

**CALIFORNIA COASTAL COMMISSION**

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**W6c**

**DATE:** March 7, 2018

**TO:** Coastal Commission and Interested Persons

**FROM:** John Ainsworth, Executive Director  
 Sarah Christie, Legislative Director

**SUBJECT:** LEGISLATIVE REPORT FOR MARCH, 2018

**CONTENTS:** This report provides summaries and status of bills affecting the Coastal Commission and California's Coastal Program, and coastal-related legislation identified by staff.

**Note: Information contained in this report is accurate as of 03/01/2018. Recent amendments are summarized in *italics*.** Bill text, votes, committee analyses and current status of any bill may be viewed on the California Legislature's Homepage at <http://leginfo.legislature.ca.gov/>. This report can also be accessed through the Commission's Homepage at [www.coastal.ca.gov](http://www.coastal.ca.gov)

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 2018 Legislative Calendar

Jan 1	Statutes take effect.
Jan 3	Legislature reconvenes.
Jan 10	Budget Bill must be submitted by Governor.
Jan 12	Last day for committees to hear and report 2017 bills introduced in their house.
Jan 15	Martin Luther King, Jr. Day
Jan 19	Last day to submit bill requests to Office of Legislative Counsel. Last day for committees to hear and report 2017 Floor bills introduced in their house.
Jan 31	Last day for each house to pass 2017 bills introduced in that house.
Feb 16	Last day for bills to be introduced.
March 22	Spring Recess begins upon adjournment.
March 30	Cesar Chavez Day observed.
April 2	Legislature reconvenes from Spring Recess.
April 27	Last day for policy committees to hear and report fiscal bills.
May 11	Last day for policy committees to hear and report non-fiscal bills introduced in their house.
May 18	Last day for policy committees to meet prior to June 4.
May 25	Last day for fiscal committees to hear and report to the Floor bills introduced in their house.
May 29-June 1	Floor session only
June 1	Last day for each house to pass bills introduced in that house.
June 4	Committee meetings may resume.
June 15	Budget Bill must be passed by midnight.
June 29	Last day for policy committees to hear and report fiscal bills.
July 6	Last day for policy committees to meet. Summer Recess begins upon adjournment.
Aug 6	Legislature reconvenes from Summer Recess.
Aug 17	Last day for fiscal committees to meet and report bills.
Aug 20-31	Floor session only
Aug 24	Last day to amend bills on the Floor.
Aug 31	Last day for Legislature to pass bills. Interim Recess begins upon adjournment.
Sept 30	Last day for Governor to sign or veto bill.

**PRIORITY LEGISLATION**

**California Proposition 68: Parks, Environment and Water Bond**

This measure was placed on the June 5 statewide ballot pursuant to the passage of SB 5 DeLeon). Proposition 68 would provide \$4 billion in general obligation bonds for a variety of climate resilience, water quality, water supply, parks, environmental restoration, acquisition and lower cost recreation projects. A total of \$226 million would be available to the State Coastal Conservancy for specified coastal, river parkway, climate resiliency and restoration projects, including \$30 million for lower cost visitor serving projects.

**Commission Position      Recommend support, analysis attached**

**AB 18 (Eduardo Garcia) California Clean Water, Climate, Coastal Protection and Outdoor Access For All Act of 2018**

This bill would enact the above titled Bond Act, which, if adopted by the voters at the June 5, 2018 statewide election, would authorize the issuance of State General Obligation Bonds in the amount of \$3.47 billion, to finance specified programs. The sum of \$95 million would be allocated to the State Coastal Conservancy for coastal resource protection purposes and completion of the Coastal Trail; \$100 million to the Natural Resources Agency to fund lower-cost, visitor-serving projects on coastal public lands or coastal lands owned by non-profits; \$635 million to plan, develop and implement climate adaptation projects that protect coastal and rural communities adapt to climate change impacts, subject to appropriation by the Legislature. *Amendments of 08/30 increased the overall amount of the bond from \$3.1 to \$3.4 billion, and allocated \$40 million to the Climate Resilience Account,*

Introduced                      12/05/16  
Last Amended                  08/30/17  
Status                              Senate Appropriations Committee.

**AJR 29 (Limon) Oil and gas: offshore drilling: operations: leases**

This resolution would provide that the Legislature strongly and unequivocally supports the current federal prohibition on new oil and gas drilling in federal waters offshore California, opposes the Trump administration’s proposal to remove safety and environmental protections related to offshore drilling operations, and opposes the Trump administration’s proposed leasing plan that would expand lease areas off California. The resolution would also urge the United States Secretary of the Interior to remove California from that proposed leasing plan, and would request that the Bureau of Ocean Energy Management hold more than one public hearing on the plan in California.

Introduced                      01/16/18  
Last Amended                  01/30/18  
Status                              Senate Third Reading.

**HR 70 (Baker) Relative to offshore drilling**

This resolution makes findings about California’s historic opposition to offshore oil drilling the impacts of the 1969 Santa Barbara oil spill, and the importance of California’s coastal economy. The measure urges President Trump and Interior Secretary Zinke to exempt waters off California’s coast from new oil and gas leasing plans.

Introduced 01/12/18  
Status Pending Referral in the Assembly.

**AB 388 (Mullin) Greenhouse Gas Reduction Fund: wetland restoration projects**

This bill will authorize the use of GGRF moneys for the beneficial reuse of dredged materials for wetland restoration projects, provided that the investment furthers the purposes of the California Global Warming Solutions Act of 2006 (AB 32). *Amendments of 06/22 make minor, technical changes.*

Introduced 02/09/17  
Last Amended 06/22/17  
Status Senate Natural Resources and Water Committee. Held under submission.

**AB 457 (Cunningham) Saline water conversion: Diablo Canyon Nuclear Plant**

This bill would require the Public Utilities Commission to contract with an independent third party to study of the feasibility of utilizing Diablo Canyon’s existing desalination facility for local water use as part of the decommissioning process.

Introduced 02/13/17  
Last Amended 05/26/17  
Status Senate Rules Committee.

**AB 554 (Cunningham) Desalination: statewide goal**

This bill would establish a statewide goal of desalinating 300,000 acre-feet per year of drinking water by 2025, and 500,000 acre-feet per year by 2030. *Amendments of 03/27 make non-substantive changes to the findings portion of the bill.*

Introduced 02/14/17  
Last Amended 03/27/17  
Status Assembly Appropriations Committee. Held under submission.

**AB 663 (Bloom) Coastal resources: housing**

This bill would reinstate the Coastal Act affordable housing policies that were repealed in 1981. The bill would also repeal language precluding the Commission from requiring local governments to include affordable housing policies in their LCPs. *Amendments of 04/19 add a 5 year sunset provision.*

Introduced 02/14/17  
Last Amended 04/19/17  
Status Assembly Inactive File.

**Commission Position Support**

**AB 684 (Stone) California Coastal Commission: ex parte communications: data base**

This bill would require the Commission, by July 1, 2018, to develop and implement an online data base for the reporting of ex parte communications. The bill would require that the database be publicly searchable, and that all ex-parte communications must be posted on line within 7 days of the communication. Communications taking place less than 7 days prior to the hearing must be posted on line prior to the beginning of the hearing at which the matter is to be discussed. *Amendments of 06/29 require the Commission to provide training and technical support to Commissioners upon request; and provide that if an Commissioner is unable to post an ex parte communication on the database due to a problem with the Server within 2 days of the hearing, the Commissioner shall verbally disclose the ex parte on the matter from the dais, and state the reason for not posting the ex parte. The communication must be posted on the database as soon as the technical issue is resolved. Amendments of 07/18 change “meeting” to “hearing” for the purpose of disclosing an ex parte communication. The practical effect of this amendment is that ex parte communications can take place during commission meetings, provided that they are disclosed prior to the opening of the hearing item.*

Introduced                    02/15/17  
Last Amended                07/18/17  
Status                         Senate Appropriations Committee. Held under submission.

**AB 816 (Kiley) Webcasts of public meetings and workshops**

This bill would require all boards and commissions within the Natural Resources Agency and the Environmental Protection Agency provide a live webcast of all public meetings in a manner that allows for listeners and viewers to provide public comment. The bill does not apply to meetings held at “non-agency” sites as defined: “A location other than agency headquarters or state government buildings or facilities where the primary operations of the agency...take place.”

Introduced                    02/15/17  
Status                         Senate Natural Resources and Water Committee. Held under submission.

**AB 1077 (O’Donnell) Off-highway vehicles**

This bill would indefinitely extend the authorization for the Department of State Parks’ authorization to administer the Off-Highway Motor Vehicle Recreation Program. Amendments of 04/05 extend the sunset date to *January 1, 2019, unless a specified report is not received by the Legislature by January 1, 2018, in which case the act would be repealed on July 1, 2018.*

Introduced                    02/16/17  
Last Amended                04/05/17  
Status                         Assembly Appropriations Committee. Held Under Submission.

**AB 1097 (Levine) State beaches and parks**

This bill would make it an infraction, punishable by a fine of \$50, for anyone to smoke a tobacco product or dispose of a cigar or cigarette on a state coastal beach or a unit of the state park system. The bill would require the director to post signs in state park units to that effect, and also allows the director to designate areas exempt from the prohibition.

Introduced 02/16/17  
Last Amended 01/03/18  
Status Senate Rules Committee.

**AB 1129 (Stone) California Coastal Commission**

This bill would require that shoreline protective devices and would amend PRC 30235 to define “existing structure” as structures built prior to January 1, 1977, and to specify that shoreline protective devices must be approved consistent with Coastal Act policies protecting public access, shoreline ecology, natural landforms and other impacts on coastal resources. The bill would specify that emergency permits issued for shoreline protective devices are intended to allow the minimum amount of temporary development necessary to address the emergency situation. The bill would also amend PRC 30821 to allow for the imposition of administrative penalties for unpermitted shoreline protective devices.

Introduced 02/17/17  
Last Amended 02/09/17  
Status Assembly Inactive File.

**Commission Position Support**

**AB 1151 (Gloria) Vaquita-harmful fish and fish products**

This bill would make it unlawful to sell, offer for sale, trade or distribute fish or fish products whose capture methods are harmful to the critically endangered vaquita, the world’s smallest and most rare cetacean, found only in the northern Gulf of Mexico. This bill would prohibit the sale of fish species which are caught through the use of gill nets in vaquita habitat. *Amendments of 05/30 would require the Department of Fish and Wildlife to adopt regulations to enforce the prohibition by January 1, 2019, and prohibit the Department from taking any enforcement actions pursuant to the regulations prior to July 1, 2019.*

Introduced 02/17/17  
Last Amended 05/30/17  
Status Senate Inactive File.

**Commission Position Support**

**AB 1281 (Limon) State parks: climate change: study**

This bill would require the Department of Parks and Recreation to conduct a study that includes recommendations for actions needed to address the impacts of climate change at state parks by July 1, 2018.

Introduced 02/17/17  
Last Amended 03/30/17  
Status Assembly Appropriations Committee. Held under submission.

**AB 1594 (Bloom) Ocean protection: plastic pollution**

This bill would require the Ocean Protection Council on or before March 1, 2018, to complete existing data on the primary sources of plastics pollution in the ocean, as determined by an analysis of coastal cleanup efforts in the state. The report would include recommendations to the Legislature regarding possible legislative actions or other measures to reduce plastics pollution in coastal beaches and ocean waters. The bill would also require the Council to report to the Legislature on the status of the OPC's 13-point plan to prevent and reduce marine debris, as outlined by the Council's 2007 resolution. *Amendments of 06/26 strike the previous provisions and state that it is the intent of the Legislature to increase the diversion of single-use food packaging in order to reduce a primary source of litter and marine debris.*

Introduced 02/17/17  
Last Amended 06/26/17  
Status Senate Environmental Quality Committee.

**AB 1642 (Caballero) California Coastal Commission: ex parte communications: disclosure**

This bill would require the Director of the Coastal Commission to post all written ex parte communication disclosures on the Commission's internet website.

Introduced 02/17/17  
Status Assembly Rules Committee.

**AB 1775 (Limon/Muratsuchi) State lands: leasing: oil and gas**

This bill would prohibit the State Lands Commission and local trustees of state tidelands from entering into any new leases for offshore oil and/or gas production. The probation would also extend to any lease renewal, extension or modification of an existing lease that would authorize the exploration, development or production of oil or natural gas seaward of the mean high tide line.

Introduced 01/04/18  
Status Assembly Natural Resources Committee

**AB 1782 (Muratsuchi) Surfing**

This bill would establish surfing as the state's official sport.

Introduced 01/08/17  
Status Assembly Governmental Organization Committee

**AB 1884 (Calderon) Single use plastic straws**

This bill would prohibit food facilities, as defined, from providing a single-use plastic straw to customers unless specifically requested. Amendments of 02/05 move the language from the Health and Safety Code to the Public Resources Code. The practical effect of this is eliminating criminal penalties.

Introduced 01/17/18  
Last Amended 02/05/18  
Status Assembly Natural Resources Committee

**AB 2162 (Chiu) Housing and development: supportive housing**

This bill would establish that “supportive housing” is allowed “by right” in commercial zones and areas where “multiple dwelling uses” are permitted, subject to certain restrictions. Supportive housing is affordable rental housing with access to intensive services that promote housing stability.

Introduced 02/12/18  
Status Assembly Rules Committee

**AB 2191 (O’Donnell) White shark population monitoring and beach safety program**

This bill would direct the Ocean Protection Council to develop white shark monitoring and beach safety program for the purpose of awarding grants to local agencies and academic institutions to monitor and track white shark movements off the coast of California.

Introduced 02/12/18  
Status Assembly Rules Committee

**AB 2364 (Bloom) Density bonus**

This is a spot bill, making a non-substantive change to the density bonus law.

Introduced 02/14/18  
Status Assembly Rules Committee

**AB 2379 (Bloom) Waste management: polyester microfiber**

This bill would require that any article of clothing made of fabric that is more than 50% polyester bear a label stating that the garment sheds plastic microfibers when washed and recommends hand washing.

Introduced 02/14/18  
Status Assembly Rules Committee

**AB 2464 (Harper) Port of Newport Beach**

This bill would include the City of Newport Beach to prepare a Port Master Plan for their harbor.

Introduced 02/14/18  
Status Assembly Rules Committee

**AB 2528 (Bloom) Climate adaptation**

This bill would define “habitat resiliency areas” as watersheds that are ecologically connected in regions that support, or have the potential to support, wild naive fish populations; watersheds serving reservoir systems of 3,000,000 acre-feet or greater; coastal estuaries over five acres in size; and mountain meadows that that serve as natural reservoirs for cold, clean water. The bill would include habitat resiliency areas as a sector in the State’s Safeguarding California Plan.

Introduced                    02/14/18  
Status                         Assembly Rules Committee

**AB 2614 (Carrillo) Outdoor experiences: disadvantaged youth**

This bill would require the Natural Resources Agency to establish a grant program for innovative transportation programs that underserved students with access to outdoor experiences and education. The bill would require the agency to consult with the Department of Parks and Recreation, the Coastal Commission and the Coastal Conservancy before establishing guidelines for the program.

Introduced                    02/15/18  
Status                         Assembly Rules Committee

**AB 2779 (Stone) Recycling: single-use plastic container caps**

This bill would prohibit the sale of any single-use plastic beverage container unless the cap is tethered or otherwise affixed to the container. The effective date of the prohibition has not yet been determined.

Introduced                    02/16/18  
Status                         Assembly Rules Committee

**AB 2797 (Bloom) Planning and zoning: density bonuses**

This bill would state that no project in the coastal zone utilizing density bonus incentives or concessions, including waivers, parking ratios or reduction of development standards, could be denied pursuant to Section 30251 of the Coastal Act, relating to scenic and visual qualities.

Introduced                    02/16/18  
Status                         Assembly Rules Committee

**AB 2864 (Limon) California Coastal Commission: coastal zone resources: oil spills**

This bill would specify that the Coastal Commission shall be a trustee agency for coastal zone resources affected by oil spills and related responses.

Introduced                    02/16/18  
Status                         Assembly Rules Committee



**AB 2919 (Frazier) Transportation: permits**

This bill would state that it is the intent of the Legislature to enact legislation that would require all agencies that interact with CalTrans, including the Coastal Commission, to approve and complete permits within a 2-year timeframe.

Introduced 02/16/18  
Status Assembly Rules Committee

**SR 73 (McGuire) Relative to new Offshore Oil and Gas Leasing Program**

This resolution makes extensive findings regarding the importance of California's coastal economy, California's leadership in renewable energy and greenhouse gas reductions, and the public's support for coastal protection. The measure expresses the Senate's opposition to the administration's proposed 5-year Outer Continental Shelf National leasing plan, and urges the President of the United States and the Congress to permanently protect the Pacific coast from new oil and gas leasing.

Introduced 01/12/18  
Last Amended 01/25/18  
Status Passed Senate 02/05/18.

**SB 188 (Jackson) State lands: leasing; oil and gas**

This bill would prohibit the State Lands Commission from entering into any new lease or other conveyance that authorizes the exploration, development or production of oil and natural gas on state tidelands. The bill would prohibit the commission from entering into any lease renewals, modifications or extensions that authorize the lessee to engage in new or additional exploration, development, or production of oil and natural gas. Amendments of 06/08 make minor, technical changes.

Introduced 01/25/17  
Last Amended 06/08/17  
Status Assembly Appropriations Committee. Held under submission.

**SB 588 (Hertzberg) Marine resources and preservation**

This bill would substantially revise the Marine Resources Legacy Act (aka the “Rigs to Reefs” program) in the Fish and Game Code, related to the regulatory process of offshore oil and gas facilities conversion to artificial reefs. The bill designates the State Lands Commission as the lead agency for environmental review under CEQA for an application to partially remove an offshore structure. The bill requires the Department to determine the cost savings of partial removal compared with full removal, as well as make the determination of whether partial removal provides a net environmental benefit. The bill includes consideration of greenhouse gas emissions as part of the analysis of net environmental benefit. The bill makes changes to the application process, and changes to the timing of the distribution of funds; requires the applicant to provide sufficient funds for all agencies to perform the responsibilities proscribed by the bill, and gives the Ocean Protection Council the responsibility of determining the appropriate weight to be given to adverse impacts to the marine environment versus greenhouse gas emissions. The bill would allow the first applicant to partially remove an offshore platform to pay startup and other costs associated with processing the application as determined by the department. *Amendments of 06/19 specify that only platforms located deeper than 100’ are eligible.*

Introduced                    02/17/17  
Last Amended                06/19/17  
Status                         Assembly Natural Resources Committee.

**SB 827 (Wiener) Planning and zoning: transit-rich housing bonus**

This bill would amend the state density bonus law (Planning and Zoning Code) to provide specified exemptions from local building codes, General Plans and LCPs for “transit-rich housing projects.” Transit-rich housing projects are defined as a residential development project with all units no less than ½ mile from a major transit stop, or no more than ¼ mile from a fixed route bus service with intervals of no more than 15 minutes during peak commute hours. The “transit-rich bonus” would exempt the project from all of the following:

- Maximum controls on residential density or floor area
- Minimum automobile parking requirements
- Any designs standard that restricts the applicant’s ability to construct the maximum number of units consistent with any applicable building code.

Projects within ¼ mile of a high quality transit corridor, or one block from a major transit stop could build as high as 85 feet. Qualified projects that don’t meet that criteria could build as high 45-55 feet, depending on specific circumstances. *Amendments of 03/01 require the applicant to provide relocation benefit assistance to persons who are displaced by the project.*

Introduced                    01/03/18  
Last Amended                03/01/18  
Status                         Senate Transportation and Housing Committee

**SB 834 (Jackson/Lara) State lands: leasing: oil and gas**

This bill would prohibit the State Lands Commission and local trustees of state tidelands from entering into any new leases for offshore oil and/or gas production. The probation would also extend to any lease renewal, extension or modification of an existing lease that would authorize the exploration, development or production of oil or natural gas seaward of the mean high tide line. This bill is a reintroduction of SB 188 from the previous year.

Introduced 01/04/18  
Status Senate Natural Resources and Water Committee

**SB 835 (Glazer) Parks: smoking ban**

This bill would make it an infraction, punishable by a fine of \$25 to smoke a tobacco product or dispose of a cigar or cigarette in a State Park. The bill would also require the Department of Parks and Recreation to post signs in State Park units to inform the public of the smoking prohibition.

Introduced 02/04/18  
Status Senate Natural Resources and Water Committee

**SB 836 (Glazer) State beaches: smoking ban**

This bill would make it an infraction, punishable by a fine of \$25 to smoke a tobacco product or dispose of a cigar or cigarette on a state coastal beach. The bill would also require the Department of Parks and Recreation to post signs in State Park units to inform the public of the smoking prohibition.

Introduced 01/04/18  
Status Senate Natural Resources and Water Committee

**SB 953 (Anderson) Off-highway motor vehicles**

This bill states that it is the intent of the Legislature to clarify operating rules for off-highway motor vehicles.

Introduced 01/30/18  
Status Senate Rules Committee

**SB 984 (Skinner) State boards and commissions: representation: women**

This bill would require the composition of all state boards and commissions to be comprised of a minimum of 50% women. The bill would also require the Secretary of State to disclose on its website the gender composition of each state board and commission.

Introduced 02/05/18  
Status Senate Governmental Organization Committee

**SB 1015 (Allen) California Climate Resiliency Program**

This bill would establish the California Climate Resiliency Program, and create the California Climate Change Resiliency Fund to fund the planning and implementation of projects that increase the resiliency of natural and working lands as well as urban areas that are adapting to climate change. The fund would receive moneys from the Greenhouse Gas Reduction Fund, and the program would be developed and implemented by the Wildlife Conservation Board.

Introduced                    02/07/18  
Status                         Senate Natural Resources and Water Committee

**SB 1090 (Monning) Nuclear power plant decommissioning**

This bill states the intent of the Legislature to enact legislation relating to the decommissioning of the Diablo Canyon nuclear power plant, for the purpose of minimizing economic dislocation associated with the decommissioning.

Introduced                    02/12/18  
Status                         Senate Rules Committee

**SB 1301 (Beall) Environmental permitting**

This bill would require the Coastal Commission, BCDC, the SWRCB and CDFW to issue a quarterly report that discloses the average processing time for all projects. The bill would also require these agencies to expedite the permitting process for any project that maintains human life or safety through flood risk associated with dam failure.

Introduced                    02/16/18  
Status                         Senate Rules Committee

**SB 1493 (Committee on Natural Resources) Omnibus bill**

This bill makes numerous technical amendments across a variety of statutes. Relative to the Coastal Commission, it clarifies that the Coastal Commission shall use “working” days to calculate deadlines related to various submittals, consistent with other sections of the Coastal Act.

Introduced                    02/21/18  
Status                         Senate Rules Committee

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**CALIFORNIA COASTAL COMMISSION**

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## **Proposition 68** **Parks, Environment and Water Bond**

### **SUMMARY**

The Secretary of State has placed Proposition 68 on the June 5, 2018 statewide ballot. The measure was passed by the Legislature and signed by the Governor in 2017 as SB 5 (De Leon), the California Drought, Water, Parks, Climate, Coastal Protection and Outdoor Access for All Act of 2018 (Chapter 852, Statutes of 2017).

If passed by the voters, Proposition 68 will authorize the issuance of \$4 billion in general obligation bonds to finance the programs and projects contained in the measure, including \$226 million for the Coastal Conservancy, \$1.3 billion for the Department of Parks and Recreation, and a total of \$85 million for lower-cost, overnight accommodations in coastal areas, collectively administered by both agencies.

### **PURPOSE OF THE MEASURE**

The purpose of the measure is to help address multiple unmet funding needs across California for parks, coastal protection, climate resilience, flood protection, and water quality and conservation, particularly in underserved urban and rural communities.

### **BACKGROUND**

Over the years, the Commission has provided analysis and taken positions on previous bond measures and referenda, most recently in 2016 on Proposition 67, the Plastic Bag Ban referendum. However, it is important to note that the Commission as an agency cannot raise, contribute or spend any public funds to advocate for passage or defeat of any ballot measure. Should the Commission take a position on Proposition 86, Commissioners in their individual capacity are free to convey the Commission's position as appropriate, so long as all such activities do not involve the expenditure of public funds or otherwise use state resources.

### **ANALYSIS**

Proposition 68 will provide sorely-needed resources for the state's underfunded parks, recreation and wildlife agencies, while also investing in climate resiliency and underserved communities that currently lack access to clean drinking water and safe parks for kids to play in. Proposition 68 has a particular emphasis on addressing inequality by making important investments in neighborhood parks, open space and trails in underserved areas, providing funds to clean up contaminated local water supplies.

California has not passed a statewide general obligation bond that included funding for parks since the passage of Proposition 84 in 2006. Since then, the backlog of deferred maintenance in state parks has continued to increase, creating further barriers to parkland access. This measure will provide significant new resources for the Department of Parks and Recreation to address infrastructure needs in the state's public parks facilities, including funds to rehabilitate and update, campgrounds, bathrooms, roads, visitor centers, parking areas, wastewater treatment and trails. Half of the parks-related funding will be directed to recreation and conservation projects in underserved communities statewide.

California communities are also struggling to address the escalating costs associated with severe droughts, floods and wildfires related to climate change. Proposition 68 will fund crucial efforts to advance better

## Proposition 68 Analysis

groundwater management, forest health and watershed planning, all of which are crucial resiliency measures necessary for successful climate adaptation.

The Commission, State Parks and the State Coastal Conservancy all share a responsibility to ensure that longer-term coastal stays are affordable to Californians of all income levels, through the provision of lower-cost overnight accommodations. Proposition 68 will provide \$85 million specifically for this purpose, which will be essential for implementing priority projects identified in the Coastal Conservancy's AB 250 inventory of new or expanded lower-cost opportunities, which it is compiling in conjunction with the Commission and State Parks.

Specific to coastal conservation projects and programs, Proposition 68 will provide:

- \$85 million for coastal conservation, including acquisition, of coastal wetlands, beaches, bays and watershed resources
- \$85 million for lower-cost overnight accommodations in state parks and other coastal areas
- \$21 million for SCC's climate ready program for habitat resilience and resource enhancement
- \$20 million for conservation projects in and around the San Francisco Bay
- \$20 million for coastal forests and watersheds, including coastal redwood forests
- \$14 million for climate preparedness and habitat resiliency for SF Bay communities
- \$5 million for habitat associated with estuarine lagoons

While the Coastal Commission is not directly eligible for Proposition 68 bond funding, these funds are critically important for carrying out numerous coastal conservation and public access projects that are both essential for coastal resource protection fully consistent with the intent of the Coastal Act. Protecting coastal wetlands, forests, estuaries and other habitat areas through acquisition and restoration is more important than ever in a rapidly changing climate. And given the state's growing economic disparities, focusing on underserved communities for new parks, clean water, and coastal access is a welcome and long overdue emphasis for a general obligation bond of this nature. The Commission's support for this measure can help raise public awareness of these issues.

### **RECOMMENDED POSITION**

Staff recommends the Commission **Support** Proposition 68.

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ANALYSIS BY THE LEGISLATIVE ANALYST

Proposition 68  
SB 5 (Chapter 852, Statutes of 2017), De León.  
California Drought, Water, Parks, Climate, Coastal Protection, and  
Outdoor Access for All Act of 2018.

**BACKGROUND**

*State Spending on Natural Resources Programs.* The state operates various programs to protect the environment, conserve natural resources, provide flood protection, improve water quality, and offer recreational opportunities for the public. The state also provides grants and loans to local governments, nonprofits, and other organizations for similar purposes. In recent years, the state has spent about \$5 billion annually to support these types of programs. The state primarily relies on a combination of general obligation (GO) bonds, fee revenue, and the state's General Fund to support these programs. (The General Fund is the state's main operating account, which pays for education, prisons, health care, and other services.)

State and local natural resources programs support a variety of purposes, including:

- *Natural Resource Conservation.* The state provides funds to purchase, protect, and improve natural areas—including wilderness and open-space areas; forests; wildlife habitats; rivers, lakes, and streams; and coastal habitats. State conservation programs often are administered by state conservancies and other departments. These programs often provide grants to local governments or other organizations that carry out projects.
- *State and Local Parks.* The state operates the state park system, which includes 280 parks. Additionally, the state provides funds to local governments to purchase and maintain local and regional parks, trails, and other recreation areas.

- ***Flood Protection.*** The state funds the construction and repair of flood protection projects as part of the state's Central Valley flood management system. This includes the repair and strengthening of levees and projects designed to divert water away from populated areas during large storms. The state also provides funds to local governments to complete similar types of projects throughout the state.
- ***Safe Drinking Water.*** The state makes loans and grants for local projects designed to improve access to clean drinking water. This includes projects to install equipment that remove unhealthy pollutants from local water supplies.
- ***Other Water-Related Projects.*** The state provides funds for various other projects throughout the state that improve water quality or the reliability of water supplies. For example, the state provides loans and grants to local agencies to construct water recycling and reuse projects, store more water underground (referred to as "groundwater recharge"), and clean up polluted groundwater.

***Past Bond Funding for Natural Resources Programs.*** Since 2000, voters have authorized about \$27 billion in GO bonds in statewide elections to fund various natural resources projects. Of this amount, approximately \$9 billion remained available for new projects as of June 2017. (Most of the bond funds still available are for water-related purposes authorized by Proposition 1, which was approved in 2014.) The state repays GO bonds over time, with interest, using the state's General Fund. (For more information on how bonds work and how this proposed bond would impact the state's budget, see "Overview of State Bond Debt" later in this guide.)



**PROPOSAL**

**\$4.1 Billion GO Bond for Natural Resources Programs.** This proposition allows the state to sell a total of \$4.1 billion in GO bonds for various natural resources-related programs. This total includes \$4 billion in new bonds. It also includes a redirection of \$100 million in unsold bonds that voters previously approved for specific natural resources uses.

**Bond Funds Specific Purposes.** This proposition provides funding for various state departments and local governments to use for specific natural resources-related purposes, which are summarized in Figure 1. This includes \$1.5 billion for a variety of programs generally intended to conserve natural habitats; improve coastal, river, and other ecosystems; and increase the resiliency of the environment to withstand the effects of climate change (such as sea level rise and more frequent droughts and forest fires). The bond also provides \$1.3 billion for parks and recreation projects,

most of which would be used to build or improve local parks. Lastly, the bond provides \$1.3 billion for various water-related projects, including to increase flood protection, recharge and clean up groundwater, and provide safe drinking water.

<b>Figure 1</b>	
<b>Uses of Proposition 68 Bond Funds</b>	
<i>(In Millions)</i>	
<b>Natural Resource Conservation and Resiliency</b>	<b>\$1,547</b>
State conservancies and wildlife conservation	767
Climate preparedness and habitat resiliency	443
Ocean and coastal protection	175
River and waterway improvements	162
<b>Parks and Recreation</b>	<b>\$1,283</b>
Parks in neighborhoods with few parks	725
Local and regional parks	285
State park restoration, preservation, and protection	218
Trails, greenways, and rural recreation	55
<b>Water</b>	<b>\$1,270</b>
Flood protection	550
Groundwater recharge and cleanup	370
Safe drinking water	250
Water recycling	100
<b>Total</b>	<b>\$4,100</b>

## ANALYSIS BY THE LEGISLATIVE ANALYST

*Administrative Provisions.* This proposition includes a number of provisions designed to control how the bond funds are administered and overseen by state agencies. The proposition requires regular public reporting of how the bond funds have been spent, as well as authorizes financial audits by state oversight agencies. In addition, for several of the programs funded by this bond, recipients—mostly local governments—would only be eligible to receive the funding if they provide some funding to support the projects. This local cost-share requirement, where it applies, is at least 20 percent of the bond funding awarded. As an example, a city receiving a \$100,000 grant to build a new park trail would need to provide at least \$20,000 towards the project.

The proposition also includes several provisions designed to assist “disadvantaged communities” and very disadvantaged communities (generally, communities with lower average incomes). For example, the local cost-share requirement would not apply to most of the grants provided to these communities. In addition, the proposition requires that for each use specified in the bond, at least 15 percent of the funds benefit very disadvantaged communities.

## FISCAL EFFECTS

*State Bond Costs.* This proposition would allow the state to borrow \$4 billion by selling additional GO bonds to investors, who would be repaid with interest using the state’s General Fund tax revenues. The cost to the state of repaying these new bonds would depend on various factors—such as the interest rates in effect at the time they are sold, the timing of bond sales, and the time period over which they are repaid. We estimate that the cost to taxpayers to repay this bond would total \$7.8 billion to pay off both principal (\$4.0 billion) and interest (\$3.8 billion). This would result in average repayment costs of **about \$200 million annually over the next 40 years**. This amount is about one-fifth of a percent of the state’s current General Fund budget.

***Local Costs and Savings to Complete Projects.*** Much of the bond funding would be used for local government projects. Providing state bond funds for local projects would affect how much local funding is spent on these projects. In many cases, the availability of state bonds could reduce local spending. For example, this would occur in cases where the state bond funds replaced monies that local governments would have spent on projects anyway.

In some cases, however, state bond funds could increase total spending on projects by local governments. For example, the availability of bond funds might encourage some local governments to build additional or substantially larger projects than they would otherwise. For some of these projects—such as when the bond requires a local cost share—local governments would bear some of the additional costs.

On balance, we estimate that this proposition would result in savings to local governments to complete the projects funded by this bond. These savings could average several tens of millions of dollars annually over the next few decades. The exact amount would vary depending on the specific projects undertaken by local governments, how much local cost sharing is required by state agencies, and the amount of additional funding local governments provide to support the projects.

***Other State and Local Fiscal Effects.*** There could be other state and local fiscal effects under this bond. For example, costs could increase to operate and maintain newly built parks. On the other hand, some projects could reduce future costs, such as by making levee repairs that reduce future flooding damage. The amount of these possible fiscal effects is unknown but could be significant.

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ARGUMENT IN FAVOR OF PROPOSITION 68

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YES on 68 – ENSURES SAFE DRINKING WATER & PROTECTS CALIFORNIA’S NATURAL RESOURCES IN UNCERTAIN TIMES

California faces more frequent and severe droughts, wildfires, unhealthy air, unpredictable weather, and reduced federal funding and support for our land, coast, and water.

YES on 68 protects California’s unique resources and helps ensure all Californians have access to clean, safe drinking water and parks.

PROTECTS DRINKING WATER QUALITY

YES on 68 protects and improves California’s water quality by keeping toxic pollutants out of our water sources and cleans contaminated waters.

SAFEGUARDS WATER SUPPLIES. PREPARES US FOR DROUGHTS

Prop 68 is a smart, efficient approach to ensuring future drinking water supplies:

- Restores groundwater supplies, which were severely drained in the last drought
- Recycles more water locally and helps farms conserve water
- Captures more stormwater and prevents flooding

“YES on 68 is a smart investment in California’s future by protecting our water supplies from pollution and helping local communities adapt in uncertain times. These investments are critical for today’s residents and future generations,” Tim Quinn, Association of California Water Agencies.

**SUBJECT TO COURT  
ORDERED CHANGES**

Several California communities have water so contaminated that residents cannot turn on the tap and drink the water in their own homes. In many places, families lack access to safe local parks.

YES on 68 cleans up severely contaminated local water supplies and makes long-overdue investments in local parks where they are needed most.

"All children should have safe places to play and access to clean air and water. YES on 68." Dr. Richard Jackson, M.D., Professor Emeritus, UCLA Fielding School of Public Health.

#### SAFEGUARDS OUR RIVERS, LAKES, AND STREAMS

YES on 68 protects rivers, lakes, streams, and natural areas that are critical sources of our clean drinking water and beautiful places where families hike, camp, swim, and play.

#### PROTECTS OUR COAST, NATURAL RESOURCES AND PARKS

YES on 68 helps protect air quality and preserve California's most treasured resources for future generations:

- Restores natural areas; implements critical wildfire prevention measures
- Prevents toxic air pollution
- Improves access to our coast; protects beaches, bays and coastal waters from pollution
- Restores California's fish and wildlife habitats
- Provides neighborhood parks, especially in communities where children currently lack access

#### STRICT ACCOUNTABILITY & OVERSIGHT

**SUBJECT TO COURT  
ORDERED CHANGES**

YES on 68 ensures funds will be efficiently used for intended purposes by requiring annual independent audits and by establishing a citizen advisory committee to review expenditures.

BROAD, BIPARTISAN SUPPORT

Prop 68 was placed on the ballot with bipartisan support, and is endorsed by groups that understand the importance of a YES vote to improve public health and protect California's clean water for our health, economy, children and families.

Supporters include:

- California Chamber of Commerce, California's most prominent business group
- Association of California Water Agencies, representing local agencies that provide California's drinking water
- League of California Cities, representing local governments
- The Nature Conservancy, The Trust for Public Land, California State Parks Foundation, and several conservation groups

VOTE YES ON PROPOSITION 68

Learn more at [www.yes68ca.com](http://www.yes68ca.com)

Senator Kevin de Leon

California State Senate President Pro Tem

Dr. Michael Ong, M.D.

American Lung Association in California

Dan Howells-Schafroth

California State Director

Clean Water Action

ARGUMENT IN FAVOR OF PROPOSITION 68

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**SUBJECT TO COURT  
ORDERED CHANGES**

Don't be fooled by Proposition 68. The proposition promises to protect and improve California's parks. The truth is it doesn't.

First, of the \$4 billion dollar bond, only \$1.3 billion is actually dedicated to improving parks. A lot of the remaining money is given to politicians to spend on their pet projects.

Second, the money is not distributed fairly and equally across the state. Many of our residents in inland and rural California will not see any Prop 68 park bond money spent to fix and improve their local state parks. This is wrong.

Every Californian should have their local park improved, not just the few who live near parks of powerful politicians.

Third, estimates are that state parks require \$1.2 billion dollars for deferred maintenance. Yet, Prop 68 allocates only a small amount of money for this essential task.

Finally, the Department of Parks and Recreation can't be trusted with the money. In 2012, the department threatened to close 70 parks, saying it didn't have the money to keep them open. This was false. An audit discovered the department did have the money, but was hiding it from the public. Until the department is reformed, we can't trust it to spend the money wisely and fairly.

We need to protect and improve our state parks, but Prop 68 is the wrong way to do that. Vote No and make the State Legislature really fix the parks for all Californians.

**SUBJECT TO COURT  
ORDERED CHANGES**

**Andrea Seastrand, President, Central Coast Taxpayers Association**

**Jon Coupal, President, Howard Jarvis Taxpayers Association**

STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO  
SUPERIOR COURT  
JAN 14 2014

**SUBJECT TO COURT  
ORDERED CHANGES**



ARGUMENT AGAINST PROPOSITION 68

Isn't it wonderful how many great projects that California can build? I'm not here to tell you that addressing drought, water, parks, climate, coastal protection, and outdoor access is wrong.

What I want to tell you is that borrowing for them is wrong.

California has enough debt. In fact, it has the worst balance sheet of all 50 states. Its unrestricted net deficit is a quarter trillion dollars! The last thing the State of California needs is more debt!

**SUBJECT TO COURT  
ORDERED CHANGES**

Secretary of State Alex Padilla  
February 6, 2018  
Page 2

Bond measures are deceptive. You think you're voting for something good. But, it will take approximately \$8 billion to pay off the \$4 billion of borrowed funds. That means you can expect a tax increase. And your children can expect a tax increase. And your grandchildren can expect a tax increase. Why? The \$225 million a year must be paid. With a tight annual budget, where else is this money supposed to come from?

The state's pension plan contributions are rising. The retiree medical unfunded liability has just gone up \$15 billion to \$91.5 billion. The state's borrowed debt for schools (\$500 million per year) and, possibly, veterans (\$225 million) and affordable housing (\$169 million) are squeezing out other programs. Minimum wage increases alone will add \$4 billion per year to the state's budget.

This will have to be paid for. And you will be asked to raise your taxes. California is not reducing its debt. Don't be a part of this problem. Vote "No" on Proposition 68.

Very truly yours,

Senator John M.W. Moorlach  
37th Senate District

John M.W. Moorlach