

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016/17	Business Unit 0540, 3600 and 3860	Department Natural Resources Agency, DWR + DFW	Priority No.
Budget Request Name State Obligations – Proposition 1		Program	Subprogram

Budget Request Description
 State Obligations – Proposition 1 Section 79736

Budget Request Summary
 This proposal would provide \$384.9 million in Proposition 1 from Section 79736 and 1 position to fund projects that fulfill state obligations under several agreements.

Requires Legislation <input type="checkbox"/> Yes <input type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.
 FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Bryan Cash	Date 1/04/2016	Reviewed By	Date
Department Director	Date	Agency Secretary <i>[Signature]</i>	Date 1/4/2016

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA	Original Signed by Amanda Martin	Date submitted to the Legislature 1-8-16
------	--	--

BCP Fiscal Detail Sheet

BCP Title: Proposition 1 State Obligations

DP Name: 0540-006-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	1.0	1.0	1.0	1.0	1.0
Total Positions	0.0	1.0	1.0	1.0	1.0	1.0
Salaries and Wages						
Earnings - Permanent	0	84	84	84	84	84
Total Salaries and Wages	\$0	\$84	\$84	\$84	\$84	\$84
Total Staff Benefits	0	35	35	35	35	35
Total Personal Services	\$0	\$119	\$119	\$119	\$119	\$119
Operating Expenses and Equipment						
5301 - General Expense	0	2	2	2	2	2
5302 - Printing	0	2	2	2	2	2
5304 - Communications	0	1	1	1	1	1
5306 - Postage	0	1	1	1	1	1
5320 - Travel: In-State	0	15	15	15	15	15
5324 - Facilities Operation	0	10	10	10	10	10
5340 - Consulting and Professional Services - External	0	339,750	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$339,781	\$31	\$31	\$31	\$31
Total Budget Request	\$0	\$339,900	\$150	\$150	\$150	\$150

Fund Summary

Fund Source - State Operations						
Water Quality, Supply, and						
6083 - Infrastructure Improvement Fund of 2014	0	339,900	150	150	150	150
Total State Operations Expenditures	\$0	\$339,900	\$150	\$150	\$150	\$150
Total All Funds	\$0	\$339,900	\$150	\$150	\$150	\$150

Program Summary

Program Funding						
0320 - Administration of Natural Resources Agency	0	339,900	150	150	150	150
Total All Programs	\$0	\$339,900	\$150	\$150	\$150	\$150

BCP Fiscal Detail Sheet

BCP Title: Proposition 1

DP Name: 3600-090-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
Earnings - Permanent	0	2,239	0	0	0	0
Total Salaries and Wages	\$0	\$2,239	\$0	\$0	\$0	\$0
Total Staff Benefits	0	1,067	0	0	0	0
Total Personal Services	\$0	\$3,306	\$0	\$0	\$0	\$0
Operating Expenses and Equipment						
5301 - General Expense	0	4,829	0	0	0	0
5302 - Printing	0	23	0	0	0	0
5304 - Communications	0	379	0	0	0	0
5306 - Postage	0	45	0	0	0	0
5308 - Insurance	0	6	0	0	0	0
5320 - Travel: In-State	0	378	0	0	0	0
5322 - Training	0	423	0	0	0	0
5324 - Facilities Operation	0	397	0	0	0	0
5326 - Utilities	0	282	0	0	0	0
5340 - Consulting and Professional Services - Interdepartmental	0	557	0	0	0	0
5342 - Departmental Services	0	3,485	0	0	0	0
539X - Other	0	2,640	0	0	0	0
54XX - Special Items of Expense	0	1,250	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$14,694	\$0	\$0	\$0	\$0
Total Budget Request	\$0	\$18,000	\$0	\$0	\$0	\$0
Fund Summary						
Fund Source - State Operations						
Water Quality, Supply, and						
6083 - Infrastructure Improvement Fund of 2014	0	16,750	0	0	0	0
Total State Operations Expenditures	\$0	\$16,750	\$0	\$0	\$0	\$0
Fund Source - Local Assistance						
Water Quality, Supply, and						
6083 - Infrastructure Improvement Fund of 2014	0	1,250	0	0	0	0
Total Local Assistance Expenditures	\$0	\$1,250	\$0	\$0	\$0	\$0

Total All Funds

\$0	\$18,000	\$0	\$0	\$0	\$0
------------	-----------------	------------	------------	------------	------------

Program Summary

Program Funding

2590 - Biodiversity Conservation Program

0	18,000	0	0	0	0
---	--------	---	---	---	---

Total All Programs

\$0	\$18,000	\$0	\$0	\$0	\$0
------------	-----------------	------------	------------	------------	------------

Personal Services Details

Salaries and Wages	CY	BY	BY+1	BY+2	BY+3	BY+4
0756 - Environmental Program Mgr I (Supvry)	0	482	0	0	0	0
0762 - Environmental Scientist	0	1,031	0	0	0	0
0764 - Sr Envirnal Scientist (Supvry)	0	348	0	0	0	0
0765 - Sr Envirnal Scientist (Spec)	0	187	0	0	0	0
5393 - Assoc Govtl Program Analyst	0	191	0	0	0	0
Total Salaries and Wages	\$0	\$2,239	\$0	\$0	\$0	\$0
Staff Benefits						
5150350 - Health Insurance	0	333	0	0	0	0
5150450 - Medicare Taxation	0	32	0	0	0	0
5150500 - OASDI	0	139	0	0	0	0
5150600 - Retirement - General	0	563	0	0	0	0
Total Staff Benefits	\$0	\$1,067	\$0	\$0	\$0	\$0
Total Personal Services	\$0	\$3,306	\$0	\$0	\$0	\$0

BCP Fiscal Detail Sheet

BCP Title: State Obligations - San Joaquin River Settlement

DP Name: 3860-013-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
Earnings - Permanent	0	2,757	0	0	0	0
Total Salaries and Wages	\$0	\$2,757	\$0	\$0	\$0	\$0
Total Staff Benefits	0	1,155	0	0	0	0
Total Personal Services	\$0	\$3,912	\$0	\$0	\$0	\$0
Operating Expenses and Equipment						
5301 - General Expense	0	2,088	0	0	0	0
5340 - Consulting and Professional Services - External	0	6,000	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$8,088	\$0	\$0	\$0	\$0
Total Budget Request	\$0	\$12,000	\$0	\$0	\$0	\$0

Fund Summary

Fund Source - State Operations						
Water Quality, Supply, and						
6083 - Infrastructure Improvement Fund of 2014	0	12,000	0	0	0	0
Total State Operations Expenditures	\$0	\$12,000	\$0	\$0	\$0	\$0
Total All Funds	\$0	\$12,000	\$0	\$0	\$0	\$0

Program Summary

Program Funding						
3230 - Continuing Formulation of the California Water Plan	0	12,000	0	0	0	0
Total All Programs	\$0	\$12,000	\$0	\$0	\$0	\$0

Personal Services Details

Salaries and Wages

VR00 - Various

Total Salaries and Wages

	CY	BY	BY+1	BY+2	BY+3	BY+4
	0	2,757	0	0	0	0
Total Salaries and Wages	\$0	\$2,757	\$0	\$0	\$0	\$0

Staff Benefits

5150350 - Health Insurance

5150600 - Retirement - General

Total Staff Benefits

Total Personal Services

	0	495	0	0	0	0
	0	660	0	0	0	0
Total Staff Benefits	\$0	\$1,155	\$0	\$0	\$0	\$0
Total Personal Services	\$0	\$3,912	\$0	\$0	\$0	\$0

STATE OF CALIFORNIA		Budget Year 2016-17						
CAPITAL OUTLAY BUDGET CHANGE PROPOSAL (COBCP)		Proj ID: 959						
FISCAL IMPACT WORKSHEET		BU/Entity: 3860						
Department Title:	Water Resources	Program ID:						
Project Title:	San Joaquin River Settlement Project	COBCP #:						
Program Category:	Critical Infrastructure Deficiencies	Priority:						
Program Subcategory:		MA/MI: MA						
		Existing Authority	January 10 Action	April 1 Action	May 1 Action	May 14 Action	Special Action	Project Total
FUNDING								
bu-ref-fund-eny-year	ph action							
3860-301-6083-2016-2016	sapc BA		15,000,000					15,000,000
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
TOTAL FUNDING		0	15,000,000	0	0	0	0	15,000,000
PROJECT COSTS								
Study			100,000					100,000
Acquisition			100,000					100,000
Performance Criteria			150,000					150,000
Preliminary Plans			650,000					650,000
Working Drawings			2,000,000					2,000,000
Total Construction or Design-Build		0	12,000,000	0	0	0	0	12,000,000
Equipment (Group 2)								0
TOTAL COSTS		0	15,000,000	0	0	0	0	15,000,000
CONSTRUCTION OR DESIGN-BUILD DETAIL								
Contract			12,000,000					12,000,000
Contingency								0
A&E								0
Agency Retained								0
Other								0
TOTAL CONSTRUCTION OR DESIGN-BUILD		0	12,000,000	0	0	0	0	12,000,000
FUTURE FUNDING		0	0	0	0	0	0	0
SCHEDULE		mm/dd/yyyy		PROJECT SPECIFIC CODES				
Study Completion		9/30/2016		Proj Mgmt:	Location:	San Joaquin River		
Acquisition Approval		3/31/2018		Budg Pack:	County:	Merced		
Start Preliminary Plans/Performance Criteria		10/1/2016		Proj Cat:	City:			
Preliminary Plan/Performance Criteria Approval		9/30/2017		Req Legis:	Cong Dist:	16		
Approval to Proceed to Bid		2/15/2019		Req Prov:	Sen Dist:	12		
Contract Award Approval		6/15/2019		SO/LA Imp:	Assm Dist:	21		
Project Completion		6/30/2020						

STATE OF CALIFORNIA

Budget Year 2016-17

CAPITAL OUTLAY BUDGET CHANGE PROPOSAL (COBCP)

Proj ID: 959

SCOPE/ASSUMPTIONS WORKSHEET

BU/Entity: 3860

Department Title: Water Resources

Program ID

Project Title: San Joaquin River Settlement Project

COBCP #:

Program Category: Critical Infrastructure Deficiencies

Priority:

Program Subcategory:

MA/MI:

MA

Project Specific Proposals: For new projects provide proposed Scope language. For continuing projects provide the latest approved Scope language. Enter Scope language in cell A110.

Conceptual Proposals: Provide a brief discussion of proposal defining assumptions supporting the level of funding proposed by fiscal year in relation to outstanding need identified for that fiscal year. (Also include scope descriptions for BY+1 through BY+4 in cell A110).

This proposal will allow DWR to design and implement flow conveyance and fish passage improvements for the San Joaquin River Restoration Program. The improvements will allow increased Restoration Flows to support the reintroduction of Chinook salmon to the San Joaquin River. These improvements will be constructed in coordination with site-specific projects being implemented by the US Bureau of Reclamation. The feasibility level investigation for these elements will be completed in FY 2016-17, design will begin in FY 2016-17, and construction will be performed starting in FY 2018-19. These projects are part of a comprehensive plan incorporated in a Framework for Implementation developed by the SJRRP and supported by DWR.

A. **Budget Request Summary**

The Natural Resources Agency is requesting \$464.9 million Proposition 1 and 1 position to fund projects that fulfill state obligations under several agreements. The funds would go to the following Departments for specific obligations:

Natural Resources Agency - \$89.9 million and 1 position to meet the state's commitments under Subsection (d) of Section 3406 of the Central Valley Project Improvement Act (Title 34 of Public Law 102-575).

\$250 million for the costs associated with the Klamath Hydroelectric Settlement Agreement.

Water Resources - \$27 million to help meet the state's obligations towards the San Joaquin River Settlement.

Fish and Wildlife - \$18 million to help meet the state's obligations towards the San Joaquin River Settlement.

A separate comprehensive Salton Sea BCP will request \$80 million from this section for projects to meet the state's commitments in Chapters 611, 612, 613 and 614 of the Statutes of 2003.

Background/History

California voters passed The Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1) in November, 2014. It added Division 26.7 to the Water Code and under Chapter 6 Section 79736, authorized \$475 million for projects that fulfill state obligations under the following agreements:

- **Central Valley Project Improvement Act:** Subsection (d) of Section 3406 of the Central Valley Project Improvement Act (Title 34 of Public Law 102-575) - <http://www.usbr.gov/mp/cvpia/3406d/3406d.html#3406d>.
- **Salton Sea Restoration Act QSA:** Intrastate or multiparty water quantification settlement agreement provisions, including ecosystem restoration projects, as set forth in Chapters 611, 612, 613, and 614 of the Statutes of 2003.
- **San Joaquin River Restoration Settlement:** The settlement agreement referenced in Section 2080.2 of the Fish and Game Code.
- **Klamath Hydroelectric Settlement Agreement:** Any intrastate or multiparty settlement agreement related to water acted upon or before December 31, 2013. Priority shall be given to projects that meet one or more of the following criteria:
 - (1) The project is of statewide significance.
 - (2) The project restores natural aquatic or riparian functions, or wetlands habitat for birds and aquatic species.
 - (3) The project protects or promotes the restoration of endangered or threatened species.
 - (4) The project enhances the reliability of water supplies on a regional or interregional basis.
 - (5) The project provides significant regional or statewide economic benefits.
- **Tahoe Regional Planning Compact:** Section 66801 of the Government Code pursuant to Title 7.42 (commencing with Section 66905) of the Government Code.

The proposed rollout for these funds is as follows:

State Obligations - 79736		Agreement Department		Rollout Plan						Total	
				2014/15	2015/16	2016/17	2017/18	2018/19	2019/20		2020/21
Allocation Total	\$475,000	CVPIA	Agency	\$0	\$0	\$89,900	\$150	\$150	\$150	\$150	\$90,500
Bond Costs	(\$9,500)	Salton Sea	DWR	\$0	\$0	\$80,000	\$0	\$0	\$0	\$0	\$80,000
Balance	\$465,500	San Joaquin	DWR + DFW (60%/40%)	\$0	\$0	\$45,000	\$0	\$0	\$0	\$0	\$45,000
		Klamath	Agency	\$0	\$0	\$250,000	\$0	\$0	\$0	\$0	\$250,000
			Total	\$0	\$0	\$464,900	\$150	\$150	\$150	\$150	\$465,500

Each of these obligations is important to the State and will help to implement the three objectives of the California Water Action Plan - more reliable water supplies, the restoration of important species and habitat, and a more resilient and sustainably managed water infrastructure. However, the amount needed to completely fund all of these agreements far exceeds the amount allocated in the bond. Therefore, the Administration had to find a way to prioritize the initial allocation of funds. Funds needed to meet obligations, past investments made by the State and the availability of other funds were used as a guide to determine the rollout plan. The plan will be modified over time to reflect the status of each of these agreements, the availability of other funds and progress made in each area.

Klamath Hydroelectric Settlement Agreement: The Klamath River basin faces unresolved problems resulting from over-drafted water supplies and significant water quality degradation. Though problems with scarcity have been ongoing for many decades, the following recent events and unprecedented and extraordinary actions in the Klamath Basin occurred largely because these unresolved problems reached critical tipping points socially, economically, and environmentally:

- In spring of 2001, the Federal Government announced there would be no deliveries of water from Upper Klamath Lake or the Klamath River to the Bureau of Reclamation's (Reclamation's) Klamath Project due to the combined effects of severe drought and Federal Endangered Species Act (ESA) concerns. This was the first time project water deliveries were not made at a Reclamation project. The decision resulted in protracted clashes between farmers, tribes, conservationists, and fishermen.
- In 2002, there was a significant fish die-off in the Klamath River of adult fall-run Chinook salmon (at least 30,000 fish, some estimating it to be as high as 60,000).
- In 2005, public health warnings to avoid contact with water in Iron Gate and Copco Reservoirs due to toxic algae blooms began being posted annually.
- In 2006, low abundance of Klamath Basin Chinook salmon lead to severe restrictions on commercial and recreational harvest along 700 miles of the California and Oregon coast, as well as major reductions in Klamath River recreational and tribal fisheries.
- In 2010, there was a significant reduction in water deliveries to Reclamation's Klamath Project due to dry hydrologic conditions.
- In 2010, the Klamath Tribes limited their harvest of suckers to ceremonial use for the 25th consecutive year and experienced their 92nd year without access to salmon.

The Klamath Hydroelectric Settlement Agreement provides one way to improve conditions basin-wide through the removal of four dams - J.C. Boyle, Copco 1, Copco 2, and Iron Gate - and through associated restoration projects. The restoration goals are:

- Restore and sustain natural fish production and provide for full participation in ocean and river harvest opportunities of fish species throughout the Klamath Basin;
- Establish reliable water and power supplies which sustain agricultural uses, communities, and National Wildlife Refuges; and
- Contribute to the public welfare and the sustainability of all Klamath Basin communities.

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 08/15)

This agreement is a multiparty settlement agreement related to water, and is of statewide significance, restores natural ecosystem functions, and restores imperiled species' habitat. Signatories to the agreement include the states of California and Oregon, the United States, and the private owner of the dams. The agreement concerns the federally-licensed hydroelectric dams on the river that are privately owned and saves the public utility ratepayers money compared to the more costly requirements to update and modernize these dams. This proposal will allocate \$250 million towards the agreement. The appropriation will be used to fund the state's portion of the multiparty settlement agreement that would bring down the above-mentioned dams and would help reach the restoration goals.

Central Valley Project Improvement Act: The 1992 Central Valley Project Improvement Act (CVPIA) included Section 3406(d), which created the Refuge Water Supply Program (RWSP) and provided a dedicated quantity and suitable quality of water to support and enhance 19 Central Valley State, federal and private managed wetland units (Project Units). Within the CVPIA, several programs identified State cost share requirements and development of a cost-share agreement with the State of California. The agreement was developed and signed by Department of Water Resources (DWR), California Department of Fish and Wildlife (CDFW), U.S. Bureau of Reclamation (Reclamation) and U.S. Fish and Wildlife Service (USFWS) in 1994 ("Sharing of Costs Agreement for Mitigation Projects and Improvements", otherwise known as "SCAMPI"). A new agreement was signed in December 2014 ("SCAMPI II") by the four agencies.

The RWSP's overarching goal is to ensure that all CVPIA identified wetland habitat areas annually receive water of a specified quantity, of suitable flow rate and timing, and suitable quality to support their wetland and aquatic environment. The RWSP consists of three major components: water acquisition, water conveyance, and facilities construction. CVPIA obligates Reclamation to pay for acquisition and delivery of "Level 2" (baseline supply) and "Incremental Level 4" (optimal) water supplies for the 19 identified CVPIA Project Units. Level 2 is the amount of water required for minimum wetlands and wildlife habitat management based on historic average annual deliveries. Level 4 is the amount of water identified for each refuge in CVPIA as required for optimum wetland and wildlife habitat development and management. Full level 4 water delivery is satisfied when both Level 2 and Level 4 targets are met in full. Level 4 water acquisition amounts vary widely year to year depending on available federal funding, water availability on the open market, and hydrologic year. The acquisition and delivery of Level 4 water to the Project Units of the National Wildlife Refuge System; State wildlife areas; and the Grasslands Resource Conservation District requires a State cost share of 25% per Section 3406(d)(3).

Reclamation and the USFWS develop Annual Work Plans in coordination with the National Marine Fisheries Service and the State of California (represented by CDFW and DWR) to disclose and solicit public feedback on activities planned for the upcoming federal fiscal year using the Central Valley Project Restoration Fund (Restoration Fund) and authorities under CVPIA. The Annual Work Plan includes federal funding from the Restoration Fund and State cost-share for each program activity under CVPIA. Federal funding for CVPIA programs fluctuates annually based on federal appropriations. Limited funding within Reclamation has resulted in the need to require "up front" State funding commitments prior to further project/program implementation, which is now required in SCAMPI II through State-federal cost-sharing agreements (Task Orders). In order for expenditures to contribute to State cost share under the CVPIA RWSP, CDFW will need to include these expenditures in future Reclamation Task Orders, which identify final federal and state costs. Close coordination is needed during project planning and development to assure State funding is captured and included in Task Orders.

Proposition 1 Section 79736(a) includes much needed funding for the State to meet its cost share obligations under CVPIA Section 3406(d). These obligations involve funding for projects that include water acquisition, conveyance facilities construction, and water conveyance which are all consistent with the goals and objectives of the Central Valley Joint Venture (CVJV) Implementation Plan, and the California Water Action Plan. CDFW, USFWS, CVJV NGO's including Audubon, Point Blue, The Nature Conservancy, Ducks Unlimited, and California Waterfowl (Project Partners) have worked with Reclamation to identify a project list to address RWSP needs and eventually meet Level 4 water mandates in CVPIA. In addition, water acquisitions will be coordinated with the Wildlife Conservation Board (WCB) as per Fish and

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 08/15)

Game Code Section 1348, which requires WCB authorization of acquisition of real property, water, or water rights.

Given the budget issues in the previous decade, the State has not had an opportunity to make significant investments towards the Central Valley Project Improvement Act. This proposal would appropriate \$90.5 million that would be available for use over several years. The funds would be awarded through a grant program administered by the Natural Resources Agency. Eligible projects would include, among other things, water infrastructure and water purchases – both long and short term. The projects would help achieve the goal of the Act to provide “firm water supplies of suitable quality to maintain and improve wetland habitat areas”.

Salton Sea: The 2013/14 budget act provided \$2 million for a feasibility study that would guide future investments in the Salton Sea. The study will be completed this fiscal year and a plan for future investments will be in place in the fall of 2015. The plan includes a phased approach to restoration, which allows for investments to be made incrementally as the funds are made available. A comprehensive Salton Sea Restoration BCP will be submitted which will include an \$80 million request for the Department of Water Resources to begin implementing the plan. In addition to the funds for the feasibility study and the current Proposition 1 allocation, one other bond measure contained funding for Salton Sea restoration – \$47 million Proposition 84. These funds were focused on initial restoration efforts and planning.

San Joaquin River Restoration Settlement: In 1988, a coalition of environmental groups, led by the NRDC, filed a lawsuit challenging the renewal of the long-term water service contracts between the United States and the Central Valley Project Friant Division contractors. After more than 18 years of litigation, a Settlement was reached on September 13, 2006 and was approved by the court on October 23, 2006. Concurrent with the execution of the Settlement, the Settling Parties entered into a Memorandum of Understanding (MOU) with the State concerning the State’s role in the implementation of the Settlement. The Settlement’s main goals are:

1. Restoration – To restore and maintain fish populations in “good condition” in the main stem of the San Joaquin River below Friant Dam to the confluence of the Merced River, including naturally reproducing and self-sustaining populations of salmon and other fish.
2. Water Management – To reduce or avoid adverse water supply impacts to all of the Friant Division long-term contractors that may result from the Interim Flows and Restoration Flows provided for in the Settlement.

Further information on the Settlement and its implementation can be found @ <http://www.restoresjr.net/>.

To date, efforts to meet the State’s obligations of the San Joaquin River Restoration Settlement Act have been funded by \$8 million in Proposition 13 and \$100 million in Proposition 84. These funds have been committed to specific data collection, studies and projects to further the implementation of the Settlement, including the construction of a hatchery, flood risk evaluations, fish passage designs, fish introductions, and fisheries research and monitoring. This proposal will appropriate \$45 million for the next 3 years of efforts. A framework for implementation has been developed by the implementing agencies, which include the Bureau of Reclamation (Bureau), the California Department of Fish and Wildlife, the California Department of Water Resources, the U.S. Fish and Wildlife Service, and the National Marine Fisheries Service. The framework is a living document and will be updated as milestones are achieved. The state’s commitment of these additional resources will help the Bureau to secure the needed federal funds to continue implementation of the Act. In the next 4 years, the program has the main goal to create a capacity of at least 1,300 cubic feet per second in all reaches to provide flow connectivity and fish migration.

To achieve this, the program will focus on the following:

- Friant-Kern capacity restoration
- Madera Canal capacity restoration
- Mendota Pool bypass
- Temporary sack dam passage
- Fish passage at key barriers
- Conservation facility
- Seepage projects to 1,300 cubic feet per second
- Levee stability projects to 1,300 cubic feet per second.

Tahoe Regional Planning Compact: This partnership between California and Nevada to protect the Lake Tahoe Basin is now 46 years old. Great strides have been made to protect this incredible resource. In fact, over the last two decades, the State has invested over \$670 million to help fulfill the Tahoe Regional Planning Compact. Going forward, the state will continue to make investments through the following:

- Proposition 1 allocates \$15 million directly to the Tahoe Conservancy
- Proposition 1 also allocates \$24.5 million to the Lahontan Hydrologic region for further investments in this area through the Integrated Regional Water Management program.
- The Conservancy and other regional entities are eligible to compete for Proposition 1 funding from other sections.

In addition, the State of Nevada and the Federal Government are partners in this effort and will have the opportunity to continue to make investments to achieve the goals of the Compact. These additional investments will continue to help protect and improve the conditions of the Lake Tahoe Basin and achieve the goals set forth in the Environmental Improvement Program and the Regional Plan.

B. State Level Considerations

These proposals provide funding for projects that help fulfill part of the Natural Resources Agency's mission "to restore, protect and manage the state's natural ...resources."

c. Justification

Proposition 1 specifies in the statute where funds are to be allocated and directs \$475 million to the state obligations in this request. The Administration proposes that the rollout of these funds take into consideration the amount needed to meet the individual obligations, past investments made by the State, and the availability of other funds. Over time, the Administration will monitor progress of each obligation and adjust the rollout accordingly. Needed adjustments will be included in subsequent budget proposals.

d. Outcomes and Accountability

Funding from this request will go to ongoing efforts at the specific departments to meet the state's commitments listed above. Each Department has significant experience in developing successful programs through other bond measures. The same processes developed under other measures will be in place to protect these investments.

In addition, as with other bond programs bi-annual updates will be provided to the Department of Finance, project information will be posted on the Proposition 1 website and the programs are subject to an annual audit by the Office of State Audits and Evaluations.

e. Analysis of All Feasible Alternatives

Alternative 1: Fund support for these state obligations from an alternative source - General Fund.

Pros

- This would allow the state to meet its obligations under these agreements.

Cons

- This would put pressure on the alternative funding source – General Fund.

Alternative 2: Approve the funding and position as requested.

Pros

- This approach would not draw on a separate funding source and would allow the Proposition 1 funds to be invested in a timely and effective manner.

Cons

- General Fund would be spent on bond repayment.

f. Implementation Plan

Efforts are currently underway to meet each of the obligations listed above. These efforts will continue and will be augmented through the funding in this proposal. Agency will monitor the progress of each of the departments receiving funding and will adjust the rollout plan as needed over time.

g. Recommendation

We would recommend Alternative 2 and the inclusion of provisional language in each project-related item to allow three years for encumbrance and liquidation. In addition, we would recommend language that would allow the funds to be moved from support to local assistance and/or capital outlay where appropriate.