



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

APR 01 2014

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Various Budget Bill Items, Support, Air Resources Board

Cap and Trade Expenditure Plan: Coordination and Reporting—It is requested that Item 3900-001-3228 be increased by \$4,135,000 and that Item 3900-001-0044 be amended to reflect this change. This request will provide consistent and coordinated guidance to departments implementing the Cap and Trade Expenditure Plan. The Governor's Budget proposes to invest \$850 million of Cap and Trade proceeds for existing and pilot programs to reduce greenhouse gas emissions through clean transportation, sustainable communities, energy efficiency, carbon sequestration, and waste diversion. Recent drought legislation (Chapter 2, Statutes of 2014 (SB103)) accelerated the appropriation of \$20 million from the January budget Cap and Trade Expenditure plan and appropriated an additional \$20 million beyond the \$850 million plan put forth in the January budget.

This proposal supports 16 positions for the Air Resources Board to (1) provide coordinated program guidance to departments implementing Cap and Trade-supported programs, such as a consistent application of benefits to disadvantaged communities; (2) develop and maintain a project tracking system to report investment results; and (3) assist in preparing the annual project status and outcomes report, as required by law. It is also requested that provisional language be added making expenditures for a project tracking system subject to California Technology Agency approval of an Information Technology Project Feasibility Study Report (see Attachment A).

Cap and Trade Market Surveillance: Fund Shift—It is requested that Item 3900-001-3237 be increased by \$702,000, Item 3900-001-3228 be decreased by \$702,000, and that Item 3900-001-0044 be amended to reflect these changes to make a necessary technical adjustment for the funding source of the Air Resources Board's Cap and Trade Market Surveillance activities.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Ellen Moratti, Principal Program Budget Analyst, at (916) 324-0043.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

cc: Honorable Kevin de León, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Mike Gatto, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Jim Beall, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Eric Jarvis, Assistant Secretary for Fiscal and Administrative Programs, Office of the Secretary
for Environmental Protection
Mr. Richard Corey, Executive Officer, California Air Resources Board
Ms. Edie Chang, Deputy Executive Officer, California Air Resources Board
Ms. Alice Stebbins, Chief, Administrative Services Division, California Air Resources Board
Ms. Pam Biggins, Manager, Administrative Services Division, California Air Resources Board

Addition of Budget Bill language to Item 3900-001-3228

Provisions:

X. Notwithstanding any other provision of law, of the funds appropriated in this item, up to \$1,000,000 is available for development of a project tracking system to report Cap and Trade auction proceeds investment results. Funding provided pursuant to this provision shall be made available only upon California Department of Technology approval of a Stage 1 Business Analysis and corresponding Feasibility Study Report.

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Assembly Budget Committee

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Amendment to Various Budget Bill Items, Support and Local Assistance, State Water Resources Control Board

Drinking Water Program: Regulating Small Water Systems in Merced and Tulare Counties—It is requested that Item 3940-001-0306 be increased by \$619,000 and that Item 3940-001-0439 be amended to reflect this change. This request will support 5 positions to perform regulatory oversight of public small water systems in Merced and Tulare counties. Existing law allows counties to shift oversight of delegated public water systems to the state. The state's costs will be covered by fees charged to public water systems as authorized by existing law. This proposal is part of the Administration's Drinking Water Reorganization.

Drinking Water Program: Continuation of the Recycled Water Program—It is requested that Item 3940-001-0193 be increased by \$498,000 and that Item 3940-001-0439 be amended to reflect this change. This request will support 3 two-year limited-term positions to continue work begun by the California Department of Public Health to adopt Phase II of uniform water recycling criteria for surface water augmentation and to investigate the feasibility of developing uniform water recycling criteria for direct potable reuse, as required by Chapter 700, Statutes of 2010 (SB 918). Phase I regulations being completed by the Department of Public Health are due June 30, 2014 per recent drought legislation (Chapter 3, Statutes of 2014 (SB 104)). Phase I regulations require development of uniform water recycling criteria for indirect potable water reuse for groundwater recharge. This request is part of the Administration's Drinking Water Reorganization.

Technical Budget Adjustments for Drought-Related Activities—It is requested that Item 3940-001-0193 be decreased by \$1.2 million and that Item 3940-001-0439 be amended to reflect this change. It is also requested that Item 3940-101-3147 be decreased by \$7 million. Emergency drought legislation (Chapter 2, Statutes of 2014 (SB 103)), accelerated the appropriation of these funds into the current year to address the state's drought conditions. This technical adjustment reflects that change.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Ellen Moratti, Principal Program Budget Analyst, at (916) 324-0043.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

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Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Jennifer Taylor, Budget Officer, State Water Resources Control Board
Mr. Darrin Polhemus, Deputy Director-Administration, State Water Resources Control Board
Mr. Eric Jarvis, Assistant Secretary, California Environmental Protection Agency



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Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 3960-001-0014, Support, Department of Toxic Substances Control

Hazardous Waste Permitting: Work Plan Implementation—It is requested that Item 3960-001-0014 be increased by \$699,000 to provide support for 5 three-year limited-term positions to implement the Department of Toxic Substances Control Permit Enhancement Work Plan. The plan identifies ten reform goals that will serve as a comprehensive roadmap for implementing a more effective, protective, timely, and equitable permitting system.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Ellen Moratti, Principal Program Budget Analyst, at (916) 324-0043.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Eric Jarvis, Assistant Secretary, California Environmental Protection Agency
Ms. Miriam Ingenito, Chief Deputy Director, Department of Toxic Substances Control
Ms. Sara Benson, Chief, Financial Planning Branch, Department of Toxic Substances Control