

WATER POLLUTION CONTROL BOARD

ITEM 199 of the Budget Bill

Budget page 764
Budget line No. 51

For Support of Services by Other Agencies From the General Fund

Amount requested	\$72,075
Estimated to be expended in 1954-55 Fiscal Year	72,075
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Increase	None

RECOMMENDATIONS

Amount budgeted	\$72,075
Legislative Auditor's recommendation	72,075
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Reduction	None

ANALYSIS

In attempting to prevent pollution of the waters of the State, certain reports on water quality are required by the state and regional boards. Rather than establish a technical staff as an integral part of the boards to perform the necessary field and laboratory work, it was considered more economical to utilize the staffs of other state agencies. Such services include studies of the pollution effects of sewage and industrial wastes, providing the technical information necessary for prescribing discharge requirements, determining the effect of drainage wells on ground waters, and special investigations as required. Contractual services are provided by the Department of Fish and Game, the Department of Public Health, the Division of Water Resources, and the Office of Civil Defense.

We recommend approval of the amount requested.

DEPARTMENT OF PUBLIC WORKS

ITEM 200 of the Budget Bill

Budget page 768
Budget line No. 7

For Support of Departmental Administration From the General Fund

Amount requested	\$84,029
Estimated to be expended in 1954-55 Fiscal Year	79,902
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Increase (5.2 percent)	\$4,127

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$13,121	\$13,121	---	770	8
Operating expense	—2,515	—2,515	---	770	9
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Increased reimbursements	\$10,606	\$10,606	---	770	12
	—6,479	—6,479	---	770	14
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Total increase	\$4,127	\$4,127	---	770	23

RECOMMENDATIONS

Amount budgeted	\$84,029
Legislative Auditor's recommendation	84,029
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Reduction	None

Departmental Administration—Continued

ANALYSIS

The Division of Administration of the Department of Public Works provides the over-all executive direction for the department, which consists of the Division of Architecture, the Division of Highways and the Division of Water Resources. In addition, it provides accounting service for the Divisions of Architecture and Water Resources. Since the major operation in the department consists of the Division of Highways, the charges for the overhead function are assessed on the basis of 80 percent reimbursement from the Highway Fund, and 20 percent from the General Fund.

For the 1955-56 Fiscal Year, it is proposed to increase the cost of this administrative service by \$4,127, or approximately 5.2 percent, from \$79,702 estimated to be expended in the current fiscal year, to \$84,029. This increase is primarily the result of normal merit salary adjustments. However, included is the fact that two positions, one personnel officer, grade II, and one supervising administrative analyst were added to the staff during the current fiscal year, and after the budget had been established by the Legislature at the 1954 Session. These additional positions were based, to a considerable degree, on recommendations made by a Senate committee to the effect that the overhead administration needed these specialists to provide a more cohesive management of all the divisions, and to unify and simplify procedures throughout the department. There appears to be reasonable justification for these two positions. Consequently, we recommend approval of this budget as submitted.

Department of Public Works
DIVISION OF ARCHITECTURE

ITEM 201 of the Budget Bill

Budget page 771
Budget line No. 30

For Support of Division of Architecture From the General Fund

Amount requested	\$79,332
Estimated to be expended in 1954-55 Fiscal Year	78,623
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Increase (0.9 percent)	\$709

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$792	\$792	---	774	37
Less:					
Increased reimbursements	—83	—83	---	774	43
Total increase	\$709	\$709	---	774	47

RECOMMENDATIONS

Amount budgeted	\$79,332
Legislative Auditor's recommendation	79,332
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Reduction	None

ANALYSIS

The State Division of Architecture operates generally under the authority of Part V of Title II, Division 3 of the Government Code, which establishes the Department of Public Works. The division itself

Division of Architecture—Continued

is authorized by Section 14005 of the Government Code. The Division of Architecture, under the guidance of the state architect acting as the chief of the division, is authorized to prepare designs, plans, specifications, and estimates of cost for all state buildings and structures and related facilities, with the exception of highways and highway structures. It is responsible for surveys of potential sites for construction projects, and may undertake the planning and design of major repair, alteration and maintenance projects. The division is also responsible for the inspection and control of construction, in progress, under contract. Also, it may undertake direct construction by the use of day labor. The division is also responsible for checking and approving all public school building plans, including alterations, and inspection of such projects during construction.

In practice, the organization of the Division of Architecture consists of 12 permanent positions, including that of the State Architect, which are supported directly by the General Fund. The main body of positions; averaging between 900 and 1,000, which perform the planning, designing, specifications, estimating, and other related work, is charged to the Architectural Revolving Fund, into which is transferred the various appropriations for specific design and/or construction projects. Each project is then assessed with charges equal to the value of the actual man hours expended in connection with the project, as well as proportionate charges for general overhead and operating expenses. These positions are not budgeted in the usual manner connected with permanent civil service positions, since they are considered in effect "duration" appointments. The list of positions charged to the revolving fund is shown in the appendix to the printed Budget starting on page 1352. For the 1955-56 Fiscal Year, it is proposed to continue the cadre operation at the same level as is authorized for the current fiscal year. There is a slight increase in cost of \$709 above the \$78,623 estimated to be expended during the current fiscal year. This is primarily the result of merit salary adjustments. We recommend approval of this budget as submitted.

Organization and Operations

The present organizational structure of the Division of Architecture consists of three main branches responsible to the State Architect through a deputy chief of the division. The construction service branch which is under the supervision of the chief construction engineer, provides structural engineering service in connection with designing and planning, structural engineering service in connection with the checking of schoolhouse plans, and construction supervision and inspection of projects actually under construction. The design and planning services branch, which is headed by an assistant state architect, is responsible for the actual designing and planning of all buildings and structures, preparing blueprints, and mechanical and electrical engineering in connection with planning and design. The administrative services branch, which is also headed by an assistant state architect, is responsible for office services, the preparation of contracts, the preparation of budgets for construction projects not yet financed, and the preparation of estimates of the cost of construction for each plan or

Division of Architecture—Continued

design. The heads of each of the three services are at the same level of responsibility and on the same pay scale.

In accordance with a recommendation made by the Legislative Auditor in the analysis of the Budget Bill for 1953-54, and a request by the Senate Finance Committee in June of 1953, the Department of Finance undertook a study of the organizational structure of the Division of Architecture. In a report dated December 7, 1954, the Department of Finance recommended that:

1. The construction budget section and the estimating section be transferred from the administrative service branch to the design and planning service branch as soon as feasible.
2. The structural engineering section dealing primarily with engineering in connection with state construction projects, be transferred from the construction service branch to the design and planning service branch.
3. That an administrative service or business management type of official be placed in charge of the reconstituted administrative service branch, instead of an assistant state architect.
4. That the project control unit now attached directly to the office of the State Architect, be transferred to the production management section of the design and planning service branch.

We are in accord with some of these recommendations and would urge that they be put into effect as quickly as possible. We agree with the second recommendation which would put the structural engineering work directly under the supervision of the State Architect responsible for over-all planning and design, just as the mechanical and electrical engineering work is now being done. The planning and design of a structure is a completely integrated process involving architects, mechanical engineers, electrical engineers, structural engineers, designers, equipment specialists, draftsmen, et cetera. All these services, bearing directly on the actual design and planning of a structure, should be under one unified responsibility. The third recommendation that a business management type of official be placed in charge of the administrative service branch is also highly desirable, particularly since, on a reconstituted basis, this branch would have no duties which would be directly related to planning and design.

With respect to recommendations one and four, however, we make the following comments and alternative recommendations:

In the first recommendation we believe that the transfer of the construction budget section from the administrative service branch to the design and planning service branch is a proper and desirable step, since it is directly involved in establishing preliminary design for budgeting purposes. We do not agree, however, that the estimating section should be transferred to the planning and design service branch, nor that the production control unit should be transferred from the State Architect's office to the planning and design service branch. Instead, we would recommend that the estimating section and the production control unit be combined and be made completely independent of

Division of Architecture—Continued

the three main service branches, and responsible directly to the State Architect.

We would like to point out that the practice of architecture, and even the practice of engineering, to some extent, is not an exact science but is, in fact, the professional practice of an art. It is an art which may deal, to some extent, with exact sciences, but choices within these sciences are subject to opinions and emotional appeals, which makes these choices actually the practice of an art. We would also like to point out that business and industry are constantly striving to achieve some form of internal self-evaluation. This is always difficult to achieve, but is particularly so in situations wherein it is difficult to evaluate the services rendered on a profit or loss basis. We believe it would be too much to expect self-evaluation, or perhaps we might call it "soul searching," of those professionals engaged in something as subjective as the practice of an art. We might cite, as evidence, the fact that over the past several years increasing outside control established by the Legislature has resulted in substantially more economical preliminary designs than was the case in the earlier days of the postwar construction program. At the same time that we were achieving this control at the preliminary planning stage, we have discovered that we have been losing some of it in the final design and working drawing stages. Numerous examples of this could be cited based on our recent observations of current construction. However, they would be too lengthy, but perhaps one would suffice.

For instance, funds were provided several years ago for alterations to the kitchen at Pacific State Hospital in order to provide additional facilities for the expanding institution. The preliminary plans appeared satisfactory. However, upon recent inspection of the construction, we found a number of indications of lack of adequate control, one of which will suffice to make the point. In the new bakery area there was installed a specially designed and constructed stainless steel sink with two spray-type spouts, each controlled by a double set of foot-operated valves, essentially similar to that which would be provided in the scrubbing area of a major hospital surgery. The cost of this special item is possibly \$200 to \$400 more than a simple standard sink, which would have served the purpose adequately. Due to instances such as this, we have ample reason to believe that a far more effective method of scrutinizing working drawings as they are developed is essential, if we are not to continue making unnecessary expenditures running into the hundreds of thousands of dollars.

In view of the fact that an estimating section can and does function as a form of self-criticism, we recommend that the estimating section and the project control unit be reconstituted and strengthened by the addition of some form of critical plan review, and that the entire new unit be placed directly under the State Architect, responsible to him only. We believe that this would constitute a simple system of checks and balances, which would be far more effective than the present procedure, or the procedure recommended by the Department of Finance. There is another important point to which we would like to call attention. While the Division of Architecture is in no way responsible for

Division of Architecture—Continued

the planning and design or construction of highways or highway structures, it is responsible for the planning, design and construction of Division of Highway's office building, service buildings, maintenance buildings, and corporation yards. In this connection, we find that the Division of Architecture is apparently operating on a "double standard." The standards which the Legislature has attempted to set over the past few years by the establishment of various controls in the Budget Acts, have been and are being increasingly applied by the division in connection with all state construction, with the exception of projects for the Division of Highways. In connection with the latter projects, we find substantially more expensive approaches and solutions to problems that are similar to other state construction. As an example, working drawings for the new Division of Highway's office building in Stockton indicated that the inside of all elevator shafts were to be painted. This could serve no useful purpose. In certain instances, interior concrete block partitions were to be plastered and painted, instead of paint directly on the concrete block although the latter would have been less costly and just as serviceable. Storage rooms throughout had walls and ceilings painted. The lobby area had false ceiling beams, presumably for effect. On the exterior of the building parking lots were being provided, with some area covered by car shelters. In the shelters the cars were divided by a median paved strip eight feet wide although a median strip necessary to keep cars separated so that bumpers would not strike would not need to be over four feet wide. The eight foot strip also makes the entire car shelter that much wider and, consequently, more costly. There are numerous other instances in this particular set of plans which do not need to be cited at this time. We have called attention to this primarily to give the Legislature an opportunity to express the intent, if it so chooses, that in all types of building construction, exclusive of highways or highway structures, the same standard should apply, regardless of whether the projects are financed from the General Fund or from special sources. There is no reason to accord one set of state employees' facilities that are more costly than those accorded any other set of state employees.

There is one final point to which we would like to call attention which involves certain excess operating costs in both the Division of Architecture and the Division of Highways, which result from a code restriction which we believe serves no useful purpose.

Section 1733 of the Labor Code reads, in part, as follows:

"The body awarding any contract for public work, or otherwise undertaking any public work, shall ascertain the general prevailing rate of per diem wages in the locality in which the public work is to be performed for each craft, classification or type of workman needed to execute the contract, and shall specify in the *call for bids* for the contract, and in the contract itself, what the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in the locality is for each craft, * * * "

(Italics ours.)

Division of Architecture—Continued

The requirement that the lengthy wage scale be published in all publications in which the calls for bids are published results in an excess cost, conservatively estimated at \$17,000 annually in the Division of Architecture, and \$21,000 annually in the Division of Highways.

Eliminating the underlined words in the code portion of Section 1733 and substituting the word "specifications" would clarify the law and eliminate the necessity for publishing the lengthy wage scales. The wage scales would, nevertheless, be available to all interested parties in the specifications for the prospective contract, which any interested party would first have to obtain before bidding. In any case, there appears to be no useful result which is accomplished by the present practice. Consequently, in the interest of saving at least \$40,000 annually, it is recommended that the necessary legal changes be accomplished by a bill amending Section 1733 of the Labor Code during the 1955 Legislative Session.

Department of Public Works
DIVISION OF ARCHITECTURE

ITEM 202 of the Budget Bill

Budget page 771
Budget line No. 44

*For Support of the Division of Architecture From the
Architecture Public Building Fund*

Amount requested.....	\$832,854
Estimated to be expended in 1954-55 Fiscal Year.....	814,620
Increase (2.2 percent).....	\$18,234

Summary of Increase

	Total Increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages.....	\$19,864	\$19,864	---	775	25
Operating expense.....	—4,122	—4,122	---	775	54
Equipment.....	2,492	2,492	---	775	62
Total increase.....	\$18,234	\$18,234	---	775	64

RECOMMENDATIONS

Amount budgeted.....	\$832,854
Legislative Auditor's recommendation.....	832,854
Reduction.....	None

ANALYSIS

In order to provide for its schoolhouse plans checking services for the 1955-56 Fiscal Year, the Division of Architecture is proposing to increase its budget by \$18,234, or approximately 2.2 percent from \$814,620 estimated to be expended in the current fiscal year, to \$832,854. Since no expansion in the level of service is contemplated, the increased cost is due entirely to merit salary adjustments for existing positions. Salary savings are still running high, being estimated at \$60,000, because of the difficulty of recruitment in the structural engineering field. The research program which was first instituted in the 1953-54 Fiscal Year, with useful and gratifying results, is proposed to be continued to the extent of \$50,000, which is the same for the current year. We believe this research is essential and important. We recommend approval of this item as submitted.

**Department of Public Works
DIVISION OF WATER RESOURCES**

ITEM 203 of the Budget Bill

Budget page 789
Budget line No. 63

For Support of Division of Water Resources From the General Fund

Amount requested	\$1,953,508
Estimated to be expended in 1954-55 Fiscal Year	1,796,691
Increase (8.7 percent)	\$156,817

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$108,832	\$108,832	---	801	9
Operating expense	65,051	65,051	---	801	10
Equipment	—938	—938	---	801	11
Less:					
Increased					
reimbursements	—4,181	—4,181	---	801	15
Increase from Watermas- ter Service Fund	—11,947	—11,947	---	801	29
Total increase	\$156,817	\$156,817	---	801	28

RECOMMENDATIONS

Amount budgeted	\$1,953,508
Legislative Auditor's recommendation	1,953,508
Reduction	None

ANALYSIS

The following table shows the amount requested by function for 1955-56, the increase over estimated expenditures in 1954-55, and the percentage of change.

<i>Function</i>	<i>Proposed 1955-56</i>	<i>Amount of Increase</i>	<i>Percentage</i>
General Administration	\$488,420	\$48,595	11.0
State Maps and Surveys	24,845	3,647	17.2
Water Quality Investigation	452,142	19,912	4.6
Sacramento-San Joaquin Water Supervision	83,490	4,500	5.7
Water Rights and Resources	249,092	23,677	10.5
Watermaster Service	44,369	12,671	40.0
Regulation of Safety of Dams	132,163	1,436	1.1
Flood Control Project Maintenance	355,368	29,400	9.0
Review of Federal Reports	41,288	6,937	20.2
Central Valley Project	82,331	6,042	7.9
Totals	\$1,953,508	\$156,817	8.7

General Administration

This activity includes the office of the State Engineer and the various administrative functions of the division, including the legal, stenographic, files, equipment, purchasing, auditing, automotive, budgeting and fiscal control, and reports sections. It also includes the administration of public districts coming under the office of the State Engineer, and the licensing of rainmakers.

Division of Water Resources—Continued

No new positions have been requested for this function, and the program is budgeted to continue at its present level. It should be noted that the cost of automobile operation, charged on a mileage basis, is reflected within each function rather than being consolidated under administration as was previously done. It is believed that this will result in a more accurate statement of cost for each of the functions. The budget also provides for a large increase (\$49,456) for rent, most of which will result from a planned move from the State Building in Los Angeles to new quarters.

We recommend approval of the amount requested.

State Maps and Surveys

Chapter 1581, Statutes of 1949, directs the State Engineer to investigate mapping, prepare reports thereon, and adopt a plan and program leading to the preparation of a state base map; to coordinate the programs of the several map-making agencies; and to provide a public information service relative to maps and surveys. The personnel of this function carry out the duties for the State Engineer and supervise the cooperative topographic mapping program with the U. S. Geological Survey on behalf of the Division of Water Resources.

Although this activity is relatively small, it should be considered in connection with the \$300,000 per year topographic mapping program, the cost of which is divided equally between the State and the Federal Government.

This function is projected at its current level. We recommend approval of the amount requested.

Water Quality Investigation

The activities of this unit include: (1) investigation of the quality of all water, including saline water (coastal and inland), and as related to all sources of pollution, together with recommendations as to improvement or protection of the quality of such waters; (2) surveys, investigations, and formulation of plans for the reclamation of waste waters for beneficial purposes; (3) investigation of damage to ground water by reasons of abandoned or defective wells, together with recommendations for minimum standards for well construction. This unit also supervises the work done on a contractual basis for the State and regional water pollution control boards.

No program change is budgeted for the 1955-56 Fiscal Year. We recommend approval of the amount requested.

Sacramento-San Joaquin Water Supervision

This activity is concerned with the collection of data on stream flow and diversions on the Sacramento and San Joaquin Rivers. Its purpose is to provide basic information on water supply utilization and water rights in connection with the Central Valley Project. The division is reimbursed by the Bureau of Reclamation for 51 percent of the cost.

The budget provides for continuing this activity at its current level. We recommend approval of the amount requested.

Division of Water Resources—Continued

Water Rights and Resources

This function is responsible for supervision of the appropriation of waters within the State, supervision of the adjudications of water by court reference and statutory adjudication, supervision of watermaster service, and studies of water problems in the Southern California area.

The division has requested one assistant engineering geologist and one intermediate typist-clerk to augment the present staff assigned to the Southern California area investigations. Much of this work is devoted to compiling basic hydrologic data. The agency states that "in cases of groundwater adjudications referred to this division by the courts, failure to have adequate historical records relating to water supply and its use, groundwater levels, runoff, and precipitation, preclude conductance of a sound engineering investigation and adds greatly to the costs of such adjudications."

The critical water supply situation in Antelope Valley is also noted in justification of the additional personnel. This is an area that is undergoing rapid agricultural development and urbanization. Groundwater levels have shown a continuing and progressive decline. The division considers it essential to the preservation of this growing economy that there be a detailed geologic and hydrologic analysis of the area, including evaluation of local water supplies, determination of the physical characteristics of the underground basin, and study of the possible utilization of this basin for regulation of imported water from the Feather River Project.

In our analysis last year we indicated that some upward revision in fees charged for processing water right applications appeared justified. We also questioned the present practice of exempting public districts from any fee.

A study of these questions was made by the Division of Water Resources at the request of the Department of Finance, and a report was issued on February 15, 1954. The findings and recommendations are listed below:

Summary and Conclusions

"(1) Present fee schedules for the appropriation of water in California were adopted in 1917 with certain amendments thereto made in 1923. No changes in such fee schedules have been made since that time.

(2) A study of fee schedules for the appropriation of water in other western states having comparable laws of appropriation indicates that the fees presently in effect in California are substantially lower than in those states.

(3) In examining the laws and the rules and regulations of other western states relative to appropriation of water, only one state appeared to allow any exemption of fees from public agencies.

(4) Processing applications of exempt public agencies constitutes approximately one-half of the present work load of the water right section of the Division of Water Resources.

Division of Water Resources—Continued

Recommendations

It is recommended that the Legislature give consideration to:

(1) Providing for a fee schedule for the appropriation of water more in consonance with those of other western states having comparable laws of appropriation.

(2) Elimination of the present exemption of public agencies from fees in connection with appropriation of water, either in whole or in part."

In general, we concur in these recommendations and believe that appropriate legislative action should be taken to implement them at the 1955 Session.

We recommend approval of the amount requested for this function.

Watermaster Service

This function is responsible for the supervision of water distribution within the 16 currently active watermaster service areas. The cost is financed by equal contributions from the State and from local interests. The staff and expenses proposed are based upon a continuation of the present level of service.

An increase is proposed to provide watermaster service in the West Coast Basin in Southern California, in accordance with a court order appointing the Department of Public Works, acting through the State Engineer, as watermaster. A total of 3.3 positions have been requested to handle this additional work load.

We recommend approval of the amount requested.

Regulation of Safety of Dams

This function is charged with the responsibility for the safe condition of all dams in California except those federally owned. This duty is discharged by means of approving plans and specifications for all proposed new dam construction or for the repair of existing dams, and by maintaining a periodic safety check of all dams now under the State's supervision. The division proposes to continue this activity at the existing level during 1955-56.

In our analysis last year we pointed out that this activity produces some revenue, inasmuch as applications for new dams or enlargement of existing dams must be accompanied by filing fees prescribed in the Water Code. No fee is required for the periodic safety inspections. Since the fee schedule had not been adjusted since 1943, it was our recommendation "that the Department of Finance review the fees now being charged to determine whether a further adjustment is required at this time and whether it is feasible to charge a fee for periodic safety checks, and report thereon to the Legislature prior to the 1955 Session." Since no report has been made we repeat this recommendation.

We recommend approval of the amount requested for this function.

Flood Control Project Maintenance

The primary function of this unit is maintenance of the Sacramento-San Joaquin Flood Control Project. The responsibilities associated with this activity have been extended at recent sessions of the Legislature by the inclusion of certain additional levees and channels in the Sacramento-San Joaquin Flood Control Project. In 1953 the Legis-

Division of Water Resources—Continued

lature transferred the activity of beach erosion investigation and control from the Department of Natural Resources to the Department of Public Works. This unit also conducts snow surveys and prepares water condition reports.

The division is authorized currently to expend 0.4 of the time of one engineering position in supervising the State's activity in the beach erosion control program. This involves working with the Corps of Engineers and with local jurisdictions, as well as compiling data from the records of the Division of Water Resources. The budget provides for increasing this to the equivalent of one full-time position.

A junior civil engineer and a senior engineering aid are requested to eliminate a backlog of water condition forecasting data. The agency indicates that the accuracy of its forecasts depends upon the determination and adjustment of normal curves of stream runoff at the 35 points of measurement. These curves have not been adjusted since 1948. The division maintains that these computations should be adjusted every five years to reflect the latest data, and it is primarily for this purpose that the additional positions are requested.

We recommend approval of the amount requested.

Review of Federal Reports

Federal law provides that the various states be given an opportunity to review federal reports on proposed reclamation, flood control, and water conservation projects within their boundaries. The Division of Water Resources analyzes such projects for the State of California and makes recommendations thereon.

Because of the fact that the Federal Government was undergoing a change of administration during the 1952-53 Fiscal Year, practically all federal projects were held up for review before being reauthorized. The Federal Government is gradually releasing the stop-order of 1953, and consequently this function is budgeted on the basis that more projects will be available for review in 1955-56.

We recommend that the budget be approved as submitted.

Central Valley Project

This function provides the Water Project Authority with technical assistance required in acting upon the legal and engineering problems involved in representing the State of California in connection with the operation and construction of the Central Valley Project. No change of program is anticipated during 1955-56, and we recommend approval of the budget as submitted.

**Department of Public Works
DIVISION OF WATER RESOURCES**

ITEM 204 of the Budget Bill

Budget page 801
Budget line No. 66

*For Support of Work in Cooperation With the Federal Government
From the General Fund*

Amount requested	\$509,275
Estimated to be expended in 1954-55 Fiscal Year.....	494,775
Increase (2.9 percent).....	\$14,500

Division of Water Resources—Continued

RECOMMENDATIONS.

Amount budgeted	\$509,275
Legislative Auditor's recommendation	502,125
Reduction	\$7,150

ANALYSIS

The Division of Water Resources cooperates with federal agencies in the accomplishment of projects of mutual concern. State funds are matched by the Federal Government. Funds for the following projects are requested for 1955-56:

Yuba River Debris Control

This item provides \$15,000 for restoring, impounding, and controlling debris along the Yuba River in cooperation with the U. S. Army Engineers.

We recommend approval.

Topographic Mapping

The sum of \$300,000 is requested for continuation of the preparation of topographic maps of California in cooperation with the U. S. Geological Survey. All of the work is performed by the staff of the U. S. Geological Survey. This program was authorized by the Legislature in 1945. Conceived originally as a 10-year program, it now seems clear that the work will not be completed within that time. This is due in part to increased costs and to obsolescence of maps, particularly in urban areas.

We recommend that the amount budgeted for 1955-56 be approved.

Irrigation Investigations

This activity provides investigations concerning the use, transpiration, evaporation, and percolation of waters used for irrigation purposes. The work is done by the Soil Conservation Service, U. S. Department of Agriculture. It is proposed to continue this activity at its present level, at a cost to the State of \$7,500 per year.

We recommend approval.

Stream Gauging

This function is performed in cooperation with the U. S. Geological Survey. It provides data on water supply, runoff, and utilization of streams in California not otherwise covered by the Division of Water Resources.

The budget provides for an increase of \$14,850, which is composed of (1) the addition of 12 new stream gauging stations costing \$5,850, (2) a review of stream flow records furnished by Los Angeles County at a cost of \$2,500, and (3) an anticipated salary increase for federal workers that will cost an additional \$6,500. We object to the inclusion in this budget of funds to cover the possibility that federal workers will be granted a salary increase during the budget year. *We recommend that this budget be reduced by \$6,500* and that the cost of a federal salary increase, if it materializes, be met by allocating the necessary sum from the Emergency Fund.

With this exception, we recommend approval of the budget as submitted.

Division of Water Resources—Continued
Gauging Stations

The sum of \$12,500 has been requested to cover one-half the cost of constructing a new stream gauging station on Stoney Creek near the Black Butte dam site and of reconstructing six other stations. The other one-half of the cost will be borne by the U. S. Geological Survey.

Included in this request is the sum of \$650 to provide for a possible 5 percent federal salary adjustment. *We recommend that this amount be deleted from the budget, in line with our policy of recommending disapproval of contingency items in individual agency budgets.*

Except for the indicated reduction, we recommend that the amount requested be approved.

Department of Public Works
DIVISION OF WATER RESOURCES

ITEM 205 of the Budget Bill

Budget page 803
Budget line No. 54

For Support of Beach Erosion Cooperative Investigation Projects
From the General Fund

Amount requested	\$15,000
Estimated to be expended in 1954-55 Fiscal Year	9,700
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Increase (54.6 percent)	\$5,300

RECOMMENDATIONS

Amount budgeted	\$15,000
Legislative Auditor's recommendation	15,000
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Reduction	None

GENERAL SUMMARY

Chapter 1859, Statutes of 1953, transferred the activity of beach erosion investigation and control from the Department of Natural Resources to the Department of Public Works.

A master contract between the State and the United States Corps of Engineers was signed in 1947 under the terms of which investigations and reports on beach erosion control projects are carried on cooperatively, with the Federal Government paying one-half of the cost, the State one-quarter, and the local interests one-quarter. These investigations are usually conducted at the instigation of a local agency.

ANALYSIS

The budget provides for continuation of beach erosion investigations in San Diego and Orange Counties.

We recommend approval of the amount requested.

Department of Public Works
DIVISION OF WATER RESOURCES

ITEM 206 of the Budget Bill

Budget page 791
Budget line No. 12

For Additional Support of Watermaster Service From the Watermaster
Service Fund

Amount requested	\$40,549
Estimated to be expended in 1954-55 Fiscal Year	28,602
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Increase (41.8 percent)	\$11,947

Division of Water Resources—Continued

RECOMMENDATIONS

Amount budgeted	\$40,549
Legislative Auditor's recommendation	40,549
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Reduction	None

ANALYSIS

The Watermaster Service is supported by equal contributions from the State and the benefited areas. The moneys collected from the watermaster service areas are placed in the Watermaster Service Fund and appropriated therefrom. It will be noted that for the Fiscal Year 1955-56 the budget provides for an appropriation of \$44,369 from the General Fund for support of this activity, and for only \$40,549 from the Watermaster Service Fund. This is explained by the fact that the contributions to the State Employees' Retirement Fund are made entirely from the Watermaster Service Fund, and the one-half of the support cost assigned to the Watermaster Service Fund is reduced by a corresponding amount.

AERONAUTICS COMMISSION

ITEM 207 of the Budget Bill

Budget page 805
Budget line No. 7

For Support of Aeronautics Commission From the General Fund

Amount requested	\$104,122
Estimated to be expended in 1953-54 Fiscal Year	100,948
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Increase (3.1 percent)	\$3,174

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$903	\$903	---	805	48
Operating expense	80	80	---	805	69
Equipment	325	325	---	806	7
Add:					
Decreased reimbursement from office space rental	1,866	1,866	---	806	12
Total increase	\$3,174	\$3,174	---	806	14

RECOMMENDATIONS

Amount budgeted	\$104,122
Legislative Auditor's recommendation	None
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Reduction	\$104,122

ANALYSIS

The Aeronautics Commission has proposed legislation requesting that 75 percent of its annual budget be paid from the unrefunded motor vehicle fuel tax on aviation gasoline and that the remaining 25 percent of the appropriation come from the General Fund. A 22½ percent limitation on the total amount to come from the unrefunded motor vehicle fuel tax fund has been suggested. The main reasoning behind a 25 percent appropriation from the General Fund is to leave budgetary control of the commission with the Legislature. Should the proposed legislation become law, a General Fund savings of \$79,955 would be realized for the 1955-56 Fiscal Year.

Aeronautics Commission—Continued

The unrefunded motor vehicle tax on aviation gasoline is estimated to total \$400,000 for the 1955-56 Fiscal Year. It is composed primarily of gasoline taxes collected from out-of-state airmen who purchase fuel in California and do not bother to file a claim for the tax, and purchasers of small amounts of fuel who do not wish to trouble themselves with demanding a refund. Sections 8355-8358, Revenue and Taxation Code presently provides that the fund be distributed to counties for capital outlay for airport construction.

We recommend that this commission be abolished as a General Fund function.

The budget for the agency is based upon the same level of service. The increase is composed of normal salary adjustments as well as a slight increase in operating expenses.

We recommend approval of the request as submitted only if an adequate basis for financing other than from the General Fund is provided by legislation.

COLORADO RIVER BOARD

ITEM 208 of the Budget Bill

Budget page 807
Budget line No. 7

For Support of Colorado River Board From the General Fund

Amount requested	\$198,332
Estimated to be expended in 1952-53 Fiscal Year	204,256
Decrease (2.9 percent)	\$5,924

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$5,012	\$5,012	---	---	---
Operating Expense	—6,266	—6,266	---	---	---
Equipment	—398	—398	---	---	---
Less:					
Prior year balance available	—4,272	—4,272	---	---	---
Total increase	—5,924	—5,924	---	---	---

RECOMMENDATIONS

Amount budgeted	\$198,332
Legislative Auditor's recommendation	198,332
Reduction	None

GENERAL SUMMARY

The Colorado River Board was created under Chapter 838, Statutes of 1937, for the purpose of protecting California's rights pertaining to the Colorado River. The board and its staff collects, compiles, and analyzes engineering and legal data on utilization of the waters of the Colorado River System within and without the State; appears before congressional committees and interested federal agencies; and confers with representatives of other Colorado River Basin states regarding legislation and developments affecting California's rights and interests.

Colorado River Board—Continued
ANALYSIS

In August, 1952, the long-threatened litigation with Arizona concerning the rights to water of the Colorado River became a reality with the filing of a suit by Arizona. In recognition of this fact the Legislature appropriated \$100,000 (Chapter 12, Statutes of 1953) for use in connection with the litigation. Half of this sum was allocated to the Attorney General, who provides legal services for the Colorado River Board, and half was allocated to the Colorado River Board. That the Legislature has shown an awareness of the importance of this dispute to the State of California is evident from the fact that state expenditures for this agency have increased substantially during the past few years. The following table shows the manner in which these increases have occurred:

Year	General Fund	Chapter 12, Statutes of 1953	Total
1951-52	\$85,588	-----	\$85,588
1952-53	101,198	\$3,185	104,383
1953-54	119,686	17,232	136,918
1954-55 (estimated)	178,945	25,311	204,256
1955-56 (estimated)	198,332	4,272	202,604

In order to understand the full cost of the Colorado River suit, the sums being appropriated to the Department of Justice for work in connection with the litigation should be considered also. These expenditures are shown below:

Year	General Fund	Chapter 12, Statutes of 1953	Total
1951-52	\$30,402	-----	\$30,402
1952-53	44,906	\$25,820	70,726
1953-54	56,405	24,180	80,585
1954-55 (estimated)	128,528	-----	128,528
1955-56 (estimated)	129,987	-----	129,987

From these tables it can be seen that whereas the total cost of supporting the Colorado River Board, including legal expense, was \$115,992 in 1951-52, the 1955-56 Budget proposes a total cost of \$332,591. Thus, during a period of five years, expenditures for this program have almost trebled.

One new position of supervising hydraulic engineer has been requested to perform engineering and economic studies in connection with the Arizona suit. This continues in existence a position established during the current year with Chapter 12, Statutes of 1953 funds. It appears as a new position in the 1955-56 Budget because it has never been reviewed by the Legislature.

At the beginning of the current fiscal year there was an unexpended balance of \$29,583 of Chapter 12, Statutes of 1953 funds. It is estimated that there will be an unexpended balance of \$4,272 on June 30, 1955. The budget proposes that this sum be used to cover a part of the support cost of the agency attributable to the litigation. In response to our inquiry, the Department of Finance has stated that "in the event the balance in the appropriation made by Chapter 12, Statutes of 1953 exceeds \$4,272 on June 30, 1955, the excess will be applied to items in the approved expenditure program to the end that expenditures from the 1955 Budget Act may be reduced and the resultant savings revert." We concur in this view.

Approval is recommended of the budget as submitted.

**Department of Public Works
CALIFORNIA KLAMATH RIVER COMMISSION**

ITEM 209 of the Budget Bill

Budget page 811
Budget line No. 7

For Support of California Klamath River Commission From the General Fund

Amount requested	\$43,600
Estimated to be expended in 1954-55 Fiscal Year	25,000
Increase 74.4 percent	\$18,600

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	—\$161	—\$161	—	811	34
Operating expense	18,761	8,761	\$10,000	811	52
Total increase	\$18,600	\$8,600	\$10,000	811	54

RECOMMENDATIONS

Amount budgeted	\$43,600
Legislative Auditor's recommendation	33,600
Reduction	\$10,000

GENERAL SUMMARY

The Klamath River Commission was created by Chapter 1473, Statutes of 1953 for the purpose of cooperating with a similar commission representing the State of Oregon in formulating and submitting to the legislatures of both states for their approval an interstate compact concerning the distribution and use of the waters of the Klamath River. The commission consists of the State Engineer, and four members appointed by the Governor, three of whom must be named from persons residing in the Klamath River Basin (Modoc, Siskiyou, Trinity, Del Norte, and Humboldt Counties). The law provides that the appointments shall be made "from qualified persons engaged in the following fields: (a) agriculture, (b) mining, (c) lumbering, (d) fishing, and (e) other industries."

ANALYSIS

The Legislature appropriated \$25,000 in the Budget Act of 1954 for support of the Klamath River Commission. It is expected that this sum will permit the commission to acquaint itself with the physical features of the basin, assimilate the necessary engineering and legal data, and undertake the preparation of a preliminary draft of a compact. Considerable basic information concerning water supply and water utilization will become available in the near future after release of two reports on water resources of the Klamath River Basin, one prepared by the U. S. Bureau of Reclamation and the other by the State Division of Water Resources. With these studies available, it should not be necessary for the commission to undertake extensive engineering studies. Upon completing the draft of the compact the commission will submit it to the Oregon Commission. Hearings will be conducted to enable local water users to express their views with respect to the proposed compact. It is possible that questions may arise at the hearings that will require additional engineering or legal investigation.

California Klamath River Commission—Continued

Expenditures are estimated at \$25,000 during the current year. The sum of \$43,600 has been requested for 1955-56, which represents an increase of \$18,600 over estimated expenditures during 1954-55. Most of the increase results from augmenting the allowance for engineering and legal contractual services from \$3,763 to \$20,000. In our opinion the agency has not justified adequately its request for \$20,000 for contractual engineering and legal services. From the information available to us it appears that the amount requested for this purpose is excessive.

We recommend that the budget be reduced by \$10,000.

RECLAMATION BOARD

ITEM 210 of the Budget Bill

Budget page 812
Budget line No. 7

For Support of Reclamation Board From the General Fund

Amount requested	\$194,719
Estimated to be expended in 1954-55 Fiscal Year	181,314
Increase (7.4 percent)	\$13,405

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$2,837	\$2,837	---	812	64
Operating expense	13,166	13,166	---	813	14
Equipment	1,102	-1,398	\$2,500	813	24
Less:					
Increased reimbursements	-3,700	-3,700	---	813	27
Total increase	\$13,405	\$10,905	\$2,500	813	29

RECOMMENDATIONS

Amount budgeted	\$194,719
Legislative Auditor's recommendation	192,219
Reduction	\$2,500

GENERAL SUMMARY

The Reclamation Board cooperates with the U. S. Engineers in the construction of flood control projects through the acquisition of rights of way for such projects; acts as the governing body for the Sacramento and San Joaquin Drainage District; approves construction on levee systems and flood channels; and fulfills such construction obligations as have been assumed by the State in its agreement with the Federal Government.

ANALYSIS

The budget of this agency provides for a continuation of the existing level of service. No new positions are requested. Most of the increase is the result of rental at the new quarters which the Reclamation Board expects to occupy. The lease on the present space expires in April, 1955. This space is generally conceded to be inadequate, and it is planned that the agency will move into a state-owned building upon the expiration of its existing lease.

A junior drafting aid position was allowed in the 1954-55 Budget for the purpose of preparing and maintaining a full inventory of the

Reclamation Board—Continued

real property that the board holds. In our analysis last year we recommended that the position be authorized for one year, after which a progress report was to be submitted by the agency in order that the necessity for the position might be reviewed. Because of recruitment difficulty the board has been unable to fill the position except for a brief period. We feel that the position is still justified and that it should be continued for another year to afford the board an opportunity to fill the position for a reasonable period of time and determine its effectiveness.

The 1954-55 Budget also included \$2,600 for gas revenue auditing service. Under a service agreement with the State Lands Commission, provision was made for a more complete audit of revenues from rents and royalties on oil and gas lands. It was our recommendation that this item be allowed for one year and that the board report upon the results of this more comprehensive audit at the end of that time. Inasmuch as the service has been provided for only about five months at the time of this writing, we recommend that it be continued during the 1955-56 Fiscal Year in order that the Legislature may appraise the auditing service on the basis of at least a full year's experience.

The sum of \$2,500 is included to cover the cost of installing an intercommunication system in the board's new offices. We question the necessity of such equipment for a staff of only 36 people, some of whom spend much of their time in the field. *It is our recommendation that this equipment item be deleted and that any decision concerning the need for an intercommunication system by this agency be deferred until the move to new quarters has been completed.*

The work load of the Reclamation Board depends largely upon the amount of the federal appropriation for flood control work on the Sacramento River. Assuming that federal expenditures on this project remain approximately at the level of \$3,800,000 per year, we recommend approval of the budget as submitted, with the above exception.

WATER RESOURCES BOARD

ITEM 211 of the Budget Bill

Budget page 816
Budget line No. 7

For Support of Water Resources Board From the General Fund

Amount requested -----	\$73,319
Estimated to be expended in 1954-55 Fiscal Year -----	75,356
Decrease (2.7 percent) -----	\$2,037

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	---	---	---	---	---
Operating expense -----	—\$2,037	—\$2,037	---	817	17
Equipment -----	---	---	---	---	---
Total increase -----	—\$2,037	—\$2,037	---	817	19

Water Resources Board—Continued

RECOMMENDATIONS

Amount budgeted	\$73,319
Legislative Auditor's recommendation	73,319
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Reduction	None

ANALYSIS

The State Water Resources Board is the agency designated to study and make recommendations to the Legislature on water conservation and flood control matters; to investigate and recommend allocations from the Flood Control Fund of 1946 to local agencies to cover the cost of cooperation in flood control works constructed by the Federal Government; and to represent the State and local agencies in matters pertaining to federal authorizations and appropriations for flood control projects.

The budget request provides for continuation of the board's activities at the existing level.

We recommend approval of the amount requested.

Water Resources Board

STATE-WIDE WATER RESOURCES INVESTIGATIONS

ITEM 212 of the Budget Bill

Budget page 816

Budget line No. 20

For Support of State-wide Water Resources Investigations From the General Fund

Amount requested	\$617,206
Estimated to be expended in 1954-55 Fiscal Year	591,295
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Increase (4.4 percent)	\$25,911

RECOMMENDATIONS

Amount budgeted	\$617,206
Legislative Auditor's recommendation	617,206
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Reduction	None

GENERAL SUMMARY

This investigation constitutes a revision and completion of the State Water Plan adopted by the Legislature in 1941. Its objective is the preparation of a plan for the full conservation, control, and utilization of the State's water resources, underground as well as surface, to meet present and future water needs for all beneficial purposes and uses in all areas of the State.

The results of the investigation are to be presented in four bulletins, as follows: Bulletin No. 1—Water Resources of California, a complete inventory of water resources for each of the seven hydrographic units, was printed and sent to the Water Resources Board on July 6, 1951. Bulletin No. 2—Water Utilization and Requirements of California was to have been completed during 1952-53, but it has not yet been issued; however, it is expected to be completed during the current fiscal year. Bulletin No. 3—Plans for Development of Water Resources of California is to be completed by the end of the 1955-56 Fiscal Year. Bulletin No. 4—Summary Report on the California Water Plan is to be drafted upon completion of Bulletin No. 3 and should not require any considerable amount of staff time.

**State-wide Water Resources Investigations—Continued
ANALYSIS**

The amount requested for the 1955-56 Fiscal Year provides for continuing this investigation at its present level. As indicated above, the state-wide investigation is to be completed by June 30, 1956.

We recommend approval of the amount requested.

Water Resources Board

COOPERATIVE MINOR WATER RESOURCES INVESTIGATIONS

ITEM 213 of the Budget Bill Budget page 816
Budget line No. 30

*For Support of Cooperative Minor Water Resources Investigations From the
General Fund*

Amount requested	\$27,750
Estimated to be expended in 1954-55 Fiscal Year	17,750
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Increase (56.3 percent)	\$10,000

RECOMMENDATIONS

Amount budgeted	\$27,750
Legislative Auditor's recommendation	2,750
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Reduction	\$25,000

GENERAL SUMMARY

The State Water Resources Board conducts comprehensive investigations in areas where the urgency of water supply problems requires more intensive study than that provided by the state-wide water resources investigation. The cost of these studies is shared equally by the State and the participating unit of local government.

ANALYSIS

The board has requested funds to continue its investigation in the Salinas Basin and in San Joaquin County, and also a lump sum of \$25,000 for additional investigations. In general, it has been our position that unallocated sums in the budget should be avoided wherever possible. Experience has shown during the past few years that actual expenditures by the board for "additional investigations" have been far less than the amounts appropriated. In our opinion it would be better budgeting procedure if two requirements were fulfilled before funds for any investigation were included in the budget: first, the board should have completed its preliminary review of the requested project and determined that it was justified; and second, the local participating group should have provided the board with a firm assurance of its willingness to supply funds to cover one-half the cost of the investigation. Adherence to this procedure will delay a project no more than a year, and we believe that such a delay is warranted in the interest of effecting an improved budgeting procedure and avoiding the unnecessary commitment of state funds.

Inasmuch as the requirements recommended above have not been met at this time for any of the projects contemplated under "additional investigations" for 1955-56, *we recommend that this budget item be reduced by \$25,000.*

WATER PROJECT AUTHORITY

GENERAL SUMMARY

The Water Project Authority was created by the Central Valley Project Act which was passed by the Legislature in 1933 and approved on referendum. Under the act the primary function of the authority is to construct, operate, and maintain the Central Valley Project as authorized by the act. When, in 1937, the project was authorized by Congress for construction by the Secretary of the Interior, the authority was empowered by the Legislature to contract with the United States for the acquisition of the project, and to "otherwise cooperate with the United States to the end that the people of the State may receive the benefits to be derived from the construction, maintenance, and operation of the project." In 1951 the Legislature authorized the construction by the authority of the Feather River Project and Sacramento-San Joaquin Delta Diversion Projects as features of the California Water Plan.

ANALYSIS

Prior to 1952 the technical work of the Water Project Authority was performed by the State Engineer. In that year the Legislature authorized the authority to conduct surveys and studies preliminary to the acquisition by the State of the federally authorized Central Valley Project and appropriated \$10,000,000 for activities in connection with this authorization. The law provided also that any unexpended balance of this appropriation would revert to the General Fund on July 15, 1955. The authority organized its own staff to conduct this study. Since the study will be completed during the current fiscal year, it will no longer be necessary for the authority to maintain a staff independent of the Division of Water Resources. Consequently, the 1955-56 Budget of the Water Project Authority provides that all of its technical services will be furnished by the Division of Water Resources on a contractual basis.

WATER PROJECT AUTHORITY

ITEM 214 of the Budget Bill

Budget page 819
Budget line No. 10

*For Support of Study of Salinity Control Barriers—San Francisco Bay
From the General Fund*

Amount requested	\$15,000
Estimated to be expended in 1954-55 Fiscal Year	129,325
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Decrease (88.4 percent)	\$114,325

RECOMMENDATIONS

Amount budgeted	\$15,000
Legislative Auditor's recommendation	15,000
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Reduction	None

ANALYSIS

Chapter 1104, Statutes of 1953, which authorized the bay barrier study, directed the authority to submit its report to the Legislature by March 30, 1955. Much valuable material has been accumulated during the investigation, and the authority requests funds to preserve these records in a manner that will facilitate future reference to them.

We recommend approval of the amount requested.

WATER PROJECT AUTHORITY

ITEM 215 of the Budget Bill

Budget page 819
Budget line No. 16

For Support of Sacramento River Trial Distribution From the General Fund

Amount requested	\$205,405
Estimated to be expended in 1954-55 Fiscal Year	---
Increase	\$205,405

RECOMMENDATIONS

Amount budgeted	\$205,405
Legislative Auditor's recommendation	205,405
Reduction	None

ANALYSIS

Water right litigation is both costly and time-consuming. In recognition of this fact the U. S. Bureau of Reclamation, the Sacramento Valley Water Users Committee, and the State of California entered into an agreement on July 7, 1952 ("Memorandum of Understanding Relating to a General Approach to Negotiations for Settlement of Water Diversions from the Sacramento River and the Sacramento-San Joaquin Delta with the Objective of Avoiding Litigation"). This action followed more than 30 years of contention by various water diverters over their respective rights to divert water from the Sacramento River and from the delta. The memorandum opened the way toward an amicable approach to a settlement of these differences.

The State has been collecting water supply and water utilization data on the Sacramento River since 1924. This work has been performed by the Sacramento-San Joaquin Water Supervision function of the Division of Water Resources. In order to effectuate the proposed trial distribution the Water Project Authority, in December, 1953, allocated \$90,000 to the Division of Water Resources for the collection of additional data and the preparation of reports. The additional data that were collected from March through October, 1954, includes daily diversion quantities of the major water users along the Sacramento River; pumpage from certain key irrigation wells and interior drains; surface inflow to, and return flows from, major irrigation systems; detailed cultural survey of the Sacramento River service area showing crops and source of irrigation water; daily flows at additional gauging stations along the Sacramento River and associated channels; and information on ground water fluctuations.

In addition to the \$90,000 expended for the purpose of compiling more accurate data on diversions, the Water Project Authority devoted a large amount of the time of its own staff to the task of analyzing these data and making the necessary cooperative arrangements with water users in order to implement the plan.

During 1954 a trial water distribution agreement was entered into by the United States and the diverters of more than 94 percent of the water diverted from the Sacramento River above the City of Sacramento. It is planned that the agreement will be extended to include the delta region during 1955, and that a permanent schedule of water use for the Sacramento River and delta will be developed during 1956, which will be a five-year agreement.

Water Project Authority—Continued

The results of the trial distribution on the Sacramento River to date are encouraging. In our view, the possibility of achieving an amicable settlement of these water rights without the necessity of prolonged and expensive litigation justifies the expenditure of the amount requested. We recommend approval of this item.

WATER PROJECT AUTHORITY

ITEM 216 of the Budget Bill Budget page 819
Budget line No. 18

For Support of Assistance in Current Litigation From the General Fund

Amount requested	\$18,825
Estimated to be expended in 1954-55 Fiscal Year	-----
Increase	\$18,825

RECOMMENDATIONS

Amount budgeted	\$18,825
Legislative Auditor's recommendation	18,825
Reduction	None

ANALYSIS

This provides for a continuation of legal and engineering assistance to the Attorney General in connection with water right litigation involving the Central Valley Project. Most of this assistance has been in connection with the case of *Rank v. Krug*. The work has been done during the past couple of years by the staff of the authority. Elimination of that staff in the 1955-56 Budget makes it necessary to provide for this function as a separate item in the authority's budget.

We recommend approval of the amount requested.

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

ITEM 217 of the Budget Bill Budget page 821
Budget line No. 7

For Support of Department of Alcoholic Beverage Control From the General Fund

Amount requested (full year's operations)	\$2,717,142
Estimated to be expended in 1954-55 Fiscal Year (one-half year only)	1,393,632
Increase (See below)	\$1,323,510

RECOMMENDATIONS

Amount budgeted	\$2,717,142
Legislative Auditor's recommendation	2,686,692
Reduction	\$30,450

ANALYSIS

The amount of \$2,717,142 requested for 1955-56 is for a full year's operations while the \$1,393,632 shown for 1954-55 is for a half year's operations only, since the new department was established by transfer of functions from the Board of Equalization as of January 1, 1955, the middle of a fiscal year. There is no actual increase in the level of service provided for the new department if a full year's operations are considered.