter 798, Statutes of 2017 (AB 1499, Gray) Clean-Up	AB 1499 directed retailers to segregate the amount of gross receipts from sales at fairs; required the California Department of Tax and Fee Administration (CDTFA) to calculate $\frac{3}{4}$ to 1 percent of these gross receipts and report this amount to the Department of Finance; and required the Governor's Budget to include these amounts in the Budget for allocation to CDFA to fund state-designated fairs. This TBL		Approve as proposed

				requires CDTFA to review total gross receipts for errors.		
328	3860	Department of Water Resources	Extinguish Remaining Unissued Bond Authority (Propositions 122/82)	This TBL reduces the amount of indebtedness authorized by the Earthquake Safety and Public Buildings Rehabilitation Bond Act of 1990 and the Water Conservation Bond Law of 1988 to \$292.51 million and \$54.765 million, respectively.	This TBL is the extinguishment of old general obligation bonds that are no longer needed to reduce Administration costs at the request of the Treasurer's Office. This saves on ongoing Administration to administer minimal remaining balances that are not enough to support another project.	Approve as proposed

ISSUES FOR DISCUSSION

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)

Wildfires Background Information

There are 33 million acres of forested lands in California. Ownership of these lands are mixed with only about two percent belonging to the state.

- 57 percent (19 million acres) owned and managed by federal agencies (including the US Forest Service, Bureau of Land Management, and National Park Service).
- 3 percent (700,000 acres) owned by state and local agencies, including CalFire, local open space, park and water districts and land trusts.
- 40 percent (13.3 million acres) privately owned, including individuals/families, Native American tribes, and companies.

State Responsibility Area (SRA). The SRA consists of 13.2 million acres of forestland – mostly privately owned – for which CalFire is responsible for preventing and suppressing wildfires. SRA does not include lands within city boundaries or under federal ownership.

SRA Fire Prevention Fee. AB 29 X1 (Blumenfield, Chapter 8, Statutes of 2011) First Extraordinary Session, established the SRA Fire Prevention Fee, which was later suspended as of 2017. The purpose of the fee is to help pay for fire prevention services within the SRA. The fee applied to all habitable structures within the SRA. Effective July 1, 2013, the fee was levied at the rate of \$152.33 per habitable structure. The fee funded a variety of fire prevention services and programs in the SRA, including fuel reduction activities that lessen risk of wildfire to communities and evacuation routes. Other activities included helping communities create and update their Community Wildlife Protection Plans, defensible space inspections, fire prevention engineering, emergency evacuation planning, fire prevention education, fire hazard severity mapping, implementation of the State and local Fire Plans, and fire-related law enforcement activities such as arson investigation. The goal of the fee was, over time, to return fees (in the form of fire prevention activities) across the entire SRA where habitable structures exist.

From 2011-12 through 2016-17, the fee funded over \$195 million of fire prevention programs and activities, which were prioritized based on the 2010 California Strategic Fire Plan. The last fiscal year the SRA fee was collected was in 2016-17. In 2017, Governor Brown signed AB 398 (E. Garcia, et al.), Chapter 135, Statutes of 2017, which suspended the fee until 2031. Instead, the revenue that would have been derived from the fee is now backfilled by the Greenhouse Gas Reduction Fund.

Wildland-Urban Interface (WUI). WUI is the geographical area where man-made structures and other human development meets or intermingles with wildland or vegetative fuels, and where wildfire problems are most pronounced. Wildfires frequently burn structures within the WUI, and wildfires are most difficult to fight there. A 2018 University of Wisconsin-Madison study found that over 11 million Californians live within the WUI, and approximately 4.5 million housing units.

Continued development in the WUI means that more people and property are located in areas prone to wildfires. For instance, between 2000 and 2012 (the most recent year for which data is available), the number of households in fire-prone areas grew from 2.6 million to 2.9 million (an 11 percent increase). To the extent that development continues in the WUI and pushes further into areas prone to wildfires, the risks to lives and property could continue to grow.

Major State Expenses Related to Wildfires. Over the last few fiscal years, mitigation and suppression expenses have ranged between \$2 billion to \$3 billion with fire suppression making up the bulk of expenses.

Major Wildfire Mitigation and Suppression Expenditures

Category	2017-18 (in thousands)	2018-19 (in thousands)	2019-20 (in thousands)
Mitigation	311,105	360,904	439,333
Fire Suppression	1,826,403	2,610,453	2,217,399
CalFire Capital Outlay	23,313	106,322	87,153
TOTAL	2,160,821	3,077,679	2,743,885

Source: LAO.

CalFire: Wildfire Prevention Activities. CalFire provides resource management and wildland fire protection services. CalFire operates 234 fire stations and also staffs local fire departments when funded by local governments. CalFire contracts with county agencies in six counties to provide wildland protection services.

CalFire's resource management and fire prevention programs include: forest and vegetation treatments, wildland pre-fire engineering, land use planning, education and law enforcement. The purposes of these activities are to reduce the number of fire starts, create more fire resistant and defensible communities, and reduce the overall intensity of wildfire. Typical projects include: forest thinning, vegetation clearance, prescribed fire, defensible space inspections, emergency evacuation planning, fire prevention education, fire hazard severity mapping, and fire-related law enforcement such as fire cause investigation and civil cost recovery for negligently started fires.

CalFire Wildfire Prevention Activities

Fiscal Year	Prescribed Burns (Acres)	Defensible Space Inspections (Number of Inspections Performed)
2019-20 <i>(July 1, 2019 to Nov. 30, 2019)</i>	12,747	105,113
2018-19	31,305	204,341
2017-18	19,413	217,666

CalFire and the Emergency Fund (E-Fund). According to CalFire, the department’s base budget, through its main budget item, pays for initial attack fires, which are fires that can generally be contained and controlled by the next morning. CalFire has a separate funding source, the E-Fund, to pay for extraordinary fire suppression costs when fires cannot be contained and controlled by the next morning. These fires are generally referred to as extended attack and major incidents, which are the fires that are given proper names such as the Thomas and Camp fires. The E-Fund pays for these types of fire suppression costs, which are unbudgeted costs, such as:

- Overtime for CalFire firefighters to work beyond their existing 72-hour shifts (base budget) to fight the fires;
- Overtime costs for the people who fill in and cover the required shift for the person at the incident;
- Hiring local government to help fight the fire;
- California Department of Corrections and Rehabilitation and California Conservation Corps costs for fire crews;
- Costs to create the Incident Base and for its operation; to feed all incident personnel; and,
- Contracted aircraft, dozer, water tender, and other fire suppression vendors.

According to CalFire, the E-Fund also pays for additional fire detection capability to retain minimum initial attack capability during extreme fire conditions, to minimize the greater costs caused by fires escaping initial attack (which is commonly referred to as pre-positioning, where CalFire strategically locates fire suppression assets in advance of predictive weather conditions). It may also be used on a reimbursable basis for assistance-by-hire (for fire emergencies), typically when the federal government agencies, such as the US Forest Service and/or Bureau of Land Management request for CalFire to fight fires on the land that is under their management and financial responsibility.

An initial E-Fund appropriation is included in the annual budget act. CalFire then submits to the Legislature and the Department of Finance (DOF) quarterly actual and projected full year expenditure information for review and approval. DOF may augment the budget for the projected full year expenditure amount, once the Legislature has approved the quarterly letter, no sooner than 30 days after it is submitted, unless an earlier approval is requested.

Wildfire Incidents 2013-2019. The following table is a summary of all wildfire incidents, including those managed by CalFire and other partner agencies over the past seven years.

Number of Wildfires and Acres Burned

Year	Incidents	Acres	Fatalities	Structures Damaged or Destroyed
2019	7,860	259,823	3	732
2018	7,639	1,963,101	100	24,226
2017	9,270	1,548,429	47	10,280
2016	6,954	669,534	6	1,274
2015	8,283	880,889	7	3,159
2014	7,233	625,540	2	471
2013	9,907	601,625	1	456

Source: CalFire.

As shown above, while there was a significant spike in the number of acres burned in 2017 and 2018, the acres burned in 2019 is notably lower than all of the previous six years.

The following chart includes key wildfire- and emergency-related augmentations provided in recent years.

California Department of Forestry and Fire Protection (CalFire)
✓ Blackhawk Helicopters. \$315 million one time (General Fund) over a few years beginning in 2018-19 to replace all 12 of CalFire's helicopters, and \$14 million ongoing to support increased maintenance and staffing associated with the helicopters.
✓ Forest Health and Fire Prevention Grants. \$165 million annually (Greenhouse Gas Reduction Fund [GGRF]) for five years beginning in 2019-20 for forest health and fire prevention grants (required by Chapter 626 of 2018 [SB 901, Dodd]).
✓ 13 Year-Round Fire Engines. About \$40 million (mostly General Fund) in 2019-20 to purchase and staff 13 additional fire engines on a year-round basis. Includes \$8.3 million (one time) to purchase the fire engines and \$32.6 million ongoing for 131 positions.
✓ Prescribed Fire Crews. \$35 million annually (GGRF) for five years beginning in 2019-20 for ten dedicated prescribed fire crews (required by SB 901).
✓ Innovative Procurement. \$15 million one time (General Fund) in 2019-20 for CalFire to work with vendors to test proofs of concept for various potential firefighting technology solutions.
✓ Air Tankers. \$13 million ongoing (General Fund) beginning in 2019-20—increasing to \$50 million upon full implementation in 2023-24—for contract funding for flight crews, maintenance parts and logistics, and 50 additional positions to operate and maintain seven C-130 air tankers that CalFire expects to receive from the federal government.
✓ Heavy Fire Equipment Operator Staffing. \$10.6 million ongoing (General Fund) beginning in 2019-20 for 34 additional heavy fire equipment operators to operate bulldozers.

Issue 329: Modification of Fire Protection Enhancements: Relief Staffing

Governor's Proposal. The Governor's Budget proposed an increase of \$142.6 million (\$135.1 million GF) and 555 positions, phased in over five years, including \$93.4 million (85.7 million GF) and 294 positions in 2020-21 for additional firefighting staff to provide CalFire additional firefighting staff to provide CalFire operational flexibility throughout the fire year based on fire conditions, support necessary relief for firefighting personnel, and improve employee health and safety.

The May Revision retains the January relief staffing augmentation for CalFire with some modifications. Under the revised proposal, the 2020-21 budget would provide a total of \$85.6 million (General Fund) including: (1) \$44 million for seasonal firefighters and surge capacity that will be available for the 2020 fire season, (2) \$34 million to hire 172 new state staff positions that will come on board in the fall of 2020, and (3) \$7.5 million to augment contract counties. Under the proposal, the augmentations would increase and phase in over five years before reaching a total of 493 new positions and \$135 million in 2024-25 and ongoing.

Background. *Please see "Wildfires Background Information" above.*

LAO Comments. As a result of low precipitation and adverse forest health conditions, it is possible that the state could experience some particularly severe wildfires in the coming months. Given these conditions, it may be reasonable to augment CalFire's fire response capabilities. However, given that the proposal is a significant increase in ongoing General Fund spending over the current levels, the Legislature will want to consider whether such an augmentation fits into its priorities given proposed spending reductions in other areas of the state's budget. If the Legislature finds that augmenting CalFire is a priority, it could consider options to modify the Governor's proposal to reduce General Fund spending in 2020-21 and/or limit ongoing funding commitments, given the significant uncertainty around the state's fiscal situation and future economic conditions. For example, the Legislature could approve funding on a one-time basis, such as approving only the proposed seasonal firefighters and surge capacity resources in 2020-21 as these resources will provide the most immediate benefit to the state's ability to combat wildfires this season. In order to reduce the ongoing financial commitment relative to the Governor's proposal, the Legislature could approve an alternative, such as providing the full augmentation proposed for 2020-21 but deferring its decision on the additional out-year augmentations until next year when more information is known about the state's multi-year fiscal condition.

Staff Recommendation. Approve \$85.6 million and 172 positions, as proposed in 2020-21 and on an ongoing basis. Reject augmentations above \$85.6 million and 172 positions proposed to begin in 2021-22 and beyond.

Issue 330: Innovation Procurement Sprint (New Request for MR)

Governor’s Proposal. The May Revision proposes \$4.355 million GF in 2020-21, \$7.6 million ongoing, and 24 positions to implement the FireSIM and FireCAST technologies that were identified by CalFire, in collaboration with the California Department of Technology (CDT) and Department of General Services, as innovative and sustainable solutions that address the state’s challenges with severe wildfires.

The proposal will enable CalFire to implement a new technology that was procured through the Innovation Procurement Sprint process initiated by Executive Order N-04-19. The recently executed contract will enable CalFire to access a wildfire predictive software program that can perform hundreds of millions of simulations daily, over large geographic areas, and generate predictions and wildfire forecasts based on simulated or actual/reported ignition points throughout the state. The output from this software program will be used to inform fire suppression operations and tactics, with the intent to more readily control and contain wildfires, and to protect people and assets at risk.

Background. *(Please see “Wildfires Background Information” above.)* The Budget Act of 2019 appropriated \$15 million for the evaluation, procurement, and implementation of selected innovative technologies. 131 Innovation Concept Papers were submitted, two of which were selected to move forward into the Proof of Concept phase. Observation and assessment of Proof of Concept occurred during the deployment period in Fall 2019. Technosylva delivered basic FireSIM and FireCAST training to select CalFire personnel, including the Fire Behavior Analysts (FBANs). FBANs employed the technologies to evaluate incidents in real time during the Proof of Concept period, allowing CalFire to field test the technologies and put them into productive use during the deployment period. CalFire has entered into a contract with Technosylva for licensing of their FireSIM and FireCAST technologies.

CalFire has a total of 21 Emergency Command Centers (ECCs) throughout the state. The primary function of the ECC is the receipt and processing of 911 calls and subsequent dispatching of emergency response equipment. The ECCs are supported by two Operations Coordination Centers (OCCs), the primary function of which is coordination, assignment, and tracking of resources and aircraft region-wide. The requested positions will be located within, or in close proximity to, the ECCs and OCCs, as it will allow them to quickly validate and interpret information, and complete an assessment of the fire prediction and progression modeling produced by FireSIM and FireCAST programs. The information will be routed through CalFire Command and Control chain, which will then inform initial attack and extended attack decisions on suppression of the wildfire incident. This data will be shared with other state emergency response entities to enhance the state’s overall capacity to prepare for and respond to wildfires.

LAO Comments. This proposal to support the procurement of new software to predict fire behavior appears promising. In testing the proof of concept of the technology last fall, the department found the technology to be valuable, which prompted CalFire to enter into a three-year contract to license the use of the software. However, the reports on the outcomes of the proof of concept testing have not yet been provided to the Legislature. The Legislature will want to make sure it has an opportunity to review the reports detailing the outcomes of the proof of concept testing before providing ongoing augmentation to CalFire’s budget.

Staff Recommendation. Approve as proposed.

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

Issue 331-341: DFW 2020 May Revision General Fund State Operations Budget (New Request for MR)

Governor's Proposal. The Governor's Budget proposed significant new General Fund investments in DFW's budget to address service-based budget gaps and advance core priorities in modernization, biodiversity, and regulatory efficiencies to protect and preserve California's natural resources. DFW's proposed state operations General Fund expenditures in the Governor's Budget totaled \$171.5 million, which represented a \$43.6 million increase compared to the 2019 Budget Act (\$128 million).

The May Revision proposes various changes to DFW's Budget that results in a proposed \$118.7 General Fund State operations budget for the department in 2020-21, which represents a \$9.3 million (7.2 percent) reduction compared to the 2019 Budget Act (\$128 million). DFW will use preliminary results from the department's Service-Based Budget to help determine general funded programmatic areas that will be reduced.

The May Revision includes several components:

	Governor MR (in millions)
2019-20 DFW GF Baseline Funding	128
January Proposed GF	171
Withdraw January proposals	-38.9
Fund "Cutting Green Tape" proposal	4
Fund land management proposal	2.2
Trigger cut to baseline Funding	-33.7
Use HCF to help offset cuts*	18.9
Withdraw funding for chaptered legislation	-5.7
Settlement	0.4
TOTAL DFW GF	118.7

*Governor proposes making HCF shift permanent.

The above table shows cuts to DFW by \$9 million compared to Current Year (2019-20), but the programmatic impact is more like \$15 million because of needing to accommodate \$6.2 million in new programs.

More specifically, the chart below shows the individual items that make up this proposal.

Issue	BU	Department	Title	General Fund	Special Fund	PYs	Staff Comments
331	3600	Department of Fish and Wildlife	Withdrawal of Proposed Water Transfers from Groundwater Basins Underlying Desert Lands (SB 307)	-420,000	--	-2.0	The GB proposed two positions, \$420,000 GF in 2020-21 and \$400,000 ongoing to evaluate potential impacts to fish and wildlife and their habitats from proposed water transfers from groundwater basins underlying desert lands in San Bernardino County and to provide consultation with the State Lands Commission.
332	3600	Department of Fish and Wildlife	Withdrawal of Freshwater and Estuarine Harmful Algal Bloom Program (AB 834)	-214,000	--	-1.0	The GB proposed one position, \$214,000 GF in 2020-21 and \$202,000 in 2021-22 ongoing, to address the workload addressing harmful algal blooms and protecting water quality and public health.
333	3600	Department of Fish and Wildlife	Withdrawal of Streamlined Temporary Permit and Temporary Change Order Water Permitting for Groundwater Sustainability Implementation (AB 658)	-1,119,000	--	-5.0	The GB proposed five positions, \$1.119 million GF in 2020-21 and \$1.059 million ongoing to fund activities associated with a new streamlined temporary permit and temporary charge order water permitting process to support groundwater storage. TBL requires the State Water Resources Control Board, in setting a specified fee schedule, to include an amount estimated by the board, in consultation by the Department of Fish and Wildlife, necessary to

							recover costs incurred by the department.
334	3600	Department of Fish and Wildlife	Withdrawal of Camp Fire Assistance Act of 2019 Implementation (AB 430)	-275,000	--	-1.0	The GB proposed one position, \$275,000 GF in 2020-21 and \$220,000 ongoing to support increased workload in the Environmental Review and Permitting program.
335	3600	Department of Fish and Wildlife	Withdrawal of Statewide Bobcat Management (AB 1254)	-2,742,000	--	0.0	The GB proposed funding for staff, field equipment, and vehicles to design and implement a statewide monitoring to assess bobcat populations as well as to develop a bobcat management plan and implement the state bobcat management program. AB 1254 prohibits the hunting of bobcats, effective January 1, 2020. The prohibition will remain in place until DFW completes a bobcat management plan and the California Fish and Game Commission authorizes the reopening of bobcat hunting seasons.
336	3600	Department of Fish and Wildlife	Withdrawal of Stream Gaging Plan (SB 19)	-24,000	--	--	The Department of Water Resources, State Water Resources Control Board, Department of Fish and Wildlife , and Department of Conservation requested funding in

							GB of \$1.575 million to develop a plan to deploy a network of stream gages. The Plan will address significant gaps in information necessary for water management and the conservation of freshwater species.
337	3600	Department of Fish and Wildlife	Withdrawal of Law Enforcement Use of Deadly Force: Policy and Training Update (AB 392/SB 230)	-883,000	--	-2.0	The GB proposed \$2.742 million GF in 2020-21 and \$2.389 million GF in 2021-22, to fund staffing, field equipment, and vehicles to design and implement a statewide monitoring plan to assess bobcat populations.
338	3600	Department of Fish and Wildlife	Modification of Advancing Biodiversity Protection, Operational Modernization, and Regulatory Efficiencies	-32,651,000	0	-53.0	The MR decreases Item 3600-001-0001 by \$32.651 million and 53 positions to reduce the level of resources requested in GB. This modified proposal prioritizes land management activities and an initiative to cut green tape.
339	3600	Department of Fish and Wildlife	Baseline Funding Reduction	-33,704,000	—	—	The MR decreases Item 3600-001-0001 by \$33.704 million to reduce the department’s state operating funding. It is also requested that provisional language be added to authorize the department to transfer funds between schedules with the Department of Finance’s approval to allow for additional flexibility to address priority needs.
340	3600	Department of Fish and Wildlife	Transfer from the General Fund to the Biodiversity Protection Fund per pending legislation	18,851,000	18,851,000	—	The MR adds 3600-012-001 in the amount of \$18.851 for an expenditure transfer to the new Biodiversity Protection Fund. It is also requested that Item 3600-002-

							3374 be added in the amount of \$18.851 to reflect an expenditure to support the department’s Biodiversity Conservation and Enforcement Programs. This proposal includes trailer bill language to establish the Biodiversity Protection Fund and make this an annual General Fund transfer.
341	3600	Department of Fish and Wildlife	Federal Endangered Species Act Litigation Attorney’s Fees	344,000	—	—	The MR increases Item 3600-001-0001 (GF) to pay for one-time attorney’s fees related to federal Endangered Species Act litigation.

Background.

The May Revision proposes:

- Statutory changes to establish the Biodiversity Fund and require an annual General Fund transfer of \$18.9 million to support biodiversity conservation and enforcement activities, including: (1) conservation, protection, and management of non-game fish, wildlife, and native plants for the maintenance of biologically sustainability populations of those species, (2) protection and enhancement of California’s non-game fi and wildlife and their habitat, and (3) enforcement compliance with laws and regulations protecting fish and wildlife resources. This proposal offsets the proposed baseline reduction and assumes sunset of the Habitat Conservation Fund as proposed in the Governor’s Budget.
- Sustains \$6.2 million proposed in the Governor’s Budget including: \$4 million to increase the scale and pace of restoration work, incorporate efficiencies into grant programs, and incorporate the use of programmatic permitting options; and \$2.2 million to improve the management of more than one million acres of wildlife areas and ecological reserves owned by DFW.

LAO Comments. *Baseline Reduction and Creation of New Programs.* The May Revision proposal: (1) includes a \$33.7 million baseline cut to biodiversity conservation activities that would be triggered off if the state receives sufficient federal funds, (2) maintains the January proposal to shift \$18.9 million from the Habitat Conservation Fund (HCF) at the Wildlife Conservation Board (WCB) but would use it to partially offset the effects of the trigger cut rather than to expand programs, and (3) withdraws most of the January augmentation proposals but maintains \$6.2 million for expanded efforts related to “cutting green tape” (\$4 million) and management of DFW lands (\$2 million). Assuming the trigger cuts are implemented, the net effect of these proposals would be that DFW would have to make about a \$15 million reduction to its existing biodiversity

conservation activities. While the new activities proposed have merit, the Legislature may want to consider whether it wants to approve creation of new programs while reducing baseline funding that could impact existing services. If it wanted to minimize impacts to existing services, one option the Legislature could consider would be to reject the augmentation proposal and decrease the proposed trigger cut by an equivalent amount. In addition, given concerns about long-term impacts to WCB's conservation programs, the Legislature could adopt the HCF fund shift on a limited term rather than permanent basis to sustain DFW's existing programs until the state's fiscal conditions improve.

Staff Comments. *Habitat Conservation Fund.* Proposition 117, passed by voters in 1990, established HCF. The proposition required an annual transfer of \$30 million GF into the fund until the year 2020 and specified how the moneys were to be expended for acquiring, restoring, and enhancing habitat necessary to protect wildlife and plant populations, especially deer, mountain lions, rare, endangered, threatened or fully protected species, wetlands, riparian and aqua it habitat. The Budget Act of 2019 extended the HCF 2020 sunset date to 2030.

According to Legislative Counsel, the HCF trailer bill language to roll back the sunset date would require a 4/5 vote by the Legislature. The determination rests on whether the Legislature's action to extend the HCF sunset in SB 85 last year fundamentally changed the rules such that future actions would no longer be subject to the rule so Proposition 117. According to Legislative Counsel, since Proposition 117 explicitly included language to allow the Legislature to extend the sunset, the action taken last year does not change the rules of Proposition 117. In other words, that action was still operating within the confines of Proposition 117. However, the roll back is not just "amending statute" but rather amending the proposition itself, which requires a 4/5 vote by the Legislature.

Staff Recommendation. Hold open.

3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

Issue 342: Parks: Backfills and Budget Cuts

Governor’s Proposal. Backfill. The budget includes \$150 million General Fund (in the 9901 budget item) to backfill the State Parks and Recreation Fund (SRPF) because of reduced fee and concession revenues into SPRF as a result of park closures implemented in response to the COVID-19 pandemic. This amount includes \$50 million in 2019-20 and \$100 million in 2020-21.

Trigger Cut. The budget summary discusses an ongoing unallocated reduction of \$30 million (General Fund) to the Parks baseline budget beginning in 2021-22. The summary also states that this reduction would be “triggered off” if the state receives sufficient additional federal stimulus funds.

Background. Restorations Trigger Related to Federal Funds. The May Revision includes Control Section 8.28 to authorize allocations of additional federal funds received by the state to specified departments or programs that were reduced as part of the 2020 Budget. Resources-related departments affected by this trigger are: Department of Fish and Wildlife, Department of Parks and Recreation, Department of Food and Agriculture, and Wildlife Conservation Board.

LAO Comments. General Fund Backfills. There is significant uncertainty around the actual amount of reduced SPRF revenues that will occur, largely due to ongoing uncertainty about the timing of when parks will reopen and begin generating fee and concession revenue. Consequently, the actual amount of General Fund backfill needed is unknown at this time. (In addition, SPRF receives revenues from fuel taxes, which are also projected to decline in both the current year and budget year.) More information might be available in the coming weeks that will allow the Legislature to adopt a more refined estimate of the level of General Fund backfill necessary to maintain existing operational levels for Parks. If it appears that a lower level of backfill may be needed, that could potentially free up General Fund resources to meet other priorities in 2020-21.

2021-22 Trigger Cut. The budget summary discusses an ongoing unallocated reduction of \$30 million (General Fund) to the Parks baseline budget beginning in 2021-22. The summary also states that this reduction would be “triggered off” if the state receives sufficient additional federal stimulus funds. However, other budget documents do not appear consistent with this description of the proposal. Accordingly, at the time of this analysis, the details of the proposed trigger cut to Parks are unclear, and the LAO is attempting to get additional clarification of the administration’s intent and the mechanics of how the proposal would be incorporated in the budget. The Legislature will want to ensure it has the full details of the proposal before taking any action. In addition, to the extent that the proposal includes an ongoing funding reduction for Parks, the Legislature will want to understand how the administration would implement the cuts, such as whether it would result in reduced services levels and operational hours at state parks throughout the state. The Legislature will want to weigh these potential operational implications of a baseline funding reduction to Parks against its other budgetary priorities. In addition, if the proposal includes a trigger off for the Parks reduction if federal stimulus funds are received, the Legislature will want to understand how these one-time funds will be allocated.

Staff Comments. If the Legislature approves this proposal, it may be prudent to clarify the proposal and provide trailer bill language showing the

intent of the Administration's proposal for the cuts being made in 2021-22 (Budget Year+1) and establish Legislative priorities for what a process for determining how to implement funding reductions would look like. For example, the process for determining how to implement funding reductions may include: consulting with key stakeholders, considering regional and geographic equity, considering Legislative priorities, evaluating revenue options, and submitting a plan on how to make the reductions.

Staff Recommendation. Approve General Fund backfill. Hold open trigger cut.

3860 DEPARTMENT OF WATER RESOURCES (DWR)**Issue 343: Sustainable Groundwater Management Act (SGMA) Implementation (Withdrawal)**

Governor's Proposal. The Governor's Budget proposed \$39.6 million GF in 2020-21, \$11.2 million GF in 2021-22, and \$16.3 million GF ongoing to fund 37 new positions to enable DFW to fulfill both roles assigned to it by SGMA: (1) regulatory role — establish the regulations for how a Groundwater Sustainability Plan (GSP) must be prepared and assess the GSPs likelihood of achieving sustainability, and (2) assistance role — assist locals prepare and implement a GSP that will bring groundwater levels back into balance through technical and planning support. The request also included \$30 million one-time GF local assistance for grants to support economic mitigation planning and/or implementation projects across critically over-drafted basins.

The May Revision rescinds the January proposals to provide (1) \$30 million one-time General Fund to provide grants to local groundwater sustainability agencies (GSAs) for SGMA implementation, and (2) \$9.6 million ongoing General Fund for 37 positions to support GSAs in implementing SGMA and to review groundwater sustainability plans.

Background. SGMA. SGMA requires governments and water agencies of high and medium priority basins to halt overdraft and bring groundwater basins into balanced levels of pumping and recharge. Under SGMA, these basins should reach sustainability within 20 years of implementing their sustainability plans. For critically over-drafted basins, that will be 2040. For remaining high and medium priority basins, 2042 is the deadline.

LAO Comments. While this is consistent with the Governor's overarching approach of withdrawing most January proposals for program expansions, the LAO has some concerns about how this will affect SGMA implementation. Effective implementation of SGMA is key to statewide water management objectives, and the coming years represent an important phase of the process as GSAs are beginning to submit plans for DWR to review and beginning to apply sustainability actions. Bond funds can be used instead of General Fund for local assistance; the Legislature already appropriated \$88 million from Proposition 68 for SGMA implementation grants in 2019-20 that DWR has not yet allocated to GSAs. However, without additional funding for state operations to replace expiring limited-term funds, DWR will have to reduce the number of existing staff working on SGMA by roughly 30 positions (nearly 25 percent) at a time that the department's oversight responsibilities are increasing. The Legislature may want to consider providing some portion of the January proposal for state operations (\$9.6 million General Fund) to ensure DWR can effectively implement this key state priority.

Staff Recommendation. Approve the MR proposal to withdraw of \$30 million GF one-time to provide grants to local GSAs for SGMA implementation. Reject the MR proposal to withdraw \$9.6 million GF ongoing.

3900 AIR RESOURCES BOARD (ARB)

Issue 344: Cap-and-Trade Auction Platform and Market Registry Databases (New Request for MR)

Governor's Proposal. The MR requests incremental increase of \$21.1 million (\$5.3 million in BY) Cost of Implementation (COI) Account phased in over five years for membership services from the Western Climate Initiative, Inc.. This request includes provisional language to allow ARB to provide advance payment of up to 25 percent of quarterly membership costs to WCI, Inc.

Background. WCI, Inc. provides administrative and technology support to implement the state's Cap-and-Trade (C&T) program. The request for additional resources to cover an increase in membership costs reflects the costs to maintain the existing auction platform and market registry systems, while simultaneously building more secure and flexible systems, the market auction platform (MAP) and the Compliance Instrument Tracking System Service (CITSS). MAP and CITSS are the original C&T implementation systems designed in 2010. Both systems face a number of risks such as decreased performance that requires jurisdictions to make operational changes to compensate for system deficiencies as well as unsustainable development and maintenance cost increases. The existing contracts with the service providers for the MAP and CITSS applications expire within the next two years, providing an opportunity to transition to a new integrated platform.

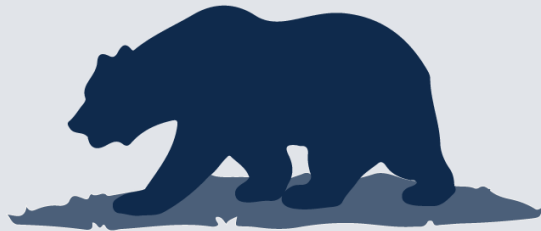
LAO Comments. Although the proposed IT project might be reasonable, the administration has provided only limited information about the analysis used to estimate the costs of the IT project and the alternatives evaluated. We are awaiting additional information about this analysis and will update the Legislature if we identify any concerns. Furthermore, state IT projects of this magnitude would typically be subject to review and oversight by the Department of Technology. However, since the system is being purchased by the Western Climate Initiative (a non-profit entity), the Department of Technology will not be overseeing the project and, as a result, the project will not be subject to the usual level of state oversight. To ensure the Legislature has adequate oversight over the project and the use of state funds, it might want to consider adopting budget bill language that requires CARB to report on (1) the initial cost, schedule, and scope of the project once procurement is complete; (2) the development and implementation of the project once underway; and (3) any changes in the initial cost, schedule, and scope during development and implementation.

Staff Comments. Much like updating the technological systems will improve support of the C&T program, it may be prudent to consider other updates to the program as well.

Staff Recommendation. Approve as proposed and add an appropriation of \$200,000 COI Account and budget bill language requiring ARB to conduct a rulemaking to consider improvements to the Cap-and-Trade Program, including but not limited to the following: raising the floor price; adjusting the price collar; developing annual banking metrics to measure allowance and offset holdings in private, governmental holding and reserve accounts; developing rule-based approaches for adjustments to allowance supply on an automatic basis that can be anticipated by market participants; developing a method for calculating the number of unused compliance instruments at the end of each

compliance period, but well in advance of reporting results. This rulemaking must be completed by March 1, 2021. Add trailer bill language stating that this rulemaking will be consistent with existing laws but exempts any regulation adopted as a result of the consideration from the Administrative Procedure Act. Trailer bill language will also require ARB in its consideration to provide adequate public participation.

Overview of the Governor's May Revision Proposals for Resources and Environmental Programs



Presented to:

**Senate Budget and Fiscal Review
Subcommittee No. 2 on Resources,
Environmental Protection, Energy and Transportation**

May 24, 2020

Legislative Analyst's Office

Reduction in Proposed Spending Compared to January

State Spending Under Governor's 2020-21 Budget Plans^a

(In Millions)

Agency	January Budget	May Revision	Change
Transportation	\$21,981	\$21,415	-\$566
Natural Resources	6,804	6,906	102
Environmental Protection	3,944	3,928	-16
Public Utilities Commission	1,599	1,608	9
Food and Agriculture	480	457	-23
Totals	\$34,807	\$34,312	-\$495

^a Excludes federal funds and reimbursements.

General Fund Solutions— Expenditure Reductions

Key General Fund Expenditure Reductions in May Revision

(In Millions)

Department	Issue	Governor's Budget	May Revision	Change	LAO Comments
CNRA	Light Detection and Ranging (LiDAR) data	\$80.0	—	-\$80.0	Withdrawn augmentation. Recommend approval given General Fund condition.
DTSC	Shift expenditures from General Fund to APCF for base costs, bond costs, new board, and other programs	47.0	—	-47.0	APCF can accommodate these fund shifts on one-time basis but has structural deficit.
Parks	Shift deferred maintenance from General Fund to Proposition 68	—	-\$44.3	-44.3	Recommend approval. Bond funds available for projects.
DWR	Tijuana River water quality issues	35.0	—	-35.0	Withdrawn augmentation. Recommend approval given General Fund condition.
CDFW	Trigger cut to Biodiversity Conservation program	—	-33.7	-33.7	Would be partially offset by \$18.9 million proposed HCF transfer from WCB.
CDFA	Reduce Fresno-Merced Innovation Corridor	33.0	2.0	-31.0	Recommend reduction given General Fund condition.
CalFire	Reversion of previously approved capital outlay appropriations (multiple projects)	—	-30.9	-30.9	Withdrawn previous project appropriations. Recommend approval given General Fund condition.
DWR	Implement Sustainable Groundwater Management Act	30.0	—	-30.0	Withdrawn augmentation. Recommend approval given General Fund condition.
CalFire	Withdrawal of capital outlay proposals	38.5	8.7	-29.8	Withdrawn augmentations. Recommend approval given General Fund condition.

(Continued)

General Fund Solutions— Expenditure Reductions

Continued...

Department	Issue	Governor's Budget	May Revision	Change	LAO Comments
SWRCB	General Fund expenditure shift to APCF	24.0	—	-24.0	APCF can accommodate fund shifts on one-time basis but has structural deficit.
Parks	Outdoor Environmental Education Grant program	20.0	—	-20.0	Withdrawn proposal. Reasonable given General Fund condition.
CDFW	Biodiversity Conservation program augmentation	20.0	—	-20.0	Withdrawn augmentation. Recommend approval given General Fund condition.
CDFA	State Water Efficiency and Enhancement Program grants	20.0	—	-20.0	Withdrawn augmentation. Recommend approval given General Fund condition.
CalFire	Mobile equipment replacement	19.0	—	-19.0	Withdrawn augmentation. Recommend approval given General Fund condition.
DTSC	Fund shift for Stringfellow Superfund site	—	-17.3	-17.3	APCF can accommodate fund shifts on one-time basis but has structural deficit.
Parks	New state park	20.0	5.0	-15.0	Reject May Revision amount. Unclear what site would be purchased and likely will commit state to future capital improvement and operating costs.
CDFA	Withdrawal of two border protection station replacements projects	13.4	—	-13.4	Withdrawn augmentations. Recommend approval given General Fund condition.
Transportation	Reversion of legislative priority projects approved in current year (multiple projects)	—	-11.3	-11.3	Withdrawn appropriations. Weigh against other legislative priorities. (Savings estimated based on information from Caltrans.)
CalFire	Direct mission support	10.8	—	-10.8	Withdrawn augmentation. Recommend approval given General Fund condition.

General Fund Solutions— Special Fund Loans and Transfers

Proposed Transfers and Loans From Special Funds to General Fund		
<i>(In Millions)</i>		
Department	Fund	2020-21 Amount
Transfers		
Transportation	State Highway Account, State Transportation Fund	\$130.5
Parks	Natural Resources and Parks Preserve	95.3
Transportation	Traffic Congestion Relief Fund	32.0
Subtotal, Transfers		(\$257.8)
Loans		
SWRCB	Underground Storage Tank Cleanup Fund	\$500.0
CPUC	Universal Lifeline Telephone Service Trust Fund	300.0
CPUC	California High-Cost Fund-B Administrative Committee Fund	60.0
CPUC	California Advanced Services Fund	60.0
SLC	School Land Bank Fund	32.0
CDFW	Oil Spill Response Trust Fund	30.0
CEC	Alternative and Renewable Fuel and Vehicle Technology Fund	25.0
SWRCB	Site Cleanup Subaccount	25.0
Transportation	Local Airport Loan Account	21.8
CEC	Renewable Resource Trust Fund	20.0
CalRecycle	Electronic Waste Recovery and Recycling Account, Integrated Waste Management	20.0
CNRA	Environmental Enhancement and Mitigation Program Fund	17.0
DOC	Hazardous and Idle-Deserted Well Abatement Fund	10.0
DOC	Strong-Motion Instrumentation and Seismic Hazards Mapping Fund	5.4
CEC	Diesel Emission Reduction Fund	4.0
CalRecycle	Solid Waste Disposal Site Cleanup Trust Fund	4.0
CEC	Energy Technologies Research, Development, and Demonstration Account	3.0
CalFire	California Hazardous Liquid Pipeline Safety Fund	3.0
CalFire	Forest Resources Improvement Fund	2.8
Subtotal, Loans		(\$1,143.0)
Total, Transfers and Loans		\$1,400.8

General Fund Augmentations

Significant General Fund Augmentations in Governor's Budget Plan

(In Millions)

Department	Issue	2019-20	2020-21	LAO Comments
Parks	Backfill of fees and other revenues	\$50.0	\$100.0	Backfill likely necessary due to anticipated revenue reductions. Exact amount needed is unknown.
CDFA	Support for fairgrounds	40.3	—	No concerns with augmentation which likely is necessary given certain operating costs and anticipated revenue reductions. Recommend reporting language regarding fiscal health of fairs.
CalFire	Relief staffing	—	85.6	Significant augmentation. Will want to weigh against other General Fund priorities. Could consider options to reduce budget-year or out-year costs.
DWR	American River Common Features project	—	46.0	No concerns. This project leverages significant amount of federal funds.
DWR	New River Improvement project	—	18.0	Approach is somewhat inconsistent with other proposals in that it maintains General Fund for the new project. Could consider approving only the \$10 million in bond funds proposed.
CDFA	Farm to School Program	—	10.0	No concerns, though will want to weigh against other General Fund priorities. Program supports providing food to schools.
CDFW	"Cutting Green Tape" and land management expansions	—	6.2	Was proposed in January using shifted HCF funds rather than new General Fund. Unclear rationale for expanding programs while also cutting baseline services.

Issues for Legislative Consideration— General Fund Proposals

Proposed Expenditure Reductions Generally Reasonable. Most General Fund expenditure reductions maintain existing service levels by withdrawing proposals for new projects and program expansions, as well as shifting some costs to special funds.

Many Proposed General Fund Solutions Are One Time. Special fund loans, transfers, and shifts of costs to special funds provide one-time General Fund benefits. While reasonable to address the 2020-21 budget challenge, these solutions do not provide ongoing General Fund benefits to address what is projected to be a multiyear budget challenge.

May Revision Includes Some Baseline Cuts. Two significant ongoing reductions would be temporarily “triggered off” if sufficient federal funds are provided in 2020-21: (1) Department of Fish and Wildlife (\$33.7 million) and (2) Department of Parks and Recreation (\$30 million in 2021-22).

Certain Augmentations Reasonable, but Reflect Governor’s Priorities. The Legislature will want to ensure that the enacted budget plan—including any augmentations—reflects legislative priorities across the budget given limited General Fund revenues.

Significant Special and Bond Fund-Related Proposals

Cap-and-Trade Expenditure Plan. The Governor continues to propose \$965 million in “discretionary” expenditures from cap-and-trade auction revenues in 2020-21.

- The May Revision includes budget language to prioritize revenues towards certain programs—forestry and wildfire prevention, local air pollution reduction, safe and affordable drinking water, and agricultural equipment upgrades and replacement—if revenue is lower than budgeted.
- Given the reduction in economic activity and vehicle miles traveled, it is quite possible that cap-and-trade revenues will be lower than assumed. Establishing a mechanism to prioritize revenues is reasonable. There are different mechanisms that could be used, and the Legislature will want to ensure that its preferred programs are prioritized in the final expenditure plan.

Withdrawal of Two Major Climate Proposals. The administration has withdrawn January proposals to (1) send to voters a \$4.8 billion climate bond and (2) provide \$250 million from the General Fund for a new Climate Catalyst Fund.

Significant Special and Bond Fund— Related Proposals

Continued...

Retains New Oversight Board and Fee Structure for DTSC. The Governor continues to propose creation of a new oversight board for the Department of Toxic Substances Control (DTSC). The proposed budget plan also includes fee increases in 2021-22 to address ongoing structural deficits in two DTSC special funds, and the new board would set fees in subsequent years.

Accelerates Appropriations from Proposition 68 (2018). The May Revision proposes \$725 million in new appropriations from the natural resources bond approved by voters in 2018. This total is \$212 million greater than what was proposed in January, with most of this increase (\$151 million) for local parks grants.

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

SUBCOMMITTEE NO. 2

Agenda

Senator Bob Wieckowski (Chair)

Senator Brian Dahle

Senator Mike McGuire

Senator Bill Monning

Senator Henry Stern



Part A Outcomes

Transportation and Energy

Sunday, May 24, 2020

State Capitol - Senate Chambers

Consultant: James Hacker

TABLE OF CONTENTS

Vote-Only Calendar

Vote Only Calendar for Governor’s Budget Proposals from January Issues 1-26 Various Subjects	Pg. 1
Vote Only Calendar for Proposals Withdrawn from the January Budget Issues 27-48 Various Subjects	Pg. 22
Vote Only Calendar for Modifications to Budget Proposals from January Issue 49-51 Various Subjects	Pg. 35
Vote Only Calendar for New Administration Proposals Introduced in May Issue 52-71 Various Subjects	Pg. 38

Items for Discussion

2660 Issue 72	Department of Transportation Transportation Loans and Transfers	Pg. 53
3360 Issue 73	Energy Resource Conservation and Development Commission Building Initiative for Low-Emissions Development (BUILD) Program	Pg. 54
8660 Issue 74	California Public Utilities Commission Wildfire Proposals	Pg. 55
Issue 75	Study of Aliso Canyon	Pg. 57
Issue 76	CalSPEED Testing	Pg. 58

Vote - Only Calendar for Budget Proposals from Governor’s January Budget

Issue	Entity	Department	Subject	General Fund	Other Funds	Positions	Staff Comments	Staff Recommendation
1	2660	Department of Transportation	Continuation of Americans with Disabilities Act Infrastructure Program	--	1,000,000	--	The budget includes a permanent increase of \$1,000,000 from the State Highway Account (SHA) to fund the Americans with Disabilities Act (ADA) Infrastructure Program. The resources will be used for consultant contracts to continue implementing and administering ADA requirements per	Approve as Budgeted 5-0

							past court decisions.	
2	2660	Department of Transportation	Litter Abatement	--	31,835,000	--	The budget includes an increase of \$31,835,000 in 2020-21, increasing to a permanent increase of \$43,350,000 in 2024-25, all from the State Highway Account, for the Division of Maintenance to fund the Litter Abatement Program. Given the large and growing issue of litter on state	Approve as Budgeted 4-1

							right of way, it is generally reasonable to increase funding for abatement activities.	
3	2660	Department of Transportation	Highway Fund Shift	--	--	--	The budget includes a technical fund shift to balance Federal and state funds across the highway maintenance program.	Approve as Budgeted. 5-0
4	2660	Department of Transportation	Continuation of Proposition 1B Administrative Support	--	4,992,000	19.5	The budget includes funding to continue the administration of the workload associated with Caltrans' responsibilities under Proposition 1B. This includes 2020-21 funding for 19.5 positions	Approve as Budgeted. 5-0

							2021-22 funding for 18.5 positions.	
5	2665	High-Speed Rail Authority	IT Office Re-Structuring	--	2,634,000	15.0	The January budget included \$2.63 million and 15 permanent positions in 2020-21 and ongoing. These positions will continue the transition of day-to-day information technology (IT) operational activities from contractor resources to state employees.	Approve as Budgeted. 4-1

6	2720	Department of California Highway Patrol	California Cybersecurity Integration Center	977,000	--	4.0	The January budget requests four positions to implement CHP's role in the state Cybersecurity Integration Center as required by AB 2813. This proposal will be considered at a later date.	Reject without prejudice and defer consideration for a later date. 5-0
7	2720	Department of California Highway Patrol	Mandatory Relocation to Capitol Swing Space	--	1,111,000	--	The January budget included \$1.111 million in fiscal year 2020-21 from the Motor Vehicle Account for the costs associated with the mandatory relocation to the Capitol Swing Space building. All CHP operations within the State Capitol	Approve as Budgeted. 4-0

							Annex building and the CHP's Capitol Communications Center will be permanently relocated to the new Capitol Swing Space building.	
8	2720	Department of California Highway Patrol	Increase in Reimbursement Authority	--	4,040,000	--	The January budget included a permanent budget augmentation of \$4.040 million in reimbursement authority to provide protective services to the Department of Industrial Relations' (DIR) Division of Workers' Compensation (DWC) district offices statewide.	Approve as Budgeted. 5-0

9	2720	Department of California Highway Patrol	E-Cigarette Tax Enforcement	--	7,000,000	10.0	The January budget included 10 positions and a \$7 million permanent augmentation from the Electronic Cigarette Products Tax Fund in 2020-21 for the purposes of creating a task force charged with combatting illicit vaping devices and products. This proposal is dependent upon the passage of the Administration's proposed vaping tax. This proposal contains trailer bill language.	Hold Open. Hold Open
---	------	---	-----------------------------	----	-----------	------	--	--------------------------------

10	2720	Department of the California Highway Patrol	0001489 - Keller Peak: Area Office Replacement - COBCP/Reappropriation - C	0	1,819,000	--	The January budget included a reappropriation of \$1,819,000 from the Motor Vehicle Account for the construction phase of the Keller Peak Tower Replacement project. Delays in the completion of the working drawings phase necessitates a request for reappropriation of funding for the construction phase of this project. In January 2016, the CHP communications tower at Keller Peak collapsed due to its weight	Approve as Budgeted. 5-0
----	------	---	--	---	-----------	----	--	------------------------------------

							and metal deterioration caused by inclement weather.	
11	2740	Department of Motor Vehicles	Motor Voter Workload Resources	6,405,000	--	38.0	The January budget included 38 additional ongoing positions and \$6.4 million in 2020- 21, \$4.9 million in FY 2021-22, and \$4.1 million in 2022- 23 and ongoing for continued administration of the Motor Voter Program, all from the General Fund. under this proposal, fewer positions will be allocated to Motor Voter workload than are	Approve as Budgeted. 4-1

							currently budgeted. The DMV has indicated that it is requesting fewer new positions than it has been redirecting because it assumes it can achieve some efficiencies in processing time.	
12	2740	Department of Motor Vehicles	Eureka Field Office Relocation	--	2,971,000	--	The January budget included \$2,971,000 in 2020-21, \$685,000 in 2021-22, and \$719,000 in 2022-23 and ongoing for a new leased Eureka Field Office due to the loss of the lease at the current office.	Approve as Budgeted. 5-0

13	3360	Energy Resources Conservation and Development Commission	One-Time Expenditure Authority for Unspent Alternative and Renewable Fuel and Vehicle Technology Funds	--	51,000,000	--	The January budget included \$51 million in one-time expenditure authority from the Alternative and Renewable Fuel and Vehicle Technology Fund (Fund 3117) to increase and accelerate the deployment of Electric Vehicle (EV) charging infrastructure which will support increased Zero Emission Vehicle (ZEV) adoption and deployment in California. Due to its nexus with the states climate goals. This proposal should	Reject this proposal without prejudice and defer for consideration at a later date. 5-0
----	------	--	--	----	------------	----	--	--

							be considered with the broader Greenhouse Gas Reduction Fund.	
14	3360	Energy Resources Conservation and Development Commission	One-Time Expenditure Authority for Unspent Public Interest Energy Research Natural Gas Funds	--	8,100,000	--	The January budget includes \$8.1 million in unspent funds from the Public Interest Energy Research, Natural Gas Subaccount, to support research funding for energy efficiency, pipeline safety and methane emissions, small grants for natural gas technology entrepreneurs, and program administration. These funds are	Approve as budgeted. 5-0

							program reversions and interest earned on fund resources.	
15	3360	Energy Resources Conservation and Development Commission	Modernized Appliance Efficiency Database System	--	1,000,000	--	The January budget included \$1,500,000 in one-time contract funding to upgrade CEC's Modernized Appliance Efficiency Database System (MAEDbS). Upgrading the existing data structure will increase compliance with the appliance efficiency standards and improve enforcement of	Approve as Budgeted. 4-1

							the standards, helping to achieve the state’s greenhouse gas emission reduction goals.	
16	3360	Energy Resources Conservation and Development Commission	Cap and Trade Expenditure Plan: Climate Resilience Research, Regional Collaboration, and Implementation	--	1,000,000	--	The January budget included resources for CEC to participate in regional and statewide research efforts. While this research is laudable, this proposal should be considered along with the rest of the Greenhouse Gas Reduction fund proposals.	Reject this proposal without prejudice and defer for consideration at a later date. 5-0

17	3360	Energy Resources Conservation and Development Commission	Resources to Support Flexible Demand Appliance Standards (SB 49)	--	750,000	4.0	The January budget included funding for four positions to implement the requirements of SB 49 (Skinner), Chapter 697, Statutes of 2019, which directs the CEC to adopt appliance standards that promote the use of flexible demand technologies to assist with grid reliability through expanded capacity for flexible demand.	Approve as Budgeted. 4-1
----	------	--	--	----	---------	-----	--	------------------------------------

18	3360	Energy Resources Conservation and Development Commission	Energy Resources Programs Account Structural Deficit Relief	--	0	0.0	The January budget included a shift of \$1.65 million of eligible expenditures and 11.0 permanent positions from ERPA to other appropriate fund sources to preserve the Energy Program Resource Account fund balance.	Approve as Budgeted. 5-0
19	8660	Public Utilities Commission	Public Advocate's Office - Wildfire Prevention & Recovery Legislative Package Funding (SB 901)	--	2,635,000	14.0	This request would make permanent limited-term positions that were provided in 2019-20, as workload is ongoing.	Approve as budgeted. 5-0

20	8660	Public Utilities Commission	Communications Restoral	--	398,000	2.0	The January budget included funding support two permanent positions to report to the public, local governments and the PUC regarding restoral of communications facilities after natural and other disasters, and annually in a public formal report.	Approve as Budgeted. 5-0
21	8660	Public Utilities Commission	Lifeline	--	4,934,000	5.0	The January budget included five positions to track and implement the program's federal and state policy changes, oversight of the third-party	Approve as Budgeted. 4-0

							administrator, and to conduct a formal assessment of the Program and to conduct statewide marketing and outreach to increase program participation.	
22	8660	Public Utilities Commission	IT Services Division Support	--	2,261,000	14.0	The January budget includes 14 positions to expand PUCs IT functions and allow the organization to serve the growing Commission.	Approve as budgeted. 4-1
23	8660	Public Utilities Commission	Energy: Posting Rates and Programs (AB 1362)	--	1,021,000	3.0	The January budget included three positions and contract funding for the PUC to implement AB 1362 (O'Donnell),	Approve as Budgeted. 5-0

							Chapter 395, Statutes of 2019, which requires the CPUC to post, in a consolidated location on its website, residential electric rate tariffs and programs of Load Serving Entities (LSE) to enable comparison of rates, services, and environmental attributes.	
24	8660	Public Utilities Commission	Utilities Supplier Diversity Program (SB 255)	--	396,000	1.0	The January budget included one position to implement SB 255 (Bradford), Chapter 407, Statutes on 2019, which extended requirements of	Approve as Budgeted. 5-0

							the General Order (GO) 156 Utilities Supplier Diversity Program to community choice aggregators (CCAs), electric service providers, certain wholesale generators selling electricity to retail sellers, distributed energy resource contractors, and energy storage system companies.	
25	8660	Public Utilities Commission	Provider of Last Resort (SB 520)	--	770,000	4.0	The budget included four positions to implement SB 520 (Hertzberg), Chapter 408, Statutes of 2019, which requires CPUC to develop	Approve as Budgeted. 5-0

							processes, market rules, and oversight frameworks to monitor new provider of last resort responsibilities in the state's electricity market.	
26	8660	Public Utilities Commission	CA Lifeline: State Operations and Local Assistance Estimate	--	-73,297,000	--	Technical corrections to align the LifeLine programs budget authority with anticipated program demand.	Approve as Budgeted. 4-0

Vote-Only Calendar for Proposals Withdrawn from the January Budget

Issue	Entity	Department	Subject	General Fund	Other Funds	Positions	Staff Comments	Staff Recommendation
27	2720	Department of the California Highway Patrol	Withdrawal of 0000144 - CHPERS: Replace Towers and Vaults - COBCP - C	0	-10,208,000	--	This would delay the construction phase for two radio projects. Reduces MVA pressure in the budget year but delays project completion.	Approve withdrawal of the January proposal. 5-0
28	2720	Department of the California Highway Patrol	Withdrawal of 0000751 - Statewide Planning and Site Identification - COBCP - S A	0	-500,000	--	This would delay the site selection work needed to identify suitable parcels for future CHP field offices, and therefore delays the long-term replacement and modernization of the CHP's facilities.	Approve withdrawal of the January proposal. 5-0

29	2720	Department of the California Highway Patrol	Withdrawal of 0000629 - Quincy: Replacement Facility - COBCP - B	0	-38,112,000	--	The January budget included a proposal to fund the replacement of the Quincy area office using lease-revenue bonds. Withdrawing this proposal would preserve the out-year Motor Vehicle Account balance, but would also delay project completion.	Approve withdrawal of the January proposal. 5-0
30	2720	Department of the California Highway Patrol	Withdrawal of 0003851 - Baldwin Park: Area Office Replacement - COBCP - B	0	-43,137,000	--	The January budget included a proposal to fund the replacement of the Baldwin Park area office using lease-revenue bonds. Withdrawing this proposal would preserve the out-year Motor	Approve withdrawal of the January proposal. 5-0

							Vehicle Account balance, but would also delay project completion.	
31	2720	Department of the California Highway Patrol	Withdrawal of 0003852 - Santa Fe Springs: Area Office Replacement	0	-44,279,000	--	The January budget included a proposal to fund the replacement of the Santa Fe Springs area office using lease-revenue bonds. Withdrawing this proposal would preserve the out-year Motor Vehicle Account balance, but would also delay project completion.	Approve withdrawal of the January proposal. 5-0
32	2720	Department of the California Highway Patrol	Withdrawal of 0001487 - Gold Run: Area Office Replacement - COBCP - A	0	-1,370,000	--	This would delay the acquisition phase of the Gold Run area office project. Reduces MVA pressure in	Approve withdrawal of the January proposal. 5-0

							the budget year but delays project completion.	
33	2720	Department of the California Highway Patrol	Withdrawal of 0001488 - Humboldt: Area Office Replacement - COBCP - A D	0	-2,107,000	--	This would delay the acquisition and performance criteria phases of the Humboldt area office replacement project. The Humboldt office is one of the smallest in the CHP organization. Reduces MVA pressure in the budget year but delays project completion.	Approve withdrawal of the January proposal. 5-0
34	2740	Department of Motor Vehicles	Oxnard Field Office Swing Space	--	-60,000	--	Cancels the acquisition of functional swing space for the Oxnard Field Office. The replacement project is proposed for	Approve withdrawal of the January proposal. 5-0

							deferral and swing space is unnecessary until that project moves forward.	
35	2740	Department of Motor Vehicles	Inglewood Swing Space	--	-1,972,000	--	Cancels the acquisition of functional swing space for the Inglewood Field Office. The replacement project is proposed for deferral and swing space is unnecessary until that project moves forward.	Approve withdrawal of the January proposal. 5-0
36	2740	Department of Motor Vehicles	Withdrawal of 0000707 - Delano: Field Office Replacement - COBCP - C	0	-15,291,000	--	The January budget included a proposal to fund the replacement of the Delano field office using lease-revenue bonds. Withdrawing this proposal would	Approve withdrawal of the January proposal. 5-0

							preserve the out-year Motor Vehicle Account balance, but would also delay project completion.	
37	2740	Department of Motor Vehicles	Withdrawal of 0000708 - Santa Maria: Field Office Replacement - COBCP - C	0	-17,372,000	--	The January budget included a proposal to fund the replacement of the Santa Maria field office using lease-revenue bonds. Withdrawing this proposal would preserve the out-year Motor Vehicle Account balance, but would also delay project completion.	Approve withdrawal of the January proposal. 5-0
38	2740	Department of Motor Vehicles	Withdrawal of 0001491 - Oxnard: Field Office	0	-1,229,000	--	Delays the working drawings phase of the Oxnard field	Approve withdrawal of the January proposal. 5-0

			Reconfiguration - COBCP - W				office reconfiguration project. Reduces MVA pressure in the budget year but delays project completion.	
39	2740	Department of Motor Vehicles	Withdrawal of 0001492 - Reedley: Field Office Replacement - COBCP - C	0	-17,354,000	--	The January budget included a proposal to fund the replacement of the Reedley field office using lease-revenue bonds. Withdrawing this proposal would preserve the out-year Motor Vehicle Account balance, but would also delay project completion.	Approve withdrawal of the January proposal. 5-0
40	2740	Department of Motor Vehicles	Withdrawal of 0006796 - San Francisco: Field Office Replacement -	0	-2,905,000	--	Delays the performance criteria phase of the San Francisco Field Office	Approve withdrawal of the January proposal. 5-0

			COBCP - D				Replacement project. Reduces MVA impact in the budget year but delays project completion.	
41	2740	Department of Motor Vehicles	Withdrawal of 0001493 - Statewide Planning and Site Identification - COBCP - S A	0	-500,000	--	Delays planning and site identification for the replacement of one field office, and to develop studies for the identified replacement (whether on-site or as a result of a successful site search) or up to two reconfiguration/renovation projects. Reduces MVA pressure in the budget year but delays the long-term replacement and modernization	Approve withdrawal of the January proposal. 5-0

							of MVA facilities.	
42	8660	Public Utilities Commission	Transportation Enforcement and Licensing	--	-2,362,000	-14.0	The January budget requested 14 positions to implement the findings of a performance audit and strengthen the PUC's transportation enforcement capabilities. While this is a laudable goal, the current fiscal situation limits the ability of the state to grow existing programs or invest in new programs.	Approve withdrawal of the January proposal. 5-0
43	8660	Public Utilities Commission	IT Services Division Security	--	-1,492,000	-9.0	The January budget included nine positions to further develop the PUC's	Approve withdrawal of the January proposal. 5-0

							capabilities in IT security. While this is a laudable goal, the current fiscal situation limits the ability of the state to grow existing programs or invest in new programs.	
44	8660	Public Utilities Commission	Cyber and Physical Security	--	-405,000	-2.0	The January budget included two positions to develop the PUC's ability to provide oversight and coordination on physical and cyber security issues statewide. While this is a laudable, the current fiscal situation limits the ability of the state to develop new programs. Related	Approve withdrawal of the January proposal. 5-0

							work will be performed statewide by other state entities.	
45	8660	Public Utilities Commission	Energy Division Management and Support	--	-1,842,000	-9.0	The January budget included nine positions to provide additional management and support for the growing Energy Division. The current fiscal situation limits the state's ability to continue to grow existing programs.	Approve withdrawal of the January proposal. 5-0
46	8660	Public Utilities Commission	Administrative Law Judge Division Management and Proceeding Support	--	-1,146,000	-8.0	The January budget included eight positions to provide additional administration and proceeding support for the Administrative Law Judge division. The current fiscal	Approve withdrawal of the January proposal. 5-0

							situation limits the state's ability to continue to grow existing programs.	
47	8660	Public Utilities Commission	Data Analytics	--	-2,034,000	-9.0	The January budget included nine positions to establish a new Data Analytics group within the PUC to support analytically-intensive workload across the commission. While this is a laudable, the current fiscal situation limits the ability of the state to develop new programs. Related work will be performed elsewhere in the PUC.	Approve withdrawal of the January proposal. 5-0

48	8660	Public Utilities Commission	Wildfire Forecast and Threat Intelligence Integration Center (SB 209)	--	-191,000	-1.0	The January budget included one position to support CalOES and CalFire in the Wildfire Forecast and Threat Intelligence Integration Center created by SB 209. This workload can be absorbed by other entities involved in the Center.	Hold Open. Hold Open
----	------	-----------------------------	---	----	----------	------	---	--------------------------------

Vote -Only Calendar for Modifications to the Governor’s Budget Proposals from January

Issue	Entity	Department	Subject	General Fund	Other Funds	Positions	Staff Comments	Staff Recommendation
49	2660	Department of Transportation	Pedestrian and Bicyclist Safety Investigations	--	-2,209,000	-12.0	The January budget included a two-year limited-term increase of 12 positions and \$2,209,000 in State Highway Account funds for Pedestrian and Bicyclist Safety Investigation Programs consistent with the Federal Highway Safety Improvement Program (HSIP) and Caltrans’ Strategic Management Plan (SMP) pedestrian and bicyclist safety targets. Caltrans has	Approve the modification of the January proposal. 5-0

							indicated that this work will be absorbed elsewhere in the department.	
50	2660	Department of Transportation	Transportation Systems Network Information Technology Project	--	-5,424,000	--	The January budget included \$5,424,000 one-time to develop an updated Transportation Network System (TSN) for California's public roadways that meets federal mandates, through the Transportation Network System Replacement project. The department has indicated that this expense can be absorbed within the current budget.	Approve the modification of the January proposal. 5-0

51	2660	Department of Transportation	Wildfire Litigation	--	-1,747,000	--	The January budget included \$1,747,000 per year for four-year limited-term resources in State Highway Account funds for the increases in the Legal Division's workload resulting from wildfire litigation. The department has indicated that this workload is absorbable in current resources.	Approve the modification of the January proposal. 5-0
----	------	------------------------------	---------------------	----	------------	----	---	---

Vote -Only Calendar for New Administration Proposals Introduced in May

Issue	Entity	Department	Subject	General Fund	Other Funds	Positions	Staff Comments	Staff Recommendation
52	0521	Secretary for Transportation Agency	Fund Allocation Adjustment	--	0	--	The May Revision includes a request to reduce reimbursement authority and replace it with special fund authority. A review of CalSTA’s funding sources and the resulting workload resulted in an estimated funding split of 60 percent State Highway Account, 20 percent Motor Vehicle Account, and 20 percent Public Transportation	Approve as Budgeted. 5-0

							Account.	
53	2660	Department of Transportation	Office Space Related Costs	--	4,469,000	--	The May Revision includes funding for office space costs related to staff growth resulting from increased transportation funding provided by Chapter 5, Statutes of 2017(SB 1).	Approve as Budgeted. 4-1
54	2660	Department of Transportation	DGS Increased Surcharge Costs	--	2,661,000	--	The May Revision includes funds for increased Department of General Services Statewide Surcharge costs.	Approve as Budgeted. 4-1

55	2660	Department of Transportation	DGS Increased Vehicle Insurance Premium Costs	--	4,931,000	--	The May Revision includes \$4,931,000 for increased DGS vehicle insurance premium costs	Approve as Budgeted. 5-0
56	2665	High-Speed Rail Authority	Form to Function	--	13,398,000	70.0	The May Revision includes a shift of 70 positions from contracted positions to state staff, consistent with legislative direction and the findings of recent audits by the State Auditor.	Approve as Budgeted. 4-1
57	2720	Department of California Highway Patrol	Vehicle Insurance Premium Assessment	--	2,850,000	--	The May Revision includes funding for increased vehicle insurance premium costs.	Approve as budgeted. 5-0
58	2740	Department of Motor Vehicles	Heavy-Duty Vehicle Inspections and Maintenance Program	--	1,705,000	--	Provides resources to begin the Project Approval Lifecycle process to plan for an IT system that will	Approve as Budgeted. 4-1

							receive data from the Air Resources Board regarding heavy-duty truck smog violations as required by SB 210 (Leyva), Chapter 298, Statutes of 2019. The system will assist the Board in improving its emissions control program for heavy-duty vehicles, resulting in reductions in harmful vehicle emissions.	
59	2740	Department of Motor Vehicles	Withdraw Front-End Sustainability Funding	--	-12,096,000	--	The May Revision includes a decrease of \$12,096,000 to reflect a shift in the approach of the Department Motor Vehicles (DMV) in the	Approve as Budgeted. 5-0

							replacement of its legacy IT systems. After analysis of its IT systems, the California Department of Technology and DMV determined that it is more appropriate to stabilize DMV's current legacy systems to lessen the chance of outages at field offices and at headquarters before beginning the replacement of the legacy systems.	
60	3360	Energy Resources Conservation and Development Commission	Reappropriation of Various Funds	--	0	--	Technical change to allow the Commission to address potential delays in awarding grants and recipients	Approve as budgeted. 4-0

							completing projects caused by COVID-19. This will provide additional time for project completion and the funding to be spent for the same purposes for which the funds were originally appropriated.	
61	3360	Energy Resources Conservation and Development Commission	Reimbursement Authority for Hydrogen Refueling Infrastructure	--	5,000,000	--	The May Revision includes five million in reimbursement authority to allow for the Commission to accept reimbursements from Bay Area Air Quality Management District to fund construction of hydrogen refueling stations. The	Approve as budgeted. 5-0

							additional reimbursement authority will enable the Commission to award as many as five additional hydrogen refueling station projects within California.	
62	3360	State Energy Resources Conservation and Development Commission	General Fund Loans	--	--	--	The May Revision includes several loans to the General Fund from various special funds. These loans range in size from three million to 25 million, and provide a total of \$52 million. These loans would be repaid at the discretion of the Department of Finance.	Hold Open. Hold Open

63	8660	Public Utilities Commission	Telecommunications Safety Audits	--	855,000	4.0	The May Revision includes four new permanent full-time positions from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) to conduct in-house safety-related audits of the telecommunications carriers and Public Purpose Programs (PPPs) to ensure telecommunications carriers are providing vital telecommunication and emergency services in all geographic areas and	Approve as Budgeted. 5-0
----	------	-----------------------------	----------------------------------	----	---------	-----	---	------------------------------------

							to qualified low-income, disabled, and disadvantaged consumers and households as required by current law.	
64	8660	Public Utilities Commission	CA Lifeline: State Operations and Local Assistance Estimate	--	18,091,000	--	The May Revision provides an update to the LifeLine program estimate to align program funding with anticipated demand. This would provide \$427,515,000 for fiscal year 2019-20 and \$398,620,000 for fiscal year 2020-21 from the Universal LifeLine Telephone Service Trust Administrative Committee Fund consistent with the	Approve as budgeted. 4-0

							2020-21 Enrollment, Caseload, and Population May Revision estimates.	
65	8660	Public Utilities Commission	Loan from High Cost Fund B to General Fund	60,000,000	-60,000,000	--	The May Revision includes a loan from the California High Cost Fund B to the General Fund to provide General Fund relief.	Hold Open Hold Open
66	8660	Public Utilities Commission	Loan from Universal Lifeline Service Trust Fund to General Fund	300,000,000	-300,000,000	--	The May Revision provides for a loan from the LifeLine program to the General Fund to provide General Fund relief. This loan would severely impact the fund balance in 2020-21 and leave the fund precariously balanced.	Hold Open Hold Open

67	8660	Public Utilities Commission	Loan from California Advanced Services Fund to General Fund	60,000,000	-60,000,000	--	The May revision provides for a loan from the California Advanced Services Fund to provide General Fund relief.	Hold Open Hold Open
68	8660	Public Utilities Commission	Exemption from Statutory Salary Cap for Commissioners	--	--	--	Exempts PUC Commissioners from statutory salary caps and raises the maximum allowable salary for those Commissioners. The current fiscal situation is not an appropriate time to consider a salary increase for Commissioners.	Reject this language for inclusion in the June Budget. 5-0
69	8660	Public Utilities Commission	Improve California's Ability to Compete for Federal	--	--	--	Makes a number of changes to state law to expand the PUC's ability to support broadband	Reject without prejudice for consideration through the policy process.

			Broadband Funding				expansion and improve the state’s ability to access federal broadband funds. While laudable goals, this is a substantive bill that should be considered through the policy process.	5-0
70	2640	State Transit Assistance	Statutory Relief for Transit Operators	--	--	--	Makes a number of short-term changes to existing statute to provide transit operators with temporary relief from state funding penalties relate to farebox recovery ratios, hold-harmless provisions, and operating cost per vehicle revenue hour.	Approve placeholder language. 4-0

71	Various	Various	Reversion of Legislative priorities	--	--	--	Reverts unused or unencumbered funds from a variety of legislative investments in recent years.	Hold Open Hold Open
----	---------	---------	-------------------------------------	----	----	----	---	-------------------------------

Issues for Discussion

BU 2660 DEPARTMENT OF TRANSPORTATION

Issue 72: Transportation Loans and Transfers

Request. The May Revision includes several transfers and loans from transportation funds to the General Fund to provide General Fund relief.

Background. The proposed loans and transfers include:

- \$21 million loan from the Local Airport Loan Account to the General Fund
- \$130 million transfer from the State Highway Account to the General Fund
- \$32 million transfer from the Traffic Congestion Relief Account to the General Fund.

The State Highway Account is primarily funded by excise taxes on the sale of gasoline. The Local Airport Loan Account (LALA) was established with one-time seed money from the Aeronautics Account, which is funded by excise tax on the sale of aviation fuel, to provide low cost loans to local General Aviation airports. The Traffic Congestion Relief Fund was created by a transfer of General Fund and state gas tax revenues.

Staff Comments. State law typically limits transportation revenues to transportation uses. The Administration has indicated that, for accounting purposes, the SHA transfer consists of interest paid on SHA funds in state accounts, and therefore does not consist of gas tax revenues. Similarly, the TCRF transfer consists of the remaining balance of that fund attributable to the original General Fund transfer.

Staff Recommendation: Hold Open.

Hold Open

**BU 3360 ENERGY RESOURCES CONSERVATION AND DEVELOPMENT
COMMISSION****Issue 73: Building Initiative for Low-Emissions Development (BUILD) Program**

Request. The May Revision includes \$40 million in 2020-21, \$20 million in 2021-22, and \$20 million in 2022-23 from greenhouse gas (GHG) emission allowances directly allocated to gas corporations and consigned to auction as part of the California Air Resources Board Cap-and-Trade Program to implement the Building Initiative for Low-Emissions Development (BUILD) Program authorized in SB 1477 (Stern), Chapter 378, Statutes of 2018.

Background. SB 1477 authorizes the California Public Utilities Commission (PUC) to develop, in consultation with the CEC, the Building Initiative for Low-Emissions Development (BUILD) Program to reduce GHG emissions from buildings by providing incentives for adopting near-zero emission technologies. It requires the PUC, from July 1, 2019 through June 30, 2023, to allocate \$50 million annually from gas corporations' GHG emissions allowance revenues to be split between the BUILD Program and another initiative. Funds are available for expenditure for up to 10 years following accrual, through June 30, 2033. CPUC Decision 20-03-027, issued on April 6, 2020, identifies the CEC as the BUILD Program Administrator with a total administrative budget of no more than \$8 million (10 percent) over the duration of the BUILD Program.

Staff Comments. Energy use in buildings causes 25 percent of California's GHG emissions and contributes to indoor and outdoor air pollution. The Administration has indicated that the BUILD Program will provide incentives for the installation of near-zero GHG emission technologies such as heat pumps, induction cooking, and other traditionally gas appliances and building fixtures in new, low-income residential housing as one measure to reduce GHG emissions and decarbonize California's building sector.

The Administration has indicated that Budget Bill Language will define the extended encumbrance and liquidation period necessary for these funds.

Staff Recommendation. Approve as Budgeted.

4-1

BU 8660 CALIFORNIA PUBLIC UTILITIES COMMISSION**Issue 74: Wildfire Proposals**

Request. The January budget included \$27.6 million and 93 positions to implement AB 1054 (Holden), Chapter 79, Statutes of 2019. The May Revision added an additional 11 positions and \$2 million to this request.

Background. AB 1054 (Holden), Chapter 79, Statutes of 2019, provides step by step responsibilities and sets standards for electrical corporations which are measurable and enforceable. AB 111 (Committee on Budget), Chapter 81, Statutes of 2019, creates a new Office of Energy Infrastructure Safety that would oversee the WSD starting on July 1, 2021. The bill also creates an independent Advisory Board that will advise the WSD on wildfire safety reporting matrices, contents of WMPs, and develop standards among other responsibilities. Within AB 111, a one-time appropriation for fiscal year 2019-20 was provided for the PUC to begin implementation given the fact that wildfire season is upon the state, and the PUC is required to have the WSD up and running by January 1, 2020.

Staff Comments. The PUC has indicated that the requested positions would fall into several key categories:

- Wildfire response
 - 22 positions within the new Wildfire Safety Division, which was stood up in January 2020 and will be transferred to the new Office of Energy Infrastructure Safety by July 1, 2021.
 - 30 positions at the PUC, including 13 in the new Safety Policy Division, which would provide policy support to the WSD consistent with AB 1054 and SB 901 (Dodd), Chapter 626, Statutes of 2018.

- \$10 million per year for three years for contract support for required workload related to safety culture assessments, wildfire risk assessment, and modeling capabilities.
- Fair allocation of wildfire damages
 - 16 positions at the PUC to develop and implement a framework for reviewing and allocating costs related to future catastrophic wildfires.
- PUC effectiveness and efficiency
 - 15 positions at the PUC to streamline processes, procedures, and regulations
- Other proceedings and administrative resources
 - One position related to the Diablo Canyon decommissioning process
 - Nine positions to provide administrative support to the rest of the organization

The May Revision requested a further 11 positions, including:

- 10 new positions at the Wildfire Safety Division to provide data analysis and modeling support.
- One positions at the Safety Policy Division to provide management and support to field staff.

The structure of the proposal generally aligns with the requirements and intent of AB 1054 and AB 111. However, questions remain about the duration and shape of some of the workload in the out years. Specifically, the amount of work required to allocate costs from catastrophic wildfires is uncertain and subject to external factors. Additionally, the streamlining and process improvement work proposed here may result in out year savings that are not captured in this proposal.

Staff Recommendation. Hold Open.

Hold Open

Issue 75: Study of Aliso Canyon

Request. The January budget included \$1.4 million in one-time contract authority to take additional steps to secure consultation services for developing scenarios that could expedite the closure of and/or replace the services provided by Aliso Canyon natural gas storage field.

Background. On October 23, 2015, through February 18, 2016, a catastrophic gas leak occurred at the Aliso Canyon Gas Storage Facility (Facility), owned and operated by Southern California Gas Company (SoCalGas) and located in the County of Los Angeles. After dealing with the immediate emergency, on February 9, 2017, the CPUC opened an investigation to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility while still maintaining energy and electric reliability for the region and just and reasonable rates. This was pursuant to Senate Bill 380 (Pavley), Chapter 14, Statutes of 2016. On January 4, 2019, the PUC issued a ruling adopting a scenarios framework and closing Phase I of this investigation. This framework sets forth the methodologies to undertake the three studies that are presently underway in Phase 2: (1) hydraulic modeling, (2) production cost modeling, and (3) economic modeling.

Staff Comments. The PUC has indicated that the requested resources will allow the Commission to engage an independent third-party consultant to examine specific scenarios that could be implemented to entirely replace the Aliso Canyon facility. The scenarios will explore closure of the facility within two planning horizons: 2027 and 2045. The year 2027 marks 10 years from the letter sent on July 19, 2017, from then-Energy Commission Chair Robert Weisenmiller to then-PUC President Michael Picker, requesting planning for closing the facility within 10 years. The year 2045 is aligned with the SB 100 (De Leon, 2018) policy goal for 100 percent of retail sales in California to be supplied by eligible renewables and zero-carbon resources.

Staff Recommendation. Approve as Budgeted.

5-0

Issue 76: CalSPEED Testing

Request. The May Revision includes \$2,813,000 for three new permanent full-time positions, consulting contracts, mobile devices, service subscription, hardware, and license costs to reinstitute and expand the PUC’s CalSPEED program. This program includes Mobile testing program, use of CalSPEED mobile apps, and CalSPEED fixed broadband testing program.

Background. CalSPEED was created as part of a five-year, \$8 million American Recovery and Reinvestment Act (ARRA) Mapping Grant awarded to the PUC in October 2009 from the National Telecommunications and Information Administration (NTIA), which concluded in October 2014. At the end of the Grant, six additional field tests were funded by the California Advanced Services Fund (CASF) program, as mobile broadband availability was a factor in determining grant-eligible areas.

CalSPEED developed a fixed mobile testing program, as ordered by the PUC Decision in the Competition Order Instituting Investigation (D.08-09-042), which provided for one round of fixed service performance testing provided by each broadband technology. That testing is being performed, but completion has been delayed by the COVID-19 situation.

T-Mobile is required to reimburse the PUC for merger-related CalSPEED costs, projected to total \$504,000 in 2020-21 and \$758,000 annually in subsequent years, through 2026.

Staff Comments. California’s experience last year with both devastating wildfires and PSPS events made clear the critical role that reliable, resilient communications networks play in public health and safety, and the current COVID-19 emergency has highlighted the critical role access to broadband services plays in the welfare of the state.

The Commission has indicated that the requested resources would will provide data and analysis that is critical to the state to improve the safety of the public and first responders, secure maximum federal broadband subsidies for California, and monitor and enforce CPUC merger/reorganization requirements and conditions. These are laudable goals. However, the resource mix raises concerns. Specifically, the proposal includes ongoing positions as well as ongoing funding for contracts with

several academic organizations. It is unclear why this work should not be brought in-house if it is permanent in nature.

Staff Recommendation. Hold Open.

Hold Open