



PCL INSIDER: News from the Capitol

What Governor Brown's '14-'15 Budget Means for the Environment

The state budget was released early last week due to a leak of the [Governor's Budget Summary](#). In the \$154.9 billion dollar state [budget](#), \$7.6 billion has been allocated for environmental protection and natural resources, with \$13.6 billion being held for a rainy day fund and debt repayment. It's critical to note that the budget can still be adjusted, and the fat lady has not sung until the May revise (at least), so keep the pressure on the agencies and the Governor to ensure a budget that will help us protect our lands, air, waters and communities.

Overall, the Governor's FY 14-15 budget is an improvement over recent budgets in allocating more funds toward environmental protection – not surprising considering the improving state of California's economy. Also not surprisingly though, since we are not out of the woods yet with our long-troubled economy, we are still not seeing the kind of investment in our environment as would be ideal, and a few problem areas with the Governor's budget remain.

From the total state budget, 2% is going to programs considered "Environmental Protection," and 2.9% into "Natural Resources." Overall, \$850 million of cap and trade auction revenue will be distributed this year (\$750M from this's years projected allocations, and \$100M to repay monies borrowed from the fund last year) to meet the greenhouse gas emission reduction goals of AB 32. This includes \$225M to be invested to benefit disadvantaged communities. For a summary of cap and trade spending, see the [Environmental Protection Budget Summary](#) on page 105.

Perhaps the most controversial aspect of the Cap and Trade investment is the [\\$250 million allocated to High Speed Rail](#). Some advocates and the [Legislative Analyst's Office](#) have raised concerns that this investment will not reduce greenhouse gas emissions on target with AB 32's timeline. PCL and other environmental groups are pushing to ensure that all allocations go through a rigorous assessment to ensure funds spent will achieve AB 32's required greenhouse gas emission reductions as quickly as possible.

Overall, several environmental agencies are seeing an uptick in their funding in the coming year, including the California Air Resources Board (\$249M increase) and State Water Resources Control Board (\$230M increase). Unfortunately, the California Coastal Commission saw a discontinuation of a one-time \$3 million allotment from FY 2013-2014, and is now down to an \$18 million budget in FY 2014-2015. PCL and others continue to advocate for more funds going to protect California's most iconic natural resource – our 1,100 miles of coastline.

For more info, click [here](#).

Figure EPA-01
Cap and Trade Expenditure Plan
(Dollars in Millions)

<i>Investment Category</i>	<i>Department</i>	<i>Program</i>	<i>Amount</i>
Sustainable Communities and Clean Transportation	High-Speed Rail Authority/ Caltrans	Rail Modernization	\$300
	Strategic Growth Council	Sustainable Communities	\$100
	Air Resources Board	Low Carbon Transportation	\$200
Energy Efficiency and Clean Energy	Department of Community Services and Development	Energy Efficiency Upgrades/Weatherization	\$80
	Department of General Services	Green State Buildings	\$20
	Department of Food and Agriculture	Agricultural Energy and Operational Efficiency	\$20
	Department of Water Resources	Water Action Plan - Water and Energy Efficiency	\$20
Natural Resources and Waste Diversion	Department of Fish and Wildlife	Water Action Plan - Wetlands and Watershed Restoration	\$30
	Department of Forestry and Fire Protection	Fire Prevention and Urban Forestry Projects	\$50
	Cal Recycle	Waste Diversion	\$30
Total			\$850

Summary of the Cap and Trade Expenditure Plan, taken from the Governor's Budget Summary - 2014 - 15, p105.

Figure RES-01
Water Action Plan
(Dollars in Millions)

<i>Investment Category</i>	<i>Department</i>	<i>Program</i>	<i>Amount</i>
Expand Water Storage Capacity	State Water Resources Control Board	Sustainable Groundwater Management	\$1.9
	State Water Resources Control Board	Groundwater Ambient Monitoring and Assessment	\$3.0
	Department of Water Resources	Groundwater Data Collection and Evaluation	\$2.9
Safe Drinking Water	State Water Resources Control Board	Interim Replacement Drinking Water in Disadvantaged Communities	\$4.0
	State Water Resources Control Board	Wastewater Projects in Small Disadvantaged Communities	\$7.0
Make Conservation a Way of Life	Department of Water Resources	Water and Energy Efficiency	\$20.0
Protect and Restore Important Ecosystems	Department of Fish and Wildlife	Restore Coastal and Mountain Watersheds and Wetlands for Waterfowl	\$30.0
	Department of Fish and Wildlife	Salton Sea	\$0.4
Increase Flood Protection	Department of Water Resources	Flood SAFE	\$77.0
Regional Self-Reliance	Department of Water Resources	Integrated Regional Water Management Program	\$472.5
Total			\$618.7

Summary of the Water Action Plan, taken from the Governor's Budget Summary 2014 - 15, p114.

Drought Renews Interest in 2014 Water Bond

No one has yet figured out how to make it rain, but the drought has left California legislators pondering a revised 2014 water bond with renewed interest. Three bills currently in play would remove the \$11.14 billion bond currently scheduled for the ballot, and replace it with a smaller, modified version. [SB 848](#) (Wolk), formerly known as SB 42, gained a new bill number last week to allow it to progress at a more leisurely pace through the Legislature and leave more time for debate. [AB 1331](#) (Rendon) remains the Assembly vehicle for a water bond, and received substantial amendments last week. These two bonds contain differences in methods and priorities, but generally both provide around \$6.5 billion for safe drinking water, watershed protection, regional water security, storage, and the Delta. A third bill, [AB 1445](#) (Logue), is a Republican-authored bill that provides \$5.8 billion solely for water storage, retaining language from the bond currently on the ballot. Any bond will require a two-thirds vote, something all authors are wrestling with as they fine-tune the content of their bills.

PCL is actively engaged in the debate around the structure and content of a water bond, working to ensure that any bond moving forward will be affordable and environmentally friendly, and will direct funding towards communities that need it most. The drought underscores the importance of investing in local water supplies – and a revised water bond might be one good tool to help make that happen.

Major CEQA Reform Looking 'So 2013' (for now)

In the Legislature, we're thankfully seeing less enthusiasm for CEQA "reform" than we were last year at this time. That said, we must remain vigilant as many CEQA plays tend to happen behind closed doors and at the end of session to avoid public scrutiny.

As things now stand, moving forward from last year is [AB 380](#) (Dickinson), a bill that PCL worked heavily on last year that will create a single notice posting system for CEQA notices. Assemblymember Dickinson is also carrying [AB 515](#), a bill that will require a judge to direct an agency on the specific actions it should take to bring a project into compliance with CEQA. [AB 1104](#) (Salas) will extend a previous law that included biogas pipelines within an existing limited pipeline repair exemption to CEQA. Senator Corbett has brought back a bill she introduced last year, now numbered [SB 674](#), that expands a residential exemption within infill areas. Senator Huff has introduced as an urgency bill [SB 834](#), which would exempt manufacturing facilities from complying with CEQA to retool their plants; since this is a Republican-authored broad CEQA exemption bill that also requires a 2/3 vote, its chances of passage are slim. Another Republican-authored CEQA exemption bill is [AB 1503](#) (Gaines), which would exempt from CEQA the construction of a museum and memorial on a site leased from the Department of Corrections in Folsom. Most of the proposed measures are fairly minor in scope (particularly compared with what we've seen in recent years), and PCL will be working to pass those (like AB 380) that represent positive CEQA reforms, while opposing measures (like SB 834) that will further erode this foundational law.

What will not be back this year are bills attempting to fix the line of cases culminating in [Ballona Wetlands Land Trust v. City of Los Angeles](#) (aka the "Ballona fix" bills). These bills, which would have clarified that environmental review must look at existing and likely hazards where projects are sited, met fierce resistance from the California Chamber of Commerce and the California Building Industry Association last year. Although a fix to this problematic limitation of CEQA is still necessary, the issue will be addressed this year by the California Supreme Court in the appeal of [California Building Industry Association v. Bay Area Air Quality Management District](#). Once this case is decided, we will determine whether additional legislative fixes are needed.

Meanwhile, the important [CEQA Guidelines update](#) continues. The CEQA Guidelines provide guidance on how to implement and interpret CEQA and agencies are required to follow them. The Governor's Office of Planning and Research (OPR) began the regular Guidelines update this past summer, and are looking to make it the most comprehensive revisions in two decades. Updates mandated by SB 743 (Steinberg) replacing Level of Service with other metrics, must be completed by July 1 and OPR hopes to have the other updates done at the same time or shortly thereafter. A [preliminary report](#) on traffic metrics has already been released. OPR is seeking input from the public and organizations that deal with CEQA; particularly helpful would be comments giving specific suggestions for how to deal with problems, such as how to address the issue of displacement that accompanies infill. The next round of comments is due on February 14, 2014. You can view PCL's first round comments [here](#).

Other Rumbblings from the Beginning of Session

Environmental legislation has been slow to get off the ground as we enter a legislative year with huge crop of legislators with only a year under their belts and a number of even fresher freshmen (who were elected mid-session last year).

Many issues were being taken up through the budget review and approval, and groups continue to stay engaged in this process. As highlighted above, CEQA bills are also off to a mercifully slow start this year, while fracking is at the front of environmental consciousness with environmental organizations unified in a push for a moratorium (a bill Senator Holly Mitchell has recently announced she will be authoring). As the drought continues, we expect to see more water bills introduced in addition to the bonds highlighted above.

It looks increasingly like Senator Kevin de León, a long-time champion of the environment, will [replace Darrell Steinberg](#) as President Pro Tem of the Senate. Who will be replacing John Pérez as Speaker of the Assembly (for that matter, who will replace Panama Bartholemy as his environmental legislative staffer) remains to be seen. The leadership of the two houses plays a vital role in determining the environmental agenda in the Legislature. While environmental groups (and the nonprofit community in general) rarely get involved in internal leadership battles in the Legislature, we certainly are waiting anxiously to hear who will fill these critical roles later this year.

Last Chance to Register for PCL's 2014 Environmental Symposium

Remaining tickets for PCL's 2014 Environmental Symposium on February 1 are **extremely limited**, so [register now!](#) With 2014 shaping up to be the **'year of water'**, this year's Symposium is entitled Water for Life: Towards an Equitable and Sustainable Water Future for California, and will focus on the myriad issues surrounding our state's most threatened natural resource. Many of the top thinkers, doers and decision-makers on water policy will be there, including: **Senator Lois Wolk**, **Assemblymembers Anthony Rendon** and **Mark Stone**, **Peter Gleick** (Pacific Institute), **Lester Snow** (California Water Foundation), **Tam Doduc** (SWRCB), **Robert Wilkinson** (UC Santa Barbara), and many others from the legislative, non-profit, business, agency and academic arenas. Visit our website for [more details](#), including the [agenda](#) and [sponsorship opportunities](#). Please note that admittance into the room where the plenary sessions are being held will be on a first come, first served basis, based on **registration date**. You may be asked to view the opening and closing sessions from an overflow room.





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