

Date of Hearing: September 12, 2017

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Lorena Gonzalez Fletcher, Chair
SB 5 (De León) – As Amended September 10, 2017

Policy Committee: Water, Parks and Wildlife

Vote: 11 - 2

Urgency: Yes

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill places the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 on the June, 2018 ballot which, upon voter approval, would authorize the issuance of \$4 billion in general obligation bonds for various parks, water infrastructure and environmental purposes. Specifically, this bill:

- 1) Makes various findings and declarations regarding the need for investment in parks, recreation areas, wildlife trails for the health and enjoyment of Californians and economic benefits to the state.
- 2) Makes various findings and declarations regarding California's variable weather, drought, and climate impacts.
- 3) Declares every Californian should have access to safe, clean and reliable drinking water, and notes the importance of water conservation, recycling, and implementing groundwater management.
- 4) States legislative intent that the expenditure of bond funding will be given to projects that leverage private, federal, or local funding and produce the greatest public benefit.
- 5) Requires priority for funding, to the extent practicable, to be given to local parks projects that are shovel ready and have local matching funds.
- 6) Requires administering agencies, to the extent practicable, to measure greenhouse gas emissions reductions and carbon sequestrations associated with projects funded with bond monies.
- 7) Contains multiple definitions including those of disadvantaged and severely disadvantaged communities.
- 8) Authorizes up to 10% funding for planning and monitoring necessary for the successful application of a grant. Authorizes up to 5% for administrative costs.

- 9) Requires, throughout most of the proposed bond, between 15% and 20% of the funds, to be available to each chapter be allocated for projects serving severely disadvantaged communities.
- 10) Provides that up to 10% of the funds in each chapter may be allocated for technical assistance to disadvantaged communities.
- 11) Requires each state agency that disburses grants to develop, through a public process, guidelines, monitoring, and reporting requirements.
- 12) Requires auditing by the Department of Finance.
- 13) Prohibits the use of grant funds to fulfill any mitigation requirements imposed by law.
- 14) Imposes reporting requirements on state agencies that disburse funds.
- 15) Provides for 25% advance payments to recipients who serve a disadvantaged community under specified conditions.
- 16) Prioritizes grant funding, to the extent practicable, to prevent unintended increases in the cost of housing due to investments from this act.

FISCAL EFFECT:

- 1) Total principal and interest costs of approximately \$6.53 billion to pay off the bonds (\$4 billion in principal and \$2.53 billion in interest), with average annual debt service payments of \$232 million (GF), when all bonds are sold, and assuming a 30-year maturity and an interest rate of 3.5%.

If interest rates increase to 5% in the near future, annual debt service would be approximately \$260 million (GF) and total principal and interest costs over the repayment period would be approximately \$7.81 billion.

- 2) One-time costs in the range of \$400,000 to \$550,000 to the Secretary of State (SOS) for printing and mailing costs to place the measure on the ballot in the June, 2018 statewide election. (GF).

COMMENTS:

- 1) **Background.** In 2000 and 2002, the Legislature passed two park bond measures subsequently approved by the voters; Proposition 12 passed in 2000 and Proposition 40 passed in 2002. These bonds invested in state parks, local parks, conservancies, and a variety of other resource programs. These were the last two parks bonds that were approved by the voters that focused exclusively on parks and natural resources funding. According the LAO, 95% of Proposition 12 has been expended and 88% of Proposition 40 has been expended.

Proposition 84, was an initiative passed by the voters in 2006. Proposition 84 contained some funding for parks and other resource protection programs but was primarily focused on water projects.

In 2014, Proposition 1, a water bond, authorized \$7.545 billion in general obligation bonds to fund ecosystem and watershed protection and restoration, water supply infrastructure projects (including surface and groundwater storage) and drinking water protection. According to the Bond Accountability website maintained by the California Natural Resources Agency, \$6.246 billion has been appropriated or proposed for appropriation, leaving a balance of \$1.2 billion.

Proposition 1E, passed by the voters in 2006, authorized \$4.09 billion in general obligation bonds for various flood control projects. An additional \$800 million for these purposes was approved by the voters in Proposition 84. According to the Bond Accountability webpage cited above, the uncommitted funds are \$34 million. The allocated funds have been appropriated, proposed for appropriation, or committed in future budget years.

- 2) **Purpose.** SB 5 is an urgency measure that, if approved by the Legislature and signed by the Governor, would authorize the sale of general obligation bonds in the amount of \$4 billion. This bond is presently divided into 3 areas of emphasis for expenditure: a) parks; b) climate and environment; and c) water.

Additionally, this bill re-appropriates and revises the language associated with \$80 million from Proposition 1 for groundwater contamination in the San Gabriel Valley to clarify funds can be used for operations and maintenance.

This bill also re-appropriates \$20 million from Propositions 1, 40 and 84 for the Glendale bridge.

- 3) **Summary of Bond Provisions.** The following is a summary of the bond provisions by chapter:

A) PARKS **\$1.283 Billion**

CHAPTER 2.

Investments in Environmental and Social Equity, Enhancing California's Disadvantaged Communities

Safe neighborhood parks in park-poor neighborhoods **\$ 725 M**

- At least 20% for rehabilitation, repurpose or substantial improvement of existing parks.
- Park Deficient areas (Central Valley, Inland Empire, gateway, desert communities), \$ 48 million.
- Grants to desert communities in San Bernardino (for recreational projects), \$ 22 million.

CHAPTER 3.

Investments in Protecting, Enhancing, and Accessing California's Local and Regional Outdoor Spaces

Local park grants to local governments on a per capita basis \$ 200 M

Local park and recreation services for specified activities with populations of less than 200,000. \$ 15 M

Local parks and facilities, \$5 million for nonprofit run parks. \$ 30 M

Per capita grants for local agencies that have obtained voter approval between November 1, 2012, through November 30, 2018 for revenue enhancement measures for local or regional park infrastructure \$ 40 M

CHAPTER 4. Restoring California's Natural, Historic, and Cultural Legacy

Restoration and of state existing park facilities and units \$ 218 M

- Projects that facilitate new or enhanced park use and user experiences and increase revenue generation to support operations of the department, \$10 million.
- Grants to local agencies that operate a unit of the state park system to address an urgent need for the restoration of aging infrastructure, \$5 million.
- Deferred Maintenance for County Fairs/State Fair/Expo Park, \$18 million.
- Lower Cost Coastal accommodations within units of the state parks, \$30 million.
- Protection, restoration, and enhancements of natural resource values in the state park system, \$25 million.

CHAPTER 5. Trails and Greenway Investment

Non-motorized infrastructure development for access to parks, waterways, outdoor recreation, and forested or other natural environments \$ 30 M

CHAPTER 6. Rural Recreation, Tourism, and Economic Enrichment Investment

Local non-urbanized areas \$ 25 M

B) CLIMATE AND ENVIROMENT \$1.547 Billion

CHAPTER 7. California River Recreation, Creek, and Waterway Improvements Program

Protect and enhance urban creeks \$ 162 M

- Santa Monica Mountains Conservancy (\$15million in San Fernando Valley for LA River), \$37.5 million.
- San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, \$37.5 million.
- Santa Ana River Conservancy Program, \$16 million.
- Lower American River Conservancy Program, \$10 million.
- Guadalupe River, \$3 million.
- Russian River, \$3 million
- Santa Margarita River Parkway Projects, \$10 million.
- Clear Lake and its watershed, \$5 million.
- River Parkways Act of 2004, \$10 million.
- Urban Streams Restoration Program implementation, \$10 million.
- River Parkway Connectivity Projects along the LA River in Glendale, (\$20 million previous bond).

CHAPTER 8. State Conservancy, Wildlife Conservation Board, and Authority Funding

Wildlife Conservation Board \$ 137 M

- Regional Conservation Investment Strategies, \$5 million.
- Implementation of natural community conservation plans (NCCP), \$52 million.
- University of California Natural Reserve System for matching grants, \$10 million

Grants - restoration activities in Salton Sea Management Program \$ 170 M

Consevancies \$ 180 M

- Baldwin Hills, \$6 million.
- Tahoe, \$27 million.
- Coachella Valley Mountains, \$7 million.
- Sacramento-San Joaquin Delta, \$12million.
- San Diego, \$12 million.
- San Gabriel and Lower Los Angeles River and Mountains, \$30 million.
- San Joaquin River, 6 million.
- Santa Monica Mountains, \$30 million.
- Sierra Nevada, \$30 million.
- San Francisco Bay Restoration program, \$20 million.

Salton Sea Habitat \$ 30 M
New River, \$10 million.

Multibenefit watershed voluntary agreement implementation \$ 200 M

Deferred Maintenance Capital Improvements \$ 50 M

CHAPTER 9. Ocean, Bay, and Coastal Protection

Projects that enhance and protect coastal and ocean resources **\$ 175 M**

- Ocean Protection Trust Fund, \$35 million.
- Lower cost coastal accommodations grants, \$30 million.
- Protection of beaches, bays, wetlands, coastal watershed resources and coastal agricultural resources - 25% available to SF Bay Area Conservancy Program, \$85 million.
- Coastal Forest Watersheds, \$20 million.
- Acquisition for estuarine lagoons and wildlife areas, \$5 million.

CHAPTER 10. Climate Preparedness, Habitat Resiliency, Resource Enhancement, and Innovation

Climate adaptation and resiliency projects **\$ 443 M**

- Direct expenditures and grants under Wildlife Conservation Law, \$18 million.
- Pacific Flyway, \$20 million.
- CA Waterfowl Habitat Program, \$10 million.
- Restoration projects supporting rivers and streams, in support of fisheries and wildlife (\$5 million for Klamath), \$25 million.
- Water resources infrastructure for wildlife or fish passage, \$30 million.
- Steelhead Habitat, \$30 million.
- Select Sierra Nevada watersheds, \$60 million.
- Water acquisition, \$30 million.
- Ocean Protection Trust Fund - 35% to SF Bay Area Conservancy Program, 12% to SCC West Coyote Hills Conservation Program, \$40 million.
- Soil health, erosion control, carbon soil sequestration, water quality, water retention on farms/ranches, \$30 million.
- Farmlands Conservancy Program - 50% for watershed restoration & conservation on Ag lands
- Ecological Restoration of Forests - 30% for urban forestry projects, \$25 million.
- Sierra Nevada Conservancy - Ecological Restoration of forests, \$25 million.
- CA Conservation Corp 50% to local community conservation corps, \$40 million.
- Native American resources, repurpose power plants, science centers, non-conservancy areas, \$40 million.
- Multi-benefit green infrastructure, \$20 million.

C) WATER **\$1.19 Billion**

CHAPTER 11. Clean Drinking Water and Drought Preparedness

Clean, Safe and Reliable Drinking Water **\$ 250 M**

San Joaquin River hydrologic unit grants, \$30 million.

CHAPTER 11.1 Groundwater Sustainability

Remediation of drinking water contamination, \$80 million.

CHAPTER 11.5. Flood Protection and Repair

Flood Protection and Repair **\$ 550 M**

- Up to \$50 million for levee repair in the Delta
- At least \$300 million for multi-benefit projects for public safety and measurable fish and wildlife enhancements
- Stormwater, mudslide, and other flash-flood-related protections, \$100 million.
- Multibenefit flood management projects, stormwater capture, in urbanized areas, \$100 million.

CHAPTER 11.6 Regional Sustainability for Drought and Groundwater, and Water Recycling

Drought & Groundwater Regional sustainability **\$ 290 M** Groundwater Plans, \$50 million.

Water Recycling **\$ 100 M** State Water Efficiency and Enhancement Program, \$20 million.

- 4) **Related Legislation.** AB 18 (E. Garcia) enacts the California Clean Water, Climate, Coastal Protection, and Outdoor access for All Act of 2018, which places a bond of \$3.470 billion before votes at the June 5, 2018 statewide election. This bill is currently in the Senate Appropriations Committee.

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