

Public Utilities Commission—Continued

In our opinion the commission is too important, too busy and too burdened with responsibility to continue to deal with the infinite detail of administering a staff of nearly 800 persons. Administrative policy could be set on a broad and clear basis for guidance of the chief administrative officer.

We would recommend further that the duties of the commission secretary be separated and consolidated into one unit; that a business service officer be added to staff to supervise all housekeeping activity. The secretary, the business service officer, and the six division chiefs would all report to the chief administrative officer who would be the executive head of the staff and would be responsible to the commission for operational efficiency and economy of the commission staff.

RESOURCES AGENCY ADMINISTRATOR

ITEM 234 of the Budget Bill

Budget page 737

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

Amount requested	\$122,511
Estimated to be expended in 1964-65 fiscal year	122,221
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Increase (0.2 percent).....	\$290

TOTAL RECOMMENDED REDUCTION..... None

ANALYSIS AND RECOMMENDATIONS

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 budget provides for continuation of the existing level of staffing which includes the administrator, an assistant to the administrator, a resources planning coordinator, and three secretaries. A coordinator for the delta recreation study is also included in the office but is budgeted from funds appropriated for the delta recreation study. The total expenditure for the administrator's office is budgeted at \$122,511 which is almost identical to the present year.

Included in the operating expenses for the administrator's office is \$17,838 for rent of office space in the new Resources Building. During budget hearings last year, the Legislature took notice of the fact that the space reserved in the Resources Building for the administrator's staff still included room for a deputy administrator and four assistant administrators even though these positions had been deleted from the Governor's Budget by the Department of Finance. When questioned on the justification for retaining this allocation of space in the building plans, the Director of General Services firmly stated that the space would be reduced in keeping with the Governor's Budget.

Resources Agency Administrator—Continued

A review of present space allocation in the Resources Building shows that although minor changes were made in the plan, adding a shower and revising interior partitioning, no basic change was made to reduce the amount of space allocated to the administrator's office. On this basis, no other conclusion can be drawn than that the Department of General Services has not honored its commitment to the Legislature to reduce the space allocation, but on the other hand has added to the project.

The availability of space in the administrator's office has caused the space to be utilized. At the time of preparation of this analysis, the space was being occupied as follows: the assistant to the administrator occupied the large carpeted office designated for the deputy administrator; the resources planning coordinator, the coordinator of the delta recreation study, an attorney borrowed from the Department of Water Resources for the term of the general session, and a planner from each of the four departments of the agency occupy the four offices designated for assistant administrators. (In addition the federal planning funds available through the Office of State Planning have been used to employ a consulting planner to replace the planning position removed from the budget by the Legislature last session, but this consultant does not occupy space in the administrator's office.)

Thus the space has been filled with personnel but the grades and type of work of the personnel do not justify the amount of space or type of accommodations being occupied. The situation is roughly comparable to assigning to journeymen employees space and accommodations designed for a deputy director of a department or a division chief. If the state were to provide space and accommodations of this type for all its journeymen employees, a large and incalculable increase in space requirements and cost of state offices would be involved. An exception is the assistant to the administrator, who clearly warrants a private office, but not the accommodations designed for a deputy administrator.

It is now too late to remodel and reduce the space allocation and type of accommodation provided for the administrator's office. To do so would involve additional expenditure. The present overexpenditure represents a capital loss which cannot now be recovered. A possible alternative is to reduce the space occupied by the administrator's office by reducing his rental appropriation and thereby forcing the space into use by some other office. Unfortunately, this would not result in use of the space by employees who justify the accommodations involved. In addition, because most of the excess space is now occupied by planners who are borrowed from constituent departments of the agency, removing the rental money for this space from the administrator's budget would only shift the rental costs to the departments who employ the planners.

Last year this analysis commented extensively on the long-range planning efforts of the Resources Agency and generally concurred with the approach being taken. Further review was given to the planning work this year but there is little which can be added to the comments of last year. The last 12 months have been a period of concentrated

Resources Agency Administrator—Continued

effort to produce planning documents as part of the state development plan. The results of this work are not yet available and until they are, no significant evaluation can be given to the present planning activities.

During the past year this office has observed the methods of operation of the Resources Agency. Strong efforts have been made to coordinate the activities of the various constituent units of the Resources Agency. In this regard considerable success has been achieved and the various units are now more aware of each other's problems than ever before. The method followed to achieve this coordination has produced a problem. Twenty-six coordinating committees are now in existence within the agency. Committees are at best a poor substitute for clear assignment of responsibility and result in much wasted time and effort. Some employees of the Resources Agency appear to spend much of their time attending committee meetings and have little time left to devote to other activities. Coordination of recreation and water quality work are the most conspicuous instances of this problem. Furthermore, by bringing together all persons with any possible interest in a problem, the committee system has tended to diffuse the authority of each department by increasing the number of individuals who must be consulted before any decision or action can occur.

The committee system and the operations of the administrator's office tend to centralize authority in the administrator's office rather than clarifying which of the departments has the authority. This centralization has been further augmented by borrowing a planner from each of the four major departments and placing them physically in the administrator's office. While this approach may have certain values in view of some of the planning difficulties involved, it also undercuts the authority of the department directors who must in the final analysis retain the basic authority not only for purposes of good administration but because this is where the statutory authority rests. We have strongly supported the concept of the Resources Agency as a mechanism for coordinating and stimulation planning and most importantly for resolving conflicts among the departments of the agency, but this does not include taking over their work. The distinction is a fine one but when the work is physically assumed, it appears that departmental responsibility has been diluted.

Now that the interests of each department have been identified by the committee system, the agency should begin to clarify authority and responsibility among the departments to facilitate decision making and program execution and thereby reduce the need for committees. Section 12852 of Chapter 2037, Statutes of 1961, which organized the Resources Agency states, "For the purposes of administration, the administrator of each agency shall review the organization of the agency and report to the Governor on such changes as he deems necessary properly to segregate and conduct the work of the agency." Since the statute makes clear the responsibility of the administrator to improve the organization of his agency, steps should be taken to secure the economy and efficiency which were promised when the agencies were established.

Resources Agency Administrator—Continued

Some steps in this direction have been taken. Planning relationships between the Department of Water Resources, the Department of Parks and Recreation and the Department of Fish and Game for recreation and fishery problems at water projects have been redefined. The administration is proposing legislation this session to consolidate the Recreation Commission and the Parks Commission. However, much more remains to be accomplished.

More efficient working relationships and clarification of responsibility can take many forms. For example, a recent report dated November 1964 by the Department of Water Resources and entitled "Lower Lake Benbow Recreational Project South Fork Eel River" presents a proposal by the Department of Water Resources for a recreational reservoir below the present dam at Benbow State Park. The department's major attention was directed toward a permanent dam which was found unsatisfactory by the Department of Parks and Recreation and the Department of Fish and Game. Other proposals such as the construction of a removable dam similar to the one at Benbow were advanced but could not be adequately evaluated in the investigation.

As a result of the initial emphasis by the Department of Water Resources on large, fixed dams and the fact that consideration of alternatives more suitable for solution of the fisheries problem and perhaps more suitable for recreation were brought into the planning only at the last moment through the review process, a satisfactory plan for the Lower Benbow area was not developed within the funds expended. It will now be necessary to go back and do much of the work over again in order to optimize all benefits and permit the development of a project concept which might have great importance to water development in California. This comment is made because it is apparent from both an inspection of the existing Benbow Dam and the report on the Lower Lake Benbow Recreational Project that there is a potential for recreation development with less detriment to fisheries and at substantially less cost to the state. This potential may be achieved by constructing removable flashboard dams rather than by continuing to construct major, expensive earthfill dams which have fluctuating recreation reservoirs and which impede upstream migration of fish.

Approval is recommended.

RESOURCES AGENCY ADMINISTRATOR

ITEM 235 of the Budget Bill

Budget page 737

FOR SUPPORT OF THE DELTA RECREATION STUDY FROM THE GENERAL FUND

Amount requested	\$36,000
Estimated to be expended in 1964-65 fiscal year	40,000
Decrease (10 percent)	\$4,000
TOTAL RECOMMENDED REDUCTION	None

Resources Agency Administrator—Continued

ANALYSIS AND RECOMMENDATIONS

Chapter 2094, Statutes of 1963, directed a study of the recreation problems of the Sacramento River and Delta area. This work has generally been known as the Delta Recreation Study. Its purpose is to determine a recreation plan for the waters involved as well as the adjacent lands and levees. The plan is to be fully integrated with the State Water Project, local plans and other factors to provide a long-range plan for recreational development in the area. Included is a specific directive to determine distribution of costs between flood control and recreation interests.

The study has been under way for two years and next year will complete it. The funds provided have been used to finance any needed work which was not included in the normal funding provided through the support budgets of the departments involved. Next year the appropriation is \$36,000 or \$4,000 less than previous years because the work is terminating.

Approval is recommended.

DEPARTMENT OF CONSERVATION

ITEM 236 of the Budget Bill

Budget page 738

FOR SUPPORT OF DEPARTMENT OF CONSERVATION
FROM THE GENERAL FUND

Amount requested	\$28,829,042
Estimated to be expended in 1964-65 fiscal year	29,441,174
Decrease (2.1 percent)	\$612,132
TOTAL RECOMMENDED REDUCTION	\$670,650

Summary of Recommended Reductions

	Amount	Page	Line
From amount requested to maintain existing level of service:			
1. Reduce equipment replacement	\$200,000	Various	
2. Eliminate 3 automotive maintenance foremen and 2 heavy equipment mechanic	35,750	743	11
3. Reduce purchase of retardants	100,000	744	57
4. Eliminate standby range improvement crews	49,200	744	27
5. Pick up all savings from Oak Glen Camp	20,900	744	27
6. Self-support for nursery stock production	32,800	756	23
7. Return duty week of seasonal fire fighters to 120 hours	232,000	744	27
	\$670,650		

PROGRAM PLANS AND BUDGET

The Department of Conservation is responsible for the protection and development of certain forest, mineral and soil resources in the state. The department consists of the Divisions of Forestry, Mines and Geology, Oil and Gas, and Soil Conservation, with service functions such as personnel and fiscal matters performed for these divisions by the administrative staff to the Director. General policies for the administration of the Divisions of Forestry, Mines and Geology and Soil Conservation are established by the Board of Forestry, the State Min-

Department of Conservation—Continued

ing Board and the Soil Conservation Commission, all of whose members are appointed by the Governor.

For informational purposes, the department has prepared a program budget and our analysis has been prepared in accordance with the program classifications in that document. The department does not have a cost accounting system, so the amounts allocated to each program are estimates. In 1965-66 the department plans to carry on programs totaling \$40,047,879 in expenditures from all sources. Of that amount, \$103,160 is a local assistance item for grants to soil conservation districts and appears as Item 312 of the budget bill. There will be reimbursements of \$6,137,976 from various sources including payments by counties for fire control services and employees for subsistence, leaving net support expenditures of \$33,806,743 which are funded from the following sources:

General Fund	\$31,648,849
Petroleum and Gas Fund	940,391
Subsidence Abatement Fund	102,503
Federal funds	1,115,000

Departmental administrative costs including personnel, fiscal and rent have been prorated to the departmental programs. These costs total \$970,570 and cover 83.7 positions. The department requests a new position of program officer on a workload basis for the purpose of coordinating divisional review of projects of other state, federal and local agencies. Watershed projects require the most review.

The following is a discussion of the department's plans for 1965-66 by program categories.

1. Forest Protection

To protect about 41,000,000 acres of private and public land from fire, insects and disease, the Division of Forestry proposes to spend \$29,275,717. Within this program category, the division plans to carry out programs as follows:

1. Fire prevention, including hazard reduction and law enforcement, to reduce the number of man-caused fires on state responsibility lands, \$481,172.

2. Fire control to discover and control all fires on state responsibility lands, \$24,085,409. Within this program are included:

- a. Initial Ground Attack of about 1,515 man-years effort of fire crew personnel on 374 forest fire trucks and 59 bulldozers with crews. This is the department's basic force of permanent and temporary employees plus necessary equipment and operating costs to suppress all but emergency fires. Suppression of fires beyond the ability of this force to handle requires the use of emergency funds. Expenditures for this subprogram are estimated to be \$17,385,409 for the budget year compared with \$17,110,367 in the current year.
- b. Initial Air Attack, including the use of 22 air tankers supplied with air retardants from 14 air bases through the state, plus 5

Department of Conservation—Continued

- helicopters. Expenditures are proposed at \$868,000 compared with \$743,000 the current year. This subprogram includes costs of air attack except for fires of such magnitude that emergency operations and funding are required.
- c. Detection of fires, which includes 81 fixed detection points or lookouts and 2 aerial patrols in lieu of fixed lookouts and 3 aerial patrols in cooperation with the timber industry. This subprogram is proposed at a similar level to the current year, \$760,000.
 - d. Communications system linking 400 locations. The system includes 1,500 mobile units. The level of this proposed subprogram is \$760,000 compared with \$744,000 in the current year.
 - e. Equipment inspection, maintenance and repair of 2,051 units of motorized or mobile equipment. Expenditures are proposed at \$326,000 compared with \$185,000 in the current year.
 - f. Fire defense improvements, including fuel breaks, access roads and heliports. These costs are included in the conservation camp program.
 - g. Contracted protection. To prevent duplication, the protection of 5.2 million acres of state responsibility lands within or adjacent to the national forests is contracted to the United States Forest Service, with payment by the state to the federal government of \$1,480,000. Also, the Counties of Marin, Kern, Ventura, Santa Barbara and Los Angeles have elected to protect state responsibility lands within their counties and it is proposed to have the state pay these counties \$2,306,000 for these services, a level comparable with the current year's payment as augmented last year.
 - h. Emergency fire suppression. This includes costs for manpower and equipment for suppression of fires beyond the abilities of the regular crews to handle, and costs for emergency revegetation. The budget proposes continuing to allocate \$200,000 for this purpose. During the current year \$1,500,000 will have been added from the Governor's Emergency Fund to pay for the severe fire season last fall.
3. County and state cooperative fire protection. The Division of Forestry carries out local fire suppression services for some counties, fire districts and cities which reimburse the division. The program in 1965-66 is budgeted at a level comparable to the current year. The division also spends about \$1,500,000 of nonstate funds for supplies, equipment and salaries to provide this local fire suppression service. If the actual level of expenditure of local funds for 1963-64 is carried forward, the total program will amount to \$5,825,171 from all funds in 1965-66.
 4. Fire protection research projects are contracted to cooperating agencies like the University of California to evaluate techniques and equipment in fire control and prevention. Expenditures of \$132,418 are proposed, compared with \$124,775 the current year.
 5. Forest pest protection, including the detection and survey of pest damage, pest control and pest control research are budgeted at \$208,375.

Department of Conservation—Continued

Next year the line item budget includes forest insect control under operating expenses in the departmental support item. In prior years, forest insect control has been a separate net appropriation after reimbursements. Board of Forestry policy requires that insect control work be done on private lands on a basis of cost sharing with the timber owner. The proposed method of appropriation will facilitate fiscal management by enabling the Division of Forestry to charge the work against the support appropriation until the projects have been completed and reimbursement received. The line item for forest insect control has been increased from \$36,600 to \$100,900 to control infestations of Sawfly and Tussock moths. Emergency funds totaling \$33,392 were also spent during the current year for insect control.

Specific increases in the forest protection program include:

1. \$400,000 for scheduled replacement of equipment.
2. Six automotive maintenance foremen and four heavy equipment mechanics costing \$71,544 to handle maintenance of an increased number of vehicles with an older average age.
3. One lead dispatcher in District V headquarters at \$6,744.
4. Two electricians at \$14,160 to repair communications and electrical facilities.
5. \$100,000 in operating expenses for air retardants.
6. A forest ranger II position to coordinate the air attack program, \$9,753.
7. A forester II position for insect control projects, reimbursed by federal funds, \$8,434.

An associate state forest ranger position assigned to coordinate local fire suppression activities in District IV is no longer needed and is deleted in the budget.

II. Forest Development, Utilization and Regulation:

To operate eight state forests of 70,000 acres and four nurseries and to administer forest practices regulations, advisory services in range and forest improvement and related research, the department proposes to spend \$947,117, which is comparable to the current year.

III. Forestry Related Services:

These programs include nonfire emergencies, like civil defense, and the operation of 35 conservation camps for 2,540 inmates and four camps for 360 wards of the Department of Corrections. Proposed expenditures amount to \$6,967,734 compared to \$6,275,826 in the current year.

The Division of Forestry responds to disaster emergencies in accordance with the Governor's Executive Order and the Department of Water Resources flood fighting agreement. An amount of \$33,026 was spent by the division during the tidal wave emergency at Crescent City and an as yet undetermined amount was spent in the flood disasters of this past December and January.

For the first time in many years there are no proposed capital outlay expenditures in the budget to begin construction of new conservation

Department of Conservation—Continued

camps. Two new camps are scheduled to be opened, one near Georgetown in El Dorado County and the other near Garberville in Humboldt County. The budget provides \$91,017 for staffing of 23 positions for these 2 camps and \$16,392 for two assistant civil engineers to do design work for camp projects.

The budget does not provide funding to continue operation of the Youth Conservation and Training Camp at Oak Glen pending a clarification of the role of the federal government in the programs. In the current year, the program is estimated to cost about \$436,107 covering 25 positions, which are deleted from the budget.

IV. Soil Conservation:

These programs include services to soil conservation districts, watershed planning and the testing of plants for soil conservation uses. Program expenditures total \$659,698 for 1965-66, compared to \$605,569 the current year. Services to soil conservation districts are performed for the most part by nine coordinators assigned to different locations in the state and include assistance in forming new districts and in preparing applications for grants or planning funds and advice on management operations. The department proposes to spend \$250,235 to carry out this program in 1965-66.

In the watershed planning program, the department performs field review and reconnaissance studies and planning work for small watershed applications to finance construction of projects under the Federal Watershed Protection and Flood Prevention Act (Public Law 566). Personnel in this program include two planning teams. Expenditures of \$354,218 are proposed and include an additional \$21,740 for geological contract services on hazard conditions at certain projects.

To assist in the testing of plants for soil conservation use, the department funds partial support of the United States Department of Agriculture's Plant Materials Center at Pleasanton, where range and pasture grass seed testing and evaluation is performed. The program continues at the same level as prior years, \$37,707.

V. Mines and Geology:

The two basic programs of the Division of Mines and Geology are data development and data presentation, budgeted at \$1,146,915 for 72 positions. The former program includes geologic mapping, urban geologic hazard mapping, research on each of the state's mineral commodities, certain geochemical and geophysical investigations and a county mineral resources inventory. Data presentation includes the maintenance of the mining museum in San Francisco, school programs, technical publications and the public services laboratory. The programs of the division have been largely oriented to the mining industry.

VI. Oil and Gas:

This category includes programs of the Division of Oil and Gas for the regulation of oil and gas operations, the publication of oil and gas information and a subsidence abatement program. The programs are funded by charges upon operators of producing oil and gas wells

Department of Conservation—Continued

through the Petroleum and Gas Fund and the Subsidence Abatement Fund. The level of total programs, \$1,064,894 and 84.5 positions, is almost identical with the current year and provides funding for the same level of service.

In the regulation of oil and gas operations the division plans to issue reports of approval for 5,800 proposals to drill or abandon oil and gas wells, make 6,200 well inspections and issue 4,400 reports on the inspections, consider about 125 proposals for well stimulation programs and answer 50 to 60 inquiries per day from the industry or governmental agencies. Expenditures are proposed at \$887,086.

The program for publication of oil and gas information for 1965-66 is planned to include the preparation and publishing of statistical data about oil and gas production, about 18 reports on specific oil or gas fields, monthly oil and gas production reports and publication of about 86 oil or gas field maps. Proposed expenditures for this program are \$69,589.

The subsidence abatement program is aimed at arresting and ameliorating the subsidence of land above and adjacent to oil and gas wells. The work program for 1965-66 includes repressuring plans for the southeast extension of the Wilmington subsidence area. Proposed expenditures are \$107,503.

REVIEW OF AGENCY ACCOMPLISHMENTS**Emergency Fire Suppression and Detection**

There were severe wildland fires in California in 1964. The Division of Forestry and the United States Forest Service cooperated in suppressing a timber fire near Hayfork and Douglas City in Trinity County. The fire required five days to control and burned 74,000 acres of timber. Conservation camp crews and division crews from throughout northern California were used on this fire.

During a 10-day period of September 18-27, the state had severe fire weather including hot, dry winds. Twenty different large fires broke out in the northern part of the state in Districts I, II and III. Santa Barbara County also had a disastrous fire. The fires in northern California burned approximately 100,000 acres and the most serious of all, the Hanley fire in Napa and Sonoma Counties, burned 52,000 acres and destroyed 114 dwellings and buildings. These fires required the use of division personnel and conservation camp crews from throughout the state and the assistance of the California Disaster Office and numerous municipal and district fire departments. At the same time, Santa Barbara County requested assistance on its fires and District VI sent 30 fire trucks to help.

To finance these emergency operations, the Division of Forestry used the Governor's Emergency Fund. The budget estimates that \$1,500,000 from the Governor's Emergency Fund plus \$200,000 from the division's emergency fund will be spent in the current year by the division. Most of these expenditures were incurred in the fires of last September. So

Department of Conservation—Continued

far, expenditures through December 1964 totaling \$1,468,245 have been accounted for and include the following items:

Salaries and wages, emergency firefighters.....	\$34,896
Housing	20,819
Fire retardants	220,878
Operating supplies and expenses.....	80,712
Motor vehicle operation.....	21,006
Rent of light airplanes for observation.....	47,128
Rent of dozers and transports.....	268,004
Rent of chain saws.....	25,345
Rent of buses.....	2,971
Rent of jeeps, pickups and stakesides.....	20,820
Rent of airplane tankers.....	311,625
Rent of helicopters for mapping and transporting men.....	70,993
Rent of miscellaneous equipment.....	67,251
Subsistence food	224,293
Contract labor from institutions.....	52,204
Total	\$1,468,245

Almost half the expenditures were in support of air operations, including air attack, retardants and the use of observation planes and helicopters. This expenditure should be compared with the argument frequently advanced in behalf of the use of air attack that emergency fund expenditures would be reduced by adding air attack as a fire-fighting tool.

Jackson State Forest

Jackson State Forest covers an area of 52,042 acres east of Fort Bragg in Mendocino County. The state acquired this land over a period of time from 1947 to 1951 for the purpose of investigating and demonstrating proper forest management. Section 4426 of the Public Resources Code permits the state forests to be used for hunting, fishing, recreation and camping.

The Division of Forestry has constructed a few primitive campsites in the Jackson Forest. The main recreational development and use of the forest, however, is in an area of about 3,800 acres known as Mendocino Woodlands. In the 1930's, the federal government spent about \$1.5 million purchasing and developing this area as a demonstration recreation area. In one section of the Woodlands, there are approximately 100 buildings of substantial construction built by the CCC and originally operated by the National Park Service. Most of the buildings are small cabins with fireplaces but without utilities. There are three or four clusters of these cabins near group kitchens, dining rooms, showers and restrooms.

The state took over title to the Woodlands from the National Park Service to get the timberlands and operates the area as part of Jackson State Forest. The Division of Forestry leases the buildings to a non-profit group, the Mendocino Woodlands Camp Association, which in turn rents the buildings to youth and church groups at a rate of about 20 cents per day per camper. The association hires a caretaker and maintains the facilities. The rent from campers provides the only source of income and this averages \$6,000 to \$7,000 per year to the association.

Department of Conservation—Continued

Some of the roofs need reshingling, some trees need to be felled and the water and sewage systems need repair.

In view of the need for public recreation land and the fact that the public was asked to approve a \$150 million recreation bond issue to buy more land for recreational purposes, this office, in March 1964, asked the Division of Forestry and the Department of Parks and Recreation what plans the Board of Forestry and the Park Commission might have to utilize Jackson Forest for recreational purposes. The Division of Forestry requested a recreational study be made by the Division of Beaches and Parks. That study has apparently been deferred because of the projects needing planning for the bond issue. In the meantime, the contract with the Mendocino Woodlands Association has been renewed for another five years.

Jackson State Forest provides an excellent opportunity for the Division of Beaches and Parks and the Division of Forestry to cooperate in displaying that recreation and timber production are compatible activities. Some cooperative endeavor should be worked out so that the Division of Forestry does not go into the recreation business and the Divisions of Forestry and Beaches and Parks should develop plans for the cooperative administration and utilization of all state forest lands suitable for recreation to the maximum extent possible.

Overhead Charge for Agricultural Fire Protection

In 26 of the counties where the Division of Forestry furnishes fire protection for state responsibility areas, the boards of supervisors or district fire commissioners contract with the State Forester to have the division provide some degree of agricultural, or rural, fire protection. The proposed budget estimates that 533 division employees will provide fire protection services to rural areas for which the division will be reimbursed \$4,217,714 for salaries and operating expenses and \$138,279 for administrative overhead by the counties and fire districts.

Last year we recommended and the Legislature concurred that the division should review its charge for administrative overhead to the counties and districts to reflect a more realistic charge than the 3 percent rate which has been traditionally used.

Unfortunately, the division began this review too late to permit the results to be included in the budget for 1965-66. Furthermore, the approach to the review has been to hold a series of conferences with members of the boards of supervisors, county administrators and local Division of Forestry rangers in six counties. As of this writing, the obvious first step to determine the costs of the Division of Forestry and the Department of Conservation to administer this program has not been done. The division plans further meetings in the future with other counties before finally determining the administrative costs of the program.

The Department of Conservation should complete this review immediately and reflect any changes in the contracts with the affected counties for the 1965-66 fiscal year.

Department of Conservation—Continued

Amendments to Public Resources Code Section 4050

The Public Resources Code charges the Board of Forestry with the responsibility of designating state and local responsibility lands for fire suppression purposes in unincorporated areas. In addition, Section 4006 of the code provides that the State Forester may enter into cooperative agreements with counties or districts to have the state provide, on a reimbursement basis, the fire suppression services on local responsibility, unincorporated areas within the county or the district. The purpose of this arrangement is to provide area continuity of fire suppression services rather than have strict lines of demarcation and resultant problems of jurisdiction between state and local responsibility areas.

In 25 counties of the state, the State Forester has entered into these arrangements with local jurisdictions, including Fresno, Tulare, San Diego, Orange, Riverside and San Bernardino Counties. The total local fire suppression services of the division amount to over \$5,300,000 state-wide annually. In most counties these arrangements are mutually advantageous. The contracts provide winter employment for Division of Forestry personnel who otherwise would be seasonal. The provision for joint financing by the local agency and the state is also a good solution to the problem of providing fire suppression in the remote areas of the state along the boundaries of what is state responsibility land and local responsibility land.

However, in certain other areas of the state, the Division of Forestry also provides fire protection services on a reimbursement basis to areas which are developed enough to provide their own fire protection service. For example, unincorporated areas in Fresno County have formed three fire districts which contract with the State Division of Forestry for their local fire protection service. There are 105 state employees providing fire services for these three districts on an annual budget of \$1,163,763. The fire districts could hire their own crews to provide the fire suppression services and the Division of Forestry could withdraw from that area with no harm to the local citizens nor to the state as far as local fire suppression services go. For example, as of December 1, 1964, the Division of Forestry in these three local districts had responded to 1,700 calls during the year. According to the local ranger, approximately 60 of these calls were in areas which involved the continuity type of fire suppression services, that is, services in which the state has responsibility.

There is a provision in the Public Resources Code, however, which makes the Division of Forestry hesitant about any withdrawal from a local responsibility area. Section 4050 of that code provides that the board of supervisors of any county may elect to assume responsibility for the prevention and suppression of all fires on all nonfederal and unincorporated lands in the county. This means that the boards of supervisors can determine what organization has the responsibility for preventing and suppressing fires on state responsibility lands within the county, that is, to determine whether the Division of Forestry can operate in their county with its own crews or be required to finance county crews.

Department of Conservation—Continued

The Division of Forestry believes that if it withdraws from fire protection services on local responsibility lands within a county, the board of supervisors of that county might react by setting up its own county-wide organization to provide the fire suppression services in state responsibility areas and thereby remove the Division of Forestry entirely from the county. This would weaken the statewide organization of the division. The Division of Forestry also believes that the fewer organizations responsible for fire suppression services on wildland areas of the state, the better the fire suppression services will be. Wild land fires occur without regard for county boundaries. The division feels that a statewide organization is able to move division personnel statewide to any serious fire danger area. The division has done this. For example, this past fire season the division moved its personnel from other areas of the state to the serious wild land fires near Calistoga and Hayfork.

The code further provides that when the county supervisors decide to provide the fire suppression services on state responsibility areas that the state shall pay the counties for the direct fire suppression costs of state lands. The division fears this might have the effect of reducing the Division of Forestry to a fund allocating organization. So far, the five Counties of Kern, Ventura, Los Angeles, Marin and Santa Barbara have elected to assume the state's responsibility.

As a result of the above conditions, we believe the Legislature should amend the Public Resources Code to provide that the board of supervisors with the concurrence of the State Board of Forestry may provide fire suppression services on state responsibility lands within the county. If this is done, the Division of Forestry can then withdraw from areas where it provides a local responsibility service without fear of jeopardizing its basic organization. We feel this would also be beneficial to the local areas in that local fire suppression responsibility would be returned to the people directly benefiting from the service. Thus Public Resources Code Section 4050 should first be amended, then the Division of Forestry should withdraw from any predominantly local responsibility area.

ANALYSIS AND RECOMMENDATIONS

The proposed budget for the Department of Conservation includes General Fund requests of \$31,648,849 compared to estimated General Fund expenditures of \$32,163,519 in the current year or a decrease of \$514,670. There are two extraordinary items included in current year expenditures and not included in the proposed budget which give the appearance of a reduced budget for 1965-66. These two items are the presence of \$1,500,000 in unbudgeted emergency fund expenditures in the current year for fire suppression during the bad fire season last fall and the removal of support funding amounting to \$436,107 for the youth conservation and training program at Oak Glen. If the budget for next year is placed on the same basis as the current year, there would be an increase in expenditures of \$1,421,437 or 4.3 percent.

Department of Conservation—Continued

The major expenditure increases of the Department of Conservation which make up the \$1,421,437 have already been identified as \$400,000 for additional replacement of equipment, \$100,000 for additional purchase of retardants, approximately \$300,000 for activation of two new conservation camps, and approximately \$340,000 for normal salary increases. The remainder of the increase is in operating expenses and in several new positions previously noted in this analysis under program plans and budget.

Nearly every year the Division of Forestry's budget contains a major program increase which is inadequately justified and therefore difficult to evaluate fully. Last year increases in the air attack program created difficulty and this year it is a \$400,000 increase for equipment replacement and 10 new equipment maintenance positions. In the case of the equipment replacement, as in the case of the air attack increases last year, it appears that some increases may be justified. We are able to confirm the need for some increase from our field investigations of the division's activities and from the justification data which is provided to us, but we cannot determine the amount of justified increase from the budget material supplied to us. The tendency therefore is to compromise because of inability to determine and appropriate the funds really needed. The amounts of money involved in the state's forestry activities have now reached \$30,000,000 per year and this is too large a sum to be budgeted without complete justification.

The program budget for the first time casts some perspective on the relative amount of expenditure for the division's different activities and permits some identification of these activities. It shows that the Division of Forestry continues to spread into activities other than fire suppression. The hard core of fire suppression expenditures of the division (but not all work related in some manner to fire suppression), known as initial ground attack, is now about half of the division's expenditures. Conservation camp programs, reforestation, insect pest control and other work account for much of the remainder.

Special mention is made here of the growth of other programs not specifically for fire suppression because of the tendency to justify increases primarily on the basis of fire suppression workload. This gives an inaccurate impression of the work being done and particularly its significance. It is clear, for example, that much of the equipment at forestry conservation camps may on occasion be used in fire suppression activities and in other emergency situations, but most of its use will be in routine camp activities. The maintenance of this equipment should not therefore be treated as if it were initial ground attack equipment, but this is the impression given by the budget material.

The division's budget material also compares the maintenance workload of the department with the telephone company, electric utilities and the forest service. This comparison may be appropriate for some activities of the department but it is questionable to compare maintenance of fire suppression equipment much of which is used only about half of the year (during the summer and fall fire seasons) with utility

Department of Conservation—Continued

equipment that is used all year. It is true that the division's equipment needing to be maintained has increased over the years, and that there is a justification for some increase in both maintenance personnel and equipment replacement. The real questions are the amount of increase needed and how well the present standard of maintenance serves to keep fire equipment ready for fire calls. Available data indicates that over the last five years the percent of time that 378 firetrucks have been out of service is decreasing very slightly. However, since the equipment is getting older, more maintenance is required to keep it in good condition.

Lacking any specific basis to determine the amount of equipment replacement and maintenance funds required by the Division of Forestry, it is recommended that half of the request be allowed for a General Fund reduction of \$200,000 in equipment replacement and a savings of \$35,750 for three automotive maintenance foremen and two heavy equipment mechanics.

Purchase of Retardants

One of the larger increases in the budget of the Division of Forestry is \$100,000 being requested for the purchase of retardants for use in the initial air attack program. In past years the support budget has not adequately financed the initial air attack program and part of its funding has come from emergency funds. Last year, the Legislature provided funds to expand the initial air attack program and placed this program entirely in the support portion of the division's budget. The division's own emergency fund was simultaneously reduced to \$200,000, which is the level budgeted for next year.

The Division of Forestry has been purchasing retardants for the initial air attack program from savings in operating expenses and some operating expense money which presumably was budgeted for retardants. Retardants for major fires beyond the funding provided in the initial air attack program has come from the division's own emergency fund or from the Governor's Emergency Fund. In next year's budget the division is asking for an increase in operating expenses of \$100,000 to purchase additional retardants in the support budget. We are advised by the division that it also has approximately \$25,000 more elsewhere in next year's budget for retardants. Therefore, in total it is asking for \$125,000 to purchase retardants next year.

A check was made with the division which shows that it presently has on hand \$116,000 in retardants. If this inventory is added to the \$25,000 in the budget, a total of \$141,000 for retardants for initial attack will be available next year. The division's total expenditures for retardants during the recent bad fire season was \$296,000 including emergency fund expenditures of \$220,000. On this basis it appears that the division purchased \$76,000 in retardants last season from other funds available to the division (i.e., \$296,000 in retardants used minus \$220,000 in retardants purchased from emergency funds). Furthermore, an inventory of \$141,000 in retardants now available or included in the budget for next year should be adequate for the initial air attack

Department of Conservation—Continued

program in view of the total expenditure of \$296,000 during the recent very bad fire season. In addition, the division now has 1,232,000 gallons in retardants on hand compared to 840,000 gallons on hand at the beginning of the last fire season.

There appears to be a tendency of the division to purchase more long-term retardants and less short-term retardants although long-term retardants cost 10 times more. There is a need for a firm policy on the type of retardant to be purchased because of the difference in cost.

It is recommended that the request for an additional \$100,000 in General Fund money to purchase retardants next year be denied on the basis that the division has sufficient retardants on hand or otherwise budgeted. It is further recommended that the division clarify the budgeting of its retardants and initial air attack program in preparing its next year budget, by indicating the inventory on hand, the desirable minimum inventory to be maintained, the policy on long-term versus short-term retardants, and then budget for all initial air attack retardants in one place.

Range Improvement

The Public Resources Code was amended in 1949 to require the Division of Forestry to provide some advisory service to applicants for controlled burning to permit improving the land for range purposes. Any owner of land in areas where the fire protection is the responsibility of the Division of Forestry may apply to the division for permission to burn brush. Upon receipt of the application, the division inspects the land with the applicant to suggest such precautions to be taken by the applicant as may be considered reasonable to prevent damage to the property of others from the burning. The suggested precautions, if deemed necessary, can include the advance preparation of firebreaks and requiring the firefighting equipment and personnel desirable to conduct such controlled burning. Upon satisfactory completion of the examination, the division thereupon issues the applicant a brush-burning permit.

To carry out this program, the division has a Forester II assigned in each of the six administrative districts of the division to provide the advisory service and issue burning permits. It also has seasonal employees serving as standby range improvement fire suppression crews, totaling 9.1 positions, in five districts. The sixth district has no standby crews. These special crews do not do the burning, but are on standby at the burn to protect adjacent property during burning. In some cases, the division uses regular fire suppression crews for this service.

After its introduction, activity in this program increased until a peak was reached in 1954 when 699 permits were issued for controlled burns. The acreage burned under permit totaled 227,131. Since that time, the activity has declined so that in 1963 only 300 permits were issued for 68,275 acres. This was the least acreage since the year 1948. Almost half of the acreage burned were reburns. According to the division, the level of activity in 1964 was about the same.

When the standby crews were first used, the division did not have the radio communication equipment that it possesses today. It was felt nec-

Department of Conservation—Continued

essary then to have men devoted especially to this duty rather than have the regular fire suppression crews on standby since there was no way to reach them should a fire occur elsewhere. Now the crews are not only equipped with mobile radios but the division has requested handie talkie radios for some of the standby crews.

In view of the fact that the activity of the program has declined to a level equivalent to its inception 16 years ago and because the division now has modern radio communications equipment, we recommend that the standby fire protection service be performed by regular fire suppression crews, or possibly conservation camp crews, and the 9.1 seasonal positions be deleted for a General Fund savings of \$49,200 plus operating expenses and equipment.

Youth Conservation and Training Program

The Legislature in the 1963 General Session enacted the youth conservation and training program as a pilot project for two years. 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 will enable boys lacking basic employment skills to develop employable skills and to 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. Between November 1, 1963 and December 31, 1964, trainee participation was as follows:

Number of youths enrolled in period	357
Graduates	98
Terminated prior to completion	180
Youths actively enrolled as of December 31, 1964	83

An effort has been made as part of the program to follow up on the activities of the trainees after they graduated or left the program. From an attempt to contact 83 graduates, it was found that 61 of these were employed, in the military service or in school. Of the 180 youths who left the program prior to graduation, it was found that 86 of these were employed or in school.

Excluding capital outlay, we estimate that the annual cost to the Division of Forestry to support the Oak Glen camp is approximately \$450,000. While the cost for constructing the Oak Glen camp has not been considered as a part of the program, that capital cost must either be included or else be considered as a reduction in other state programs.

Since the program was activated by California the federal government has entered the field through the antipoverty program and has plans for several youth camps in California. The administration believes that the Oak Glen camp should receive some financial support from the federal government. However, the federal policy is not to support programs already in existence. Thus, the program has been omitted from the budget pending the results of conferences with the federal government.

Department of Conservation—Continued

The budget for next year deletes 23 authorized positions at the camp and 2 accounting positions at the district and departmental levels. However, in September 1964 there were 26 Division of Forestry employees at the camp, according to the roster, and we understand the number has not changed. The division has temporarily borrowed the services of two Foreman II positions and a cook from other facilities or has funded the positions from temporary help funds. Because the program is deleted from the budget, these three positions should also be deleted.

We recommend the deletion of two Foreman II positions and one cook position for a savings of \$20,900. The budget does not recognize that the equipment at Oak Glen, if the camp is not to be used, can be used elsewhere. Some disposition of the equipment must be made or the purchase of new equipment deferred, if the camp is not to be used, in order to make sure the division does not have idle equipment at the camp.

Nursery Stock Production

The Division of Forestry operates four tree nurseries with a current annual production of four million seedlings. The department is expanding this production to seven million seedlings which is the limit of its present nursery sites. These seedlings are, according to the division, available at reasonable cost for reforestation and certain other purposes of public benefit. Because the process of reforestation is claimed to be a marginal long-time venture, the division has been making seedlings available at "incentive prices". For this reason the nursery operations of the division are budgeted to operate at a net loss of \$32,800 next fiscal year.

The net loss to the state amounts to between .5 and .8 cents per seedling, depending on how many are grown. The loss per tree is this small because of the large number of seedlings involved. Therefore, making the nursery stock operations of the division self-supporting would not entail any significant increase in the cost of trees.

It is recommended that the production of nursery stock be made self-supporting and that the sum of approximately \$32,800, as adjusted by the Department of Finance, be removed from the budget.

Seasonal Forest Fighters

In 1961, the length of the duty week for the seasonal forest firefighters, who perform much of the manual labor in firefighting, was reduced from 120 to 104 hours along with the remainder of the division personnel. We question now whether this reduction for seasonal firefighters was a proper course of action. The seasonal firefighter is usually a single young man who is using the job as summer employment between school terms. There is no shortage of labor for these positions; in fact, there are about 10 applicants for every job. The salary range for the seasonal firefighter is \$345 to \$419 per month. He is provided with three meals per day, seven days a week for \$39 a month and is charged \$1.50 per month for room. The duty week for these men could well be returned to five days on duty and two days off for an increase

Department of Conservation—Continued

from 104 to 120 hours. The men would be required to work only a 40-hour work week within those five duty days when not fighting fires. The division estimates that approximately \$232,000 could be saved if the duty week is increased for the seasonal firefighters.

It is recommended that the duty week of seasonal firefighters be returned to 120 hours for a General Fund savings of \$232,000.

In all other respects, approval of the request is recommended.

Department of Conservation
DIVISION OF OIL AND GAS

ITEM 237 of the Budget Bill

Budget page 749

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

Amount requested	\$940,391
Estimated to be expended in 1964-65 fiscal year.....	938,945
	<hr/>
Increase (0.2 percent)	\$1,446
TOTAL RECOMMENDED REDUCTION.....	None

ANALYSIS AND RECOMMENDATIONS

The description of the programs performed by the Division of Oil and Gas is included in the prior discussion of the support for the Department of Conservation. This item is for the support of the Division of Oil and Gas from the Petroleum and Gas Fund with expenditures at the same level of service as the current year.

We recommend approval.

Department of Conservation
DIVISION OF OIL AND GAS

ITEM 238 of the Budget Bill

Budget page 750

FOR SUPPORT OF SUBSIDENCE ABATEMENT OPERATIONS
FROM THE SUBSIDENCE ABATEMENT FUND

Amount requested	\$102,503
Estimated to be expended in 1964-65 fiscal year.....	104,409
	<hr/>
Decrease (1.8 percent)	\$1,906
TOTAL RECOMMENDED REDUCTION.....	None

ANALYSIS AND RECOMMENDATIONS

This program for subsidence abatement, described in the discussion of support for the Department of Conservation, is supported by an annual assessment on oil and gas producers.

We recommend approval.

**Department of Conservation
DIVISION OF FORESTRY**

ITEM 239 of the Budget Bill

Budget page 752

**FOR SUPPORT OF WATERSHED PROTECTION BY
COOPERATING COUNTIES FROM THE GENERAL FUND**

Amount requested	\$2,124,126
Estimated to be expended in 1964-65 fiscal year.....	2,101,375
	<hr/>
Increase (1.1 percent)	\$22,751

TOTAL RECOMMENDED REDUCTION..... None

ANALYSIS AND RECOMMENDATIONS

The Counties of Marin, Kern, Santa Barbara, Ventura, and Los Angeles have assumed the responsibility for fire suppression and prevention services on state responsibility lands within their respective counties. This item appropriates money to these five counties for their service. The allocations are proposed as follows:

Kern	\$541,368
Los Angeles	820,201
Marin	172,551
Santa Barbara	287,178
Ventura	302,828
	<hr/>
Total	\$2,124,126

We recommend approval.

**Department of Conservation
DIVISION OF FORESTRY**

ITEM 240 of the Budget Bill

Budget page 752

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

Amount requested	\$1,363,397
Estimated to be expended in 1964-65 fiscal year.....	1,282,631
	<hr/>
Increase (6.3 percent)	\$80,766

TOTAL RECOMMENDED REDUCTION..... None

ANALYSIS AND RECOMMENDATIONS

There are about 5,200,000 acres of state responsibility lands within the national forests of California. To prevent duplication, the Division of Forestry contracts with the United States Forestry Service to provide fire protection services for the state lands within the national forests.

The Division of Forestry provides fire protection services for some areas of the national forests. 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.

Fish and Game

Items 241-247

Department of Conservation

MISCELLANEOUS COOPERATIVE AND RESEARCH PROGRAMS

ITEMS 241 through 246 of the Budget Bill

Budget page 752

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

Amount requested	\$447,284
Estimated to be expended in 1964-65 fiscal year	433,339
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Increase (3.2 percent)	\$13,945

TOTAL RECOMMENDED REDUCTION None

ANALYSIS AND RECOMMENDATIONS

<i>Item No.</i>	<i>Title</i>	<i>Proposed Amount</i>
241	White pin blister rust control	\$75,000
	This appropriation is for payment to the United States Department of Agriculture to match federal expenditures for the control of white pine blister rust disease on state and private timber lands.	
242	Wild land vegetation and soil mapping	121,455
	Recommended by the State Board of Forestry, this appropriation covers a contract with the United States Department of Agriculture and the University of California for mapping soil types in wild land areas of the state.	
243	Watershed research	23,472
	This appropriation proposes to maintain rainfall and stream flow records for the San Dimas Experimental Station and to publish results of research in watershed management in cooperation with the United States Department of Agriculture.	
244	Forest and fire research	181,603
	This item is for the support of 15 different research projects, field studies and investigations in fire prevention and control research, forest pest control research, and economics of fire protection. The cooperating agencies are the University of California and the Department of Agriculture.	
245	Geological exploration in cooperation United States Geological Survey	30,000
	This matching program with the federal government is for geological exploration and mapping of mineral regions.	
246	State geologic map	15,754
	This item is for continuation of the state geologic mapping program at the same level as the prior year.	

We recommend approval of items 241 through 246 as budgeted.

DEPARTMENT OF FISH AND GAME

ITEM 247 of the Budget Bill

Budget page 756

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

Amount requested	\$11,491,116
Estimated to be expended in 1964-65 fiscal year	11,289,455
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Increase (1.8 percent)	\$201,661

Increase to improve level of service

\$66,280

TOTAL RECOMMENDED REDUCTION None

Department of Fish and Game—Continued

PROGRAM PLANS AND BUDGET

The Department of Fish and Game is responsible for administering and enforcing laws and programs pertaining to the fish and wildlife resources of the state. The Fish and Game Commission of five members operates under delegations of legislative authority pursuant to the Constitution to regulate the taking of fish and game and to establish policies to guide the department in carrying on its activities. Support of the department comes from the sale of hunting and fishing licenses, court fines, commercial fish taxes and grants of federal funds from excise taxes on some sporting goods.

For the second year, the department has prepared a program budget for informational purposes. We have prepared our analysis this year from the program descriptions provided by the department. It may be noted that the Department of Fish and Game has a cost accounting system of limited scope which has permitted it to prepare a program budget that is more reliable and accurate than most other informational program budgets. For this and other reasons, the Fish and Game program budget is one of the best informational program budgets prepared this year.

The proposed budget shows department programs totaling \$14,380,988. Of that amount, the department estimates that \$1,052,508 will be received from the federal government and \$1,365,117 reimbursed from other state agencies such as the Department of Water Resources. The balance of the department's support expenditures, \$11,868,552, will come from the Fish and Game Preservation Fund and the department requests appropriations for that amount through this and following items of the Budget Bill.

I. Protection

The second largest program category in the Department of Fish and Game, in terms of both personnel and dollars, is the enforcement of fish and wildlife laws and regulations and pollution regulation enforcement. The department plans to spend \$4,232,863 for this program category in the budget year to finance 270 positions including 220 wardens. Current year expenditures are \$4,183,703 compared with \$3,969,438 last year.

The work consists of patrolling with the intent to prevent violations, issuing warnings and citations, checking licenses of hunters and fishermen, investigating and apprehending violators of fish and game laws, and assisting in the presentation of court cases.

The department estimates there will be about 2½ million hunting and fishing licenses purchased in the budget year of 1965-66 for which there will be a violation caseload of about 16,000. There is one minor change in personnel; a patrol captain position is requested for Region II to assist in the reserve warden and hunter safety programs. The position is partially offset by the reduction of a fish and game warden position in the same region.

Department of Fish and Game—Continued**II. Water Quality and Pollution Problems**

The Department of Fish and Game has a number of programs concerned with the preservation and enhancement of fish and wildlife covering investigations in water quality and reviews and recommendations on construction projects which affect fish and wildlife. These programs amount to \$683,668 in the proposed budget plus a reimbursement of \$514,000 from the Department of Water Resources for fisheries studies at water projects. This request compares with \$627,681 in the current year and \$590,113 expended in the past year.

The Department of Water Resources is responsible for the preservation of fish and wildlife in the development of projects under the California Water Plan. To carry out studies to preserve fish and wildlife at water projects, the Department of Water Resources contracts to have the work done by technical personnel of the Department of Fish and Game. In the proposed budget, 10.3 new positions are requested which will be reimbursed by Water Resources. The major effort of these positions will be directed to the studies of proposed projects and plans in the upper Bel River where the Department of Water Resources has scheduled major investigations next year. The Department of Fish and Game is also carrying out the Delta Fish and Wildlife Protection Study under contract with the Department of Water Resources. The budget includes financing of \$310,000 for the last year of this five-year study. Emphasis during the last year of the study will be on the kinds of fish facilities needed at the Delta Water Facilities.

The program entitled Research and Analysis in Water Quality is increased from \$96,616 in the current year to \$124,224 in the budget year. Emphasis in this program is on field and laboratory investigations on specific water quality problems of concern to fish and wildlife including investigations of existing pollution problems, studies of specific pollutants on aquatic life and environment, and analysis of water or waste samples. The increase is related to the operation of the bioassay laboratory, which the department is now constructing on the American River at Nimbus to conduct toxicity tests and other water quality investigations to determine the effects of pollutants on fish and wildlife. To staff the laboratory the department requests two bioanalysts and one-half position each of a laboratory assistant and a senior stenographer.

An increase of \$14,000 to a total of \$63,110 in nonreimbursed work relating to setting of waste discharge requirements and other data furnished the regional water pollution control boards is budgeted for next fiscal year.

III. Fisheries Management

This category with estimated expenditures of \$4,400,818 includes programs in both inland and marine fisheries and management, propagation, research and habitat improvement for trout, such warm water game fish as black bass and catfish, striped bass and sturgeon, and salmon and steelhead. The total amount budgeted for this program is \$3,785,421 including reimbursements of approximately \$600,000.

Department of Fish and Game—Continued

Trout are produced in 13 state hatcheries. Fingerlings are planted in about one thousand lakes each year and about 7,000,000 catchable sized trout are stocked in over five hundred streams and lakes. The department is continuing studies to develop more effective methods of stocking the increasing number of cold water reservoirs and a study to improve trout production at Lake Tahoe.

The department proposes to continue its salmon and steelhead management and propagation programs at about the same level as the current year. A major increase occurred in the current year with the opening of the Trinity River Hatchery. These programs amount to about \$1,000,000 with approximately \$400,000 of the amount reimbursed by the federal government for the operation of three hatcheries.

Marine fisheries management programs will amount to \$1,336,141 under the proposed budget, including reimbursements. These programs, requested for the same level of expenditure as the current year, include data collection on marine sport fishing catches; on the number, location and size of albacore, blue fin tuna, sardines, mackerel and anchovies; on migration, growth and resources of shellfish; and the collection, compilation and publishing of data and statistics of the commercial fishing industry. During the budget year expenditures on the blue rockfish study are being reduced and \$5,350 is budgeted to begin a new project to collect data for fishery management purposes on northern California marine sports fish.

IV. Game Management

The department's programs pertaining to the management of waterfowl, big game and upland game amount to \$912,159 plus about \$240,000 in reimbursements. The department gathers data on field conditions, game mortality, hunter utilization, productivity, and the effects of grazing. The department operates six waterfowl management areas and maintains two game farms for the raising of pheasants and such exotic game birds as partridges.

V. Utilization

The purpose of the programs in this category is to increase the opportunities for hunting and fishing. The department conducts public hunting on the waterfowl management areas as well as some federal reserves. To staff the Delevan and Sacramento game refuges, 1.8 seasonal aid is proposed. The costs for the positions will be largely offset by hunting fees charged at the refuges.

The department works with other agencies and private landowners to establish and maintain access for hunters and fishermen. Also, the department licenses and monitors commercial and private hunting clubs.

Program expenditures in the utilization category are estimated to be \$309,503 in 1965-66 plus minor reimbursements amounting to \$15,467.

Department of Fish and Game—Continued**VI. Related Services**

In the proposed budget, activities to increase or regulate natural habitat will amount to \$453,997 plus reimbursements of \$514,450. For the current year, \$449,895 is budgeted. Almost half of the work is financed with federal funds. The major work consists of the chemical treatment of lakes and streams, planting crops at waterfowl management areas, the removal of logging debris in streams, and the maintenance of guzzlers.

With estimated expenditures of \$59,124 for the hunter safety program, the department plans to continue supervising and coordinating the activities of volunteer instructors who train young people under age 18 in safe handling of firearms.

The disease control program is intended to limit the loss of fish and wildlife caused by such diseases as lung and stomach worms in fawns and cholera in waterfowl. The work includes field investigations, tests on different species and the inspection of about 175 private game breeders' operations. The program level is \$87,233 compared to \$81,619 in the current year plus approximately \$40,000 in reimbursements during both years.

Utilizing mostly federal funds, the department plans to spend approximately \$16,156 plus \$73,000 in reimbursements to investigate the losses of fish and wildlife due to pesticides and to determine the level and extent of pesticide residues in fish and wildlife.

To protect game populations and domestic animals from predators and to control crop damage due to wildlife, the department proposes to spend \$56,163 in 1965-66.

The conservation education program provides information to the public on fish and game laws and regulations. At a proposed level of \$301,213 the work consists of news releases, speeches and statements about conservation of fish and wildlife resources, photography, motion pictures, a monthly news magazine, required booklets on laws and regulations, and the handling of individual information requests.

At a cost of \$268,154 for the license management program, the department provides for the sale of fishing and hunting licenses which support the work of the department. Licenses are consigned to 3,215 private firms called license agents who sell the licenses, retain a commission, and remit the balance to the department. The commission to be retained by the license agents in 1965-66 is estimated at \$393,000, which makes the estimated total cost of selling licenses \$661,154.

VII. Planning

The planning program, begun as a part of the state development plan, is a relatively new activity for the department. This work includes inventorying existing fish and wildlife resources and their habitats, analyzing predicted land and water use changes and their effects upon fish and wildlife, estimating future human demands for these resources, and then preparing a broad plan for the protection and enhancement of fish and wildlife based on the analysis of the above information. A small planning unit of three positions has been financed

Department of Fish and Game—Continued

in the past and will be financed for the first three months of next year by federal grant funds. The department proposes to finance the three positions for the remaining nine months of the budget year 1965-66 by using its own funds. The budget proposes to continue the three positions through June 1966 at which time the planning accomplishments and functions will be evaluated. The total program amounts to \$90,237.

REVIEW OF AGENCY ACCOMPLISHMENTS

In the preparation of this analysis, a special review was made of the need for staff to the Fish and Game Commission which would continue to be separate from the staff of the Department of Fish and Game. An opinion was requested of the Legislative Counsel on the functions of the commission. This opinion makes it clear that the Fish and Game Commission is established in the State Constitution which authorizes the Legislature to delegate legislative authority to the commission and that extensive delegations have occurred.

A review of the workload of the commission's staff, consisting of one assistant to the commission and three clerical and secretarial positions, indicates that substantially the same workload would have to be met in behalf of the commission whether the staff is independent of the department or within the department. The question, then, is whether the commission would function more effectively if it had no independent staff and whether a closer working relationship would exist between the department and the commission if the commission's staff were a part of the department. Good reasons can be advanced on this basis for eliminating any separate staff. Nevertheless, the unusual constitutional position of the commission was considered to be overruling since it can be inferred that the Constitution and the Legislature have granted legislative authority to the commission and not the department. The intent appears to be that the commission should not be subservient to or completely dependent on the department. Based on this conclusion, no recommendation is made for any change in the staffing for the commission.

Except for some increase in the water quality and water project review program category, the department in 1963-64 carried out activities at approximately the same level as the recent years.

During the past fiscal year the warden personnel enforced regulations among 2,432,627 purchasers of hunting and fishing licenses and had a violation caseload of 14,650. Fines levied as a result of these violations totaled \$467,059. Net expenditures in 1963-64 for the protection program category were \$3,969,438.

Facts related to accomplishments in the water quality and pollution problems category are for a biennial period of 1962-64. Water projects upon which action was taken during the two-year period totaled 135. The Contract Services Section investigations completed studies on seven projects and continued their studies on nine others. The department protested 73 of 998 applications to appropriate water and made 139 recommendations on 202 highway projects. The department reviewed

Department of Fish and Game—Continued

applications on 70 dams. The Delta Fish and Wildlife Protection Study progressed well during 1963-64. The progress report appears to demonstrate how water can be transferred across the delta by a peripheral canal without significant detriment to fish and wildlife and with major enhancement. One of the major problems left unresolved is the method of financing fish and wildlife enhancement in the area. Net expenditures for this program category during 1963-64 totaled \$590,113.

The Inland Fisheries programs planted over 43,000,000 fish including 33,000,000 salmon and trout fingerlings and about 7,000,000 catchable trout during last year. Chemical treatment to control undesirable fish populations was carried out on 33 streams and lakes during the biennial period. The Marine Fisheries programs were almost exclusively continuing type programs with little or no change in emphasis during the past fiscal year. The major studies in Marine Fisheries were tuna, pelagic fisheries and shellfish. Net expenditures in 1963-64 for the Fisheries Management category were \$4,133,198.

The Game Management programs expended \$866,492 during 1963-64. Approximately 400,000 purchasers of deer tags took almost 57,000 buck deer and almost 3,700 antlerless deer. The 12 state and federal waterfowl management areas provided hunting for 62,144 hunters, the largest number on record, and the hunters averaged 2.1 ducks, geese and coots per hunter. These areas were also open to pheasant hunting. The cooperative pheasant hunting operations showed a low point in recent years in the amount of acreage open to hunting, the actual number of hunters using the area, and the number of pheasants bagged. The average number of birds bagged per hunter was .24. There are now 189 licensed pheasant clubs whose acreage is four times that for the cooperative pheasant hunting operations. There were 55 times as many pheasants taken on the licensed clubs as on the cooperative hunting areas and the take per hunter on the licensed clubs was 2.8 in comparison to the .24 on the cooperative pheasant hunting operations.

A major effort on the part of field employees went into the department's planning effort to inventory all fish and game resources and habitat during 1963-64. The field data have been assembled and submitted to the staff offices for compilation and analysis.

During 1963-64, revenue to the Fish and Game Preservation Fund amounted to \$1,200,582 more than was estimated when that budget was prepared. Over \$1 million of this additional revenue came from increased angling licenses and angling stamp sales. With these added revenues, the department has not only been able to absorb the recent salary increases and merit increases but also has increased the surplus in the Fish and Game Preservation Fund to the highest level since 1949. The fund balance on July 1, 1964, was \$6,380,852. This amount is about equal to one-half the annual expenditures of the department.

The unexpended balance of the 1963-64 appropriation was within \$29,000 of the budgeted amount, which, on a dollar basis, indicates a high degree of execution of the budgeted programs.

As part of the work done by the Legislative Analyst's office for the Assembly Interim Committee on Fish and Game, a study was made of

Department of Fish and Game—Continued

planning, programming, budgeting and accounting in the Department of Fish and Game. This study will be published in the report of the interim committee and, therefore, is not recapitulated here.

ANALYSIS AND RECOMMENDATIONS

During recent years the Department of Fish and Game has maintained a continuing interest in the problems of the delta and the San Francisco Bay. Extensive work in the delta has been done by the department using funds contributed by the Department of Water Resources to study both the mitigation and enhancement features of the proposed peripheral canal project. Similarly some work has been undertaken on the San Joaquin Valley Drainage Project and its effect on fish and wildlife both in the delta and in the San Joaquin Valley. In addition a much lower level of work has been maintained by the department using its own funds to study the problems of fish and wildlife in the San Francisco Bay area. In fact the Department of Fish and Game is one of the few agencies which has been doing work in past years that may contribute to the overall solution of problems involving waste disposal and filling of the bay.

It is now apparent that both the waste disposal problems of the bay area and the determination of the extent to which bay filling should occur will be subjects of major consideration and work during the next fiscal year. In spite of the past and present work of the department, no provision is made in the department's budget for any major effort next year involving San Francisco Bay.

It may be assumed that the Department of Water Resources will continue to finance fish and game studies involving the delta because of the direct application of this work to features of the State Water Project. At present no outside source of funds has been identified for the Department of Fish and Game to finance needed work in the San Francisco Bay area. It appears, therefore, that the department may have to finance any needed work from its own funds. Before the amount of money needed can be determined, evaluation of the data now available and to be made available from other sources must occur. Then the department can determine what additional work it should do in the bay area, how it should be done, when it should be done, and what it will cost.

The impending and unbudgeted work on the bay is more important than certain continuing investigations to gather data relating to future problems which may or may not occur or may be less significant. It therefore appears urgent for the department to reevaluate a number of current investigations to determine whether they have priority equal to the problems of the San Francisco Bay. Among those which need such evaluation are several programs on coastal and marine sport fishing, shellfish investigations, certain special projects and perhaps other work. However, until the department establishes what work needs to be done, it is premature to consider what financing and/or program adjustments are appropriate to pay for it.

Department of Fish and Game—Continued

It is recommended that the Department of Fish and Game be directed by the Legislature to undertake immediately a review of the work relating to fish and wildlife which needs to be done to meet its responsibilities in the San Francisco Bay area because of problems of waste disposal and filling of the bay. The department shall establish the priority, costs, and timing of needed work, and recommend as soon as possible to the Legislature program adjustments or other means of financing the work.

The law enforcement program of the department is the largest program expenditure in the department. The current rate of \$4,151,306 is about 30 percent of the department's budget although the size of the warden force has remained fairly constant in recent years. However, there has been no detailed evaluation as to whether the wardens are being utilized most effectively.

In 1954, the Department of Fish and Game requested the Department of Finance to survey the Wildlife Protection Branch "... to establish a basis upon which to judge the effectiveness, and present and future staffing requirements of this important function." The Department of Finance issued a report which was "... not intended as a final answer since study of the problem had not been exhausted." However, the report did recommend that fish and game wardens be budgeted on the basis of one such position for each 7,500 angling and hunting licenses sold. According to the report, "... Admittedly, this ratio of wardens to licenses is an arbitrary one." The scope of the study by the Department of Finance was too limited to cope with the problems of developing criteria for the staffing of the warden force and it has not been observed.

During the past interim, our office conducted a survey of the fiscal operations of the Department of Fish and Game. The study was made at the request of the Assembly Interim Committee on Fish and Game and the Assembly Rules Committee. During this study, we attempted to place some criteria or workload factors on the functions of the warden force. We found this to be a difficult task beyond our limited staff to accomplish. We did find that violation caseload and the number of license buyers are not the only tools to utilize in evaluating the law enforcement function. For example, even though the department had a violation caseload of about 14,650 during the fiscal year 1963-64, more than 6,000 of those arrests occurred in Region V, southern California, patrolled by 39 wardens. In each of the other four regions there were slightly more than 2,000 arrests. In addition, about one-third of the arrests are for angling without a license so the workload is affected by nonlicense buyers as well as license buyers. Furthermore, there is question whether the need remains to assign wardens to some remote areas of the state year around.

It is our understanding that the department has begun an evaluation of the Wildlife Protection Branch with a goal of establishing criteria for the number and location of wardens. The study is appropriate and should be helpful in future evaluation of this activity. In our view a

Department of Fish and Game—Continued

number of specific matters should be considered by this evaluation. Among these are:

1. Establish factors controlling the location of wardens.
2. Survey and evaluate the winter months' activities of wardens in remote areas.
3. Investigate the use of some warden personnel in a mobile group rather than assigning all personnel to fixed locations.
4. Investigate the merging of administration of wildlife protection activities of marine and land patrol in Region V. For example, San Diego has a Marine Patrol Captain and a Land Patrol Captain. The same situation occurs in Los Angeles.
5. Review Fish and Game Code requirements to see if any sections are outdated or no longer necessary for protection and preservation of fish and wildlife.
6. Evaluate the effectiveness of wildlife protection activities against such factors as loss of 15,000,000 hatchery trout fingerlings to disease each year, need for additional access for hunting and fishing to eliminate some trespass problems, the increasing emphasis on private club operations, the tendency towards state supervised shoots, and other similar factors.

It is recommended that the Legislature give its approval to the department's evaluation effort and request that the above enumerated points be included in it.

Included in the Wildlife Protection program is the enforcement of marine fishing regulations along the coast. The department has several boats for this purpose. The largest is a relatively new, steel-hulled, 90-foot patrol boat, the "Albacore." The boat is stationed at Sausalito and is responsible for patrolling the coast northward from San Francisco. It was built in the late 1950's for the department at a cost of approximately \$280,000. Including staff, amortization and overhead costs, the annual expense of operating the boat is roughly \$90,000.

The Albacore is proving a costly operation for the effectiveness it has displayed. According to the daily log of the vessel, the crew during the period from July 1, 1963, through June 7, 1964, a period three weeks short of one year, carried out enforcement activities as follows:

Angling licenses checked	50
Commercial licenses checked	91
Registrations checked	45
Citations issued	4

Of the four citations issued, three were for commercial fishing without a license, and one was for the commercial taking of crab within the closed area of Humboldt Bay. We do not suggest that the judgment of workload effectiveness should be made exclusively on the number of citations issued, but an expensive enforcement vessel must do more than make an appearance and give token effort to enforcement if it is to justify its cost.

Department of Fish and Game—Continued

As a result of our inquiries, the department began a review of the patrol needs and activities off the North Coast, considering alternate uses or disposal of the "Albacore." By the time of budget hearings the department may have completed its review and budget reductions may be possible.

It is recommended that the department report to the Legislature at its budget hearings on the disposition of the Albacore including any appropriate budget adjustments.

In 1965-66, the department proposes to fund all programs including capital outlay from anticipated revenue. The budget estimates that revenue will exceed expenditures by about \$100,000, thereby increasing the surplus in the Fish and Game Preservation Fund to \$6,508,656.

This item requests \$11,491,116 for support of the Department of Fish and Game. *We recommend approval of it as budgeted subject to any revisions resulting from the recommendations on the disposition of the Albacore.*

Department of Fish and Game

PROGRAMS IN COOPERATION WITH THE FEDERAL GOVERNMENT

ITEM 248 of the Budget Bill

Budget page 768

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

Amount requested	\$350,836
Estimated to be expended in 1964-65 fiscal year	339,331
 Increase (3.4 percent)	 \$11,505

TOTAL RECOMMENDED REDUCTION None

ANALYSIS AND RECOMMENDATION

These programs of cooperative fish and wildlife 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 75 percent of the cost of approved projects while the state pays 25 percent. The budget proposes to spend \$350,836 from the Fish and Game Preservation Fund. Federal grants are estimated at \$1,052,508 bringing the total cost to \$1,403,344. Of this total, \$951,044 is for game management and \$452,300 is for fisheries management. As in prior years, it is proposed to advance state 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.

The programs funded in this item are included in the discussion of the prior item, the support for the Department of Fish and Game.

We recommend approval.

Department of Fish and Game
PACIFIC MARINE FISHERIES COMMISSION

ITEM 249 of the Budget Bill

Budget page 780

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

Amount requested	\$26,600
Estimated to be expended in 1964-65 fiscal year	26,600
Increase	None
TOTAL RECOMMENDED REDUCTION	None

ANALYSIS AND RECOMMENDATION

The Pacific Marine Fisheries Commission was established by an interstate compact to promote the better utilization of fisheries and to develop a joint program of protection and prevention of physical waste of the fisheries in the areas of the Pacific Ocean over which California, Oregon and Washington have jurisdiction. During the past year, Idaho joined the commission.

Funds for the support of the commission come from the states in proportion to the market value of their fisheries products. California is the major contributor. The commission has shifted from an annual report to a biennial report; thus a record of 1963 accomplishments will not be available until sometime during 1965.

The Governor appoints California's three representatives on the commission. By law, 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 250 of the Budget Bill

Budget page 782

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

Amount requested	\$94,811
Estimated to be expended in 1964-65 fiscal year	90,644
Increase (4.6 percent)	\$4,167
TOTAL RECOMMENDED REDUCTION	None

ANALYSIS AND RECOMMENDATION

The Marine Research Committee consists of nine members appointed by the Governor. Most of the members represent the commercial fishing industry.

The committee finances research projects to develop commercial fisheries and marine products. The research is done under contract by such agencies as the California Academy of Sciences and the Department of

Marine Research Committee—Continued

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, and anchovies taken by commercial fishermen. The tax for the support of the committee expires on December 31, 1965, and legislation to extend the tax for another two years will be proposed to the Legislature. This expenditure is based on the enactment of that legislation.

The committee's contract with the Department of Fish and Game for 1965-66 is \$22,073. This amount will finance the compilation and analysis of raw data from sea surveys of prior years, rather than gathering more data this year.

We recommend approval.

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

ITEM 251 of the Budget Bill Budget page 783

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

Amount requested -----	\$89,601
Estimated to be expended in 1964-65 fiscal year -----	91,100
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Decrease (-1.6 percent) -----	\$1,499
TOTAL RECOMMENDED REDUCTION -----	\$89,601

Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
From amount requested to maintain existing level of service:			
Eliminate support from money which otherwise would be received by the General Fund -----	\$89,601	783	69

ANALYSIS AND RECOMMENDATIONS

The Wildlife Conservation Board, established by the Legislature in 1947, consists of the President of the Fish and Game Commission, the Director of the Department of Fish and Game, and the Director of Finance. Three members of the Senate and three members of the Assembly act as an advisory group and an interim investigating committee. The board has a staff of five.

The purpose of the board, according to Section 1301 of the Fish and Game Code, is ". . . to acquire and restore to the highest possible level, and maintain in a state of high productivity, those areas that can be most successfully used to sustain wildlife and which will provide adequate and suitable recreation." As provided in Section 19632 of the Business and Professions Code, funding for the Wildlife Conservation Board comes from the annual transfer of \$750,000 of horserace license revenues to the Wildlife Restoration Fund. This revenue would otherwise go to the General Fund. Projects authorized and constructed by the board are not subject to budget bill appropriation. This item appropriates funds for the support of the board's staff from the Wildlife Restoration Fund.

Wildlife Conservation Board—Continued

In the early years of the board's operations, funds were allocated mostly for such large capital outlay projects as hatcheries and waterfowl management areas. However, the board did not provide funds for the maintenance and operation of the newly acquired facilities. The responsibility for the upkeep of the facilities fell upon the Department of Fish and Game and became a drain on department revenues. Since that time the board has shifted its emphasis to the development of projects for which there is assurance that maintenance and operation will be provided by a local agency.

As of July 1964, the Wildlife Conservation Board has allocated over \$19 million for projects in 56 of 58 counties as follows:

<i>Project</i>	<i>Amount</i>
Fish hatchery and stocking projects-----	\$4,434,499
Fish habitat development and improvement-----	2,593,933
Angling access (includes boat launching ramps and piers)-----	5,278,731
Game farm projects-----	146,895
Game habitat development and improvement-----	6,024,135
Hunting access-----	358,194
Miscellaneous-----	238,297
Total allocated to specific projects-----	\$19,074,684

It can be seen from this table that most of the money expended by the Wildlife Conservation Board, which is nominally General Fund money, has gone for the direct benefit of hunters and fishermen. The Department of Fish and Game operates a program to benefit these sportsmen using their license fees for support. General Fund support for the Wildlife Conservation Board is an exception to this principle and should not continue because of the need for General Fund money for other statewide programs of general public interest.

According to Section 1301 of the Fish and Game Code, it was the intention of the Legislature in 1947 to establish "... a single and coordinated program for the acquisition of land and facilities suitable for recreational purposes, and adaptable for conservation, propagation, and utilization of the fish and game resources of the state." In the intervening 17 years, the state has initiated additional recreational programs and the Wildlife Conservation Board has changed the emphasis of its program from state to locally operated and maintained projects.

The State Park System has developed during this period and now requires annual General Fund support of \$14 million. The Division of Beaches and Parks has constructed water access projects (boat launching ramps) at many of its park units. The Division of Small Craft Harbors was created during this period and has developed a program for launching ramp grants and boating facility and harbor development loans to local agencies. The Davis-Grunsky Act authorizes the Department of Water Resources to make grants to local agencies for recreation and fish and wildlife enhancement at water projects conforming to the California Water Plan. These grants may amount to as much as 75 percent of the construction cost of a project. Including the Wildlife Conservation Board, the state now has four agencies with

Wildlife Conservation Board—Continued

various responsibilities for launching ramps, water access and fishing enhancement projects.

The Recreation Bond Act, approved by the voters in November 1964, has three provisions directly affecting the activities of the Wildlife Conservation Board. First, \$5 million is provided to finance projects of the Wildlife Conservation Board. Second, the Bond Act requires that projects financed by the \$5 million shall be approved by the Resources Agency Administrator, after being placed in a priority arrangement with other related projects financed under the act, and makes the money available only after appropriation by the Legislature. The third provision of the Recreation Bond Act which affects the Wildlife Conservation Board is the provision of \$40 million for grants to counties and cities for the acquisition and development of real property for park and beach purposes. These grants should enable many local areas to acquire and develop parklands and access projects along the waters of the state without Wildlife Conservation Board assistance.

In a related matter, the Land and Water Conservation Fund Act of 1965, enacted by the last Congress will provide substantial amounts to the state for the planning, acquisition and development of outdoor recreational facilities, including fish and wildlife features. Financed mostly from entry and use fees of federally owned park and recreation facilities, the program will provide up to \$4 million annually to California on a matching basis.

In summary, the Wildlife Conservation Board has shifted the emphasis of its program to basically local projects. In the meantime, other state agencies have developed programs similar to the Wildlife Conservation Board. This gives the state too many similar and duplicating programs oriented toward recreation. The 1964 Park and Recreation Bond Act provides \$5 million for the Wildlife Conservation Board program and \$40 million for grants to local agencies for land acquisition and development for recreation purposes. With the funding now available from other sources for state recreational and local projects, and in view of the need to conserve General Fund money, the General Fund contribution to the Wildlife Conservation Board program can be eliminated at this time.

We recommend that the Legislature repeal Section 19632 of the Business and Professions Code which transfers \$750,000 annually to the Wildlife Restoration Fund and that the Wildlife Conservation Board be financed solely from the \$5 million available in the Recreation Bond Act of 1964. It is further recommended that the appropriation of \$89,601 by this item for support of the Wildlife Conservation Board be denied and that the board's support requirements to conduct its program to expend \$5 million from the Park and Recreation Bond Issue be financed from that issue through the bill which will be introduced to appropriate the bond money. To the extent the board's staff needs support funds to complete projects now under construction, this could be financed from existing balances in the Wildlife Restoration Fund.

DEPARTMENT OF PARKS AND RECREATION

ITEM 252 of the Budget Bill

Budget page 784

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

Amount requested	\$13,337,330
Estimated to be expended in 1964-65 fiscal year	9,439,341
Increase (41.3 percent)	\$3,897,989
TOTAL RECOMMENDED REDUCTION.....	\$319,105

Summary of Recommended Reductions

From amount requested to maintain existing level of service:	Amount	Page	Budget Line
1. 3 State park ranger I	\$17,928	789	31
2. 1 State park attendant	5,177	789	32
3. Professional and consulting services	24,000	790	10
4. Water replenishment	272,000	790	13

PROGRAM PLANS AND BUDGET

The Department of Parks and Recreation consists of the Divisions of Beaches and Parks, Small Craft Harbors, and Recreation, with service functions such as personnel and fiscal matters performed for these divisions by the Division of Administration. General policies for the administration of the three operating divisions are established by the State Park Commission, the Small Craft Harbors Commission and the Recreation Commission, all of whose members are appointed by the Governor.

For informational purposes, the department has prepared a program budget and our analysis has been prepared from the program descriptions in that document. The department does not have a cost accounting system, so the amounts allocated to each program are estimates. In 1965-66 the department plans to carry on programs involving \$21,960,832 in expenditures. Of that amount, \$7,418,082 is for the Division of Beaches and Parks' capital outlay and appears as items 338 and 339 of the Budget Bill, and \$377,000 is for subventions and local assistance by the Division of Small Craft Harbors and appears as items 309, 310 and 311 of the Budget Bill. The remaining expenditures of \$14,165,750 are appropriated both by this item for the support of the Department of Parks and Recreation from the General Fund and the following item from the Small Craft Harbor Revolving Fund as shown below:

General Fund	\$13,337,330
Small Craft Harbor Revolving Fund	824,420

We understand that later in the session, the administration plans to introduce legislation to appropriate some portion of the \$85 million authorized for land acquisition and \$20 million authorized for park development under the \$150 million Recreation Bond Act.

The proposed budget for the Department of Parks and Recreation requests support expenditures of \$14,165,750 compared to estimated expenditures of \$10,136,969 in the current year, an increase of \$4,028,781 or 39.7 percent. The budget increases next year, but not as much

Department of Parks and Recreation—Continued

as appears from this comparison. The reason for this large increase is a change in the method of reporting the collection of service fees from the state park system. In prior years, service fees and concession revenue were reported as reimbursements which showed as reductions of expenditures. This budget reports them as revenue without regard to expenditures and therefore shows more accurately the level of the department's expenditures.

Estimated service fees and concession charges during the current year are \$3,250,426. This amount added to the current year appropriation of \$10,136,969 gives a total available for expenditures during the current year of \$13,387,395 compared to the proposed expenditures of \$14,165,750 in the budget year. The difference between these two amounts is \$778,355 or 5.8 percent which represents the true increase in the budget. This figure consists of \$345,473 for 70.6 new positions, \$362,000 for operating expenses and equipment in park management of the Division of Beaches and Parks, and a \$61,000 increase in operating expenses of the Division of Small Craft Harbors for increased rent and for the boat registration renewal program.

In the department's program budget, the expenditures of the Division of Administration are prorated to the programs of the other divisions. They total \$1,079,198 in comparison to the current year's \$1,063,521, and include 104.2 positions. General management charges of each of the operating divisions are prorated to the programs within each division.

Program changes include an assistant to the director position, \$12,496, which was established administratively in the current year and is requested to be made permanent. The main duties of the position are to review and evaluate all planning programs in the department and make recommendations to the director and division chiefs on planning matters. Also, the division plans to reclassify 1 clerical position and add 1.3 permanent clerical positions on a workload basis. The salary costs of these changes are \$6,189.

I. Division of Beaches and Parks Category:

General management costs of the division are prorated to specific programs. These costs include the State Park Commission, the offices of the chief and two deputy chiefs, the Program Planning and Scheduling Unit, and six district offices. The estimated costs for the budget year are \$1,764,141 compared to \$1,723,011 in the current year.

Programs carried on by the Division of Beaches and Parks include Planning, Acquisition and Property Management, and Field Management and Operations. The planning program proposes 35 man-years of effort devoted to reconnaissance and project reports of proposed additions to the park system, and land use and development plans for park units. The Recreation Contract Services Section, with proposed financing of \$326,342 from the Department of Water Resources in 1965-66, performs advance planning at state water reservoir projects under terms of the Davis-Dolwig Act. Approximately 22 man-years will be devoted to this effort.

Department of Parks and Recreation—Continued

Program changes for planning in 1965-66 include \$20,000 for printing the findings of the recreation and park study now being undertaken for the State Development Plan and three positions, \$23,796 in salaries, to prepare plans and applications for grants under the Federal Open-Space Grant Program and the Federal Land and Water Conservation Act. Planning expenditures for 1965-66 are estimated at \$659,888.

The acquisition and property management program is performed for the Division of Beaches and Parks by the Department of General Services. However, plan preparations and reviews of preliminary title reports for properties to be acquired must be accomplished by the division for transmission to General Services. About seven man-years is devoted to this function. Property management includes the maintenance of property ownership maps, records and deeds of park properties and the preparation of reports and documents dealing with rights-of-way, easements, permits, leases, agreements and trespasses that affect the units of the state park system. Three man-years is spent in this subprogram. The total program of acquisition and property management is estimated to cost \$295,661 in the budget year compared with \$270,721 in the current year.

The Field Management and Operations Program includes managing and operating 114 units of the state park system scattered throughout the state. The main subprograms include the protection of the park units from damage or destruction, the maintenance of health and safety conditions for the park users, the interpretation of the natural, historical and recreational attributes of the system for the use and enjoyment of the public, and the maintenance of grounds, structures, facilities and equipment. The proposed expenditures for operation of the classifications of the state park system in 1965-66 are as follows:

State parks -----	\$3,211,954
State beaches -----	2,320,187
State recreation areas -----	2,026,916
Scenic and scientific reserves -----	388,660
Historical units -----	2,512,216
Riding and hiking trails -----	72,589
Net Totals, Field Operations -----	\$10,532,522

Since budgeting procedures now show service fees as revenue to the General Fund rather than reimbursements as in prior years, there are no comparable figures available to show a level of expenditures for this program in prior years. The proposed budget includes staffing of 43.3 new positions for additional facilities at existing units or to staff new acquisitions in 16 different units of the system. Salaries for these requested positions total \$209,248 of which \$56,793 is for seasonal aid. Other increases in the field management subprogram include \$272,000 for water replenishment at Lake Elsinore and \$31,000 for control of hazardous trees throughout the system.

II. Division of Small Craft Harbors Category

The two programs of the Division of Small Craft Harbors are Boating Facilities Development and Boating Regulation. Divisional general

Department of Parks and Recreation—Continued

management overhead of \$109,227, including the expenses of the Small Craft Harbor Commission and the offices of the chief of the division, the boating facilities development officer and the boating regulation officer, have been prorated to these two programs.

Subprograms of Boating Facilities Development include Planning and Financial Assistance. The objective of planning is to establish feasibility of boating facility projects, provide guidance for the location of facilities and coordinate the boating facility development programs of public and private agencies. In 1965-66 the division proposes to carry out five or six project planning surveys, update the statewide boating facility inventory, review three locally developed boating plans and provide coordination of 30 to 40 projects. Expenditures are estimated at \$62,452 compared with \$56,224 in the current year. The objectives of the financial assistance subprograms are to provide construction loans and launching facility or harbor of refuge grants to qualified applicants to meet the needs of the boating public. Costs to perform this service are estimated to be \$253,890 and about \$1,250,000 is made available for loans and grants annually.

The Boating Regulations program includes boating registration and marine safety. The objective of registration is to provide for the identification of boat ownership for purposes of search and rescue, the enforcement of boating laws and the issuance of certificates of title. During 1965-66, the division plans to spend \$337,247 in boating registration compared to \$241,823 in the current year. This increase is caused by the three-year boat registration renewal function, which commences January 1, 1966. Temporary help of 7.1 clerical positions in the Division of Small Craft Harbors and 3.6 in data processing are needed to handle the workload and operating expenses will also be increased. One permanent clerk is requested to meet additional workload from 30,000 new boat registrations per year. Activities in marine safety include education of the public in boating laws and safe boating practices, identification, and elimination of boating hazards and review and improvement of measures regulating boating. Expenditures in this subprogram are estimated at \$128,056 compared to \$121,060 in the current year.

III. Division of Recreation Category

The Division of Recreation is responsible for long-range, outdoor recreational plans for California and conducts hearings and prepares reports on major recreation problems. Plans for 1965-66 include phasing out the recreation studies and consultant services for local agencies. Expenditures for the budget year are estimated at \$128,405 compared to \$124,732 in the current year.

We understand that legislation will be introduced at this session to merge the Recreation Commission and the Park Commission.

REVIEW OF AGENCY ACCOMPLISHMENTS

The most significant factor in recent history of the state park system was the passage of the Park and Recreation Bond Issue in November 1964. The impact on the department's activities is just beginning to be felt.

Department of Parks and Recreation—Continued

The Legislature enacted 68 resolutions at the 1964 session requesting the Department of Parks and Recreation to make various studies and investigations for the acquisition of lands under the Park and Recreation Bond Issue. Without additional staff, these studies have been undertaken at the sacrifice of control and development planning, which will fall about six months behind schedule.

The division could not complete studies for all 68 proposed projects in time for consideration by the 1965 Legislature. Consequently, the State Park Commission placed a priority on 19 projects for study by the division. As of December 31, 1964, four reports were completed and the remaining 15 are to be submitted to the Legislature in February. The administration plans to introduce legislation later in the session to appropriate recreation bond proceeds for the first projects.

The department has encountered some difficulties with prompt acquisition of lands under the \$19.1 million acquisition program voted by the Legislature in 1963. Of 60 projects involved in the program, only 12 are completed, three have been abandoned and 45 are in various stages of acquisition. More projects than anticipated are resulting in condemnation. The department estimates that the load of condemnation could amount to about 150-175 parcels representing almost \$14 million. If condemnation is as great a factor in acquisitions under the park bonds, then there will be additional delays and substantial additional workload for the Attorney General's office and the courts.

Attendance at 114 units of the state park system during 1963-64 was reported by the division to have been 31,363,284, compared with 28,416,613 in the prior year. The figure seems unreasonably large since it means that the equivalent of every man, woman and child in California visited a unit of the state park system twice during the year. Service fees of \$2,425,814 and concession payments of \$387,963 to the division provided revenue of about 9 cents per park visitor. These figures include operations for six months under the increased fee schedule.

During the past year the Small Craft Harbors Commission adopted the California Boating Plan, which is a long-range plan for coordinated effort to provide adequate facilities for the boating public. The plan includes an inventory of waters, harbors and facilities in the state, an evaluation of the present and future demand for harbors and boating facilities and a program for development of facilities.

In boating facilities development, projects were completed during the past fiscal year at Santa Barbara, Ventura and Redondo Beach. A project funded by a \$40,000 launching grant was completed at Eagle Lake in Lassen County. As of December 31, 1964 there were 324,079 boats registered.

During the current year the Division of Recreation shifted most of its efforts to work on the inventory of recreation areas and facilities for the State Development Plan. This project is scheduled for completion in January 1965. The division also developed criteria to guide the expenditure of the \$40 million in the grant program for local recreation facilities under the Recreation Bond Act.

Department of Parks and Recreation—Continued

The division is now phasing out its consulting services and concentrating its efforts on statewide and long-range planning. It still proposes to retain the two recreation specialists it has had in Los Angeles who formerly assisted local government with recreation problems. It is not clear why these two positions should remain in Los Angeles. If the incumbents are working on statewide long-range recreation plans, their work could logically be more effectively accomplished in Sacramento where all related planning is being done.

ANALYSIS AND RECOMMENDATIONS

The budget requests funding for 43.3 new positions to staff additional facilities constructed at existing units or to staff new acquisitions in 16 different units of the park system. The following is a summary of recommended deletions of requested new positions.

Fort Ross State Historic Park.....	(1 state park attendant)	\$5,177
Malakoff-North Bloomfield	(1 state park ranger I)	5,976
Forest of Nisene Marks.....	(1 state park ranger I)	5,976
Heart Bar Valley State Park.....	(1 state park ranger I)	5,976

\$23,105

The division requests a state park attendant position for Fort Ross in Sonoma County to assist in additional workload caused by the acquisition of more land, including 7,500 feet of coastline, at this unit. The budget states that the Fort Ross personnel maintain the Kruse Rhododendron Reserve located 10 miles north. Two permanent rangers are assigned to Fort Ross and 5 man-months of seasonal park aid to do this work. The Legislature appropriated funds for 4 man-months of seasonal aid in the 1963-64 budget to take care of the maintenance needs at Kruse Rhododendron Reserve, which is undeveloped at this time, thus providing 2 rangers plus 9 months of seasonal help. The seasonal help already funded for Kruse and Fort Ross is ample to handle the workload, which is largely seasonal and another permanent position is not needed.

The Forest of Nisene Marks is a recently acquired unit of about 7,200 acres in Santa Cruz County. The Malakoff-North Bloomfield project in Nevada County and the Heart Bar Valley State Park in San Bernardino County are not yet acquired. At each of the three units, the staffing request is the same: 2 state park rangers and 6 months of seasonal aid. We believe this is more staff than is needed to protect undeveloped property. A ranger and the seasonal help at each unit should be adequate for protection purposes and the second permanent position can be eliminated.

We recommend the deletion of the three ranger I positions requested for Malakoff-North Bloomfield, Forest of Nisene Marks and Heart Bar Valley State Park and the park attendant position at Fort Ross State Historical Park for a savings of \$23,105 plus operating expenses and equipment.

The division requests staffing at two other units not yet acquired by the state at the time of this writing. The acquisition dates for these

Department of Parks and Recreation—Continued

units are not certain. These units are Mt. St. Helena State Park in Napa County and San Onofre State Park in San Diego County. In order to make sure that the positions are not filled before the park units are acquired, we recommend that the Department of Finance approve positions for these units only after they are acquired and impound all funds made surplus if any delay in acquisition occurs.

The San Francisco Maritime State Historic Park is located at the Hyde Street Pier in San Francisco. The Department of Parks and Recreation rents the pier from the San Francisco Port Authority for \$15,000 a year. Included in the rental agreement is a stipulation that the use of the premises requires special harbor police officers, and that a minimum of 3 but not more than 15 officers will be assigned in a 24-hour period. The Port Authority determines how many positions are required. The agreement requires the department to reimburse the Port Authority for the positions.

The Port Authority has been providing 3 officers to direct traffic and patrol the foot of Hyde Street. The authority has been charging the department for these positions plus overhead of 42 percent resulting in a charge between \$2,000 and \$2,500 per month since April 1964.

There appears to be little need for these three patrolmen. Attendance at the park has been disappointing and the park has not added to the congestion to such an extent as to justify this charge. The department concurs that the matter should be investigated.

We recommend that professional and consulting services for the Division of Beaches and Parks be reduced \$24,000, to remove funds for the three patrolmen.

CAPITAL OUTLAY FUNDING

Major changes in the magnitude of the state's recreation oriented programs are now occurring. These changes, many of which will involve policy decisions soon to be made, will set the pattern for future state expenditures in a manner that can have significant impact on the General Fund. At all levels of government, there is an increasing interest in recreation-oriented activities including parks, beaches, mountain areas, recreation areas, open spaces, fish and wildlife enhancement, etc. In California this has resulted in large expansions of certain Department of Parks and Recreation capital outlay programs using new funding soon to be available. The changes are:

1. The regular capital outlay program of the Department of Parks and Recreation is being expanded in the 1965-66 budget from \$6 million per year to approximately \$7,400,000 next year. This appropriation provides for the continued development of the state's existing beaches, parks, recreation areas, historical monuments, etc., and for the development of recreation areas under the Davis-Dolwig Act at the State Water Project. The higher level of expenditure permits the funding of Davis-Dolwig recreation features at the State Water Project without substantial reduction in appropriations for the state park system as occurred in the past two years.

Department of Parks and Recreation—Continued

2. In 1963 the Legislature appropriated \$19,110,000 by Item 406.8 from the General Fund to acquire additional state park lands. Acquisition under this program is well underway but no provision has been made to finance the development of the property. Meanwhile the acquisition program is already resulting in increased operating costs to provide personnel to safeguard the property even though it is undeveloped.

3. The Recreation Bond Issue has provided \$85,000,000 for acquisition of new park property and \$20,000,000 to finance a minimum level of development of the property acquired. The General Fund may eventually have to absorb additional development costs for this property in the future if it is to be fully developed.

4. Congress passed the Land and Water Conservation Fund Act of 1965 last year which may provide up to \$4,200,000 annually in federal grant money for use in California to plan, acquire and construct recreational facilities. Operation and maintenance costs of the facilities must be paid from nonfederal funds and federal expenditures must be matched by nonfederal money. The Governor has designated the Resources Agency Administrator as the state's agent for this program and presumably the administrator will allocate the federal funds to state agencies and their projects or to local projects according to his discretion, the federal law, and approval of the projects by the Secretary of Interior.

The four sources of funding listed above provide for a major expansion of the state's recreational system but they have not yet been fitted into a coordinated program. It is not known whether they will provide adequate financing for the development of existing property and property being acquired. It is not known how much money will be needed to finance the development of the property. In addition, it is not known what level of development is most appropriate for the immediate future. As a practical matter, the level of development will probably be the amount of money that can be devoted to this purpose.

Under these circumstances, the allocation of the federal grants under the Land and Water Conservation Fund Act becomes critical. Since the act requires matching of federal funds with nonfederal funds, it is necessary to determine what funds will be used for matching purposes. If the federal money is used to finance additional acquisition and development of state park property, it will put a further burden on the General Fund to meet the matching requirements. If it is used to finance local recreation projects, it will place no additional burden on the General Fund, but it will not assist the General Fund in developing existing property or property being acquired. (Of course, many variations in distribution of federal grant money between state projects and local projects can be envisioned.)

The greatest assistance to the General Fund will occur if the federal grant money is used to supplement the presently available General Fund money used for development of the park system. In other words, the present General Fund expenditures could be used to finance the

Department of Parks and Recreation—Continued

matching requirements of the federal grant program. Such a practice appears to be permitted under the federal act and may also be allowed under the administrative regulations for the grants which will soon be issued by the Secretary of Interior. If approximately \$4,000,000 in federal grant money is added to the present \$6,000,000 level of General Fund expenditure to develop the park system, it may provide the necessary funding to finance development of the rapidly expanding state park system without placing a greater burden on the General Fund for capital outlay. It will still be necessary, however, for the General Fund to finance the substantially greater costs of operating and maintaining the state park system and payment of principal and interest on the recreation bonds to the extent these costs are in excess of the revenue returned by fees for use of the park system. Since the Federal Land and Water Conservation Fund Act of 1965 includes authority for establishing a fee system at certain federal recreational facilities, it would not be inconsistent with the act for the state to recover some portion of these operations and maintenance costs through fees. In fact, part of the funds granted to the state under the federal act are derived from the fees charged at federal recreation facilities.

It is recommended that the Legislature provide for Budget Bill appropriation of any federal grant funds to become available under the Land and Water Conservation Fund Act and that the policy be established to match this grant money with present General Fund appropriations for use in developing existing properties and properties to be acquired under the \$19,000,000 appropriated in 1963.

STATE PARK FEE POLICY

In recent years this analysis has recommended that the fees collected for overnight camping facilities at the state park system be increased. Two years ago the State Park Commission responded by classifying the facilities for which fees would be charged and initiating a graduated fee based on the level of services and the facilities provided. Three classifications of overnight facilities were established with fees ranging from \$1 to \$2 per automotive vehicle per night. House trailer fees were set at \$2.50 per night to include the cost of any electricity or gas supplied. Rates per person were also increased for certain facilities. This fee schedule has been a major improvement over the previous system.

It has recently become apparent that the above fee schedule lacked one important ingredient. This is a basic underlying policy which would serve as a guide to the planning of the state park system and would permit effective economic evaluation of the park system. The deficiency arises because the above schedule was established to increase fees but there was no particular logic or rationale behind it. The policy of the Park Commission states:

A use fee shall be charged in state park areas where facilities are available and where the proper authority deems such a fee practical. This fee is primarily for the use of general facilities and shall apply to their maintenance and operation. It should be equal throughout

Department of Parks and Recreation—Continued

the state. The use fee should always be collected by state personnel. People entering a state park on foot are to be admitted free, except where a charge for use of facilities applies.

Whether handled by the state or a concessioner an appropriate fee in addition to the use fee shall be charged for special facilities such as boat ramps, utility hookups for trailers, ski lifts, etc.

This is not to say that state parks should pay their way. State parks are a service to the people. It is hoped that these special extra recreational facilities in state parks would pay for themselves, although in many cases the amortization may take a very long period. Rates should be set accordingly, yet with due consideration for comparable commercial rates in nearby areas.

This statement indicates that fees should be charged, that they should be appropriate, that special facilities should pay for themselves, but not if other factors interfere. Fees are to pay for some unstated portion of operation and maintenance costs, shall be equal throughout the state, but people entering on foot should be admitted free, except where a use charge applies.

The above policy does not guide the state in determining how much investment is reasonable or economic for a given facility. It provides no guidance to the acquisition of land for park facilities, the extent of development or the quality of operations and maintenance. The state policy now seems to be to acquire land that is judged to have park values, develop it in a manner considered pleasing by the staff of the Division of Beaches and Parks, and operate and maintain it on such funds as can be secured from the Legislature. There is no policy on what constitutes a reasonable investment in facilities. There is also a continuing uncertainty concerning the amount of such costs which should be recovered after it is too late to make such decisions, that is, after the investment of public funds is already made.

No system of fees can be adequate or have any meaning unless it is clearly related to the design, construction and operating costs of a facility. If a very expensive facility is constructed where fees are difficult to collect, little return is received. If an inexpensive facility is constructed where substantial fees are easy to collect, a sizable revenue can result which can become embarrassing.

It is not acceptable public policy to construct recreational facilities which are so expensive that recovery of costs through fees would foreclose the use of the area to many citizens because of the high fees. It is poor policy for tax payers to finance the construction of recreation facilities which represent subsidized special services for those who can readily pay for such special services. Under present policy, in order to permit all citizens to use park recreation facilities, a low fee must be charged for special services provided. This represents overinvestment in facilities to serve certain persons and a subsidy to others.

As the state park system has grown it has included facilities which do not provide basic recreational services to the mass of citizens. In some instances, such as the Hearst San Simeon Castle the facility is self-supporting. In others, as in the case of Squaw Valley, a facility operated

Department of Parks and Recreation—Continued

for the use of only a few people is supported by all the citizens of the state. Under the present fee system it is necessary to pay \$2 per night for camping facilities at all of our good beaches and parks. The camping facilities available for \$1 are few and are located at the less desirable parks. Furthermore, roadside campsites are being planned to serve travelers rather than recreationists or to provide scenic or aesthetic values. If more acute problems are not to arise, some more effective system of assuring public recreational values must be assured.

We believe that a policy is needed which will provide a standard or utility level of recreational service for all citizens at no cost or a modest fee. Any expenditures in excess of the standard facility should be fully repaid by the users. Large numbers of citizens prefer simple campsites to elaborate facilities including hot water, showers and similar luxuries, and on a fee basis they should be given this choice, wherever feasible. This fact is demonstrated by the people who utilize the camping areas of the United States Forest Service where frequently no facilities of any type are provided.

A fee policy should produce more revenues than the present system. This is necessary in order to pay for the increasing costs of operating and maintaining a continually increasing park system. It is also necessary to provide funds to help pay the principal and interest on the Recreation Bonds issued. The state determined that it could not afford to continue with a pay-as-you-go park system because the funds were not available to meet the capital costs. However, it will still be necessary to repay these bonds plus interest along with much greater annual operations and maintenance costs for both the facilities constructed with recreational bond proceeds and the facilities constructed under the General Fund capital outlay program for existing properties.

Thus, in order to establish a sound public policy to guide the state in acquiring and developing park properties, to provide the funds to operate and maintain the expanded park system, to provide funds to help repay the recreational bond issue, and to assure equitable recreational opportunities for the general public, a policy on fees is required. The nature of such a policy can be sketched based on the needs it should serve. First, it should provide a basic minimum standard to develop park properties which will not unreasonably exclude any citizen because of excessive fees or service charges. Second, it should raise as much money as possible to help support the park system. These two inconsistent objectives can be accomplished only by establishing a standard for the average park facility such as a camping site which is modest and economical to construct, operate and maintain. Third, where any facility is provided in excess of the standard facility, fees should be charged so that the facility is entirely self-supporting, including construction as well as operating and maintenance costs based on amortization of the facility over a reasonable service life.

In particular this fee policy should apply to any facility which is relatively inaccessible to the general public or not intended primarily for aesthetic recreational purposes. Included among facilities which should be self-supporting are roadside camping areas along a freeway,

Department of Parks and Recreation—Continued

any trailer camping facilities, boat launching ramps, special recreational facilities of any type, special camping facilities, and any facilities with limited access which require special transportation which makes it unavailable to the general public on foot or in automobiles.

The objective of the fee system as applied to the standard recreational facility should not be to make it entirely self-supporting. The objective should be to collect where possible a charge which will not preclude full public use and enjoyment of the facility but which will still secure a significant payment of the costs of the standard facility. The difference between the fees collected and the actual costs for the standard facility should be the responsibility of the public and paid from the General Fund. This is a reasonable payment by the state to assure that its recreational resources are made available to all its citizens who wish to use them and is an appropriate financial burden for the state to undertake.

It can be anticipated that such a policy, if adopted, would result in some reduction of the construction costs of facilities and in the number of above-standard facilities constructed, but an increase in the construction of modest facilities. This result would be acceptable because of the savings it would provide the state in construction costs, the additional money it would free to provide standard facilities for all its citizens and the better service it could extend to more of its citizens. If there is a demand for above-standard facilities at self-supporting fees, this fact in itself constitutes both justification for the facilities and a means to support their costs.

We recommend that the Legislature should request the agency to respond to this proposal at this session in order to facilitate the development of a firm fee policy prior to legislative approval of the expenditure of the recreation bond funds.

LAKE ELSINORE

The budget for the Division of Beaches and Parks contains a new item in operating expenses designated "Water replenishment, \$272,000." This request is to buy water to replenish Lake Elsinore in Riverside County.

During fiscal year 1963-64, the Division of Beaches and Parks borrowed \$750,000 from the Small Craft Harbor Revolving Fund to purchase water to fill Lake Elsinore. A report of a consulting firm had indicated "... that a loan for buying water to restore Lake Elsinore to a usable size could be amortized and that, simultaneously, a fund adequate to purchase replenishment water from time to time could be financed out of revenues collected from users of the lake." The lake was opened to public use in March 1964.

Several problems have developed. Boater use has been disappointing. From March through December 1964, only 18,187 boaters used the launching facilities and 267 seasonal passes were sold. The fee is \$5 a day to put a boat on the water consisting of a lake use fee of \$3, a \$1 launching fee, and a \$1 fee for parking an auto and trailer. The state retains the lake use fee and a percentage of the launching and parking fees. The launching facilities are operated by a concessionaire.

Department of Parks and Recreation—Continued

The state revenue from boating and the revenue from the 56 campsites and the picnic facilities at the state recreation area are set aside in a special fund to repay the principal and interest on the loan from the Small Craft Harbor Revolving Fund and to purchase water for replenishment. Total revenue from all sources for the 16-months period March 1964 through June 1965, is estimated at \$103,000. This amount is adequate to make interest and principal payments on the loan, but it is not enough to buy water to replenish the lake. The 1964-65 capital outlay budget for the Division of Beaches and Parks contains \$50,000 for water replenishment at Lake Elsinore. However, the anticipated revenue of \$103,000 will fall short by \$272,730 of meeting water and loan requirements, and the General Fund is requested to meet the deficit.

In addition, the General Fund supports the operation of Lake Elsinore State Recreation Area which has a staff of 11. Support costs for this operation were \$90,902 in 1963-64, which includes costs prior to the opening of the lake in March 1964. An estimated \$150,500 for operating costs is budgeted in 1964-65, which would cover one full year's operation with water in the lake. Thus, the state is asked to finance the Lake Elsinore operation as follows for next year:

Water replenishment	\$322,000
Support costs for Lake Elsinore State Recreation Area.....	150,500
Principal and interest on water loan.....	53,730
	<hr/>
	\$526,230
Less anticipated revenue	—103,000
	<hr/>
	\$423,230

The water supply for Lake Elsinore was originally evaluated in 1961 on the basis of amounts of water which would have been needed between 1934 and 1951 in order to maintain the proposed lake at 22,500 acre-feet. This evaluation showed that in only seven years would it have been necessary to purchase water and this purchase totaled 59,320 acre-feet. After allowing for 25 percent loss in transmitting the water, the gross quantity of 79,080 acre-feet of water was spread over the 36-year period giving an average annual replenishment of 2,197 acre-feet. At \$15.25 per acre-foot, this would have required \$32,500 per year.

There are at least two deficiencies in the above calculations on which feasibility of the project were computed. The first is that the computation of water deficiency stopped at 1951 and did not include the 10 very dry years which immediately preceded the study and report. Thus the water supply period was not representative of present conditions even if it reflected the minimum period of record. That the period of 36 years is the minimum of record hardly seems plausible since the 36-year period includes 11 consecutive years in which no replenishment would have been required.

The second deficiency is that the average purchase of 2,197 acre-feet over the 36-year period is clearly not representative of actual annual conditions for purchase of replenishment water during the period evaluated. Although a sinking fund was recommended, it is obvious

Department of Parks and Recreation—Continued

that a sinking fund would have to be started at the right rainfall period to be effective and the state does not have the prerogative of arranging rainfall in this matter.

Other problems which confront the project can now be identified:

1. The price estimated for water in 1961 was too low. Surplus water was assumed for the project but in fact it will now be necessary to purchase water under the municipal supply rate of \$25 per acre-foot compared to \$15 used in the report.

2. The amount of replenishment water was underestimated by about 700 percent. It is presently necessary to purchase 14,000 acre-feet per year compared to 2,197 acre-feet computed in the feasibility study.

3. There is presently a deficiency of \$150,000 needed in the current year to finance purchase of water to replenish the lake this year. Neither the money nor the water are presently available for the current year and even if the money to purchase water next year is approved, the lake would be without adequate water this year, which would reduce revenues below those shown in the budget.

4. The lake was filled last spring on the basis of a one-year contract with the Metropolitan Water District with knowledge that the district could not guarantee delivery in future years. Even assuming that water may be available this year and next year, there is decreasing prospect of future availability of water from the district because all of its water will be needed in future years for its entitlement customers. There never was an assured supply of water to secure a 20-year loan from the Small Craft Harbor Revolving Fund.

5. In addition to all the above difficulties, the recent shortage of water on the Colorado River has resulted in an order from the Secretary of the Interior to all lower Colorado River basin water users (including the Metropolitan Water District) to reduce water deliveries by 10 percent in order to permit filling of Glen Canyon Reservoir. The Metropolitan Water District has appealed the order on the basis that it is furnishing a municipal water supply and should not be reduced along with agricultural users. Simultaneously the State of California through the Division of Beaches and Parks is asking the Secretary of Interior to permit the delivery of 14,000 acre-feet of water to Lake Elsinore under a municipal water rate, presumably on the basis that by paying a municipal rate it can be said that the water will not be used for recreational purposes. At the time of our inquiry, the Secretary had not stated that he would permit the water to be delivered nor had the Metropolitan Water District agreed to deliver it if the Secretary approved and the Legislature appropriated the money to purchase the water. Thus, at a time when the State of California is working hard to secure comity and understanding on Colorado River water matters and the Metropolitan Water District is working hard to secure such rights as it claims to Colorado River water, a request for special consideration to use Colorado River water for recreational purposes places the state in an extremely undesirable strategic position. This

Department of Parks and Recreation—Continued

loss of strategic position could have far-reaching effects on future water relationships in the lower Colorado River states and even in Congress during the debates on authorization of the Central Arizona Project.

It is recommended that the request for \$272,000 to purchase replenishment water for Lake Elsinore be denied, that the Department of Finance impound the \$50,000 appropriated last year for replenishment of the lake in the current fiscal year, and that the budget for that portion of the staff of the Division of Beaches and Parks at Lake Elsinore related to the operation of the lake be removed from the budget.

Parks and Recreation

DIVISION OF SMALL CRAFT HARBORS

ITEM 253 of the Budget Bill Budget page 791

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

Amount requested	\$828,420
Estimated to be expended in 1964-65 fiscal year	697,628
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Increase (18.7 percent)	\$130,792

TOTAL RECOMMENDED REDUCTION

None

ANALYSIS AND RECOMMENDATIONS

The description of the programs of the Division of Small Craft Harbors is included in the prior discussion of support for the Department of Parks and Recreation. This item is for the support of the Division of Small Craft Harbors from the Small Craft Harbor Revolving Fund. The increased expenditures are attributable to the boat registration renewal program.

We recommend approval.

Department of Parks and Recreation
DIVISION OF SMALL CRAFT HARBORS

ITEM 254 of the Budget Bill Budget page 793

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

Amount requested	\$17,468
Estimated to be expended in 1964-65 fiscal year	None

ANALYSIS AND RECOMMENDATIONS

This item reimburses the General Fund for money made available to the Division of Small Craft Harbors in 1963-64 fiscal year to carry out functions required by legislation enacted at the 1963 General Session. The legislation required the division to establish and maintain records of boating law violations, to license operators of for-hire vessels and to provide information contained in accident reports. Staff require-

Division of Small Craft Harbors—Continued

ments were two clerical and one boating regulations representative positions. Including equipment and operating expenses, total expenditures during 1963-64 were \$17,468.

We recommend approval.

**Department of Parks and Recreation
DIVISION OF SMALL CRAFT HARBORS**

ITEM 255 of the Budget Bill

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

Amount requested	\$500,000
Estimated to be expended in 1964-65 fiscal year	None

ANALYSIS AND RECOMMENDATIONS

This item requests \$500,000 for payment of deficiency in appropriations for the Division of Small Craft Harbors. The deficiency payments would be authorized by the Director of Finance, with the consent of the Governor, for support or such other purposes as are set forth in Sections 5827, 5865, and 5823.5 of the Public Resources Code which authorize the various grant and loan programs. The funds would be used only for purposes for which the Legislature has appropriated funds.

The language of the item grants too broad an authority to the Director of Finance and the Governor to augment appropriations of the Legislature. The funds should be restricted to emergency situations that result from storms, tidal waves or earthquakes.

We recommend the following language be substituted to limit the expenditures to emergency situations.

For repairs of damage at small craft harbor facilities constructed pursuant to Sections 5827, 5865, and 5823.5 of the Public Resources Code caused by emergency conditions such as tidal waves or severe storms, as may be authorized by the Director of Finance with the consent of the Governor, the sum of \$500,000 or so much thereof as may be necessary, payable from the Small Craft Harbor Revolving Fund without regard to fiscal year.

**Department of Water Resources
REVOLVING FUND APPROPRIATION**

ITEM 256 of the Budget Bill

Budget page 794

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

Amount of item	\$56,278,082
Estimated to be expended in 1964-65 fiscal year	50,996,880
 Increase (10.4 percent)	 \$5,281,202
 TOTAL RECOMMENDED REDUCTION	 \$450,010

Department of Water Resources—Continued

Summary of Recommended Reductions		Budget	
	<i>Amt.</i>	<i>Page</i>	<i>Line</i>
From amount requested to maintain existing level of service:			
1. Eliminate Water Quality Management Investigation	\$70,010	801	79
2. Reduce Coordinated Statewide Planning	230,000	801	80
3. Eliminate Sacramento Valley Ground Water Development Investigation	150,000	901	74

PROGRAM PLANS AND BUDGET

The Department of Water Resources is responsible for the planning, design, construction, and operation of the State Water Project. It also 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 1965-66 Budget is built on the pattern of previous years. 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 Project, flood control operations and maintenance, and certain statutory and regulatory functions. The California Water Fund now finances Davis-Grunsky Act loans and grants. Water bond proceeds from the Water Resources Development Bond Fund finance the right-of-way acquisition and design and construction of the State Water Project. The revenue account of the Water Resources Development Bond Fund will finance the operation and maintenance of completed portions of the State Water Project which will be in operation.

Some significant funding matters are included in the fiscal year 1965-66 Budget. Consistent with the practice of the last two years, the Governor's Budget proposes to transfer all California Water Fund balances in excess of approximately \$11 million to the General Fund. Prior transfers to the General Fund total \$108,437,153. The amount of transfer estimated for the budget year is \$29,886,417. Although SB 60 of the 1964 First Extraordinary Session limited the Long Beach tidelands revenue flowing into the California Water Fund to \$11 million per year, the revenues under Public Resources Code Section 6816 still flow into the California Water Fund and are proposed for transfer under the policy of the Governor's Budget. The money remaining in the California Water Fund after transfer of the above balances is scheduled to be expended for grants and loans under the Davis-Grunsky Act.

The department has been proceeding with regular sales of water bonds. To date the interest rates have been favorable, having averaged slightly higher than 3.5 percent. Last fiscal year \$150 million in bonds were sold, during the current year \$250 million is scheduled and during the next fiscal year \$200 million in sales is scheduled, giving a total of \$600 million for the three year period. Although not included in the Governor's Budget, some Central Valley Project Revenue Bonds may

Department of Water Resources—Continued

be issued during the next fiscal year if the Oroville generation is sold in the immediate future.

The balances in the Central Valley Project Construction Fund into which the department is placing payments received from the federal government in reimbursement for flood control facilities being constructed at Oroville, increase to an estimated \$42,462,974 at the end of the next fiscal year. This balance will be after an estimated \$3,244,676 has been used to pay interest on water bonds. This payment is in line with the department's decision to use these federal contributions to pay interest on the water bonds when there is a deficiency in revenues during construction.

Explanation of Departmental Budget Structure

The fiscal year 1965-66 budget of the Department of Water Resources is presented on a program basis. The more traditional organization budget is printed on page 829 of the Governor's Budget this year. While other departments have prepared information budgets on a program basis for fiscal year 1965-66, the Department of Water Resources is presenting its official budget on a program basis. Similarly, the appropriations in the Budget Bill are on a program basis.

The structure, purposes and contents of budget item 256 are the same as last year. Although this item was deleted from the Budget Bill by the Governor when he signed the bill, because of limiting language which the Governor objected to, the item reappears in the Budget Bill again this year. The item appropriates \$56,278,082 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 General Fund by the support appropriation in item 257. 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 proper charges to each fund and appropriation after expenditures have been made are entered by the Controller to that appropriation through the plan of financial adjustment. 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 same as if the appropriation were on a line-item basis. Thus, the program budget controls are superimposed on the regular line-item budget controls.

Budget item 257 in the amount of \$10,605,878 is for support of the department from the General Fund. It is appropriated on a program basis by item 257 and is reappropriated from the Revolving Fund through item 256 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 256. This is why the deletion

Department of Water Resources—Continued

of this item by the Governor in the 1964-65 Budget Act did not eliminate any departmental funding. The cost of contract construction and payments for lands and rights-of-way for the State Water Project are direct charges to the California Water Resources Development Bond Fund and while they appear beginning on page 242 of the Capital Outlay Budget, they are not in the Budget Bill.

As in past years, the complete program analysis of the department's budget will be presented under item 256, the Revolving Fund appropriation. Only necessary funding adjustments to cover recommendations contained in the analysis under item 256 will remain for consideration under item 257. In discussing the department's program budget, some information and review of activities involving programs not controlled by the Budget Bill will be included in order to provide the Legislature with a more complete picture and better information on the department's activities.

Specific program amounts budgeted are as follows:

1. The General Management Program category 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 charged to the work order. This provides a pool of funds which is used to pay the department's overhead costs. Included in the general management program category are the costs of the director's office and associated staffs and departmental administrative costs. For next fiscal year the sum of \$3,924,825 is budgeted which is \$242,752 more than is budgeted for the current year.

The general management programs with major increases requested for next year are the legal, fiscal, personnel, and services and supply. Smaller increases are also included for other management programs. In view of the approximately \$40 million increased level of departmental expenditures and the 372 new positions budgeted for next year, all of which are budgeted for the State Water Project, this increase in administrative costs does not appear to be out of line. Although the department is proposing a move of the bay area branch to San Jose in August of 1965, money for the move has not been specifically budgeted.

2. The General Investigations Program category covers a group of investigations involving one or more water related problems. The category is budgeted at \$4,837,032 for next year, which is an increase of \$93,990 over the current year. The General Fund portion of this category increases \$332,058, while the capital outlay portion for work related to the State Water Project decreases by \$238,068.

Two new investigations are budgeted for next year. One, entitled Water Quality Management, is budgeted at \$70,500 for the current year from State Water Project money, and \$70,010 next year from the General Fund. This investigation was not budgeted last year but was started in midyear. The general objective is to assure that California's water resources development program will provide water that will be adequate in quality for the anticipated uses at the time and

Department of Water Resources—Continued

place needed. To do this a water quality model will be prepared to predict future water quality conditions on the Sacramento River, in the north coastal area and on the San Joaquin River. The second new investigation is a new capital outlay investigation entitled Investigation of Drainage Disposal to San Francisco Bay which is budgeted at \$70,000. This investigation is intended to finance work involving the impact of San Joaquin Valley drainage waters on San Francisco Bay when the basic elements of the program can be established.

3. The Basic Data Program category 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 category is financed from the General Fund and is reduced slightly by \$27,761 to a total of \$2,781,018 next year.

4. The Project Planning Program category 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 Project which were authorized by the Burns-Porter Act before planning of each was completed. The category decreases by \$130,437 next year to a total of \$2,958,158. The capital outlay portion of the category increases by \$162,577 while the General Fund portion decreases by \$192,703. A number of feasibility investigations are being completed during the current year and only one new investigation is budgeted for next year. This is the Supplemental Delta Offstream Storage Investigation, budgeted at \$50,000. The purpose of this investigation is to determine whether the Los Banos basin immediately south of the San Luis Reservoir site is suitable for construction of a second reservoir to increase the firm yield of the State Water Project using the water supplies available in the delta.

The capital outlay investigations in this category include a major reduction of approximately \$230,000 in the delta planning work as the peripheral canal planning nears completion. Last year the department authorized the Eel River Project for construction as part of the State Water Resources Development System and budgeted \$225,368 for what it called advanced planning. This amount was subsequently increased to \$509,499 during the current year and is budgeted for \$859,535 next year. The General Fund portion of the north coastal work, that is, the reconnaissance level investigation of the remainder of the north coastal area outside of the Eel River, is budgeted at \$199,965 for next year compared to the \$156,984 for the current year.

5. The Operations Program category includes the operation and maintenance of the State Water Project, supervision of contract negotiations, preparation of repayment and financial analyses, Sacramento River flood control maintenance, flood forecasting, flood fighting, watermaster service and other related activities. The department's power studies are included in this program. The category increases \$497,871 over the current year to a total of \$6,798,479 for the next year. All of

Department of Water Resources—Continued

this increase is in the capital outlay portion of the category since the costs of operating and maintaining the completed portions of the State Water Project are increasing. In addition, substantial work must be undertaken now to prepare for the initiation of operations at Oroville, the Delta Pumping Plant and San Luis in approximately two years. The General Fund portion of this program category decreases because half of the costs of administering the watermaster service program is once again changed to the watermaster service areas pursuant to the provisions of the Water Code.

6. The Other Activities Program category is a collection of statutory, regulatory and miscellaneous activities in the department which do not directly fit into the other programs. The category increases \$217,089 next year over the current year. Most of the increase is in the program entitled Water Rights for State Water Project which increases approximately \$200,000. This program, which is financed from capital outlay funds, will expand to include negotiations with parties holding water rights along the Feather River. This will be done to determine the extent of their rights in order that water belonging to the State Water Project can be transmitted down the river without adverse use by local users. The department also plans to proceed with hearings on the water rights applications of the State Water Project before the State Water Rights Board.

7. The Services Program category consists of various technical services rendered to other programs of the department and funded in those other programs. The category involves no direct appropriation except for \$539,850 for purchasing additional equipment, almost all of which will be for the State Water Project.

8. The Design Program category includes all design work on the State Water Project and certain other reimbursed design work. The work is budgeted from water bond proceeds at a total of \$14,313,264 which is approximately \$740,000 less than the current year. Design work on the Oroville Dam and related facilities will be nearly completed next year. In general, the decreasing design work on the Oroville facilities will be replaced by increasing design activity on the Southern California Aqueduct, the pump lifts, power drops, and the terminal reservoirs in southern California.

9. The Right-of-Way Program category covers the land acquisition work of the department which is largely related to the State Water Project. The program category is budgeted at \$3,980,000 next year compared to \$3,496,834 for the current year.

10. The Construction Supervision Program category on the State Water Project undergoes a major increase from \$12,883,900 during the current year to \$17,780,353 for the next year. Major construction will be under way from Oroville to the Tehachapi Mountains as the construction supervision activity also begins to reach its peak.

11. Direct construction payments to contractors plus interest during construction will reach a new high of \$219,259,000 during the next fiscal year.

Department of Water Resources—Continued

12. State Financial Assistance for Local Projects, pursuant to the Davis-Grunsky Act, is budgeted at \$13,742,136 for next year, which is an increase of \$3,750,536 over the current year. The California Water Fund will finance \$11,554,236 and the remainder of \$2,187,900 will come from water bond proceeds. The money is expended for loans and grants for local water projects.

In total the department's budget increases from an estimated \$253,254,430 in the current year to \$289,324,218 next year. The General Fund portion of this amount which pays for the support portion of the department's work undergoes a slight reduction from \$10,665,736 in the current year to \$10,605,878 next year. A total of 4,191 positions are budgeted for next year compared to 3,818 for the current year. All the 372 new positions are in the capital outlay portion of the budget.

REVIEW OF AGENCY ACCOMPLISHMENTS

Reorganization Plans

The General Management Program category includes funds for the overhead expenses of the department. These costs have brought forth substantial criticism from this analysis in the past on the basis that the department has too large an overhead structure. During the last year the department has made a number of organization changes which have tended to simplify its organization and to improve certain features of the overhead structure. With most of these changes we generally agree.

During the remainder of the current fiscal year, the department is proposing to undertake several more significant organization changes with the objective of having them completed by the end of June. The department has generally discussed its plans with this office and is planning to inform the Legislature of them in the immediate future. While these organization changes are not reflected in the budget before the Legislature for next year, several comments regarding them appear in order because of the comments contained in this analysis during previous years.

One of the department's organization problems is the uncertain relationship between the assistant chief engineer, who supervises the area branches, and the Divisions of Resources Planning and Operations. The two divisions have both line and staff responsibilities for work supervised by the assistant chief engineer. The result has been that differences of opinion arose which were difficult to resolve. The new organization proposal clearly resolves this problem by giving the assistant chief engineer full line supervision over the area branches and the Divisions of Resources Planning and Operations. In addition, the line functions of these two divisions are being transferred as nearly as possible to the area branches. This change is desirable and a definite improvement.

A second problem is the large number of staff positions in the department which have no clear responsibility but are given significant authority which tends to confuse the responsibility and authority of line supervisors. Their size and organizational placement have materially

Department of Water Resources—Continued

contributed toward the department's high overhead costs. These large staff groups, such as presently exist in the Division of Resources Planning, are regrouped in the new organization. This change may only continue the present situation if it merely regroups and retitles the staffs involved. However, the proposed changes could substantially improve the department's organization if all positions which are not truly staff to the entire department are eliminated. At the time of preparing this analysis, the department's detailed decisions on the composition of these staff groups had not been made.

A third major organization problem is the placement of the chief engineer's office. This office is presumably a line supervisory office but it is organizationally placed like a deputy director (the department already has three deputy directors) rather than a line supervisor. The arrangement places all engineering work of the department under the chief engineer, but it also places much nonengineering work under his supervision instead of permitting a direct line of supervision from the director's office to the nonengineering work. This problem is not included in the present reorganization proposal.

Overexpenditure on General Management

The General Management Program category secures funds to pay for the overhead costs of the department by assessing an overhead charge against all salaries and wages paid by the department. This provides a pool of money from which the department's overhead costs are paid.

The department needs an accounting mechanism which will properly distribute the overhead costs of the department to those activities which must be repaid by the water contractors. However, accounting for overhead costs is one matter, but budgeting for them on the same basis is quite different because the result is a spread of up to two years between the computation of overhead revenues shown in the budget and the expenditure of the money. This time spread between computation of revenue and expenditure has proven to be too great and the system has become relatively unworkable.

During the 1963-64 fiscal year the department overexpended its general management funds by \$255,000. This was not an overexpenditure of an appropriation but was an overexpenditure of money set aside for overhead costs which resulted in direct charges to the General Fund support appropriation and water bond proceeds to make up the deficiency. This overexpenditure was due in part to originally budgeting too many positions in design and construction so that overhead earnings from these positions did not occur when the positions were not filled. In addition the present overhead cost system was originally developed with the intention that expenditures for overhead work would be controlled by the amount of earnings. Last year demonstrated that this premise is not correct and that the only control on overhead expenditures is the budget bill limitation which the Legislature inserted two years ago on our recommendation. The weaknesses of the present system, the costs of keeping it operating, plus the awkwardness and

Department of Water Resources—Continued

complexity of the system all stress the need for simplification and improvement.

Operations and Maintenance Staffing

Over the years the Department of Water Resources has accumulated considerable operating experience on the Sacramento River Flood Control Project. However, the department has not had any prior experience in operating and maintaining such major facilities as the Oroville Dam and generating plants, the Delta Pumping Plant, the San Luis Project, the Southern California Aqueduct and its associated pumping plants and power drops. Realizing this lack of experience, the department has been planning carefully for this major new responsibility, which it is presently estimated will require approximately 1,000 positions when the State Water Project is in full operation.

The department does not have any significant number of experienced personnel to place in operating and maintenance work nor will it be able to recruit all the experienced personnel it will need without providing some special training varying from orientation to major training in the intricate operating problems of the project. For this reason considerable attention in the preparation of this analysis was given to the department's operations and maintenance preparations which must be completed at Oroville, the Delta Pumping Plant, and San Luis in 1967. In general it was concluded that the budget reflects a reasonable and satisfactory approach.

During next fiscal year the budget provides for hiring three zone chiefs, one at Oroville, one at the Delta Pumping Plant, and one at San Luis. Each zone chief will be responsible for all operations and maintenance of the State Water Project clustered around the major features listed above. Eventually there may be as many as seven zone chiefs when construction is completed. The zone chiefs will begin immediately to plan for their operations and maintenance staffs and to prepare for the recruitment, selection and training of their key personnel. The zone chiefs will also be expected to become familiar with the construction of the project features in their zones of responsibility in order that they will be fully acquainted with the equipment they will be expected to operate.

In addition, an agreement has been developed between the Operations Division, the Design and Construction Division, and the Personnel Board for the recruitment of construction supervision employees who will be placed in construction positions that can be shifted directly to maintenance work after construction is completed. With this approach, employees who supervised construction and are familiar with both the equipment and its installation will become responsible for its maintenance and repair after operations begin. In this way they will bring the knowledge and experience gained during construction into the maintenance work. This approach should supply much of the experienced personnel needed and at the same time will be economical because there will be less need to recruit and train maintenance employees at some additional expense to the project.

Department of Water Resources—Continued
Power Programs

In the course of considering the department's budget last year, the Legislature added language to the Water Resources Revolving Fund Item No. 275 to provide guidance on the department's activities involving studies leading to the construction of an Oroville-Delta 230 kv. transmission line. Before the Governor signed the budget bill, he deleted the revolving fund item as "unnecessary" and removed the language. In its place the Governor issued an executive order which directed the same action as the language in the Budget Bill, that is, that the department should not proceed beyond the preliminary design of an Oroville-Delta transmission line until it had reported to the Legislature on the need for the line and a hearing on the proposal had been held by the California Water Commission. The department is presently preparing its report on the transmission line which may be released by the time this analysis is published.

Because of the legislative interest in the marketing of Oroville generation, the purchase of power for operation of the project pumps and the possible construction of a nuclear reactor, a careful review was given to the power program of the department in preparing this analysis. In general, it may be stated that more work has been done than in previous years but little substantive progress has been made.

On December 15, 1964, the department took the first public step in marketing Oroville generation. It sought purchasers for Oroville power at a price of \$17.16 per kilowatt of capacity and 3 mills per kilowatt hour. This price will bring about \$19,918,000 in annual revenues but will be less than the value the department has been using for this power in past years, that is, \$21,304,000 in annual revenues. It is more than an offer made by the California Power Pool companies more than a year ago which would bring \$14,284,000 in annual revenues. Inquiries were received concerning nearly all of the power but it is doubtful if many of the utilities can or will contract for its purchase since it is peaking power with limited usefulness to them and in addition transmission of the power must be secured. The Los Angeles Department of Water and Power may be an exception. Because the asking price exceeds the amount previously offered by the California Power Pool companies, who are the major customers for the power, no offer to purchase was made by the pool companies who indicated a willingness to negotiate on price. As a result, it is still necessary as it always has been, for the department to negotiate on price and transmission in order to reach agreement with prospective purchasers for the rest of the power. With the first generation at Oroville scheduled for June in 1967, very little time remains to negotiate the sale of the power and construct whatever facilities eventually are agreed upon to market it.

Since the plan of the Secretary of Interior for a Pacific Northwest-Southwest Intertie, which was announced last summer, includes the construction of a substation at Table Mountain near Oroville by the California Power Pool companies as part of the intertie plan, it is likely that the Oroville power will eventually be transmitted over these high voltage, high capacity intertie lines as a matter of economic

Department of Water Resources—Continued

necessity. Therefore, the department's concern over an Oroville-Delta transmission line seems belated. Viewed in this light, both of the department's main activities during the last 12 months involving sale of Oroville generation, that is, the Oroville-Delta transmission line study and the bid offer of December 15, 1964, have not materially advanced the sale and transmission of Oroville generation. A year has passed and the power is not substantially nearer to being sold because the basic negotiations for its sale and transmission have not occurred. The department is rapidly approaching a position which leaves it neither time nor advantage for negotiation.

In reviewing the department's power program for next year, special attention was given to the nature and amount of work remaining to be accomplished in the next year or two when most immediately urgent power matters will have to be resolved. Even after disregarding a number of important but deferrable tasks, seven high priority tasks can be readily identified which must be completed within one or two years if the department is to market power or be ready to provide power for the project pumps. These seven tasks are: (1) assist in determining whether the project pumps will use on-peak or off-peak energy, (2) contract for a supply of Canadian Treaty power and contract for its transmission and delivery in California, (3) contract for the sale or other disposition of Oroville generation, (4) develop an agreement with the Pacific Gas and Electric Company for the relocation or other resolution of the problems involved in flooding of the Big Bend power plant behind Oroville dam, (5) prepare the report requested by the Assembly Water Committee after completing the necessary studies and negotiations to determine the precise source and amount of project pumping power to be purchased or generated by a nuclear reactor, (6) complete the technical review of the Fluor Report, and (7) undertake studies to respond to the proposal of the Los Angeles Department of Water and Power for installation of power generation facilities on the West Branch of the aqueduct.

On June 1964 the department's power office had nine filled positions. By December 1964 most of the previously existing positions and newly authorized positions had been filled, giving the power office a staff of 26 persons. The budget for next year proposes to increase this number to 39 positions. The prospect of successfully recruiting a substantial number of new employees who can immediately produce useful work for the department without extensive training and orientation is remote. In fact, such recruitment and training will absorb much valuable time of the existing supervisory staff which might otherwise be used to complete some of the urgent power work confronting the department.

In view of the above circumstances, we cannot advise the Legislature that there is a fair probability that the department, working from the proposed budget for next year, can complete the large amount of important work confronting the power office in the time available and in a competent manner to best serve the interests of the project and its water contractors. This observation is further reinforced by the slowness of the work in past years.

Department of Water Resources—Continued

The difficulty does not appear to lie in a shortage of funds, since the department has the authority under the Burns-Porter Act to add more positions and spend more money for this work if it chooses. Rather, part of the difficulty is in recruiting and training a sufficient number of qualified employees who can accomplish the complex tasks confronting the department before the allocated time is exhausted. Under these circumstances, it would seem necessary for the department to undertake the immediate employment of experienced consultants and to borrow or utilize experienced personnel or staffs of existing power organizations in order to expedite the work. Time is running against the department and too much time has already elapsed to permit any further delays to occur.

Although the power contracting program is increasing next year, the water contract negotiation and administration program is decreasing from \$506,000 in the current year to \$332,000 in next fiscal year. This reduction reflects the eminently successful completion of the water contracting program and the consequent reduction of emphasis to cleanup of details of contract conformity and handling other matters which may arise.

Acquisition Difficulties

The Power Program, as already noted, and the Right-of-Way Acquisition Program of the department are the two unsatisfactory areas in the department's capital outlay budget. In the case of the right-of-way acquisition work, the tempo of activity has not kept pace with the needs because of changes in handling the work.

Approximately a year ago the department began to phase out appraisal and negotiations portions of the acquisition program that had for several years been done under contract by the Department of Public Works. In its place the department began to recruit its own staff to do the work in the Division of Right-of-Way Acquisition. Last summer after the department alleged that a conflict of interest had occurred among several of its employees with respect to the acquisition of land at Oroville, the decision was made to return to the previous practice under which the Department of Public Works made the appraisals and carried out the negotiations. The Department of Water Resources plans to continue doing the remainder of the acquisition work. Obviously such abrupt changes in policy could not be implemented overnight with the result that the acquisition program, while continuing to meet the most pressing requirements, has not developed the high rate of accomplishment which is needed.

In past years we have advised the Legislature of the land acquisition problems confronting the department. We have concurred with the department that its present deadlines will not permit orderly negotiation and acquisition of right-of-way for the aqueduct down the San Joaquin Valley. Instead, condemnation will be necessary in order to secure orders of possession for immediate occupancy of land as soon as design progresses to the point that the land to be acquired can be identified. The events of the past year indicate that improvement in this practice is not in sight.

Department of Water Resources—Continued

During past budget hearings the department did promise the Legislature that it would contact all property owners before serving them with papers giving the department immediate possession. Because the right-of-way program has not developed the expected tempo during the past year, this promise has remained unfulfilled. As before, the department is still having its first contact with many property owners when the owners are served an order of possession granting immediate rights of occupation to the department.

Much, but not all, of the department's work in relocating utility and other private or publicly-owned property is the responsibility of the Right-of-Way Acquisition Program. The department has advised us that in central and northern California 1,040 relocations remain to be handled at an estimated cost of \$31,241,000. In southern California 514 relocations remain at an estimated cost of \$15,204,000. The most troublesome of these relocations involve property of public utilities, common carriers or local government because of the provisions of Water Code Sections 11590 which virtually require replacement of existing property with new facilities. Fortunately, large segments of the above relocations do not involve Water Code Section 11590.

The best known of the department's relocation problems under Section 11590 involves the Feather River Railway. Several years ago the department emphasized that it must solve the problem immediately or risk delaying Oroville Dam. The last four years have been consumed in litigation of increasing complexity and diversity without solving the problem as of this writing. Meanwhile, the time for resolving the problem has passed since the floods of December 1964 flooded the property of the Feather River Railway and damaged it. A new suit, this one for damages against the department, can be anticipated in the future to add to the large amount of litigation already underway over the relocation.

Planning Investigations

In the General Investigations Program category the Delta and Suisun Bay Pollution Investigation is nearing completion. A preliminary report is scheduled for release during the next spring and a final report is scheduled for next year. This is an important investigation and its results will be awaited with interest by all parties involved in determining whether the proposed San Joaquin Valley Drainage System will be harmful to the delta.

In the Project Planning Program category an important phase in the planning of the peripheral canal around the delta has been completed. A report from the federal-state task force which has been working for the last two years to develop a delta water transfer scheme acceptable to all interests, has now proposed the peripheral canal as the solution to the problem. The canal would conduct good quality Sacramento River water through the eastern part of the delta, under the San Joaquin River, and then westward to the state and federal pumping plants where the water will be pumped into aqueducts for export to the San Joaquin Valley and southern California. Outlets along the canal will release fresh water into the channels of the delta

Department of Water Resources—Continued

to maintain water quality in order to sustain or enhance recreation, fish and wildlife values.

The peripheral canal proposal appears to be receiving wide acceptance among the various interests concerned with the delta and has a good prospect of being adopted. Its execution, however, will require enactment of authorizing legislation by Congress. It is not clear at this time whether the Bureau of Reclamation or the Department of Water Resources will construct the canal and it also is uncertain where the funds to pay for the \$100,000,000 portion of nonreimbursable costs included in the \$300,000,000 project will be secured.

In January of this year the Department of Water Resources released its preliminary report on the San Joaquin Valley Drainage System, Bulletin No. 127. This report is intended to be responsive to SCR No. 27 (1963 General Session) but it falls considerably short of the goal. Work on the bulletin has been seriously impeded by the recent move of the San Joaquin Valley branch office to Fresno. Even without the move, the bulletin likely would have been unable to provide reliable answers to all of the subject matter included in SCR 27. For this reason, it is probably preferable that the department did not attempt to postulate all answers at this time, but only reported what little has actually become known about the proposed project since the investigation was begun in 1957. It is contemplated that further detailed work will be done during the next three years on the project. It is not clear how the department proposes to resolve the remaining problems by more detailed studies since most of the remaining problems are dependent on other work done in the delta and San Francisco Bay to determine the possible damage to these waters from discharging the drainage waters into them, or else involve certain major political questions not subject to solution by the investigation.

Beach Erosion Control

Two years ago difficulties arose with the beach erosion control program because federal law requires advances to the United States Corps of Engineers from the state to pay the federal costs of project construction and then Congress repays the state after the work is completed. The resulting uncertain Congressional budgetary control over an essentially federal project was further diluted by the requirement of the Corps of Engineers that the Department of Water Resources and local participating agencies advance all funds to the corps before any work on the project began.

In order to assure that some fiscal responsibility was maintained over the projects, we suggested and the Legislature concurred in an amendment to the Budget Bill which precluded the department from releasing any construction funds until "final planning of that project has been completed and reviewed by the department." The purpose of the language was to be certain that the Corps of Engineers did not have a completely free hand to redesign a project without regard to the interests of the state or the local areas involved. It has been noted in the program statement of the department's budget that the "Legislature

Department of Water Resources—Continued

has directed the department to review and approve final planning of proposed projects *in detail . . .*” The Legislature did not direct review “in detail.” Its purpose was to assure that projects were not constructed without concurrence of local or state interests rather than to suggest that the department should become involved in the detailed engineering of a federal project.

ANALYSIS AND RECOMMENDATIONS

Under date of December 17, 1964, the State Water Service Agency Conference’s Audit Committee reported its views on the proper charging of certain capital outlay expenditures involving principally the planning of the State Water Project. In a previous report the department had requested the views of the water service contractors on the propriety of the policies it is following in making these charges. As might be expected, there was a difference of opinion. The department leans toward charging various items of expenditure to the project which the contractors believe are inappropriate and should not be charged to them for eventual repayment.

In a number of instances, the key to the accounting for these charges is the manner in which the original appropriation was made. It is now difficult and in some cases almost impossible to change these expenditures without going back and revising the funding source of the original appropriation. In past years this analysis has pointed out several instances in which proposed capital outlay funding for certain work did not seem correct and in some instances the funding was changed or the work modified when the Legislature and the Controller also questioned the legality of the funding. Because of the renewed interest in the funding and charging of certain expenditures, special attention has been given to this problem in reviewing the department’s 1965–66 budget. It should be emphasized that the comments and recommendations of this analysis are directed only to the expenditures for 1965–66.

In general this analysis has followed the principle adopted by the Department of Water Resources that any planning expenditures made for a project after the project is authorized are proper project charges. We objected last year to the early authorization of the Eel River Project for construction by the Department of Water Resources and pointed out that the planning of it had not passed the reconnaissance stage. However, the authorization for construction was made without objection by the water service contractors and we, therefore, consider the Eel River Project to be in the same category as other parts of the State Water Project which were not fully planned when authorized by the Burns-Porter Act in 1960 or by other earlier legislation. Thus, we concur with the 1965–66 budget proposals for continuing planning work on the Eel River Project, the Upper Feather River Projects, the Delta Water Project, and the San Joaquin Valley Drainage System as capital outlay charges. Similarly our review of the Crustal Strain and Fault Movement Investigation and the Federal-State Cooperative Earthquake and Engineering Surveys indicates they are properly budgeted for next fiscal year (no judgment is expressed on prior years’ expenditures) be-

Department of Water Resources—Continued

cause the work is directly serving the design of the authorized features of the State Water Project. In the case of the Supplemental Offstream Storage Investigation on Los Banos Creek, the work is properly charged to the General Fund because no authorized project exists.

However, several other investigations do present serious problems. The proposal to spend \$70,000 capital outlay funds (water bond proceeds) for the Investigation of Drainage Disposal to San Francisco Bay seems incorrectly budgeted since any study of the San Francisco Bay waste disposal problems will surely include many matters not directly related to the San Joaquin Valley Drainage System. At a later point our analysis recommends that the \$70,000 be supplemented with certain General Fund money. Such a balance seems more appropriate and would be more consistent with the past and present financing of the Delta and Suisun Bay Water Pollution Investigation.

Previous mention has been made of the fact that a new, unbudgeted investigation entitled Water Quality Management was undertaken during the current year and is budgeted from capital outlay during the current year and then changed to General Fund for the next fiscal year. The change in funding is justified on the basis that the current year's work to develop a water quality model of the Sacramento River to predict future conditions is useful for water quality management for the State Water Project. In contrast the work next year on the North Coastal Area and the year following on the San Joaquin River is not claimed to benefit the project. The funding appears to be expedient, because the department had not budgeted for this work a year ago when its current year budget was being prepared and therefore had only capital outlay money available when it decided to undertake the work.

We do not depreciate the value of water quality investigations of current problems, but we have not been convinced that efforts to forecast future water quality conditions are justified. The state has regional water pollution control boards specifically organized and provided with regulatory powers to prevent future adverse conditions from occurring and if the boards do their work the forecasts are not needed. The department should undertake forecasts of future water quality only when a clear need arises and when requested by the regional water pollution control boards.

It is recommended that the current year work be discontinued and that expenditures to date be charged against any unencumbered General Fund money and not against capital outlay funds. It is further recommended that the request for \$70,010 in General Fund money for the Water Quality Management Investigation next fiscal year be denied.

In past years we have objected to financing what appeared to be too large a portion of the Sacramento Valley Seepage Investigation from capital outlay funds. The present budget for the investigation is as follows:

<i>Fiscal year</i>	<i>Capital outlay</i>	<i>General Fund</i>
1963-64 -----	\$112,489	\$28,411
1964-65 -----	114,964	54,697
1965-66 -----	67,000	33,000

Department of Water Resources—Continued

The objective of the investigation is to evaluate current seepage conditions and estimate future conditions along the watercourses of the Sacramento Valley. The most serious seepage occurs during flood periods but it has been both claimed and denied that flood control storage projects and transportation of export water through the river system causes seepage. We have pointed out in the past that the major portion of the work is along the Sacramento River where the Central Valley Project would have equal or greater influence on seepage conditions than the Oroville Dam. The basis for the division of costs of this investigation has been obscure but it appears that too large a portion of its costs are being charged to the State Water Project. This is particularly true since it is not clear, nor may it ever be advisable for the department to admit, that the State Water Project may be responsible for seepage conditions. The water service contractors have objected to charging such a large portion of the costs of this investigation to capital outlay and we conclude that there is merit to their objection.

The seepage investigation has been awaiting a major high-water period to procure and analyze data typical of high-water conditions before it is completed. Presumably the floods of December 1964 have provided such conditions and it is possible therefore, that the costs for the current year and budget year may actually be higher than budgeted in order to take advantage of this unique high water condition. If this is true, it may further confuse the budgeting for the investigation.

It is recommended that the department thoroughly reevaluate the funding of the Sacramento Valley Seepage Investigation, including the formulation of a specific, quantitative basis for its funding, and furnish the results of this reevaluation to the Legislature at the time of hearings on the department's 1965-66 budget.

The planning activities of the Department of Water Resources as included in the General Investigations and Project Planning Program categories also present other problems. Over the last few years a major shift has occurred in the work covered by these two categories. The number of investigations financed by the General Fund to plan surface water supply projects has fallen off from 17 in 1960-61 to only 3 next year. This major reduction in project planning workload is due to the large number of such investigations the department undertook after it was organized in 1956 which nearly blanketed the water-producing areas of the state and left little remaining to be done in this type of investigation. In addition, General Fund financing for these investigations has become more difficult to secure. The large planning organization, which the department developed in past years, is running out of high priority planning work as construction and operations now become more important.

At the present time most of the department's planning activities consist of three types, (1) advanced planning of authorized features of the State Water Project financed from capital outlay, (2) ground water basin investigations, (3) a number of continuing investigations involving research, long-range planning and obscure analyses which are not subject to precise definition or detailed scheduling.

Department of Water Resources—Continued

In all three of the above types of planning work, there is an increasing amount of work which is relatively low in priority. Thus, some of the advanced planning investigations are now scheduled for several years into the future on a large scale for such work as planning for operation of features of the State Water Project and other essentially nonplanning activities. Ground water investigations are moving into ground water basins where there may be inadequate local interest in the work proposed or where the detailed nature of the work is not clearly justified. More importantly, we have commented several times in the past on the increasing emphasis given to research type projects and long-range planning which strives for degrees of accuracy which are not reasonably warranted in view of the limited accuracy of other data or because of judgment factors which must be employed in long-range planning. In view of the increasing emphasis on unjustified degrees of accuracy and the low priority of some of the work, it is appropriate to make recommendations for reductions in some of this work.

We have in the past supported the general objectives of the department in undertaking the Coordinated Statewide Planning Investigation, that is, to provide a long-range framework for water resources development in California. Under various titles this work has been under way for a number of years collecting vast amounts of data which are to be analyzed to produce the long-range plan. However, as more data are collected, the problems of utilizing these data increase and more research and refinement of data is required to make the data more useable. A self-engendered workload results. Meanwhile, the critical aspects of the work, i.e., interpretation of the available data and drawing useful and valid conclusions from it, has not progressed and after several years there are no results now available for evaluating accomplishments.

The budget shows an increase in expenditure under the Coordinated Statewide Planning Program of \$200,000 in the current year over the \$829,366 of the past year, and another increase of \$230,000 is budgeted for next year for a total of \$1,265,142. There is no compelling reason to place more emphasis on this program next year and in view of the high level of past expenditures, no increased funds should be put into this program until successful results have been demonstrated. The department plans to release some preliminary conclusions from this program during next fiscal year, but a year ago it was also proposing to produce some useable results from this program. Today, the extent to which useful results can be produced by this program still remains unknown.

It is recommended that the Coordinated Statewide Planning be retained at the present budget level until concrete results have been produced from the program and favorably evaluated and that \$230,000 in General Fund money be removed from the department's budget in order to hold the program at its current year level.

Last year the department budgeted a new investigation entitled Sacramento Valley Ground Water Development Investigation. Its purpose

Department of Water Resources—Continued

is to study the management and conjunctive operation of the Sacramento Valley ground water supplies for local use and for possible export. When this new investigation was budgeted last year the department proposed to approach the work in the same manner that it had agreed to proceed with the San Joaquin Valley Planned Utilization of Ground Water Investigation the year before, that is, to determine first what work is needed, is economically justified, technically appropriate, and acceptable to local interests. The objective is to establish what might be reasonably accomplished by each investigation before large sums of money are spent on data collection to develop ground water management regimens which might be impracticable or infeasible because of local opposition.

A timing problem has arisen in the budgeting of funds to undertake the actual investigations after the plan of approach is submitted to the Legislature. It is presently anticipated that a report will be available on the proposed San Joaquin Valley investigation for review by the Legislature at the time of budget hearings. If the Legislature approves this proposal, the sum of \$85,000 included in the budget for next year for this work could be expended. If the Legislature does not approve the proposal, the money can be removed from the budget. However, the report on the Sacramento Valley investigation is not completed and is not scheduled for completion until June of this year, which is too late for consideration by the Legislature in budget hearings this year. If the report is not available for consideration during this session, the sum of \$150,000 budgeted for the Sacramento Valley investigation will not be needed.

On the basis that the report to the Legislature on the proposed Sacramento Valley Ground Water Development Investigation will not be ready for consideration by the Legislature during the current session, it is recommended that the \$150,000 of General Fund money budgeted for this work be removed from the budget. It is further recommended that the \$85,000 for the San Joaquin Valley Investigation be approved only if the pending report is approved.

At the same time that the department's planning endeavors have been shifting to a number of relatively low priority activities, the department has not responded to certain very high priority work which is now developing. This lack of responsiveness occurs in the budgets of other agencies also and generally indicates statewide uncertainty on how to approach the problems. Two high priority problem areas are waste disposal in the San Francisco Bay area and the growing support for regional planning to establish courses of action to supply additional water to the Pacific Southwest area. In both instances it is not yet clear what work is needed or who will be doing it. However, it is apparent that the period ending on June 30, 1966, and covered by the budget for next year, will no doubt see major decisions made and confront the State of California with a need to respond quickly and perhaps on a major scale.

The department's budget for next fiscal year does include \$70,000 in capital outlay funds for some work (whose nature is to be determined

Department of Water Resources—Continued

later) on the waste disposal problems of the San Francisco Bay area. This amount is probably inadequate and should in any event be accompanied by an equal or greater expenditure for work properly chargeable to the General Fund as further set forth below. With regard to the Pacific Southwest water problems, the department has responded by budgeting work in the north coastal area at a high level and has developed cooperative programs both there and in the delta with the interested federal agencies. Other work and investigations related to Pacific Southwest water supplies which should properly be charged to the General Fund will likely need to be begun in the period before June 30, 1966. Because work which may have a high priority to California may be clarified in the present session of Congress when it reconsiders the Central Arizona Project and other related matters and this work may be a proper function of the department rather than the Colorado River Board or the federal government, the department should be in a position to get the work started.

Our review of the department's budget has identified several areas where low priority work can be reduced or cut back to make General Fund money available for higher priority work in the two subject areas noted above. The Water Well Standards Program is budgeted at \$139,390 for next year and could be reduced in view of the difficulties of getting local government to implement the well standards developed under this program. The Planning Manual Preparation Program is budgeted at \$85,000 for next fiscal year but this program has recently expanded into the preparation of a large number of relatively low priority technical manuals which greatly exceed that originally contemplated when this program was undertaken at our suggestion a number of years ago. Even if this program is cut back to the essential manuals and the funds budgeted are concentrated on completing them, there may still be some excess money available for diversion to high priority work. Finally, the Unit Water Use Investigations are budgeted at \$288,497 for next year. This work is attempting to develop at great cost a degree of accuracy in forecasting water consumption which may be unobtainable or which is unnecessary because of the limitations of other data with which it will be used. The total of these relatively low priority investigations is \$512,000, of which \$200,000 or \$300,000 can be diverted to more high priority work within the department if necessary.

It is recommended that the Department of Finance impound \$250,000 of the funds budgeted for Water Well Standards, Planning Manual Preparation and Unit Water Use Investigations for use in higher priority studies related to San Francisco Bay and Pacific Southwest regional planning as these needs are identified during the next 18 months and that these impounded funds be available only as released by the Department of Finance after full discussion with and concurrence of legislative leaders.

Department of Water Resources—Continued

Flood Damage Suits

The Operations Program category contains the work of the department related to flood control. Included are the following programs and expenditures for the next fiscal year:

Sacramento River Flood Control Project Maintenance -----	\$993,859
Flood Operations Program -----	92,882
Flood Control Project Inspections -----	122,159
Flood Control Maintenance Areas (Reimbursement) -----	275,000
Federal-State Cooperative Yuba River Debris Control -----	50,000
River Forecasting and Flood Hydrology -----	140,585

During December 1964 the Superior Court for the County of Sutter entered a judgment against the State of California and its agencies (principally the Reclamation Board) for \$6,300,000 in damages for liability to plaintiff's property arising from the levee breaks along the Feather River in December 1955. If we understand correctly the significance of this decision, which the state has determined not to appeal, it is that wherever the state exercises significant control over flood control projects and damages occur, the state may be subject to damage claims for the flooding.

The concept of liability enunciated in this suit is far-reaching and could well be expanded to many activities of state government involved in flood control such as the above listed activities of the Department of Water Resources.

It is recommended that, until the Legislature and the administration have carefully assessed the significance of the judgment arising from the levee breaks along the Feather River in December 1955 and have determined whether additional law or changes in policy or practices are needed to avoid undesirable or unwarranted future liability, that the Department of Water Resources not expand or increase any flood control activities beyond that work now fully established and presently being done. In particular this recommendation applies to the prospect that the department may expand its flood forecasting and flood-fighting activities as a result of the floods in December 1964.

Cost Sharing of Ground Water Investigations

During the 1964 budget hearings, the Senate Finance Committee questioned the lack of state policy pertaining to payment by local interests of the costs of ground water studies undertaken by the Department of Water Resources. The specific problem arose because the department's budget had required cost sharing by the County of San Joaquin in the San Joaquin County Ground Water Investigation. When asked for the state's policy on sharing the costs of such investigations, this office replied that there is no established policy of cost sharing although it occurs occasionally and that it appeared to be inequitable to single out San Joaquin County for the adoption of a policy which was not being applied to other ground water studies in the budget. The committee thereupon asked for a review of the state's policy and submission of recommendations regarding the need for and the nature of an appropriate cost sharing formula.

Department of Water Resources—Continued

At approximately the time the Department of Water Resources was organized in 1956, the state began a transition in its water-oriented activities. Included was a major expansion in the number, complexity and nature of planning activities and investigations. The department began actively seeking funds for investigations in areas where water problems existed and even began investigations in anticipation of water problems. The result was to deemphasize local pressures for departmental investigations and to remove from the local interests the burden of seeking authorization and providing funds for the department to undertake a study of interest to them. Although some cost sharing had existed in prior years, soon local interest in cost sharing on project planning virtually disappeared.

Starting in about 1960, the department began an enlarged series of ground water investigations. For purposes of this discussion, this ground water investigations work can be divided into four classifications:

1. Studies to solve specific ground water problems. Examples of this work would include the current investigations into seawater intrusion in southern California, the Intrusion of Salt Water into Ground Water Basins of Southern Alameda County (Bulletin No. 81) and other similar work where a specific and limited technical ground water problem is investigated.

2. Studies to establish optimized management of ground water basins. The Planned Utilization of the Ground Water Basins of the Coastal Plain of Los Angeles County (Bulletin No. 104) is a prime example. These management studies are now being extended into the San Gabriel Basin, the Chino Basin and other basins including the San Joaquin Valley. Their purpose is to establish the optimum pattern of recharge, draw down and other factors in order to permit the greatest safe utilization of the ground water basin by the local interests at the least cost.

3. Studies intended to provide data for regulatory activities. The most prominent of these is the establishment of water well standards and work done for, or in support of the regional water pollution control boards.

4. Studies to establish the availability of ground water for use by local interests in lieu of constructing other water facilities. The North-eastern Counties Ground Water Investigation (Bulletin No. 98) is an example of this work although some aspects of the proposed Sacramento Valley Ground Water Development Investigation and other investigations include some work of this type. The distinguishing feature of this type of investigation is that it indicates to local interests the availability and extent of ground water which may be used to expand the economy of the area or sustain it in lieu of importing or developing surface water.

In considering state policy on ground water investigations, two matters deserve critical attention. The first of these is the difficulty of the work. For example, frequently the successful completion of a ground

Department of Water Resources—Continued

water investigation involves extensive collection and analysis of geologic data to delineate the limits and characteristics of the ground water basin itself. Few private engineering firms are staffed to do such geologic work. In all aspects of ground water investigations, the Department of Water Resources is probably better staffed, more experienced, and more advanced than any other known engineering group. The tendency, therefore, is for the department to undertake more work of this type and for people with complex ground water problems to turn to the department as the authority. As a result, the department has a near monopoly on this type of work in California.

The second matter is the ownership of the water rights involved in ground water basins. Virtually all the water is controlled by private property rights and the investigations are, therefore, of direct and substantial value to the private property rights involved. This consideration has caused us to suggest in the past the need for some financial participation by the local interests in certain ground water investigations.

The Water Code declares that the unappropriated waters of the state belong to the people of the state. After water is put to beneficial use, the user of the water secures a water right which is a property right attaching to his property or business that can be sold for a monetary value. The courts will protect the property right. Much of the project planning and related investigational work of the state and federal water agencies is with the unappropriated surface waters of the state. After these surface waters are put to beneficial use, the state and federal agencies rarely continue any planning work or interest in these waters, presumably because a property right is involved.

In the case of ground water, the law similarly grants property rights to land owners who pump water from the underground basin beneath their property. Other classes of pumpers can also secure rights of equal or subordinate nature. Since the pumper's rights are normally to an undetermined portion of the water in the underground basin, his rights can be directly affected by changes in the elevation and quality of the ground water whether attributable to natural causes or the pumping of others. In central and southern California, where most ground water basins are overdrawn, changes in elevation are apt to be detrimental. Elsewhere if the basin is not overdrawn, changes may have no adverse affect. Because of the difficulty of determining the relationship of an event affecting the ground water basin to individual water rights, one of the prime objectives of ground water investigations is to gather data and analyze such cause and effect relationships or to improve the ground water supply (see 1 and 2 above).

All work done by the Department of Water Resources on ground water basins under classifications 1 and 2 above is beneficial to the holders of rights to that water. If it is not directly beneficial, it is probable that the work should not be done since it would seem to have no value or logical reason to be done. Thus it can be seen that in the

Department of Water Resources—Continued

case of most surface water studies, the Department of Water Resources is essentially involved with unappropriated water while in the case of ground water it is essentially involved with vested water rights.

In most other instances where work is done by the state that has a direct benefit to individuals or private property, it is customary to secure some type of reimbursement or cost sharing which varies from 100 percent to a customary minimum of 50 percent (unless the costs are shared by three or more parties). Certain of the state's water activities already provide for cost sharing. For example, the court reference and statutory adjudication procedures in California as well as the ground water recordation program require that the holders of water rights reimburse fully the costs of the State Water Rights Board incurred in such procedures. The costs of the Department of Water Resources incurred in the watermaster service are required to be shared by the holders of water rights being benefited by the service.

It is probable that applying a cost sharing policy to ground water investigations in classifications 1 and 2 will result in curtailing a number of current or planned investigations. Such curtailment may prove to be desirable because the department is undertaking investigations now without assurance that local interests will accept or implement the departmental recommendations.

It is recommended that all departmental studies involving ground water subject to existing rights (except where regulatory functions are involved or unappropriated water may be reasonably expected to be discovered) should be subject to cost sharing on a 50-50 basis. This recommendation is made in an effort to secure financial participation by those parties who, because of their property rights (water rights) involved, receive direct benefit from the study, investigation or planning. In order to provide an equitable approach to any policy, the Legislature should establish this policy in the Water Code so that it would apply to all new undertakings and will be clearly spelled out as in the case of watermaster service, ground water recordation and court references.

In all other respects approval of the item is recommended.

POLICY OPTIONS

In the event that the Legislature determines that the recommendation to impound \$250,000 for eventual expenditure on work involving San Francisco Bay waste disposal problems and regional water planning, and in the further event that the Legislature determines not to proceed with the San Joaquin Valley Ground Water Investigation and does not authorize expenditure of the \$85,000 budgeted for this purpose next fiscal year, all of this money could be removed from the department's budget and devoted to other General Fund purposes.

Water Resources

Items 257-258

**Department of Water Resources
SUPPORT APPROPRIATION**

ITEM 257 of the Budget Bill

Budget page 794

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

Amount requested -----	\$10,643,878
Estimated to be expended in 1964-65 fiscal year -----	10,665,736
Decrease (0.2 percent) -----	\$21,858
TOTAL RECOMMENDED REDUCTION -----	\$450,010

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
From amount requested to maintain existing level of service:			
Eliminate Water Quality Management Investigation ----	\$70,010	801	79
Reduce Coordinated Statewide Planning -----	230,000	801	80
Eliminate Sacramento Valley Ground Water Development Investigation -----	150,000	801	74

This item provides the General Fund portion of the funds included in the analysis of Revolving Fund Item No. 256. Reductions in this item reflect the recommendations made under Item No. 256.

Otherwise approval is recommended.

**Department of Water Resources
STATE WATER RIGHTS BOARD**

ITEM 258 of the Budget Bill

Budget page 847

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

Amount requested -----	\$1,076,406
Estimated to be expended in 1964-65 fiscal year -----	1,053,546
Increase (2.2 percent) -----	\$22,860
TOTAL RECOMMENDED REDUCTION -----	None

PROGRAM PLANS AND BUDGET

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, with its staff of 90 positions, handles administrative procedures relative to the appropriation of unappropriated water, provides assistance to the courts in water rights controversies through the court reference procedure, assists holders of water rights through the statutory adjudication procedure, and records 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 unprotected applications, investigates facts relative to protested applications, and insures, through permit and license inspections, that water covered by a permit or license is actually put to beneficial use as required by California water law.

The \$1,076,406 requested for fiscal year 1965-66 represents an increase of \$22,860 or 2.2 percent over the amount expected to be spent

State Water Rights Board—Continued

in the current year. The proposed budget includes no new programs and is based on a continuation of the existing level of service. For the first time, the board has prepared a program budget as a supplement to the line item budget. This simplifies the task of analysis, since it shows more clearly how the money is spent.

The board's activities may be classified into three program categories which are discussed in numbered sequence below.

1. *Appropriation of Water*

	<i>Actual 1963-64</i>	<i>Estimated 1964-65</i>	<i>Proposed 1965-66</i>
Total cost of program -----	\$966,243	\$1,073,546	\$1,094,406
Less reimbursements -----	—13,236	—20,000	—18,000
Net cost of program -----	\$953,007	\$1,053,546	\$1,076,406
(General Fund)			

As the above expenditure statement indicates, activities related to the appropriation of water constitute the major workload and expense of the board, and all of the General Fund support money is used to finance this work. These activities divide into two functions, one involving processing of applications to the point where a permit may be issued, the other concerning determination of eligibility for a license based on beneficial use of water.

The application processing function is budgeted at \$464,000 for 1965-66, which is an increase of \$9,700 over estimated current-year expenditures. However, the total expenditure for the budget year is increased to \$479,000 by reimbursements (filing fees) amounting to \$15,000. For the current year, these reimbursements are estimated at \$17,000. The reduced reimbursement increases estimated current-year expenditures to \$454,300. The reduction in fees for the budget year reflects a greater number of applications being filed by the State Department of Water Resources and the U.S. Bureau of Reclamation, both of which are exempt from payment of fees.

Application processing may involve only a few routine procedures or may require complex engineering investigations and hearings or conferences, depending on the size of the proposed project, the source and quantity of water, the effects on other water users, and other variable factors. The board insures that applications are properly completed, that public notice is given of the proposed diversions of water, and that persons who protest are answered. The board may hold a hearing on an application or, if the parties agree, may conduct an informal conference to resolve controversies. The processing function ends either with the issuance of a permit to appropriate water or cancellation of the application.

After a permit is issued, the board ascertains whether the water project being constructed pursuant to the permit is moving toward completion at a satisfactory rate or that, having been completed, beneficial use is being made of the water. If the latter condition exists, a license may be issued, but if the project is not being developed or water is not being used in compliance with the permit, the permit may be modified or re-

State Water Rights Board—Continued

voked. Similar action also may be taken with respect to a license. This function involves evaluation of annual progress reports filed by permittees; determination of extensions of time to complete project development; field inspections of projects; issuance of licenses; maintenance of records on ownership, place of use, and purpose of use of water; and revocations of unused permits and licenses.

For fiscal year 1965-66, this license and permit inspection function is budgeted at \$612,406, compared with estimated expenditures of \$602,246 for the current year. In addition, reimbursements in the amount of \$3,000 are anticipated in both the current and budget years. The proposed expenditure is based on a continuation of the existing level of service, with some increase in the field inspection workload being offset by reduced workload in other activities.

2. Adjudication of Water Rights

	<i>Actual</i> 1963-64	<i>Estimated</i> 1964-65	<i>Proposed</i> 1965-66
Total cost of program -----	\$26,875	\$10,000	\$10,000
Less reimbursements -----	26,875	10,000	10,000
Net cost of program -----	--	--	--

The board provides two procedures which assist the courts and water users in adjudication of water rights. One procedure is a court reference in which the board acts as referee in superior court actions; the second procedure is a statutory adjudication wherein administrative determinations of the board are validated in a court decree. The costs of both procedures are reimbursed to the board by the parties involved in the court action. The current level of activity is expected to continue in the budget year.

3. Recordation of Water Extractions and Diversions

	<i>Actual</i> 1963-64	<i>Estimated</i> 1964-65	<i>Proposed</i> 1965-66
Total cost of program -----	\$17,900	\$24,000	\$24,000
Less reimbursements -----	22,070	24,000	24,000
Net cost of program -----	-\$4,170	--	--

The Water Code requires all persons who extract more than 25 acre-foot of water from the ground in any year in the counties of Ventura, Los Angeles, San Bernardino, and Riverside to file annual notices or statements with the board. This function is supported by fees which are paid with each notice of extraction to cover the costs of maintaining the records. The current level of workload is expected to continue in the budget year.

REVIEW OF AGENCY ACCOMPLISHMENTS

During 1963-64, workload decreases, particularly in the application processing function, permitted the board to shift some personnel to the inspection function in order that a field inspection could be made of each permit at the end of the development period allowed by the permit. As a result, some permits have been revoked and additional water sup-

State Water Rights Board—Continued

plies made available to people prepared to make prompt beneficial use of them. Field inspections increased to 985 in 1963-64 compared to 932 in fiscal year 1962-63. Continued expansion of this function is anticipated in the budget year through shifting of additional personnel to this work.

New applications totaled 460 in 1963-64, down from 536 in 1962-63. A part of this reduction reflects the recent policy of the U.S. Forest Service not to file on developments within national forests. However, as the amount of water available for appropriation continues to decline, greater caution must be exercised by the board in determining whether new applications should be approved. Thus, while applications are fewer in number, more detailed information is necessary to process them.

ANALYSIS AND RECOMMENDATIONS

While the board has adjusted to changing workload requirements over the past two years by shifting positions to the field inspection function and placing greater emphasis on informal conferences with parties to water rights controversies, if workload reductions continue to occur in major functions there will be a need to reevaluate the board's personnel requirements in the next two years. *Approval of the budget request is recommended.*

**Department of Water Resources
RECLAMATION BOARD**

ITEM 259 of the Budget Bill	Budget page 849
FOR SUPPORT OF THE RECLAMATION BOARD FROM THE GENERAL FUND	
Amount requested -----	\$130,616
Estimated to be expended in 1964-65 fiscal year.-----	141,094
	<hr/>
Decrease (7.4 percent) -----	\$10,478
TOTAL RECOMMENDED REDUCTION -----	None

PROGRAM PLANS AND BUDGET

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

Reclamation Board—Continued

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 encroachment on river channels within the board's jurisdiction.

Most of the board's expenditures are made from funds transferred as reimbursements from the board's own local assistance appropriations. The appropriation provided by this item covers the board's support needs which are not chargeable to local assistance projects. Hence, the proposed budget appropriated by this item is \$130,616, which is \$10,478 or 7.4 percent less than estimated expenditures for the current year, but the board's state operations budget, including the amount requested in this item, totals \$1,011,706, which is an increase of \$33,151 over estimated current expenditures. This represents reimbursements totaling \$881,090 for the budget year compared with \$837,461 in reimbursements for the current year.

As a supplement to its line item budget, the board has prepared a program budget to show how expenditures relate to specific projects and activities. The board's work may be grouped into three major program categories and a general management function which are outlined below. Costs of the general management function are prorated among the three program categories and are included in the expenditures for the program categories.

1. General Management

	<i>Actual</i> 1963-64	<i>Estimated</i> 1964-65	<i>Proposed</i> 1965-66
Executive management	\$83,894	\$90,943	\$91,257
Administrative services	123,197	126,367	142,153
Total general management.....	\$207,091	\$217,310	\$233,410
General management pro rata charges	—207,091	—217,310	—233,410

The general management function provides overall administration of the board and review of engineering, right-of-way acquisition, accounting, budgeting, and clerical services. The proposed budget-year increase of \$16,100 reflects higher costs for personal services and rent and some increase in operating expenses.

2. Planning

	<i>Actual</i> 1963-64	<i>Estimated</i> 1964-65	<i>Proposed</i> 1965-66
Project planning	\$14,191	\$29,178	\$26,760
Flood control planning	16,002	32,903	30,176
Total planning	\$30,193	\$62,081	\$56,936

Planning work is conducted in connection with an authorized project to the point where ground surveys are begun by the Corps of Engineers or it may be performed independent of an authorized project where problems of flood control exist. The purpose of this activity is to develop plans for flood control works which have been authorized or which warrant authorization in the future.

Reclamation Board—Continued

Project planning involves reviews of estimates made by the Corps of Engineers on the costs of securing lands, easements, and rights-of-way for authorized flood control projects to be constructed by the corps. Since the state pays these costs, the purpose of reviewing them is to determine if the corps' cost estimates are reasonable and are a fair portion of project costs. Currently, there are 14 authorized corps projects in the survey report stage. In addition, the board studies areas which have potential flood problems to obtain information for flood plain management and development of master plans. This work also includes cooperative studies with federal and state agencies on flood and drainage problems in the area of the board's jurisdiction.

3. Project Maintenance and Operation

	<i>Actual</i> 1963-64	<i>Estimated</i> 1964-65	<i>Proposed</i> 1965-66
Encroachments -----	\$15,713	\$17,013	\$13,680
Property management -----	11,500	12,000	10,000
Litigation other than condemnation	86,307	50,000	50,000
Totals -----	\$113,520	\$79,013	\$73,680

This category contains all project management activities of the board arising from the board's responsibility for insuring proper maintenance and operation of all projects constructed in the area of the board's jurisdiction.

Through its encroachment activity, the board is responsible for controlling encroachments along the Sacramento and San Joaquin Rivers and their tributaries. The board processes and reviews applications for permits for construction of any type along the banks, the overflow channels, or the levees of the rivers and their tributaries to insure that they will not impair the operation or maintenance of the flood control project. Inspections are made of authorized encroachments during the construction stage to verify that they are properly constructed. The board also takes steps to remove existing unauthorized encroachments which are harmful to the levees or the flood control project.

The maintenance activity provides cooperation with the Corps of Engineers in enforcing proper maintenance standards by all reclamation districts or other public agencies that are responsible for the maintenance and operation of various portions of the authorized flood control project. Failure of the local districts to comply with maintenance standards may result in the board's forming a maintenance area to secure funds with which the Department of Water Resources does the maintenance work.

Property management involves inventory of properties or leasing and disposal of unneeded properties owned by the board. The objective of the program is to obtain maximum state benefit from the use of the property by realizing its greatest revenue potential or by making it available for public use. Revenue estimates for the budget year total \$527,600, compared with estimated revenues of \$478,660 for the current year.

Reclamation Board—Continued

The "litigation other than condemnation" function defends the state in all legal actions resulting from flood damages or inverse condemnation actions.

4. Flood Control

	<i>Actual</i> 1963-64	<i>Estimated</i> 1964-65	<i>Proposed</i> 1965-66
Sacramento River flood control project	\$571,436	\$337,695	\$823,456
Sacramento River bank protection ..	959,584	1,381,000	2,671,361
Lower San Joaquin River flood control project	3,841,070	2,793,465	4,710,247
Calaveras River, Littlejohn Creek and tributaries	1,101,450	422,004	205,000
Middle Creek	12,164	60,301	10,000
Merced County stream group	95	1,087	2,000
Mormon Slough	--	60,000	1,235,395
Buchanan, Hidden, New Melones	--	--	13,000
Total flood control program ----	\$6,485,799	\$5,055,552	\$9,670,459

The board's flood control programs are financed by its local assistance appropriation, which covers the costs of lands, easements, rights-of-way, and relocations required by the Corps of Engineers' flood control projects. The board assumes the obligation for these costs at the time the project is being formulated, but the expenditure of funds is dependent on the corps' budget as approved by the Bureau of the Budget and authorized by Congress. Scheduling of the work is determined by the corps' workload and estimated federal appropriations.

As the above estimates of proposed expenditures indicate, much of the board's workload in the budget year relates to the Sacramento River Flood Control Project, the Lower San Joaquin River Flood Control Project, the Sacramento River Bank Protection Project, and the Mormon Slough Flood Control Project. The board will continue to negotiate settlements and pursue condemnations on these and other current projects. The state construction program on the San Joaquin River Project (from the Merced River to Friant Dam) is scheduled for completion in 1965-66 and is to be financed by an estimated carryover of \$4,308,000 from the appropriation provided for the current year. The proposed budget also includes funds to complete all right-of-way acquisition activity and condemnations relating to the Middle Creek Flood Control Project. Additional funds for this project are provided to cover claims based on damages resulting from displacement of lands adjacent to project levees which are subsiding. The board will continue with project engineering, appraisal, and right-of-way acquisition work related to the Mormon Slough Project, which will represent an overall estimated state cost of \$2,258,000 when completed.

As a result of the workload arising from these flood control projects, the board proposes to continue on a permanent basis, 10 positions which were authorized last year by the Legislature for one year only. These positions consist of four engineers to work on engineering reports and exhibits for condemnation cases; four land agents for land appraising and purchase negotiating; and two clerical positions to meet in-

Reclamation Board—Continued

creased workload related to the increased land acquisition activity. These positions are budgeted at \$75,030.

REVIEW OF AGENCY ACCOMPLISHMENTS

The available workload data of the board show a gradual increase in activity over the past few years, but this trend should decline and level off somewhat after fiscal year 1965-66 when the San Joaquin River Flood Control Project will be essentially completed unless other factors intervene. In 1963-64 the board processed 321 parcels of right-of-way, appraised 85 parcels of land, negotiated 125 settlements, and paid \$1,061,198 to owners for land, improvements, and damages. At the end of that year, 187 ownerships were under condemnation.

ANALYSIS AND RECOMMENDATIONS

• The board's proposed budget represents a continuation of the existing level of service, although some reduction in accumulated workload should be possible next year if the 10 positions authorized for this year only are authorized on a permanent basis. The board was able to fill all of these positions only within the last few months, and it is unlikely that their impact on workload has yet been fully realized. Including these 10 positions, the board has a currently authorized level of 82.2 positions.

Approval of the budget is recommended.

Flood Damage Suit

On December 21, 1964 in the Superior Court of Sutter County, judgment was entered against California in the case of *Adams v. California*. This judgment found California liable for damages in inverse condemnation under Article 1, Section 14 of the State Constitution occurring from levee breaks along the Feather River and established damages at \$6,300,000. The tort liability Item No. 280 in the Budget Bill contains money to pay this judgment. Under the analysis of the tort liability item a recommendation is made against the appropriation of the \$6,300,000 until the Legislature has thoroughly studied the matter. The judgment against the state for the Feather River floods results from the claim that the flood control works on the river funneled more water through the river channel than it was able to convey and therefore the state is liable for the damage resulting to property when the levee broke.

The judgment raises many questions regarding the flood control programs and activities of the State of California acting principally through the Reclamation Board but also including the Department of Water Resources. It is the purpose of this portion of the analysis of the Reclamation Board's budget to raise some of these questions for consideration by the Legislature because of their far-reaching significance.

In the initial consideration of the matter, the very important matter of public policy occurs. The State of California and the federal government have cooperated in financing and constructing major flood control projects to protect its citizens. The construction of these works must

Reclamation Board—Continued

be kept within bounds of economic reasonableness, that is, within the ability of public funds to pay for the construction of the projects. This means that it is virtually impossible for government to provide as high a degree of protection as it would desire because the costs would be prohibitive. It is obvious that substantially increasing the costs of any one flood control project would only result in the construction of fewer projects and providing a higher degree of protection to a smaller number of people. The court did not accept this reasoning and considered only the damage occurring when the protective levees were inadequate.

If no protection were provided by flood control works, then seemingly no liability would result because only natural flooding would occur. Thus, the substantial damages in the north coastal area during December 1964 result in no liability against the state because neither it nor the federal government had provided protective services. However, the protective services provided along the Feather River which had been adequate for previous floods were inadequate for the very high flows of 1955, and the state now finds itself liable.

Nearly all flood control structures in California are federal projects that have been authorized, designed and constructed by the United States Corps of Engineers. The state, in the Central Valley, has been a participating agency, paying for the lands, easements and rights-of-way, in some instances maintaining the works and in some instances being the agency that has provided the assurances required by Congress from some local agency to protect the federal government against any damages. In the case of the Feather River floods, the plaintiffs first brought suit against the federal government, but were unsuccessful when the federal district court ruled that the federal government had not consented to the suit. The full force of the liability therefore fell upon California based on the superior court's finding that California had significant control and responsibility for the project because of its participation. Thus, the basis for the liability is the state's role as a controlling participant. It should be noted that careful analysis of the facts involved in *Adams v. California* will be necessary before the exact factual implications can be determined but the implications in law are already known to be vast and novel.

However, from the foregoing a number of basic questions involving state policy readily arise for which no answers are now available.

1. Should the state appropriate money to pay for damages resulting from efforts to assist its citizens when such assistance is beyond the full control of the state (such as a federal project) and a high degree of protection is an economic impossibility?

2. To what extent, as a matter of public policy, and on what economic basis, should the state pay for flood damages or alternatively, leave its citizens unprotected?

3. If people receiving protection from floods at state and federal expense are also to receive compensation for flood damage, should not these beneficiaries participate more directly in the project costs? Should they receive only benefit and protection without any participation in costs other than as taxpayers?

Reclamation Board—Continued

4. If liability accrues from participation in a federal project, may not other activities by the state directly related to flood control and flood fighting (and there are many) be exposing the state to further or greater liability?

At the present time the Attorney General and the administration have determined to pay the damages, have agreed to the judgment and waived findings of fact and conclusions of law. It had previously been determined that no appeal to higher courts would be made on the question of liability. Therefore, insofar as the courts are concerned, the matter is decided and no further court proceedings are contemplated. Under these conditions the law is far from clear, except that the state is liable. If the uncertain policy thus established is to be changed, it will have to be changed by the Legislature either through enactment of legislation redefining the liability involved or through refusal to appropriate the \$6,300,000. The full implications of either action are not clear at this time. Because the liability is established pursuant to language in the State Constitution, the Legislature has no authority to remove the liability, but at best, might limit it by conditioning or re-defining state activities.

The amount of damages awarded, that is \$6,300,000, was established after a sampling of the claims filed by plaintiffs. This sampling resulted in the conclusion that in aggregate the state should pay \$6,300,000 in claims. The distribution of this sum among the plaintiffs was made by the attorneys for the plaintiffs and does not represent a concurrence by the state in the amount of damages received by each plaintiff even though the state agreed to the judgment. A brief check of the claimed damages with the judgment indicates that the \$6,300,000 settlement may be too high and that it should be evaluated in more detail.

Looking to the future, the judgment provides little guidance to the state on how best to conduct its affairs. Some observations on the probable implications can be sketched however:

1. The state, acting through the reclamation board, should immediately cease extending the hold harmless assurances to the Corps of Engineers and then passing this responsibility on to some local agency. If, as is found in the case of *Adams v. California*, the state has liability, then the fact that it extends the hold harmless assurances in the Central Valley through the reclamation board, but does not take such action in other parts of the state, may constitute a more favorable assumption of liability compared to the rest of the state.

2. Conversely, it is becoming increasingly apparent that passing the hold harmless assurances to local agencies in the Central Valley offers the state little protection against damage suits and may only offer an opportunity to recoup a part of the damages from the local agency giving such assurances. As a practical matter recouping any damages is questionable because the judgment against the state is likely to be so large that it cannot be paid by a local agency. The practice of requiring local agencies to give the hold harmless assurances as is done outside the Central Valley tends to become self-insurance, but any assumption of liability by the state eliminates the self-insurance aspects.

Reclamation Board—Continued

3. The traditional practice of justifying flood control projects by emphasizing benefits and accomplishments in order to secure authorization of projects for construction and appropriation of funds will need review since this can lead to overenthusiastic public statements regarding the project which can be used against the project in any damage claims.

4. The engineering policies and practices involved in formulating flood control projects and the evaluation of the hydrology of the streams controlled will need to be improved and refined to assure that the precise accomplishments of the project can be stated and imprecise or roughly estimated specifications on the extent and nature of protection included in a project are clearly stated.

5. Flood plain zoning will require reevaluation to assure that irrespective of the extent of protection offered by a project, the lands still susceptible to a possibility of flooding are clearly limited in use and that any significant development occurring in the flood plain is required to forego any claims to damages.

The above discussion is not intended to indicate the nature and extent of consequences which may occur as a result of the judgment against the state in *Adams v. California*. Rather, it is intended to sketch the possible extent and complexity of the public policy questions raised and the problems requiring consideration. The above discussion is only exploratory without pretense of being definitive. It does show that there is a major need for exploration of the problem in breadth and depth as soon as possible.

It is recommended that the Legislature undertake a review of the implications of the judgment in Adams v. California for the purpose of resolving the problems which this judgment poses for the state's future policies.

COLORADO RIVER BOARD

ITEM 260 of the Budget Bill

Budget page 851

FOR SUPPORT OF THE COLORADO RIVER BOARD
FROM THE GENERAL FUND

Amount requested.....	\$248,332
Estimated to be expended in 1964-65 fiscal year.....	244,631
Increase (1.5 percent).....	\$3,701
TOTAL RECOMMENDED REDUCTION.....	None

PROGRAM PLANS AND BUDGET

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 six local water and irrigation districts in southern California to the use of Colorado River water. The board, composed of a representative from each of these six local agencies, employs a staff of 19.1 positions. Major functions of the board consist of compiling and analyzing engineering data, engaging in interstate conferences, and appearing

Colorado River Board—Continued

before Congress and interested federal agencies relative to existing and proposed uses of the river water.

The proposed 1965-66 budget of the board, which is \$3,701 or 1.5 percent higher than estimated expenditures for the current year, represents a continuation of the present level of service. The board proposes to analyze the effect of the Arizona suit on California; review the Colorado River Storage Project; continue analysis of the Pacific Southwest Water Plan; participate in numerous meetings, conferences, and studies with state and federal agencies; study salinity problems at key points in the Colorado River; assemble data on problems associated with land use adjacent to the Colorado River; continue hydrologic evaluation of the river basin; analyze proposed legislation affecting the river and its users; prepare maps and exhibits; and issue reports.

REVIEW OF AGENCY ACCOMPLISHMENTS

Most of the activities listed above have constituted the major workload of the board for the past several years. Since the beginning of the suit *Arizona v. California*, the Colorado River Board has attempted to respond with its limited staff to the requirements of the suit while continuing many of its routine activities. As a result of the publication of the Pacific Southwest Water Plan by the Secretary of the Interior, the board again has attempted to respond to the important problems facing the Colorado River water users. Once again the problems are too large for it to handle alone.

ANALYSIS AND RECOMMENDATIONS

A review of the board's work on Colorado River problems indicates that the board should concentrate its efforts on some significant problem and produce a useful result instead of attempting many things which it cannot complete. Discussions with the board's staff have indicated that the task for which it is best qualified and which is probably the most important for it to perform is a comprehensive review of the hydrology of the Colorado River. The board has been collecting data on the river's hydrology for years, its staff is familiar with this work, it is within the responsibilities of the board, and it appears that no one else will do this work in the immediate future.

In our analysis of the Department of Water Resources, reference is made to the need for the department to undertake high priority work related to regional water supply problems. That analysis and the recommendation made here suggest an effort by the State of California to respond to the problems confronting it by identifying and undertaking in an orderly manner the most important work associated with Pacific Southwest water problems. While much of the needed work cannot be identified at this time, a study of the hydrology of the Colorado River is one part of the overall approach which is identified now.

Therefore, it is recommended that the Legislature explore with the Colorado River Board the desirability of concentrating its staff efforts on a review of the hydrology of the Colorado River and, if the Legislature concurs, direct the Colorado River Board to undertake such a review.

COLORADO RIVER BOUNDARY COMMISSION

ITEM 261 of the Budget Bill

Budget page 852

FOR SUPPORT OF THE COLORADO RIVER BOUNDARY COMMISSION FROM THE GENERAL FUND

Amount requested	\$7,783
Estimated to be expended in 1964-65 fiscal year.....	10,200
	<hr/>
Decrease (23.7 percent)	\$2,417
TOTAL RECOMMENDED REDUCTION.....	None

ANALYSIS AND RECOMMENDATIONS

The Colorado River Boundary Commission was created in 1953 to confer with a similar body established by Arizona to establish a mutually acceptable boundary between the states along the Colorado River. It was originally anticipated that the commission would complete its work by 1955 but, as various complications have developed, its life has been extended. Congress is expected to ratify the boundary in 1966 and it now appears the commission's work is in its terminal phase and this item should disappear from the budget next year. *We recommend approval as budgeted.*

WATER QUALITY CONTROL BOARD

ITEM 262 of the Budget Bill

Budget page 853

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

Amount requested	\$1,017,253
Estimated to be expended in 1964-65 fiscal year.....	1,032,319
	<hr/>
Decrease (1.5 percent)	\$15,066
TOTAL RECOMMENDED REDUCTION.....	None

PROGRAM PLANS AND BUDGET

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 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. The 1963 Legislature gave the state board a new responsibility 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 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

Water Quality Control Board—Continued

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 proposed budget of the state and regional boards is \$15,066 or 1.5 percent less than estimated expenditures for the current year. In addition to a General Fund appropriation of \$1,017,253 requested for fiscal year 1965-66, the board will receive \$280,600 in federal funds for a total expenditure of \$1,297,853. Included in the budget are three new positions consisting of one supervising sanitary engineer and a clerk for the state board to work on the formulation of water quality policy and one water pollution control engineer for the regional boards to handle increased workload. The cost of these positions, budgeted at \$27,954, is more than offset by reductions in other programs. In general, the budget represents a continuation of the present level of service.

As a supplement to the line item budget, the board has prepared a program budget to show more clearly how proposed expenditures relate to particular activities. A breakdown of expenditures by the state and regional boards follows.

State Board			
	<i>Actual</i> 1963-64	<i>Estimated</i> 1964-65	<i>Proposed</i> 1965-66
Formulation and adoption of statewide policy _____	\$35,325	\$60,353	\$77,248
Financial assistance for construction of sewerage facilities _____	49,840	65,763	63,292
Research _____	218,688	200,917	197,578
Totals, state board _____	\$308,853	\$327,033	\$338,118
Regional Boards			
	<i>Actual</i> 1963-64	<i>Estimated</i> 1964-65	<i>Proposed</i> 1965-66
Formulation and adoption of long-range plans and policies _____	\$172,838	\$188,209	\$195,432
Establishment of waste discharge requirements____	196,428	215,947	216,949
Surveillance of waste discharge requirements____	251,549	290,184	297,447
Enforcement of waste discharge requirements____	54,830	73,636	73,800
Special studies _____	246,645	201,395	159,500
Other activities _____	15,804	16,515	16,607
Totals regional boards _____	\$938,094	\$985,886	\$959,736
Total expenditures _____	\$1,241,947	\$1,312,919	\$1,297,853
General Fund _____	950,308	1,032,319	1,017,253
Federal funds _____	291,639	280,600	280,600

State Board Activities

In cooperation with the regional boards, the state board is responsible for formulating statewide policy for control of water pollution and, as noted above, also is responsible for developing a statewide policy on water quality control. Efforts to implement this new responsibility are reflected in the proposed budgetary increases for the 1965-66 fiscal

Water Quality Control Board—Continued

year. In 1964 the board established a program to formulate a water quality control policy and water quality objectives for waters of the Sacramento-San Joaquin Delta and other areas of the state where water pollution control problems exist. This program will be initiated early in 1965 with major emphasis on the Sacramento-San Joaquin Delta.

The state board administers federal grants provided by Public Law 660, 84th Congress, for waste treatment works for local governments and agencies. These grants, which will total an estimated \$5,000,000 in 1965-66, are made for the construction of waste treatment facilities up to 30 percent of the cost with a maximum of \$600,000 per application or a total \$2,400,000 for a project involving two or more communities. Since the requests for these grants exceed available funds, the state board establishes priorities based on local water pollution control needs which are established by regional boards and reviewed by the state board. The U.S. Public Health Service makes the actual grants. This federal grant program has practically supplanted a state program under which loans have been made through the State Water Pollution Control Fund to local communities for financing sewerage facilities. The fund was established in 1949 with a loan authorization of \$1,000,000, all of which currently is committed. Legislation will be proposed by the administration in the 1965 Session to abolish the fund.

In 1965-66 the board proposes to continue three research programs and to initiate two new ones. Investigation of ground-water pollution resulting from refuse dumps, study of the effects of detergents on ground waters, and study of cannery wastes are the three current programs which will be continued in the budget year. The proposed new projects are a study of the influence of agricultural land drainage (irrigation return waters and pesticide residuals) on water quality and the effect of population growth on water quality.

Regional Board Activities

The regional boards have primary responsibility for controlling water pollution from sewage and industrial waste discharges within their respective jurisdictions, and most of the workload of these boards results from implementing this responsibility through establishing, surveying, and enforcing waste discharge requirements. Since 1950 the boards have established discharge requirements for 8,191 systems, and the number currently in force is 6,656. In the budget year, the boards anticipate that 620 new discharge requirements will be formulated, which is the estimated number for the current year. Field inspections to ascertain compliance with discharge requirements will decrease slightly in the budget year, but some increase is expected in the number of monitoring reports which are submitted periodically by the waste dischargers. The boards also inspect streams to determine whether direct or indirect waste discharges are adversely affecting water quality. The proposed Budget provides a minor increase for these activities in the Central Valley Region to meet increased workload.

Water Quality Control Board—Continued

When a violation of waste discharge requirements occurs, the boards issue a cease and desist order and refer the case to the courts if the discharger does not comply with the order. An estimated 25 such orders will be issued in 1965-66.

Special studies of the boards includes inspections of waste discharges and sampling and analysis of wastes and receiving waters as a basis for formulating long range plans and policies with respect to water quality and pollution control. This program decreases by \$41,895 in the budget year as a result of completing the San Francisco Bay Pollution Study.

Other activities of the regional boards involve filing reports of water well drillers which are of major interest to the Department of Water Resources, and reviewing applications for grants from the federal sewerage construction program previously discussed. This program will continue at its present level.

REVIEW OF AGENCY ACCOMPLISHMENTS

During the past year the state and regional boards have been confronted with the problem of how best to approach and implement their new responsibility for water quality control, and they have devoted considerable effort to assessing the impact which this responsibility will have on their future role. As indicated above, the state board is prepared to begin work very shortly on formulation of a statewide policy for water quality control in the Sacramento-San Joaquin Delta.

Aside from this new activity, which accounts for the modest budget year increases, the work of the state and regional boards has remained relatively constant over the past few years with some increases in field inspection workloads of the regional boards resulting from greater commercial and residential development.

ANALYSIS AND RECOMMENDATIONS

As the problems of water quality control and management continue to grow in California as a result of population growth and industrial development, it is evident that the budgetary needs of the state and regional boards will reflect the increased activity required to regulate sewage disposal in order to protect the waters of the state. The modest net program increases proposed in the budget year appear to be consistent with the boards' new responsibilities in this regard.

Approval of the budget is recommended.

CALIFORNIA-NEVADA INTERSTATE COMPACT COMMISSION

ITEM 263 of the Budget Bill

Budget page 860

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

Amount requested	\$29,082
Estimated to be expended in 1964-65 fiscal year	74,420
Decrease (60.9 percent)	\$45,338
TOTAL RECOMMENDED REDUCTION	None

**California-Nevada Interstate Compact Commission—Continued
PROGRAM PLANS AND BUDGET**

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 reach agreement and concurrence is given by certain federal agencies, 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 1965-66 the commission is requesting an appropriation of \$29,082, which is \$45,338 or 60.9 percent less than estimated expenditures for the current year. It is anticipated that this reduced level of spending will be adequate to finance the remaining work of the commission during the budget year. Final compact language is being drafted for approval of the joint commission and, if this approval is given, procedures will be initiated to obtain approval from the California and Nevada Legislatures and the Congress. The 1965-66 budget request is based on acceptance of the compact by federal agencies largely in the form it is submitted to them, since the federal government has been represented in the negotiations.

REVIEW OF AGENCY ACCOMPLISHMENTS

After nine years of negotiation characterized by delays, postponements, and agreements in principle but little agreement in substance, the commission has now nearly completed its work. The commission has resolved most of its difficult problems because considerable progress was made during the past year. During the course of negotiations, the commission has considered and agreed on such matters as priorities on conflicting uses of water, water quality and pollution control standards, participation of California in the Washoe Project, definition of Topaz Reservoir storage rights, and allocation of surplus waters. Recently, the commission has agreed on the definition and allocation of water to maintain the existing economy.

ANALYSIS AND RECOMMENDATIONS

Assuming that the joint commission is able to agree on final compact language early this year, the compact itself may not be finalized for many months. Concurrence with the provisions of the compact is necessary by the U.S. Departments of Interior, Agriculture, and Justice. Some modification of the compact's language may be required as a result of their review, although no serious problem is anticipated in this regard. The final steps will be to secure ratification by the respec-

California-Nevada Interstate Compact Commission—Continued

tive state legislatures and the Congress. Therefore, a modest appropriation such as contained in the budget seems proper.

Approval of the budget is recommended.

DEPARTMENT OF VETERANS AFFAIRS

ITEM 264 of the Budget Bill

Budget page 862

FOR SUPPORT OF DEPARTMENT OF VETERANS AFFAIRS
FROM THE GENERAL FUND

Amount requested	\$686,215
Estimated to be expended in 1964-65 fiscal year	678,120
Increase (1.2 percent)	\$8,095
TOTAL RECOMMENDED REDUCTION	\$8,472

Summary of Recommended Reductions

	Budget		
	Amount	Page	Line
From amount requested to maintain existing level of service:			
Delete 2 intermediate typist-clerks	\$8,472	863	4

PROGRAM PLANS AND BUDGET

The administrative cost of the following programs of the Department of Veterans Affairs are funded by this item. The proration of the cost of the Division of Administration and segregation of the costs of the two programs administered by the Division of Service and Coordination represent our estimates because the department has not made such a breakdown.

1. The Division of Educational Assistance assists eligible dependents of deceased or totally disabled veterans in their pursuit of a high school or college education. The cost of administering the program in 1965-66 includes \$168,592 for the support of the division and the \$2,693 pro rata share of the cost of the Division of Administration for a total of \$171,285.

2. The Division of Service and Coordination assists California veterans in their pursuit of claims and rights granted by California and United States law. The total cost for 1965-66 is \$399,229 of which \$16,925 is reimbursed from the Veterans Farm and Home Building Fund of 1943 (for service performed to determine eligibility for a loan) and \$6,129 is the pro rata share of the Division of Administration cost. Two additional veterans representatives and two and one-half clerical positions are proposed at a cost of \$27,792 to maintain the existing level of service.

3. The Division of Service and Coordination also administers the state share of support of the county veterans service officer program and provides advisory service to these offices. The cost of this activity for 1965-66 including a \$743 proration for the Division of Administration is \$49,328.

4. Operation of the California Veterans' Home is funded by a separate item but the pro rata share of the Division of Administration assignable to that activity (\$83,298) is included here.