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# Propositions 1C and 84 Bond Implementation: Issues for Legislation

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LEGISLATIVE ANALYST'S OFFICE

Presented To:

Senate Committee on Natural Resources and Water  
Hon. Darrell Steinberg, Chair





## Propositions 1C and 84: Summary of Issues for Legislation

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We have identified the following sets of issues under Propositions 1C and 84 for which the Legislature should consider enacting implementing legislation:

- Providing legislative direction for two new program areas created by Proposition 84—specifically, funding provided for urban greening projects and conservation planning incentives.
- Coordinating local parks programs under Propositions 1C and 84 and addressing allocation of funding for local parks among existing and/or new statutorily created programs.
- Potentially allocating bond funds to address deferred maintenance requirements at state parks.
- Addressing eligibility of private water companies to receive Proposition 84 funds.



## Proposition 84: Urban Greening/ Conservation Planning Provisions

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Proposition 84 contains provisions creating two substantially new programs—funding allocated for urban greening projects and conservation planning incentives. In both cases, the measure does not specify an implementing agency and provides only very general guidance as to the use of the funds. We recommend that the Legislature enact legislation to designate implementing agencies and establish program goals and criteria for awarding grants and funding specific projects under these two new programs. The relevant bond provisions are the following:

**Urban Greening (Chapter 9, Section 75065[a])—\$90 Million**

- Projects that reduce energy consumption, conserve water, improve air and water quality, and provide other community benefits, including urban forestry projects.
- Priority given to projects that provide multiple benefits, use existing public lands, serve communities with the greatest need, and facilitate joint use of public resources and investments including schools. Implementing legislation shall provide for planning grants for urban greening programs.

**Conservation Planning Grants and Incentives (Chapter 9, Section 75065[c])—\$90 Million**

- Planning grants and planning incentives, including revolving loan programs and other methods to encourage the development of regional and local land use plans that promote water conservation, reduce automobile use and fuel consumption, encourage greater infill and compact development, protect natural resources and agricultural lands, and revitalize urban and community centers.



## Proposition 84: Urban Greening/ Conservation Planning Provisions (*Continued*)

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***Governor's Budget Proposal.*** The Governor's budget proposes allocating \$11.5 million from Proposition 84's urban greening pot (Section 75065[a]) and \$18.4 million from its planning pot (Section 75065[c]), for a total of \$29.9 million in proposed allocations. The following bullets describe each of the proposals included in the Governor's budget:

- ***Urban Greening.*** The Governor's budget proposes to allocate \$11.5 million for urban greening projects, as follows:
  - ***San Diego River Conservancy—\$2.9 Million.*** For urban projects within the conservancy's jurisdiction.
  - ***Department of Forestry and Fire Protection—\$8.6 million.*** For projects to reduce wildfire risk in the Lake Tahoe Area.
- ***Planning Grants and Incentives.*** The Governor's budget also proposes to allocate \$18.4 million for conservation planning incentives, as follows:
  - ***Department of Conservation's (DOC) Sustainable Communities/California Green Cities—\$10.4 Million.*** Development and implementation of the "Green Cities Partnership Initiative," to include \$400,000 for staff and \$6 million for grants to local agencies for the development of planning documents that incorporate the characteristics of a "sustainable California community." The proposal also includes \$4 million to support integration and standardization of digital natural resources mapping data.
  - ***The DOC's Agricultural Land Conservation Planning Grants and Incentives—\$1.9 Million.*** Local grants to fund development of easements that preserve agricultural lands and their potential as wildlife habitats, and planning to achieve those same goals.



## Proposition 84: Urban Greening/ Conservation Planning Provisions (*Continued*)

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- ***State Water Resources Control Board Watershed Protection and Basin Planning—\$6.1 Million.*** The proposal requests a total of \$6.1 million for contracts and 11.9 personnel-years (PYs) for two efforts: (1) \$1.8 million and 1.0 PY to implement a pilot program for local agencies to update their general plans to incorporate watershed protection efforts into land use policy and (2) the remainder split between augmentations for watershed basin planning staff and \$3.2 million for scientific contracts to incorporate the State Water Board's water quality basin plans into the next update of the California Water Plan.



***Governor's Proposed Trailer Bill Language.*** The administration has drafted trailer bill language that adds some detail to how DOC would award its planning grants and incentives. The language specifies characteristics and planning activities that will gain local governments preferential treatment for grant awards, such as:

- Participation in a Regional Blueprint Project.
- Agreement to prepare and adopt planning documents in collaboration with all cities in the same county.



## Proposition 84: Urban Greening/ Conservation Planning Provisions (*Continued*)

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**Legislative Proposals.** Bills have been introduced that reflect various approaches to allocating Proposition 84 funds for urban greening/conservation planning. These include:

■ **Urban Greening Funds:**

- AB 822 (Levine) would appropriate \$2 million in urban greening funds to the Resources Agency to establish a program to address adverse impacts of urban runoff on state water quality.
- AB 1303 (Smyth) would require the Department of Parks and Recreation (DPR) to create a local grant program for Proposition 84 urban greening funds.
- AB 1602 (Núñez) would require the Resources Agency, in consultation with the California Environmental Protection Agency and the Business, Transportation, and Housing Agency, to develop and administer local grants to improve community sustainability and livability through the development of “green infrastructure” that provides multiple benefits.

■ **Conservation Planning Funds:**

- SB 167 (Negrete McLeod) would designate the Office of Planning and Research as the lead for the bond’s planning incentive funds, and would appropriate \$1 million in the budget year and \$80 million over the following four budget years from Proposition 84, Section 75065(c), for local planning grants.
- AB 997 (Arambula) would allocate the planning funds to Department of Housing and Community Development for local infill planning grants and incentives. The department would be required to allocate \$30 million for grants and \$60 million for loans to fund local planning for infill development.
- AB 1253 (Caballero) would provide for the eligibility of Proposition 84 planning funds.



## Propositions 1C and 84: Local Parks Provisions

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**Bond Provisions.** Funding is provided for local parks under the following sections of Propositions 1C and 84:

### ■ **Proposition 1C**

- **Infill Development—Up to \$200 million.** This section provides \$850 million for infrastructure to support infill housing development. Of this amount, *up to* \$200 million may be used for parks.
- **Housing-Related Parks—\$200 million.** This section provides \$200 million for housing-related local and regional parks.

### ■ **Proposition 84**

- **Local and Regional Parks—\$400 million.** For competitive grants for local and regional parks, with preference for parks in underserved communities and parks in neighborhoods where none currently exist. This section also requires that technical assistance be provided to underserved communities, that preference be given to projects that involve community groups, and that projects provide efficient use of natural resources.
- **Nature Education—\$100 million.** For grants for nature education and research facilities, such as aquariums, natural history museums, and research facilities.



## Propositions 1C and 84: Local Parks Provisions

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***Governor's Budget Proposal.*** The Governor's budget proposal includes the following funding from the above provisions:

- ***Proposition 1C Infill Incentives—\$101 million.*** For incentives for infill development, including parks, sewers, and other infrastructure related to infill housing development. The portion of this appropriation for parks is not specified.
- ***Proposition 1C Housing Parks—\$31 million.*** For park projects relating to housing development.
- ***Proposition 84 Local and Regional Parks—\$1 million.*** For development of program criteria and grant guidelines. The administration does not project making grants to local governments until 2009-10.

The budget proposes that the Proposition 1C funds be administered by the Department of Housing and Community Development.





## Propositions 1C and 84: Local Parks Provisions

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***Existing Local and Regional Parks Grant Programs.*** There are a number of existing local park programs in statute that pre-date Propositions 1C and 84, including:

- Per Capita—eligibility and grant amounts are determined by population; funding can be used for a variety of parks projects.
- Roberti-Z’Berg-Harris Block Grants—these grants are focused on urban areas, and are allocated by population.
- Roberti-Z’Berg-Harris Urbanized Grants—Competitive grants to urban areas.
- Roberti-Z’Berg-Harris Nonurbanized Grants—Competitive grants to non-urban areas.
- Urban Park Act of 2001—Grants for new parks in urban areas.
- California Youth Soccer and Recreation—Competitive grants for land development to promote new recreational uses (for example, soccer, baseball, etcetera).
- State Urban Parks and Healthy Communities Grant Program—Competitive grants to promote recreational activities.
- Murray-Hayden Urban Parks and Youth Service Program—Grants for urban communities, particularly with at-risk youth and high unemployment.



## Propositions 1C and 84: Local Parks Provisions

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**Legislative Proposals.** A number of bills have been introduced relating to Propositions 1C and 84 local park funds including:

- AB 31 (de León)—Changes the existing eligibility requirements for urban park grants.
- AB 772 (Portantino)—Directs that Proposition 84 nature education funds be used to provide education to children.
- AB 1017 (Ma)—Requires that housing-related park funding go to projects that are consistent with local general plans and that funding be prioritized to projects that have matching funds.
- AB 1091 (Bass)—Prioritizes Proposition 1C park funds to projects that serve park poor areas, densely populated areas, and areas with young, low-income populations; projects that provide multiple benefits; and projects that have local matching funds.
- AB 1536 (Smyth)—Designates DPR as the lead agency for Proposition 1C park funds.



**LAO Recommendations.** We recommend designating DPR as the lead agency for administering all Propositions 84 and 1C local parks funds. We also recommend the enactment of legislation specifying what portion of Proposition 1C infill incentive funds (“up to \$200 million”) are for parks projects.



## Proposition 84: State Park Provisions

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- Bond Provisions.** Funding is provided for the state park system as follows:

  - **State Park System—\$400 million.** For development, acquisition, interpretation, restoration and rehabilitation of the state park system and its resources. The goals of this section are to provide for the restoration and rehabilitation of the existing state park system, the expansion of the system to meet population growth, and protection of the state’s natural resources.
  
- Governor’s Budget Proposal.** The Governor’s budget proposes \$25 million for systemwide planning and a few, ongoing capital projects in the state park system. The budget also proposes to revert to the General Fund \$160 million of the \$250 million General Fund monies appropriated in the *2006 Budget Act* for state parks deferred maintenance. The budget does not propose a replacement funding source for the reverted funds. It is a policy choice for the Legislature to consider using some of the \$400 million in Proposition 84 allocated to state parks for deferred maintenance. (Legislative Counsel has opined that deferred maintenance projects are an eligible use of these bond funds provided the “capital” purpose test in Section 16727 of the Government Code is met.)



## Proposition 84: Funding Eligibility of Private Water Companies

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***Addressing Funding Eligibility of Private Water Companies.***

- Proposition 84 does not specify whether or not private water companies (which serve a significant portion of the state's residents) are eligible for grants and loans for water quality and water supply projects. We recommend that the Legislature state its policy position on this matter in implementing legislation, and we recommend that private water companies be declared eligible for funding.