

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

0220-05936-0000

Date: March 17, 2022

To: Honorable Members of the City Council

From: Matthew W. Szabo, City Administrative Officer

Sharon Tso, Chief Legislative Analyst

Subject: **CALIFORNIA COMEBACK PLAN (STATE BUDGET FISCAL YEAR 2021-22)**

## **RECOMMENDATION**

That the City Council note and file this report as it is for informational purposes only.

## **SUMMARY**

Council directed the Offices of the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA) to report on the California Comeback Plan, including the state's investment to clean public spaces near highways, and identify the amounts of funding and planned expenditures that will benefit the City of Los Angeles. Each year, the Governor proposes a state budget in January, makes revisions in May, and approves a final budget in June. The May Revision of the 2021 California State Budget is called the California Comeback Plan. The Enacted Budget reflects the Legislature's priorities which becomes effective upon the Governor's signature.

This report provides a summary of the 2021-22 Enacted Budget broken down by each State agency, followed by a brief description of the agency, and relevant grant funding opportunities. The report also highlights the Clean California Initiative, which provides over \$1 billion in funding to clean public spaces. Specified funding for City projects and non-profit organizations provided in the Enacted Budget is outlined along with the next steps the City will be taking to receive these funds. Finally, the report provides information regarding the City's response to freeway on and off-ramp clean up requests.

## **BACKGROUND**

### **1. Basis for Report**

On October 12, 2021, Council adopted a Motion (Rodriguez-Lee) directing the CLA and the CAO to report on the California Comeback Plan, including the state's \$1.5 billion investment to clean public spaces near highways, and identify the amounts of funding and planned expenditures from the California Comeback Plan that will benefit the City of Los Angeles (C.F. 21-0520). In addition, an amending Motion (Harris-Dawson – Price) was introduced directing the CLA to work with the Information Technology Agency (ITA), and report on the calls / service requests received by the City's 3-1-1 Call Center related to freeway cleanups, and the ways in which the City can prioritize the cleaning of these areas.

## 2. Summary of the 2021-22 State Budget

The state's annual budgetary process includes the January Proposed Budget, May Revision, and Enacted Budget in June and July. The May Revision of the 2021 California State Budget is called the California Comeback Plan, which is supported by a \$75.7 billion state revenue surplus and over \$25 billion in federal relief funds, totaling over \$100 billion of additional revenue. The Enacted Budget refers to the signed Budget Bill and various pieces of related legislation that were passed by the Legislature to implement the budget.

Although the Motion (Rodriguez – Lee) instructed our Offices to report on the May Revision of the State's 2021 budget, this report focuses on the Enacted Budget, which provides the final budget that will be implemented by the State. The 2021 Enacted California State Budget spends \$262.5 billion in total state funds, consisting of approximately \$196.4 billion from the General Fund, \$61.2 billion from special funds, and \$4.9 billion from bond funds.

The table below summarizes the state funding that was provided to each state agency in the 2021 Enacted Budget.

| <b>2021-22 State Budget<br/>Funding Summary by Agency*</b>                              |  |
|---|--|
| <b>Agency</b>   | <b>Enacted Budget<br/>(\$ in billions)</b> |
| Business, Consumer Services, and Housing  | \$ 5.294                                   |
| Corrections and Rehabilitation  | 17.185                                     |
| Environmental Protection  | 7.370                                      |
| General Government  | 5.014                                      |
| Government Operations   | 12.379                                     |
| Health and Human Services   | 83.833                                     |
| Education   | 89.487                                     |
| Labor and Workforce Development   | 1.786                                      |
| Legislative, Judicial, and Executive  | 9.496                                      |
| Natural Resources   | 9.878                                      |
| Transportation  | 20.867                                     |
| <b>Total</b>  | <b>\$ 262.589</b>                          |
| <i>*Excludes federal funds, certain non-governmental cost funds, or reimbursements.</i> |  |

All of the funding included in the Enacted Budget is disbursed through existing agencies and programs with the exception of a newly formed Department of Cannabis Control housed under the Business, Consumer Services, and Housing agency. In addition, a new Loan Loss Reserve Fund will be administered by the Public Utilities Commission to address broadband infrastructure, and support revenue bonds issued by local governments and non-profits to create new municipal fiber networks.

Following is a brief description of each state agency and highlights key funding for programs/projects that are relevant to the City. While this report includes available funding opportunities that may benefit the City, it is not intended to be an exhaustive list.

- **Business, Consumer Services, and Housing (BCSH)** - This agency oversees a variety of departments, boards, commissions, and agencies that are responsible for the licensing and regulation of businesses, regulation of financial services and state-licensed financial institutions, enforcement of the sale of alcoholic beverages, regulation of the horse racing industry, protection of civil rights, homelessness prevention, and safe and affordable housing opportunities. In addition, the agency is charged with administration of the Homeless Coordinating and Financing Council, and is proposed to oversee the newly formed Department of Cannabis Control beginning in 2021-22.
  - (Secretary for BCSH) Family Homelessness Challenge Grants and Technical Assistance - The Budget includes \$40 million in one-time General Fund to provide grants and technical assistance to local jurisdictions to develop action plans that will address family homelessness and accelerate local jurisdictions' rehousing efforts.
  - (Secretary for BCSH) Encampment Clean-up - The Budget includes \$50.3 million in one-time General Fund for Homeless Coordinating and Financing Council to partner with a selection of local governments and assist them with resolving critical encampments and transitioning individuals living on site into permanent housing.
  - (Secretary for BCSH) Homeless Housing, Assistance, and Prevention Program (HHAPP) Round 3 and Round 4 - The Budget includes \$1 billion in 2021-22 and an additional \$1 billion in 2022-23 for flexible local homelessness funding, with robust oversight and accountability requirements.
  - (Department of Community Housing and Investment, HCD) Homekey - The Budget includes \$2.2 billion in one-time Coronavirus Fiscal Recovery Fund and \$550 million one-time General Fund to fund additional Homekey projects that can be converted and rehabilitated to provide permanent housing for persons experiencing homelessness and who are also at risk of COVID-19 or other communicable diseases.
  - (HCD) Streamlining Backlogged Affordable Housing - The Budget provides for a \$1.75 billion one-time Coronavirus State Fiscal Recovery Fund to more than 6,300 shovel ready affordable housing units, which have successfully acquired state funding, to expedite the construction of projects in lieu of waiting or applying for state tax credits.
  - (HCD) Regional Transformative Planning Grants - The Budget includes \$600 million in one-time funds for HCD to provide additional planning and implementation grants

to regional entities for transformative planning activities such as infill developments, targeted towards the state's climate goals and reducing vehicle miles traveled.

- (HCD) Scaling Excess Lands - The Budget provides \$45 million one-time Coronavirus State Fiscal Recovery Funds for site remediation and local government matching grants to scale up excess land for affordable housing development.
- (HCD) Infill Infrastructure Grant Program - The Budget provides \$250 million in one-time General Fund and reallocates \$284 million in remaining Proposition 1 funds for the Program. This provides a total \$534 million for affordable housing.
- (Department of Cannabis Control) Local Jurisdiction Assistance Grants - The Budget includes \$100 million in one-time General Fund to establish a local jurisdiction assistance grant program to help local governments and aid licensees in moving from provisional licenses into annual licenses while supporting environmental compliance requirements.
- **Corrections and Rehabilitation** - This agency oversees departments that facilitate the reintegration of individuals in its care back to their communities through the provision of education, treatment, rehabilitation and restorative justice programs; and provides leadership and coordinates state and local partnerships in California's criminal justice system.
  - (Board of State and Community Corrections) California Violence Intervention and Prevention Program - The Budget includes \$200 million over the next three years, which provides competitive grants to cities and community-based organizations to support services such as community education, diversion programs, outreach to at-risk transitional age youth, and violence reduction models.
- **Environmental Protection.** This agency oversees programs that reduce greenhouse gas emissions, restore and protect environmental quality, and protect public health.
  - (Air Resources Board) Zero Emission Vehicle Package - The Budget includes \$883 million in General Fund and \$652 million in special funds in 2021-22 for the Air Resources Board as part of a \$3.9 billion package to equitably scale the zero-emission vehicle market and accelerate the state toward meeting its climate and transportation goals. This includes funding to support: zero emission drayage trucks, transit buses, and school buses; the Clean Vehicle Rebate Project; Clean Trucks, Buses, and Off-Road Equipment; Clean Cars 4 All and other equity programs; and, near-zero heavy-duty trucks.
  - (State Water Resources Control Board, SWRCB) American Rescue Act Water Arrearages - The Budget includes \$1 billion from the federal American Rescue Plan Act to address COVID-19 Pandemic-related water system and wastewater provider customer arrearages.

- (SWRCB) Water Resilience Package: Drinking Water and Wastewater Infrastructure, Groundwater Cleanup, and Water Recycling - The Budget includes \$1.4 billion General Fund as part of a \$5.1 billion package to support water resilience and drought response efforts. This includes funding for drinking water and wastewater infrastructure, groundwater recycling, and water recycling projects.
- (SWRCB) Water Resilience Package: Immediate Drought Support - The Budget includes \$31.7 million in one-time General Fund, and \$2 million Safe Drinking Water Account ongoing as part of a \$5.1 billion package to support water resilience and drought response efforts. This includes funding for drought assistance and interim drinking water, communications, data technical support, and drought response activities.
- (Department of Toxic Substances Control) Risk-Based Contaminated Site Cleanup - The Budget includes \$500 million in one-time General Fund over three years to accelerate the cleanup of contaminated properties in impacted communities.
- **General Government.** This agency is responsible for oversight of distinct policy areas, such as ensuring peace officer competence, reasonable public utility rates, food and agricultural issues, and services to veterans that are not easily consolidated into other oversight areas. Additionally, this section includes issues that are statewide in nature such as lease/revenue issues, bonds, and local government issues.
  - (Public Utilities Commission) Broadband - The Budget includes \$1.07 billion of American Rescue Plan Act funds and \$50 million in General Fund in 2021-22 for the Public Utilities Commission as part of a \$6 billion package to address broadband infrastructure, access and affordability. This includes funding to support last-mile infrastructure and technical assistance through the California Advanced Services Fund, and a new Loan Loss Reserve Fund to support revenue bonds issued by local governments and non-profits to create new municipal fiber networks.
- **Government Operations.** This agency oversees departments and boards responsible for coordinating state operations, including but not limited to procurement, information technology, and human resources.
- **Health and Human Services.** This agency provides services in the areas of health care, behavioral health, public health, income assistance, social services, and assistance to people with disabilities.
  - (Department of Community Services and Development) California Arrearage Payment Program - The Budget includes \$1 billion in one-time federal funding to prevent energy utility disconnections for consumers experiencing financial hardship due to the economic impacts of the COVID-19 Pandemic by providing financial assistance to customer accounts in arrears.

- (Department of Social Services, DSS) Project Roomkey - The Budget includes \$150 million in one-time General Fund to support transitioning participants into permanent housing.
- (DSS) Guaranteed Income Pilot Program - The Budget includes \$35 million in General Fund over five years for Guaranteed Income pilot programs. These pilot programs will be city or county administered, require a local-match commitment, and target former foster youth, pregnant or parenting foster youth, and low-income Californians.
- **Education (Higher Education, K-12 Education, and Library).** Programs provide academic services segmented by pre-kindergarten, elementary, secondary, undergraduate and graduate programs as well as credentialing services to ensure schools are staffed with effective instructors.
  - (California State Library, CSL) Library Infrastructure - An increase of \$439 million in one-time General Fund for a matching grant program to support local library, maintenance, capital projects, broadband and technology upgrades, and purchasing of devices.
  - (CSL) English as a Second Language Programs - An increase of \$15 million in one-time General Fund to support English as a Second Language programs offered at local libraries.
  - (CSL) Broadband Capacity and Equipment Grants - An increase of \$6 million in one-time General Fund for broadband capacity and equipment grants to support the Broadband Connectivity Initiative.
  - (CSL) Community Outreach and Mobile Library Grants - An increase of \$3 million in one-time General Fund for local library jurisdictions to purchase bookmobiles and community outreach vehicles to expand access to books and other library materials.
- **Labor and Workforce Development** - This agency oversees departments, boards, and panels that address issues relating to California workers and their employers, labor law enforcement, workforce development, and benefit payment and adjudication.
  - (Office of Planning and Research) Community Economic Resilience Fund - The Budget includes \$600 million in one-time Coronavirus State Fiscal Recovery Funds to implement the Community Economic Resilience Fund, which will provide resources for planning and implementation grants to support communities recovering across California.
- **Legislative, Judicial, and Executive** - Governmental bodies classified under this section of the state budget are either established as independent entities under the California Constitution, or they are departments with a recognized need to operate outside of the administrative oversight and control of an agency secretary. Constitutionally-established bodies include the Legislature, Judicial Branch, Governor's Office, and constitutional

officers. This section also includes independent entities such as the Inspector General and the California State Lottery.

- **Natural Resources** - This agency oversees programs that are designed to protect and restore California's natural and cultural resources, including operating state parks, managing water supplies, supporting forest health, encouraging clean energy, and preserving fish and wildlife habitats, rich farmlands and mineral resources.
  - (State Lands Commission) Ports Funding - The Budget includes a \$250 million one-time Coronavirus Fiscal Recovery Fund of 2021 for allocation to the state's public ports for their revenue losses resulting from the COVID-19 pandemic.
  - (Department of Parks and Recreation) Statewide Park Development and Community Revitalization Program - The Budget includes \$180 million in one-time General Fund to invest in establishing and revitalizing community open spaces. These grants fund new parks, the beautification of existing parks, and recreation opportunities in underserved communities across the state.
- **Transportation** - This agency develops and coordinates transportation policies and programs to achieve the state's mobility, safety, and environmental sustainability objectives, and oversees the: Department of Transportation, California Transportation Commission, High-Speed Rail Authority, Department of Motor Vehicles, California Highway Patrol, and the Board of Pilot Commissioners.
  - (Department of Transportation, DOT) Transportation Infrastructure Package - The budget includes \$1.3 billion in additional state and federal funds for priority repairs on the state highway system, interregional transportation projects, and local road and bridge investments. Additionally, the budget provides \$500 million for additional Active Transportation Program projects and \$300 million for state and local climate adaptation projects.
  - Clean California Initiative (DOT) - The budget provides \$475 million for the first year of a three-year effort litter cleanup statewide, beautify the state's transportation network, educate the public about the harms of litter, and create long-lasting litter deterrents.

The Clean California initiative provides over \$1 billion in funding over three years which consists of: \$418 million for litter abatement over three years, \$287 million for state beautification projects over two years, \$296 million for local beautification projects (local grants) over two years, \$33 million for public education over two years, and \$62 million for project design, construction, local support and engagement.

### 3. Funding for the City of Los Angeles

The 2021 Enacted State Budget provides funding and planned expenditures that will benefit the City of Los Angeles in the following ways:

- As state residents, City residents will benefit from the new and expanded programs enacted through the budget;
- Funding is made available through competitive and formula grants. Competitive grant funding opportunities are listed in Section 2 of this report under each agency description; and
- Funding is specified for several City of Los Angeles projects and non-profit organizations as provided below. These projects were submitted and voted for inclusion in the 2021 Budget Bill by California state lawmakers.

Following are City programs/projects that received funding in the 2021 Enacted State Budget:

Transportation and Infrastructure

- \$5,000,000 for the Colorado Bridge Undercrossing East Bank River Way Project (CD13).
- \$11,000,000 for the Potrero Canyon Pacific Coast Highway Pedestrian Bridge (CD11).
- \$5,000,000 for Rio de Los Angeles Park, Farmers Market (CD1).

Park, Recreation, and Resources

- \$4,400,000 for Southeast San Fernando Valley Roller and Skateboard Rink in Sun Valley (CD6).

Arts and Culture

- \$2,600,000 for Discovery Cube Los Angeles (CD7).
- \$300,000 for the Little Tokyo Service Center, Terasaki Budokan (CD14).
- \$500,000 for the Weingart East Los Angeles YMCA Community Development Center (CD14).
- \$2,000,000 for the Chinese American Museum Unity Garden (CD14).
- \$4,000,000 for the Self Help Graphics and Art Capital Campaign (CD14).
- \$14,900,000 for restoration of the Breed Street Shul (CD14).
- \$500,000 for Alliance for Community Empowerment for capital improvements (CD3).
- \$9,000,000 for creation of TUMO Center with the University of Southern California (USC) Institute of Armenian Studies (CD9).
- \$3,250,000 to revitalize the Canoga Park Arts District (CD3).
- \$1,000,000 for Conga Kids (CD5).
- \$6,500,000 for Destination Crenshaw (CD8).
- \$6,000,000 for the Port of Los Angeles for the AltaSea Center for Innovation (CD15).

#### **4. Next Steps**

Grant Funding Opportunities – Council Motion (Krekorian, Blumenfield, O'Farrell, Martinez - Harris-Dawson, Price, Cedillo) directed our Offices to develop an internal process to review and prioritize applications for federal and state grant funds (C.F. 21-1015). The joint CAO-CLA report, which includes details on the proposed prioritization process and notification of



grant funding availability, was considered by Budget and Finance Committee on February 28, 2022, and approved by Council, as amended, on March 9, 2022.

Specified Projects and Non-Profit Organizations – The 2021-22 Enacted State Budget includes funds for specific City of Los Angeles projects as well as funds for non-profit organizations within the City. The City is required to adopt a Resolution and submit various documentation including a Project Information Package in order to receive these funds. The CAO, Department of Recreation and Parks (RAP), and Public Works Bureau of Engineering (BOE) coordinated with the California Natural Resources Agency to complete, or delegated the completion of the documentation, to receive the funds for various projects. RAP (C.F. 21-1370) and BOE (C.F. 21-1429) requested Mayor and Council approval for the adoption of the required Resolution and authority to negotiate and execute the necessary agreements. The CAO (C.F. 22-0141) further requested that Mayor and Council designate specific City departments to submit the acceptance packages for these projects and administer the grants.

The City acts as a pass-through agency through which non-profit organizations can receive the funds that have been provided to them in the state budget. For funds being directed to non-profit organizations, the City will have to execute agreements with the designated state agency administering the funds, and subsequently execute similar agreements with the non-profit organizations to administer these funds. The City does not receive any reimbursements for the cost of administering grants on behalf of the non-profit organizations. Some non-profit organizations have requested and received approval from the administering state agency to receive the funds directly instead of going through the City.

## **5. Prioritization of Freeway On and Off-Ramp Cleanups**

The (Harris-Dawson – Price) amending Motion directs the CLA to work with the ITA and report on the calls / service requests received by the City's 3-1-1 Call Center related to freeway cleanups, and the ways in which the City can prioritize the cleaning of these areas. ITA reports that when the 3-1-1 Call Center receives freeway related cleanup requests, it refers the public to the California Department of Transportation (Caltrans), the agency responsible for the state highway system, and provides them with a website link and phone number for reporting such requests.

The 2021 State Budget provides over \$1 billion in funding to Caltrans over three years for litter removal, job creation, public education, and community engagement. As part of this allocation, \$418 million is provided to Caltrans over three years for The Clean California Initiative (Initiative) to support cleanup activities inclusive of freeway on- and off-ramps. The funding provided through the Initiative will enable Caltrans to increase its trash collection efforts along state highways. Caltrans has developed a [Clean California portal](#) to track the progress of litter abatement and beautification activities, and quantify benefits for each geographic region, as identified in the Initiative.

The Caltrans District 7 local office, which serves Los Angeles and Ventura Counties, has published the [Caltrans District 7 Litter Abatement Plan Summary](#), outlining goals and objectives for addressing litter collection, enforcement, public education, and beautification through the Initiative. The Plan Summary identifies 14 priority freeway corridors, including

the I-5, I-101, and I-110 freeways, that require immediate attention based on the needs of underserved communities, and environmental and health/safety factors.

In addition, District 7 has a newly formed Metro Region office within the Division of Maintenance that covers the areas of south, east, and downtown Los Angeles, as well as Hollywood. According to the Metro Region office, all service requests, whether from individuals or other agencies, should be initiated through their [Customer Service Request \(CSR\) system](#). Once established through the CSR system, Caltrans will evaluate the service request based on an internal prioritization system, and work with partner agencies as appropriate, and respond accordingly. Council offices are encouraged to report any areas that are experiencing litter, illegal dumping or other issues to Caltrans through the CSR system to ensure that maintenance issues in their districts are addressed in an efficient manner. The City will continue to work with Caltrans to ensure that freeway right-of-way areas are properly maintained in an equitable manner across the City.

The Initiative additionally provides \$296 million over two years towards the Clean California Local Grants Program (CCLGP) for local beautification projects. On January 25, 2022, Council approved a prioritized list of 18 proposed project applications totaling \$62.6 million to compete for CCLGP funds (C.F. 21-1169).

## **FISCAL IMPACT STATEMENT**

Approval of the recommendation in this report will not result in a General Fund impact.

## **FINANCIAL POLICIES STATEMENT**

To the extent that this report provides information on various grant opportunities that the City can pursue, it is in compliance with the City's Financial Policies.