

## AGENDA

### ASSEMBLY BUDGET SUBCOMMITTEE No. 3 ON RESOURCES AND TRANSPORTATION

ASSEMBLYMEMBER RICHARD BLOOM, CHAIR

WEDNESDAY, MARCH 4, 2020  
9:30 A.M. – STATE CAPITOL, ROOM 447

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**VOTE-ONLY****0540 NATURAL RESOURCES AGENCY**

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**VOTE-ONLY ISSUE 1: ENVIRONMENTAL JUSTICE AND TRIBAL AFFAIRS**

The Governor's budget requests \$360,000 Environmental License Plate Fund ongoing to establish two positions, an Assistant Secretary for Environmental Justice and an Assistant Secretary for Tribal Affairs. These resources will support and expand the Natural Resources Agency's effort to institutionalize environmental justice and tribal consultation practices into its program planning, development, and implementation decisions.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 2: FOREST MANAGEMENT TASK FORCE ADMINISTRATION AND RESEARCH SUPPORT**

The Governor's budget requests \$210,000 Environmental License Plate Fund ongoing for 2 positions for the Forest Management Task Force (FMTF). The positions—an Administrative Assistant and an Environmental Scientist—will support the work of the FMTF by improving internal and external communications, coordination of policy and legislation, strategic planning and other efforts to fulfill the duties and obligations of the FMTF.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 3: OCEAN PROTECTION COUNCIL: ONCE-THROUGH COOLING INTERIM MITIGATION**

The Governor's budget requests a one-time increase of \$1,012,000 in Ocean Protection Trust Fund spending authority to disburse mitigation fees paid by Southern California Edison for decommissioning activities at the San Onofre Generating Station, as required by the Coastal Commission, to offset impacts from the power plant's once-through cooling (OTC) technology. The Ocean Protection Council has an established OTC Interim Mitigation Program and receives and disburses up to \$5.4 million annually to support projects that increase marine life associated with California's marine protected areas, consistent with the State Water Resources Control Board's OTC Policy.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 4: VARIOUS BOND AND TECHNICAL REQUESTS**

The Governor's budget requests for appropriations and reappropriations from various bonds (excluding Proposition 68), reversions, reversions with associated new appropriations, and other technical adjustments to continue implementation of existing authorized programs. Specifically:

Department Name	Governor's Budget BCP Title	Amount	Fund	Comment
California Tahoe Conservancy	Increase Reimbursement and Federal Trust Fund Authority	\$ 2,059,000	Reimbursement (0995) and Federal Trust Fund (0890)	The Conservancy has experienced an influx of grant funding from various entities in recent years, including funding through the Department of Forestry and Fire Protection's Forest Health Grant Program, Sierra Nevada Conservancy's Proposition 68/Watershed Improvement Program, the U.S. Forest Service, and the Bureau of Land Management. This proposal aligns the Conservancy's reimbursement and Federal Trust Fund authority in fiscal years 2020-21, 2021-22, and 2022-23 with grant agreements that have been executed to date. Additionally, this proposal provides \$250,000 in ongoing Federal Trust Fund Authority, consistent with an increase in the level of federal grants that are being made available to the Conservancy.
California Tahoe Conservancy	Lake Tahoe Science and Lake Improvement Account State Operations and Local Assistance Net-Zero Shift	\$ -	Lake Tahoe Science and Lake Improvement Account (1018)	Shifts \$30,000 Lake Tahoe Science and Lake Improvement Account from local assistance to state operations. This net-zero shift will enable the California Tahoe Conservancy to plan for, monitor, and administer local assistance grants. This amount equates to approximately 10 percent of the Conservancy's local assistance appropriation. Currently, the Conservancy has no state operations funding to support staff costs associated with grant administration.

Department Name	Governor's Budget BCP Title	Amount	Fund	Comment
California Conservation Corps	Technical Adjustments	\$ -	Collins-Dugan California Conservation Corps Reimbursement Account (0318)	Reappropriation of the unencumbered balances of the \$5 million Collins-Dugan California Conservation Corps Reimbursement Account appropriated in the Budget Acts of 2017 and 2018 for fire prevention projects and activities in state responsibility areas to extend the availability of funding by one year, from June 30, 2020 to June 30, 2021.
Forestry and Fire Protection	Resources Agency Technical Proposals: Tree Mortality Funding Reappropriation	\$ -	General Fund	Reappropriation of \$6 million General Fund appropriated in the Budget Act of 2017 for grants to local agencies in counties subject to the tree mortality emergency declaration. This proposal will extend the availability of funds for encumbrance or expenditure to June 30, 2022 and for liquidation to June 30, 2024.
Forestry and Fire Protection	Various Technical Adjustments	\$ 79,166,000	GF/LRB	Various reappropriations and reversions.
California Department of Fish and Wildlife	Salton Sea Restoration Fund	\$ 328,000	8018	Technical adjustment of appropriation to match anticipated revenues to the fund.
San Diego River Conservancy	Various Technical Adjustments	\$ 60,000	0995	Reappropriation of Environmental License Plate Fund (ELPF) and an increase in reimbursements to the ELPF of \$60,000.
Coachella Valley Mountains Conservancy	Reduction of Reimbursement Authority	\$ (16,000)	Reimbursement Authority	Reduction of baseline reimbursement authority identified as excess by the Conservancy.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 5: CONTINUED PROPOSITION 68 IMPLEMENTATION**

The Governor's budget requests a total of \$514 million across multiple departments and programs, to continue the development and implementation of programs under Proposition 68. This proposal also includes reappropriations, reversions and associated new appropriations, and other technical adjustments. The specific Proposition 68 proposals are as follows:

Program	Implementing Department	Bond Allocation	Prior Appropriations	2020-21 Proposed
<b>Natural Resources Conservation and Resiliency</b>		<b>\$1,497</b>	<b>\$873.0</b>	<b>\$74.0</b>
Restoration and conservation projects	Conservancies	\$345	\$185.8	\$26.4
Restoration and conservation projects	WCB	265	197.3	0.8
Voluntary agreements	CNRA	200	70.0	—
Salton Sea management	CNRA	200	141.2	10.0
Habitat restoration and protection	CDFW	95	32.8	3.2
Los Angeles River watershed	RMC/SMMC	75	31.8	14.8
Various specified projects	CNRA	71	69.3	—
Deferred maintenance	CDFW	50	10.0	5.0
Restoration and conservation projects	CCC	40	21.8	12.0
Healthy coastal and marine ecosystems	OPC	35	10.3	0.1
Watershed improvement	SNC	25	23.6	-0.2 <sup>a</sup>
Forest management and urban forestry	CalFire	25	23.5	0.6
Projects that assist coastal communities	OPC	21	10.3	0.1
Working lands and riparian corridors	DOC	20	17.4	1.0
Multibenefit green infrastructure	CNRA	20	18.7	0.1
Healthy soils	CDFA	10	9.5	0.1
<b>Parks and Recreation</b>		<b>\$1,323</b>	<b>\$606.2</b>	<b>\$291.5</b>
Improve and expand local parks	Parks	\$1,035	\$517.7	\$255.0
Improve and expand state parks	Parks	170	35.0	24.6
Lower cost coastal accommodations	SCC/Parks	60	5.4	5.5
Trails, greenways, and river parkways	CNRA	40	37.5	0.1
Deferred maintenance at fairgrounds	CDFA	18	10.6	6.3

Water		\$1,280	\$950.8	\$146.5
Flood protection and repair	DWR	\$460	\$251.6	\$122.9
Sustainable groundwater management	DWR	240	173.6	20.2
Safe drinking water	SWRCB	220	205.8	1.8
Sustainable groundwater management	SWRCB	160	133.3	0.7
Multibenefit stormwater	CNRA	100	93.1	0.5
Water recycling	SWRCB	80	74.3	0.3
Water efficiency and enhancement	CDFA	20	19.0	0.1
<b>Totals<sup>b</sup></b>		<b>\$4,100</b>	<b>\$2,433.0</b>	<b>\$514.0</b>

<sup>a</sup>Governor proposes to revert \$182,000 from the current-year appropriation.

<sup>b</sup>Includes funding for bond administration.

**BACKGROUND**

**Proposition 68 allocations in the last two years.** The Budget Act of 2018 authorized \$1.3 billion for the first year of various Prop 68 bond program implementation. Programs and projects funded by the bond-measure in 2018-19 were prioritized to support a number of existing programs, projects that are shovel-ready and new programs with a phased-in approach. The Budget Act of 2019 authorized \$1.1 billion and 15.5 new position across multiple departments to continue development and implementation of Proposition 68 bond programs.

Combined, the Legislature has appropriated \$2.4 billion (60 percent) from Proposition 68 over the last two years. This leaves \$1.7 billion available for future appropriation. The Legislature has already appropriated the majority of funding for most of the bond’s categories.

**STAFF COMMENTS**

The proposed Proposition 68 expenditures are consistent with the language in the bond and consistent with the multiyear implementation plan for Proposition 68 that the Administration submitted to the Legislature in the 2019-20 budget process.

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**Staff Recommendation: Approve as budgeted.**

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**3600 DEPARTMENT OF FISH AND WILDLIFE**

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**VOTE-ONLY ISSUE 6: CAMP FIRE ASSISTANCE ACT OF 2019 IMPLEMENTATION (AB 430)**

The Governor's budget requests \$275,000 General Fund 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 (Chapter 745, Statutes of 2019).

AB 430 seeks to streamline 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 certain requirements 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.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 7: FRESHWATER AND ESTUARINE HARMFUL ALGAL BLOOM PROGRAM (AB 834)**

The Governor's budget requests \$214,000 General Fund and one position in 2020-21, and \$202,000 ongoing thereafter to address the workload addressing harmful algal blooms and protecting water quality and public health pursuant to AB 834 (Chapter 354, Statutes of 2019).

Harmful algal blooms 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 food or dietary supplements.

AB 834 requires the development of a Freshwater and Estuarine Harmful Algal Bloom Program to: 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 harmful algal bloom extent, status and trends; 3) determine regions, watersheds, or waterbodies experiencing or at risk of experiencing harmful algal blooms 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 harmful algal bloom information and data.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 8: NEW STREAMLINED TEMPORARY PERMIT AND TEMPORARY CHANGE ORDER WATER PERMITTING FOR GROUNDWATER SUSTAINABILITY IMPLEMENTATION (AB 658)**

The Governor's budget requests \$1,119,000 General Fund in 2020-21 and five positions, and \$1,059,000 ongoing thereafter to fund implementation of AB 658 (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 also expands the number of allowable applicants and projects that may apply for the new streamlined permits. With new Sustainable Groundwater Management Act requirements and the need for groundwater storage to serve as a reservoir under increasing use of conjunctive water management regimes, the bill will increase the submission rate for project applications that divert surface water for groundwater storage.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 9: PROPOSED WATER TRANSFERS FROM GROUNDWATER BASINS UNDERLYING DESERT LANDS (SB 307)**

The Governor's budget requests \$420,000 General Fund and two positions in 2020-21, and \$400,000 ongoing thereafter to implement SB 307 (Chapter 169, Statutes of 2019).

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

The transfer of water would be prohibited if the Department 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.

This bill 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 basins managed under state's Sustainable Groundwater Management Act, the Department anticipates future groundwater transfer project proposals for California's inland deserts, requiring ongoing workload.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 10: STATEWIDE BOBCAT MANAGEMENT (AB 1254)**

The Governor's budget requests \$2,742,000 General Fund in 2020-21 and \$2,389,000 in 2021-22, to fund staffing, field equipment, and vehicles to design and implement a statewide monitoring plan to assess bobcat populations. The Department also requests three positions and \$566,000 General Fund in 2022-23 and ongoing to develop a bobcat management plan and implement the state bobcat management program, pursuant to AB 1254 (Chapter 766, States of 2019).

AB 1254 prohibits the hunting of bobcats, effective January 1, 2020. The prohibition will remain in place until the Department 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.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 11: VARIOUS MINOR PROJECTS**

The Governor's budget 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), Heenan 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.

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**Staff Recommendation: Approve as budgeted.**

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**3600 DEPARTMENT OF FISH AND WILDLIFE**  
**3860 DEPARTMENT OF WATER RESOURCES**  
**3940 STATE WATER RESOURCES CONTROL BOARD**  
**3480 DEPARTMENT OF CONSERVATION**

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**VOTE-ONLY ISSUE 12: STREAM GAGING PLAN IMPLEMENTATION (SB 19)**

The Governor's budget requests \$1,575,000 (\$1,175,000 General Fund and \$400,000 Water Rights Fund) over two years to implement SB 19 (Chapter 361, Statutes of 2019), which requires the development of a plan to deploy a network of stream gages.

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

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 United States, 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 are 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 compared to subsequent years.

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**Staff Recommendation: Approve \$1,541,000 (\$1,141,000 General Fund and \$400,000 Water Rights Fund) over two years.**

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**3600 DEPARTMENT OF FISH AND WILDLIFE**  
**3540 CALIFORNIA DEPARTMENT FORESTRY AND FIRE PROTECTION**  
**3790 DEPARTMENT OF PARKS AND RECREATION**

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**VOTE-ONLY ISSUE 13: LAW ENFORCEMENT USE OF DEADLY FORCE: POLICY AND TRAINING UPDATE  
(AB 392/SB 230)**

The Governor's budget requests \$3.2 million General Fund and six positions in 20-21 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 (Chapter 170, Statutes of 2019) and SB 285 (Chapter 285, Statutes of 2019). This request includes one-time funding for training resources to be shared among these three entities—a stationary live fire training simulator housed with CalFire, and two mobile training simulators, one each for Parks and for Fish and Wildlife.

SB 230 and AB 392 seeks to reduce police use of force by mandating all law enforcement agencies to maintain a public policy on use of force, which includes de-escalation techniques and factors for evaluating use of force incidents, and to update their training on the use of force with individuals whom they encounter.

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**Staff Recommendation: Approve as budgeted.**

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**3860 DEPARTMENT OF WATER RESOURCES**

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**VOTE-ONLY ISSUE 14: DEPARTMENT OF WATER RESOURCES CHARGE FUND PROGRAM IMPLEMENTATION (AB 1054)**

The Governor's budget requests 11 new positions for the start-up and ongoing operations of the DWR Charge Fund program pursuant to AB 1054, (Chapter 79, Statutes of 2019). This includes re-purposing the collection of existing bond charges on California's electric Investor Owned Utilities' (IOU) 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 General Fund in fiscal year 19-20. 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.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 15: PERRIS DAM REMEDIATION PLAN**

The Governor's budget 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 facility. This project will also be supported by approximately \$9.8 million in State Water Project funds for 2020-21.

The Perris Dam and Reservoir are located in San Bernardino County. It is a terminal State Water Project 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.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 16: PUBLIC AFFAIRS OFFICE STAFFING**

The Governor's budget requests six new positions across five sections in the Public Affairs Office to meet the 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 (SWP).

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

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 17: TRANSMISSION OPERATOR - COMPLIANCE SUPPORT**

The Governor's budget requests 23 new permanent positions, funded by State Water Project funds, 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 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.

The Transmission Operator role was previously performed by 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, on-going 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 the State Water Project by maintaining a reliable operating condition for delivering water and continue as a utility participating in the de-regulated electrical market operating under mandated requirement to operate by September 2020.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 18: CENTRAL VALLEY FLOOD PROTECTION BOARD: CONTINUATION OF EXISTING STAFFING**

The Governor's budget requests \$4,010,000 General Fund in 2020-21, and \$3,688,000 for 2021-22 and 2022-23 to support 19 existing positions within the Central Valley Flood Protection Board. While the Board is an independent entity, its budget is contained within the DWR, and it receives some staff and administrative support from the Department.

**BACKGROUND**

**The State Plan of Flood Control (SPFC).** The SPFC is the state-federal flood protection system in the Central Valley, which dates back to 1911. The 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.

**The Central Valley Flood Protection Board (CVFPB) oversees the SPFC facilities.** The CVFPB is an independent state agency and the lead authority for flood protection in the Central Valley. The CVFPB is responsible for permitting and enforcing encroachments and operation and maintenance of all SPFC facilities. The CVFPB collaborates with local authorities and stakeholders to ensure an integrated flood control system. The CVFPB also manages real estate and easements necessary for flood control. The 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 general fund appropriations. In addition to the General Fund, the CVFPB has relied on Proposition IE funds allocated in 2012 to fulfill its statutory mandates. Those bond funds were fully expended by the end of 2017-18. The Budget Act of 2018 included \$1.4M annually for two years for the CVFPB to support ten existing permanent positions in order to continue to exercise its regulatory oversight authority over the SPFC and its implementation of the Central Valley Flood Protection Plan.

The CVFPB also has the authority to levy fines 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 2017-18 Budget Act provided the 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 of 2019, the CVFPB began collecting fees for permitting and inspections with the intent of recovering 75 – 100 percent of the cost of these programs. However, there are approximately 21,000 outstanding permits, which would take time before those existing permits can generate sufficient fees 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 the CVFPB, without this funding, they will not be able to continue to fund at least half of its 47 positions, all of which deliver critical statutory programs. In 2017, as part of the approval of a budget request for additional staffing, the Legislature required the 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 the CVFPB's assessment authority. As reported earlier this year, the CVFPB has made significant progress, but revenue generating programs are not mature enough yet to support any CVFPB operations, requiring limited-term General Fund support. Allowing the 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.

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**Staff Recommendation: Approve \$3,688,000 General Fund in 2020-21, and \$3,688,000 for 2021-22 and 2022-23.**

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**VOTE-ONLY ISSUE 19: FEDERAL EMERGENCY MANAGEMENT AGENCY GRANT REIMBURSEMENT**

The Governor's budget requests \$36.25 million in Reimbursement Authority (\$3.25M in 2020-21 and \$8.25M ongoing) in order to receive two Federal Emergency Management Agency (FEMA) grants, one for hazard mitigation efforts, and another related to high hazard dams.

**BACKGROUND**

**Federal funding for natural disasters.** Upon a Presidential Disaster Declaration, the Federal Emergency Management Agency (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 the 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 through their Post Hazard Mitigation Grant Program.

**STAFF COMMENTS**

The reimbursement authority would allow DWR to receive the grant funding from CalOES and FEMA, to meet the objectives of the Post Hazard Mitigation Grant and the Rehabilitation of High Hazard Potential Dams Grant.

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**Staff Recommendation: Approve as budgeted.**

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**VOTE-ONLY ISSUE 20: FLOOD PLANNING RESOURCING**

The Governor's budget requests \$2,283,000 General Fund one-time and \$2,089,000 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 Central Valley Flood Protection Board adopted the 2012 CVFPP as the first plan after the 2007 flood law reform to the 1911 Sacramento Valley flood control plan.

The CVFPP was prepared in coordination with local flood management agencies, the United States Army Corps of Engineers (USACE), FEMA, and the Bureau of Reclamation. It was supported by data, analyses, and findings from related FloodSAFE efforts. These included the State Plan of Flood Control (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 (OMRR&R). 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, the Disaster Preparedness and Flood Prevention Bond Act (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 California's drinking water supply system. In the same year, Proposition 84, The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act, 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 protection and environmental goals. Much of the flood system was originally constructed more than a century ago and needs constant repair and attention to maintain. DFM seeks to manage floods in a way 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.

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**Staff Recommendation: \$2,089,000 General Fund one-time and \$2,089,000 ongoing thereafter.**

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## ITEMS TO BE HEARD

### 0540 NATURAL RESOURCES AGENCY

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The California Natural Resources Agency (CNRA) oversees thirty departments, commissions, conservancies, and boards. Through these entities, CNRA is responsible for protecting historical, natural and cultural sites, monitoring and controlling state lands and waterways, and regulating fish and game use.

#### ISSUE 1: INNOVATION AND IMPROVING USE OF TECHNOLOGY: LIGHT DETECTION AND RANGING DATA (LiDAR)

The Governor's budget requests \$80 million one-time General Fund to collect and make publicly available airborne light detection and ranging (LiDAR) data. Funding is requested to be available for expenditure and encumbrance through June 30, 2023.

#### BACKGROUND

**Light Detection and Ranging Technology (LiDAR).** LiDAR is a surveying method that measures distance to a target by illuminating the target with laser light and measuring the reflected light with a sensor. Differences in laser return times and wavelengths can then be used to make digital 3-D representations of the target. LiDAR is often used to measure vegetation height across wide areas and is emerging as a key source for topography and vegetation globally.

**Uses for LiDAR.** According to the budget change proposal (BCP) submitted, LiDAR is the preferred source for detailed topography critical to responding to fires, landslides, and earthquakes. The BCP further asserts that the LiDAR data has the potential to better inform resource management decisions across a wide variety of applications including forest management for wildfire risk reduction, the management of vegetation in utility corridors, infrastructure project planning, and hazard assessments for flood, fire, and landslides. Finally, the BCP states that the LiDAR data would complement data from aerial and satellite platforms or other sources to create more valuable information for emergency response, climate change monitoring, carbon sequestration and land use purposes.

**Partnership with the United States Geological Survey (USGS).** According to CNRA, the USGS is actively soliciting a partnership with California to complete LiDAR coverage of California and is willing to provide some funding for that purpose.

#### LAO COMMENTS

**Proposal lacks an implementation plan to ensure that the state and others would use the data.** The Legislative Analyst's Office (LAO) finds that the proposed use of LiDAR technology appears to have very promising applications for the state—including both related to wildfires, as

well as other uses. However, the high cost and lack of important implementation details makes the proposal potentially premature. For example, it is unclear whether departments are prepared to make programmatic changes necessary to incorporate the use of LiDAR data and how the new data would be used to improve decision-making. Further, the Administration has not specified how CalFire would use LiDAR data to inform allocation of forest health grants. In addition, potential long-term costs of the technology are unclear because there could be additional out-year costs to keep updating the LiDAR data after the initial investment. Without a commitment to fund those out-year costs, it is unclear how useful much the data would be to state programs in the long run if the LiDAR data is not regularly updated.

The LAO recommends withholding action and requiring CNRA to provide a detailed implementation plan that: 1) addresses programmatic changes necessary for departments to integrate LiDAR data into their operational decision-making; 2) describes the uses and benefits of the data and how often it would need to be updated in order to continue the proposed uses; and, 3) estimates future costs to support ongoing data collection.

If CNRA is unable to provide a more detailed implementation plan, the LAO recommends rejecting the proposal and directing CNRA to bring the proposal back in a year after the development of an implementation plan. To the extent that CNRA is able to provide some implementation details, such as regarding uses for forest health evaluation, the Legislature may wish to provide partial funding in order to pilot test the use of LiDAR data.

#### STAFF COMMENTS

No doubt having a LiDAR map of the entire state of California could be useful in our land management policy decisions. However, \$80 million to generate a point-in-time topography map of California seems to be a very expensive purchase with unclear benefits.

According to the USGS's website, vast portions of California have already been surveyed using LiDAR. It is unclear how that information is currently being used. As such, it is difficult to evaluate the benefits of LiDAR mapping the entirety of California.

The Governor's budget proposes to redirect \$18.9 million from the Habitat Conservation Fund for operations at DFW. This is in recognition of the funding gaps and needs at DFW; however, there is a lack of additional funds available, thus necessitating a redirection of funds, which are also needed at the Wildlife Conservancy Board. Perhaps the prudent approach is to reject this proposal and instead redirect the \$80 million to DFW for 4 years.

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**Staff Recommendation: Hold Open.**

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**ISSUE 2: NATURAL RESOURCES AGENCY NEW FACILITY RELOCATION**

The Governor's budget requests \$9,646,000 one-time General Fund for costs associated with its move to a new facility. Specifically: 1) \$1,500,000 for the relocation of CNRA Tier III Data Center (DC) from the existing location to a new DC site location; 2) \$2,646,000 for the building's required new technical infrastructure components for the network and voice capabilities to be implemented; and, 3) \$5,500,000 for the physical decommission and move of defined office furniture and equipment related to vacated buildings and 3,500 staff members relocation.

**BACKGROUND**

**The Natural Resources Agency and affiliated entities to relocate to new building.** The California Natural Resources Agency (CNRA) and seven of its affiliated state entities are currently located in multiple facilities throughout the Sacramento area. In 2015, a decision was made to construct and fund a new state-of-the art DGS owned twenty-one floor facility to be located on P Street in downtown Sacramento. The new facility will become the headquarters for CNRA and house all of their executives and staff members. In addition, the new facility will become headquarters for the Department of Water Resources, Department of Parks and Recreation, Department of Fish and Wildlife, Department of Forestry and Fire Protection, and Department of Conservation and house their executives and a large portion of their staff members. The building will also become home to the Board of Forestry and Fire Protection, Wildlife Conservation Board, and California Water Commission. The new facility will house 3,500 CNRA affiliated personnel.

**Multiple informational technology groups serve CNRA and its affiliated entities.** CNRA and its affiliated state entities are supported by multiple facilities. Many have independent local networks and voice technologies served by systems that are maintained by various information technology groups. The largest facility, the 1416 Ninth Street Resources Building, houses CNRA Tier III Data Center that provides technology, data, business systems, and connectivity for thirty-six CNRA departments, boards, commissions, and conservancies.

**Data Centers.** A data center is a facility used to house computer systems and associated components, such as telecommunications and storage systems. It generally includes backup power supplies, redundant data communications connections, environmental controls (e.g. air conditioning, fire suppression) and various security devices. A large data center is an industrial-scale operation using as much electricity as a small town.

Data centers are categorized in four levels, or tiers, based upon the availability of data processing from the hardware at a location. The higher the tier level, the greater the expected availability. The Data Center Tier 4 is considered the most robust and least prone to failures. A Tier 4 is designed to host mission critical servers and computer systems, with fully redundant subsystems (cooling, power, network links, storage, etc.) and compartmentalized security zones controlled by biometric access controls methods. This is in contrast to a Tier 1, the simplest data center, typically used by small businesses or shops. The overall CNRA technology environment consist of: a Tier III Data Center, 6,000 virtual servers, 11 petabytes of data, 800 websites,

30,000 end-devices (PCs, workstations, laptops, tables), 3,500 applications/software products, and roughly 4,000 sensors.

**STAFF COMMENTS**

The move to the new P Street facility requires the movement of 3,500 CNRA and affiliated state entities' executives and staff members in early to mid-2021. The requested resources would enable the relocation of the data center, new technical infrastructure components implementation for the network and voice capabilities and securing services to perform tasks associated with completing required decommissioning, and moving activities for office furniture/equipment and staff members.

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**Staff Recommendation: Hold Open.**

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**3600 DEPARTMENT OF FISH AND WILDLIFE**

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The Department of Fish and Wildlife (DFW) is responsible for promoting and regulating the hunting of game species, promoting and regulating recreational and commercial fishing, and protecting California's fish and wildlife for the public trust. The Department manages over one million acres of public land including, ecological reserves, wildlife management areas, and hatcheries throughout the state.

**ISSUE 3: SERVICE BASED BUDGETING - UPDATE**

The Subcommittee will receive an update on the service based budgeting project at DFW.

**BACKGROUND**

**The Service Based Budgeting (SBB) Project at DFW.** In an effort to resolve the structural deficit at DFW, the Budget Act of 2018 required DFW to undergo a service based budgeting (SBB) exercise. SBB is a budgeting approach that identifies the tasks needed to accomplish a department's mission and statutory obligations. This review is intended to inform the future budget 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 from across the Department, working alongside independent consultants.

The SBB project is a long-term effort running through 2021, when the Service Based Budget Review Report is due to the Legislature. As milestones are accomplished, internal and external stakeholders will be kept informed.

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**Informational Item**

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**ISSUE 4: ADVANCING BIODIVERSITY PROTECTION, OPERATIONAL MODERNIZATION, AND REGULATORY EFFICIENCIES**

The Governor's budget requests \$ 38.9 million General Fund in 2020-21 and 58.0 positions, \$42.3 million in FY 2021-22 and ongoing. This includes: 1) \$20 million one-time General Fund in 2020-21 to support operational efficiency investments; 2) an \$18.9 million ongoing General Fund shift from the Habitat Conservation Fund to the Department 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 the Department to continue critical programs.

This proposal also contains trailer bill language to change the sunset date of the Habitat Conservation Fund from 2030 to 2020.

**BACKGROUND**

**Department of Fish and Wildlife's mission.** The mission of the Department of Fish and Wildlife (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. The Department 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 the 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 the FGPF to be used for waterfowl protection and habitat restoration. There are currently 29 dedicated subaccounts within the FGPF. The Department issues more than 500 different types of hunting and fishing licenses and permits.

Revenue 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. Approximately 75 percent to 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.

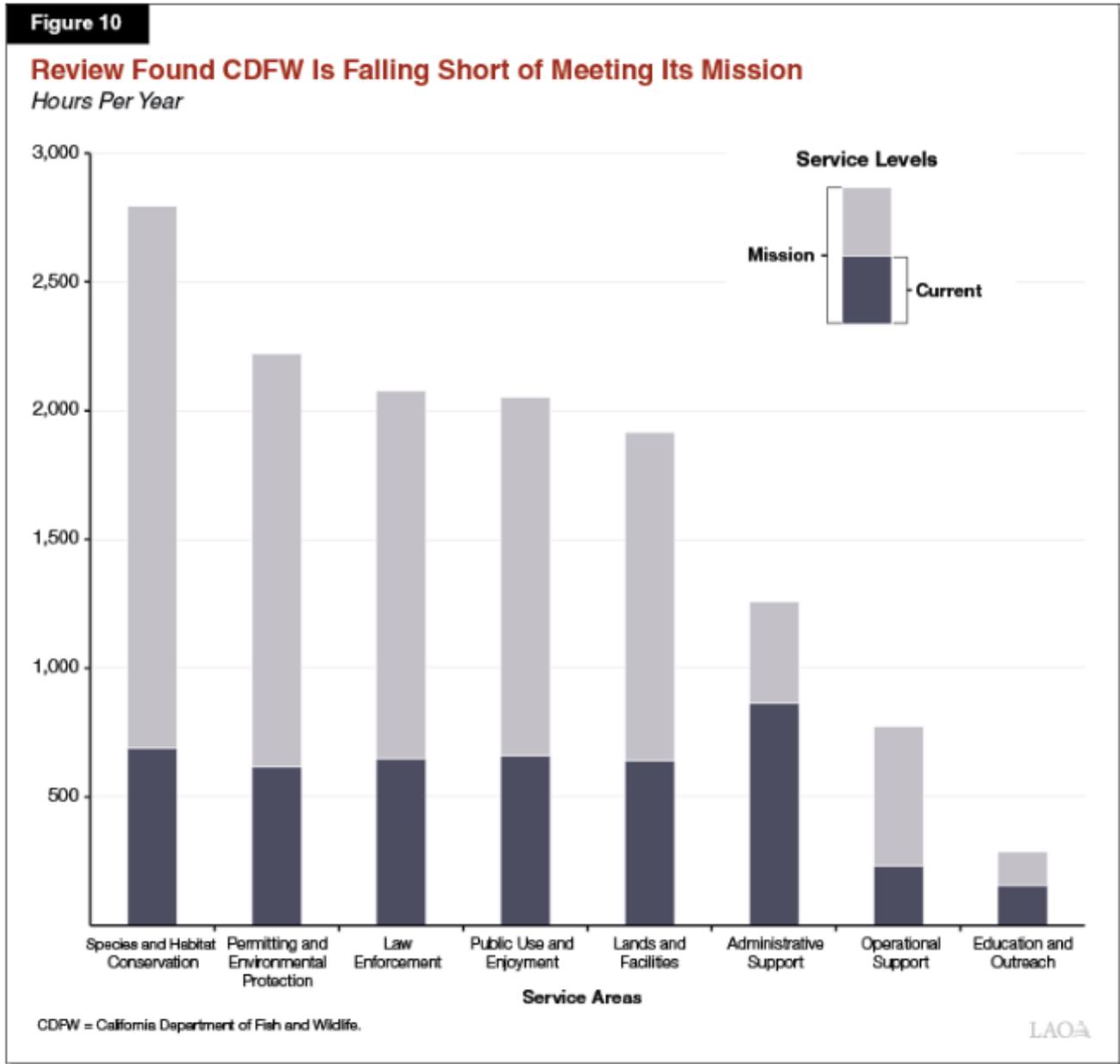
**There is a structural imbalance within the FGPF.** In recent years, expenditures have exceeded revenues in the non-dedicated account of the FGPF, with the gap reaching over \$20 million annually beginning in 2014-15. Some of the causes of the FGPF's structural imbalance that the Department has identified include; fund shifts (particularly to the General Fund), 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" process. The 2018 Budget Act also provided DFW \$23.4 million annually (General Fund and California Tire Recycling Management Fund) for three years and \$6.6 million ongoing General Fund to support the Fish and Game Preservation Fund's structural imbalance.

**DFW is currently undergoing the service-based budget process.** The service-based budget 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 its completion, would help identify DFW's greatest areas of need as well as identify the service standards required. This process is currently underway at DFW. Based on preliminary results, the SBB revealed a number of service gaps at the Department. The graph on the following page details the areas in which DFW is falling short of its mission.



**The Governor’s proposal.** According to DFW, the preliminary results of the service-based budget 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. The requested funding includes:

- \$18.9 million ongoing General Fund and 58 new positions to expand species conservation activities. These funds are redirected from the Wildlife Conservation Board’s Habitat Conservation Fund Programs.
- \$20 million one-time in General Fund to upgrade equipment and operations.

- \$23.4 million ongoing General Fund beginning in 2021-22 to backfill short fall and maintain service expansions.

The chart below provides additional detail on each component of the requested funding:

Activity	Description	Funding	Positions
<b>New Ongoing Proposals</b>			
Protect endangered species	Conduct work to implement and enforce compliance with CESA, including reviewing petitions 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.	\$10.8	31
Increase awareness about biodiversity and climate change	Conduct climate-risk assessments on CDFW lands. Develop and disseminate education and outreach materials about state’s biodiversity and climate change risks.	1.9	7
Improve permitting process for restoration projects	Direct additional staff resources to consult with restoration project proponents and process environmental permits to expedite time lines and enable permitting for larger scale projects.	3.4	15
Administration and facilities	Provide administrative support and office space proportional to new staff and activities included in overall proposal.	2.8	5
<b>Totals</b>		<b>\$18.9</b>	<b>58</b>
<b>New One-Time Proposals</b>			
New aircraft	Purchase new aircraft to aerially monitor wildlife.	\$6.0	—
Fish hatchery equipment	Purchase equipment to upgrade hatchery operations, including egg sorters and fish stocking vehicles.	6.5	—
Equipment and water conveyance projects at state wetlands	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.	7.5	—
<b>Total</b>		<b>\$20.0</b>	

CDFW = California Department of Fish and Wildlife and CESA = California Endangered Species Act.

**Source of funding for this proposal.** The funding sources for this proposal is a mix of General Fund dollars and \$18.9 million that is being redirected from the Habitat Conservation Fund.

**Habitat Conservation Fund.** Proposition 117, passed by voters in 1990, established the Habitat Conservation Fund (HCF). Proposition 117 also required an annual transfer of \$30 million into the HCF until the year 2020 and specified how the monies 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 aquatic habitat. The Budget Act of 2019 extended the 2020 sunset date until 2030.

#### LAO COMMENTS

**LAO Finds that ongoing funding addresses some service gaps, but Legislature could prioritize other activities.** The CDFW 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 proposals 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, we find that the proposed use of the new \$18.9 million seems well-targeted for addressing existing deficiencies in the CDFW's services.

**The LAO finds that the proposal has merit, however 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 proposal with its other conservation and General Fund priorities. Lastly, the LAO recommends deferring action on a 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 the CDFW'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 to the tune of \$20 million annually. Given the lack of information on how to address the structural deficit, the Subcommittee directed DFW to undergo a service-based budgeting exercise in order to better inform the Legislature on funding decisions. The SBB is still underway at DFW. Even without completing the SBB, based on its preliminary results, it is clear that DFW needs additional funds.

However, based on the budget change proposal, it is unclear how exactly the SBB preliminary results inform this request. For example, how did the Department arrive at the number of staff needed? How did the Department prioritize their needs using the SBB results? If funded, how much of the service gap is this proposal expected to close?

This proposal seeks to continue the temporary funding provided for DFW in the 2018 Budget Act as well as provide funding for critical programs and ecosystem-based management and biodiversity conservation, in part by, redirecting \$18.9 million from the Habitat Conservation Fund to DFW.

Proposition 117, which established the HCF, contains language that specifies the amount of funding for a number of Departments, including the Wildlife Conservation Board. Proposition 117

also prohibits the redirection of these funds. In order to bypass this prohibition, the Administration additionally proposes trailer bill language to change the sunset date of this Fund from 2030 to 2020, effectively allowing HCF to sunset in 2020 thereby freeing those funds from the formula prescribed by Prop 117.

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

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**Staff Recommendation: Hold Open.**

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## 3860 DEPARTMENT OF WATER RESOURCES

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The Department of Water Resources (DWR) protects and manages California's water resources. In this capacity, DWR plans for future water development and offers financial and technical assistance to local water agencies for water projects. In addition, the Department maintains the State Water Project, which is the nation's largest state-built water conveyance system. Finally, the DWR performs public safety functions such as constructing, inspecting, and maintaining levees and dams.

### ISSUE 5: NEW RIVER IMPROVEMENT PROJECT

The Governor's budget requests \$18 million General Fund 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

**The New River is polluted by domestic, agricultural, and industrial waste.** The New River is a cross-border, transboundary 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. New River pollution also 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 U.S. side of the U.S.-Mexico International Boundary: pathogens, low dissolved oxygen, toxicity, trash, selenium, sediment/silt, chlordane, dichlorodiphenyltrichloroethane (DDT), dieldrin, toxaphene, polychlorinated biphenyls (PCBs), hexachlorobenzene (HCB), nutrients and mercury.

**Prior efforts to remediate the New River's water quality and promote recreational opportunities.** AB 1079 (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 also solicited advice from consultants, academics and agency experts. The TAC then developed a comprehensive set of recommended actions to address the New River problems through the Strategic Plan published in 2011 and updated in 2016. The New River Strategic Plan contemplates additional benefits and includes creating 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 CalEPA 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, the County of Imperial, 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.

**STAFF COMMENTS**

The requested resources will go towards removing the contamination and foul odors of the river by encasing the flow, removing the trash and providing clean water into the channel that flows through Calexico. This will improve the quality of life for residents and help in the development of this economically challenged community. This will also allow the planned and approved New River Parkway and Bicycle Path project to move forward and be realized, providing a much-needed amenity to the city, and an economically and environmentally challenged community.

The City of Calexico, Imperial County, and Imperial Irrigation District have committed \$50,000 of leveraged funding per year, per entity, to the long-term operation and maintenance of this project, with the understanding that the state would support and deliver a one-time capital investment through state and /or federal funding streams.

The Subcommittee may wish to ask what DWR intends to do if the locals fail to perform their O&M commitment.

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**Staff Recommendation: Hold Open.**

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**ISSUE 6: TIJUANA RIVER PROJECT**

The Governor's budget requests \$35 million General Fund one-time for the construction, operation, and maintenance of a series of pollution capture devices and infrastructure projects on the U.S. side of the Tijuana River Valley that supports health and environmental benefits and address pollution issues affecting the Tijuana River.

**BACKGROUND**

**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 storm water runoff that flows into the Tijuana River National Estuarine Research Reserve among other ecological, recreational, and economic resources.

Waste discharges into the Tijuana River also often result in beach closures along the City of San Diego's coastline, extending as far North as the City of Coronado and many of the specific contaminants found in the Tijuana River pose potentially grave threats to human health.

**Efforts to address pollution in the Tijuana River.** The Assembly has worked with CalEPA, (including State Water Resources Control Board and San Diego Regional Water Quality Control Board), Natural Resources Agency (including State Parks), Mexican officials, local/regional agencies, and non-profit, non-governmental organizations, to address long-standing pollution issues affecting the Tijuana River, the Tijuana River Valley, and its residents. In April 2019, the Assembly convened a cross-border summit to discuss options for addressing Tijuana River pollution.

The Federal Government also plays a significant role in Tijuana River water quality. The International Border Water Commission (IBWC) operates the River's water treatment plant on the American side of the border. The San Diego Regional Water Quality Control Board has sued the IBWC for compliance with the Board's water quality requirements, pursuant to the federal Clean Water Act. The Board also works with USEPA on water quality in the region. Finally, the Department of Defense operates facilities in the area, and its operations are affected by Tijuana River water quality.

SB 507 (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" (SB 507 Study), is currently underway and identifies twenty-six potential solutions in the San Diego area and along

the U.S. side of the Tijuana River Valley. The study is expected to be fully completed by spring of 2020.

The Budget Act of 2019 also provided \$15 million to the Coastal Conservancy for Tijuana River Border Pollution Control Projects. Further, SB 690 (Chapter 381, Statutes of 2019) requires the Conservancy to prioritize those projects identified in the County of San Diego's SB 507 Study when expending any funds to address transboundary flows and pollution in the Tijuana River Valley.

At the urging of San Diego House members and the California congressional delegation, Congress' recent approval of the United States-Mexico-Canada Agreement included an appropriation of \$300 million to address cross-border Rivers. The Assembly is working with congressional staff to ensure most or all of that appropriation comes to California, although the USEPA has suggested that Texas may need some of this federal funding. Speaker's staff also is working with Mexican officials on how the three sovereigns might collaborate in managing the Tijuana River watershed in a unified manner.

#### LAO COMMENTS

**Withhold Approval of Funding for Tijuana River Projects Until State Has Plan for Funding Ongoing Costs.** The LAO recommends the Legislature withhold action on approving the proposed \$35 million for the Tijuana River 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 they will continue to function as intended beyond the two years for which maintenance funding is proposed. 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 cost 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 COMMENTS

This proposal will fund projects identified in the County of San Diego's SB 507 Study through DWR. The projects are concentrated in the western part of the watershed on the American side of the border. The tributaries where these proposed projects will be located feed directly into the Tijuana River's main channel and out to San Diego's National Marine Estuary and coastline. If funded, these projects would deliver health and ecological benefits to the Tijuana River Valley and alleviate the need for consistent beach closures in and around the San Diego area. The Administration's allocation of this funding does not indicate how these projects contribute to unified management of the watershed with Mexico and Baja California.

As the LAO noted, this proposal does not include funding for the operations and maintenance of these projects beyond the first two years. While the city of Calexico has committed to funding the ongoing costs to maintain and operate the proposed New River Improvement Project in the future, there is no similar commitment by a local entity for the Tijuana River projects. The Subcommittee may wish to ask the Department the following questions:

- Are you coordinating with the Mexican government to ensure coordinated management of the watershed?
- Are you working with the locals on securing additional funding?
- What is the plan if you do not identify funding for future operations and maintenance?

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**Staff Recommendation: Hold Open.**

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**ISSUE 7: SUSTAINABLE GROUNDWATER MANAGEMENT PROGRAM**

The Governor's budget requests \$39.6 million General Fund in 20-21, \$11.2 million in 21-22, and \$16.3 million ongoing thereafter to fund 37 new positions to: 1) establish the regulations for how a Groundwater Sustainability Plan (GSP) must be prepared and assess the GSPs likelihood of achieving sustainability; and 2) assist the locals prepare and implement a GSP that will bring groundwater levels back into balance through technical and planning support. This request includes \$30 million one-time General Fund local assistance for grants to support economic mitigation planning and/or implementation projects across critically over-drafted basins.

**BACKGROUND**

**Sustainable Groundwater Management Act (SGMA).** In 2014, amidst a major drought, the SGMA was signed into law establishing the first statewide structure for managing California's groundwater resources, but relying on local agencies to draft plans for state review. The Act consists of three legislative bills and provides a framework for long-term sustainable groundwater management across California.

SGMA requires the formation of Groundwater Sustainability Agencies (GSAs) to form in high- and medium-priority basins by June 30, 2017. The GSAs for critically over drafted basins submitted their first draft Groundwater Sustainability Plans in January 2020, and other at-risk basins will submit plans in 2022. GSAs will have until 2040 to achieve groundwater sustainability.

**DWR's role in SGMA implementation.** DWR has a new regulatory role as well as an assistance role in SGMA implementation. DWR established the Sustainable Groundwater Management Program (SGMP) in 2015 to fulfill these dual roles. DWR prioritized basins, accepted proposed GSAs, and developed regulations governing how the plans must be prepared. DWR helps the locals in preparing and implementing their GSPs through technical, planning, and financial support. This includes providing facilitation support, direct technical support, data, information, tools, and funding. It now has responsibility to evaluate the draft GSA plans as to their likelihood of achieving sustainability. DWR has met all of its assistance and regulatory responsibilities to date but its biggest challenges lie in the years ahead.

**DWR provides locals with technical assistance.** DWR began its Facilitation Support Services Program in 2015 to assist local agencies form 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, the SGMP received an appropriation which allowed DWR to expand its assistance efforts to include new technical assistance projects with an emphasis on data collection and dissemination.

**Locals continue to need technical assistance.** According to DWR, the level of assistance needed by the GSAs and their stakeholders has exceeded expectations. DWR initially estimated approximately 200 GSAs would form, instead there are nearly 270. In addition, the level of assistance requested by the GSAs has continually increased over the last two years. The SGMP began in January 2015. 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 critically over-drafted (COD) basins are wrapping up their plans, they are finding their technical and planning assistance needs will not subside. GSAs 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 noncompliant basins.

**Approve \$30 Million for Implementation Grants but Add Language Directing Use of Funds.** To help support critically over drafted 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 General Fund. 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 appears justified. Further, technical and planning assistance costs will also be increasing due to non-COD basin GSAs needing additional support to develop their GSPs.

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 the economic impacts of SGMA implementation. According to the BCP, the requested \$30 million will be made available to each of the COD basins to support implementation of no-regrets economic mitigation planning and projects. This is in recognition that the GSPs are not required to address the economic impacts of the conservation or water management actions proposed/adopted in the GSPs. However, certain critically over drafted basins are so over drafted that even switching to a lower water intensity crop will not be an option. What projects does DWR anticipate funding to mitigate the impacts of having to leave those lands fallow? What are all the different types of projects DWR anticipates to fund with the \$30 million? How will it select those projects? How exactly will this mitigate the economic impacts of adopting those GSPs?

Further, this Subcommittee has received concerns over DWR's implementation of SGMA. According to the Community Water Center and the Leadership Counsel for Justice and Accountability, the vast majority of the GSPs submitted identify no early actions to address over pumping - most just include potential recharge projects - and instead assume overdraft will continue at close to current levels for most of the 20-year period. This would effectively allow shallow wells in those regions to continue going dry as water levels go down. It should be noted that DWR received the first drafts of the GSPs in January of this year.

The Legislature has labored over establishing a sustainable funding source to help communities, especially those in disadvantaged communities, gain access to clean water. Many of these communities are located in over drafted basins. The Subcommittee might wish to ask how the Department is taking these concerns into consideration and how it intends to mitigate this impact on domestic well owners.

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**Staff Recommendation: Hold Open.**

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**ISSUE 8: HYDROMETEOROLOGY AND SURFACE WATER OBSERVATIONS**

The Governor's budget requests \$6 million General Fund ongoing and 11 positions (6 existing and 5 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 who 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 is important especially as our climate is changing. This information can help inform our adaptation strategies and how we manage water in California.

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**Staff Recommendation: Approve as budgeted.**

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**ISSUE 9: FLOOD MANAGEMENT SUPPORT**

The Governor's budget requests \$853,000 General Fund 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 Division of Flood Management, 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 preventive 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 also 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 California’s flood system, protect developing communities, and increase flood system functionality to achieve both flood protection and environmental goals.

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**Staff Recommendation: Approve as budgeted.**

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**ISSUE 10: SYSTEMWIDE FLOOD IMPROVEMENT PROJECTS**

The Governor's budget requests \$96 million one-time from various bond funds to implement multi-benefit flood improvement projects. Specifically:

- \$68 million Proposition 68
- \$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. The 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 turn-over from the United States 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.** The US Army Corps of Engineers identified thousands of non-compliant encroachments and/or deficient maintenance and operations of facilities within the SPFC. They estimate that 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's 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 that, "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 will help to 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.

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**Staff Recommendation: Approve as budgeted.**

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**ISSUE 11: URBAN FLOOD RISK REDUCTION – AMERICAN RIVER COMMON FEATURES PROJECT**

The Governor's budget requests \$46 million General Fund one-time to support the state cost-share requirement of a critical flood risk reduction project that is being implemented by the United States Army Corps of Engineers. 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 United States Army Corps of Engineers (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). Not only did the BBA 2018 appropriation fully fund the federal cost share, it also required the project to be implemented in five years versus the originally planned ten-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 for both cost-share payments to USACE and funds for acquisition of real estate and relocation of utilities.

**STAFF COMMENTS**

This is a significant amount of federal funding that we can potentially draw down. This type and level of federal funding is unprecedented. This request would enable us to put up the cost share necessary to take advantage of this. This proposal requests a total of \$46 million in General Fund that will leverage over \$158 million of federal funding over the next year.

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**Staff Recommendation: Approve as budgeted.**

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