

**Resources Agency
RESOURCES AGENCY ADMINISTRATOR**

ITEMS 254 and 255 of the Budget Bill

Budget page 652

**FOR SUPPORT OF THE RESOURCES AGENCY ADMINISTRATOR
FROM THE GENERAL FUND**

Amount requested -----	\$163,109
Estimated to be expended in 1963-64 fiscal year -----	136,885
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Increase (19.2 percent) -----	\$26,224
Increase to maintain existing level of service -----	\$26,224

TOTAL RECOMMENDED REDUCTION ----- None

ANALYSIS

The Resources Agency was established by Chapter 2037, Statutes of 1961. Under the direction of the administrator it provides overall coordination and guidance in behalf of the Governor over the resources programs of the State. Included in the agency are the Departments of Water Resources, Parks and Recreation, Conservation, Fish and Game and a number of previously independent smaller segments of state government. The Resources Agency is completing its first year of operation with a full-time administrator and a small staff.

The budget request provides for continuation of the existing level of staffing which includes an assistant to the administrator, two planning positions added by the Legislature last session and one coordinator for the Delta recreation study which was added by Chapter 2094, Statutes of 1963, and which position does not show in the Governor's Budget. The cost of the administrator's office is \$163,109 which includes \$40,000 to continue the Delta recreation study. The increase of \$26,224 over the current year is largely for the move into the new Retirement Building.

The Resources Agency was created, among various reasons, to provide a means to review, coordinate and manage the various resources programs and activities of the State. In turn, this was reflected in the reorganization of the Budgets Division, Department of Finance and the Office of Legislative Analyst to permit more effective budgetary review of the Resources Agency programs. The first efforts of this office to review the various budgets of the departments of the Resources Agency clearly showed that a broad program review of these budgets was nearly impossible because of limitations in the budgetary submission. Thus, for example, although the program budget of the Department of Water Resources described the investigations and activities for which it was requesting funds, there was no comparable information for the other departments. There was no basis to determine whether the goals, the objectives, or the budgeted work to accomplish them in one department were necessarily integrated with another department's activities even when there was an obvious interrelationship. More important, there was no basis to judge whether the activities not obviously related should be related. In brief, it was not possible to compare the specific statements of the work proposed to be done in the program budget of the Department of Water Resources with the traditional line-

Resources Agency Administrator—Continued

item budgets of the other Resources Agency departments which still requested funds in terms of numbers of positions and operating expenses.

In order to facilitate program review of the Resources Agency budget, a letter was sent to the Resources Agency Administrator on October 30 requesting certain supplemental budget justification material on a program basis from the various departments of the Resources Agency except the Department of Water Resources. Subsequently this request was reduced to include only the Departments of Conservation and Parks and Recreation. The Department of Fish and Game was excluded because it was reportedly already preparing a program budget under the direction of the Department of Finance which was to be submitted to the Legislature for information purposes. With the assistance of the Department of Finance, meetings were held with the Departments of Conservation and Parks and Recreation to explain our request for supplemental justification material in the form of program statements.

It was recognized that the task confronting the departments in preparing this material was both novel and difficult. Therefore, the request asked only that each do the job to the extent reasonably possible. We felt that these program statements were essential to a comprehensive program review of the budgets of these departments and that the preparation of the requested material would be an important step facilitating the eventual preparation of a program budget in line with the views of the Legislature.

Unfortunately only the three small divisions of the Department of Conservation provided us with the requested material in time to assist materially in our budgetary review and in the preparation of this analysis. The remainder was received too late for full utilization. This material will be considered and, if necessary, a supplemental analysis prepared. The foregoing events are mentioned here without the intent of being critical, but to indicate the substantial amount of work which must be done before the State can have an integrated resources budget. Several years' work will be required along with revisions of accounting systems and other management tools. Of even greater importance will be the realization by management personnel that budgeting on a program basis will assist them to perform their assigned duties better.

Even our limited experience in programing this year within the Resources Agency indicates that program budgeting is not the only management tool that needs to be developed. In order to guide all resources budgetary decisions to consistent, logical and effective goals, there is a need for comprehensive planning both to provide a basis for year-to-year budget preparation and for resolving the conflicts between budgeted programs. For example, the growing significance and increasing investments involved in the recreational aspects of the State's water program requires that eventually these recreation expenditures be evaluated not only in terms of water conservation goals but also in terms of the State's recreation goals. Similarly, the forest lands now owned by the State and administered by the Department of Conserva-

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tion need to be fully utilized instead of just purchasing additional land for recreation purposes. As another example, if the Middle Fork of the Feather River is to be preserved by the State as a primitive area or for fisheries purposes and not made available for water conservation, a plan for recreation development of this area should be prepared and agreed upon. At present the decision is left to the State Water Rights Board which is not established to evaluate and decide such problems. Furthermore, the future development of lands along the Colorado River in California needs planning attention. Other examples could be mentioned.

Important steps are underway to provide the necessary planning answers. The Department of Water Resources has had a long-range planning program for some years. More recently the State Office of Planning, through its responsibility for developing the State Development Plan has, along with the office of the Resources Agency Administrator, provided the emphasis to get planning work underway in the Department of Parks and Recreation and in the Department of Fish and Game. Both of these departments have been in need of such planning efforts and their past programming evidences significant deficiencies which cannot be resolved until at least some planning has been done.

In the preparation of the State Development Plan, the Office of Planning has undertaken various studies to provide basic economic data, population projections and other fundamental data to be used for long-range planning in California. In addition it has sought to secure a grant of federal urban renewal planning funds to finance additional state planning work. To do this, it has identified and designated certain ongoing planning work being done by the departments of state government as work coordinated with the State Development Plan. Most of this ongoing planning work is in the Resources Agency. The state funds being spent for this planning work have been designated as matching fund expenditures made by the State to qualify for the planning grant being sought from the federal government. Unfortunately, this effort to qualify ongoing state planning work for purposes of securing a federal grant of urban planning funds has resulted in serious problems for the Resources Agency. There is a danger that the Resources Agency's planning work will become distorted, will no longer serve fully the purposes of the departments doing the work, or will lose value by becoming too generalized and theoretical. In addition, to qualify as matching state expenditures on planning, the ongoing planning work must be under the control of a centralized planning office. For this reason, the Office of Planning has proposed to enter into contracts between the Office of Planning and the departments to assure the federal officials that the Office of Planning does control the work. It would be unfortunate if this contracting process were to unsettle the responsibility of the individual departments for their planning work.

The efforts of the Office of Planning are recognized as having been beneficial to the Resources Agency. The concern of this analysis is that the full benefits continue to be received by the Resources Agency as

Resources Agency Administrator—Continued

well as the Office of Planning. Thus, the emphasis on planning has been desirable, but the planning so stimulated must be realistic and tied to the real needs of both the Planning Office and the departments involved. The planning should properly be the direct responsibility of the departmental officials who have the authority to make decisions and resolve problems. However, the theoretical and generalized approaches of the Office of Planning makes it easier for any responsible departmental officials so inclined to disregard their own departmental planning efforts in the decision making.

The efforts of the Office of Planning to secure federal grant funds gives the impression that the planning job will be completed during 1965, whereas, the real needs of the departments of the Resources Agency will continue for years. It will require many years to develop the basis for the needed plans as well as the plans themselves and the planning organization should be established with this in mind.

The substance of planning lies in the policy and program decisions which must be made during the planning process in order to resolve conflicts and develop agreed-upon goals. These decisions can be made only by the responsible departmental officials who possess the authority and the experience to make the decisions. Without their full participation, no valid plan can be developed. Provision for this decision making is being made by the appointment of a Policy and Planning Committee by the Resources Agency Administrator. *It is recommended that the present strong role of the Resources Agency and constituent departments be continued.*

Finally, there is also need to keep a balance between long-range planning and short-range planning. A plan based on the period 15 or 20 years in the future is easy to prepare, but to have full value it must be brought down to the problems of today and be made useful in the preparation of the next budget. Thus, the balanced planning effort must start from the present problems and move gradually into the future while, at the same time, long-range goals are being established and revised on experience. Planning only for the future tends to overlook present problems and escapes reality. It, therefore, has no basis for application to present needs and becomes another report on the shelf.

The first major planning effort within the departments of the Resources Agency was undertaken by the Department of Water Resources many years ago. The department is a leader in advanced planning for resources development at the state level. In order to perform its planning for the conservation and distribution of water, Water Resources had to undertake some planning in the fields of recreation and fish and wildlife, which was not being done by those departments having the responsibility. Recently the Department of Finance and the Resources Agency Administrator have reassigned this work to provide that all water resources oriented recreation and fishery planning be done under contract by the Department of Parks and Recreation or Fish and Game. This has not, however, resulted in planning by these two departments *for either their own individual programs or to deter-*

Resources Agency Administrator—Continued

mine how their own individual responsibilities should be related to planning for conservation of water. They are only providing a service to the Department of Water Resources.

In the field of resources development, the areas of water conservation and recreation currently are drawing the most attention, are receiving the greatest capital investment and are offering the greatest opportunities for cooperative development and investment. The Department of Water Resources has a large advanced planning program amounting to approximately \$1,000,000 per year which is underway and well financed. In contrast, as noted in the paragraph above, no equivalent planning in the important area of statewide recreation needs is being done by the Department of Parks and Recreation, even though the needs may be as great. Except for the limited work designated as part of the State Development Plan, there is no provision in the budget to get such work underway. For this reason, a recommendation is made in this analysis for a basic change in the role of the present Division of Recreation to utilize that organization to fill some of the State's planning needs.

In summary, our review of planning within the Resources Agency indicates that much progress is being made, but the job to be done is larger than the efforts now being made. A concerted, continuous effort involving all of government from line supervisors through to the Office of Planning, with each contributing his appropriate tasks, will be required. In addition, constant surveillance over the planning function by both the legislative and executive branches of government is necessary to assure the soundness of any conclusions and decisions and to keep the planning effort properly balanced between long-range establishment of goals and objectives, on the one hand, and more immediate day-to-day and year-to-year program and budgetary decisions on the other.

In order to implement the above overall discussion of planning in the Resources Agency, the following recommendations are being made in the detailed discussion of the appropriate departmental budget request:

Designate new forest ranger position in Division of Forestry for planning work, analysis page 613.

Revise planning emphasis and goals of the Division of Recreation, analysis page 632.

Continue strong direction and coordination of Resources Agency planning at the Resources Agency and departmental level, analysis page 609.

Resources Agency Administrator—Continued

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Revise planning emphasis and goals of the Division of Recreation, analysis page 632.

Continue strong direction and coordination of Resources Agency planning at the Resources Agency and departmental level, analysis page 609.

DEPARTMENT OF CONSERVATION

ITEM 256 of the Budget Bill

Budget page 654

FOR SUPPORT OF DEPARTMENT OF CONSERVATION FROM THE GENERAL FUND

Amount requested -----	\$26,917,837
Estimated to be expended in 1963-64 fiscal year -----	25,364,355
Increase (6.1 percent) -----	\$1,553,482
Increase to maintain existing level of service ----	\$669,281
Increase to improve level of service -----	759,747
Increase for new service -----	124,454

TOTAL RECOMMENDED REDUCTION ----- \$260,000

Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
Rental of aircraft—air attack program -----	\$260,000	660	77

ANALYSIS

The Department of Conservation, within the Resources Agency, was created by the Reorganization Act of 1961 which established the new departments of Conservation and Parks and Recreation. The department is organized into five divisions: Administration, Forestry, Mines and Geology, Oil and Gas, and Soil Conservation.

For support from the General Fund for 1964-65, the department is requesting \$26,917,857, an increase of \$1,553,482 or 6.1 percent over estimated current expenditures.

Division of Administration

The functions of the Division of Administration include departmental fiscal control, personnel management, management analysis, and office services for the director.

The budget proposes an expenditure of \$788,939 for support of the division in 1964-65, funded as follows: General Fund \$758,057; Petroleum and Gas Fund \$25,432; Subsidence Abatement Fund \$5,450. The proposed total expenditure is \$207,285 (or about 35 percent) more than estimated for the current year. The increase includes a new item of rent (\$128,000) for the department as a result of the planned move to the Retirement Building on October 1, 1964; \$20,000 for departmental relocation; about \$38,000 for new positions; and approximately \$17,000 for new equipment.

The division is requesting 5.5 new positions. Among these positions is an assistant budget analyst to assist in the increasing workload of budget preparation and program budgeting. To develop an adequate departmental safety program, and carry on a continuous program of safety education among the employees, the division is requesting a safety officer and clerk. Compensation insurance payments have been relatively high, especially for the Division of Forestry, and the goal is a reduction in injuries and costs. Finally, for increased workload, two clerical positions are requested, one for the fiscal section and one for the personnel section.

We recommend approval of the division's budget as submitted.

Division of Forestry

The Board of Forestry, which consists of seven members appointed by the Governor, sets general policies for guidance of the Division of Forestry, and the State Forester is responsible for the administration of those policies. The functions of the division include the prevention and suppression of fires in about 35,600,000 acres of state responsibility lands, operation of the conservation camp program, enforcement of forest practices rules, management of State Forests and nurseries and the provision for technical forestry advice to landowners. By far the major activity of the division is fire control and suppression.

The budget proposes to spend \$24,652,316 for support of the division during the 1964-65 fiscal year. This amount represents an increase of \$1,296,018 or 5.2 percent over the current year.

Most of the division's requests for new positions are based upon increased workload. During 1964-65, four new conservation camps will be opened. To man these camps, 38 new positions are proposed. Also, two additional assistant civil engineers, in line with workload standards, are requested for design of work projects by the camp crews.

Also for increased workload, the division is requesting a typist-clerk for the purchasing and receiving functions at the Davis warehouse and an intermediate stenographer for the Program Development and Control Section of Business Management in headquarters.

Legislation enacted during the past general session has substantially increased the work of the division. Chapter 2038, Statutes of 1963, requires the division to increase its efforts in fire hazard detection and reduction. The division is, therefore, requesting eight fire prevention officers and one clerical position. Two of the officers would be assigned to the Fire Prevention Section in the Sacramento headquarters, assisted by the proposed additional clerical employee. Each of the six remaining officers would be assigned to one of the six district headquarters for law enforcement functions.

Chapter 2033, Statutes of 1963, requires timber operators to apply to the State Forester for annual permits for timber operations. The division requests a clerical position to assist in the processing of these applications. Some offsetting revenues will be received from fees paid by the operators.

For performance of new services, the division is requesting two positions. One is a forest technician to begin the management of Boggs State Forest, near Hobergs' resort in Lake County. Consisting of about 3,400 acres of mostly second growth timber, this is the fourth largest State Forest. The request for the forest technician coincides with the activation of nearby Konocti Conservation Camp, which will serve as a source of help for managing the forest. Harvesting of timber should begin in early 1965 and eventual income of \$15,000 a year is anticipated.

The other proposed request for new services is a forest ranger II in headquarters. The division requests this position to assist a Deputy State Forester in program planning. The division also proposes to have the ranger II assist in negotiating cooperative agreements with

Division of Forestry—Continued

other levels of government, coordinate the acquisition, replacement and allocation of property and supplies, assist in the selection and evaluation of employees, and assist in the training of personnel. We believe these latter assignments will so occupy the ranger II that he will be distracted from his planning duties.

In line with our planning recommendations in the discussion of the Resources Agency, there is a definite need for planning in the Division of Forestry. There is a need to plan for the uses of the state forests, in line with increased pressures for outdoor recreation and to plan and program such functions as fire prevention, fire suppression, the conservation camp program, etc. Also, the position should be instrumental in formulating program descriptions for program budgeting.

We recommend approval of the requested additional positions, with the exception of the ranger II position, for the Division of Forestry. We recommend the ranger II position be approved with the understanding that it will be used only for planning activities of the Division of Forestry as a whole.

Air Attack

The budget proposes an increase of \$260,000 in funds available for rental of aircraft in the air attack program. This request is more than a 100 percent increase in the amount currently budgeted for this item, and would make a total amount available from support of \$513,488. The basis for the request is not to increase the number of air tankers available, but rather to increase the guarantees to the operators to assure, according to the division, the availability of aircraft.

In the past, the division has used support funds to contract with air tanker operators for minimum guarantee contracts to assure the availability of tankers at specific locations and to pay for their initial response to a fire. In addition, the division has had available \$320,000 in its Emergency Fire Suppression and Detection Fund for the payment of some flight time.

The division proposes to more than double the source of funds available for the same number of minimum guarantee contracts, and still retain the emergency fund. Furthermore, the division request of \$513,488 for air tanker rental is more than the division has used from the support budget and the emergency fund combined in each of the past two fire seasons.

<i>Fiscal year</i>	<i>Support Fund expenditures</i>	<i>Emergency Fund expenditures</i>	<i>Total</i>
1962-63 -----	\$232,459	\$235,280	\$467,739
1963-64 to date -----	194,744	157,331	352,075

We believe some increase in the support budget for air tanker rental is justified, especially in the central districts of the State. However, the material presented by the division in support of the request is not realistic. There is no relationship between the justification material submitted and the request for \$260,000 rather than some other figure. Also, the division's estimated figures for operators' standby costs are considerably more than experience justifies.

Division of Forestry—Continued

Until such time as the division submits a plan and substantiating data as to how the additional \$260,000 is to be used, we are unable to approve the division's request. *We recommend deletion of the sum of \$260,000 under rental of aircraft—air attack program.*

Emergency Fire Suppression and Detection

This item is for additional manpower and equipment for suppression of forest fires in emergency situations. In prior years, this has been a separate item of appropriation. Beginning with the proposed budget, the item is shown in the support detail and will be included in the support item of appropriation.

We recommend that the amount for Emergency Fire Suppression and Detection appear as a separate schedule or with limiting language in the support budget item to assure that it will be used only for emergencies.

Youth Conservation and Training Program

The Legislature, at the last general session, enacted the Youth Conservation and Training Program as a pilot project for two years. For young men lacking basic employment skills, the program is designed to determine whether six months or a year of work experience in a forestry conservation camp together with an opportunity for study and some vocational education will enable the boys to develop employable skills and find a job, or perhaps encourage some to return to school.

The program was activated November 1, 1963, at Oak Glen Conservation Camp, located on the boundary of San Bernardino and Riverside Counties. The camp will accommodate 100 boys. As of December 31, 1963, there were 80 boys in camp and the Department of Employment and the Division of Forestry are now recruiting additional young men to bring the camp to capacity. We propose a careful review of the accomplishments of this program as part of our review of the 1965-66 budget.

Agricultural Fire Protection

In 26 of the counties where the Division of Forestry operates the fire protection system for state responsibility areas, the boards of supervisors contract with the State Forester to have the division provide some degree of agricultural, or rural, fire protection for which the counties or the fire districts reimburse the division. These contracts are termed Schedule A contracts. The proposed budget estimates that 523 division employees will be providing fire protection services to rural areas in these counties for which the division will be reimbursed \$3,737,128 for salaries and operating expenses by the counties. In addition to this amount, the budget also provides for a reimbursement of \$125,727 to the State by the counties for so-called administrative overhead. Apparently on no other basis than tradition and custom, the rate for this administrative overhead has been set at 3 percent of the amount of the contracts.

We question whether a 3 percent reimbursement is adequate. The highest salaried position of the 523 state employees listed as engaged in agricultural fire protection is one state forest ranger I at a salary

Division of Forestry—Continued

range of \$650-\$829. In contrast, among the 1,877 field service positions for the division, there are 10 forest ranger III positions at \$790-\$1,008, 8 ranger II positions at \$717-\$914, and 14 ranger I positions at \$650-\$829. Many of these three classifications spend a great deal of time on rural fire protection. Indeed, some personnel in each of the six district headquarters as well as the division headquarters do work that should be included in administrative charges to the counties.

We recommend the division review its charges to the Schedule A counties in order to reflect a more realistic administrative charge.

In addition to the Schedule A contracts, the State Forester also enters into supplementary county cooperative fire protection agreements with 15 of these 26 counties for so-called Schedule "C" funds. These funds are appropriated by the county or the fire districts and are nonstate funds available to the locally assigned state forest ranger for his expenditure for rural fire protection. The funds are used by Forestry for capital outlay, salaries of county employees, operating expenses and equipment. In the current fiscal year, about \$1,456,828 is being made available to various rangers by 15 counties.

None of the Schedule C funds appear in the budget. Since the funds are placed at the disposal of and are spent by state employees and are an integral part of the cost of providing protection to the areas as part of the agricultural fire protection activities of the division, we feel that the Schedule C funds should appear in the budget. The listing of these funds in the budget will give a more accurate picture of division activity in rural fire protection than is now the case. For example, in the current fiscal year, the division will spend an estimated \$3,728,832 for Schedule A contracts, plus \$123,727 for administrative overhead, and \$1,456,828 appropriated by the counties for Schedule C functions for a total of \$5,309,387. In contrast, the Governor's Budget shows only \$3,728,832 for this work.

The division's current support budget totals \$23,356,298. Measured in dollars, agricultural fire protection is a substantial activity of the division, with a total expenditure of about 22 percent of the amount the division has appropriated for state responsibility fire protection.

We recommend that the Department of Conservation include Schedule C appropriations as reimbursements in the Division of Forestry's budget.

There is no reimbursement to the division for administrative overhead in the approximate \$1.5 millions of Schedule C funds. Division personnel administer the funds for county or district fire protection and we feel that the division should be reimbursed for this administration.

We recommend that the division also study whether an administrative charge should be included in the Schedule C agreements.

The Division of Mines and Geology

The Division of Mines and Geology is responsible for gathering and presenting data about the mineral resources and industries of the State. A State Mining Board of five members appointed by the Governor establishes policies for administering the division.

Division of Mines and Geology—Continued

The proposed budget contemplates an expenditure of \$950,230 by the division, an increase of \$32,415 or 3.5 percent over the current year. This increase consists of about \$10,000 for merit salary adjustments, an increase of \$10,000 in printing costs to print backlogged documents and about \$12,000 for scientific equipment.

We recommend approval of the division's budget as submitted.

Division of Soil Conservation

The Division of Soil Conservation assists in the formation and operation of Soil Conservation Districts, administers the grants in aid program (the 1144 program) to the districts and has responsibility for the State's participation in the Federal Watershed and Flood Prevention Act, referred to as the Public Law 566 program. General policies for the division are set by the Soil Conservation Commission, composed of seven members appointed by the Governor.

The proposed budget contemplates spending \$557,234, an increase of \$13,123 or 2.3 percent over the current year. The division is requesting an associate hydraulic engineer and 0.6 temporary help to accelerate the Public Law 566 watershed reconnaissance studies. As of December 1963 the division had a backlog of 19 requests for reconnaissance studies received from October 1961 through October 1963.

We recommend the division's budget be approved as submitted.

Department of Conservation
DIVISION OF OIL AND GAS

ITEM 257 of the Budget Bill

Budget page 665

FOR SUPPORT OF DIVISION OF OIL AND GAS
FROM THE PETROLEUM AND GAS FUND

Amount requested	\$894,789
Estimated to be expended in 1963-64 fiscal year	864,178
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Increase (3.5 percent)	\$30,611
Increase to maintain existing level of service	\$30,611

TOTAL RECOMMENDED REDUCTION _____ None

ANALYSIS

The Division of Oil and Gas is supported by charges upon operators of producing oil and gas wells. The division approves proposals of operators to drill, rework or abandon oil and gas wells and makes on-site inspections during these operations. Also, the division maintains oil field maps and production records and publishes reports and statistics on the production of oil and gas fields.

The budget proposes \$894,789 for division expenditures this year, an increase of \$30,611 over the current fiscal year. This amount would continue the existing level of service.

We recommend approval.

**Department of Conservation
DIVISION OF OIL AND GAS**

ITEM 258 of the Budget Bill

Budget page 666

**FOR SUPPORT OF SUBSIDENCE ABATEMENT OPERATIONS
FROM THE SUBSIDENCE ABATEMENT FUND**

Amount requested	\$98,680
Estimated to be expended in 1963-64 fiscal year.....	96,347
Increase (2.4 percent)	\$2,333
Increase to maintain existing level of service.....	\$2,333

TOTAL RECOMMENDED REDUCTION..... None

ANALYSIS

This program, supported by charges on the oil and gas producers, is intended to control subsidence by requiring the producers to maintain or replenish underground pressures in those areas adjacent to or overlying producing oil and gas wells.

Under this proposed budget, the division plans to continue the existing level of service.

We recommend approval.

**Department of Conservation
DIVISION OF FORESTRY**

ITEM 259 of the Budget Bill

Budget page 668

**FOR SUPPORT OF WATERSHED PROTECTION BY CO-
OPERATING COUNTIES FROM THE GENERAL FUND**

Amount requested	\$1,645,481
Estimated to be expended in 1963-64 fiscal year	1,526,127
Increase (7.8 percent)	\$119,354
Increase to maintain existing level of service.....	\$55,354
Increase to improve level of service.....	64,000

TOTAL RECOMMENDED REDUCTION..... None

ANALYSIS

Section 4050 of the Public Resources Code provides that the board of supervisors of any county shall have the power to assume responsibility for fire prevention and suppression on state responsibility lands. Marin, Kern, Santa Barbara, Ventura and Los Angeles counties have assumed this responsibility. The code further provides that "... there shall be budgeted sums (by the State) to be allocated to those counties at least equal to the direct cost of fire protection, thus determined to include the salaries and wages of suppression crews and lookouts and maintenance of fire fighting facilities." The State has entered into a contractual agreement with these five counties and reimburses them for assumption of what is a basic state responsibility.

The State has prepared a fire plan for state responsibility lands within these five contract counties. According to the Division of Forestry, this plan provides protection equal to that given similar type lands

Division of Forestry—Continued

with similar type problems in counties directly protected by the State. The plan includes staffing concepts, crew complements, equipment and number of crews and lookouts which the division has felt necessary to do a similar job on similar direct protection areas.

The Division of Forestry recognizes two gaps between the organizational plan for fire protection in these five counties and the level of financial support from the State. One gap is caused by the fact that the allocation does not support the planned *level of staffing* of fire crews. The division recognizes this fact and states that the allocation provides an expenditure level for the contract counties the same as provided for direct responsibility areas being protected by the division itself. This gap does not become a problem, however, until such time as the State may raise the level of protection it is financing for the lands it is protecting by its own crews.

The other gap is caused by the fact that the level of allocation does not support the *planned number* of fire crews. The division is of the opinion financial support should be extended to the counties to bring the number of crews up to the planned number, since there are almost as many crews in the division's direct protection area as are called for in the plan. The division estimates the cost to increase the number of crews in the five counties to the planned number would cost the State about \$500,000 in addition to the proposed budget.

For 1964-65, the budget proposes an allocation to the contract counties of \$1,645,481, which is an increase of \$119,354 or 7.8 percent over the current year's expenditure of \$1,526,127. This increase will cover higher operating costs and provide \$64,000 toward increasing the number of crews.

The allocations to these five counties are proposed as follows:

Kern	\$439,730
Los Angeles	620,399
Marin	140,154
Santa Barbara	217,652
Ventura	227,546
Total	<u>\$1,645,481</u>

In addition to this increase, the Department of Finance and the Division of Forestry have apparently decided to grant increases to these five contract counties concurrently with salary increases to state employees. This decision means that the current year allocation of \$1,526,127 will be increased by \$29,937 for 1963-64 salary increases voted by the Legislature. In addition, the proposed 1964-65 budget to these counties will be increased by \$76,368 for salary increases for a total allocation of \$1,721,849. At the time of this writing, the source of funding is uncertain.

We recommend approval of the \$119,354 increase proposed in the budget but reserve judgment on the concurrent salary increase until the source of funding is known.

**Department of Conservation
DIVISION OF FORESTRY**

ITEM 260 of the Budget Bill

Budget page 668

**FOR SUPPORT OF PRIVATE LAND PROTECTION
BY UNITED STATES FOREST SERVICE
FROM THE GENERAL FUND**

Amount requested	\$1,282,631
Estimated to be expended in 1963-64 fiscal year.....	1,267,877
Increase (1.2 percent).....	\$14,754
Increase to maintain existing level of service....	\$14,754

TOTAL RECOMMENDED REDUCTION..... None

ANALYSIS

Inside the boundaries of the National Forests are some 5,100,000 acres of state responsibility lands. Since the United States Forest Service maintains a fire protection organization to protect federal lands in the National Forests, the State Forester contracts with the Forest Service for the protection of the state lands within the forests. This procedure eliminates duplication. Conversely, there are some national forest lands protected by the division.

This item is for the net cost of protection of state lands by the Forest Service, after being offset by the cost of forest land protected by the State.

We recommend approval.

DEPARTMENT OF CONSERVATION

ITEMS 261 through 267 of the Budget Bill

Budget page 668

**FOR SUPPORT OF MISCELLANEOUS COOPERATIVE AND
RESEARCH PROGRAMS FROM THE GENERAL FUND**

Amount requested	\$453,339
Estimated to be expended in 1963-64 fiscal year.....	453,339
Increase	None

TOTAL RECOMMENDED REDUCTION..... None

ANALYSIS

<i>Item No.</i>	<i>Title</i>	<i>Proposed amount</i>
261	White pine blister rust control	\$75,000
	This is a cooperative program with the United States Department of Agriculture to match federal expenditures for the control of rust disease on timber.	
262	Forest insect control	20,000
	This program provides for the control of pine beetles and other insect pests on state and private forest lands.	
263	Wild land vegetation and soil mapping	116,111
	The United States Department of Agriculture and the University of California, under contract with the division, are engaged in mapping vegetation and soil types in wild land areas recommended by the State Board of Forestry.	

Conservation

Item 268

Department of Conservation—Continued

<i>Item No.</i>	<i>Title</i>	<i>Proposed amount</i>
264	Watershed research ----- This item is a proposed allotment to the United States Department of Agriculture for maintaining rainfall and stream flow records for the San Dimas Experimental Station and to publish results of research in watershed management.	23,472
265	Forest and fire research ----- This item is for the support of several research projects in forest and brush fire control, forest pest control, economics of fire protection and reforestation. The projects are done under contract with the United States Department of Agriculture and the University of California.	173,002
266	Geological exploration in cooperation with United States Geological Survey ----- This matching program with the federal government centers on geologic mapping and interpretation of data to determine areas having economic mining potential.	30,000
267	State geologic map ----- This item is for continuation of the state geologic mapping program. The division hopes to make the project eventually pay its way through sale of maps.	15,754

Each of these seven items continues appropriations at the same level as the current year.

We suggest that next year the Departments of Conservation and Finance review these items and, where possible, incorporate them with the principle support budget items involved along with appropriate schedules or limiting language in order to simplify budgeting processes.

We recommend approval of items 261 through 267 as budgeted.

DEPARTMENT OF FISH AND GAME

ITEM 268 of the Budget Bill

Budget page 673

FOR SUPPORT OF DEPARTMENT OF FISH AND GAME FROM THE FISH AND GAME PRESERVATION FUND

Amount requested -----	\$10,841,565
Estimated to be expended in 1963-64 fiscal year -----	10,523,193
Increase (3.0 percent) -----	\$318,372

Increase to maintain existing level of service----- \$318,372

TOTAL RECOMMENDED REDUCTION----- None

ANALYSIS

The Department of Fish and Game administers and enforces laws and programs pertaining to the taking of fish and game and the preservation of fish and wildlife resources in the State. The Fish and Game Commission sets general policies for the department and, in turn, the commission possesses such powers as are granted by the Legislature. Usually, the Legislature has granted the commission the power to regulate the noncommercial taking of fish and game. Support of the department comes from the sale of hunting and fishing licenses, court fines, commercial fishing taxes and grants of federal funds from excise taxes on some sporting goods.

Department of Fish and Game—Continued

The budget proposes to spend \$10,841,565 from the Fish and Game Preservation Fund for the support of the department. This amount is an increase of 3 percent (or \$318,372) over estimated spending for 1963-64. About one-half of this increase is in operating expenses, one-third in the purchase of equipment and the balance for merit salary increases.

Budget figures indicate a narrow surplus of revenues over expenditures for the department in fiscal 1964-65. These figures do not include the salary increases voted in the last General Session which will cause the department to spend more than its revenues in 1964-65. The department, according to the budget, anticipates revenues of \$11,550,041 and expenditures of \$11,462,216, including capital outlay and federal cooperative programs. Salary increases for 1964-65 will cost the department an estimated additional \$379,312. If this is the case, spending will exceed revenues by \$291,487. The department will then be forced to dip into its accumulated surplus reserve, which at the present time amounts to slightly over \$5.5 millions.

The department expresses concern about the ability of the Fish and Game Preservation Fund to support its activities and suggestions of General Fund support are sometimes heard. However, the department could properly seek additional reimbursements for work it now does for others at little or no cost. For example, the engineering, administrative and field staff of the department does considerable work for the Wildlife Conservation Board. The latter agency is funded from what would otherwise be General Fund money.

We recommend that the department work out an equitable schedule of reimbursements from the Wildlife Conservation Board.

The Department of Fish and Game has been included in our review of planning and programming activities within the Resources Agency. Discussions with the Department of Fish and Game did not reveal the existence of any formal or informal machinery for formulation of programs. Our review of the department's activities in the expenditure of Pittman-Robertson and Dingell-Johnson Act money disclosed no basis in the department's budgeting procedures for either judging the need and justification for Pittman-Robertson and Dingell-Johnson Act expenditures in relation to other departmental activities nor in determining that the support activities of the department have been reviewed and developed to constitute a logical, coordinated departmental program. This is not to say that such a coordinated program does not exist, but rather that the means to formulate it and to evaluate it could not be identified by the department.

The Department of Fish and Game was one of the departments which originally was to prepare a program budget for fiscal year 1964-65. The preparation of such a budget would go a long way toward permitting better formulation and evaluation of the department's program. Unfortunately, the department's program budget has not been completed in sufficient time to be considered in preparing this analysis. If it is received in sufficient time to permit consideration before the

Department of Fish and Game—Continued

hearings on the department's budget, a supplemental analysis may be issued if needed.

It appears at the present time that the department's program is essentially a reaction to problems presented to it by other departments of government or fishery and wildlife interests. Although this will obviously always be a part of the department's program, there is need to look forward to anticipate problems and to assure that the department meets these problems in a timely, economical and effective manner. As other departments of the Resources Agency have attempted to do better planning and to integrate their activities toward overall resource development goals, the need for appropriate planning by the Department of Fish and Game has become urgent. For example, the Department of Water Resources now chooses which projects with fisheries benefits it will investigate or construct. If Water Resources builds these projects, the Department of Fish and Game will probably have to stock them with fish whether or not this represents the most efficient use of the latter's limited funds. While some of these problems may be resolved at various stages in the project planning procedures, which are now integrated under the Resources Agency, they should also be considered much earlier during the formulation of programs to investigate and plan the projects.

The activities of the Office of Planning, Department of Finance, have stimulated advance planning in the Department of Fish and Game to the extent that it is now starting approximately \$65,000 in planning work. While advance planning is a commendable development, a note of caution should be expressed. Here, as elsewhere in the Resources Agency, there appears to be real danger that the efforts of the Office of Planning to justify receipt of federal urban planning funds may substantially reduce the effectiveness of the departmental planning efforts. Thus for example, major emphasis is being placed on the collection of inventory type data, estimates of future demands, collection of information on future land and water use changes and determination of their potential effects on fish and wildlife, etc., which is to be done during a period of a few months. It is to be followed by an effort to establish goals and criteria, identify major statewide problems and establish priorities to meet future needs, preparation of policy recommendations, etc., during next fiscal year. The emphasis being placed on these important but elusive planning objectives means that little attention can be given to important immediate planning problems facing the State, such as to develop a plan for the Middle Fork of the Feather River, if it is to be retained in its primitive state, or to get adequate long-range coordination of fisheries developments with the long-range planning of the Department of Water Resources. The need to concentrate on practical, usable, specific planning objectives still remains and it would be unfortunate if these needs are overlooked in an unbalanced planning activity which concentrates primarily on nonspecific goals and objectives that cannot be properly accomplished during the short time provided under the schedule of the Office of Planning.

Department of Fish and Game—Continued

The proposed budget for 1964-65 adds no new programs nor does it increase the level of service. It actually anticipates an overall decrease in personnel of 6.1 man-years. This reduction will be realized mostly as the result of moving operations from the Yountville Game Farm to the Vacaville Medical Facility, thereby abolishing 18 positions. Inmates will do most of the work previously done by departmental personnel. Some proposed new positions, reimbursed by the Department of Water Resources, are to continue work in such established program areas as the Delta Recreation Study and the Delta Fish and Wildlife Protection Study.

The proposed equipment schedule includes the replacement purchase of a 4-place, Cessna 182 airplane for \$16,000. The department owns two other planes, a twin-engine Beech and another Cessna.

We recommend that the purchase of this Cessna be delayed until the Department of Finance has had an opportunity to determine the needs, if any, of the other departments in the Resources Agency for passenger aircraft and reports to the Joint Legislative Budget Committee whether or not there should be some pooling of these aircraft.

With this one reservation, we recommend approval of the item as budgeted.

Department of Fish and Game

PROGRAMS IN COOPERATION WITH THE FEDERAL GOVERNMENT

ITEM 269 of the Budget Bill

Budget page 685

FOR SUPPORT OF GAME MANAGEMENT AND FISH MANAGEMENT IN COOPERATION WITH THE FEDERAL GOVERNMENT FROM THE FISH AND GAME PRESERVATION FUND

Amount requested	\$1,314,700
Estimated to be expended in 1963-64 fiscal year.....	1,269,400
Increase (3.5 percent).....	\$45,300
Increase to maintain existing level of service.....	\$45,300

TOTAL RECOMMENDED REDUCTION..... None

ANALYSIS

These two programs of cooperative fish and wildlife restoration and management projects are based upon federal legislation, the Pittman-Robertson and the Dingell-Johnson Acts. Federal funds are derived from an excise tax on sporting arms and ammunition and sport fishing tackle and equipment. The federal government pays about 75 percent of the cost of approved projects while the State pays at least 25 percent of the costs.

The proposed budget contemplates spending \$328,675 from the Fish and Game Preservation Fund. Federal grants are estimated at \$986,025, bringing the total costs to \$1,314,700. Of this total, \$893,800 is for game management and \$420,900 is for fisheries management. As was provided in the current budget, it is again proposed to advance state

Programs in Cooperation With the Federal Government—Continued

funds to cover the federal share since federal funds must be billed after the fact. When the federal share is received, it is deposited in the Fish and Game Preservation Fund.

Under the proposed budget, the department plans to continue the same or similar programs currently in progress.

We recommend approval.

PACIFIC MARINE FISHERIES COMMISSION

ITEM 270 of the Budget Bill

Budget page 694

FOR SUPPORT OF PACIFIC MARINE FISHERIES COMMISSION FROM THE FISH AND GAME PRESERVATION FUND

Amount requested _____	\$26,600
Estimated to be expended in 1963-64 fiscal year _____	26,600
<hr/>	
Increase _____	None
TOTAL RECOMMENDED REDUCTION _____	None

ANALYSIS

The Pacific Marine Fisheries Commission was established by an interstate compact to bring the Pacific Coastal states together for the mutual benefit of their fisheries. Headquartered in Portland, Oregon, where the annual meeting is held, the commission staff consists of an executive director and a secretary.

Funds for the support of the commission come from the states of Oregon, Washington and California in proportion to the market value of their fisheries' products. During the calendar year 1962, contributions by the member states were as follows:

California _____	\$26,600
Oregon _____	3,900
Washington _____	11,600
<hr/>	
Total _____	\$42,100

Major items of expense during 1962 were:

Salaries and wages _____	18,118
Various travel items _____	7,188
Printing _____	2,641
Rent _____	2,240
Cooperative research _____	944

California has three representatives, appointed by the Governor, on the commission. According to the Fish and Game Code, one of the members must be an officer of the Department of Fish and Game, another a legislator and the third a citizen knowledgeable in the marine fisheries problem.

The amount proposed for the budget year as California's contribution is the same as provided in the current year.

We recommend approval.

**Department of Fish and Game
MARINE RESEARCH COMMITTEE**

ITEM 271 of the Budget Bill

Budget page 697

**FOR SUPPORT OF MARINE RESEARCH COMMITTEE
FROM THE FISH AND GAME PRESERVATION FUND**

Amount requested	\$90,644
Estimated to be expended in 1963-64 fiscal year.....	113,205
Decrease (19.9 percent).....	\$22,561

TOTAL RECOMMENDED REDUCTION..... None

ANALYSIS

The Marine Research Committee, within the Department of Fish and Game, consists of nine members appointed by the Governor. Five of the members must be engaged in the canning or reduction of sardines, one a representative of sportsmen's groups, and one a representative of organized labor.

The committee finances research projects to develop commercial fisheries and marine products of the Pacific Ocean, with emphasis on the sardine industry. The research is done, under contract, by such agencies as the California Academy of Sciences, Hopkins Marine Station and the Department of Fish and Game.

Support for the committee comes from a privilege tax of 5 cents for each 100 pounds of sardines, Pacific mackerel, jack mackerel, squid, herring or anchovies purchased, received or taken by commercial fishermen.

The proposed budget is substantially less than current authorized expenditures, with a decrease from \$133,205 to \$90,644. A decline in revenues has caused the reduction in allocations for some research projects. This appropriation anticipates an operating reserve on June 30, 1965, of \$63,640.

We recommend approval.

**Department of Fish and Game
WILDLIFE CONSERVATION BOARD**

ITEM 272 of the Budget Bill

Budget page 698

**FOR SUPPORT OF WILDLIFE CONSERVATION BOARD
FROM THE WILDLIFE RESTORATION FUND**

Amount requested	\$85,467
Estimated to be expended in 1963-64 fiscal year.....	85,020
Increase (0.5 percent)	\$447

Increase to maintain existing level of service..... \$447

TOTAL RECOMMENDED REDUCTION..... None

ANALYSIS

Established by the Wildlife Conservation Act of 1947, the Wildlife Conservation Board consists of the President of the Fish and Game Commission, the Director of the Department of Fish and Game and the Director of Finance. Also, three members of the Senate and three

Wildlife Conservation Board—Continued

members of the Assembly act as an advisory group and an interim investigating committee. The function of the board is to acquire lands and facilities suitable for recreational purposes and adaptable for conservation, propagation and utilization of the fish and game resources of the State.

As provided in Section 19632 of the Business and Professions Code, support of this program comes from the annual diversion of \$750,000 of horse race license revenues from the General Fund to the Wildlife Restoration Fund. The board carries out its programs through a staff of five. Recently, the board has shifted its program to the acquisition and development of projects for which there is assurance that maintenance and operation will be provided by a local agency.

Since 1947, the board has undertaken over 175 projects, with at least one project in almost every county. Through November 15, 1963, the board has allocated for specific projects an aggregate amount of \$18,429,720. These projects include:

Fish hatchery and stocking projects.....	\$4,445,850
Fish habitat development and improvement projects.....	2,487,743
These projects include small reservoir construction or improvement, stream clearance and improvement, stream flow maintenance dams, marine habitat, and fish screens and ladder projects.	
Angling access projects (including launching ramps).....	4,734,607
These projects include coastal, river, bay, lake and reservoir access, Salton Sea access and piers.	
Game farm projects	146,894
Game habitat development and improvement.....	5,968,135
Almost all these funds were spent for waterfowl areas.	
Hunting access	358,194
Miscellaneous projects	288,297
Total allocated to specific projects.....	\$18,429,720

This appropriation is for the administrative costs of the board and maintains the existing level of service.

We recommend approval.

DEPARTMENT OF PARKS AND RECREATION

ITEM 273 of the Budget Bill

Budget page 699

FOR SUPPORT OF DEPARTMENT OF PARKS AND RECREATION FROM THE GENERAL FUND

Amount requested	\$9,164,476
Estimated to be expended in 1963-64 fiscal year	8,745,304
Increase (4.7 percent)	\$419,172
TOTAL RECOMMENDED REDUCTION.....	\$296,400

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
Division of Beaches and Parks			
Special representative	\$9,948	701	77
Intermediate stenographer	4,452	701	79
Deferred maintenance	282,000	709	38

Department of Parks and Recreation—Continued
ANALYSIS

Created by the Reorganization Act of 1961, the Department of Parks and Recreation consists of the Divisions of Administration, Beaches and Parks, Recreation, and Small Craft Harbors.

For support from the General Fund, the department requests expenditures of \$9,164,476, an increase of \$419,172 (or 4.7 percent) over the current year. Because of substantial reimbursements from service fees and concessions, however, these figures do not give an accurate picture of the increased activity and spending proposed by the department in fiscal year 1964-65.

In the current year, the department will spend an estimated \$12,042,195, including \$8,745,304 from the General Fund and \$3,296,891 in reimbursements. The proposed budget, in addition to expenditures of \$9,164,476 from the General Fund, estimates reimbursements at about \$4,100,000 for a total amount of \$13,264,476 available to the department. This latter amount is an increase in 1964-65 of \$1,222,281 (or 10.1 percent) over the current year for General Fund support of the department, including reimbursements.

There is one change in source of funding for the department's proposed budget. Boating registration is currently supported from the General Fund. Beginning July 1, 1964, the Small Craft Harbors Revolving Fund will finance that activity.

DIVISION OF ADMINISTRATION

The Division of Administration performs such services as fiscal control, budget preparation, accounting services, personnel management, and procedures and analyses for the other three divisions of the department. In addition, the division includes the costs of the office of the director.

The division's budget anticipates expenditures of \$1,028,071 in fiscal year 1964-65, an increase of \$194,117 (or 23 percent) over the estimated expenditures for the current year. The source of funding for the total expenditure is as follows: \$962,071 from the General Fund and \$66,000 from the Small Craft Harbors Revolving Fund. About \$115,000 of the increase is brought about by the move of the department to the Retirement Building in October of 1964 and the budgeting of all General Fund rent for the department to the Division of Administration.

The division is requesting 10.4 new positions, most of them clerical. Among these positions is an assistant counsel to advise the director and other officials of the department on legal matters. The department is growing and is continually involved in contracts and agreements about concessions, acquisitions and some of the legal details of the Small Craft Harbors' loan program. Other new positions requested are an accounting technician for the budget section, a typist-clerk for the general services section, a clerk to assist in manning the Hearst Castle reservation desk for the new second floor tour of that facility, an additional tabulating machine operator for the data processing section, and

Division of Administration—Continued

a typist-clerk in the personnel section. These positions are justified by workload.

We recommend approval of the proposed budget for the Division of Administration.

DIVISION OF BEACHES AND PARKS

The State Park Commission, consisting of seven members appointed by the Governor, establishes general policies for the guidance of the director of the Department of Parks and Recreation and the chief of the Division of Beaches and Parks in the administration, protection, and development of the State Park System. The chief of the Division of Beaches and Parks acts as secretary of the commission.

Section 5003 of the Public Resources Code requires the Department of Parks and Recreation, through the Division of Beaches and Parks, to administer, protect and develop the State Park System for the use and enjoyment of the public. The park system now includes about 180 units scattered throughout the mountains, beaches, cities, valleys and deserts of the State from Pelican Beach near the Oregon border to Silver Strand near the Mexican border.

The Division of Beaches and Parks has been undergoing a reorganization, which is planned to be completed in fiscal year 1964-65, to speed up park development activities. In the current year, the technical services section was abolished and the real property acquisition function is now performed by the Department of General Services. In addition, certain development projects have been transferred to the Division of Architecture for design and construction.

Basically, the headquarters operations of the division are divided into three sections. One is the administration unit, which includes the chief of the division and the staff for the operation of the State Park Commission. The second section is the planning and control group which operates under the supervision of a deputy chief. This group is responsible for the selection of park projects, the determination of needs and opportunities together with the preparation of park master plans. The third section is park management. Also under the supervision of a deputy chief, the function of this group is to manage the State Park System with programs designed for the protection, preservation, development, and maintenance of the beaches, parks and monuments in the system. At the present time the State is divided into six operating districts for the division and, in 1964-65, the current plan is to convert the six districts into three regional administrative areas.

State Park System Classifications

Statutes added in 1961 require the State Park Commission to classify units of the State Park System into one of the following categories:

- (a) *State parks*, which consist of relatively spacious areas of outstanding scenic or wilderness character. Commercial exploitation of resources is prohibited in these areas.
- (b) *Scenic or scientific reserves*, which consist of areas of outstanding natural significance where the major values are in their nat-

Division of Beaches and Parks—Continued

ural geological, faunal or floral characteristics. Here developments for public enjoyment must be consistent with preservation of natural values.

- (c) *Historical units* established primarily to preserve objects of historical and scientific interest and places commemorating important persons or historic events. Certain agricultural, mercantile or commercial activity usually prohibited in scenic parks or reserves may be permitted.
- (d) *State recreation areas* developed primarily to provide nonurban outdoor recreation including camping, picnicking, swimming, hiking, horseback riding, boating, fishing, and hunting. The provision of these activities is the primary reason for operating recreational areas.
- (e) *State beaches* with frontage on the ocean or bays designed primarily for swimming, boating, fishing and other waterfront activities.

The park commission and the division have completed classification of almost all units of the State Park System. At the present time they have classified 45 state parks, 8 scenic reserves, 6 scientific reserves, 30 historical units, 23 state recreation areas, and 54 state beaches, a total of 166 units. The classifications will assist the division in establishing fee structures and the development of basic objectives for each unit.

System Revenues

In our analyses of the department's budget in prior years, we have recommended increases in overnight camping fees at the state park units. This recommendation came about as a result of surveys of privately owned overnight camping facilities and a study of rates in several other states. The charge of \$1 made by the State of California for overnight camping was found to be considerably below that charged by other states with comparable camping facilities.

This past year the deputy chief in charge of park management together with the district superintendents decided on a course of action following closely that set by the state of Ohio. In general, the decision was made to segregate the camp grounds by type and charge fees according to the level of services and facilities provided. Three types of campgrounds were established:

Type "A" Campground. This type covers most of the division's existing campgrounds and what are now the division's most completely developed campgrounds. Facilities provided here are as follows:

- Standard restrooms
- Drinking water, piped
- Hot showers and laundry
- Standard campsite (table, stove, cupboard)
- Improved roads

Division of Beaches and Parks—Continued

Type "B" Campground. This may contain one or more facilities provided as follows:

- Standard restrooms
- Drinking water, piped
- Campsites (includes a table and stove)
- Improved roads (may not be surfaced)
- (May have cold showers)

Type "C" Campground. Facilities provided:

- Roads (graded for access purposes)
- Toilets (chemical or pit type)
- Campsites (informal area containing tables and central water supply, or a designated area without facilities)

House Trailer Campground. Those units designed especially for house trailers containing all or some of the following facilities:

- Paved parking area for automotive vehicle and trailer
- Electricity connection
- Water connection
- Sewer or waste water connection
- Standard restrooms

The following fee schedule was recommended by the division and adopted by the park commission effective January 1, 1964:

Type "A" Campground	\$2.00 per automotive vehicle per night
Type "B" Campground	\$1.50 per automotive vehicle per night
Type "C" Campground	\$1.00 per automotive vehicle per night
House Trailer Fees	\$2.50 per night to include the cost of any electricity or gas supplied to the camper
Rates per person, including group use at certain facilities	Increased for adults from 10 cents per person to 25 cents per person

State Beach, Park, Recreational, and Historical Facilities Bond Act of 1964

The last session of the Legislature approved a \$150 million beach and park bond issue to appear on the 1964 General Election ballot. The act provides \$85 million for the acquisition of real property for the State Park System, \$20 million for the minimum development of such property acquired, \$5 million for the acquisition of property for wild-life management, and \$40 million for grants to counties, cities and districts for the acquisition and development of real property for park and beach purposes. If the voters adopt the bond issue, the act will go into effect on January 1, 1965.

Considerable emphasis is given throughout the proposed bond issue to the function of planning, and there are mandatory requirements in the act that projects for the State Park System as well as local and regional projects be referred to the State Office of Planning to make sure the projects are in conformity with the State Development Plan. However, as yet, there is no State Development Plan. As appears in our analysis of the Department of Finance, Office of Planning, Phase 2 of the State Development Plan is to be prepared by June 30, 1965.

Division of Beaches and Parks—Continued

However, the Office of Planning states, "The second phase of the program will continue during fiscal 1964-65." It is doubtful whether the State Development Plan will be ready by 1966.

The bond proposal states: "It is desirable for the people of this State to have prior notice of the proposed disposition and allocation of the proceeds of this bond issue." As discussed in detail in the analysis of the Division of Recreation, there is no basic plan, as of the date of this writing, for the \$85 million beaches and parks acquisition program.

The 1963-64 Budget Act contained an item for \$19.1 million for acquisition of properties for the State Park System. Of the 21 separate items for purchase, the Division of Beaches and Parks has prepared maps and descriptions of 16 of the properties to be acquired and forwarded this information to the General Services Department for acquisition. The remaining five should be referred to General Services by the first of February. It is anticipated that most of the parcels will be acquired by January of 1965.

Support, Division of Beaches and Parks

The budget proposes to spend \$8,084,255 for support of the Division of Beaches and Parks during the 1964-65 fiscal year. This amount is \$407,366 (or 5.3 percent) more than is estimated to be spent for the current year.

The division will actually spend more than that amount, since revenues from service fees, concessions, Hearst Castle tours, and Squaw Valley concessions, estimated at \$3,184,141, will also be expended by the division. As a result of the increased service fees, the division estimates an additional \$310,000 in revenue. The division plans to open the upstairs at Hearst Castle, anticipating an attendance of about 60,000, which is 70 percent of capacity. The rate for the upstairs tour has been set at \$4 which is estimated to produce \$238,000 in added revenues.

With increased camping facilities and picnic units scheduled for 1964-65 at 25 different parks throughout the State, the field force of the division will have considerable additional workload. For the field force, the division requests 65 new positions, 24 of which are seasonal. The opening of the upstairs tour at Hearst Castle will require additional help. A total of 26.8 new positions are proposed for this monument.

The recreation and contract services, wholly reimbursed by the Department of Water Resources, provides the advance planning at reservoir installations under the Davis-Dolwig Act. The level of service currently maintained is planned for the next fiscal year. The reservoir development unit is responsible for preliminary plans and the construction of recreation facilities at the California water development program reservoir projects. Financing of this unit is reimbursed from capital outlay funds for the reservoir project. This group also assists the recreation contract services unit by reviewing advance planning reports and making recommendations for preliminary plans of future reservoir projects. Six positions were established during this current

Division of Beaches and Parks—Continued

year from capital outlay appropriations and it is planned to continue these positions along with an additional 9 positions for a full staff of 15.

With the transfer of the property acquisition function to the Department of General Services, there was a reduction of 25 positions within the division. However, some of the clerical help has been retained for the park management group and is shown in the current budget.

One state park ranger V, reimbursed from the Department of Water Resources, is requested to assist the deputy chief in charge of park management on operations of reservoir projects.

An exempt position, a special representative for the Division of Beaches and Parks, has been established in the current year. As of the time of this writing, the position is not filled. The division requests to continue this position in the proposed budget and also requests an intermediate stenographer as clerical assistance. The chief of the division now has an administrative assistant. We have not been able to ascertain whether this proposed position would be used as an assistant for the division chief or whether the position would be used to assist the administrator of the Resources Agency.

We recommend the deletion of the special representative and stenographer for a savings of \$14,400 on the basis of lack of justification and uncertainty regarding their duties.

According to the division, there has not been complete maintenance performed in the various park units because of insufficient funds and a lack of maintenance standards. To remedy this situation, the division requests one associate architect and funds for one temporary position for the architectural services section, these two positions to be authorized for a period of two years. The function of the architect is to prepare a comprehensive set of maintenance standards for similar classes of park structures and to develop criteria for a systematic review of state park facilities, so that economic determinations can be made as to when facilities should be replaced. Also, he is to establish priorities in order of critical needs, and interpret and explain the recommended maintenance standards to the personnel of the division. We are in accord with this plan and commend the division for its efforts to maintain park facilities. However, the division simultaneously is requesting \$282,000 to be spent on "deferred maintenance" on park structures during the budget year. These funds are to be spent for deferred maintenance as opposed to current maintenance. Logically the division should first hire the architect, who in turn will establish the maintenance standards, and criteria to judge the needs for replacement of facilities, and the list of priorities of projects. This will take a considerable amount of time. We feel the deferred maintenance appropriation of \$282,000 is premature and should await development of the maintenance program.

We recommend deletion of \$282,000 for deferred maintenance.

DIVISION OF RECREATION

According to the proposed budget for the Division of Recreation and the Recreation Commission, "The division and commission develop

Division of Recreation—Continued

policy and program for assisting and coordinating recreation programs of other levels of government and private enterprise. Community recreation agencies call upon the division for advice, cooperation, aid, and encouragement in the use of or development of recreation facilities and programs for public benefit.”

The division proposes to spend \$118,150 in fiscal year 1964-65. This amount is \$3,985 less than estimated expenditures for the current year and is brought about through the transfer of rent charges to the Division of Administration. In addition to the chief of the division, the personnel consists of four recreational consultants, two of whom are located in Los Angeles, and four clerical positions.

In our discussion of planning and programing in the Resources Agency contained in budget Item 254, we pointed out that the two largest areas of investment in the resources field are water conservation and recreation. The Department of Water Resources has a major program under way to provide answers to guide investment in water conservation projects of the future. The other area of prime importance is the field of recreation in its broadest sense; that is, boating, boat launching ramps, beaches, parks, hiking trails, open space recreation areas, etc., which are largely the responsibility of the Department of Parks and Recreation. There is no long-range planning effort under way in the Department of Parks and Recreation which is commensurate with the needs for such planning.

The department is now doing planning work related to water projects using contract funds supplied by the Department of Water Resources. This is a service to the Department of Water Resources and does not meet the needs for long-range planning for recreation at the state level. The Department is also doing planning work for the counties and local recreation districts through the Division of Recreation as quoted above. To a certain extent, the department is now undertaking a limited amount of planning work which is not at this time clearly defined as to content, scope, objectives or means of accomplishment as a part of the planning emphasis recently engendered by the State Development Plan. This work involves diverting personnel of the Division of Beaches and Parks from their regular project planning and design activities and results in a loss of productivity for that division. Certain planning work scheduled to be done by consultants with federal grant money as a part of the State Development Plan remains undefined and uncertain.

Our review of the State's planning effort with regard to the long-range collection of data, establishment of recreation objectives, development of coordinated approaches with the Department of Fish and Game, the Department of Water Resources and units of local government, and solution of conflicts between resources development programs, shows that only a limited effort by the Department of Parks and Recreation, lasting about a year as part of the State Development Plan, may contribute to the long-term needs of the State for recreational planning.

Efforts have been made in the past to secure additional funds and positions in the Division of Recreation to undertake the planning work

Division of Recreation—Continued

needed for adequate planning and programming of the State's recreation needs. Because of the emphasis the Division of Recreation places on local and county recreation needs and because the division did not advance the recreation planning work begun in the California Outdoor Recreation Planning Committee Report, this analysis has been unwilling in the past to recommend approval for more positions in the Division of Recreation. The Legislature has concurred and funds to augment the staff of the Recreation Division have not been provided.

As a result, the Department of Parks and Recreation has continued to pursue various recreational programs to provide beaches and parks, state recreation areas, small craft harbors, boat launching ramps, etc., without having an over-all plan and approach to assure the wise and timely investment of state funds in these facilities. The lack of a sound basis for development of the State's over-all recreation needs has become critical with the \$150 million recreation bond issue which will be voted on by the electorate next November. That act provides \$85 million for acquisition and \$20 million for development of state beaches and parks, \$40 million for grants to provide regional parks, and \$5 million for small craft harbors. There is no plan for the expenditure of this money nor has the basic planning work been done to permit development of a sound plan either before or immediately after the bond issue is voted on next November.

A review of the available resources within the Department of Parks and Recreation, which might be used to establish a plan to meet the needs of the State for recreation, discloses that the Division of Recreation is still the most logical organization and the only source of funds and manpower. The question, therefore, arises for the Legislature to decide whether the Division of Recreation will continue to spend \$118,150 per year to assist local government with its recreation problems, to publish rosters of recreation administrators and their salaries, and to sponsor meetings and conventions on recreation themes, or whether the manpower and funds of the division will be used to meet the high priority recreation planning needs of the State. A redirection of the activities of the Division of Recreation appears to be the most economical, logical and expedient means of securing the recreation planning work which in terms of total number of dollars to be invested by the State is of higher priority than assisting local government.

It is recommended that the following language be added to Item 273, the support appropriation for the Department of Parks and Recreation, "Provided that the \$118,150 contained in this item for support of the Division of Recreation shall be expended primarily for activities directly contributing to a long-range plan to meet the recreational needs of California state government as designated by the Resources Agency Administrator."

Department of Parks and Recreation
DIVISION OF SMALL CRAFT HARBORS

ITEM 274 of the Budget Bill

Budget page 712

FOR SUPPORT OF DIVISION OF SMALL CRAFT HARBORS
FROM THE SMALL CRAFT HARBORS REVOLVING FUND

Amount requested -----	\$673,125
Estimated to be expended in 1963-64 fiscal year (all funds) -----	511,210
<hr/>	
Increase (31.6 percent) -----	\$161,915
Increase to maintain existing level of service ----	\$116,919
Increase to improve level of service -----	23,000
Increase for new service -----	21,996

TOTAL RECOMMENDED REDUCTION ----- None

ANALYSIS

The Division of Small Craft Harbors is administered by the chief of the division under the supervision of the director of the Department of Parks and Recreation in accordance with policies set by the Small Craft Harbors Commission. The commission is composed of seven members appointed by the Governor.

One of two functions of the division is the development of boating facilities. The division may make planning and construction loans and make economic studies and prepare plans for and acquire, construct and develop small craft harbors. Any harbor so acquired or developed must be transferred to a county, city or district having the power to operate a small craft harbor, should the local agency request the transfer and be able to repay the cost to the division. Prior to 1961, all local assistance given by the division was on a loan basis. However, in that year legislation was enacted to authorize the division and commission to make grants to local governments for launching facilities.

The second function of the division covers boating regulations and registration of boats. This function includes the reporting of accidents, promulgating operating regulations, establishing and maintaining records of boating law violators, releasing information contained in accident reports filed with the division, and, as required by 1963 Statutes, the licensing of operators of for-hire vessels.

Currently the boating registration program is supported from the General Fund. Beginning July 1, 1964, however, the financial support for all the operations of the division will be from the Small Craft Harbors Revolving Fund. Formerly, \$750,000 of gas tax revenues was appropriated annually to the Small Craft Harbors Revolving Fund, but the Legislature increased this amount to \$2 million each year, which is the estimated amount of gasoline tax paid by motor boat users.

The proposed budget calls for expenditures of \$673,125 from the Small Craft Harbors Revolving Fund for the support of the division in fiscal year 1964-65. This amount is \$161,915 (or 31.6 percent) more than estimated expenditures for the current year. The increase is made up of requests for increased personnel to handle additional workload required by new laws and additional clerical help for the boating registration unit in the processing and accounting for the

Division of Small Craft Harbors—Continued

registration and licensing program. Also, the chief of the division has requested an assistant, a business service officer, to assist him in budget requests, special studies, compiling information for the department or commission, and the development of workloads, counts and schedules.

There is an increase of approximately \$26,000 in rent as a result of the move to the Retirement Building, and an increase of about \$53,000 in the amount paid for services to the Division of Administration.

We recommend approval of the division's budget as submitted.

We call the Legislature's attention to two matters which require some coordination of policy. Within the Resources Agency, there are conflicting policies regarding the fees charged boat operators at launching ramps. The Wildlife Conservation Board purchases title to land and constructs an access project which it turns over to a local agency for operation and maintenance providing the use of the ramp is free.

The Division of Small Craft Harbors is empowered to make launching ramp grants to local agencies. Financial feasibility of the project may depend on launching fees.

The Division of Beaches and Parks has some launching ramps within the park system and almost uniformly there is a charge for launching or a day use fee.

In addition to variations in launching ramp fees, there is also the question of source of funding for boating facilities. With the increased funds now available, the Division of Small Craft Harbors might finance the construction of boating facilities in the State Park System. Or, the Division of Small Craft Harbors might finance the construction of the launching ramp portion of access projects for the Wildlife Conservation Board. Section 5865 of the Public Resources Code would have to be changed to allow this procedure. The proposed Governor's Budget charges the Small Craft Harbors Revolving Fund \$235,400 for launching ramps and boating facilities at Grizzly Valley and Del Valle Reservoir, which are two reservoirs in the State Water Facilities. These are problem areas where a consistent policy would be desirable.

We recommend the appropriate boards and commissions, under the guidance of the Resources Administrator, review the fee structure and source of funding for boating facilities so that consistent policies may be developed.

DEPARTMENT OF WATER RESOURCES

ITEM 275 of the Budget Bill

Budget page 716

FOR EXPENDITURE BY THE DEPARTMENT OF WATER RESOURCES FROM THE WATER RESOURCES REVOLVING FUND

Amount requested	\$45,548,820
Estimated to be expended in 1963-64 fiscal year	40,040,464
Increase (13.8 percent)	\$5,508,356
TOTAL RECOMMENDED REDUCTION	\$215,697

Department of Water Resources—Continued

	Summary of Recommended Reductions		Budget	
	Amount	Page	Line	
Eliminate Bay area branch move to San Jose-----	\$90,700	717	64	
Eliminate coordinated interagency planning staff-----	81,981	724	25	
Eliminate engineering services for Attorney General-----	43,016	733	69	
				\$215,697

ANALYSIS

The Department of Water Resources is responsible for the planning, design construction and operation of the State Water Facilities. In addition, it carries on an extensive water resources planning and investigation program, collects data pertaining to water resources development and use, administers a variety of statutory functions related to water, and allocates local assistance funds for flood control, watershed protection and beach erosion control.

Water Program Funding

The funding for the department's fiscal year 1964-65 Budget is built on the pattern of previous years with some modifications. The General Fund supports all collection of basic data, most general investigations which relate to long-range investigations and gathering of information, project planning not related to the State Water Facilities, flood control operations and maintenance, certain statutory and regulatory functions and recreation, fish and wildlife design and construction expenditures for onshore facilities at the State Water Facilities pursuant to the Davis-Dolwig Act. The California Water Fund now finances Davis-Grunsky Act loans and grants. Water bond proceeds from the Water Resources Development Bond Fund starting in 1964-65 will fully finance the operations studies and contract negotiations, rights-of-way acquisition, and design and construction of the State Water Facilities. The revenue account of the Water Resources Development Bond Fund will finance the operation of completed portions of the State Water Facilities which will be in operation.

Beginning with next fiscal year, the Governor's Budget provides for some significant changes in funding. It proposes to continue the limitation on revenues accruing in the California Water Fund which was established by Section 3.6 of the Budget Act of 1963 by transferring any accruals over \$11 million to the General Fund. The ceiling on this limitation will be raised from \$10 million to \$11 million per year. The budget estimates approximately \$20 million will be transferred from the California Water Fund to the General Fund next year. The result will be somewhat similar to the \$20 million transfer to the General Fund which was prescribed by Section 3.5 of the Budget Act of 1963. The combined results of the transfers included in the 1963 Budget Act and proposed for the 1964 Budget Bill will be a total of approximately \$40 million transferred from the California Water Fund to the General Fund.

Another change is the dedication of the annual accrual of \$11 million in the Water Fund to finance Davis-Grunsky Act loans and grants. All loans and grants under the Davis-Grunsky Act which have been

Department of Water Resources—Continued

disbursed to date have come from the California Water Fund. The decision to continue financing these loans and grants from the California Water Fund rather than use water bond proceeds should mean that no grants (which are the preponderant portion of Davis-Grunsky Act disbursements) will be made from water bond proceeds. As a result there will be no future problem in finding funds to pay the principal and interest on bond proceeds so expended. The problem of paying principal and interest on any water bond proceeds disbursed for non-reimbursable construction costs for dams and reservoirs of the State Water Facilities will still remain.

The Governor's Budget contemplates that the requirements of the Burns-Porter Act in Section 12938, that "any money" in the California Water Fund shall be expended before any water bond proceeds are spent will be met if a balance or reserve of approximately \$5 million is permitted to remain in the fund. This is the basis on which the Governor's Budget has been prepared. The unexpended balance or reserve is estimated to be \$4,625,362 at the end of next fiscal year. (See page 1061 of the Governor's Budget for a statement of fund condition of the California Water Fund.)

The Governor's 1963 Budget contemplated the initial sale of \$100 million in water bonds during the summer of 1963. This sale was delayed at the last moment in order to secure court validation both of the department's authority to issue \$327 million in revenue bonds to finance the power facilities at Oroville and of the authority of the California Water Resources Development Finance Committee to include a waiver in the water bonds in favor of the revenue bonds. The State Supreme Court on December 12, 1963, decided in favor of the use of revenue bonds in both instances. Before the court's decision was made, the State Treasurer sold \$50 million in water bond anticipation notes on November 21, 1963, under the authority of legislation passed in 1961. These notes must be redeemed on June 15, 1964, from the sale of the first issue of water bonds which is expected to be made within the next few months. Thereafter, water bond sales will be made at approximately six-month intervals to finance the construction of the State Water Facilities.

The administration has continued the policy of depositing federal contributions for flood control features of the State Water Facilities in the Central Valley Water Project Construction Fund. The modified revenue bond financing plan of the Department of Water Resources, as explained to the Legislature last session, contemplated the use of this money to make up deficiencies in revenue from the State Water Facilities to pay the debt service on water bonds. In accordance with this contemplation, the Governor's Budget proposes expenditure of \$568,099 for interest on water bonds, leaving a year-end balance of \$30,497,000 at the end of next fiscal year in the Central Valley Water Project Construction Fund. (See page 1061 of the Governor's Budget for a statement of fund condition.)

Department of Water Resources—Continued

During the next fiscal year the Governor's Budget shows estimated revenues for the State Water Facilities, either earned next year or carried over from the current year, totaling \$7,394,009. This entire amount will be expended for operation of the State Water Facilities or interest on bonds outstanding. The remaining bond interest obligation will be taken from the Central Valley Water Project Construction Fund as noted above rather than borrowing from the General Fund as provided in the Burns-Porter Act. This policy results in using the federal flood control contributions, which are a capital resource, to pay annual project costs in order to avoid borrowing from the General Fund.

During the past year, a number of events have occurred to resolve most of the major obstacles which might have halted the construction of the State Water Facilities. Clearing away of the legal problems precedent to issuing bonds has been one. Another has been the successful completion of the State's contracting program in which approximately 3,468,000 acre-feet of the four million acre-feet of yield of the State Water Facilities has been contracted for, leaving 532,000 acre-feet subject to option by existing contractors. Included in the signed contracts is the amount of one million acre-feet for the Kern County Water Agency plus a number of smaller contracts with water agencies along the western side of the San Joaquin Valley. These agricultural water supply contracts have been negotiated without substantially deviating from the original contracting policy of the State which is to secure full payment of all costs appropriately assigned to project beneficiaries. While some problems still remain, such as the question of the timing of construction of the East Branch Aqueduct, the negotiation of a power sales contract at Oroville, decisions regarding the sources of pumping energy, etc., these matters do not have the prospect of possibly halting project construction. In other words, the prospect of successful construction and operation of the State Water Facilities is virtually assured at this time.

Explanation of Departmental Budget Structure

The fiscal year 1964-65 budget of the Department of Water Resources is presented on a program basis. The more traditional organization budget for the department, showing expenditures by organization and category and listing the new positions being requested, is presented in the Appendix of the Governor's Budget starting on page 1180.

In summary, the department's support budget for fiscal year 1964-65 is \$10,220,252. This is an increase of \$188,505 over the current year. This small increase was made possible by shifting certain General Fund work to capital outlay and thereby making the available General Fund dollars cover various minor increases in General Fund activities as well as the generally increased cost of departmental activities, such as the move into the new Retirement Building next year. The capital outlay budget increases by \$38,627,538 next year to a new high of \$236,951,931. Combined departmental expenditures for next fiscal year including support, capital outlay, and subventions total \$260,583,160.

Department of Water Resources—Continued

The following table shows the new positions by organization which the department is requesting for next year:

<i>Organization</i>	<i>Number of Positions</i>
Executive -----	12
Division of Administration -----	23.3
Engineering Management -----	0.8
Power Office -----	10
Division of Resources Planning -----	15.2
Division of Operations -----	19
Technical Services Office -----	19.3
Division of Design and Construction -----	387.8
Division of Rights-of-Way Acquisition -----	19
Area Management -----	0
Northern Branch -----	13.5
Bay Area Branch -----	13.5
Delta Branch -----	15.9
San Joaquin Valley Branch -----	24.3
Southern District -----	163.8
Total -----	738.3

Most of the new positions are to be used for work related to the State Water Facilities. The design staffing is leveling off. A major portion of the new positions is to staff construction supervision offices as the major contract construction phases of the State Water Facilities get under way. A number of new positions represent new programs added by the Legislature last session, but a few represent increases in level of service, and several represent additions to the department's overhead costs.

The fiscal year 1964-65 budget is the best budget yet prepared by the Department of Water Resources since its creation in 1956. Although each year's budget has brought some progress, the present budget appears to bring more fully into operation a number of improvements which have been under development in past years. This budget contains more realistic estimating of costs, improved programming of activities, and especially represents progress in thinking through the interrelated aspects of the many activities in the department's programs. The fiscal year 1964-65 budget is approaching the peak of the department's expansion in order to construct the State Water Facilities, with an estimated support and capital outlay expenditure program of \$247,251,820 and 3,645 man-years in positions next year. Therefore, the development of an improved budgetary process has been essential and none too soon if the department's activities are to be conducted on an orderly basis through a period of such rapid expansion.

The structure, purposes and contents of Budget Item 275 are the same as last year. The item appropriates \$45,548,820 from the Water Resources Revolving Fund for all state operations costs of the department, that is, the costs of salaries, wages, operating expenses and equipment, whether funded from capital outlay under the continuing appropriation provisions of the Burns-Porter Act or funded from the

Department of Water Resources—Continued

General Fund by the support appropriation in Item 276. This procedure is used so that any individual expenditure of the department can be paid by one warrant without drawing warrants on each fund whenever the funding comes from separate funds. The revolving fund appropriation item also permits the state operations costs of the department to be subject to the category control of the Department of Finance. The proper charges to each fund and appropriation after expenditures have been made are entered by the Comptroller to that appropriation through the plan of financial adjustment.

Budget Item 276 in the amount of \$10,220,252 is for support of the department from the General Fund. It is appropriated on a program basis by Item 276 and is reappropriated from the Revolving Fund through Item 275 on a category basis.

The state operations portions of the department's capital outlay budget are appropriated under the continuing appropriations of the Burns-Porter Act contained in Water Code Section 12938 and are transferred by administrative action to the Water Resources Revolving Fund for expenditure pursuant to Item 275. The cost of contract construction and payments for lands and rights-of-way for the State Water Facilities are direct charges to the California Water Fund and the California Water Resources Development Bond Fund. Interest costs for water bonds are direct charges to the revenue account of the Water Resources Development Bond Fund with any deficiency charged to the Central Valley Water Project Construction Fund. These direct charge expenditures, except bond interest from the Central Valley Water Project Construction Fund, are appropriated by Water Code Section 12938 of the Burns-Porter Act and while they appear beginning on page 1054 of the Governor's Budget, they are not in the Budget Bill.

As has been done in past years, the complete program analysis of the department's budget will be presented under Item 275, the Revolving Fund appropriation. Only necessary funding adjustments to cover recommendations contained in the analysis under Item 275 will remain for consideration under Item 276.

Analysis of the department's budget by each program follows:

General Management Program

The general management program, previously titled general administration, covers the overhead costs of the department. In general these costs are not directly related to any specific activities or programs but are funded by a series of charges to each work order based on the salaries and wages expenditures under the work order. This system provides a pool of funds which is used to pay the department's overhead costs. Included in the general management program are the costs of the director's office and associated staffs and departmental administrative costs. For next fiscal year the sum of \$3,964,740 is budgeted, which is an increase of \$332,839 over the current year and is approximately half the increase of the current year over the last year.

Department of Water Resources—Continued

In discussions with the Department of Water Resources during the early stages of budget preparation, this office had agreed that the department's overhead costs would be more appropriately shown if certain charges that are made exclusively to a limited number of work orders, such as at the branch and section level of the Division of Design and Construction were not included in departmental overhead costs. We concurred in this approach because these costs are not spread broadly over the department's activities and did not involve supervision or coordination of widespread activities in the department. Unfortunately the Governor's Budget deletes all division and branch costs whether properly overhead or not. This is not our understanding of the adjustments that were to be made nor does it properly reflect the department's overhead costs. It is presently our understanding that the budget will be revised next year to include a proper portion of program and division costs of supervision in the general management program.

While the department's budget request appears to contain relatively modest increases in the department's overhead structure, this does not mean that the department has overcome the problem of excessive overhead costs and its associated organizational problems. Since these have been discussed in detail in past year analyses, they will not be repeated here. However, it may be noted in particular, that no significant action has yet been taken by the department to resolve the triangle of uncertain responsibilities between the Division of Resources Planning, the office of the chief engineer and the office of the assistant chief engineer. The department has had the problem of its overhead costs under study but the fiscal year 1964-65 Budget reflects no significant progress in solving them. For this reason, several recommendations contained in this analysis are intended to hold the line on overhead costs or to secure better utilization of the existing positions in the overhead structure.

During the last session of the Legislature, the department was authorized by Senate Concurrent Resolution 16, to relocate its San Joaquin Valley branch from Sacramento to Fresno. At that time this office pointed out that savings proposed to be made from that move were largely nonexistent because certain costs, of which in-state travel was the most significant, were greatly overbudgeted. Next year's budget has corrected this overbudgeting and indicated thereby the accuracy of our comments.

The move of the branch from Sacramento to Fresno resulted in approximately half of the branches' positions being vacant at the time of the move. Many of these positions were filled in Fresno with personnel who transferred from the Division of Highways. These new personnel were untrained in water resources work and required extensive familiarization. This familiarization process, the actual number of vacant positions, and the disruption of work routines by the move have seriously delayed the completion of the branches' work for the current fiscal year, which represents a further increased cost for the move. For example, the completion of the Madera area investigation has been set back for one full year for reasons directly attributable to

Department of Water Resources—Continued

the move. The costs for the same investigation have simultaneously increased \$46,000.

During the last session it was generally understood that the department would propose moving the Bay area branch to San Jose during the next fiscal year. This move has been included in the budget at a cost estimated by the department to be \$90,700, detailed as follows:

Personal relocation expenses of employees.....	\$30,250
Transfer of equipment.....	1,500
Additional cost of office rental.....	12,850
Additional administrative personnel.....	34,650
Additional equipment.....	11,450
Total	\$90,700.

Part of the above costs will be recurring and part will be one-time. The move to Fresno was estimated to require five new administrative and clerical positions but a sixth was found necessary after the move was made. Five similar new positions in the Bay area branch are being requested for next year as a result of the move. They will be a continuing cost of \$34,650 per year. The Department of General Services proposes to increase the size of the proposed State Office Building in San Jose to accommodate the Bay area branch office. Since this building will not be completed for about two years, the branch will occupy interim space, at a probably higher cost than present space, and then move again when the state building is completed.

As in the case of the move of the San Joaquin Valley branch to Fresno some advantages and some disadvantages will accrue. With regard to the move to San Jose, however, a basically different situation is readily apparent. In the first place the department had already entered into a five-year contract for space at Fresno and part of the costs for this space had to be paid whether used or not. In the second place, the move to Fresno clearly placed the San Joaquin Valley branch closer to a large segment of its work. The move to San Jose has no clear advantage in this regard. A glance at a map will show that San Jose is no closer to the area north of San Francisco Bay than is Sacramento and the Delta area is actually closer to Sacramento. Finally, the Bay area branch is the smallest of the department's area branches and based on present knowledge has the least prospect for major increase in workload in the future. For this reason, we have never been convinced that there is even a good justification for the existence of the branch as a separate entity from the three other area branches. Finally, data on the number of filled positions will indicate the effect of branch relocation of personnel. The following shows the number of positions authorized and filled for the four area branches as of January 1, 1964 and clearly shows the unsettling effect of relocations which, in turn, is reflected in the quality and quantity of work performed:

	<i>Authorized</i>	<i>Filled</i>	<i>Vacant</i>
San Joaquin Valley branch.....	102	84	18
Bay area branch.....	80	64	16
Northern branch.....	152	146	6
Delta branch.....	179	168	11

Department of Water Resources—Continued

A major reason given for the relocation of the Bay area branch next year is the operation of the South Bay Aqueduct. This aqueduct is to be the subject of experimentation with automated operation to determine whether the entire Southern California Aqueduct will be automated in its operations. In addition, all basic work on the billing of customers for water purchased will be performed by the Division of Operations in Sacramento. While some maintenance and other work associated with the South Bay Aqueduct will remain, the job is not presently indicated to be as large as might appear.

For all the above reasons and because the State will have no office space to be occupied in San Jose for two years, it is recommended that \$90,700 be removed from the budget and the Bay area branch be denied authorization to move to San Jose. While not all of the \$90,700 for the relocation is in the general management program, because the problem relates to the size and costs of the department's overhead structure, it is discussed here.

General Investigations Program

The general investigations program covers a group of investigations involving one or more water related problems. The program is budgeted at \$4,575,674 which is an increase of \$277,782 over the current year. Beginning next year the California Water Fund will no longer finance parts of this program. The portion not financed by the General Fund will come from the California Water Resources Development Bond Fund (water bond proceeds). The major increases in the program for next year are financed by the General Fund and cover initiation of the lower San Joaquin River water quality investigation which the Legislature has directed to be undertaken, a study to formulate a plan to investigate groundwater problems of the Sacramento River Valley, and finally a substantial increase of almost \$200,000 in coordinated statewide planning, previously known as programing and staging.

The major problem area in the general investigations program lies in the activity known as coordinated interagency planning. During the closing days of the 1963 General Session, the department asked the Conference Committee on the Budget Bill to augment its budget by \$60,000 in General Fund money to start this work. The work is to coordinate the various aspects of the department's planning activities with those federal agencies working in the same geographical area or on similar problems. In requesting the augmentation last year, strong emphasis among other things was placed on the forthcoming (at that time) Pacific Southwest Water Plan of the Secretary of the Interior. The Conference Committee declined to augment the department's budget but instead added \$5,000 to the budget of the Resources Agency Administrator. The following explanation was added in the Conference Committee's report under Item 238, the Resources Agency, "Provides . . . \$5,000 for interagency coordination studies," and under Item 261.6, the Department of Water Resources, the following language appeared, "Reduce interagency coordination on water resources planning to \$5,000 and transfer that subject to Item 238 and provide that

Department of Water Resources—Continued

staff services for same are to be provided from existing appropriations, as determined by Agency Administrator."

The department has organized the coordinated interagency staff, substantially the same as was proposed in the augmentation request for General Fund money which was denied last year. To do this \$20,000 was transferred from other portions of the support budget. The work to date has concentrated largely on the Pacific Southwest Water Plan and problems of enlarging the aqueduct into Southern California. The aqueduct enlargement work was financed from \$124,499 of California Water Fund money which was approved by the Budget Bill Conference Committee last session. Three positions were established this year for the coordinated interagency planning activity and two more positions are being requested for next year, for which \$81,981 in General Fund money is being requested. Technically, the language in the Conference Committee report may have been met by the department, if certain interpretations are placed on that language. However, the spirit and substance of the Legislature's decision has not been complied with since the department is expending funds this year and requesting additional funds next year to do work which the Legislature determined it should not do.

Our review of the department's budget suggests two important reasons why the department should not establish a coordinated interagency planning staff. The first relates to the roles of the Department of Water Resources and the Colorado River Board with regard to water problems along the Colorado River and in Southern California. The Colorado River Board has been included within the Resources Agency by direction of the Governor, but not by statute. Thus the Colorado River Board has permitted its staff to work with the Department of Water Resources in reviewing technical problems involved in the Pacific Southwest Water Plan, but the staff has not participated in consideration of policy matters. Instead the board has communicated its policy recommendations and official position directly to the Resources Agency Administrator. The board's staff is currently proceeding with work which is important to the position of the State of California on the Pacific Southwest Water Plan and water problems of Southern California such as the salvage of Colorado River water.

Water Code Section 12532 clearly states, "The Commissioner (Colorado River Board Chairman) shall confer with representatives of other states in the Colorado River basin, representatives of the United States, and others concerning problems and measures relating to the development of the Colorado River basin, the use of the water of the Colorado River System, and the protection of the interests therein of the State and of the United States, and shall negotiate respecting such problems and measures and discuss the same and formulate and recommend to the Governor and the Legislature measures, agreements, and legislation deemed for the benefit of the State and the United States."

The above language gives to the Colorado River Board and not the Department of Water Resources the authority to negotiate with federal agencies regarding the water problems of the Colorado River. While

Department of Water Resources—Continued

there may be room to disagree with the provisions of this section, it is the current statutory organization of the State and it is the basis upon which staffing is provided. The Department of Water Resources is asking for staff to do work which the Colorado River Board is already staffed to do. This is presumably a major reason why the Legislature denied the request for a coordinated interagency planning staff last year and directed that the function be performed by the Resources Agency Administrator, using existing staff services, including the Colorado River Board. A part of the staffing needed by the State, as contrasted to needs of the Department of Water Resources, is provided by the Colorado River Board and until some change is made in existing statutes, should be utilized rather than adding new staff in the department. This comment applies only to work affecting the Colorado River, its waters and areas adjacent to the river.

Our second reason for objecting to the coordinated interagency staff concerns the other planning responsibilities of the department which must be closely coordinated with federal agencies, particularly in the Delta and in the North Coastal area. The department is participating in the interagency Delta committee, which has recently begun to be effective in part of the Delta planning work as a vehicle to coordinate the planning of federal, state, and local interests. This effort has been primarily the responsibility of the Delta branch. The coordination is being carried on directly by the line supervisors who are responsible for conducting the department's work. In the North Coastal area, a similar situation is tending to develop and should develop more fully as joint planning by the federal agencies and the Department of Water Resources of North Coastal projects is implemented.

Coordination between the department and federal agencies by the line supervisors responsible for the actual planning work is the most direct and effective method of coordination. The department is already adequately staffed and in some instances overstaffed to perform the overall task of coordination of policy and program matters both within and without the department. It already has a policy staff, an office of the chief engineer, an office of assistant chief engineer, and a Resources Planning Division which includes a planning management branch. We have repeatedly commented on the department's high overhead costs, and adding one more staff to coordinate activities will only add more positions to the overhead functions of the department (even though in this instance the costs are not proposed to be charged to overhead). It was our understanding that the language of the Conference Committee on the Budget Bill "that staff services for same (coordinated interagency planning) are to be provided from existing appropriations . . ." meant that the existing line supervisors and coordinating staffs are to perform the interagency coordination activity without adding another new office and increasing the department's overhead.

Placing the responsibility for coordination of planning with federal agencies in the Division of Resources planning along the lines of the present budget proposal also raises questions of whether it is properly placed in the department's organization structure. There have been

Department of Water Resources—Continued

indications that the Resources Agency administrator has reached into the organization of the department to directly use this staff. This may indicate that the work should be placed higher in the department's organization structure in order that it may be closer to the activities of the director and his immediate staff. In addition, it is difficult to restrict contacts with operating federal agencies to purely planning problems and the need to consider other matters along with planning matters may also indicate some need for either revising the work which may be handled by this staff or changing its organizational location.

At one time the Department of Water Resources had a position of deputy chief, Division of Resources Planning. For organizational or classification reasons, this position could not be justified and it was abolished. The proposed head of the coordinated interagency planning staff formerly occupied the position of deputy division chief. This individual has unusual talents in the work involved and the department is obviously attempting to make use of those talents. However, establishing a special staff is not a desirable organizational solution, in addition to being expensive.

It is therefore recommended that (1) the position of deputy chief of the Division of Resources Planning be reinstated to exercise the line and staff planning responsibilities of the Division of Resources Planning through the existing 108 positions in that division to assure coordination of planning with all federal, state and local agencies of government, that (2) the line supervisors continue to be responsible for day-to-day coordination with federal agencies, that (3) the coordinated interagency staff be abolished and (4) the department's budget be reduced by \$81,981.

Basic Data Program

The department's basic data program includes the collection, recording, analysis and reporting of hydrologic, climatologic, water quality and other data which is essential to the present and future planning and construction of water projects. This program is financed from the General Fund and increases next year by \$57,443 over the current year to \$2,722,188. The program is essentially budgeted at the same level next year as this year.

Project Planning Program

The project planning program includes a series of investigations of relatively specific projects or problems which may be narrower in scope and of shorter duration than general investigations. Frequently they lead to reports on the basis of which a project may be authorized for construction, or these investigations complete planning of features of the State Water Facilities which were authorized by the Burns-Porter Act before planning of each was completed. The program decreases next year by \$141,219 to \$2,608,899. The advanced planning on features of the State Water Facilities which was previously financed by money from the California Water Fund is financed next year by water bond proceeds from the Water Resources Development Bond Fund.

Department of Water Resources—Continued

The major problem presented in this program next year is the decision to divide the department's North Coastal investigation into two parts. One part, budgeted at \$149,606 will continue reconnaissance level investigations of possible long-range projects in the North Coastal area to furnish the second or later increments of replenishment water to the Delta. The other part of the North Coastal planning work is titled Additional State Water Facilities—Advanced Planning and is budgeted at \$225,368 next year with the money to come from the Water Resources Development Bond Fund.

Undertaking advanced planning in the North Coastal area involves an important decision. Before the department can spend water bond proceeds for advanced planning in this area, the Governor will have to authorize the Eel River project as an addition to the State Water Resources development system. This means that the Eel River is selected as the area where the department will secure the first supply of water to replenish the Delta and that the Eel River project is the project to supply that water. This proposal in the budget introduces a number of problems:

1. In the past the department has normally progressed from a reconnaissance level investigation to a feasibility level investigation and then finally to project authorization. The title "advanced planning" has been used in the past to describe planning work only in the Feather River Basin where early feasibility level investigations were deficient and projects had to be replanned or for those projects authorized by the Burns-Porter Act for construction before planning was completed, such as the Delta water project or the San Joaquin Valley drainage system. The introduction of the term advanced planning in the manner proposed for the Eel River project introduces confusion into established terminology.

2. The department originally undertook to study the North Coastal area, the upper Sacramento River (Iron Canyon Project) and the Yuba Bear Rivers with the intent of selecting from these three areas the next project to be constructed after the State Water Facilities to replenish the Delta. The department has been working on these investigations, but has not released final reports on them to date. Without making the results of these very expensive investigations available to the Legislature, the public, and various water interests, the department has selected the Eel River project. Even assuming that this decision is correct, it cannot be supported on the basis of data the department has released from its investigations, but must be taken on good faith.

3. Although the department has proposed to authorize the Eel River project, it has not yet carried either reconnaissance level planning or feasibility level planning to the extent that it has been able to define the project. It proposes to make the decision whether it will move Eel River water to the Delta through the Glenn Reservoir in Glenn County or through Lake Berryessa in Napa County after the project is authorized. The project is not yet ready for authorization since it has not been

Department of Water Resources—Continued

defined sufficiently to permit a decision on its nature and extent, and its economic feasibility has not been studied.

4. An important reason in the department's decision to seek authorization of the Eel River project is the fact that by such authorization the financing of further planning work can be shifted from the General Fund to water bond proceeds. While this shift is advantageous to the General Fund, it is not necessarily of advantage to the water users of the State Water Facilities since they may pay for planning routes or features which will never be used to serve them. The department's costs for this work will be accumulated and added to the Delta water charge when it is recalculated in 1970, under terms of the prototype contract, and will then be paid by all contractors. If this is acceptable to the water users who will pay the costs, there is logically no fiscal reason for the General Fund to volunteer to continue financing the work.

5. The State has been encouraging the federal water agencies to engage in comprehensive and coordinated planning in the North Coastal area as well as in other areas of the State. Coordinated planning in the North Coastal area has not developed in a manner comparable to the Delta, and such coordinated planning should be undertaken immediately. It is one of the objectives the department seeks to achieve by asking \$82,000 to establish a coordinated interagency planning staff. However, a premature decision to authorize the Eel River project in advance of coordinated planning is not conducive to coordinated planning with the federal agencies, particularly when the State may later seek federal participation in financing and constructing some features of the Eel River project.

6. The decision to seek authorization of the Eel River project is based on a recent advance in the time the department feels Eel River water will be needed in the Delta. This advance contemplates beginning construction of the Eel River project at approximately the same time construction at Oroville will be completed, that is, in 1968. The department has not factually demonstrated that this speedup is needed since this developed yield of the Eel River project may compete with converted seawater, salvaged Colorado River water, or reclaimed waste water in Southern California by the time that the Eel River project is completed in about 1972.

It is important to understand the basis the department uses for scheduling replenishment of the Delta, and the need for developing more storage capacity. The department's budget contains \$1,018,000 in the general investigations program for coordinated statewide planning. It is the function of this activity to gather data on water requirements, availability of water resources to meet those requirements, population and agricultural trends, and other pertinent information to permit scheduling the orderly development of water resources projects by any agency to most efficiently and economically serve the estimated needs. This work is being projected far into the future. In substance, it involves revising the California Water Plan and placing it on a time schedule based on estimated markets for the water to be

Department of Water Resources—Continued

developed. The beginning or point of departure for this work is the operation of existing projects and the future operation of the State Water Facilities. On this foundation all conclusions with regard to future projects must be erected.

Insofar as the State Water Facilities are concerned, this is not yet a fixed foundation since many unknowns remain. Specifically, there remains the complicated task of reaching agreement with the Bureau of Reclamation on future depletions along the Sacramento River and in the Delta. These estimates are imperative before accurate conclusions can be drawn on the amount of surplus water available in the Delta to operate the State Water Facilities and the Central Valley Project. The department and the Bureau of Reclamation have agreed to share all shortages in the Delta, therefore, full and complete development and agreement between the department and the Bureau of Reclamation of all facts pertinent to the availability of water in the Delta, including agreement on a plan for a Delta water project, are essential before any definitive conclusions can be reached with regard to the need for replenishment of the Delta. It may be repeated that the department has 532,000 acre-feet of the initial yield of the State Water Facilities uncontracted at this time and it is not known to what extent and for what purposes this water may be optioned by the existing contractors. A final area in which only estimates are available is the rate at which contractors for state water may actually put to use the water contained in their contracts.

Many of the basic considerations involved in determining the amounts and timing of replenishment water in the Delta are closely associated with operational rather than planning aspects of the State Water Facilities. However, the coordinated statewide planning activity is a planning function and is oriented toward planning approaches rather than operational approaches. The difference can be substantial since it is up to the operations people to contract for the water from a project, to secure repayment of the costs, and to successfully operate the physical facilities. Normally this results in a realism which needs to be included in all planning work. In fact, present day operations of any facility constitute a desirable point from which to start planning for the future.

We have suggested at various times during the past years that the department switch its emphasis from the predominately planning approach in the coordinated statewide planning activity. We have suggested that the point of departure for planning to meet the future needs of the areas under contract with the department is the contract for water purchase, and that the department should base its planning for these areas on studies undertaken with the full participation of the local contracting agency. This would result in the department's figures on future water requirements being agreeable to the local agency and would result in a better planning base at both the state and local level. It would also result in reduced cost to the State because the local agency would participate in collecting and analyzing the data.

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The department has not concurred with this view. Instead its planning efforts continue as in the past to be based upon essentially independent studies made by the planners using land and water use studies and similar inherently expensive techniques for which the State pays the full costs. For example, most of the important water using areas of San Diego County are within the service area of the State Water Facilities. Within the last few weeks the department has released a land use study of San Diego, based on data collected several years ago. Next year's budget includes funds to resurvey the area under the department's basic policy to make recurring land use surveys every five years in Southern California. Funds for this survey are included in the \$1,018,000 provided in next year's budget under the coordinated statewide planning activity. Data from this type of land use survey and other similar surveys is combined with all other available data as part of the coordinated statewide planning activity to provide guidance to the department on the scheduling of future projects and particularly the timing of construction of projects in the North Coastal area to replenish the Delta pool.

While it is extremely difficult in such a complex situation to draw conclusions, observation seems to indicate that too heavy reliance on planning data or questionable assumptions used by the department's planners in carrying out the coordinated statewide planning activity are responsible for a number of unusual positions that the department has recently taken. Conceivably, this might be minimized if operational influences rather than purely planning considerations were brought to bear on the coordinated statewide planning activity.

For example, the department has assumed for years, starting with the preparation of Bulletin No. 78, that the full entitlement to Colorado River water would be secured by California in the final decision on *Arizona vs. California*, even though it was generally agreed by engineers involved in the suit that this amount of water is not available in the river. When, at last the opinion of the United States Supreme Court in the case was released and it was known that California would not retain its full entitlement, the department recommended adding 1,200,000 acre-feet in capacity to the State Water Facilities to compensate for a loss of water from the Colorado River. This was done at the time the department was having difficulty in contracting for the full initial yield of the State Water Facilities and no prospective customers for any increase in aqueduct capacity were known to exist or were in prospect. In fact the final series of contracts signed for the State Water Facilities left 532,000 acre-feet uncontracted. This is close to the amount that the service area of the State Water Facilities may suffer in reduced supply from the Colorado River under generally accepted forecasts of water availability in the Colorado River.

In each instance where the conclusions derived from the coordinated statewide planning activities can be referenced to objective data, they appear to be deceptive. Thus, even with 532,000 acre-feet of initial yield of the State Water Facilities presently uncontracted for, and no solid

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basis yet available to know whether it will be optioned by the Metropolitan Water District as a replacement for Colorado River water or for other purposes, and no agreement on the plan for a Delta peripheral canal, and no agreement with the Bureau of Reclamation on future depletions along the Sacramento River, the department is moving up its recommended date to start construction of facilities on the Eel River to about 1968.

There is a real and important need for data of the type the department should produce from its coordinated statewide planning work. Any shortcomings in the work should not obscure the significance of the pioneering effort being made. The department is to be commended for its advance efforts with regard to this type of planning.

In view of the above discussions of some of the problems in the coordinated statewide planning activity, we find it difficult to accept the sudden conclusion of the department that the construction of the Eel River project should be moved up about 10 years to 1968, particularly in view of the lack of any reports or substantiating information on the decision.

For the six reasons outlined above, it is recommended that the Eel River project not be authorized at this time and that the department continue with its normal pattern of reconnaissance and feasibility investigations of the Eel River.

Another important problem area in the department's project planning program is planning in the Delta. We have commented on deficiencies in this planning work on other occasions. During the past year the work intended to plan the Delta water project appears to have advanced considerably, both with regard to coordinating and planning with all interests and with regard to securing agreement on the peripheral canal as a solution to the many problems of the Delta.

The planning work on the San Joaquin Valley drainage system has not made equivalent progress. This analysis pointed out in a table last year the large sums of money that the department has been spending on the San Joaquin Valley drainage system in past years and that a solution to the problems is still not available. The table printed in last year's analysis is reproduced below and brought up to date to show the amounts of money budgeted or spent in planning the San Joaquin Valley drainage system:

<i>Fiscal year</i>	<i>Amount</i>
1964-65 -----	\$482,742 estimated
1963-64 -----	449,976 estimated
1962-63 -----	475,862 actual
1961-62 -----	402,246 actual
1960-61 -----	412,949 actual
1959-60 -----	278,364 actual
1958-59 -----	314,055 actual
1957-58 -----	96,168 actual
Total -----	\$2,912,362

Department of Water Resources—Continued

The expenditure of these large sums of money has not yet produced a plan to solve the drainage problem. As pointed out in previous analyses, there has been no agreement between the Bureau of Reclamation and the department on a joint drainage facility and each agency has been proceeding with its independent plans for construction of a drainage facility. Recently the prospect of two drainage channels along the west side of the San Joaquin Valley, in addition to two water delivery canals and the westside freeway, has alarmed the residents who have sought to gain assurances that a fully integrated drainage system will jointly be built by the department and the Bureau of Reclamation. At this time efforts are underway to revise the authorization for the San Luis interceptor drain of the Bureau of Reclamation to permit its coordination with the department.

A recent hearing of the Water Pollution Subcommittee of the Assembly Water Committee produced testimony from many water quality witnesses that the effect of discharging up to 620,000 acre-feet of San Joaquin Valley waste water into the San Francisco Bay may be harmful to the Bay and that the effect of this discharge on the Bay in its entirety is not known. The Central Valley Regional Water Pollution Control Board has begun work to establish waste discharge requirements for the Bureau of Reclamation and presumably will also establish waste discharge requirements for the Department of Water Resources covering its drainage discharges. The State Water Quality Control Board has not set water quality objectives for the Delta or for the San Francisco Bay to fulfill its obligations under the water quality legislation passed by the last session of the Legislature (Senate Bill 1096).

Meanwhile the United States Public Health Service has recommended that with the present minimum state of knowledge regarding the effect of San Joaquin Valley drainage discharges on San Francisco Bay, it would be preferable to provide for their discharge to the Pacific Ocean rather than to San Francisco Bay. The United States Corps of Engineers has indicated that by the year 2000 it expects the waste waters of the San Francisco Bay area will have to be sewered to the ocean if the quality of San Francisco Bay waters is to be preserved.

Under these circumstances, the department's study of the Delta and Suisun Bay pollution problems, which has been underway for two years and which is intended to evaluate the effect of San Joaquin Valley wastes on the Delta and Suisun Bay, appears to be too limited. The study should consider the entire San Francisco Bay area and should be closely coordinated with the work of the San Francisco Regional Water Pollution Control Board and the University of California which is to determine the waste assimilative capacity of San Francisco Bay. Full consideration should also be given to the possibility of disposing of these San Joaquin Valley wastes in the Pacific Ocean.

Operations Program

The operations program includes the operation and maintenance of the State Water Facilities, supervision of contract negotiations, prep-

Department of Water Resources—Continued

aration of repayment and financial analyses, Sacramento River flood control maintenance, flood forecasting, watermaster service and other related activities. The department's power studies are included in this program. The budgeted amount for the operations program increases by \$481,985 to a total of \$5,971,952 next year. Approximately \$1,700,000 of this amount for next year is for flood control operation and maintenance along the Sacramento River and is financed from the General Fund. The remainder is from the California Water Resources Development Bond Fund for operations of completed portions of the State Water Facilities and for contracting, power, and repayment studies, and for operation and maintenance studies of the State Water Facilities. For next fiscal year the department's budget proposes charging watermaster service beneficiaries with the department's overhead costs.

The only significant organization change made by the department during the last year has been the creation of the power office. The department has transferred studies leading to the negotiation of contracts for sales of power from the State Water Facilities, the studies of sources of power to operate the State Water Facilities, and the negotiation of a relocation agreement with the Pacific Gas and Electric Company for its Big Bend powerplant to the power office. Responsibility for physical operation of any completed power facilities of the State Water Facilities remains with the Division of Operations.

A review of the department's power activities indicates several areas in which there is room for improvement. The power office was created to give special attention to some of these problems. As a practical matter, however, some of the most difficult problems confronting the department in contracting for the sale and/or purchase of power for the State Water Facilities involve matters that are either substantially beyond the control of the department or are not subject to immediate solution. Thus, the construction of a high voltage transmission facility interconnecting the Pacific Northwest federal power facilities with California is becoming increasingly a possibility as a result of recent actions in Congress. In addition the agreement between Canada and the United States for development of the upper Columbia River in Canada may provide significant opportunities for securing low-cost power for pumping at the State Water Facilities. However, the decisions on these matters will be made by the federal government and not at the convenience of the State.

Another important factor in the solution of the power problems of the State Water Facilities is the study now being made by the Fluor Corporation for the department. This is a comprehensive survey of alternative sources and combinations of power for the pump lifts of the State Water Facilities. It is scheduled to be completed next September and many important decisions related to power sales and purchase at the pump lifts, particularly in Southern California cannot be properly made without it. It would have been desirable if this study had been undertaken earlier, but to have done so would have eliminated from consideration the rapidly changing technology by which nuclear energy

Department of Water Resources—Continued

has recently become a major, if not primary contender, for the energy source of the Tehachapi Mountain pump lifts.

Negotiations are now beginning for the disposition of the power to be generated at Oroville. This power will be sold or transported by the department's own or other utilities lines to the Delta either for pumping purposes or for other disposal. If a transmission line is to be built, the time required to design it, acquire the land, and construct it will necessitate decision on the line in the immediate future if it is to be ready when the Delta pumping plant starts operation and Oroville generation begins.

A \$1,054,000 contract is now being prepared to provide for design of two double circuit 230 kv transmission lines from Oroville to the Delta. The work is to be done by an outside engineering firm. The contract, which can be terminated at any time by the department, includes as its first phase, preparation of a cost estimate of the line in order to determine whether state construction may be cheaper than alternative offers the State may receive for transmission or purchase of the power. However, the contract also includes complete design of the line and the department's 1964-65 budget is prepared on the basis that construction of the line will occur. The phasing of the transmission design contract is intended to permit the work to be halted at any time construction of the line is found to be undesirable by the department or a transmission or power sales agreement may be negotiated.

After reviewing the status of work underway, it is not apparent what economic and engineering information will be available to the department to determine whether the line should be built, except that the department may be able to construct the line cheaper than provided in any transmission or sales agreement it can negotiate. A conclusion that state construction is cheaper than alternatives under negotiation may or may not justify construction of the line by the department. Whether the Legislature or other interests will be fully informed on the rapid developments which will occur as decisions are made on these matters during the next few months is a matter for conjecture.

The next year will probably be the most critical year for deciding the power aspects of the State Water Facilities. Important basic decisions will have to be made during this time. Studies will have to be secured on power sales, purchase, and feedback matters, participation in the Pacific Northwest interconnection, the use of nuclear energy, etc. The department is currently proceeding with important phases of this work, including preliminary discussions with the Atomic Energy Commission on patterns of cooperation between the department and the AEC on the use of nuclear energy.

A request by the Assembly Ways and Means Committee last session for quarterly progress reports from the department on its various power studies has been belatedly honored with one report which provides little significant information. The Legislature passed ACR 16 (1963 General Session) which directed the department to "investigate all possible means of disposing of the hydroelectric power, and to report thereon to the Legislature not later than February 15, 1964." There

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does not appear to be any prospect that a report released in February can fulfill the directive in ACR 16, in view of the work accomplished to date.

The department's position has not been facilitated by the fact that it must undertake important negotiations with private utilities and others who are under no requirement to disclose their negotiating position to the public. Furthermore, the department has indicated that its work has not always been facilitated by the availability of technical data from the utilities who might purchase power from it.

The department presently has 15 positions in the power office. It is requesting 10 new positions next year to increase the total to 25, including a new position of chief of the power office. Although much of the work assigned to this office is being executed by contracts with outside engineering firms, the task before the power office in properly evaluating all problems and alternatives presently before it would seem to justify the size of staff requested if the work is to be done properly and the results reported back to the Legislature promptly and faithfully as the Legislature has requested. Whether a staff of this size will be required after about two years when most of the power sales and purchase work is completed will require determination at that time.

The operations program contains a reimbursable General Fund activity entitled engineering services for the Attorney General which is budgeted at \$43,016 for next year. Only \$15,247 is budgeted for the current year and only \$6,550 was spent last year. The most important work being done during the current year is on the 1955 flood damage suits which are now being completed. No major work is now known to be scheduled for next fiscal year, although various prospects can be cited. *It is therefore recommended that the sum of \$43,016 be removed from the budget or in the alternative, be reduced to a figure that can be supported.*

Other Activities Program

The other activities program is a collection of statutory, regulatory and miscellaneous activities in the department which do not directly fit into the other programs. A total of \$1,818,431 is being requested which is an increase of \$93,213 over the current year. In general, this program continues at approximately the same level as during the current year.

Services Program

The service program consists of various technical services rendered to other programs of the department and funded in those other programs. The services program, therefore, involves no appropriation except \$619,091 for purchase of additional equipment. In line with the general increase in the department's programs, this program increases by \$1,123,175 next year to a total of \$4,919,813.

Design Program

The design program essentially includes the design of the State Water Facilities plus other work such as design of the San Joaquin Valley flood control project for the Reclamation Board. The program

Department of Water Resources—Continued

is budgeted at \$11,275,513 for next year which is an increase of \$81,513 over the current year. However, the current year is budgeted at \$11,234,000 in the 1964-65 Budget compared to the sum of \$10,100,570 shown in last year's budget. In general the design program is leveling off since the department's design staff has been built up during past years.

Right-of-way Acquisition Program

The right-of-way acquisition program includes the costs of acquiring the lands needed by the department for construction of the State Water Facilities and the acquisition or relocation of properties made necessary by the construction program except the relocation of the Big Bend power plant which is the responsibility of the power office. The right-of-way acquisition work is the responsibility of the Right-of-Way Division which was organized about a year ago in order to give emphasis to the land acquisition activity.

During the hearings on the department's budget last year considerable discussion centered around the high rate of condemnation suits brought by the department in order to secure orders of possession for immediate occupancy of the land. These orders of possession were necessary because the department's design work on the State Water Facilities was not being done sufficiently in advance of the need to acquire land for construction purposes to permit an orderly process of negotiation with property owners for the purchase of their land. Last year the department promised that attention would be given to the problem in order to reduce the number of condemnation cases.

A review of the situation at this time indicates that no improvement has occurred. The acquisition of land by the department presently involves condemnation and orders of possession in about 90 percent of its acquisitions. Subsequent to occupying the land a purchase is frequently negotiated. The department now indicates that there is no prospect of improvement in its land acquisition program throughout the San Joaquin Valley, that the prospect is for continued condemnation in order to secure land at the time it is needed for construction. Securing orders of possession along the west side of the San Joaquin Valley is not so serious as it might be in other areas of the State because most of the land being taken involves no improvements and large portions of it may not even be in use. In addition, the land may not constitute any appreciable portion of the means of securing a livelihood for its owners.

Although hardships to the landowners may be minimal under the conditions now prevailing in the San Joaquin Valley, the use of condemnation as a standard and continuing means of securing property for a major construction program is not a justifiable use of the authority to secure immediate possession. The urgency arises because the department is making every effort to meet its deadline to furnish water to Southern California by 1972. During the calendar year, the department will be completing its critical path method scheduling for the entire State Water Facilities. When this scheduling is completed, it may be desirable for the Legislature to review the schedule to determine whether the 1972 completion date is realistic or desirable in view of the

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problems of land acquisition, power sales and purchase and other possible difficulties which the critical path method of scheduling may identify.

The department feels that one possibility for expediting the acquisition of land is to do its own appraisal work and negotiation with the landowner, rather than scheduling this work through the Division of Highways. An agreement has been reached with the Division of Highways for the department to assume this workload and the Division of Highways will phase out its work, completing work only on those parcels which it has already started working on.

Construction Supervision Program

The construction supervision program covers the department's costs for supervision of contract construction work, mainly on the State Water Facilities. During the current year the department is extending its construction activity into the San Joaquin Valley and during next year the construction supervision staffs throughout the San Joaquin Valley will be organized. The Southern California district office will also begin organization of a construction staff to supervise construction of the Tehachapi Mountain tunnels.

The construction supervision program is an area of major cost increase for next year. A total of \$12,856,810 is scheduled for construction supervision during the next fiscal year which is an increase of \$4,612,676 over the current year.

Construction and Land Acquisition Program

The construction and land acquisition program includes the cash disbursements (construction progress payments) made under construction contracts and the cost of land purchased or condemned. For next fiscal year this program increases by \$34,811,599 over the current year to \$192,589,000.

Included in this program is \$20,000,000 during the current year for acquisition of the Big Bend powerplant which was budgeted at \$27,000,000 last year. Construction of Grizzly Valley Dam and Reservoir are budgeted to begin next year. Construction of the Thermalito features at Oroville will begin during the current year and be continued during the next year. Design and construction of virtually all features of the South Bay Aqueduct will be completed next year except for the Del Valle Dam and Reservoir which will not be completed until fiscal year 1965-66. Construction will continue on the Delta pumping plant next year and will be started on the Tehachapi tunnels.

State Financial Assistance for Local Projects

The Davis-Grunsky Act provides for loans and grants to local agencies for the construction of local water projects. Estimated expenditures during the current year are \$11,104,901 consisting of \$2,230,333 for loans, \$8,508,300 for grants, and \$366,368 for departmental costs of administration. For next fiscal year expenditures are estimated at \$9,529,025 consisting of \$422,000 in loans, \$8,692,000 in grants, and \$415,025 for departmental costs of administration. These figures show

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how the program is running heavily to grants rather than loans. As noted in the beginning of the analysis of this budget item, the Governor's Budget contemplates that the Davis-Grunsky Act will be financed from the accrual of \$11,000,000 each year which is proposed to be retained in the California Water Fund.

DEPARTMENT OF WATER RESOURCES

ITEM 276 of the Budget Bill

Budget page 716

FOR SUPPORT OF THE DEPARTMENT OF WATER RESOURCES FROM THE GENERAL FUND

Amount requested	\$10,220,252
Estimated to be expended in 1963-64 fiscal year	10,031,747
<hr/>	
Increase (1.88 percent)	\$188,505
TOTAL RECOMMENDED REDUCTION	\$215,697

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
Eliminate bay area branch move to San Jose	\$90,700	717	64
Eliminate coordinated interagency planning staff	81,981	724	25
Eliminate engineering services for Attorney General	43,016	733	69
	<hr/>		
	\$215,697		

ANALYSIS

This item provides the General Fund portion of the funds included in the analysis of Revolving Fund Item No. 275. Reductions in this item reflect the recommendations made under Item No. 275. *Otherwise approval is recommended.*

DEPARTMENT OF WATER RESOURCES

ITEM 277 of the Budget Bill

Budget page 728

FOR TRANSFER TO THE WATER RESOURCES REVOLVING FUND FROM THE CALIFORNIA WATER FUND

Amount requested	\$100,311
Estimated to be expended in 1963-64 fiscal year	78,300
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Increase (28.1 percent)	\$22,011
TOTAL RECOMMENDED REDUCTION	None

ANALYSIS

This item finances the recreation and fish and wildlife enhancement studies of the Department of Water Resources which occur prior to the acquisition of land around a reservoir and after planning of the project has been completed. Most of this money will be transferred by contract to the Departments of Fish and Game and Parks and Recreation for expenditure in the above planning for the Department of Water Resources at features of the State Water Facilities.

Reports on land use and acquisition plans will be prepared for recreational features and developments along portions of the California Aqueduct in Fresno, Kings, Kern, Los Angeles, San Bernardino,

Department of Water Resources—Continued

and Riverside Counties and for Bethany Forebay. Similar reports will be completed for flood detention and reservoirs above the California Aqueduct and on Los Banos, Panoche, and Little Panoche Creeks.

Approval is recommended.

STATE WATER RIGHTS BOARD

ITEM 278 of the Budget Bill

Budget page 756

FOR SUPPORT OF THE STATE WATER RIGHTS BOARD
FROM THE GENERAL FUND

Amount requested		\$998,651
Estimated to be expended in 1963-64 fiscal year.....		968,004
<hr/>		
Increase (3.2 percent)		\$30,647
Increase to maintain existing level of service.....	\$18,112	
Increase to improve level of service.....	12,535	
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TOTAL RECOMMENDED REDUCTION.....		\$9,498

Summary of Recommended Reductions

	Amount	Budget	
		Page	Line
Eliminate one assistant civil engineer	\$7,428	756	75
Eliminate one half-time intermediate typist-clerk.....	2,070	756	76

ANALYSIS

The State Water Rights Board, composed of three members appointed by the Governor, was created in 1956 as an independent state agency with responsibilities under Division 2 of the Water Code. The board is concerned primarily with the administrative procedures relative to the appropriation of unappropriated water; assistance to the courts in water rights controversies through the court reference procedure; assistance to holders of water rights through the statutory adjudication procedure; and recordation of certain data on ground water extractions in Southern California. The board conducts hearings to resolve conflicting applications for permits to appropriate water, issues permits for unprotested applications, investigates facts relative to protested applications, and insures, through permit and license inspections, that water covered by the permit is actually put to beneficial use as required by California water law.

The \$998,651 requested for the 1964-65 fiscal year represents an increase of \$30,647 or 3.2 percent over the amount expected to be spent in the current year. The proposed budget includes \$9,498 and related costs for one new engineering position and a one-half time clerical position to advance the stepped-up inspection program which was initiated during the current year with the addition of two engineering positions approved last year by the Legislature. The additional inspection work is being done to insure that water projects being constructed pursuant to a permit to appropriate water are moving toward completion at a satisfactory rate or that, having been completed, beneficial use is being made of the water in compliance with the terms of the permit. As indicated last year, the board is expanding its inspection program so that a field inspection can be made of each permit at

State Water Rights Board—Continued

the end of the development period allowed by the permit, or at the end of such time extensions as it may give to such permits, to determine whether a license should be issued, more time allowed, or the permit revoked and the water made available for other projects. The board anticipates a need for three additional engineers in future years to bring this inspection program to a satisfactory level.

However, evidence available to us suggests that workload imbalances recently have occurred among the board's various programs. During the past year there have been workload decreases in the number of applications to appropriate unappropriated water and in the number of change orders affecting existing permits. In addition, some of the major adjudication activities of the board have been resolved and other adjudications are underway. While there may be some justification for the additional engineering and half-time clerical positions being requested this year for the inspection program, this is not evident from the justification material we have received. Moreover, the workload impact of the two new engineering positions approved last year for inspection work has not yet been realized because of delays in recruiting and time spent in training. Thus, although increased complexity and size of some new applications will offset a part of the statistical decrease in workload, there remains a need to carefully evaluate the overall workload of the board in relation to its staffing requirements. Such a review has not been made by the board, and as a result it is difficult to appraise the validity of the requested new positions.

Based on the foregoing comments, we recommend that the engineering and half-time clerical positions be denied for a General Fund saving of \$9,498 plus operating expenses.

RECLAMATION BOARD

ITEM 279 of the Budget Bill

Budget page 757

**FOR SUPPORT OF THE RECLAMATION BOARD
FROM THE GENERAL FUND**

Amount requested -----	\$145,199
Estimated to be expended in 1963-64 fiscal year -----	250,974
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Decrease (—40.7 percent) -----	\$105,775
TOTAL RECOMMENDED REDUCTION -----	None

Summary of Recommendations

	<i>Budget</i>	
	<i>Page</i>	<i>Line</i>
Limit the following 10 positions to one year only :		
1 Intermediate typist-clerk -----	758	40
1 Junior clerk -----	758	41
3 Assistant right-of-way agents -----	758	43
1 Junior right-of-way agent -----	758	44
1 Associate civil engineer -----	758	46
2 Assistant civil engineers -----	758	47
1 Junior civil engineer -----	758	48

ANALYSIS

The Reclamation Board was created in 1911 with the regional responsibility of controlling the floodwaters of the Sacramento and San

Reclamation Board—Continued

Joaquin River systems. In 1957 the Legislature placed the board within the newly created Department of Water Resources, but authorized it to retain its independent powers, responsibilities, and jurisdiction. The board, now a part of the Resources Agency, consists of seven members appointed to serve at the pleasure of the Governor.

Most of the board's responsibility is exercised in conjunction with the United States Army Corps of Engineers, which does the actual construction work on all flood control projects except that portion of the San Joaquin project lying between the mouth of the Merced River and Friant Dam. The Department of Water Resources is doing this work under an agreement with the Reclamation Board. The major activities of the board are the acquisition of lands, easements, and rights-of-way necessary for the construction of flood control projects and the design of roads, bridges, and utilities which must be relocated. The board also assumes certain maintenance obligations which it passes on to local agencies and issues permits for local construction and encroachment on rivers within the board's jurisdiction.

The board's proposed 1964-65 budget appropriated by this item is substantially less than estimated expenditures for the current year because the budget for the current year was augmented by \$100,000 to cover the costs of expert witnesses and pretrial planning activity relative to litigation on the Feather River floods of 1955. The board's state operations budget, including the amount requested for appropriation in this item, totals \$933,947, which is an increase of \$43,126 over estimated current year expenditures. However, if the \$100,000 special augmentation approved last year on a one-time basis for the Feather River flood litigation is disregarded for purposes of comparing current expenditures with proposed 1964-65 expenditures, the board is requesting an increase of \$143,126 over current expenditures. Most of the board's state operations expenditures are made from funds transferred as reimbursements from the board's own local assistance appropriations. For the next fiscal year these reimbursements total \$788,748.

For 1964-65 the board is requesting 11 new positions which, as a result of administrative adjustments made during the current year, constitute a net increase of 9.9 positions over presently authorized personnel. These new positions are budgeted at \$71,247 plus operating expenses and are proposed to relieve workload pressures in the land acquisition program. Last year the Legislature approved a net increase of 3.5 positions primarily on the basis of workload demands in the land acquisition program. While this office recognizes that the Reclamation Board has pressing workload accumulations which must be met on a timely basis and that failure to do so in the past has delayed the Army Corps of Engineers in meeting construction schedules, we have serious reservations that there will be a continuing need for all the new positions being requested this year. As the board's own five-year projection illustrates, capital outlay (local assistance) expenditures in the flood control program will decrease sharply after fiscal year 1964-65 as the San Joaquin River project is completed. Since the board's support budget is tied so closely to capital outlay expenditures,

Reclamation Board—Continued

it would appear that some decrease will occur in the board's support needs in fiscal year 1965-66 and thereafter as capital outlay expenditures level off to approximately \$3,500,000 per year.

Summary of Projected Capital Outlay Expenditures				
1964-65	1965-66	1966-67	1967-68	1968-69
\$9,194,991	\$3,678,000	\$3,100,000	\$3,439,000	\$3,509,000

In view of the substantial reductions which the board anticipates will occur in flood control expenditures after fiscal year 1964-65, we recommend that 10 new positions be approved for one year only, pending a reappraisal of staffing needs prior to preparation of the 1965-66 budget request.

COLORADO RIVER BOARD

ITEM 280 of the Budget Bill

Budget page 759

FOR SUPPORT OF THE COLORADO RIVER BOARD FROM THE GENERAL FUND

Amount requested	\$232,706
Estimated to be expended in 1963-64 fiscal year	226,360
Increase (2.8 percent)	\$6,346
Increase to maintain existing level of service	\$6,346

TOTAL RECOMMENDED REDUCTION None

ANALYSIS

The Colorado River Board is responsible under the Statutes of 1937 (now Part 5 of Division 6 of the Water Code) for protecting the rights of certain local public agencies to the use of Colorado River water. The board, which is composed of a representative from six local water and irrigation districts in Southern California, implements this responsibility by compiling and analyzing engineering data, engaging in interstate conferences, and appearing before Congress and interested federal agencies relative to existing and proposed uses of the river water.

The proposed 1964-65 fiscal year budget of the Colorado River Board is \$6,346, or 2.8 percent, higher than estimated expenditures for the current year. The board contemplates no additional programs for the budget year, but study and evaluation of California's interests in Colorado River Basin water will continue at the same level as last year.

Still unclear, however, is the role of the Colorado River Board in the Resources Agency. Last year a proposal to include the Colorado River Board in the Resources Agency was rejected by the Legislature. However, since the work of the board is so closely related to similar work being done by other agencies concerned with the State's water problems, formal recognition of this functional relationship would assure the greatest possible benefits from the efforts of the several agencies involved.

Colorado River Board—Continued

This office also notes, as it has for the last three years, that an annual public report summarizing the board's activities and significant accomplishments is needed. Although the Water Code states that all records of the board are confidential, this requirement is inconsistent with the purposes of a public agency and recent legislative policy. Moreover, the Water Code also provides that the board shall make such reports as it deems necessary.

Apart from the comments made above, approval of this request is recommended.

COLORADO RIVER BOUNDARY COMMISSION

ITEM 281 of the Budget Bill

Budget page 761

FOR SUPPORT OF COLORADO RIVER BOUNDARY COMMISSION FROM THE GENERAL FUND

Amount requested	\$24,259
Estimated to be expended in 1963-64 fiscal year	63,157
Decrease (61.6 percent)	\$38,898
TOTAL RECOMMENDED REDUCTION	\$13,649

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
Personal services	\$12,659	761	42
Traveling, in-state	590	761	46
Traveling, out-of-state	400	761	47

ANALYSIS

The Colorado River Boundary Commission was created in 1953 to confer with a similar commission of the State of Arizona to define a common boundary between the two states. The commission consists of the Attorney General, Director of Water Resources, and the Executive Officer of the State Lands Commission, who serves as chairman.

Actual expenditures by the commission from 1953-54 through 1962-63 have totaled \$224,927, with \$63,157 estimated for 1963-64 and \$24,259 proposed for 1964-65. Included in 1963-64 expenditures is \$35,000 for California's share of the cost of a contract with the United States Coast and Geodetic Survey for physical location of the boundary along the river, which work is scheduled for completion in November 1964, and a contract with the United States Bureau of Land Management of the Department of Interior for a survey to establish the boundary in the "Yuma Island" area.

Since both states have ratified the compact fixing the boundary it appears to us that all that remains to be done during the budget year is (1) to review the results of the surveys, and (2) secure congressional approval of the interstate compact. The first is primarily an engineering matter which would normally be performed by the staff of the State Lands Division under interagency agreement as in the past, while it appears to us that the second would be performed by the congressional delegations of the two states with such assistance as

Colorado River Boundary Commission—Continued

needed as far as California is concerned to be provided by the Deputy Director of Finance, who is permanently stationed in Washington, D.C.

The budget justification states that the Colorado River Boundary Commission must be in a position to render aid and assistance to private parties, county officials and irrigation districts where the boundary which has been adopted affects or may affect land titles or jurisdiction along the river. It appears to us that the commission's responsibility in this regard should be limited to making available to all interested parties information as to the exact location of the boundary, which again is primarily an engineering matter to be handled by the staff of the State Lands Division under interagency agreement, and that matters of land titles and questions of jurisdiction are the responsibilities of other governmental agencies or matters for adjudication by the courts.

Accordingly we believe that the position of Executive Secretary to the commission, which has been vacant since August 1963, will not be needed during the budget year.

We recommend deletion of salary and staff benefits for the executive secretary of the commission, budget page 761, line 42, \$12,659.

We recommend reduction of travel—in-state, budget page 761, line 46, \$590, and travel—out-of-state, budget page 761, line 47, \$400, to eliminate amounts budgeted for the executive secretary.

We believe that the remaining funds of \$10,610 should be sufficient to provide needed services during 1964-65, including \$7,000 for services of the State Lands Division and travel and expenses of the commission members themselves, including \$1,000 for two trips to Washington, D.C., by the chairman in connection with securing congressional approval of the interstate compact.

KLAMATH RIVER COMPACT COMMISSION

ITEM 282 of the Budget Bill

Budget page 762

**FOR SUPPORT OF KLAMATH RIVER COMPACT COMMISSION
FROM THE GENERAL FUND**

Amount requested -----	\$4,627
Estimated to be expended in 1963-64 fiscal year -----	5,333
Decrease (13.2 percent) -----	\$706

TOTAL RECOMMENDED REDUCTION ----- None

ANALYSIS

The Klamath River Compact Commission was created in 1957 after congressional approval of the Klamath River Basin Compact between the States of California and Oregon. The three-member commission, consisting of the Director of the California Department of Water Resources, the Oregon State Engineer, and a federal representative appointed by the President, promotes the integrated, comprehensive development and conservation of the waters of the Klamath River Basin for irrigation, domestic, industrial, fish and wildlife, recreation,

Klamath River Compact Commission—Continued

power, flood control, and navigation uses. The commission is financed equally by California and Oregon through appropriations placed in a trust account from which all operating expenses are paid.

The program will continue at the same level as last year with further study of the algae problem in the Klamath River waters, completion of a map indicating land use as of 1957, and initiation of studies of change in water use within the basin being scheduled.

Approval of this year's request is recommended.

CALIFORNIA-NEVADA INTERSTATE COMPACT COMMISSION

ITEM 283 of the Budget Bill

Budget page 763

FOR SUPPORT OF THE CALIFORNIA-NEVADA INTERSTATE
COMPACT COMMISSION FROM THE GENERAL FUND

Amount requested -----	\$71,133
Estimated to be expended in 1963-64 fiscal year -----	79,971
Decrease (11.1 percent) -----	\$8,838
TOTAL RECOMMENDED REDUCTION-----	None

ANALYSIS

The California-Nevada Interstate Compact Commission was established by Chapter 1810, Statutes of 1955, to represent California in negotiating an interstate compact with Nevada covering the distribution and use of the waters of Lake Tahoe and the Carson, Walker, and Truckee Rivers. When the commissions of the respective states and interested federal agencies reach agreement, the compact will be presented to the Legislatures of California and Nevada and the Congress for final approval. The California commission is composed of the Director of Water Resources and six members appointed by the Governor who reside, own property, or engage in business in the basins of the Carson, Walker, and Truckee Rivers and Lake Tahoe. The Department of Water Resources provides all engineering, administrative, and clerical services to the commission under an annual service agreement.

For 1964-65 the commission is requesting an appropriation of \$71,133, which is \$8,833 or 11.1 percent less than estimated expenditures for the current year. However, the estimated expenditures for the current year include an Emergency Fund allocation of \$30,000 which was recently authorized to permit the commission to operate through June 30 of the current year.

The joint commission has assigned the responsibility for drafting preliminary compact provisions to subcommittees representing the four water basins which are the subject of negotiation. It is difficult to evaluate the work of these committees because their negotiations have been characterized by delays, postponements, and other difficulties. During the past year, the Lake Tahoe and Carson River Committees appear to have made substantial progress toward resolving major issues, but a similar degree of progress was not made by the Truckee and Walker River Committees. Thus, as the commission begins its ninth year of negotiations, at a cost to California alone of more than \$760,000 (in-

California-Nevada Interstate Compact Commission—Continued

cluding proposed 1964-65 expenditures), there is little evidence that its objectives will be achieved by the present target date, January through May 1965. The commission has a history of optimistic forecasts which have not yet produced a final agreement.

During recent months, the Governors of Nevada and California have discussed the compact problem and the need for action in the closely related matter of retaining the high quality of Lake Tahoe's waters. Since the Governors have taken a personal interest in the above problems, an opportunity to reach agreement under their auspices should be given to the negotiators and the requested funds should be provided for one more year.

If agreement is not reached in one more year, it is suggested that the Legislature carefully analyze the negotiation problems confronting the State and consider the need for revision of the compact commission. The following matters may be noted for consideration:

1. The State's membership on the compact commission largely represents the counties and interests immediately adjacent to Lake Tahoe. There is inadequate representation of the overriding interest which the State as a whole has in the area as evidenced by the attention the Governor has been giving to the problem and the recent interest the federal government has shown in the interstate aspects of the problem.

2. The official participation of agencies of state government in the compact commission is limited to the Department of Water Resources. The State Water Quality Board, the State Water Rights Board, and the State Department of Fish and Game have significant interests in the negotiations, but are not officially participants.

3. Much of the negotiating and actual resolving of problems before the compact commission is being done by the committees which the joint commission has appointed. The influences which are brought to bear on these committees and the means by which their decisions are made should be carefully observed to assure that the public interest is fully served.

4. Since the compact commission was originally appointed many years ago, the scope and complexity of the problems before it have increased greatly. Some of the commissioners may not be qualified to negotiate on these enlarged and complex matters.

5. No objectives appear to have been established by the joint commission regarding those matters which are reasonably subject to resolution by the commission and inclusion in the compact. Consideration should be given to the reasonableness of solving some of the more complex problems and the appropriateness of turning them over to the permanent compact commission for further long-range work.

Approval of the amount requested for next year is recommended.

WATER QUALITY CONTROL BOARD

ITEM 284 of the Budget Bill

Budget page 764

**FOR SUPPORT OF THE WATER QUALITY CONTROL BOARD
FROM THE GENERAL FUND**

Amount requested -----	\$977,646
Estimated to be expended in 1963-64 fiscal year -----	975,400
<hr/>	
Increase (0.2 percent) -----	\$2,246
Increase to maintain existing level of service ----	\$2,246
TOTAL RECOMMENDED REDUCTION -----	None

WATER QUALITY CONTROL BOARD

ANALYSIS

The Water Pollution Control Act of 1949 established a State Water Pollution Control Board and divided California into nine water pollution control regions, each of which is administered by a semiautonomous regional board.

The state board, which consists of the Directors of Water Resources, Fish and Game, Public Health, Agriculture and Conservation, plus nine members appointed by the Governor, is responsible for the formulation of statewide policy for the control of water pollution; the administration of statewide programs of federal financial assistance for water pollution control; the correction of pollution conditions not corrected by regional boards; and the coordination and submission of budget requests for the regional boards. In addition, 1963 legislation made the state board responsible for coordinating on a statewide basis the control and maintenance of water quality and changed the name of the board to reflect the emphasis being placed on this function. The ramifications of this new responsibility and its impact on the board's existing programs are not clear at this time.

The regional boards, composed of seven members appointed by the Governor, are responsible for formulating long-range regional plans and policies for water pollution control; recommending projects for federal financial assistance; coordinating programs of abatement and prevention of water pollution; assisting the development of self-policing waste disposal programs; enforcement of water pollution laws through appropriate federal, state, and local agencies; prescribing discharge requirements for all existing and proposed waste dischargers; and issuing cease and desist orders in cases of noncompliance with discharge requirements.

The total proposed expenditures of the state and regional boards are \$2,246 or 0.2 percent higher than estimated expenditures for the current year. In addition to a General Fund appropriation of \$977,646 requested for fiscal year 1964-65, the board will also receive \$280,600 in federal funds for a total expenditure of \$1,258,246. The proposed budget basically represents a continuation of the present level of service, although it includes three new engineering positions for increased workload requirements in the regional boards. The cost impact of these new positions is offset by reductions in operating expenses of the state board and reductions in field and laboratory services.

Water Quality Control Board—Continued

Pursuant to A.C.R. 5 of the 1963 Special Session, which directed this office to determine the current applicability of statutory provisions affecting the workload requirements of various state agencies, we have been advised that two provisions of the Water Pollution Control Act (Division 7 of the Water Code) are no longer necessary to the operations of the State Water Quality Control Board. Sections 13100-05, relating to the revolving loan fund for construction of local sewerage projects, are now obsolete because a system of federal grants has supplanted the State's loan arrangement. The loan fund should be abolished and future payments of interest and principal on existing loans should be returned to the General Fund.

Section 7076 of the same act requires reports of water well drillers to be filed with the regional boards. Since the Department of Water Resources has the major interest in these reports and receives copies of them anyway, it would appear that the department, instead of the regional boards, should maintain the master file and supply the regional boards with information as requested.

Approval of this request is recommended.

DEPARTMENT OF VETERANS AFFAIRS

ITEM 285 of the Budget Bill

Budget page 769

FOR SUPPORT OF DEPARTMENT OF VETERANS AFFAIRS
FROM THE GENERAL FUND

Amount requested	\$646,622
Estimated to be expended in 1963-64 fiscal year	617,766
Increase (4.7 percent)	\$28,856

Increase to maintain existing level of service.....	\$25,107
Increase for new service.....	3,749

TOTAL RECOMMENDED REDUCTION..... \$7,889

Summary of Recommended Reductions

	Amount	Page	Line
Eliminate one intermediate typist-clerk	\$4,140	769	44
Reclassify deputy director to assistant to the director	3,749	769	48

ANALYSIS

The Department of Veterans Affairs administers the State's program of veterans' benefits; provides a claims and rights service to assist veterans in obtaining benefits to which they are entitled from the federal government; administers the operation of the Veterans Home and the Woman's Relief Corps Home, and administers the subventions for county service officers through which certain counties are reimbursed for a portion of the cost incurred by these counties in providing services to veterans.

This General Fund item provides support funds for the activities of the Administration, Educational Assistance and Service and Coordination Divisions. Veterans Home support funds are provided by a separate item and the Farm and Home Purchase Division is self-sustaining.