

Department of Savings and Loan—Continued  
ANALYSIS AND RECOMMENDATIONS

*We recommend approval of this item.*

The department is supported by the Savings and Loan Inspection Fund which derives its revenue through an annual assessment by the Commissioner on all state-licensed associations. This is a percentage assessment proportional to the assets of each separate association. The fund also receives fees paid for the examination of the problem associations. The amount of the assessment is determined on the basis of the operating cost of the department. The proposed expenditures by the department for fiscal year 1969-70 will exceed estimated revenue for that year according to the fund condition statement in the Governor's Budget. However, at the beginning of the budget year the fund will have an estimated accumulated surplus almost sufficient to finance the agency's activities for a full year.

The department has requested for expenditure during fiscal year 1969-70 the sum of \$2,797,368 which exceeds estimated expenditures for the current year by \$74,413 or 2.7 percent. The increase in expenditures is due primarily to merit salary adjustments and price increases. Because of improved utilization of personnel and reduced workload in the area of examination of problem associations and savings and loan holding companies, the department proposes to abolish in the budget year eleven authorized funded positions, all of which are currently vacant. This reduction represents a workload adjustment of \$91,113.

### DEPARTMENT OF CONSERVATION

#### Items 236 and 237 from the General Fund

Requested 1969-70	\$36,161,249
Estimated 1968-69	35,732,068
Actual 1967-68	33,240,345
Requested increase \$429,181 (1.2 percent)	
Increase to improve level of service \$1,733,105	
Total recommended reduction	\$659,419

#### SUMMARY OF RECOMMENDED REDUCTIONS

	Amount	Analysis page
1. Various Division of Forestry programs. Reduce augmentation for trainee program. (Item 236)	\$111,532	721
2. Fire control, state responsibility land program. Finance augmentation for helicopters and crews by reduction in ground attack. (Item 236)	\$131,427	724
3. Various Division of Forestry programs. (Item 237)		
Reduce automotive equipment replacement	\$375,000	725
Reduce additional equipment	\$36,000	725
4. Forest, range and watershed management. Delete \$8,190 for a foreman II position at Mountain Home State Forest and substitute \$2,730 for temporary help. (Item 237)	\$5,460	728
5. Geology and mineral resources. Reduce appropriation to require reimbursement from Department of Real Estate for review of subdivision applications. (Item 237)	Indeterminate	732

## Department of Conservation—Continued

## SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

## 1. Fire protection, local government contract.

Although the amounts cannot be included in budget expenditure totals, we recommend that the Department of Finance show in parenthesis each year in the budget the amount of Schedule C funds in the local government contract program to provide some degree of accuracy in reported program expenditure levels. (Analysis page 726)

## 2. Forest, range and watershed management.

We recommend that the Legislature provide for self-support of the state's Forest Practice Act activities through the establishment of proper fees deposited in the General Fund to reimburse the General Fund for services provided to the timber industry. (Analysis page 727)

## 3. Forest, range and watershed management.

We recommend that the Division of Forestry, after resolving any technicalities, establish a camping fee for Mountain Home State Forest. (Analysis page 728)

## 4. Geology and mineral resources program and soil conservation development and management program.

(a) We recommend the department increase the state's budgeted amount for geodimeter fault monitoring from \$20,000 to \$98,000 and finance the increase by reductions in project planning in the Division of Soil Conservation. (Analysis pages 731 and 733)

(b) We recommend two engineering geologist positions be transferred from the Division of Soil Conservation to the Division of Mines and Geology. (Analysis page 731)

## 5. Soil conservation development and management program.

We recommend that the project planning group of the Division of Soil Conservation be assigned to seek a solution to the erosion and silting problem of the Cache Creek Basin. (Analysis page 734)

## 6. General support.

We recommend the department review its field organization and report to the Legislature by December 1, 1969, on (1) the standards and basis for the establishment of ranger units and assistant ranger districts, along with suggestions for alterations in the present structure, and (2) its progress in updating the fire plan. (Analysis page 736)

## GENERAL PROGRAM STATEMENT

The Department of Conservation exercises the state's responsibilities for the protection and development of certain wildland, mineral and soil resources in the state. The department includes the Divisions of Forestry, Mines and Geology, Oil and Gas, and Soil Conservation, with management and service functions such as personnel and fiscal matters furnished for these divisions by the Executive and Management Services staff at the department level.

## Department of Conservation—Continued

The Division of Forestry is the largest division and is responsible for over 90 percent of the department's expenditures. Almost all of that division's effort is directed toward fire protection services for the privately-owned wildlands of the state. The Division of Soil Conservation provides project planning services to help solve local soil and watershed problems. The Division of Mines and Geology develops and presents geologic information about the terrain and mineral resources of the state. The Division of Oil and Gas regulates oil and gas drilling operations, publishes data about the industry's production and regulates drilling of geothermal resources wells.

Policies for the administration of the Divisions of Forestry, Mines and Geology, and Soil Conservation are established by the Board of Forestry, the State Mining and Geology Board and the Soil Conservation Commission, all of whose members are appointed by the Governor. Statutory responsibilities for the department appear in Divisions 1, 2, 3, 4, and 9 of the Public Resources Code.

## Funding Sources

Table 1 indicates the annual expenditures from all sources by the department for a five-year period. The substantial amount of reimbursements shown in the table are mostly for local fire control services performed by the Division of Forestry, services to employees and payments from the federal government for the state operation of the Oak Glen Job Corps Conservation Center. The Schedule C funds are for local fire protection services and purchases made by the county or fire district as directed by the local Division of Forestry fire control officer.

The General Fund appropriations of \$39,790,577 requested in this and other support items compare to estimated General Fund expenditures of \$39,229,760 in the current year, an increase of 1.4 percent or \$560,871. The increase in the proposed budget is larger than indicated, however, because of three factors. First, \$1,300,000 in unbudgeted Emergency Fund expenditures for fire suppression was added in the current year. Second, \$500,000 was allotted from the Emergency Fund for special seasonal firefighters during the past fire season. Third, the proposed budget eliminates about \$200,000 formerly budgeted for overtime costs of inmates and Department of Corrections personnel on campaign fires. This unbudgeted cost will be carried by the Emergency Fund in 1969-70. If the budget for next year is placed on the same basis as the current year, there will be an increase in expenditures of approximately \$2,560,871 or 6.5 percent.

The Division of Oil and Gas is supported from special funds and is requesting appropriations of \$1,272,696. The total departmental appropriation requests for support from all funds is \$42,036,611.

Table 1

## Department of Conservation—Support Expenditures

<i>Source of funding</i>	1965-66	1966-67	1967-68	1968-69 <sup>1</sup>	1969-70 <sup>1</sup>
General Fund (includes emergency fire suppression allocations as shown in parentheses) -----	\$33,908,919 (1,457,674)	\$36,121,843 (1,702,841)	\$36,354,002 (1,528,577)	\$39,229,760 (1,500,000)	\$39,790,577 <sup>2</sup> (200,000)
Petroleum and Gas Fund -----	943,571	988,911	1,037,359	1,123,702	1,142,195
Petroleum and Gas Fund—geothermal energy -----				3,000	12,000
Subsidence Abatement Fund -----	96,153	102,103	110,025	116,062	118,501
Federal funds (Clarke-McNary Act) -----	1,076,080	1,038,520	1,044,164	1,008,761	973,338
Total expenditures as shown in Governors Budget -----	\$36,024,723	\$38,251,377	\$38,545,550	\$41,481,285	\$42,036,611
Other expenditures—reimbursed -----	7,416,853	8,201,033	8,574,155	9,041,440	9,195,381
Total budgeted expenditures -----	\$43,441,576	\$46,452,410	\$47,119,705	\$50,522,725	\$51,231,992
Schedule C funds <sup>3</sup> -----	2,099,209	2,378,359	2,153,149	2,577,952	2,577,952
Total state-controlled expenditures -----	\$45,540,785	\$48,830,769	\$49,272,854	\$53,100,677	\$53,809,944

<sup>1</sup> Estimated.<sup>2</sup> Estimated local expenditures for local fire suppression services controlled by the state.<sup>3</sup> Consists of the sum of Items 236 and 237, less \$973,338 in federal Clarke-McNary Act funds which are shown separately in this table, plus Items 241, 242 and 243.

## Department of Conservation—Continued

## Program Changes

The proposed budget includes increases for ongoing programs as follows:

1. Division of Forestry staffing of the Youth Conservation Training Center near Stockton, financed by the Department of the Youth Authority -----	\$169,937
2. Fire control program, helicopters and fire crews -----	131,427
3. Reactivation of trainee program, Division of Forestry -----	111,532
4. Augmentation of Geologic Hazards Program -----	150,019
5. Increase in equipment purchases -----	1,200,000

The department's budget includes the reduction of 26 positions and the establishment of 60.7 new positions. The reductions were indicated but not identified in the 1968-69 budget and include mostly positions in the Division of Forestry to operate the Davis warehouse, which has been discontinued, and painter and carpenter positions. The new positions are in the fire control and conservation camp programs of the Division of Forestry and the geologic hazards program of the Division of Mines and Geology.

The department has prepared both a line-item budget and a program budget. In the current year, the department will accumulate its first full year of data from the time reporting system which will increase the accuracy of its program expenditure data. Meanwhile, the amounts allocated to the various programs are estimates.

## ANALYSIS AND RECOMMENDATIONS

## Fire Prevention

The objective of the Fire Prevention Program in the Division of Forestry is to reduce the occurrence rate of man-caused forest fires. The program elements include education and information, fire law administration, fire prevention engineering, research and analysis, and training. Total program expenditures in the budget year are \$2,059,256 compared to estimated expenditures in the current year of \$1,955,134.

In the current year, the department administratively established a legal position and related clerical assistance for fire law administration and for more stringent enforcement of the Forest Practice Act. The Department of Finance letter, which informed the Joint Legislative Budget Committee of the establishment of the positions, indicates the additional legal assistance would result in a minimum increased General Fund revenue from fire suppression cost recovery of \$50,000 in the current year and \$100,000 in the budget year. The revenue schedule for the department shows actual fire prevention and suppression costs recovery of \$357,514 in 1967-68 and estimates \$270,000 for 1968-69 and \$320,000 for 1969-70.

## Butte Project

The 1966 Legislature funded a pilot fire prevention program in Butte County. The division added 16 fire prevention positions at the Butte Ranger Unit, which provided a staff at a level commensurate with full implementation of the division's fire prevention program. The

## Department of Conservation—Continued

purpose of the project is to evaluate the effectiveness of the division's fire prevention program and to verify accomplishments before the fire prevention program is considered for extension.

The contemplated staffing level was reached during fiscal year 1966-67. To date, the division has experienced one complete fire season and a portion of another with the full staff. At this time the Division of Forestry is optimistic about the results of the pilot program. In 1968, the Butte Ranger Unit had a 21-percent reduction in man-caused forest fires compared to its five-year average. The remainder of the state had a 24-percent increase in man-caused forest fires compared to the five-year average. Ranger units next to Butte apparently experienced some increase in fire occurrence. Although these are hopeful signs, we believe it is too early to draw conclusions from the above data, especially when the division does not believe the data justify reducing its firefighting strength in Butte County.

## Fire Control, State Responsibility Land

The Fire Control, State Responsibility Land Program requires the largest amount of expenditures of all programs performed by the Department of Conservation. Budget year expenditures are \$32,162,128 compared to \$32,169,123 in the current year. The 1969-70 fiscal year expenditures will probably be about \$2 million more than is budgeted due to the Division of Forestry's reliance on the use of the Emergency Fund for much of its campaign fire control expenditures. The elements of the program include detection, dispatching and communication, ground attack, air attack, fire defense improvements, contracted protection, training, research and development and fire equipment maintenance.

Section 4125 of the Public Resources Code requires the State Board of Forestry to classify all lands within the state to determine those areas in which preventing and suppressing fires is primarily the responsibility of the state. The code requires lands covered wholly or in part by timber, brush, undergrowth or grass that protect the soil from excessive erosion to be included as state responsibility lands as well as those contiguous lands which are used principally for range or for forage purposes.

There are approximately 100 million acres in the State of California. The board has classified 38 million acres as state responsibility land. The division, itself, directly protects 28 million acres from fire and pays the U.S. Forest Service by contract for the protection of 5.2 million acres. It also pays the five counties of Los Angeles, Santa Barbara, Ventura, Kern, and Marin to protect 4.2 million acres.

To carry out the program, the Division of Forestry has an enormous statewide fire control organization. Due to considerable depth in staffing and geographic dispersion, the organization is able to mobilize a large firefighting force rapidly. The division's organization is divided into six field districts and 31 ranger units. There are 232 forest fire stations located in those ranger units, 77 lookouts and 13 air attack bases.

**Department of Conservation—Continued  
Detection**

Although most wildland fires are first reported to the Division of Forestry by private individuals, the division does utilize fixed lookouts and some aerial patrols to detect wildland fires. According to the program budget, approximately 4,800 wildland fires are attacked and controlled annually on state responsibility lands and 615 (12.5 percent) of these fires are first reported by division detection units. The costs of operating the lookouts and the aerial patrol are estimated at \$549,524 in the budget year.

**Dispatching and Communications**

The division's statewide radio communications system provides voice channels to division installations throughout the state and to practically all its mobile equipment and air tankers under contract to the division. Handie-talkies are used extensively for communications between personnel on foot along the fire line.

The costs of the dispatching and communication's program element are \$2,581,799 in the budget year and \$2,051,564 in the current year. The budget includes \$300,000 in equipment replacement to implement the second year's requirements for a new statewide radio communications plan. Full implementation of the plan is scheduled to be completed in the 1972-73 fiscal year at a total cost of about \$2,500,000.

The budget also includes an augmentation of \$50,000 for an automation feasibility study of the division's dispatching function.

**Ground Attack**

Ground attack includes the attack and control of state responsibility area fires by ground mobile units. These mobile units include initial attack forest fire pumper crews, bulldozer-transport units and conservation camp crews. Budgeted costs for the ground-attack program element are \$15,018,363 compared to estimated current year expenditures of \$15,724,883. The current year includes some expenditures from the Emergency Fund which are not budgeted in 1969-70.

The program budget allocates \$1,794,000 of the costs of the conservation camp crews to ground attack. This is the first indication in a budget of the extensive costs of inmates used on campaign fires.

At the division's 232 forest fire stations there are 375 forest fire pumper trucks and 58 bulldozer transport units available for ground attack. The division supplements its permanent fire control personnel with 524 man-years of seasonal firefighters. In addition, 144 inmate crews are available at 33 conservation camps operated by the division. The program budget estimates that 1,336 man-years of effort go into the ground-attack program.

On the basis of a small number of crew runs, the 1968 Legislature reduced the classification of five forest fire stations from a No. 3 level to a No. 2 level. This reduction in effect provided each of the five fire stations with one truck and nine men rather than the prior level of two firetrucks and 10 men. The division has no experience in operating the stations with this reduction because it did not remove the firetrucks until the end of this past fire season.

**Department of Conservation—Continued**  
**Emergency Firefighters Hired in 1968**

During the spring and early summer of 1968, California developed what appeared to be more than the usual hazardous wildland fire conditions. On July 12, the Department of Finance notified the Joint Legislative Budget Committee that it proposed to authorize the Department of Conservation to employ 500 additional seasonal firefighters throughout the state. The Department of Finance then issued an allotment promise to the Department of Conservation of \$500,000 to hire up to 500 disadvantaged youths as firefighters. Apparently the action had a dual objective of meeting a fire emergency and assisting disadvantaged youths.

Starting in late July, the division hired additional firefighters at Youth Opportunity Centers and employment offices. In August, September, and October, about 400 additional firefighters were employed at any given time. Due to turnover, about 730 individuals were actually employed.

The Division of Forestry credits the additional firefighters with providing added strength and depth to fire crews. The additional personnel also helped to retain crew strength when many of the regular seasonal firefighters returned to school in early September. In general, the Department of Employment indicates the experience was very worthwhile for the youths.

Fire hazards in the northern part of the state were considerably reduced by substantial amounts of rain in August so that the emergency for which the youths were hired did not develop as anticipated.

**Forestry Trainee Program**

*We recommend disapproval of the augmentation of \$111,532 for the Division of Forestry's trainee program. We also recommend the Personnel Board be requested to make a comprehensive survey of the division's classifications, skills needed, promotional opportunities, and training requirements for both professional and nonprofessional personnel.*

The budget for the Division of Forestry includes an augmentation of \$111,532 to recruit and train six graduate forester trainees and six forestry field trainees each year. The augmentation partially restores the trainee program in effect prior to the reductions of 1967-68. The former program included 12 graduate and six field trainees. The training program is designed to provide a reservoir of manpower for career management positions in the Division of Forestry.

In addition to these 12 positions funded in the augmentation, the department director has given the division authority to hire six additional graduate trainees and to finance the positions out of savings which are not specified. We do not understand how unspecified savings can be budgeted unofficially to establish new positions which do not show in the budget. The department should indicate its needs and should budget for those needs.

The one-year program provides a trainee with about three to six weeks experience in each of the different activities of the division.



**Department of Conservation—Continued**

After completion of the first year, the trainee is advanced to the junior forester classification and is assigned to a specific job. The status of junior forester lasts about one year, depending on the individual's ability and position on the promotion eligibility lists. The junior forester positions are established and financed in lieu of budgeted foreman I or II or similar level classes.

There is a need for the division to recruit personnel with future management potential. In recruiting for its graduate trainee program, however, the Division of Forestry emphasizes the academic and professional aspects of forestry. The emphasis placed by the division on the terms "forestry" and "forester" leads to misunderstandings. Out of 3,353 authorized positions in the division, only about 50 positions require college level training in forestry. The division is primarily a fire-control organization. Its future manpower needs are firefighting, fire prevention and conservation camp programs, not in scientific forestry management.

The recruitment and special training of foresters for firefighting leads to an elite group in the division which dominates the promotional opportunities and consigns firefighters to the lower-paying positions. It may not be to the professional advantage of foresters to recruit them and not use their specialty and it may be poor personnel policy to restrict advancement for skilled firefighters.

We recommend that the \$111,532 for the Forestry Trainee Program be removed from the budget and the Personnel Board be requested to make a comprehensive survey of classifications, skills needed, promotional opportunities and training requirements for both professional and nonprofessional personnel. This study is especially important if the division is to continue to expand its structural firefighting role.

In the department's present administration of the program, there is a need for improvement in the manner of budgeting and classifying the positions beyond the trainee level. In the past, the establishment of junior forester positions in the place of budgeted positions has led to confusion and error in reporting position vacancies. The department should review its reporting procedures to provide an accurate record of positions filled by junior foresters.

**Air Attack**

The Division of Forestry contracts with private air-tanker operators to assure the availability of tankers at specific locations and to pay for their flight time on fires. During the current year, the division has contracted for the assignment of aircraft at 13 airbases. Six of these bases are joint operations with the U.S. Forest Service which operates its own airbases at seven other locations. The air tankers responded to 509 state responsibility fires in 1967-68.

Estimated program budget expenditures on air attack for 1969-70 are \$1,112,090 compared to \$1,554,771 in the current year and \$1,342,915 actually expended in 1967-68. The costs of the air-attack program as indicated in the program budget are understated. Table 2 indicates

## Department of Conservation—Continued

the direct operating expenses involved in the air-attack program for a four-year period. In addition to these operating expenses, shown in Table 2, there are unidentified personnel costs. The annual cost of the air-attack program is about \$2 million.

Table 2  
Air Attack, Direct Operating Expenses

	1965-66	1966-67	1967-68	1968-69 <sup>a</sup>
Observation -----	\$92,704	\$79,866	\$98,384	\$95,856
Tanker rental -----	689,793	1,025,701	1,015,078	1,002,832
Helicopter rental -----	186,425	72,261	64,899	60,381
Retardants -----	351,702	458,091	484,743	502,938
Miscellaneous expense -----	45,000 <sup>1</sup>	49,000 <sup>1</sup>	56,322	64,314
Totals -----	\$1,365,624	\$1,684,919	\$1,719,426	\$1,726,321
Funded from				
Support -----	\$517,539	\$598,991	\$786,326	\$823,867
Emergency Fund -----	848,085	1,085,928	933,100	902,454
Totals -----	\$1,365,624	\$1,684,919	\$1,719,426	\$1,726,321

<sup>1</sup> Estimated.

<sup>2</sup> Estimated and includes Emergency Fund allocations as of December 31, 1968.

Prior to the year 1966, the Division of Forestry awarded its air contracts on the basis of competitive bidding for both the availability of specified types of aircraft at certain locations and for the cost of flight time. In 1966, the division adopted a system similar to the U.S. Forest Service. The division awarded its air contracts that year on the basis of the U.S. Forest Service established rate for availability of aircraft at certain locations and on the basis of competitive bidding for the cost of flight time. The 1966 contracts had an optional three-year renewal clause. For this coming fire season, the division must enter into new contracts.

At the time of this writing it has not been determined whether the new contracts will be similar to the contracts of the prior three years. The air-tanker operators are attempting to obtain negotiated contracts from the state. By the time of the budget hearings, the method of contracting should be determined and a report can be made by the division at that time on its plans for financing the air-tanker program in the coming fire season. Meanwhile, the budget includes an increase of \$77,000 for air-tanker rentals.

## Chico Air Base

The 1968 Legislature directed the Division of Forestry to consolidate the two airbases located at Red Bluff and Oroville at one location in Chico. The division has obtained a lease from the City of Chico for space at the municipal airport and will operate from that location in the coming fire season. The U.S. Forest Service has decided to keep its airbase at Willows this coming season.

Department of Conservation—Continued  
Augmentation for Helicopters

*We recommend the Division of Forestry proceed as planned to establish two helicopter crews at a cost of \$131,427 and that expenditures for the division's ground-attack program be reduced by \$131,427 to fund the helicopter crews.*

The budget includes an augmentation of \$131,427 to provide for hiring two contract helicopters and division crews totaling 6.2 man-years. The division proposes to assign these helicopters and crews to Mendocino or Humboldt Counties and at Badger in Tulare County. These helicopters and crews would be utilized for initial attack in remote areas, for air reconnaissance, laying hose and transporting supplies and crew replacements. The crews would be an augmentation to the existing ground fire control organization. The augmentation, in effect, restores the reduction of helicopters and crews made in the 1967-68 budget reduction.

As we indicated in the ground-attack program element, the division has a large statewide fire-control organization based at 232 fire stations. Most of the support costs of these stations are included in the ground-attack program with expenditures of nearly \$16,000,000. Until recent years, the forest fire stations were the entire fire control organization of the Division of Forestry. They are still the nucleus of the fire control organization but the effectiveness of fire control has been increased and expanded enormously through both the use of inmates from the conservation camp program and the expansion of the air-attack program. The conservation camp program has provided a reservoir of manpower at 33 camps for campaign fire purposes. The air-attack program has been extremely helpful, according to the division, in initial attack by stopping the spread of fires until the ground forces arrive to surround and suppress it. In short, the division's fire control effectiveness has been greatly improved through the expansion of other related programs. The support costs of the conservation camp program are about \$6,200,000 and the cost of the air-attack program is about \$2 million.

In spite of these increases for other programs to assist in fire control, the division has retained essentially the same staffing and location of its 232 forest fire stations. In spite of the fact that the land area to be protected by the division has not increased, the division insists that the number and location of ground-attack crews must not be modified, but that it must add flexibility to the fire control effort through the use of helicopter crews. In the analysis of the 1967-68 Budget Bill, we indicated the fire control record over a three-year period for 28 different forest fire stations which had relatively few crew runs during that period. These stations provided the first attack on only 1 percent of the forest fires on state responsibility land. This record indicates there is a valid question whether the state is getting effective fire control from its substantial expenditures at these stations.

We recommend the funding of \$131,427 for two helicopters and crews. We also recommend that the funds budgeted for the ground-attack program be reduced by \$131,427.

## Department of Conservation—Continued

## Fire Defense Improvements

The Division of Forestry constructs fire defense improvements through land and fuel treatment to provide safe ground and aerial access and water storage facilities. These improvements also minimize conflagration potential. The improvements consist of fuel breaks, access roads, water cisterns, heliports and safety islands. Expenditures in the budget year are estimated to be \$2,768,599 compared to \$2,511,518 in the current year. Approximately two-thirds of these expenditures finance conservation camp crews. The program budget allocates \$1,943,000 of conservation camp program expenditures for fire defense improvements. Some of the added costs in the budget year are to finance two foreman positions to supervise wards from the Ben Lomond and Pine Grove Conservation Camps which have been enlarged.

## Fire Equipment Maintenance

As an emergency organization, the ability of the Division of Forestry to perform its mission is dependent upon efficient functioning of fire control equipment when needed. The division's objective in maintenance is that all equipment should be available for use during 95 percent of the high use (fire season) period.

The program budget estimates 1969-70 expenditures of \$1,414,793 compared to estimated current-year expenditures of \$1,392,058 for fire equipment maintenance. These costs are for maintenance performed by the regular Division of Forestry fire control organization. In addition to these budgeted expenditures there are some costs for in-camp maintenance work performed by inmates at conservation camps which should be allocated to fire equipment maintenance. The costs identified in the budget include only the expenses of 20 equipment maintenance foremen and the daily maintenance performed by drivers and operators.

## Equipment Purchases

*We recommend a reduction of \$375,000 in automotive equipment replacement and a reduction of \$36,000 for additional equipment.*

The Division of Forestry has an inventory of accountable equipment valued at about \$19,700,000. This amount includes firetrucks, sedans, pickups, bulldozers, radios, stoves, refrigerators, freezers, floor polishers, etc. The division has budgeted \$2,365,649 for equipment in 1969-70 compared to \$1,159,504 in 1968-69.

Most of the value of the division's equipment inventory is represented in automotive equipment such as firetrucks, bulldozers, dump trucks and stake sides. The division has established criteria for automotive equipment replacement. These criteria schedule replacement at 12 years for firetrucks, 15 years for bulldozers and graders and 100,000 miles for most of the sedans and smaller automotive vehicles. When these criteria are met, the automotive unit is inspected jointly by the State Forester's automotive staff and a transportation services representative of the Department of General Services.

In the past, heavy equipment has not been budgeted for replacement within the division's criteria. In the 1969-70 budget, most of the auto-

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motive equipment is budgeted for replacement within the criteria specified although some of the heavy equipment such as firetrucks and graders are older than specified in the criteria. Whereas 12 years is the scheduled age for replacement of firetrucks, the ages of most of the trucks budgeted for replacement are 13 and 14 years. After a firetruck is budgeted it takes still another two years for an order to be filled and the truck made ready for duty at a fire station. Consequently, firetrucks budgeted for replacement at 13 and 14 years of age will be 15 and 16 years of age when actually replaced.

The value of the division's automotive and construction equipment inventory on June 30, 1968, was about \$13,700,000. The budget includes \$1,775,000 in automotive equipment replacement which is 13 percent of the value of the automotive inventory. According to the division, the budgeted amount for equipment replacement will place the division entirely within the criteria it has set for itself in automotive equipment replacement. Presumably future-year equipment replacement costs will be less than budgeted this year.

The division's stated objective in the fire equipment maintenance program element is that "... all equipment should be available for use 95 percent of the high use period." The division has presented no evidence that the stated objective in equipment maintenance is not achieved under the budgeted equipment replacement standards of prior years.

Some increase in equipment replacement is justified. When several conservation camps were closed in 1967-68, the equipment from the closed facilities was used in place of buying new equipment. But lacking any specific basis to determine the amount of equipment replacement required, we recommend that 10 percent of the division's automotive equipment inventory (\$1,400,000 rather than \$1,775,000) be budgeted for replacement. This amount will enable the division to replace its equipment sooner than under present standards.

The division's equipment request includes about \$100,000 for additional heavy automotive equipment. These additional items include three mobile service units, a passenger track-type vehicle and a brush crusher for experimental use, six fire camp lighting trailers and six fire camp headquarters trailers. The six fire camp headquarters trailers, budgeted at \$6,000 each, are mostly for convenience rather than providing for any assistance in fire control. There would be added costs beyond those budgeted to equip the trailers with such items as radios, cabinets, heaters and air coolers. We recommend a reduction of \$36,000 for the headquarters trailers.

**FIRE PROTECTION, LOCAL GOVERNMENT CONTRACT**

*Although the amounts cannot be included in budget expenditure totals, we recommend that the Department of Finance show in parenthesis each year in the Governor's Budget the amount of Schedule C funds in the local government contract program to provide some degree of accuracy in reported program expenditure levels.*

The Fire Protection, Local Government Contract Program includes fire protection services provided by the state which are the financial

**Department of Conservation—Continued**

responsibility of local government. The program is claimed to be fully reimbursable to the state. The program objective is to provide a unified fire protection service mutually advantageous to state and local government, and at a level desired by local government.

Section 4142 of the Public Resources Code authorizes the State Forester to enter into such cooperative agreements as he deems wise. In 26 counties, the boards of supervisors contract with the State Forester to have the Division of Forestry provide some degree of local fire control service. The local agencies pay the division for this service.

The program budget estimates expenditures in the budget year of \$6,728,473 for the local government program. The correct amount for direct expenditures should be \$6,231,470. The expenditures indicated in the program budget include \$497,003 reimbursed from the Bureau of Land Management for protection of federal lands. This reimbursement should not be allocated to the local government program.

In addition to direct state expenditures for the local government program, Schedule C funds are expended as well. The Schedule C funds, estimated to be \$2,577,952 in the current year, are local expenditures for local fire control services performed by the state. These expenditures, although part of the local government contract program, do not appear in the Governor's Budget. Including these Schedule C funds, total expenditures for the local government contracts program in the budget year are estimated to be \$8,809,422. This amount is more than one-fourth the size of the estimated program expenditures for the Fire Control State Responsibility Land Program which is the basic purpose of the Division of Forestry.

**Forest, Range and Watershed Management**

The Forest, Range and Watershed Management Program is designed to promote the development and proper utilization of the state and privately owned forest, range and watershed lands.

Expenditures for these programs in the budget year are estimated at \$2,219,863 compared to estimated current year expenditures of \$2,073,833. The program elements include forest pest protection, reforestation and forest nurseries, wildland soil and watershed management, brushland range improvement, forest practices, forest advisory services, state forests and timber taxation.

**Forest Practice**

*We recommend that the Legislature provide for self-support of the state's Forest Practice Act activities through the establishment of proper fees deposited in the General Fund to reimburse the General Fund for services provided to the timber industry.*

There are approximately 8 million acres of private commercial timberland in California. The state ranks as the third leading timber producer. The Division of Forestry is charged with the responsibility of administering the Forest Practice Act which provides legal minimum standards of forest practices applied to private forest lands. The objective is to conserve and maintain the productivity of the private com-

## Department of Conservation—Continued

mercial timber lands of the state for the continuance of the forest industry. The division administers the program by requiring permits for the notices of timber operations and by making inspections of the timber operations. In the inspections, emphasis is placed on fire prevention.

Most of the programs administered by the Department of Conservation include services to private land owners and are financed mostly by the General Fund. In the analysis of the Budget Bill for 1967-68, we pointed out that the Division of Forestry provides fire control and fire prevention services and benefits to private land owners of the state at no direct cost to these beneficiaries.

The forest practices program activity of the Division of Forestry is another example of services to the private land owners at General Fund expense. The program budget estimates 1969-70 expenditures of \$233,117 compared to \$244,836 in the current year. An estimated 13.6 man-years of effort are involved in the program. Each year, the division issues about 1,200 timber-operator permits and makes about 1,800 forest-practice inspections. These inspections are made by eight forest practice foresters and by other field personnel of the division. As noted earlier in the fire prevention program, the division has added a legal adviser position to provide more stringent enforcement of the Forest Practice Act. The only revenue to the General Fund occurs through the annual filing of an operator's permit. Sections 4601 and 4602 of the Public Resources Code specify the permit fee at \$15 for an original permit and \$10 for a renewal.

A fee schedule based on the value of timber cut should be established for the purpose of providing revenue to the General Fund to offset the cost to the state of performing the forest practices program activities, including enforcement.

## State Forests

*Because the workload is seasonal rather than year-round, we recommend that \$8,190 for a foreman II position at Mountain Home State Forest be deleted and that four months of temporary help (\$2,730) be substituted. We also recommend that the Division of Forestry, after resolving any technicalities, establish a camping fee for that forest.*

The Division of Forestry operates eight state forests totaling 70,238 acres. The four largest forests are actively managed to demonstrate the feasibility of multiple use of the lands, making the lands productive in timber and providing scenic, wildlife and recreational values. The state pays in-lieu taxes on the forest lands. The staffs at the state forests conduct timber sales and carry on experiments in reforestation, stand improvement, harvesting methods and watershed protection. Estimated program expenditures are \$519,735 in the budget year compared to \$474,859 in the current year.

The General Fund should realize substantial increases in revenue from timber sales at the state forests in the current and budget years. The program budget estimates total revenue of \$1,100,000 from timber sales in the current year and \$1,300,000 in the budget year, compared

**Department of Conservation—Continued**

to 1967-68 revenue of \$787,408. An additional forester position in state headquarters is budgeted to administer the expanding timber sales program.

One of the objectives of the state forests is to demonstrate to private industry the compatibility of recreation on forest lands that are also utilized for timber production. At Jackson State Forest in Mendocino County, most of the recreation development is primitive and scattered except for the Mendocino Woodlands area, which has some cabins and other structures utilized by groups.

In contrast to Jackson State Forest, Mountain Home State Forest in Tulare County was acquired in 1946 primarily for recreation. Section 4658 of the Public Resources Code states, "The Mountain Home Tract Forest . . . shall be developed and maintained . . . as a multiple-use forest, primarily for public hunting, fishing, and recreation." The forest comprises 4,562 acres and contains some Sierra redwoods, pine and fir. The division has constructed a 61-unit campground on the forest and has almost completed another recreation area for picnicking. The recreational developments on the forest are substantial and almost up to state park standards.

The forest was acquired for about \$500,000. Expenses at the forest from 1946 to 1967 were \$583,852 compared to receipts of \$514,446. The recreation facilities have been constructed mostly by the use of inmate crews from Mountain Home Conservation Camp, located nearby.

The budget requests \$8,190 for a full-time foreman position to supervise inmates for the construction of additional campsites at Mountain Home State Forest and to take care of garbage collection in the campground. The forest is presently manned by two permanent employees and has two or three forestry aids in the summer months. There is not a full-time workload to justify another permanent position. Funds for four months of temporary help in the summer should be ample. After resolving any technicalities, the division should initiate some sort of camping fee collection system on Mountain Home Forest.

**Conservation Camps**

The Conservation Camp Program has a dual objective. The first is rehabilitating and training the inmates of the Department of Corrections and the wards of the Youth Authority. The other objective is performing important conservation work and providing an emergency capability for the Division of Forestry and the State of California. There are 29 adult conservation camps and 4 youth conservation camps. The total population of these camps is about 2,700. The typical camp houses 80 inmates and provides kitchen and warehousing facilities. A staff of 11 Division of Forestry personnel and 6 Department of Corrections or Department of Youth Authority personnel supervises the work and rehabilitation.

The elements of the Conservation Camp Program include work for the Division of Forestry, work for other agencies, operations, training and general support distribution. The program budget includes expenditures in the budget year of \$3,635,984 and allocates an additional ex-



## Department of Conservation—Continued

penditure of \$3,901,000 to work performed for the Division of Forestry.

The work for the Division of Forestry is distributed to programs as follows:

Fire control, ground attack	\$1,794,000
Fire control, fire defense improvement	1,943,000
Nurseries	90,000
Pest control	74,000
Total	\$3,901,000

The budget includes financing for 21 new positions at the Youth Conservation Training Center, Department of Youth Authority, Stockton. The Department of Youth Authority will reimburse the Department of Conservation \$169,937 for the service. Also, the budget includes two additional foreman positions to supervise youth wards at expanded facilities at Ben Lomond Conservation Camp in Santa Cruz County and Pine Grove Camp in Amador County.

## Emergency Fund for Overtime

The line item budget indicates a shift from the support budget to the Emergency Fund for financing overtime performed by inmates and supervisory Department of Corrections personnel on campaign fires. The amount of expenditures for inmate work crews has been running somewhat in excess of \$600,000 annually for several years. The amount budgeted for inmate work crews in the 1969-70 fiscal year is \$431,850 compared to estimated expenditures in the current year of \$608,090 and actual expenditures in 1967-68 of \$609,755. This change in funding means no savings to the state but will shift approximately \$180,000 more to the Emergency Fund.

## Civil Defense and Other Emergencies

The Division of Forestry's fire control organization is available for civil defense, natural disasters, and other emergencies. During the current year the conservation camp crews have been used in the maintenance and patrol of levee systems during the high-water period and to assist in the cleanup operations resulting from the oil-slick disaster on the Santa Barbara County coast. Program expenditures were \$69,405 in 1967-68 and will apparently be considerably more in the current year.

## Geology and Mineral Resources

The Geology and Mineral Resources Program, carried out by the Division of Mines and Geology, includes geologic hazards, basic geology, mineral resources, information and educational services, and marine geological resources. Program expenditures in the budget year are estimated to be \$1,530,329 compared to \$1,393,152 in the current year.

The budget includes an augmentation of \$150,019 in the geologic hazards program element. The objective of this program element is to provide information to assure public safety from such hazards as landslides, earthquakes, land subsidence and extreme erosion. Including the augmentation of \$150,019, estimated expenditures in the budget year for the geologic hazards element are \$413,325 compared to estimated

**Department of Conservation—Continued**

expenditures in the current year of \$257,080. The augmentation will add 8.6 man-years to the program with additional work to be done in the Los Angeles Basin and San Francisco Bay area.

The 1968 Legislature recommended that the Department of Conservation require local matching funds or services for urban geologic hazards work. The budget indicates reimbursements of \$47,000 for geologic investigations in Los Angeles and Orange Counties and the City of San Diego. With most of the work financed by the augmentation to be done in the Los Angeles Basin and San Francisco Bay area, the department is falling short of the matching fund requirement.

**Geodimeter Fault Monitoring**

*We recommend the Department of Conservation increase the state's budgeted amount for the geodimeter fault monitoring activity from \$20,000 to \$98,000 and finance the increase by corresponding reductions in project planning in the Division of Soil Conservation. We also recommend two engineering geologist positions be transferred from the Division of Soil Conservation to the Division of Mines and Geology.*

As part of its investigations for construction of the State Water Project, the Department of Water Resources for many years carried on a geodimeter fault monitoring program financed by State Water Project funds. The purpose of the program was to measure minute shifts on the earth's surface along the San Andreas Fault adjacent to the San Joaquin Valley and extending to Palm Springs. As the water project design was completed there was no longer need to finance the program with water project funds. We therefore recommended that if the program was continued it should be financed by General Fund moneys and perhaps performed by the Division of Mines and Geology in the Department of Conservation. Last year the Department of Water Resources dropped the program from its budget and the Department of Conservation, at the time the budget was enacted by the Legislature, was unable to develop its own program or to finance the program which cost approximately \$138,000.

During the current year the Department of Conservation determined that it has \$20,000 in savings available within its 1968 appropriation to add to \$40,000 in newly available federal moneys to finance a continued, but reduced, level of geodimeter fault monitoring. The geologic hazards augmentation for the Division of Mines and Geology in Item 236 includes \$20,000 to continue the state's financing along with \$40,000 in federal funds. These amounts will continue the monitoring program in 1969-70 at the same reduced level as the current year. The \$60,000 level has not been demonstrated to finance a useful or worthwhile program.

As we have discussed earlier in this analysis, the Department of Conservation administers programs requiring over \$51 million in budgeted expenditures. Most of these expenditures finance a high-cost fire protection service for the private forest, brush and grassland owners of the state. We have been critical of the department for arranging its priorities so that the study and investigation of earthquakes and other

## Department of Conservation—Continued

geologic hazards to protect people have lower priorities than protecting brushlands. Recently the department did reorient some of the Division of Mines and Geology programs involved in geologic hazards and has been seeking to improve the timeliness and pertinence of the program. This year the department's augmentation increases its geologic hazards work, but most of the augmentation goes for more fire suppression expenditures. Out of a total increase of \$2,560,000 the department can finance only \$20,000 and believes it cannot finance an additional \$78,000 toward a meaningful geodimeter program.

We indicate later, in our analysis of the Soil Conservation Development and Management Program, that the department proposes to spend \$551,453 in 1969-70 for more planning reports and investigations on a stalled federal program. Federal funds to construct watershed projects under Public Law 566 have been limited due to higher priority federal programs. The state and the U.S. Soil Conservation Service are building up an enormous backlog of work plans and planning investigations which will not be used in the foreseeable future. On the other hand, the Santa Barbara oil slick disaster, although a federal problem, is indicative of the importance of adequate geologic data to California. The work of the San Francisco Bay Conservation and Development Commission and the report of the Ad Hoc Inter-agency Working Group for Earthquake Research of the Federal Council for Science and Technology stress the need for more seismic and geologic hazards work in California. In our view this is higher priority work than more protection for grasslands or producing more planning reports to go on the shelf. Because state expenditures for more federal planning reports do not meet a current need, these expenditures can be reduced by \$78,000 to finance a worthwhile geodimeter fault monitoring program.

The Division of Soil Conservation has two authorized engineering geological positions. These two positions should also be transferred to the Division of Mines and Geology for the same reasons cited above.

## Department of Real Estate Subdivision Applications

*We recommend the appropriation for the Division of Mines and Geology be reduced by a range of \$15,000 to \$40,000 to require the proper reimbursement from the Department of Real Estate for review of subdivision applications.*

In 1966, a procedure was initiated whereby the State Department of Real Estate forwarded to the Division of Mines and Geology requests for staff comment on geological problems at each new real estate subdivision. According to the division, these reports have been forwarded at the rate of about 1,500 per year. The budget has contained no reimbursement for the services provided by the Division of Mines and Geology for the Department of Real Estate. Since the latter agency is a special fund agency and the application fee for new subdivisions is to include all expenses for state processing, the work performed by the Division of Mines and Geology should be completely reimbursed by the Department of Real Estate.

## Department of Conservation—Continued

In the analysis of the 1967-68 Budget Bill, we recommended that the division review subdivision applications only as reimbursed by the Department of Real Estate. The Legislature accepted that recommendation. To date no arrangements have been completed for reimbursement of the services and, according to the Division of Mines and Geology, the services continue to be performed. The division has not determined precise costs of the work but estimates range from \$15,000 to \$40,000. The appropriation should be reduced to reflect the proper reimbursement from the Department of Real Estate.

## Division Headquarters Relocation

Last year the Governor's Budget included \$20,983 for the relocation of the Division of Mines and Geology headquarters from San Francisco to Sacramento. The 1969-70 Budget indicates that only \$1,498 of that amount is estimated to be expended. The division has established an office in the Resources Building in Sacramento which is manned by the deputy division chief two or three days a week. The remainder of his time is in San Francisco. Other than the opening of the additional office in Sacramento there are no changes in the division's headquarters location.

## Soil Conservation Development and Management

The Soil Conservation Development and Management Program, performed by the Division of Soil Conservation, has proposed expenditures of \$551,453 in the budget year compared to \$604,538 in the current year. The decrease in expenditures stems from 1968 legislative termination of the soil conservation operations element of the division's program. The other program element, project planning, is the sole activity of the division. There are 34 authorized positions in the division including engineers, geologists and economists.

## Stalled Federal Program

*We recommend the project planning activities of the Division of Soil Conservation be reduced by \$78,000 to finance the state's share of the geodimeter fault monitoring work on the San Andreas Fault.*

The project planning activities of the Division of Soil Conservation are based on Public Law 566, the Watershed Protection and Flood Prevention Act. The division provides assistance to local agencies through preliminary investigations and studies to demonstrate engineering feasibility and economic justification for small watershed projects whose construction is ultimately financed largely by federal funds. This planning investigation work is done by both the division and by the U.S. Soil Conservation Service. The purpose of the state activity was originally to speed up the preparation of plans and obtain more federal money. The watershed projects are constructed with a combination of federal, state and local funds.

So far the Public Law 566 program has moved slowly in California with only three projects completely constructed in 11 years and eight partially completed. Meanwhile, the division and the U.S. Soil Conservation Service are building up an enormous backlog of work plans and

## Department of Conservation—Continued

planning investigations. As of November 1968, the status of the watershed application for planning investigations was as follows:

1. Work plans approved—authorization for construction pending—6
2. Work plans undergoing review—9
3. Work plans in preparation—11
4. Preliminary investigations completed—10
5. Preliminary investigations in progress or requested—29

It is apparent that the two agencies are accumulating a backlog of planned projects that will require many years to secure federal and state funds to construct. In the meantime, the reports and plans will rapidly become obsolete. Federal funds to construct these projects have been limited due to higher priority federal programs.

Because of the shortage of federal moneys and slowness in construction of these projects, the State Soil Conservation Commission has adopted a policy that projects with locally financed construction costs will be given priority for planning assistance over projects to be financed with state or federal funds.

So far there is one project in which some local interest has been expressed, but apparently the division is having difficulty in demonstrating to the landowners that it is a meaningful project deserving full local financial support.

This stalled federal program indicates the dangers to the state of performing a federal function. Circumstances beyond the state's control have reduced accomplishments of the program and placed the state in the position of continuing to finance efforts in planning and investigations which will not be utilized in completed construction projects in the foreseeable future.

Due to the difficulties and lack of federal funding for construction of these watershed projects, we recommend that the budget for project planning be reduced by \$78,000 to finance the geodimeter fault monitoring activity budgeted in the Division of Mines and Geology. (Analysis page 731)

## Cache Creek Basin Erosion and Silting Problems

*We recommend that the project planning group of the Division of Soil Conservation be assigned to study the erosion and silting problem of the Cache Creek Basin and seek to develop a solution to the problem.*

Since the project planning group of the Division of Soil Conservation has developed a backlog of completed planning studies for Public Law 566 projects, some of the group's effort may be directed to help solve a serious erosion and silting problem in the Cache Creek Basin in Yolo County. Cache Creek starts as an outlet of Clear Lake, passes Woodland, goes through a settling basin and discharges into Yolo Bypass. The upper and lower portions of Cache Creek Basin are subject to serious erosion which is rapidly filling the settling basin. The Reclamation Board has the responsibility to correct this problem and has contracted with the Department of Water Resources to study and report on alternative solutions, all of which will involve expensive construction. Both the board and the Department of Water Resources have agreed on an

**Department of Conservation—Continued**

interim, low-cost solution. They also recognize that erosion control could be a desirable alternative to other expensive, long-term solutions.

The situation at Cache Creek is a serious state problem of erosion control. It is a subject on which the Division of Soil Conservation is supposed to be the state's authority. We recommend that the project planning group of the division be assigned to study the problem and seek to develop a solution.

**Oil, Gas and Geothermal Operations**

The Division of Oil and Gas in the Department of Conservation administers this program requiring \$1,272,696 in expenditures of special funds. The program is discussed in Items 238, 239 and 240 in the Analysis at page 737.

**Coordinated Lake Tahoe Project**

During the current year, the department will complete a project to provide assistance on special land use and environmental problems of the Lake Tahoe Basin. The investigation has been performed utilizing staff from the operating divisions. The objectives have been to evaluate and update the department's current efforts and responsibilities in the Lake Tahoe region, and to assist local government on resource and environmental problems. No funds have been specifically budgeted for the project.

The department has completed staff work on the project as follows:

1. Geological maps of the California side of the Lake Tahoe Basin have been completed and are on open file. The State of Nevada may want to contract for the services of California geologists to map the Nevada side of the basin.
2. A report is to be issued this year on vegetation and soil preservation in the basin.
3. A bibliography has been compiled on work and studies done concerning the basin. This may be used as a data source for the local entities.
4. Some studies have been made on erosion problems, especially in the area of the Truckee River. Apparently the U.S. Corps of Engineers has agreed to do a flood study on the Truckee River.
5. The Division of Forestry has reviewed the fire protection problems in the basin and evaluated the state's present efforts in fire protection. No report has yet been issued.

**General Support**

The general support activity includes executive and support services necessary to carry out programs. The department has allocated \$4,378,401 as these costs in the budget year compared to \$4,296,304 in the current year. The general support costs include the expenses of the executive and management services staff in the director's office and the executive and staff services provided in each of the four divisions. The department provides accounting, budgeting, and personnel services for the divisions.

A major accomplishment for the department has been the implementation of the time reporting system to provide a more accurate allocation

## Department of Conservation—Continued

tion of costs and meaningful basis for program evaluation. The results to be obtained during the 1969 calendar year should provide a basis for more accurate allocation of expenditures to programs in the 1970-71 budget.

## Recommended Administrative Studies

*We recommend the Department of Conservation review its field organization and report to the Legislature by December 1, 1969, on (1) the standards and basis for the establishment of ranger units and assistant ranger districts, along with suggestions for alterations in the present structure, and (2) its progress in updating the fire plan.*

There are two matters concerning the Division of Forestry which need prompt attention by the division and the department. The first concerns part of the administrative structure of the division. The division's headquarters are in Sacramento and the field operations are divided into six geographical districts. Within those six geographical districts are 32 ranger units which in turn have 118 assistant ranger districts. The assistant rangers essentially supervise one or more fire stations and related facilities. There apparently is no basis or criteria for establishing an assistant ranger district. There probably is a good reason for establishing many of the assistant ranger districts as they are, but the division has not produced the reasons or the basis. The assistant ranger districts vary considerably in size, number of installations and concomitant workload.

Also, the 32 ranger units apparently were established some years ago along county boundaries, in most cases. There are exceptions, but usually a ranger unit boundary is also a county boundary. As in the case of the assistant ranger districts, there are varying sizes of ranger units with varying amounts of workload. County boundaries may have been satisfactory at one time for determining ranger units but that basis, by itself, should no longer be acceptable. Radio communications and improved highways should make it possible to join some of the smaller ranger units together to reduce the amount of administrative costs. It is interesting that the division's new communications plan, in establishing revised local radio nets to reduce overloading experienced with the present system, has grouped some ranger units into one local net. There is a need for the division to review the assistant ranger districts and ranger units to develop a sound basis for establishment of districts and ranger units.

The second matter in the Division of Forestry which needs prompt attention is the updating of the fire plan. Each year since 1964 we have been assured that the fire plan will be updated that year. It has not been done. The division has long had an "Organization and Inventory Plan" which it refers to as the fire plan. The document is a listing of division facilities, personnel, equipment and needs. The document does not consider objectives of the facilities nor provide a basis to evaluate the planned level of manpower and equipment. The substantial expenditures of the division for fire control require a clearer basis for sound budgeting.

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

**Items 238, 239, and 240 from the Petroleum and Gas Fund and the  
Subsidence Abatement Fund**

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Requested 1969-70	-----	\$1,272,696
Estimated 1968-69	-----	1,242,764
Actual 1967-68	-----	1,147,384
Requested increase \$29,932 (2.4 percent)		
Increase to improve level of service \$9,000		
Total recommend reduction	-----	None

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**GENERAL PROGRAM STATEMENT**

Three budget bill items appropriate funds for support of the Division of Oil and Gas as follows:

1. Item 238, \$1,142,195, Petroleum and Gas Fund.
2. Item 239, \$12,000, Petroleum and Gas Fund—Geothermal Resources Account.
3. Item 240, \$118,501, Subsidence Abatement Fund.

The division is a special fund agency supported by charges on operators of producing oil, gas and geothermal wells through the Petroleum and Gas Fund and the Subsidence Abatement Fund. There are 86 authorized positions. The division supervises the drilling, operation, maintenance and abandonment of oil and gas wells. Chapter 1483, Statutes of 1965, requires the division to supervise the same activities on geothermal resources wells.

**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval as budgeted.*

The objectives of the Oil, Gas and Geothermal Operations Programs are as follows:

1. To protect the oil, gas, and geothermal resources in the state from damage or waste.
2. To protect the waters penetrated by wells.
3. To arrest subsidence.
4. To provide for greater ultimate recovery of oil, gas and geothermal resources.

The division supervises the repressuring operations for the abatement of land subsidence in the Wilmington area.

For the first time, the division is allocating a full man-year of effort to geothermal resources wells by adding a junior engineer position.



**Department of Conservation**  
**WATERSHED PROTECTION BY COOPERATING COUNTIES**

**Item 241 from the General Fund**

Requested 1969-70	\$2,646,669
Estimated 1968-69	2,605,115
Actual 1967-68	2,439,553
Requested increase \$41,554 (1.6 percent)	
Total recommended reduction	None

**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval as budgeted.*

Section 4129 of the Public Resources Code provides that the board of supervisors of any county shall have the power to assume the responsibility for fire prevention and suppression on state responsibility lands. Section 4132 of the same code provides that when the county supervisors decide to furnish the fire suppression services on state responsibility areas, the state shall pay the counties for performing the fire suppression services. Marin, Kern, Santa Barbara, Ventura and Los Angeles Counties have elected to assume the state responsibility within their respective boundaries. The state has entered into a contractual agreement with these five counties and reimburses them for the assumption of what is a basic state responsibility.

The allocations as presented in the Governor's Budget are as follows:

Kern	\$658,873
Los Angeles	1,034,397
Marin	212,833
Santa Barbara	361,138
Ventura	379,428
Total	\$2,646,669

In addition to providing these allocations of funds to the counties to carry out the state responsibility for fire protection services, the division also dispatches to the counties at their request airtankers, conservation camp crews and firetrucks for fire suppression purposes. For example, during the 1967 fire season, the Division of Forestry provided enormous amounts of manpower and equipment to assist in fighting serious Ventura County fires. The division dispatched 1,004 men, including 44 conservation camp crews, 30 firetrucks, two airtankers and an observation aircraft. The costs to the division beyond the regular support budget were charged to the Emergency Fund.

The five counties also assist the Division of Forestry on state fires. For example, during the serious fire in Orange County in 1967, on both local and state responsibility lands within that county, Los Angeles County sent fire equipment and manpower to assist the Division of Forestry in fire suppression efforts.

In general, it may be stated that over a period of time the Division of Forestry provides considerably more assistance to the five counties than it receives in return. This point is made only to emphasize that the state provides more assistance to these counties than the above allocation of funds.

## Department of Conservation

## PRIVATE LAND PROTECTION BY UNITED STATES FOREST SERVICE

## Item 242 from the General Fund

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Requested 1969-70 .....	\$1,581,298
Estimated 1968-69 .....	1,571,036
Actual 1967-68 .....	1,408,844
Requested increase \$10,262 (0.7 percent)	
Total recommended reduction .....	None

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## ANALYSIS AND RECOMMENDATIONS

*We recommend approval as budgeted.*

There are approximately 5.2 million acres of state responsibility lands within the national forest areas of California. To prevent duplication, the Division of Forestry contracts with the United States Forest Service for the latter agency to provide fire protection services for the state lands situated within the national forests. The Division of Forestry in turn provides fire protection services for some portions 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 national forest land protected by the state.

## Department of Conservation

## COOPERATIVE AND RESEARCH PROGRAMS

## Item 243 from the General Fund

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Requested 1969-70 .....	\$374,699
Estimated 1968-69 .....	330,248
Actual 1967-68 .....	309,424
Requested increase \$44,451 (13.5 percent)	
Increase to improve level of service \$25,000	
Total recommended reduction .....	None

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## ANALYSIS AND RECOMMENDATIONS

*We recommend approval as budgeted.*

This item includes miscellaneous cooperative and research programs according to the following schedule:

White pine blister rust control .....	\$65,000
Wild land vegetation and soil mapping .....	158,075
Forest and fire research .....	149,374
Geological exploration in cooperation with U.S. Geological Survey ..	2,250
Total .....	\$374,699

The appropriation for white pine blister rust control matches federal expenditures and provides technical supervision of conservation camp crews doing control work on private timberlands. The Board of Forestry has approved 108,489 acres of state and private land within zones of

## Conservation

Items 244-245

### Department of Conservation—Continued

infection that justify treatment. The budget includes an increase of \$25,000 for rust disease control due to its spread into new areas of the Sierras.

The appropriation for wild land vegetation and soil mapping is to finance activities of the U.S. Department of Agriculture and the University of California to perform this function. Surveys are currently being conducted in Butte, Plumas, Calaveras and Tuolumne Counties.

The appropriation for forest and fire research finances 10 different projects on such subjects as fire prevention, fire control, forest pest control and fire climate studies. The Division of Forestry is provided some funds in this appropriation for equipment development. Cooperating agencies are the University of California and the U.S. Department of Agriculture.

### Department of Conservation STATE LANDS DIVISION

#### Item 244 from the General Fund

Requested 1969-70 (Augmentation)-----	\$64,075
Increase to improve level of service \$64,075	
Total recommended reduction-----	None

#### ANALYSIS AND RECOMMENDATIONS

*We recommend approval.*

Our analysis of this item is discussed under the augmentation for the Land Ownership Determination Program in Item 245.

### Department of Conservation STATE LANDS DIVISION

#### Item 245 from the General Fund

Requested 1969-70 -----	\$1,758,854
Estimated 1968-69 -----	1,590,254
Actual 1967-68 -----	1,416,921
Requested increase \$168,600 (10.6 percent)	
Increase to improve level of service \$86,307	
Total recommended reduction-----	None

#### GENERAL PROGRAM STATEMENT

The State Lands Division, which was transferred to the Department of Conservation by the Governor's reorganization plan last year, provides staff support to the State Lands Commission. The commission, composed of the Lieutenant Governor, the Controller and the Director of Finance, has the general responsibility for the administration of state school lands, tide and submerged lands, swamp and overflow lands

**Department of Conservation—Continued**

and the beds of navigable rivers and lakes. The commission has the authority to sell state school lands, provide for the extraction of minerals and oil and gas from lands in its custody and to administer tide-lands trusts as granted by the Legislature.

**ANALYSIS AND RECOMMENDATIONS**

*Approval of the item is recommended.*

The Governor's Budget proposes a total appropriation of \$1,758,854 which is an increase of \$168,600 or 10.6 percent over the estimated current year expenditure. The base budget contains a proposed increase of 11 new positions, two of which were administratively established during the current fiscal year. The cost of these positions equals \$76,369 plus related expenses. An augmentation of \$64,075 is contained in the preceding item to provide funding for six additional positions which are discussed hereafter under Land Ownership Determination augmentation. In addition, the division will expend \$907,649 for supervision of Long Beach oil operations which is directly charged to Long Beach oil revenues. Total funding appropriated to the State Lands Division therefore is \$2,730,578.

**Land Use**

One of the principal functions of the division is the profitable use of state lands and the sale and leasing of these lands, when in the public interest, for extractive and nonextractive development. The expenditure for this program is \$1,868,223 and represents 69.5 percent of the total expenditures of the division.

While the total budget year expenditure for this program has increased by approximately 6 percent over the current year, the major increase will be devoted to intensified efforts to protect the state's interest in the Long Beach oil operations by managing production costs in order to maximize long-term net profits to the state.

Several important programs in other state agencies are dependent to some extent on the revenues generated by this program from oil and gas leasing. These revenues are estimated at \$42,233,000 for the budget year. This does not include revenues from bid bonuses for oil and gas extraction leases which are estimated to be \$3.1 million for the current year. These bonuses are not subject to accurate estimating in future years.

**Loss of Revenue Due to Oil Production Strike**

It should be noted that oil and gas revenues for the current year may be reduced in an unknown amount because of the oil workers' strike, which was occurring at the time this analysis was prepared.

**Land Ownership Determination**

The division has the responsibility to protect the state's rights to land estimated to be in excess of four million acres owned or possessed by the state as a result of federal grants. As land development continues to increase at a rapid rate, the division is under increasing pressure to clarify the state's right, title and interest to many lands not

**Department of Conservation—Continued**

surveyed, mapped or defined by adequately developed titles. Establishing state titles is necessary in order that state land may be protected, leased or included in comprehensive planning efforts. Simultaneously, owners of adjoining lands should not be limited in developing their land because of a conflict in title with the state.

Last session of the Legislature adopted SB 754 which directed the division among other things to establish adequate title to all tide and submerged lands whether or not currently subject to dispute. The bill contained an appropriation of \$150,000 to start this and other work. The Governor vetoed the bill. By adjustment in the current year and requesting new positions in the budget year, the division is now increasing by several increments its capability to establish adequate titles to state lands as proposed in SB 754.

Because of the increasing workload and existing backlog in gathering engineering and legal information needed to develop title to disputed state land, the division has administratively established two drafting positions for delineation work during the current year. In addition, it proposes in the budget year to increase its disputed title work by adding three title positions to provide record data and prepare title reports, an attorney position to assist in establishing the state's legal position for pending title litigation and two clerical positions for purposes of equalizing the general workload.

**Augmentation for Additional Title Work**

The preceding budget item proposes an augmentation of \$64,075 to provide funding for six more technical positions to further expedite title work on tide and submerged lands. The division has indicated that because of the magnitude of private and public queries concerning state land ownership, whether disputed or not, the cost and time necessary to investigate and determine state ownership on an individual parcel basis is becoming prohibitive. Thus, if the division can concentrate some title effort on high priority areas selected by value and intensity of projected development, the necessary investigations for state title can be made in such areas at a lower long-run cost than the present practice of handling each inquiry or dispute separately.

The augmented staffing will concentrate on areas with high priority needs for establishing boundaries of state lands. It will not seek to cover all tide and submerged lands on a scheduled basis as proposed in SB 754. Specifically, in the budget year the division proposes to concentrate the augmented effort in the San Francisco Bay and Delta areas in northern California and the Colorado River area in southern California. All of the above increases appear to reflect clear legislative intent and we recommend their approval.

**Land Information System**

The division is required to maintain and provide title data for public inquiry and examination and other pertinent records needed by the commission in fulfilling its legal duties. This need is fulfilled by the Land Information System Program. The division is in the process of

**Department of Conservation—Continued**

developing a computerized land information system. A microfilm library has been developed during the current year as the nucleus of the program.

Because of increasing workload and the need to efficiently develop the overall information system, an assistant management analyst and two clerical positions are requested to convert and maintain the records of the Sacramento land program office. The costs of this program will increase to \$149,684 which is more than a 100-percent increase over 1967-68.

**Submission of Requested Annual Report**

Pursuant to our recommendation in the 1968-69 analysis the division will submit an annual report containing financial summaries of production quantities and related costs and revenues for oil and gas production on state-owned or granted land. The report will segregate these categories by source and provide short-run production estimates and other data on the division's activities.

The initial report, due in February, will cover the 1968 calendar year. Subsequent reports will be submitted on a fiscal year basis each fall.

**Expenditures by City of Long Beach**

The City of Long Beach has been preparing plans and awarding contracts for extensive waterfront improvements which are to be financed by the city's share of Long Beach oil revenues. The cost and scope of these improvements raises questions about the ability of the city to finance them within the state's expectation of the city's share of Long Beach revenues. We have requested a report from the State Lands Division on the city's expenditure plans which should be available at the time of budget hearings.

**DEPARTMENT OF FISH AND GAME**

**Items 246 and 247 from the Fish and Game Preservation Fund**

Requested .....	\$15,312,763
Estimated 1968-69 .....	14,044,711
Actual 1967-68 .....	12,541,934
Requested increase \$1,268,052 (9 percent)	
Increase to improve level of service \$701,000	
Total recommended reduction .....	\$140,000

**SUMMARY OF RECOMMENDED REDUCTIONS**

	<i>Amount</i>	<i>Analysis page</i>
Delete augmentation for overtime in enforcement of laws and regulations program (Item 246) .....	\$140,000	747

**Department of Fish and Game—Continued****SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS****1. Marine Resources Program**

Because the department has not completed a report on commercial fisheries problems as directed by the 1968 Legislature, we recommend that approval of the appropriation for the marine resources program be withheld until the department has complied with the legislative directive and the marine resources program has been evaluated in the light of the report. (Analysis page 750)

**2. Administration**

We recommend that the support appropriation for the department be revised from a line item appropriation to a program appropriation. (Analysis page 753)

**GENERAL PROGRAM STATEMENT**

The Department of Fish and Game is responsible for administering programs and enforcing laws pertaining to the fish and wildlife resources of the state. Article IV, Section 20 of the State Constitution establishes the Fish and Game Commission of five members appointed by the Governor. The commission regulates the taking of fish and game under delegation of legislative authority pursuant to the Constitution. The commission also establishes policies to guide the department in carrying on its activities. The general regulatory powers of the commission are specified in Division 1 of the Fish and Game Code.

The department is headquartered in Sacramento and has approximately 1,300 employees located throughout the state. Field operations are supervised from five regional offices in Redding, Sacramento, Fresno, San Francisco and Los Angeles. The marine resources operations are conducted mostly at the state fish laboratory on Terminal Island in San Pedro.

**Funding Sources**

The department is a special fund agency financed through the Fish and Game Preservation Fund. The fund secures its revenues from the sale of hunting and fishing licenses, court fines and commercial fish taxes, plus grants of federal funds and reimbursements from other agencies of government. Table 1 shows the sources of funding for the department's support activities for a five-year period. About 20 percent of the department's support programs are financed by federal funds or reimbursements from other agencies of government such as the Department of Water Resources. The table also indicates that total support expenditures by the department have increased from \$16,363,106 in 1967-68 to \$20,204,703 estimated in 1969-70. This increase amounts to 23.3 percent in the two years since the "budget freeze" in 1967-68.

**Fund Surplus**

On June 30, 1968, the accumulated surplus in the Fish and Game Preservation Fund was \$9,883,126, the highest balance on record. The department has kept its support programs well within its revenues and

**Table 1**  
**Department of Fish and Game—Support Expenditures<sup>1</sup>**

<i>Source of funding</i>	<i>1965-66</i>	<i>1966-67</i>	<i>1967-68</i>	<i>1968-69<sup>2</sup></i>	<i>1969-70<sup>2</sup></i>
Fish and Game Preservation Fund-----	\$12,108,810	\$12,641,440	\$13,014,912	\$14,699,286	\$16,044,663
Federal funds -----	1,017,659	1,177,324	1,320,508	1,893,000	2,149,800
General Fund -----		41,908			
Totals as shown in Governor's Budget -----	\$13,126,469	\$13,860,672	\$14,335,420	\$16,592,286	\$18,194,463
Expenditures funded through reimbursements					
Federal funds -----	\$671,915	\$609,951	\$827,453	\$757,600	\$791,750
Other (Department of Water Resources major source)-----	957,419	1,073,396	1,200,233	1,352,380	1,218,260
Total of all expenditures -----	\$14,755,803	\$15,544,019	\$16,363,106	\$18,702,266	\$20,204,473

<sup>1</sup> Excludes Marine Research Committee.

<sup>2</sup> Estimated.



## Department of Fish and Game—Continued

has not had to increase hunting and fishing license fees since 1957. The department has begun to utilize some of its surplus for the replacement of capital equipment. In prior years the department has budgeted in capital outlay \$1,575,000 for the replacement of the research vessel *N. B. Scofield*, and budgeted other funds for the replacement of radio equipment and two ocean patrol vessels. The proposed 1969-70 capital outlay budget includes a request for \$2,600,000 to construct a new Glenn-Colusa Fish Screen. The department expects future reimbursement of about one-half that amount in federal funds under the Anadromous Fish Act. Because of these one-time capital outlay expenditures, the 1969-70 budget anticipates a reduction in the accumulated surplus at the end of the budget year to \$4,246,124. If the anticipated reimbursement of \$1,300,000 for the Glenn-Colusa Fish Screen is added to the above figure, the surplus would be \$5,546,124.

In addition to the Fish and Game Preservation Fund surplus, the department will also still have available at the end of the 1969-70 fiscal year about \$2,730,000 in allocated but unexpended federal funds under the Pittman-Robertson and the Dingell-Johnson programs. Thus, from all sources, the department will have about \$8,276,124 available for future appropriation at the end of the budget year.

The amount of surplus depends primarily on the accuracy of the estimated current and budget year revenues from fishing and hunting licenses. In recent years actual revenues have substantially exceeded the amounts originally budgeted. In the 1969-70 budget the department has revised its method of projecting revenues to increase the accuracy of revenue forecasts by incorporating a factor reflecting an increase in the popularity of fishing in recent years.

## General Program Changes

The proposed budget shows total department support program expenditures of \$18,194,463, which are appropriated through this and other support items. That amount is an increase of 9.7 percent (\$1,602,177) over estimated current year expenditures.

The budget proposes the establishment of 76.4 new positions and the deletion of 37.6 positions for all programs. There are 25.3 new positions proposed to be financed solely from the Fish and Game Preservation Fund. These new positions include five additional wardens for the enforcement of laws and regulations, five positions in marine resources programs for inshore fisheries habitat evaluation and the sea otter investigation plus an economist position in administration. Most of the positions abolished were financed through reimbursements. An augmentation in Item 246 contains \$140,000 to compensate for overtime work by the department's staff.

The department has prepared both an organization and a program budget. The program budget is the official Governor's Budget but the appropriation bill is based on the organization budget. We have used the program budget for the format of our analysis. The programs are:

Enforcement of laws and regulations  
Inland fisheries

## Department of Fish and Game—Continued

- Wildlife
- Marine resources
- Water projects and water quality review
- Administration

## ANALYSIS AND RECOMMENDATIONS

## Enforcement of Laws and Regulations

The enforcement of laws and regulations program is designed to protect fish and wildlife resources and to insure that these resources are managed for the enjoyment by all people of the state. The category includes the four program elements of protection and use regulation of fish and wildlife, licensing, hunter safety and conservation education. Proposed expenditures are \$6,500,831 compared to \$6,005,302 estimated expenditures in the budget year. Financing is almost entirely from state funds.

The department has a staff of 230 fish and game wardens who enforce the Fish and Game Code. Their activities include issuing warnings and citations, checking licenses of hunters and fishermen and assisting in the presentation of court cases. The department is using recreational fishing and hunting man-days as the best available measure of the wardens' workload and the basis for assignment of wardens to a particular area or zone of the state. The proposed budget includes funds for five additional warden positions on the basis of workload and as directed by the Legislature last session.

The department proposes to convert to warden positions four deck-hand and two engineman positions now authorized for ocean patrol vessels. This conversion will complete the department's program begun several years ago to improve its ocean patrol activities by the use of smaller patrol vessels and an aircraft. The changes should result in more effective and economical operations. During the budget year the replacement vessel for the large and ineffective *Albacore* will begin patrol. The *Albacore* will be sold providing an estimated revenue of \$150,000 to the Fish and Game Preservation Fund.

## Overtime Augmentation

*We recommend that Item 246 be deleted on the basis that the request is premature. Funds for warden overtime should not be allowed until the Department of Fish and Game has completed its current study on the effectiveness of its law enforcement effort. We also recommend that the Legislature request the Personnel Board to defer its reallocation of warden classes until the completion of the department study and also to assure that all other classes in the Department of Fish and Game and classes of other departments are treated on the same basis.*

Item 246 provides an augmentation of \$140,000 for the enforcement of laws and regulations program element to finance overtime pay for wardens. The State Personnel Board has adopted a resolution indicating that by July 1, 1969, the board intends to reallocate five warden classes from workweek subgroup 4B to 4A. This reallocation would authorize the Department of Fish and Game to allow compensatory time off for

**Department of Fish and Game—Continued**

overtime worked by wardens and to make cash compensation for no more than 40 hours of warden overtime per year without prior approval of the board. The board also directed its staff to prepare a plan for a special workweek subgroup which will provide 15 percent additional compensation (presumably for overtime) for the warden classes during periods of high workload. The Department of Fish and Game plans to use the appropriation of \$140,000 as a flat rate payment of three steps (15 percent) in the warden's salary schedule as compensation for all overtime hours performed during these periods of the year when hunting and fishing activity is heaviest.

The action of the Personnel Board and the request for \$140,000 by the Department of Fish and Game appear to be premature. The department is presently conducting a study, scheduled for completion in June 1970, to evaluate the effectiveness of the wildlife law enforcement program and the effects of different types of violations on the fish and wildlife resource. The objective of the study is to provide a statistical basis for determining an acceptable rate of compliance among hunters and fishermen, and to measure the relative effectiveness of different law enforcement efforts and emphases.

Historically, wardens have worked substantial amounts of overtime. The department estimates the overtime averages over 50 hours per warden per month. The wardens receive little supervision. The department has allowed a warden to work whenever and as much as he wished as long as he worked at least a 40-hour week. The key issue is that the department does not always know how necessary the overtime is.

There may well be ample justification for added compensation to wardens who are required to work overtime at certain periods of the year. The department would be on a sound basis, however, if it waited until the completion of its study before paying overtime.

Also, the action of the Personnel Board in restricting the reallocation of classes to the wardens indicates preferential treatment for these classes compared to other classes in the department which also work overtime. The Personnel Board directive to its staff to prepare a plan for a special workweek subgroup restricted to one class of personnel in one department deviates from sound management objectives which would emphasize setting overtime standards on both a departmentwide basis and a statewide basis.

**Licensing**

Most of the department's revenue comes from the sale of hunting and fishing licenses. These licenses are sold through about 3,600 private firms, located throughout the state, which serve as "license agents." These agents sell the licenses, retain a commission and remit the balance to the department. The cost of the licensing management program is estimated at \$332,158 annually. That amount added to the \$478,600 commission to be retained by the agents indicates the total estimated cost of selling licenses is \$810,758 or about 5½ percent of the total estimated annual revenue of \$14,844,200 from licenses, permits and tag sales. This percentage has remained level in recent years.

**Department of Fish and Game—Continued**  
**Inland Fisheries**

Fishing is the most popular recreational activity among the license buyers. The natural fisheries are not adequate to meet the recreational demand. The department operates hatcheries to fill the gap between supply and demand. Total proposed expenditures for the inland fisheries program is budgeted at \$3,880,760, compared to \$3,572,087 estimated in the current year. About 85 percent of the expenditures are from the Fish and Game Preservation Fund. The balance comes from federal funds for special fishery investigations and reimbursements from other agencies who pay the department to operate hatcheries. Included in the inland fisheries program are trout, warm water game fish, striped bass, sturgeon and shad, the Salton Sea fishery and studies concerning fisheries habitat and fish disease control. A study to develop Lake Almanor as a fishery and an investigation to improve fisheries habitat along the Colorado River are to be started in the budget year.

The department has now completed a study on the effects of artificial destratification of lakes but the final report on the project has not yet been issued.

**Wildlife**

The wildlife program is designed to conserve the wildlife resource and habitat and to provide recreational hunting for the license buyers. The program elements are wildlife habitat, wildlife disease control, pesticides, waterfowl, big game, upland game, conducting public hunting, depredation control, commercial and private hunting clubs and special wildlife investigations.

The budget proposes expenditures of \$3,918,569 for the wildlife program in comparison to estimated expenditures in the current year of \$3,420,087. Of the total proposed expenditures, 44 percent will be financed by federal funds or reimbursements and the balance by the Fish and Game Preservation Fund.

The department proposes a greater increase in the wildlife program than for any other program. This added work is possible because of the increase in federal moneys available under the Pittman-Robertson Act. There is a net increase of 16 positions for various wildlife programs financed through this act. The department now has control and possession of about 5,500 acres at the Oroville borrow area. The budget includes \$31,000 for maintenance and in-lieu taxes for this area. No development is planned at this time. The area will be open to the public for hunting, fishing and other outdoor recreation uses. For Grizzly Island Waterfowl Management Area, \$140,000 is budgeted for levee repair.

Other program elements receiving added funds are pesticides investigation and weed control in irrigation systems and the gathering of data on the census and environmental needs of bird populations on coastal bays and estuaries.

**Marine Resources**

The marine resources program includes ocean species plus salmon and steelhead. The program elements cover work on salmon and steel-

**Department of Fish and Game—Continued**

head, tuna, pelagic, bottomfish, shellfish, marine sportfish, special investigations, biostatistics and two new program elements, inshore fisheries habitat and sea otter. The support program level will remain even for the budget year with the exception of minor additions for the two new elements. Total program costs are budgeted at \$4,304,959 in comparison to \$4,066,795 estimated expenditures in the current year. The funding of the programs is approximately 72 percent from the Fish and Game Preservation Fund and 28 percent in federal funds and reimbursements from other agencies.

Among the ongoing program elements in marine resources, added input is proposed for the shellfish program to develop a management program for the spiny lobster. The department indicates that an increasing demand for the spiny lobster by commercial and sport fishermen necessitates investigation of the species.

The department proposes to expend \$58,072 to begin an inshore fisheries habitat evaluation and monitoring program. The investigation will include an inventory of the living organisms of inshore areas including bays and estuaries along the coastline. The objective is to develop guidelines for the protection and enhancement of the areas.

In response to Senate Concurrent Resolution No. 72 of the 1968 session, the department has begun the sea otter program to minimize the conflict between the sea otter and abalones. Next year the department plans to expend \$42,227 to continue trapping and transplanting sea otters and to observe the behavior of its relocated sea otters and the impact that the otters have on their new environment.

**Glenn-Colusa Fish Screen**

The most significant added funding involving the marine resources program appears in capital outlay. The department proposes to reconstruct the screen at the Glenn-Colusa irrigation diversion on the Sacramento River near Hamilton City. This is a major diversion. The new rotary screen, which will cost \$2,600,000, would save an estimated 10 million juvenile king salmon and 230,000 juvenile steelhead annually. The department would be reimbursed for about \$1,300,000 of its cost from the federal government under the Anadromous Fish Act.

**Research Vessel N. B. Scofield**

In 1967-68 the Legislature appropriated \$1,575,000 to replace the research vessel *N. B. Scofield*. The construction of the vessel has been delayed as a result of new Coast Guard regulations involving vessels of 300 gross tons or more. As a result of the new regulations, the vessel has had to be redesigned. The department indicates there will be no added construction costs as a result of the redesigning.

**Report on Commercial Fisheries Problems Not Completed**

*Because the department has not completed a report on commercial fisheries problems as directed by the 1968 Legislature, we recommend approval of appropriations for the marine resources program be withheld until the department has satisfactorily complied with the Legis-*

## Department of Fish and Game—Continued

*lative directive and the marine resources program has been evaluated in the light of the report.*

Last year in our analysis we pointed out that the department's marine resources programs are primarily expenditures for academically oriented biological research. This research is important but there are equally important commercial fisheries problems which are receiving virtually no attention in California. The state has not identified these commercial fisheries problems and fixed the responsibility for meeting them. As a result of the discussions before the Ways and Means and the Senate Finance subcommittees hearing the department's budget, the Legislature adopted our recommendation that the department participate with the commercial fishing industry in developing clearly defined statements of the problems confronting the industry and take the leadership in reorienting the state's activities to solve the problems on a priority basis. The proposed budget indicates no revisions in programs as a result of this Legislative directive.

The department representatives have met several times with representatives of commercial fishing interests. As of the time of this writing, the department has not issued any report to the Legislature indicating the results of their joint efforts. However, we understand that the department will submit the results prior to the budget hearings.

The department has completed a review of the fee structure and user charges as part of the above industry meetings and also in response to Department of Finance Management Memo No. 68-32. We understand that the administration has approved a departmental draft of legislation to increase commercial fish taxes by \$390,000 and commercial fishing license fees by \$415,000. The Department of Fish and Game estimates that it is spending about \$1,475,000 more annually on commercial fishing programs than it is receiving in revenue. The proposed additional revenue from commercial fisheries would bring departmental revenues and expenditures for commercial fisheries programs more closely into balance.

The primary purpose of the legislative directive to the department was to assist in evaluating the various activities of the department relating to commercial fisheries problems and to determine whether the department's activities needed to be revised to meet the agreed priorities in commercial fisheries problems. Without this report we cannot complete our review of the marine resources program or recommend its approval.

#### Water Projects and Water Quality Review

The program elements in the water projects and water quality review program are intended to protect and augment fish and wildlife resources and their habitat through review of highway and water related construction projects and water project investigations. The budget proposes \$1,666,854 for expenditures on these program elements. This amount is a slight reduction from estimated expenditures in the current year of \$1,691,695. Of the total amount expended for this program, 71 percent will be financed by Fish and Game Preservation Funds and 29

**Department of Fish and Game—Continued**

percent by reimbursements from other agencies, mainly the Department of Water Resources.

The department carries out research and makes investigations on fisheries and biological aspects of water quality and water pollution problems. It also reviews and makes recommendations on applications to appropriate water and on various state and federal water project plans. The program budget indicates that the department will make an effort to achieve legislative changes so that highway funds may be expended to mitigate fish and wildlife losses caused by construction and operation of highway projects.

The Department of Water Resources is responsible for the mitigation and enhancement of fish and wildlife at the State Water Project. In most cases the Department of Water Resources contracts with the Department of Fish and Game for technical personnel to assist in meeting its responsibility. The budget reflects a continued reduction and phasing out by 1971 of work in the Delta Fish and Wildlife Protection Study which the Department of Fish and Game is performing for the Department of Water Resources. The budget indicates some reduction in fund allocations for this study from a level of about \$240,000 to about \$158,100 and five fewer personnel assigned to the study. The objective is to provide design and operating criteria for the Peripheral Canal to permit water export from the delta and at the same time to protect and enhance fish and wildlife.

**Administration**

The program budget for the department itemizes \$1,816,518 in administration costs in comparison to \$1,700,393 estimated to be expended in the current year. These costs are prorated to the programs on the basis of the ratio of the cost of each program to the total cost of the department's programs. Administration costs include the Fish and Game Commission, departmental and regional administration and planning, fiscal, personnel and engineering services. The costs also include state fiscal and administration pro rata charges and Sacramento headquarters rent.

The budget includes a new position, senior economist, for the Sacramento headquarters. The department needs economic data for its investigations and for its resource recommendations to the commission and to the Legislature.

**Fish and Game Commission Staff Changes**

During the current year, there have been some administrative changes made on the staff of the Fish and Game Commission. The former position of secretary to the commission has been revised and upgraded and is now classified as an associate management analyst position. This reclassification is intended to provide the commission with more evaluation of departmental programs and to enable the executive secretary to devote more time to the Legislature and to field problems. An additional clerical position has been assigned to the commission on the basis of workload stemming from annual sessions of the Legislature.

**Department of Fish and Game—Continued**

The department indicates it receives services about legislation from the additional position as well as does the commission.

We understand the commission staff has begun to collect data on trophy fish catches. In the past we have recommended against a commission staff performing data collection duties which are the responsibility of a department.

**Recommendation for Appropriation on a Program Basis**

*We recommend that the support appropriation for the Department of Fish and Game be revised from a line item appropriation to a program appropriation and that language be added to Item 247 indicating legislative intent that all controls related to the item be exercised on a program basis.*

The 1969-70 program budget is the fifth consecutive program budget prepared by the Department of Fish and Game in addition to the traditional line item budget. These program budgets have been presented for information purposes in the past but the current one is designated as the Governor's Budget. Past appropriations in the Budget Bill for the department have been based on the line item budget and the Budget Bill for 1969 is again introduced on this basis. We believe it is time for the Department of Fish and Game to progress to a program appropriation.

Even though the department's workload of preparing two budgets has increased, the department has succeeded in preparing them without increased staff. Like many other departments, it will be confronted with the need to add staff if it is required to go to a complete dual system of budgeting and accounting in the future in order to maintain both the program and line item budgets. Such additional expenditures should be avoided whenever possible.

The department has developed considerable ability in preparing its program budgets and has progressed to the point that its current budget is relatively acceptable. In addition, the department for many years has maintained a cost accumulation system which can be converted to a cost accounting system adequate to permit the department to control its expenditures on a program basis.

Therefore, we believe that the Department of Fish and Game is ready to make the transition and that its appropriation should be made on a program basis for 1969-70.

Even though the Department of Finance has submitted the program budget as the official Governor's Budget for 1969-70, it intends to secure appropriations on a line item basis and to administer these appropriations on a line item basis. We do not believe that such a dual standard is acceptable where it can be avoided.

Since the Department of Finance has now submitted an official program budget to the Legislature and the Legislature has partially endorsed the concept, strong commitments have therefore been made to program budgeting. It is time for the administration to convert its own controls to a program basis in order to avoid the unnecessary costs of dual budgeting and accounting systems. In order to begin the



## Department of Fish and Game—Continued

implementation of fiscal controls on a program basis rather than a line item basis, our analysis this year recommends that the Departments of Fish and Game and Water Resources both receive program appropriations. In addition the Legislature should add language to each support appropriation item for these two departments to show legislative intent that all budgetary, accounting, personnel and other controls related to the expenditure of the appropriations be placed on a program basis.

## Department of Fish and Game

## PROGRAMS IN COOPERATION WITH THE FEDERAL GOVERNMENT

## Item 248 from the Fish and Game Preservation Fund

Requested 1969-70	\$2,866,400
Estimated 1968-69	2,520,975
Actual 1967-68	1,758,079
Requested increase \$345,425 (13.7 percent)	
Increase to improve level of service \$345,425	
Total recommended reduction	None

## ANALYSIS AND RECOMMENDATIONS

*Approval is recommended.*

The discussion of the programs funded by this item is included in the analysis of Items 246 and 247, the support of the Department of Fish and Game.

These cooperative programs are based on three federal acts as follows:

1. Federal aid in Wildlife Restoration Act (Public Law 75-415) known as the Pittman-Robertson Act.
2. Federal aid in Fish Restoration Act (Public Law 81-681) known as the Dingell-Johnson Act.
3. Commercial Fisheries Research and Development Act (Public Law 88-309) known as the Bartlett Act.

This item consists of \$2,149,800 in federal funds and \$716,000 in matching Fish and Game Preservation Funds. Table 1 indicates the source of funding for each of the three programs.

Table 1  
Funding Summary of Cooperative Programs

	Federal Funds	State Funds	Total
Wildlife management	\$1,341,900	\$447,300	\$1,789,200
Fisheries management	515,100	171,700	686,800
Commercial fisheries research and development	292,800	97,600	390,400
	\$2,149,800	\$716,600	\$2,866,400

**Department of Fish and Game—Continued**  
**Wildlife Management**

The purpose of the Pittman-Robertson program is to assist the states in wildlife restoration projects. The funds for the program are collected through an excise tax at the manufacturers' level on sporting arms and ammunition. Federal funds finance 75 percent of the cost of approved projects. The department utilizes these funds to finance the operations of six waterfowl management areas and perform special studies concerning the state's wildlife and habitat.

Federal revenues have increased markedly in recent years through nationwide increases in the sale of sporting arms and ammunition. Thus, California's allocation has increased. The budget includes \$1,789,200 for wildlife restoration programs in the budget year, an increase of \$379,900 over estimated expenditures of \$1,409,300 in the current year. A major share of the department's new programs and increased level of service in the budget year will be financed through these cooperative funds. It is estimated that at the end of the budget year the department will have \$2,250,000 in allocated but unexpended federal moneys available for the Pittman-Robertson program.

**Fisheries Management**

The purpose of the Dingell-Johnson program is to assist the states in recreational fish restoration and management projects. The revenues for the program are derived from manufacturers' excise taxes on sport fishing tackle. The federal government finances up to 75 percent of the approved projects. The budget proposes expenditures totaling \$686,800 for the cooperative fisheries management program, an increase of \$76,200 over estimated current year expenditures of \$610,600. The department utilizes these funds mostly for research and habitat improvement projects. The department allocates the funds over a period of time on the basis of 25 percent for ocean projects and 75 percent for inland projects. This ratio is the estimated proportion of marine sport fishing license buyers to the inland fishing license buyers.

**Commercial Fisheries Research and Development**

The purpose of the Bartlett Act is to provide financial aid to the states for research and development of their commercial fisheries. Congress has authorized a \$5 million expenditure of federal General Fund revenue for each year until 1973 to carry out the purposes of the act. The federal government may finance up to 75 percent of approved projects.

Programs costing \$390,400 in total expenditures are budgeted for 1969-70. This amount is a decrease of \$110,675 from estimated expenditures in the current year of \$501,075. The decrease is due mainly to a reduction in the level of funding for equipment rather than a reduction in program level. During the current year there are budgeted one-time expenditures to equip the shellfish laboratory.

**Department of Fish and Game  
PACIFIC MARINE FISHERIES COMMISSION**

**Item 249 from the Fish and Game Preservation Fund**

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Requested 1969-70 .....	\$15,300
Estimated 1968-69 .....	26,600
Actual 1967-68 .....	26,600
Requested decrease \$11,300 (42.5 percent)	
Total recommended reduction .....	None

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**GENERAL PROGRAM STATEMENT**

The Pacific Marine Fisheries Commission was established by an interstate compact. The purpose is to promote the utilization of ocean fisheries of mutual concern to California, Oregon and Washington. Congress amended the compact in 1962 to permit entry of Alaska or Hawaii or any state having rivers tributary to the Pacific Ocean. In 1964, Idaho joined the compact. On July 1, 1968, Alaska joined.

The commission is headquartered in Portland, Oregon. The staff consists of an executive director and a secretary with some occasional temporary help. The three California representatives on the commission are appointed by the Governor.

**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval.*

In the Analysis of the 1967-68 Budget, we pointed out that most of the expenditures of the commission go to finance the staff in Portland and for travel expenses to hold the annual meeting. Funds for the support of the commission come from the member states and have been determined in proportion to the primary market value of their fisheries products.

The purpose of the organization is to promote fisheries "of mutual concern" to the member states but the funding for the commission has been on the basis of fish landings in the states. The tuna landings in southern California are of little interest to the commission and are the main reason for the heavy contribution by the State of California. We recommended that the funding of the commission should be based on fisheries of "mutual concern" consistent with the purpose of the organization. The Legislature directed the state's representatives on the commission to work for a revision in the source of funding.

As a result of California efforts, the commission adopted a resolution requesting the State Legislatures and the Congress to amend the compact so that funding would be on a more equitable basis than is now the case. The proposed formula is as follows: "80 percent of the annual budget shall be shared equally by the member states with a significant commercial fishery; not less than 5 percent of the annual budget shall be contributed by each member state having no significant commercial fishery; the balance of the annual budget shall be shared by those member states with a significant commercial fishery in proportion to

**Item 250****Fish and Game****Department of Fish and Game—Continued**

the primary market value of the products of their fisheries on the basis of the latest five-year catch records.”

The commission’s 1969–70 budget is based on the revised funding formula and includes membership for the State of Alaska. The proposed funding for the member states for 1969–70 fiscal year compared to the 1967–68 year is as follows:

	1967–68	1969–70
Alaska .....	—	\$16,000
California .....	\$26,600	15,300
Idaho .....	2,000	3,000
Oregon .....	3,900	12,600
Washington .....	9,600	13,300
Total .....	\$42,100	\$60,200

The addition to the budget is due to increased travel costs for Alaska representatives to various meetings, merit salary increases for the office staff and one research project begun in 1968 to determine the age of Pacific Ocean perch, petrale and English sole through the study of ear bones.

We understand legislation will be introduced at this session to amend the revised formula into the Fish and Game Code.

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

**Item 250 from the Fish and Game Preservation Fund**

Requested 1969–70 .....	\$67,500
Estimated 1968–69 .....	53,700
Actual 1967–68 .....	21,134
Requested increase \$13,800 (25.7 percent)	
Increase to improve level of service \$13,800	
Total recommended reduction .....	None

**SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**

We recommend that approval of the Marine Research Committee appropriation be withheld until the Department of Fish and Game has satisfactorily complied with the 1968 legislative directive to report on commercial fisheries problems, and the department’s marine resources program, including that of the Marine Research Committee, has been evaluated in the light of the report. (Analysis page 758)

**GENERAL PROGRAM STATEMENT**

The Marine Research Committee consists of nine members appointed by the Governor. Most of the members represent the commercial fishing industry. As provided in Section 8046 of the Fish and Game Code, support for the committee comes from a privilege tax of 5 cents for each 100 pounds of sardines, pacific and jack mackerel, squid, herring and

## Department of Fish and Game—Continued

anchovies taken by commercial fishermen. The privilege tax expires on December 31, 1969.

The purpose of the committee, as specified in Section 729 of the Fish and Game Code, is to finance "... research in the development of commercial fisheries of the Pacific Ocean and of marine products. . . ." Because the committee does not have a staff, it enters into contracts with such agencies as the California Academy of Sciences, Hopkins Marine Station and the Department of Fish and Game to carry on research activities.

## ANALYSIS AND RECOMMENDATIONS

*Because the Department of Fish and Game has not completed a report on commercial fisheries problems as directed by the 1968 Legislature, we recommend that approval of the Marine Research Committee appropriation be withheld until the department has satisfactorily complied with the legislative directive, and the Marine Resources program, including that of the Marine Research Committee, has been evaluated in the light of the report.*

The committee requests an appropriation of \$67,500 for the 1969-70 budget, an increase of 25.7 percent over estimated expenditures for the current year. However, the requested appropriation is only about one-third of the \$194,200 which was requested in the 1968-69 budget. In recent years the budgets for the committee have been unrealistic in terms of revenue and the current economic condition of the anchovy fishery. The estimated revenue in 1969-70 is \$56,550, an amount \$10,950 less than the requested appropriation. During the budget year, the committee will have to forego some expenditures or use some of its operating reserve. The reserve on June 30, 1968, was \$35,847.

In the 1969-70 budget the committee requests continuation of a \$9,000 study by the California Academy of Sciences on food habits for anchovies and a \$17,000 study by the Hopkins Marine Station on the food chain for anchovies in the Monterey Bay. The committee has been without a coordinator for over three years. The 1968-69 budget included \$42,000 for a coordination section. The committee has not established this section. The 1969-70 budget includes \$20,000 for a coordination section to be established January 1, 1970. Although we have been critical of the committee for not resolving its differences and hiring a full-time coordinator, the declining revenues indicate that unless the revenue trend is reversed, there will not be enough funds available to have both research money and the coordination section.

Last year in the analysis of the Budget Bill we recommended that the Marine Research Committee be abolished based on the lack of firm research objectives on the part of the committee and on its failure to exercise any leadership in resolving long-standing commercial fisheries problems. The Legislature did not accept that recommendation, but it did request the report on commercial fisheries problems referred to previously.

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

**Item 251 from the Wildlife Restoration Fund**


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Requested 1969-70	-----	\$116,050
Estimated 1968-69	-----	104,027
Actual 1967-68	-----	92,254
Requested increase \$12,023 (11.6 percent)		
Total recommended reduction	-----	None

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**GENERAL PROGRAM STATEMENT**

The Wildlife Conservation Board acquires and restores areas to sustain wildlife and provide recreation. The board, established 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 six.

As authorized in Section 19632 of the Business and Professions Code, the board's program is supported from the annual diversion of \$750,000 of horserace license revenues to the Wildlife Restoration Fund. Without this diversion, the money would go to the General Fund. Projects authorized for acquisition and construction by the board are not subject to Budget Bill appropriation, although we have recommended such appropriation in past analyses. This item only appropriates funds for the support of the board's staff from the Wildlife Restoration Fund.

**ANALYSIS AND RECOMMENDATIONS***Approval is recommended.*

As of July 1968, the Wildlife Conservation Board had allocated over \$22,500,000 for various acquisition and construction projects. These projects include launching ramps and piers and areas for game habitat development, fish hatcheries and hunting access. Completed projects are operated and maintained by local government or the Department of Fish and Game. Most of the money expended by the board, which is nominally General Fund money, has gone for the direct benefit of hunters and fishermen. The Department of Fish and Game also operates its own programs to benefit the sportsmen using their license fees. General Fund support for the Wildlife Conservation Board is an exception to the principle of special fund financing as applied to the department.

In addition to the \$750,000 continuing appropriation, the board has received \$5 million for its program from the Recreation Bond Act of 1964. Also, funds from two federal programs have been made available to the board. These moneys stem from Public Law 88-578, the Land and Water Conservation Act, and Public Law 89-304, the Anadromous Fish Act. These federal funds are not subject to state legislative appropriation except when the funds match moneys to be spent from the Recreation Bond Fund. During the current year the Wildlife Conser-

**Department of Fish and Game—Continued**

vation Board will receive an allocation of \$270,820 from the Land and Water Conservation Act funds and \$592,500 from the federal government under the Anadromous Fish Act.

This item finances the costs of the board's staff and maintains the existing level of service. Most of the increase in the appropriation stems from termination of the reimbursements from the Recreation Bond Act for planning projects.

**DEPARTMENT OF HARBORS AND WATERCRAFT**

**Items 252, 253, and 254 from the General Fund, Harbors and Watercraft Revolving Fund and Yacht and Ship Brokers' Fund**

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Requested 1969-70 .....	\$1,089,034
Estimated 1968-69 .....	1,164,711
Actual 1967-68 .....	908,157
Requested decrease \$75,677 (6.5 percent)	
Total recommended reduction .....	None

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**GENERAL PROGRAM STATEMENT**

The three Budget Bill items which appropriate funds for the support of the Department of Harbors and Watercraft are as follows:

1. Item 252, \$5,202, General Fund.
2. Item 253, \$1,053,212, Harbors and Watercraft Revolving Fund.
3. Item 254, \$30,620, Yacht and Ship Brokers' Fund.

The Department of Harbors and Watercraft administers programs for boating facilities development and for boating safety and control. The statutory responsibilities of the department are contained in Division 1 of the Harbors and Navigation Code and are detailed in the California Administrative Code. There are about 70 permanent employees in the department.

**Harbors and Watercraft Commission Changes**

The policies for the department are set by the Harbors and Watercraft Commission, which consists of seven members appointed by the Governor. Chapter 1459, Statutes of 1968, abolished the Yacht and Ship Brokers Commission and transferred the administration of the Yacht and Ship Brokers Act to the Department of Harbors and Watercraft. That statute also requires that two members of the Harbors and Watercraft Commission be licensed yacht and ship brokers.

**Sources of Funding**

Most of the department's programs are supported by the annual transfer of \$4,000,000 from the Motor Vehicle Fuel Fund to the Harbors and Watercraft Revolving Fund and the revenues from boat registration fees. The money from the Motor Vehicle Fuel Fund approximates fuel taxes paid by boaters. Estimated revenues from boat

**Department of Harbors and Watercraft—Continued**

registration fees for 1968-69, a registration renewal year, are \$1,480,000 and for 1969-70, \$375,000. The General Fund supports some of the review of federal navigation permit applications because the activity is of general benefit to other state programs. With the transfer of the administration of the Yacht and Ship Brokers Act to the department in 1968, the department now receives support from the Yacht and Ship Brokers' Fund.

Table 1 indicates the sources of funding for the department's support activities for a five-year period. Since the "budget freeze" in 1967-68, the department's programs have remained relatively level.

Table 1 Department of Harbors and Watercraft—Support Expenditures					
Source of Funding	1965-66	1966-67	1967-68	1968-69 <sup>1</sup>	1969-70 <sup>1</sup>
Harbors and Watercraft					
Revolving Fund <sup>2</sup> -----	\$831,665	\$893,353	\$902,955	\$1,141,235	\$1,053,212
General Fund <sup>3</sup> -----	--	321	5,202	5,202	5,202
Yacht and Ship Brokers' Fund <sup>4</sup> -----	--	--	--	18,274	30,620
Total as shown in Governor's Budget -----	\$831,665	\$893,674	\$908,157	\$1,164,711	\$1,089,034
Reimbursements:					
Sale of registration lists----	\$14,610	\$5,880	\$11,253	\$6,000	\$10,000
Occasional sales tax program, General Fund----	69,872	55,868	14,039	14,462	14,462
Total of Expenditures --	\$916,147	\$954,922	\$933,449	\$1,185,173	\$1,113,496

<sup>1</sup> Estimated.

<sup>2</sup> Prior to October 6, 1966, this fund was the "Small Craft Harbor Revolving Fund."

<sup>3</sup> General Fund provides some support for review of federal navigation permit applications.

<sup>4</sup> Administration of Yacht and Ship Brokers Act transferred to the department November 13, 1968.

Funds for the boating facilities development program are appropriated in the local assistance section, Items 351 and 352. The budget proposes that the Harbors and Watercraft Revolving Fund repay the General Fund for the interest and redemption costs of small craft harbor bonds that have been paid by the General Fund. This repayment is discussed in Item 353.

The department has prepared both an organization and a program budget. We have used the program budget for the format of our analysis. The two programs are Boating Facilities Development and Boating Safety and Control.

**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval of the department's support appropriations.*

**Boating Facilities Development**

The objective of the Boating Facilities Development Program is to promote and develop boating facilities as needed throughout the state. The department provides loans and grants to local agencies for use in the construction of small craft harbors and facilities. Local agencies submit applications for state assistance which the department reviews to determine feasibility. The elements of the program include harbor



**Department of Harbors and Watercraft—Continued**

development, launching facilities, planning loans, special projects and federal permit coordination. Program expenditures are budgeted for \$309,605 compared to estimated expenditures in the current year of \$316,169.

**Harbor of Refuge Investigations**

Last year, the department received a capital outlay appropriation for the investigation of possible harbors of refuge in Coxo Bay, Santa Barbara County, and in the Fort Bragg area of Mendocino County. The 1968 Budget Act requires a navigation permit to be issued by the Department of Defense prior to the start of the Coxo investigation. To date, that permit has not been issued. The department expects to award a contract soon for the investigation in the Fort Bragg area.

**Proposed Boating Projects**

The workload for the boating facilities development program is reflected in the projects contained in the local assistance section of the budget. There the department requests \$75,000 for feasibility and planning study loans, \$986,350 for launching facility grants and a total of \$3,950,000 for harbor construction loans to Emeryville, Monterey and Santa Barbara.

For the first time, the department proposes to acquire land for a project. One of the launching facility projects includes the use of Federal Land and Water Conservation Fund money to acquire land at King's Beach on Lake Tahoe in Placer County for a combination boating and picnicking facility. After construction, the project will be leased to the county for maintenance and operation.

**Boating Safety and Control**

The objectives of the Boating Safety and Control program are to promote the safety of people and property engaged in boating activities and to promote the uniformity of boating laws. The program elements include safety research and education, regulation, registration and yacht and ship brokers. Proposed expenditures in the budget year are \$803,891 compared to estimated current year expenditures of \$869,004. This decrease is due to the completion of the triennial boat registration renewal in the current year.

**Yacht and Ship Brokers**

Chapter 1459, Statutes of 1968, abolished the Yacht and Ship Brokers Commission in the Department of Professional and Vocational Standards and transferred the administration of the Yacht and Ship Brokers Act to the Department of Harbors and Watercraft effective Nov. 13, 1968. The Department of Harbors and Watercraft is now required to examine applicants for and issue yacht and ship brokers' licenses, maintain surveillance over broker transactions and take administrative actions or seek court action to penalize violators. The department has budgeted \$30,620 in 1969-70 for this function, an amount almost identical to estimated expenditures in the current year.

**Department of Harbors and Watercraft—Continued****Boat Registration**

The boat registration program element requires the largest expenditure of all the department support activities. Budgeted expenditures are \$547,178 compared to estimated current year expenditures of \$617,880. The current year is a triennial renewal year. The proposed budget includes a reduction of eight temporary positions which were added in 1968-69 for registration renewal.

Chapter 1439, Statutes of 1968, has required additional expenditures by the department for its boat registration activities without any corresponding increase in revenues. Formerly, the department carried out the registration function assisted by 428 volunteer boat registration agents located throughout the state. These agents are mostly dealers in boats and boating equipment who provide the registration service to the department without charge. The 1968 statute adds the Department of Motor Vehicles as an agent of the Department of Harbors and Watercraft until March 10, 1970, for the registration of small boats. The statute also requires the Department of Harbors and Watercraft to reimburse the Department of Motor Vehicles for its actual expenses incurred in functioning as an agent. Both departments are to report to the Legislature by March 1970, on their experiences under the act and to make recommendations for future registration practices. The department is paying the Department of Motor Vehicles \$81,500 in the current year and \$79,500 in the budget year for this service.

**Boating Law Enforcement**

In response to Senate Resolution 98 of the 1967 session, the department completed a study of boat use by counties. The report served as the basis for legislation (SB 1139) considered during the 1968 session to provide state assistance to local agencies in improving local boating law enforcement. The proposed legislation included a suggested formula for allocation of funds and a method of financing the program. The bill did not pass in the 1968 session.

The Budget Bill in Item 258 includes an appropriation of \$125,000 from the Harbors and Watercraft Revolving Fund to the Department of Parks and Recreation for boating law enforcement. The Department of Parks and Recreation is basically supported by the General Fund and service fees collected at units of the state park system are deposited in the General Fund. The Legislature, in Section 85.2 of the Harbors and Navigation Code, has authorized appropriations of up to \$500,000 annually for construction of boating facilities at units of the state park system. The Legislature has not established a policy on the use of boaters' funds for boating law enforcement on waters within the state park system. In order to provide the Legislature with the opportunity to indicate policy in this matter, we have recommended disapproval of Item 258, on Analysis page 781.

There are at least two factors which should be considered in determining policy. First, the boaters are contributing their fuel taxes to finance construction of boating facilities in the state park system and elsewhere in the form of launching facilities grants. In order to use these facilities

**Department of Harbors and Watercraft—Continued**

when located in the state park system, the boaters are required to pay a service fee. This fee is deposited in the General Fund. Now it is proposed that \$125,000 in boaters' fuel taxes be used to finance the cost of boating law enforcement which presumably is included in the service fee. Second, the Legislature, as discussed earlier, has considered but has not yet adopted a proposal to assist local agencies in financing boating law enforcement. The financial needs of the Department of Parks and Recreation as well as the needs of local agencies should be jointly considered in any proposal for financial assistance in boating law enforcement.

**Administration**

The program budget for the department itemizes \$137,992 in administration costs compared to \$150,142 estimated to be expended in the current year. The accounting, data processing and personnel work are provided by the Department of Parks and Recreation under contract.

The Auditor General, in his audit of the expenditures of the Department of Harbors and Watercraft and the Department of Parks and Recreation, has indicated some additional charges by the latter department may be desirable for the services provided for other agencies. The Department of Harbors and Watercraft is now reviewing the services it receives from the Department of Parks and Recreation and giving consideration to obtaining those services from alternate sources.

**DEPARTMENT OF PARKS AND RECREATION****Item 255 from the General Fund**

Requested 1969-70 (augmentation) -----	\$494,859
Increase to improve level of service \$494,859	
Total recommended reduction -----	\$31,000

**SUMMARY OF RECOMMENDED REDUCTIONS**

	<i>Amount</i>	<i>Analysis page</i>
Operation of the State Park System -----	\$31,000	778

*We recommend that the Legislature delete the mobile interpretation exhibit and its associated ranger I position.*

**SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS****1. Operation of the State Park System**

We recommend that the Legislature not approve the \$167,073 for 21.6 positions at San Diego "Old Town" until we can make an appraisal of the workload in April based on actual developments for celebrating California's Bicentennial (Analysis page 774).

We recommend that the Legislature approve the 11.8 positions for San Onofre State Beach with the understanding that the Department of Finance will release only the amount needed after the actual acquiring or leasing of the facility from the federal government (Analysis page 775).

## Resources Agency

## DEPARTMENT OF PARKS AND RECREATION

## Item 256 from the General Fund

Requested 1969-70	\$16,792,722
Estimated 1968-69	15,544,680
Actual 1967-68	15,057,323
Requested increase \$1,248,042 (8.0 percent)	
Increase to improve level of service \$395,714	
Total recommended reduction	\$44,515

## SUMMARY OF RECOMMENDED REDUCTIONS

	Amount	Analysis page
1. Development of the State Park System	\$269,062	774
2. Assistance to Public and Private Recreational Agencies	\$44,515	779

*Under the analysis of Item 425 we recommend that \$269,062 be removed from the budget, but that if it is appropriated it be shown along with Item 410(g) as a support expenditure.*

*We recommend that the net increase in General Fund expenditures be deleted because the program is supported principally from reimbursements and the increases requested are already duplicated by other programs.*

## SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

## 1. Development of the State Park System

We recommend that the department be directed to provide a master plan development report for each major capital outlay project which will be presented to the Legislature in the 1970-71 budget and future budgets (Analysis page 772).

We recommend that Item 410(g) in the amount of \$190,684 to finance reservoir development planning be transferred from capital outlay to a new support item (Analysis page 773).

## 2. Operation of the State Park System

We recommend that the Legislature delete the requested tree maintenance crew which is budgeted at \$44,411 and that the funds be used to augment already budgeted routine maintenance funds to provide a \$105,000 tree maintenance program (Analysis page 777).

## 3. Administration

We are unable to make a recommendation on the department's request for a management information system because the evaluation of such a program requires determining not only the department's present program needs, but also a decision by the Department of Finance on policies and managerial procedures for cost accounting (Analysis page 780).

## GENERAL PROGRAM STATEMENT

The Department of Parks and Recreation plans, acquires, develops and operates state outdoor recreation areas and facilities and performs statewide recreation planning. The department was organized in No-

**Department of Parks and Recreation—Continued**

vember 1967, pursuant to legislative authorization established by Chapter 1179, Statutes of 1967. The State Park and Recreation Commission establishes overall policy guidance for the department.

The Department of Parks and Recreation proposes a budget of \$18,704,411 which includes a General Fund appropriation of \$16,792,722 from this item, a General Fund expenditure of \$1,291,830 from Item 257 for the Hearst San Simeon State Historical Monument, a General Fund augmentation of \$494,859 from the preceding augmentation Item 255, and \$125,000 from Item 258 of the Harbors and Watercraft Revolving Fund. This total expenditure represents an increase of 11.5 percent over estimated current year expenditures.

The department requests a net increase of 88.1 new positions including 44.7 funded by the augmentation. Most of the increase is due to expanding facilities at existing units and the addition of new park units.

The department is continuing the policy of adding seasonal positions when appropriate to match staffing with peak workload requirements. This trend is demonstrated by 28.5 current positions being converted to seasonal and the addition of 38.5 new seasonal positions.

The Parks and Recreation Department has four programs which provide for recreational use of the state's natural resources, and preservation of natural and historic values.

**Statewide Park and Recreational Planning**

The department proposes an expenditure of \$383,943 for this program which is an increase of \$25,456 or 7.2 percent over estimated current year expenditures. This represents 2 percent of the total department's effort. The program covers long-range planning and identifies acquisition and development needs.

Under federal requirements the California Outdoor Recreation Resources Plan, which shows all recreation needs in the state, is maintained and improved in order to qualify the state for grants from the Federal Land and Water Conservation Fund. This portion of the work is financed by federal grants. Statewide planning also includes efforts to maintain and update the Parks and Recreation Information System so that potential recreation demand can be compared with available supply in order to permit future acquisitions and developments to be made on a projected-need basis.

**Implementation of the State Park Plan**

The State Park Plan enumerates the statewide mission and goals of the department along with specific five-year acquisition and development objectives. The plan is to be updated and published in revised form each year as a guide to all departmental planning for the state park system. A proposed development formula for allocating funds each year is included in the current plan. It proposes that 43 percent of the department's development budget be allocated for day use and overnight areas in southern California, 12 percent for historic projects, 31 percent for specified vacation target areas, and 14 percent for day use and weekend overnight areas in northern California.

## Department of Parks and Recreation—Continued

Although this plan represents a concerted effort to plan from the general to the specific, it does not as yet limit or define the state's role as a recreational supplier nor does it explicitly provide for its use in the decisionmaking processes within the department. For example, Item 358 of the 1968-69 capital outlay budget appropriated \$1,170,000 for historical projects or 47.2 percent of all identifiable projects. This would seem to indicate that the 12 percent for historic projects provided in the plan should have major effects on program emphasis if the plan is to become an efficient management tool.

In past years we have strongly supported long-range planning for the state park system in the hope that some clearer guides would emerge to aid in selecting and justifying capital outlay projects. The long-range planning has not provided this information. Much effort is being concentrated on the plan, but in no discernable way are currently needed guides to decisionmaking emerging. Furthermore, the rate of accomplishment, when compared to the major decisions now being made and confronting the department in the next year or two, indicates that any eventual completion of the State Park Plan will come too late to serve the urgentmost need, that is, planning for the timing and scope of development of projects required under the 1964 Recreation Bond Act.

Many planning efforts such as the State Development Plan are currently underway within California state government. These planning efforts deal in generalities and do not attempt to provide guidance or policies for selection of a specific capital outlay project. The effort to use the State Park Plan to select capital outlay projects is a formidable planning objective—one that to the best of our knowledge has not previously been accomplished in California state government. This effort is also made more difficult by the indefinite and subjective nature of the concepts inherent in recreation and by the limited successful experience of the department in such endeavors.

In partial recognition of the above problems, the department has secured the consulting services of Baxter, McDonald and Company which has prepared a planning methodology report entitled "Budgeting for Development at State Park Sites." This is an elaboration of the approach the same consultants developed for the department pursuant to SR 238, to assist in selecting the park acquisitions under the 1964 Recreation Bond Act. Application of this approach to the development of all projects in the park system is unfortunately far more difficult and complex than using the same approach for selecting acquisition projects. The department does not have the quantitative data to implement the recommended approach. More importantly, the department has not made the policy and program emphasis decisions that are required in the recommended approach. The consultants' approach clearly emphasizes the need to make such decisions, but the department lacks the techniques and orientation to facilitate such decisionmaking either by the planners or the line program supervisors.

Under the present circumstances, the long-range planning efforts of the department either will not be successful or will be supplemented

## Department of Parks and Recreation—Continued

by ad hoc or judgment decisions as in the past. The decision to accept the Hackett Ranch in Yolo County as an historic farm operation is an example. This ad hoc approach will not be too serious if the department recognizes the priority which must be given to development of the acquisitions under the 1964 Recreation Bond Act. However, the department's five-year program does not yet clearly recognize this priority need and provide for expenditure of bond funds available for minimum development in order to permit the public to have moderate use of the new acquisitions.

## Development

The objectives of this program are the evaluation of potential recreational sites, the acquisition of those sites so authorized by the Legislature, and the planning and design of facilities once acquired. The development expenditure request is \$2,298,661, an increase of \$147,739 or 6.8 percent over the current year estimated expenditures. These funds include a General Fund expenditure of \$1,401,086, a General Fund augmentation of \$8,257 and reimbursements of \$889,318.

This program consists of two elements, acquisition and construction. Neither of these elements adequately describe the department's function in the development of the state park system. The Department of General Services acquires park property through its Property Acquisition Service and supervises construction through the Office of Architecture and Construction. The Development Branch provides design and construction supervision for minor capital outlay and major maintenance work. However, its primary duties are to furnish engineering and architectural assistance to other branches and divisions of the department and to insure planning and construction liaison with other agencies. The most critical activity in this program at this time is the planning and budgeting for the development of the individual units of the state park system. The Master Planning Branch performs this work.

In our 1968 Budget Analysis we said, "A major responsibility, which presents great challenges to ingenuity, rests on the department in developing lands acquired under the 1964 Recreation Bond Act. Under this accelerated acquisition program the state has a greatly increased number of very large, high quality and very expensive recreation sites that will soon require development. The department has estimated that under existing standards undeveloped sites will eventually cost over \$560 million in capital outlay expenditures. The type of development, the financing of this development and the desired pace at which development should take place are critical questions which merit priority attention in the department's planning effort. These decisions should be based on a factual analysis backed by careful consideration of the policies to be applied."

Other comments in our analysis last year attempted to define more precisely the planning problems confronting the department. In particular, a recommendation was made on page 677 that \$287,000 in 1964 Recreation Bond Act proceeds requested to expedite planning for development of the bond projects should be approved to augment the department's planning capabilities. We also recommended that the

**Department of Parks and Recreation—Continued**

money be used to secure consulting help "in subject areas where it (the department) has exhibited past deficiencies in quality and lack of certain specialized skills." A number of problem areas were enumerated.

Basic to our recommendation last year was the premise that the department should seek outside help to solve many special planning and policy problems rather than merely seeking to increase the planning output. In other words, improved quality as well as quantity was needed. We now understand that because the department was only seeking to do more work of the type that has traditionally been done by state employees, it was not permitted to use outside contract services but must use the services of the Office of Architecture and Construction. Thus, OAC is now trying to do part of the department's planning work. The result has been to extend the department's deficiencies in formulating policies and planning guidelines over an increased number of projects.

Our review of the Bolsa Chica State Beach project, which was the first project turned over to OAC for planning assistance, indicates that several basic planning decisions were not made by the department. The result will likely be a series of expensive and continuing revisions in plans for the project.

We stress the above planning problems because the department has missed the excellent opportunity presented last year to catch up on its planning backlog and to establish sound planning policies, procedures, guides and decision-making techniques. This opportunity occurred because the 1967 Capital Outlay program was reduced to \$1,015,000 and most of the prior year appropriations were reverted. The last two years, and particularly the last year, could have been used to push acquisition of the 1964 Recreation Bond Act program and to plan for the development of the acquisitions. While the department has been working towards this objective the accomplishments have been considerably short of needed performance.

New ideas have been introduced into the planning concepts, basic but undocumented changes in prior policy have occurred and new problems of unprecedented size and cost have arisen while the funds available to finance construction have not increased and in some instances have decreased. As a result, even though we indicated last year in our analysis that the department had been reorganizing to establish clear planning responsibility and had attempted to select, at an early date, the projects to be planned for inclusion in the 1969-70 capital outlay portion of the analysis, they continue to lack firm development policies and guides. There is a distinct need to develop a planning procedure which will produce a comprehensive, written master plan for each project.

**Development Planning Problems Identified**

The single most critical deficiency in the planning of individual park projects is the fact the department does not produce a written master plan which actually controls the development of the project. The symptoms of ever-shifting planning and the resulting delays are evident at



## Department of Parks and Recreation—Continued

Point Mugu where there is still no defined plan for development almost three years after the Legislature appropriated initial development funds. No construction has yet started there. Several years after acquiring Angel Island there is no firm development plan and funds for working plans could not be included in the capital outlay budget for 1969-70 because at a hearing of the Parks and Recreation Commission substantial public and commission disagreement developed with basic elements of the development plan. Although a prospectus has been prepared, there is still no comprehensive plan for development of Sugar Pine Point although a crash effort was begun last summer to start work on roads and utilities so that some permanent facilities could be completed this next summer.

As we view the planning process for individual park units, it begins with the selection of an individual project for preparation of a development plan. The selection somehow evolves from the statewide planning process. The key to the planning of individual park units is the preparation of the unit master plan or so-called planning prospectus. The preparation of this and related documents presents a serious problem of semantics both in and out of the department because of lack of definition of the contents of these documents. We have seen a prospectus only for Sugar Pine Point which is only a general statement and not a plan. The present master planning concept primarily produces maps, drawings, and background material. It does not specify what is proposed and the history or bases for development decisions. We have seen little evidence that policy decisions related to fees, development priorities, or operational problems have been made in such a way that the department can prepare a master plan document which tells the Legislature, the Parks and Recreation Commission, and the public exactly what the department proposes to do. This problem becomes particularly acute at the time a project initially goes before the Legislature for funding and the department is confronted with the need to tell the Legislature what it plans to do with the money it is requesting.

The need to prepare a definite plan for development of a unit of the park system was not so great when the units were smaller and development was routine. However, Point Mugu represents an acquisition investment of about \$17,000,000 and its development will cost perhaps \$10,000,000 or more. Projects with acquisition and development costs as high as \$10,000,000 are now relatively common. These larger projects place a much greater burden on the department to plan each feature soundly and realistically and to relate the parts to a comprehensive, long-range development scheme.

The costs of access roads, sewerage facilities, and water supplies for large units of the Park System now cost as much as the entire development of smaller units in years past. These facilities need to be located and sized carefully based on a firm plan for long-range development of the unit if excessive costs, unneeded or deficient capacity are to be avoided.

The public as well as the Legislature is entitled to know the policies the department will follow in developing units of the Park System.

**Department of Parks and Recreation—Continued**

There has been a strong departmental emphasis on placing high cost concessionaire constructed or urban-type facilities in the natural or wild units of the Park System. Some elements of this approach do not seem to meet the statutory guides for development contained in the Resources Code. And in other instances, park users and conservationists have expressed strong disagreement. These shifts in planning policies and emphasis underscore the increasing importance of having a definite master plan.

The 1964 Recreation Bond Act dedicated \$20,000,000 for minimum development of the acquisitions made under the same act. Because of delays in acquisition and further delays in planning, only a portion of the \$20,000,000 has yet been appropriated and very little of that appropriated amount has been expended. Pursuant to Section 5096.17 of the Bond Act, on July 1, 1970, the statutory allocation of Bond Act funds for acquisition, minimum development, local grants and Wildlife Conservation Board projects will end. At that time, the Resources Agency is required by law to total all the unencumbered balances remaining under the Bond Act (note the language is unencumbered, not unappropriated) and to submit a program for the 1971-72 fiscal year to appropriate the balance for the highest priority projects for which bond funds are available. In spite of the serious need for development of the park units acquired under the Bond Act, it is now apparent that most of the minimum development bond funds will remain unencumbered by the July 1, 1970, date. This constitutes a special reason for expediting planning on the development of bond acquisition units in order that the administration and the Legislature may adequately evaluate the needs for minimum development in selecting the priority projects in 1971-72.

**Davis-Grunsky Act Planning**

Another area of major planning difficulty is the development of onshore recreation facilities at the State Water Project. This development planning, which has been financed by an extensive series of appropriations to both the Department of Water Resources and the Department of Parks and Recreation, has also fallen far behind schedule.

Initially water project recreation planning was greatly overemphasized and contemplated excessive and too costly developments. In recent years, this overemphasis has slowly been corrected. Without making any stated changes in long-range policy, the proposed developments have been scaled back, delayed or not proposed by a combination of legislative, budgetary and planning decisions.

The Resources Agency guide as published by the Department of Water Resources in Bulletin 117, dated December, 1968, defers many difficult decisions on priorities. This creates problems in selecting planning priorities. For example, onshore reservoir development is given priority starting at the northern part of the State Water Project and proceeding southward as construction of the Water Project progresses. The facts are that reservoir construction is now proceeding in Southern California and the needed onshore recreation facilities at Oroville

**Department of Parks and Recreation—Continued**

have not yet been funded. The priorities and the funding for construction are not and never have been matched. The result is inefficient planning efforts in the Department of Water Resources, the Department of Fish and Game and particularly in the Department of Parks and Recreation.

In the past, we have frequently concurred with the Department of Parks and Recreation that the General Fund is unable to finance the extensive onshore recreation development originally projected for the State Water Project without seriously impairing equally important and in some cases more important development of the state park system. However, any official reduction in the scope of recreation at the State Water Project will probably reduce the cost allocation to recreation and increase the cost allocation to water conservation and transportation. This problem will eventually have to be considered by both the administration and the Legislature. Meanwhile, it is creating serious planning problems for the Department of Parks and Recreation as the department continues to revise and scale down development plans to fit the development funding available.

The planning effort of the Department of Parks and Recreation has not suffered from lack of funds. The Planning and Development Division proposes to spend \$2,650,000 in the budget year for all aspects of planning, including both development and acquisition. It is similarly spending \$2,723,000 in the current year and spent \$2,081,000 last year. With all this expenditure of funds we have seen very little adequate planning output. The department's planning process seems to be an evolutionary procedure based on ad hoc problem solution techniques, mutual agreement is sought between different viewpoints because of a lack of clear studies, facts, planning policies and guidelines and because most of the planning procedures are not structured to produce and record clear-cut decisions.

Some of the planning has had to be recycled and replanned due to the rejection by the Parks and Recreation Commission of project plans which were indefinite or judged unacceptable. In some cases, the commission has restricted the project to a more traditional state park systems role. Specifically, the Sugar Pine Point and Angel Island projects seemed to have been so limited. As a result, projects that should have been ready for construction funding this year are not ready. Furthermore, the budgeted capital outlay projects may not be those where demand or public interest is the greatest. For example, reconstruction of Carpinteria State Beach is placed ahead of any development of Mt. Tamalpais State Park, Refugio State Beach, Angel Island, etc.

*We recommend that the department be directed to provide a master plan development report as defined below for each major capital outlay project which will be presented to the Legislature in the 1970-71 budget and future budgets. This report, based on the foregoing discussion, should include but not be limited to:*

*Need—Show the need for the development of the unit in preference to other units. What are the values served by the unit and what de-*

**Department of Parks and Recreation—Continued**

mands do the values fulfill? Is development or operation a state, regional or local responsibility. Why?

*Scope*—Sketch the features or purposes proposed for development in the project. State why each should be included and to what extent. Evaluate and choose among development alternatives. State how legislative, Park and Recreation Commission and department policies have been applied. Identify and solve special problems. Show concessionaire operations and indicate their feasibility.

*Utilities*—Develop the plan for utilities, transportation, access, fire control or other public protection. Relate utilities needed to scope.

*Costs*—Include costs for design, construction, operation, and maintenance. Estimate the cost of special construction or operating problems. Justify any unusual costs and state investments needed to make concessionaire operations feasible.

*Staging*—Divide the proposed construction into annual budget segments. Explain the basis for staging state construction and concessionaire construction.

*Special Considerations*—Identify problems that cannot be resolved now. State action needed to solve them in the future.

The department currently has much of the data on hand to produce these reports. The compilation and decisionmaking processes will require the bulk of the effort to produce the reports. By limiting the preparation of master plan reports to those projects which will be included in the 1970-71 budget request, the workload should be minimal in nature and reasonable in the number of reports required.

**Revision in Funding Park Planning**

*We recommend that Item 410(g) be transferred from capital outlay to support.*

During the last several years, it has become an established custom to budget a number of park planning appropriations with their counterpart design and construction funds in capital outlay. The objective seems to have been to budget the planning money with the construction money so that both can be identified and eliminated when the particular capital outlay effort ceases. While this objective may have been appropriate at one time, the number and individual size of these planning appropriations has grown to the point that during the current year almost half the planning budget is appropriated in the capital outlay portion of the budget and is provided in the form of reimbursements from federal money or transfers from other state agencies.

As a result, substantial support sums cannot be reviewed adequately by legislative fiscal committees. In addition, this condition presents an inaccurate picture of the total amount of planning expenditures since the planning money appropriated as capital outlay shows in the support budget as a reimbursement within the department, which causes the net support appropriation to appear smaller than it should be. For this reason we recommend that Item 410(g), in the amount of \$190,684 to finance reservoir development planning be transferred from capital outlay to a new support item.

## Department of Parks and Recreation—Continued

*We recommend that Item 425 in the amount of \$269,062 be removed from the budget, but if it is appropriated, that it be shown along with Item 410(g) in a support appropriation.*

Last session, the Legislature added Item 378.9 to the Budget Bill to place the reimbursements for State Park System land acquisitions received from the Federal Land and Water Conservation Fund in a reserve account of the General Fund. The sum of \$910,514 is now in that reserve. The transfer to the reserve was made in order to preclude using the money for acquisition purposes and to assure that the funds be used for development, which was, and still is, the most underfunded portion of the department's program. The item requires the Director of Parks and Recreation to submit "a program in the Governor's Budget for expenditure of such money on projects to develop the state park system."

Item 425 appropriates \$269,062 of the reserve for further unidentified planning work rather than for development. Because the work to be planned has not been identified and the Legislature did not establish the reserve for planning, we recommend that the appropriation be denied.

## Operation of the State Park System

The operation program provides for the management of the state park system. This includes the day-to-day operations of the individual units, the maintenance of the facilities in the units, public service and education for the park visitors, and the protection of the natural resources of the units. The program also includes the internal controls whereby the department sets standards for equipment, manpower utilization, facilities maintenance, public safety, and concessionaire operations. This program will require a proposed funding level of \$17,412,877, an increase of \$1,225,964 or 7.8 percent over estimated current year expenditures. This includes a General Fund appropriation of \$16,219,786 from this item plus a \$484,357 General Fund augmentation from Item 255, \$125,000 from the Harbors and Watercraft Revolving Fund in Item 258, and reimbursements of \$583,734.

*We recommend that the Legislature not approve the augmentation in Item 255 of \$167,073 for 21.6 positions at San Diego "Old Town" until we can make an appraisal of their workload in April based on actual developments for celebrating California's bicentennial.*

During the current year, the department requested 21.4 positions for San Diego "Old Town" based on projected requirements of the 1969 California bicentennial celebration. These positions are being filled as needed in the current year financed with \$80,000 in salary savings from the 1968-69 budget pursuant to a Section 28 letter. The lack of workload data and the lack of firm plans for the role and contributions of this park unit to the bicentennial celebration require further evaluation as the data and plans become apparent. Meanwhile, in order to provide some flexibility to compensate for the current uncertainties and to permit filling positions in the current year, the department has the necessary authority to proceed. However, the positions should not be established permanently in the 1969-70 budget until more is known about the workload this spring.

**Department of Parks and Recreation—Continued**

*We recommend that the Legislature approve the 11.8 positions for San Onofre State Beach with the understanding that the Department of Finance will release only that amount needed after the actual acquiring or leasing of the facility from the federal government.*

The department is also requesting \$124,357 which will be used to staff and maintain San Onofre State Beach, scheduled to open to the public on July 1, 1969. The department indicates that negotiations with the federal government to secure this beach at Camp Pendleton have been successful and are currently in the final stages. Since these negotiations have been proceeding for a number of years, it is possible that they may not be completed within the budget year.

We have examined other position increases requested to operate the state park system, and these are reasonably aligned with increasing public facilities.

**Legislative Policy Needed on Boating Law Enforcement Costs**

*We recommend deletion of the \$125,000 Harbors and Watercraft Revolving Fund appropriation for boating law enforcement and that the Legislature establish a policy for the use of these funds.*

The \$125,000 appropriation from the Harbors and Watercraft Revolving Fund is to pay the department's cost for boating law enforcement. The \$125,000 is a pro rata share of those operating costs which the department believes represent boating regulation enforcement and safety supervision. During the 1968 Regular Session the Legislature considered a bill to use the Harbors and Watercraft Revolving Fund money for law enforcement purposes at the local government level, but no legislation was enacted.

At present, Parks and Recreation receives appropriations from the Harbors and Watercraft Revolving Fund to finance the costs of constructing boating facilities at units of the state park system. However, it also charges a use fee of \$1. The use fees are deposited in the General Fund and can be considered as paying some part of the boating operations and law enforcement activities of the department. In addition, the department is also proposing concessionaire financing and operation for certain boating facilities. These facilities will be self-supporting based on fees paid by boaters to the concessionaire. Now the budget proposes transfer of \$125,000 in boat fuel tax funds to finance boating enforcement in the park system. We believe the Legislature should not give favorable treatment to the department for its boating enforcement problems when it has not funded similar assistance for local government and that a consistent policy should be established for all financial assistance to state and local government agencies for boating law enforcement.

**Squaw Valley Problems**

Last session the Legislature placed a limitation of \$300,000 in the Budget Act for state expenditures at Squaw Valley. The administration has adjusted this figure for cost-of-living salary increases and used it as the budgeted expenditure for next fiscal year. Pursuant to the

**Department of Parks and Recreation—Continued**

assurances of the Department of Finance and the Department of Parks and Recreation that they will administratively control expenditures at Squaw Valley to achieve the same limiting effect as the statutory limitation, we are not recommending continuing the limiting language in the new Budget Bill.

In the Supplementary Report of the Committee on Conference on the 1968 Budget Bill, under Item 360, the Legislature provided guidance and instruction to the department in the operation and management of Squaw Valley and its disposition. The department has acted to carry out some of these instructions but not all of them. For example, it has not yet established a day-use fee to cover parking costs. In addition, the department agreed to the preparation of a master development plan to be financed by its concessionaires. Because a copy of this plan is not yet available, we are not aware how it will serve to further the disposition of the state's assets at Squaw Valley as directed by the Legislature.

Several weeks ago we called the attention of the department's staff to several matters which we noted in the course of a recent field trip to Squaw Valley. One of the matters noted was the possibility that serious structural problems may be developing in the form of concrete deterioration at the Blythe Arena and cracking of concrete pillars at the lodge.

We understand that the department is preparing a report to the Legislature on its administration of the Legislature's instruction under Item 360 of the 1968 Budget Act, and the Squaw Valley land exchange. Pending receipt of this report, we have not attempted to give further analysis to the conditions at Squaw Valley.

**Park Maintenance Activities and Tree Hazards**

The operations program includes a maintenance element and a cleanup and groundskeeping element. These two elements appear to be separated because of the department's present accounting structure. The total cost of maintenance, cleanup, and groundskeeping is \$9,156,496. This figure is derived on a dollar expenditure basis from time sheets distributed to the field and only approximates program costs. The figure should become more precise in future years. Although several categories of maintenance are identified by line item the exact expenditure for maintenance is indeterminable.

The department inaugurated a deferred maintenance capital outlay program in fiscal year 1966. This was intended as a catchup effort on particular maintenance problems in the state park system which go beyond the department's normal maintenance program. In 1966-67 \$902,577 was requested by the department and approved by the Legislature while additional expenditures of \$1 million a year were anticipated in both 1967-68 and 1968-69 in order to complete the deferred maintenance program.

In the 1967 Governor's Budget, the department requested only \$135,000 for deferred maintenance which was to be added to the approximately \$300,000 that remained unexpended from the previous year's

**Department of Parks and Recreation—Continued**

capital outlay appropriation of \$902,577. In 1967, the Legislature, after considerable deliberation, appropriated \$600,000 for deferred maintenance and shifted deferred maintenance from capital outlay to the support appropriation of the department. This amount was reduced by the Governor's veto to the original budget request of \$135,000 which was retained in the department's support appropriation. With the \$300,000 remaining capital outlay appropriation from 1966-67 the department had \$435,000 available for deferred maintenance in 1967-68.

The department requested only \$135,000 for deferred maintenance during the current year, and the department is again requesting \$135,000 for deferred maintenance in the budget year. We cannot see any distinction between the categories of maintenance and deferred maintenance. It would seem that stabilizing deferred maintenance at a set \$135,000 figure while permitting other categories of maintenance to increase or adding new categories such as vandalism repair only adds confusion and makes budgeting more difficult.

Since the department has almost completed its reorganization, clearer lines of responsibility for maintenance and maintenance programming have been provided at the district level. Although this system has not been put into full operation, the department has initiated concurrently with the reorganization a program to establish objective statewide maintenance standards. The facilities maintenance staff supervisor is updating and making a working document of the department's *Maintenance Program Guidelines*, which was drafted several years ago pursuant to our recommendation, but never implemented. The department now proposes to allocate funds to the operating districts on an objective standard rather than on a historical basis as in the past. This new approach should have some beneficial effect on the 1970-71 budget request, and should show substantial results in the preparation of the 1971-72 budget if the concept is actually implemented by the department's line managers.

**Contracted Tree Safety and Maintenance Program Proposed**

*We recommend that the Legislature delete \$44,411 for a tree maintenance crew and substitute an increased statewide contracted tree safety and maintenance program of \$105,300 for one year.*

Parks and Recreation has also requested an expenditure of \$44,411 for a four-man crew and equipment to provide a statewide tree safety program which will perform work of tree hazard control, tree protection against forest insects and diseases, and other work in connection with tree safety and tree maintenance. The department indicates that the problem is twofold: (1) a massive accumulation of tree hazards requiring a crash program for adequate control and (2) a continuing maintenance problem requiring regular professional inspection along with periodic attention from tree safety experts. Public safety and the limiting of the state's liability if an accident should occur provide the basic need for this service.

The trees to be removed, trimmed or topped by this crew overlie an estimated 4,000 campsites, 6,000 picnic sites, heavily used trails, and congregating areas in over 40 units of the park system. The department



## Department of Parks and Recreation—Continued

estimates that the magnitude of the operation will require four crews to adequately operate in the districts which have forested units and proposes to add three new crews in future years.

At the present time, we feel that a number of contracted tree safety crews and Conservation Camp Service crews operating on a broader geographical scale supervised by either district or departmental headquarters will better fill the immediate need of public safety and thereby reduce state liability.

The department has not indicated that one crew can adequately meet the immediate demand for public protection and does not seem to have plans for the year-round operation of the crew, specific workload data, scheduling, nor has it considered the problem of recruiting a continuously traveling crew.

The employment of contract workers would meet the immediate need of a large-scale crash program previously identified by the department, and logically should precede the funding of a departmental crew to begin systematic inspection and maintenance. The contract crews could utilize both travel and equipment expense money needed for a departmental crew to accomplish tree removal work. In addition the contract crews could provide equipment flexibly matched to the type of work required.

We recommend deleting the \$44,411 plus operating costs for the tree maintenance crew and providing a \$105,000 program to eliminate tree hazards in the park system. During the current year, approximately \$65,000 in contracted tree maintenance work was financed from routine maintenance funds. The \$44,411 should be augmented by already budgeted routine maintenance funds to provide for a \$105,000 tree maintenance level. We make this recommendation based on the previously expressed attitude of the Legislature that it wishes to provide adequate maintenance funding for the park system.

## Interpretive Services

*We recommend that the Legislature delete \$31,000 for the mobile interpretation exhibit and its associated ranger I position.*

The department requests \$31,000 to develop an exhibit trailer which will make the nonpark visitor aware of the recreational opportunities being provided him by the state. This exhibit will be scheduled for use in urban areas throughout the year. The exhibit will include the six major periods of California history and will also make scheduled school trips to explain and interpret to students the need for effective conservation practices.

We would point out that the department consistently has maintained that it cannot satisfy the ever-increasing recreational demand, yet it is now proposing to use scarce revenues to stimulate demand to an even higher degree. The long-range planning of the department has identified specific deficiencies within the one-to-two-hour time zone of our larger metropolitan areas which would be the areas stimulated the most if this program is in fact effective. This type of public relations activity is primarily a function of local government, where the schools and local

## Department of Parks and Recreation—Continued

officials can match the recreational programs to the economic realities and expectation level of the particular urban groups.

## Assistance to Public and Private Recreational Agencies

*We recommend disapproval of the General Fund increase of \$44,515 in this program to assist public and private recreational agencies.*

This program's objective is to execute the state's responsibility for administering grants from the federal Land and Water Conservation Fund, 1964 State Recreation Bond Act, and the National Historic Preservation Act. The proposed expenditure is \$243,985, an increase of \$72,572, or 42.5 percent over current estimated expenditures. The funds requested are composed of \$82,002 from the General Fund and \$162,003 from reimbursements, increases of \$45,384 and \$27,188 respectively. Of the reimbursements, \$90,069 is from the Land and Water Conservation Fund, reimbursing administrative and review services connected with the federal grant applications and \$71,934 is from the 1964 State Recreation Bond Act for administering the grants to local agencies. The department did not receive any part of the \$100,000 authorized for the entire nation under the National Historic Preservation Act.

The workload for other elements of this program is not clear, except that the department proposes to expand the state's effort to procure private financial aid and gifts, as well as to provide consultative services to both public and private agencies.

The department presently has a clear and historically well-established practice of receiving but not soliciting gifts of land and historic items by acceptance through the Parks and Recreation Commission. A more active program of this nature may constitute indirect competition with those nonprofit organizations such as the "Save-the-Redwoods League" and other conservationist groups throughout the state that have contributed substantial sums to aid the park system. The opportunities for undue influence over state programs because of active solicitation of private funds by a state agency also need to be considered. This is a function which might better be left to public spirited private groups.

Staffing requirements for consultative services, although representing only 2.5 personnel man-years, are not supported by detailed workload data. Some aspects of this service may duplicate those efforts of the Planning and Development Branch pertaining to the California Outdoor Recreation Resources Plan. This plan has the objective of establishing the recreation needs for all aspects of recreation in California both public and private. The preparation of the California Outdoor Recreation Resources Plan, which is a requirement of the federal government for Land and Water Conservation Fund money, is financed with federal money. It would seem to offer all the contact with private recreation that the department needs. Only a few years ago, the Legislature terminated a consulting service in the old Recreation Division and we see no need to reestablish it. In particular, there is no need for consulting service to private recreation.

We recommend that this program be reduced by \$44,515, the net increase requested from the General Fund.

Department of Parks and Recreation—Continued  
Administration

Administrative costs are charged to all the other programs. This program requires a funding level of \$2,510,299, an increase of \$172,351 or 9.9 percent over current year estimated expenditures.

The increase is primarily the result of work under way to install a new management information system. This system is intended to provide the department with needed management information and serve as the basis for a cost accounting system. The system complete with consultants, additional personnel and computer time is estimated to cost in excess of \$85,000. The extent of the management analysis program is unclear, but it will include a departmental accounting system, statewide visitor attendance records, and an operational staffing guide.

The Department of General Services is assisting the Department of Parks and Recreation in developing this management information system. In our opinion, the first efforts to outline the system place too much emphasis on securing relatively meaningless figures for the program and budgeting system through unnecessarily sophisticated and arbitrary cost distributions which will not be sufficiently useful for management purposes to warrant the expenditures. On the other hand, the department is also proceeding with a badly needed work order system which for the first time will permit management to determine how much the department is spending on planning and constructing various projects. We believe that collecting this data is long overdue and that the department properly is giving it major attention.

The Auditor General has indicated that the Department of Parks and Recreation never has charged the Department of Conservation for punch card and computer costs to prepare its accounting reports. In addition, the Department of Parks and Recreation has not been fully reimbursed by the Department of Harbors and Watercraft for work done on boat registration. These two categories of work constitute about 75 percent of the computer costs of Parks and Recreation.

Discussions under way indicate that the computer work for Harbors and Watercraft may be shifted to another department. In addition, the more sophisticated accounting needs within Parks and Recreation, which are a part of its proposed management information system, will soon make the department's computer system inadequate. It is obvious that a complete evaluation of all aspects of the computer needs for Parks and Recreation is needed. It is virtually impossible to do this as long as the Department of Finance and the administration have not established policies and management procedures for cost accounting, selected the approved method of budgeting and then related fiscal controls to budgetary and accounting approaches. Under the circumstances, we can make no recommendations on the adequacy of the department's budget for accounting and fiscal control purposes.

**DEPARTMENT OF PARKS AND RECREATION****Item 257**

Requested 1969-70 .....	\$1,291,830
Estimated 1968-69 .....	1,236,355
Requested increase \$54,475 (4.4 percent)	
Total recommended reduction .....	None

**ANALYSIS AND RECOMMENDATIONS**

*Approval is recommended.*

This item appropriates funds for operating costs at Hearst San Simeon State Historical Monument. It provides that any revenue in excess of expenditures derived from the monument, as determined by the department's director, shall be transferred to a special account in the General Fund and shall be available only for appropriations by the Legislature for maintenance and capital outlay at Hearst San Simeon State Historical Monument. In the Budget Act of 1968, the provision specifically stated that "any revenues in excess of \$1,236,355" would be placed in the reserve. Deletion of the dollar amount will facilitate the department's accounting procedures. The item was inserted last session by the Legislature to accumulate funds for anticipated maintenance costs. Item 412 is appropriated from the current year reserves.

**DEPARTMENT OF PARKS AND RECREATION****Item 258 from the Harbors and Watercraft Revolving Fund**

Requested 1969-70 .....	\$125,000
Increase to improve level of service \$125,000	
Total recommended reduction .....	\$125,000

**SUMMARY OF RECOMMENDED REDUCTIONS**

	<i>Amount</i>	<i>Analysis page</i>
Operation of the state park system .....	\$125,000	764

*We recommend deletion of this item for boating law enforcement and that the Legislature establish a policy for the use of these funds.*

**ANALYSIS AND RECOMMENDATIONS**

This item is discussed under Item 256, Operations Program (page 775).

**DEPARTMENT OF WATER RESOURCES****Items 259 and 260 from the General Fund**

Requested 1969-70 -----	\$10,926,680
Estimated 1968-69 -----	11,086,699
Actual 1967-68 -----	10,047,152
Requested decrease \$160,019 (1.4 percent)	
Total recommended reduction -----	\$42,000

**SUMMARY OF RECOMMENDED REDUCTIONS**

	<i>Amount</i>	<i>Analysis page</i>
Reduce weather modification to eliminate cloud seeding -----	\$42,000	785

**SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS****1. Program Appropriation**

We recommend that language be added to Item 260 indicating the Legislature's intent that the fiscal controls over Item 260 be exercised on a program basis. (See Analysis page 784.)

**2. Water Rights Investigations**

We recommend that the department and the Water Resources Control Board jointly submit an annual memorandum report to the Legislature during the initial years of the Water Rights Investigation which will cover the progress, problems and accomplishments of the investigation. (See Analysis page 786.)

**3. Sacramento River Flood Control Project Maintenance**

We recommend that the Department of Water Resources undertake a study and report to the Legislature by December 1, 1969, on the desirability of limiting state financing of operation and maintenance costs for the Sacramento River Flood Control Project. (See Analysis page 787.)

**GENERAL PROGRAM STATEMENT**

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.

Last year total expenditures for the department were \$376 million. They are estimated at \$407 million in the current year and then drop to \$396 million in the budget year. Next year the department begins a downward trend in construction expenditures as it passes the high point in construction of the State Water Project. A major drop of about \$100 million in construction expenditures is scheduled in 1970-71. The trend of expenditures is indicated in Table 1 which illustrates how the costs of project construction have peaked in 1968-69 while operations costs are building up.

## Department of Water Resources—Continued

Table 1  
State Water Project Expenditures

<i>Program</i>	<i>1967-68</i>	<i>1968-69</i>	<i>1969-70</i>
State Water Project planning and investigation -----	\$3,757,212	\$2,641,326	\$2,331,087
Design, right-of-way and construction -----	323,598,185	338,284,778	327,735,075
State Water Project operations -----	13,510,349	23,974,921	26,669,783

Project construction has progressed to the point that expenditures in 1967-68 of \$53.5 million in the Feather River and Delta areas decrease to \$3.3 million in 1969-70. Virtually all of the design, rights-of-way and construction expenditures are now for the California Aqueduct features in Kern County, at the Tehachapi Mountain crossing, and along the East and West Branch Aqueducts.

Other selective State Water Project expenditure and revenue data also help to show the changing nature of the project.

<i>Category</i>	<i>1967-68</i>	<i>1968-69</i>	<i>1969-70</i>
Pumping power purchases -----	\$1,232,413	\$3,362,000	\$9,349,000
Oroville-Thermalito power sales -----	167,308	4,827,500	12,902,500
Operating revenues -----	19,202,103	38,068,734	54,759,291
Interest on bonds -----	32,989,524	50,750,000	61,950,000
Design costs -----	13,246,165	6,572,616	3,993,417
Right-of-way acquisition -----	15,220,349	13,266,000	7,661,000
Construction supervision -----	25,535,603	30,344,949	29,267,261

In both a literal and figurative sense, the State Water Project is now over the hump. About three-fourths of the project expenditures scheduled to be made by 1972 have either been made or contracted, the peak of construction activity is passing and the center of construction activity is passing over the great lift of the Tehachapi Mountains into southern California. While a number of critical problems still remain to be overcome, the successful completion of the State Water Project is virtually assured. In fact, the existing operations of the project, starting in the north with water storage, flood control and power generation at Oroville-Thermalito and progressing along the California Aqueduct which provided water deliveries of more than 250,000 acre-feet last year as far south as Kern County, constitute a massive project even at the present stage of completion. The state can be proud of this accomplishment.

Probably the single most difficult problem confronting the department is the high interest rate for water bonds and Central Valley Project Construction Revenue Bonds which the department must continue to sell in order to finance construction of the State Water Project. In early February a major issue of revenue bonds was withdrawn because of the unfavorable bond market. With \$1.15 billion in water bonds now sold, the project interest rate has climbed to 4.021 percent. Before long the department will have to sell more bonds in order to meet construction contract progress payments. It is only possible to speculate what the interest rate on the next bond issues will be. One point is clear. The marketing of the water project bonds has completely missed the initial objectives of Dillon, Read and Co. Inc. in their 1960 report. For many

## Department of Water Resources—Continued

reasons, the department is marketing its bonds in what had previously been considered to be an unfavorable market and under unfavorable conditions.

The General Fund programs of the department exhibit a significant effort to restrain expenditures and to effect economies. The expenditures in 1967-68 were \$10,047,152 and increased to \$11,086,699 in the current year largely because of \$500,000 added for the operation and maintenance costs of Davis-Dolwig recreation and fish and wildlife enhancement features of the State Water Project and the 5 percent salary increase for state employees. The budgeted level in 1969-70 after an augmentation in Item 259 of \$400,000 for the Davis-Dolwig recreation and fish and wildlife enhancement operation and maintenance costs will be a slight decrease to \$10,926,680.

Last year the department carried out two major reorganization moves. It consolidated the Sacramento and the San Francisco Bay District Offices into a new central district and consolidated the Statewide Planning Office and the Office of Staff and Management Services into a new Division of Resources Development. The savings from these changes were estimated at \$250,000 in the current year and \$310,000 in the budget year. Because of the time required to complete these organization changes, the above savings have not been allocated to the individual program elements. They show in the budget only as unallocated reductions to expenditure totals. This means that many individual General Fund expenditures show slightly higher in the budget than they will actually be.

Since the budget was printed, the department has prepared a list showing how much of the reduction has been allocated to programs. Most of the revisions are minor and none reflect substantial changes. Because the reorganization also lowered overhead costs for the department, there has been a reduction in overhead charges for most of the programs. This means that the same amount of appropriated funds will produce slightly more work because a slightly smaller portion will be used for departmental overhead.

The program budget has been revised this year to include all expenditures of any type made by the department irrespective of the purpose of the expenditures, the authority or the source of the funds.

It is interesting to note that while the Governor's Budget is submitted in a program format for the first time this year, the Department of Water Resources has been using such a format for several years. It is the only department budget completely prepared and executed on a program basis, with complete backup detail organized in the same manner.

We stress this point because we believe that the decision to submit a program budget to the Legislature means that the budget should also be controlled on a program basis to the extent that it is possible. The Department of Water Resources has been on a program budget for many years and has had a program appropriation for several years. It is ready to switch from being administratively controlled by the Department of Finance on a line-item basis to control on a program

**Department of Water Resources—Continued**

basis. We therefore recommend that in addition to continuing to make the appropriation for the Department of Water Resources on a program basis, the Legislatures add language to Item 260 stating its intention that all controls over the item be exercised on a program basis. This will expedite the development of a system of controls on a program basis and tend to eliminate some of the high costs and confusion resulting from a failure to decide between program and line-item approaches in budget and accounting.

**ANALYSIS AND RECOMMENDATIONS**

The following is an analysis of the more significant programs selected from the large numbers of programs contained in the department's budget. Particular attention is given to the support programs because they are the only expenditures appropriated in the Budget Bill.

**Waste Water Reclamation Projects**

The department is proposing to increase its expenditures on the Waste Water Reclamation Projects program by approximately \$21,000 next year to a level of \$81,623. In the past, this program has studied the waste waters of various areas, mostly in the southern part of the state, to determine the potential for reclaiming better quality waste water.

Starting next year, the program increase will shift emphasis to inventorying and determining the extent of waste water reclamation in California. This will provide data to evaluate and demonstrate the growing trends in the reclamation of waste water. The data will also be useful in estimating more accurately the data the department should show in its planning efforts when more water will need to be imported into an area.

**Weather Modification**

*We recommend that \$42,000 for a department cloud-seeding program be removed from the budget.*

Under Water Code Sections 400-415, the department has for many years registered and licensed weather modification projects conducted in California. In past years, this has been a routine activity at a nominal expenditure level of about \$25,000 per year.

The department is proposing to expand this program in the budget year to a level of \$95,000 to begin a five-year weather modification program of its own. This will be an actual field experiment to increase precipitation by cloud seeding. The cost for the first year is estimated at \$42,000 but it will increase in two years to a \$100,000-per-year level.

Accompanying this field program will be an increased effort to evaluate and report on the progress of weather modification efforts registered by the department. We believe that this effort could be useful by systematically compiling and analyzing data on the cloud-seeding efforts of other agencies, both public and private. It is a companion effort to the collection of data on the increasing reclamation of waste water.



## Department of Water Resources—Continued

At the present time, there are eight cloud seeding programs under way in California covering watersheds from Lake Almanor to Los Angeles. The department has not yet picked the area it will seed and is not clear about the expected efforts or accomplishments. There are inferences that the cloud seeding will benefit the State Water Project if the upper Feather River is selected as the site for the work. If this is the case, the cost should be borne by the State Water Project. Otherwise, we recommend removing \$42,000 from the Weather Modification program because many other agencies have done such work for many years and no compelling need has been shown for the department to start its own cloud-seeding effort at this time.

## Water Rights Investigations

*We recommend that the department and the Water Resources Control Board jointly submit an annual memorandum report to the Legislature during the initial years of the water rights investigation which will cover the progress, problems and accomplishments of the investigation.*

Last year, our analysis called the Legislature's attention to this investigation. Its purpose was to undertake a statewide water rights study showing the amounts and seasons when unappropriated water occurs. The study was to be adaptable to importation of water or the construction of projects.

We commented last year that this study impinged on the State Water Resources Control Board and its authority to determine the availability of unappropriated water. We noted that the information the department seeks to develop is useful and valuable. However, it cannot be secured on a valid legal basis in many instances without a proceeding which approaches mandatory adjudication. We therefore recommended, and the Legislature directed, the department and the Water Resources Control Board to explore the problems of computing the amounts of unappropriated water and report back to the Legislature.

By letter of December 9, 1968, the board and the department transmitted a memorandum of understanding to the Legislature which specifies how the two agencies will cooperate in this project. The board makes it clear on page four of the memorandum that it cannot pre-judge any water rights decisions based on the joint investigation. It must render its decision on the evidence introduced at a hearing when application is made for the water. This hearing could, however, include material from the joint investigation.

We believe that a significant and presently unsolvable problem still exists in the water rights investigation. This is because the results of the investigation can only have informational status until acted on by the Water Resources Control Board in a hearing to appropriate water or in a court adjudication. However, it would be desirable to find a means to bridge this gap between informational and legal status. In the hope that continuation of the investigation under the memorandum of understanding may develop new approaches and concepts, we rec-

**Department of Water Resources—Continued**

ommend that the program be continued. We also recommend, because of the importance of the work to water rights concepts, that the department and board jointly submit an annual memorandum report to the Legislature during the initial years of this investigation which will cover the progress, problems and accomplishments of the investigation.

**Yolo and Sacramento Counties Ground Water Investigations**

There are only two new planning programs in the department's budget. The Yolo County Ground Water Investigation is budgeted at \$68,000 next year. Half of the cost will be provided by Yolo County. This cost sharing is consistent with the policy of the Legislature and the department to require a showing of local interest in ground water investigation by local contribution of money or services equal to half the cost of the investigation.

The second new investigation is the Sacramento County Ground Water Investigation. It was begun in the current year using a small amount of funds the department has available under the title of Local Project Assistance. The budget year expenditure consists of \$75,000 for the state and \$100,000 from the county in cash and personnel service. The entire program is a five-year investigation to establish the best operation of the ground water basin. This investigation does not show separately in the budget because it is included in the totals of the Planned Utilization of Ground Water Basins Investigations.

**Cooperative Clear Lake Environmental Management Investigation**

Last session, the department requested the Legislature to augment its budget to include \$25,000 which was to be matched by local contributions to finance work on the algae and eutrophication problems at Clear Lake. The program was somewhat vague, but it appears that the department was to function as a manager or coordinator of many efforts being made by a multitude of agencies to solve the water quality problems at Clear Lake. The local contribution was not received and the program is not extended into the budget year.

**Sacramento River Flood Control Project Maintenance**

*We recommend that the Department of Water Resources undertake a study and report back to the Legislature by December 1, 1969, on the desirability of limiting state financing of operation and maintenance costs for the Sacramento River Flood Control Project.*

Through the Sacramento River Flood Control Maintenance Program the department maintains most of the major features of the Sacramento River Flood Control Project as enumerated in Water Code Section 8361. This maintenance is done as a General Fund expense on the theory that the project protects such an extensive area, particularly with its bypass channels, that it would be inequitable for the adjacent landowners and immediate beneficiaries to pay the operation and maintenance costs. Therefore, the state pays all the costs in most of the areas along the river where federal levee and channel construction has occurred. There are exceptions along the Sacramento River and its tributaries to this principle which are not readily explainable, but this has

## Department of Water Resources—Continued

been the basic principle applied in the past. In addition, the department maintains no facilities along the main stem and tributaries of the San Joaquin River.

Shown below are the past and budgeted expenditures by the Department of Water Resources for flood control maintenance:

<i>Fiscal year</i>	
1969-70	\$1,229,683 (estimated)
1968-69	1,195,687 (estimated)
1967-68	1,046,666 (actual)
1966-67	1,093,431 (actual)
1965-66	887,418 (actual)
1964-65	912,133 (actual)
1963-64	779,651 (actual)

Two years ago we recommended that the Department of Water Resources review the provisions of Water Code Section 8361 and advise the Legislature which features of the Sacramento River project are suitable for operation and maintenance by the state and whether any or all of the presently state-operated and -maintained features should be turned over to an existing local agency or one which should be created to assume the responsibility for this work. Although we believed that this recommendation had been accepted by the Legislature, a subsequent check showed that it had not been formally made a matter of record. We therefore renew the recommendation and add the further consideration that the department designate any areas or features where the department and the local beneficiaries should jointly share the costs.

## State Water Project Planning and Investigation

The construction of the State Water Project is now concentrating on the design and construction of the pump lifts over the Tehachapi Mountains and the terminal storage facilities in southern California. Simultaneously the department is reducing the scope of several investigations which pertain to project features not scheduled for construction until several years in the future. Among these reduced investigations are several which our analysis has criticized in past years for the long-term, high level of expenditure which did not seem to accomplish very significant results. Because of past legislative interest in these investigations, and even though they are not included in the department's support appropriation, we are giving below a brief description of the major changes.

The Middle Fork Eel River Advance Planning Investigation was substantially reduced in the current year. Expenditures on this investigation were \$1,382,673 last year. Only \$599,289 is planned for expenditure in the current year and \$565,283 is budgeted for next fiscal year. This reduction according to the department reflects the fact that the Corps of Engineers will design and construct the Dos Rios Dam and the fact that the selection of state facilities to export water from the Middle Fork Eel River is a subject of controversy. Therefore, the department will lengthen its planning period about two years and make additional studies of the alternative conveyance routes. Geologic map-

**Department of Water Resources—Continued**

ping will continue along the easterly (Glenn-Colusa) route in addition to mapping of the southerly (Clear Lake) route. All subsurface exploration has been deferred. Preliminary layouts and cost estimates of alternative conveyance features will still be made along with further studies of costs and benefits associated with the southerly routes. Fish and wildlife studies at Dos Rios will continue. Water quality data collection and analysis of possible Eel River water quality problems and their possible effect on Clear Lake will be continued. Special studies will be made as needed in support of the Nine-County Study in the Eel River and Clear Lake areas.

The visitor's facilities planning work at units of the State Water Project is being completed in the current year. The Delta Water Project, Fish and Wildlife Protection Study is being reduced approximately 50 percent between the past year and the budget year. The present study is to be completed on June 30, 1971. Its purpose is to collect biological information to define the effect of the Peripheral Canal on fish and wildlife and to develop operational criteria to protect and enhance these resources. The study will be replaced by a monitoring study costing about \$100,000 which will develop data required for initial water project operations in the delta. The Implementation of Delta Water Facilities Investigation is continuing at approximately the same expenditure level of \$650,000. For the first time the department officially has indicated that this investigation is preparing for the eventuality that the Bureau of Reclamation may not have authorization to construct the Peripheral Canal and that the department may construct the canal by itself.

The San Joaquin Valley Drainage Investigation is being reduced from \$402,161 in the past year to \$156,394 in the budget year and this amount is scheduled to complete the investigation. Planning on the San Joaquin Valley Master Drain is being held in abeyance while the committee of local beneficiaries is attempting to resolve repayment and other problems. The present emphasis is on the pilot algae stripping and denitrification project which is being operated jointly with the Federal Water Pollution Control Administration. Next year the department is starting a new program which is budgeted at a \$40,000 level to monitor the drainage water from the San Joaquin Valley. This monitoring program presumably will replace the drainage investigation.

**Davis-Grunsky Loans and Grants**

Several years ago, the Legislature amended the Davis-Grunsky Act to encourage greater use of the loan features. Previous to the amendments most of the \$130,000,000 provided in the Burns-Porter Act for loans and grants for local water projects was being used for grants. The tabulations below shows a marked shift from grants to loans.

Category	1967-68	1968-69	1969-70
Number of loans -----	5	10	16
Loan expenditures -----	\$787,332	\$4,381,000	\$7,567,000
Number of grants -----	5	9	12
Grant expenditures -----	\$9,274,005	\$12,823,355	\$8,963,096

## STATE AIR RESOURCES BOARD

## Item 261 from the General Fund

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Requested 1969-70 -----	\$679,305
Estimated 1968-69 -----	615,588
Actual 1967-68 -----	495,036
Requested increase \$63,717 (10.4 percent)	
Total recommended reduction -----	None

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## GENERAL PROGRAM STATEMENT

The Air Resources Board is responsible for administration, research, establishment of standards, and the coordination of state activities to maintain air quality within the state. The program to accomplish these duties includes dividing the state into air basins, adopting ambient air quality standards within each basin, setting statewide standards for motor vehicle emissions, and emission standards for all other air pollution sources.

The State Air Resources Board is composed of 14 members, nine appointed by the Governor and five ex officio members who are directors of state departments. The board consolidates the operational duties of the Motor Vehicle Pollution Control Board, State Vehicular Pollution Laboratory and the Bureau of Air Sanitation in the Department of Public Health.

The Pure Air Act of 1968 (Chapter 764, Statutes of 1968) set the statewide standards for motor vehicle testing procedures for enforcement and manufacturing purposes. It further specifies that the board shall set standards for previously exempt vehicles and for diesel-powered vehicles by 1971. The act also created a second board of three members appointed by the Governor to hear requests for variances from statewide standards.

Adopting ambient air standards and other emission standards requires further detailed study of the causes of air pollution and constant evaluation of its effects. The program presently includes research, inventory of air pollution sources by basin, and a continuing monitoring system.

## ANALYSIS AND RECOMMENDATIONS

*We recommend approval of this item.*

The Air Resources Board proposes total support expenditures of \$2,785,014 for next fiscal year, consisting of \$679,305 from the General Fund, which is appropriated by this item, \$1,236,928 from the Motor Vehicle Fund, which is appropriated by the following item, and \$868,781 in federal funds for special project activities, which is not in the Budget Bill.

The total expenditure from all sources represents an increase of \$314,638, or 12.6 percent, compared to the current year. This increase reflects primarily expansion of federal projects which include studies on general air pollution control, agricultural effects of pollution, diesel

**Air Resources Board—Continued**

smoke emission, and oxides of nitrogen control. The requested support from state funds is a net decrease of \$20,360, or 1.1 percent, from estimated current year expenditures consisting of a General Fund increase of \$63,717 and a Motor Vehicle Fund decrease of \$84,007. This allocation of expenditures between funds is not based on a statutory formula, but represents the historic program effort of approximately 65 percent on motor vehicle work and 35 percent on non-motor-vehicle emission control activity. The funding in the budget is distributed to the Motor Vehicle Fund and the General Fund by applying these same percentages to the total of the state financed expenditures.

The budget year implements the Legislature's decision that the Department of Public Health's Bureau of Air Sanitation be transferred to the board. This transfer results in a personnel increase of 29 positions for the board which formerly were financed by contract services.

The budget request also includes 11 new positions, consisting of five engineering, one technical and five clerical positions. The board has already divided the state into basins and is now proceeding to adopt ambient air quality standards and to begin testing procedures to insure compliance with motor vehicle standards. The state is moving into new regulatory efforts and air pollution control approaches for which there is little workload experience. In our opinion, these positions will reasonably expand the program while permitting further evaluation of personnel requirements in future budget years.

**STATE AIR RESOURCES BOARD****Item 262 from the Motor Vehicle Fund**


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Requested 1969-70 .....	\$1,236,928
Estimated 1968-69 .....	1,321,005
Requested decrease \$84,077 (6.4 percent)	
Total recommended reduction .....	None

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**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval.*

This item appropriates \$1,236,928 from the Motor Vehicle Fund and is discussed in the preceding item.

**STATE WATER RESOURCES CONTROL BOARD****Item 263 from the General Fund**


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Requested 1969-70 (augmentation) .....	\$300,000
Requested increase \$300,000	
Increase to improve level of service \$300,000	
Total recommended reduction .....	None

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**ANALYSIS AND RECOMMENDATIONS**

*Approval of the item is recommended.*

Our analysis of this item is contained under the following item for support of the board.

**STATE WATER RESOURCES CONTROL BOARD****Item 264 from the General Fund**


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Requested 1969-70 .....	\$2,742,184
Estimated 1968-69 (exclusive of Bay-Delta Study) .....	2,556,153
Actual 1967-68 (exclusive of Bay-Delta Study) .....	2,356,106
Requested increase \$186,031 (7.3 percent)	
Increase to improve level of service \$157,000	
Total recommended reduction .....	None

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**SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS****1. Water Quality Control**

We recommend that the State Water Resources Control Board compile a list of all state agencies and institutions which are violating state water quality requirements. (Analysis page 794)

**GENERAL PROGRAM STATEMENT**

The Legislature, by Chapter 284, Statutes of 1967, established the State Water Resources Control Board. This board was formed in the Resources Agency to combine the water rights with the water quality and water pollution functions of state government. Through this organizational change, the board is charged with the responsibility to consider problems of water pollution and water quality whenever applications for appropriation of water are granted and similarly to consider water rights when waste discharge requirements are set or water quality objectives are established. Statutorily, the new board is vested with all of the powers, duties, purposes, responsibilities and jurisdiction of the sections of the Water Code under which permits or licenses to appropriate water are issued, denied or revoked, or under which the state's function pertaining to water pollution and water quality control are exercised.

The State Water Resources Control Board and each of the nine regional water quality control boards are designated in the Water Code as the state agencies with primary responsibility for the coordination

**Water Resources Control Board—Continued**

and control of water pollution and water quality. The headquarters is composed of two functional divisions, the Division of Water Rights and the Division of Water Quality Control plus administrative and legal units.

**ANALYSIS AND RECOMMENDATIONS***We recommend approval.*

The State Water Resources Control Board proposes for the 1969-70 fiscal year a General Fund support expenditure of \$3,042,184. This includes \$2,742,184 from this item, and an augmentation of \$300,000 from the preceding item. This expenditure represents a support increase of \$486,031 or 19.0 percent over the estimated current year support of the state and regional boards. However, the board will complete The San Francisco-Bay-Delta Water Quality Control Study during the current year. Because of terminating expenditures on this investigation, there is only a net increase in General Fund expenditures of \$56,031 or 1.9 percent next year. In addition there are slightly reduced federal expenditures of \$623,900 estimated to be received for expenditure in the budget year.

**Section 28 Letter Not Submitted**

Last year the Legislature deleted six positions from the board's budget not on the basis of workload but because these positions were new ones which either were not funded in the budget because of the excessive salary savings in the board's budget, or the positions had been vacant for six months or more. During the current year, seven new positions were administratively established by the board on a workload basis and financed through the use of federal funds. Although Section 28 of the Budget Act was specifically intended to inform the Legislature of program increases or new programs financed with federal funds, no Section 28 letter was submitted by the board and the Department of Finance on the seven new positions. It is difficult to understand how the administration overlooked submitting a Section 28 letter when it reinstated with federal funds a group of positions which the Legislature had deleted from the budget.

The budget consists of four programs: Water Quality Control, Water Rights, San Francisco Bay-Delta Water Quality Control Study, and Administration.

**Water Quality Control**

The state board and regional boards seek through this program to control pollution and to maintain the quality of all waters in and contiguous to the State of California. The work includes efforts to initiate long-range water quality planning, the development of water quality control policies for major bodies of water, establishment and enforcement of waste discharge requirements, and administration of federal waste treatment plant construction grants.

The board proposes an expenditure of \$2,702,550 for this program, including General Fund expenditures of \$1,778,650 in the base program budget, the augmentation of \$300,000 from the preceding item,



**Water Resources Control Board—Continued**

and federal funds of \$623,900 which are not appropriated in the Budget Bill. This expenditure represents approximately 72 percent of the total board expenditures and is an increase of \$501,404 or 22.8 percent over estimated current year expenditures for the Water Quality Program.

The board is requesting the addition of 25 positions for this program, eight of which will assist in the planning function and the remaining 17 will be assigned to the regional boards. The eight planners are being shifted from the San Francisco Bay-Delta Water Quality Control Study, which will be completed during fiscal 1968-69 into this program where they will develop plans for the orderly implementation of the Bay-Delta Study recommendations, interpret the study for the Legislature and public, and work on other research studies. More importantly these personnel will insure continuity of expertise if the Legislature adopts the report's recommendations or implements a San Francisco regional waste water management system of some type. This same group could also be transferred, if the Legislature desires, to a regional agency established either to implement the Bay-Delta Study findings or to serve a key planning role in any regional government in the San Francisco Bay area.

The board has established a study project at the request of the Assembly Water Committee to identify, analyze, and recommend improvements on legal, engineering, manpower, and administrative problems pertaining to water quality control. The study group will recommend Legislative and administrative changes in a report which will be made available to the Legislature in March 1969. It has completed its preliminary report and based on these preliminary findings, the regional boards will require the 17 new positions proposed in the Governor's Budget.

The Water Quality Program is expanding its research program to a \$100,000 level from current year estimated expenditures of \$28,569. The research is operationally oriented and will include oxygen deficiencies, cost allocation-water quality ratios, aerial surveillance techniques, and uses for reclaimed water.

**Water Quality Affected by State Agencies**

*We recommend that the Legislature instruct the State Water Resources Control Board and the regional boards to compile a list of any state facilities or institutions which are discharging wastes without a waste discharge requirement or in violation of a waste discharge requirement. The list should be furnished to the Joint Legislative Budget Committee and the Director of Finance by October 1, 1969, in order that it can be considered in preparing the 1970-71 Budget.*

Recent information indicates that a serious pollution problem has existed due to the discharge of excessive amounts of cannery wastes into the American River at Folsom Prison. Such conditions should not continue to exist either at Folsom Prison or at any other state facility or institution.

## Water Resources Control Board—Continued

## Water Rights

In the board's Water Rights Program, applicants for appropriation of water are reviewed and public hearings are held if the diversion is protested. This program includes field review if necessary, conditioning the permits to appropriate water consistent with the public interest and license issuing. The board also assists the courts in adjudications and performs statutory adjudications.

Expenditures for this program proposed in the 1969-70 budget total \$1,003,534 of which \$963,534 is funded by the General Fund through this item and \$40,000 from reimbursements. These estimated reimbursements are the result of a filing, recordation, and adjudication fee system. The increase of \$36,227 or 3.7 percent over the current year is mainly a standard inflationary cost increase with manpower and workload remaining essentially constant.

## San Francisco Bay-Delta Water Quality Control Study

The Legislature authorized this three-year study to plan a waste water management system for the San Francisco Bay and Delta in 1965 and specified that three reports were to be made. Two of these reports have been made and the third must be submitted by the 90th legislative day of the 1969 session. This final report will provide specific recommendations for water quality management of the bay and delta regions. Because the authorized work will be completed this year, no further funding is requested for next year.

## Administration

The cost of executive, legal, and administrative activities are distributed to the other programs. The costs of administration have increased to \$599,522, an increase of \$20,516 or 3.5 percent over estimated current expenditure. The increase does not reflect the augmentation fund which will provide an additional position.

The legal division is requesting an increase of one associate attorney to review and assist in writing waste discharge requirements established by the regional board. The regional boards need legal assistance when writing waste discharge requirements so that these requirements can be effectively enforced. The legal division evolved from the old Water Rights Board and although principally involved in water rights matters, it is now charged with assisting the Water Quality Division and the regional boards, as well as the Water Rights Division. Since there are nine regional boards and the workload is substantial, we recommend approval of the new legal position.

**Resources**  
**OFFICE OF NUCLEAR ENERGY**

**Item 265 from the General Fund**


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Requested 1969-70 -----	\$46,688
Estimated 1968-69 -----	43,069
Actual 1967-68 -----	42,589
Requested increase \$3,619 (8.4 percent)	
Total recommended reduction -----	None

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**GENERAL PROGRAM STATEMENT**

The Office of Nuclear Energy coordinates the state's activities in protecting the public safety and encouraging the peaceful uses of nuclear energy, except for water and power generation which are located in the Department of Water Resources. A principal function is working with the Resources Agency Power Plant Citing Committee to assure that the state's interests are adequately safeguarded in the selection of sites for nuclear power reactors.

**ANALYSIS AND RECOMMENDATIONS**

*Approval is recommended.*

The request for the budget year is substantially similar to the current and past year except for the addition of \$5,000 for California's contribution to the Western Interstate Nuclear Compact in the event it is activated in the next year. Last session the Legislature sanctioned membership by California. Two more states must now join before the compact is effective.

**RECLAMATION BOARD****Item 266 Reimbursement from Capital Outlay**


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Requested reimbursements from Capital Outlay -----	\$1,443,635
Estimated 1968-69 -----	1,319,951
Actual 1967-68 -----	1,242,169
Requested increase \$123,684 (9.4 percent)	
Increase to improve level of service \$123,684	
Total recommended reduction in reimbursement -----	\$84,602

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**SUMMARY OF RECOMMENDED ACTIONS**

1. We recommend a support appropriation of \$451,213 be made in this item with a corresponding decrease in the capital outlay appropriation. (Analysis page 797)
2. We recommend approval of three positions for levee encroachment control contingent on the passage of legislation authorizing an encroachment permit fee. (Analysis page 799)
3. We recommend the remaining staff increase of six positions amounting to \$59,602 plus operating expense be deleted and as much of the acquisition work as possible be contracted to the Property Acquisition Service in the Department of General Services. (Analysis page 799)
4. We recommend that the \$25,000 requested for unspecified studies in the Butte Basin be denied and the board be instructed to leave planning of the project to the Corps of Engineers. (Analysis page 799)

**Reclamation Board—Continued**  
**GENERAL PROGRAM STATEMENT**

The Reclamation Board was created in 1911 to participate in 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 power, responsibilities and jurisdiction. The board is now a part of the Resources Agency. It consists of seven members appointed by the Governor.

The major activities of the board are the acquisition of lands, easements and rights-of-way necessary for the construction of U.S. Corps of Engineers flood control projects and the design or relocation of roads, bridges and utilities required by construction of the projects. The board also assumes certain maintenance obligations on federal projects which it passes on to local agencies and issues permits for encroachment on river channels within the board's jurisdiction. Recently, the board has undertaken several major projects to design and construct facilities and structures required for continued safe operation and maintenance of the Sacramento River Flood Control Project.

**ANALYSIS AND RECOMMENDATIONS**

The Reclamation Board's proposed budget, reflecting an expenditure of \$1,443,635, has been prepared as a total reimbursement from capital outlay flood control funds. This represents an increase of \$123,684 or 9.4 percent compared to estimated current year expenditures. The total of board expenditures which are appropriated in the capital outlay section is \$3,375,202. This is \$14,781 or 0.4 percent less than the estimated current year total expenditures.

The board has traditionally held its meetings within its jurisdictional boundaries of the Central Valley. It has met outside the Sacramento and San Joaquin River basins on at least one occasion recently. Because of the regional nature of the board's duties, it is difficult to see the advantage gained from the added travel cost.

In recent years, there has been a substantial recasting of the format for the Reclamation Board's budget. Several years ago, the board received two appropriations, a capital outlay appropriation for lands, easements and rights-of-way and relocation of facilities for federal flood control projects and a support appropriation for the board's staff. Gradually more of the board's staff costs have been shifted to its capital outlay appropriation. Starting in 1967-68, the Budget Bill appropriated all the support costs in the capital outlay item and all support expenditures were reimbursed from capital outlay.

The present practice is unsatisfactory because (1) the inherent nature of capital outlay expenditures requires more flexibility for bid and construction costs than is needed for support budgets and therefore capital outlay controls are inadequate for an entire support budget, (2) the present system of a support appropriation item of zero amount is confusing, and (3) certain board costs are in fact support and not capital outlay. In recent years, the board has been increasing certain activities such as planning and control of encroachments and is becoming increas-

## Reclamation Board—Continued

ingly engaged in important litigation. Some of these costs are not adequately set out in the budget because they are classified as capital outlay and therefore are not subject to adequate legislative review and control.

We recommend that a support appropriation of \$451,213 be made in this item and that the capital outlay item be reduced by a like amount. This sum will appropriate the board's expenditures for operation, maintenance, planning, property management, and legal costs other than condemnation which are part of the \$1,443,635 reimbursement in the proper portion of the budget. As a companion to this recommendation in our analysis of the board's capital outlay appropriation, we are also recommending that all construction expenditures (exclusive of land acquisition activities) be subject to review by the Public Works Board in the same manner as many other capital outlay appropriations.

## Flood Control

*We recommend that the Legislature delete the six new positions related to the right-of-way acquisition function, and that the remaining three positions requested for levee encroachment control be approved contingent on legislation which will authorize a fee for encroachment permits.*

Flood control is the only program of the Reclamation Board. The board is requesting nine new positions consisting of an assistant attorney, two clerical, and six technical positions.

There has been a decrease in federal funding indicated by a reduction of \$543,356 in the board's 1968-69 expenditures and a significant decline in recent years in board expenditures because of completion of the San Joaquin River Flood Control Project (state's portion). The prospect of major increases in federal appropriation has not been promising for flood control projects. In fact, there are only two significant federal projects budgeted for next year. Several important workload indicators in the board's program budget show downward trends. Because of the Corps of Engineers' reduced construction funds, it is now designing facilities in anticipation of future funding for construction. The board proposes to stay current with the present design work of the Corps of Engineers, and thus to do its right-of-way engineering in advance of funding. During the past two years, the board has also reduced in half its backlog of acquisitions involving Orders for Immediate Possession from 212 on June 30, 1968 to 126 on November 30, 1968. The board is also becoming current in its acquisition for new rights-of-way needed.

It is important for the board to eliminate its backlog of acquisitions to the extent feasible. Therefore, the present level of staffing can be justified until the board is current on its acquisitions. However, because the board is now able to reduce its backlog, to become current on new work and to move ahead to anticipate work, it is demonstrating a performance capability substantially in excess of present workload. Without a major increase in federal expenditures, the board will face a need to reduce its staff in the future. On this basis, we cannot justify any increase in staff for rights-of-way acquisition.

**Reclamation Board—Continued**

In addition, the Property Acquisition Service of the Department of General Services can provide appraisal, negotiation and title assistance to the board in any amount or combination the board desires. The large staff of the Property Acquisition Service can increase the flexibility of the board in handling peak workload. Since the Property Acquisition Service is reducing its staff because of lack of workload next year, we do not see the justification for increasing the staff of the Reclamation Board and recommend that the six new positions which are in varying ways related to the rights-of-way acquisition be denied.

Three of the new positions requested are junior civil engineers who will implement the aggressive action taken by the board to control illegal encroachment in the channels of flood control work. We understand that during the current session, legislation will be proposed to authorize the board to collect a fee for authorizing encroachment permits. We recommend that these three positions be approved contingent on the passing of legislation authorizing the board to collect fees to pay the costs of policing encroachments.

**Inverse Condemnation Lawsuits and Butte Basin Planning**

*We recommend that \$25,000 for further unspecified planning work in the Butte Basin be removed from the budget and the board be instructed to leave planning of the project to the Corps of Engineers.*

On pages 871-874 of our 1965-66 Analysis, we discussed the \$6.3 million damages in inverse condemnation (liability) assessed by the Superior Court of Sutter County against the Reclamation Board and the state in the case of Adams vs. California. The judgment against the state resulted from the finding that during the Feather River floods of 1955, the flood control works on the river funneled more water through the river channel than it was able to convey and that the state was liable for the damage resulting to property when the levees broke. The state paid the damages and did not appeal the case because the facts were not considered favorable for reversal on appeal.

That same analysis pointed out several important public policy issues for the Legislature to consider based on the case. One of the most important involves the fact that the state is cooperating with the federal government in constructing flood control works in order to protect its citizens. In so doing, the Reclamation Board is exposed to liability for inverse condemnation because it is a participant at least to the extent of providing lands, easements, rights-of-way, relocating utilities and holding the federal government harmless. In some cases, its participation is even greater. Unlike the state Constitution, the federal Constitution does not impose inverse liability. Therefore, the burden of the liability for the federal projects falls on the state if the state is found, as in the Adams case, to be in a controlling position because of its various forms of participation in the project.

We previously noted that the burden of state liability could be sufficiently great that the state might find it desirable to withdraw from participation and like most other states, leave the participation to a city, county or district. These smaller entities of government tend

**Reclamation Board—Continued**

to coincide more closely with the beneficiaries of the project and therefore a self-insuring arrangement occurs when they assume the liability because the beneficiaries are insuring themselves. The liability is crucial because it is economically infeasible for either the state or the federal government to construct projects which will not fail on occasion. As long as the state is constitutionally liable for damages resulting from such failures, it is in the position of making major expenditures to protect its citizens and enhance their properties, without any direct contribution by them, while remaining liable for any damages due to project failure irrespective of the benefits enjoyed by the claimant beneficiaries.

Because of the difficult legal problems involved in inverse liability and the significant public policy issues with which the Legislature is confronted, the Legislature requested the California Law Revision Commission to study the problems and recommend appropriate actions to lessen the state's exposure to liability. The commission has found inverse condemnation and liability to be a difficult problem. Its final report on the matter was recently extended to 1973 and at present only preliminary staff studies of the current status of the law are available.

During the last three years, suits alleging approximately \$3 million in damages under inverse condemnation have been filed against the Reclamation Board because of conditions in Butte Basin. The suits place the state in an extraordinary position which further confuses, complicates and aggravates the public policy issues involved where flood damages are claimed under inverse condemnation.

The Sacramento River historically overflows into the Butte Basin in flood periods. The basin serves as a retention basin and reduces the peak of the flood flows in the downstream leveed sections of the river. Without this overflow, the downstream levees could not handle the full flood flows and would probably be breached in which event the state might be liable under inverse condemnation for the downstream damages. Since 1944, the U.S. Corps of Engineers has had an authorized project to construct levees along the river and a bypass through most of Butte Basin to alleviate the periodic flooding in Butte Basin without endangering the downstream levees. Both prior to 1944 and since that time, the many beneficiaries of all the flood control plans for Butte Basin have disagreed with the proposed works and have refused to support any project. The result is that no protective works have been built by the Corps of Engineers.

In recent years, some landowners have constructed their own levees to protect their lands from flooding. The Reclamation Board has found after study and hearing that these levees would likely force more water into the downstream channels of the river than the design capacity and thus would present a possibility for failure of the downstream protective works. The board has apparently concluded that it must protect the more valuable downstream properties and their inhabitants from flooding. It therefore has ordered the degrading or refused to approve the construction of private levees which would prevent the overflow from entering the Butte Basin in the historic manner. As a consequence, the

**Reclamation Board—Continued**

Reclamation Board has now been confronted with approximately \$3 million in damage suits based on the claim that the state is inversely condemning the plaintiffs' property by refusing to permit the construction of their protective levees.

The Water Code authorizes the Reclamation Board to protect the flood channels of approved flood control projects acting under the police powers of the state. The legal question involved appears to be whether an exercise of the police powers or inverse condemnation will be held by the courts to apply in this situation. We do not presume to comment on the points of law involved, but we note that in the staff work of the California Law Revision Commission, the area of law involved here is relatively uncertain with the decisions being based on a variety of rationales. In addition, we note that no past decisions directly relate to the problem now before the state. In these circumstances, we believe that the public policy questions involved in this problem warrant our bringing them to the attention of the Legislature.

At the time, the Legislature agreed to pay the \$6.3 million in awards for the 1955 flood damages, we noted that one alternative open to the state was to provide no flood protection. However, the effect of the recent suits in Butte Basin is to allege that the state is liable even if it does not participate in constructing any protective works. That is, if the state exercises its police powers to prevent liability and flooding damage downstream, the state is nevertheless liable for damages to the upstream property which private owners seek to protect. Thus, it would seem that a very high level of federal flood protection must be provided at approximately the same time from the headwaters to the delta if state liability is to be minimized.

It is not clear precisely what the position of the Reclamation Board is with regard to these problems. The board has exercised its police powers to degrade or prevent construction of private levees. It has also contracted for a study, by the Parson's Company, on the potential of upstream storage reservoirs to solve the downstream flooding problem in Butte Basin. This study duplicates a similar study also underway by the Department of Water Resources which is more comprehensive than the board's study. The board's study, we believe, represents an intrusion into the field of water resources planning which has generally been considered to be the responsibility of the Department of Water Resources since the organization of that department. The duplication of effort would not be so serious if the two studies agreed, but various differences between the two studies are becoming apparent which will be discussed in a joint hearing of the board and the California Water Commission at Chico in March.

The board's staff indicates that the board is seeking to develop an agreement among the local interests in Butte Basin. If there has been no agreement in the past 50 years and no willingness of the local interests to proceed with an authorized federal project for the last 25 years, it is not clear how two state studies with divergent views will develop agreement.



## Reclamation Board—Continued

Perhaps more important is the fact that the board is without authority to implement any agreement that might develop. Generally speaking, there are three possible solutions or combinations of solutions to the problem: (1) the construction of upstream storage to provide flood protection in the Butte Basin (this is not economically feasible for many years), (2) the construction of all or portions of the 1944 authorized federal project or variations on it, or (3) purchase of flowage easements in the Butte Basin.

The estimated costs of solutions (2) and (3) could be as high as \$28 million according to the information in the Parson's report. The board states its efforts, to secure agreement on a project are intended to avoid the claims for damages which have been filed against the state. Yet the board itself has no means to implement an agreement.

On the only previous occasion when the board constructed a project, it was very expensive for the state. Approximately 10 years ago, the board proposed to solve a flood control problem along the upper San Joaquin River. On the premise that it would save the state money, it secured state authorization to construct the San Joaquin River Flood Control project in lieu of a federal project. The ultimate cost for the state was approximately \$25 million, much of which would have been paid by the federal government if it had been a federal project. Thus the board, which operates only in the Central Valley, succeeded in securing the needed money from the entire state to construct the project. The board could involve the state in another expensive project at Butte Basin because suits for inverse condemnation have been filed.

Because the Butte Basin project is an authorized federal project and the federal government is not liable for inverse condemnation damages, and because the more the state becomes involved in planning and constructing a project in Butte Basin the greater its exposure to inverse liability may become and because there has been no local agreement in past years on a project, we do not understand what the board is accomplishing by its present activities. The state has not yet contracted with the Corps of Engineers to assume liability for the Butte Basin project and cannot legally do so until the local people also agree to assume these liabilities. To date the board has presumably exercised only its police powers. As a matter of public policy, we believe the state should retain this position.

The present actions of the board resemble reactions to the filing of the damage claims. The plaintiffs do not appear anxious to press their suits as long as the board is seeking to fulfill their objectives by securing construction of project works. Such reactions could lead many private parties elsewhere to conclude that the way to get action from the board and the state is to claim damages under inverse condemnation. If this practice becomes established there are almost unlimited possibilities for its application as a pressure technique against the state because many upstream or downstream land owners could pressure the state into whatever construction they desired by suing for damages.

This possibility raises a question of the utmost importance, that is, whether the state will react to and permit its programs to be predicated

**Reclamation Board—Continued**

on threats of litigation. If in fact such a policy should be necessary because a court determines that inverse liability exists, the state will have to face the consequences of such a decision when it is made. In the meantime, it is questionable public policy to act in anticipation that this will be the court's ruling, especially when the court could very well find that the Reclamation Board does have the police power to control private levee construction.

We believe that the plaintiffs should first prove to the court that the law holds the state liable and that they are legally entitled to monetary damages. Because this issue of inverse liability will eventually be decided by the courts, it might as well be decided soon. Delay will not change the law nor will the present efforts of the board. In the meantime, the board should cease all activity in planning and seeking an agreement in the Butte Basin. After having discussed the above problems with the board's staff and the Attorney's General Office, we recommend that the Legislature remove the sum of \$25,000 in the board's budget for further unspecified planning studies, direct the board to exercise only its statutory police powers and leave all further planning on the project to the Corps of Engineers.

**COLORADO RIVER BOARD****Item 267 from the General Fund**

Requested 1969-70	\$289,426
Estimated 1968-69	276,098
Actual 1967-68	259,996
Requested increase \$13,328 (4.8 percent)	
Total recommended reduction	None

**GENERAL PROGRAM STATEMENT**

The Colorado River Board is responsible under Part 5 of Division 6 of the Water Code for protecting the rights of six local water 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 17 positions.

**ANALYSIS AND RECOMMENDATIONS**

*Approval of this item is recommended.*

The basic responsibilities of the board include representation of California's interests in technical and policy conferences both intra-state and interstate, including conference, negotiation and collaboration with departments of the federal government, and in legislative, court and commission proceedings. The board coordinates its activities with those of the Resources Agency, Department of Water Resources, Water Resources Control Board, the Attorney General's staff, and other states in seeking a common understanding and resolution of the problems inherent in the development of the water and power resources of the Colorado River.

**Colorado River Board—Continued**

The proposed budget year expenditures are \$289,426, an increase of 4.8 percent over the current year. The activities of the board are determined to a considerable degree by events and actions outside of California and therefore cannot be fully anticipated. However, the proposed expenditure for the budget year generally reflects the higher cost of maintaining the present level of service.

**CALIFORNIA ADVISORY COMMITTEE****Item 268 from the General Fund**


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Requested 1969-70 .....	\$6,000
Estimated 1968-69 .....	6,000
Actual 1967-68 .....	3,313
Total recommended reduction .....	None

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**GENERAL PROGRAM STATEMENT**

The California Advisory Committee was authorized by the Legislature under Chapter 1647, Statutes of 1965. The committee consists of an Assembly member, a Senate member, a member of the California Water Commission and four members appointed by the Governor.

**ANALYSIS AND RECOMMENDATIONS**

*Approval of the item is recommended.*

The committee is authorized to hold hearings and provide advice to both the Legislature and to the state's members appointed to any inter-state organization participating in water planning among the western states. The proposed budget is \$6,000 which is a continuation of the current level.

**KLAMATH RIVER COMPACT COMMISSION****Item 269 from the General Fund**


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Requested 1969-70 .....	\$7,575
Estimated 1968-69 .....	0
Requested increase \$7,575	
Total recommended reduction .....	None

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**GENERAL PROGRAM STATEMENT**

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

**Klamath River Compact Commission—Continued**

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

**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval of the item.*

The commission has not requested, or received, an appropriation since the Budget Act of 1966 when \$9,210 was appropriated. This is primarily because prior appropriations made available by California and Oregon were sufficient to finance the commission's activities. The amount requested in the Governor's Budget is similar to the amount being requested by the commission in Oregon.

**CALIFORNIA-NEVADA INTERSTATE COMPACT COMMISSION****Item 270 from the General Fund**


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Requested 1969-70 -----	\$15,600
Estimated 1968-69 -----	27,000
Actual 1967-68 -----	13,008
Requested decrease \$11,400 (42 percent)	
Total recommended reduction -----	None

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**GENERAL PROGRAM STATEMENT**

The California-Nevada Interstate Compact Commission was established by Chapter 1810, Statutes of 1955. This legislation provided for a seven-member commission representing California, whose function was to cooperate with a similar commission representing Nevada in formulating an interstate agreement on the distribution of the waters of Lake Tahoe and the Truckee, Carson and Walker Rivers. The Department of Water Resources provides all engineering, administrative and clerical services to the commission under an annual agreement.

**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval of the item.*

The compact has been completed and is expected to be ratified by the Legislatures of California and Nevada this year. Assembly Bill No. 58 (Chappie) has been introduced to effectuate approval by California.

The proposed budget represents a significant decrease from the current year and will be used primarily to complete the remaining task of securing Congressional consent legislation for the proposed compact.

### SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

#### Items 271 and 272 from the General Fund

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Requested 1969-70 -----	\$175,888
Estimated 1968-69 -----	229,040
Actual 1967-68 -----	224,174
Requested decrease \$53,152 (23.2 percent)	
Total recommended reduction -----	None

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#### GENERAL PROGRAM STATEMENT

The San Francisco Bay Conservation and Development Commission was established by Chapter 1162, Statutes of 1965. Because the San Francisco Bay is determined to be a valuable public resource in both an economic and aesthetic sense, the commission has been directed first to prepare a detailed study of all characteristics of the bay and, through evaluation of this information, to prepare a comprehensive and enforceable plan for the conservation of the bay and for the development of its shoreline. Briefly stated, the commission will provide a regional approach to solving a conservation problem which the present segmented ownership and varied interests could not, in all probability, resolve by themselves. In order to eliminate harmful filling of the bay pending completion of the commission's plan and until the Legislature has examined the findings of the plan, protection of the present shoreline is achieved through a system of permits for all new projects involving filling or dredging within the bay.

#### ANALYSIS AND RECOMMENDATIONS

*We recommend that both Item 271 and Item 272 be approved as budgeted.*

During the current year, the commission has carried out its assigned activities through 11 full-time staff positions. General policies have been established by the commission and carried out by the executive director and staff through two primary operating programs, (1) planning, which has supported the study and plan submitted by the commission in January, 1969, and (2) permits, which support the objective of preserving the present shoreline of the bay until the merits of the four-year study are examined by the Legislature.

Item 272 of the budget provides a total of \$98,103 for support of the commission's activities for the first half of the 1969-70 fiscal year. Since the commission has submitted its report to the Legislature, activity will generally be confined to completing miscellaneous planning work and carrying out the commission duties with respect to its permit authority. Funding is included only for the first half of the budget year because, under the provisions of the McAteer-Petris Act which created the commission, the existence of the commission will terminate 90 days after the final adjournment of the 1969 Regular Session of the Legislature.

**San Francisco Bay Conservation and Development Commission—Continued**

The plan as submitted, besides offering specific examples and recommendations for the entire body and shoreline of the bay, stresses the necessity of creating some form of permanent regional body in order that preservation and development can continue to be logically coordinated. Thus, Item 271 proposes to augment the original support item by \$77,785. Total funding would then equal \$175,888 for the budget year.

The augmentation of \$77,785 is intended to provide the commission with a reduced level of funding that will enable it to continue some minor planning functions needed to administer its permit authority during the second half of fiscal year 1969-70. Legislation is necessary and has been requested by the Governor to extend the existence of the commission and its authority over dredging and filling of the bay.

The commission represents the only body in the area with full authority to grant or deny permits to alter the bay or its shoreline by filling or dredging. The termination of the commission and its permit authority would again allow the haphazard filling of the bay because all filling started between the termination of the present commission and the effective date of a new regulatory agency would automatically have to be grandfathered under the new legislation. It is therefore important to assure the continued existence of the commission. Item 271 will finance the extension the Governor seeks.

**Resources Agency****PROTECTED WATERWAYS PROGRAM****Item 273 from the General Fund**


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Requested 1969-70	-----	\$67,768
Estimated 1968-69	-----	20,000
Actual 1967-68	-----	None
Requested increase \$47,768 (239 percent)		
Total recommended reduction	-----	None

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**GENERAL PROGRAM STATEMENT**

The appropriation for salaries and wages and operating expenses for the Resources Agency Secretary is located in the portion of the budget covering the Governor's office. This item and the two items associated with it appropriate funds for special activities which are conducted through the secretary's office and are budgeted in the Resources portion of the budget.

Although in the past both the administration and the Legislature have been critical of the practice of budgeting and conducting specific program activities in the secretary's office, both have continued the prior practice by authorizing and budgeting the Protected Waterways Program in the secretary's office rather than in the line departments having the program responsibility. Therefore, three budget items are now required to get the funding from the proper sources.

**Protected Waterways Program—Continued**  
**ANALYSIS AND RECOMMENDATIONS**

*Approval of the item is recommended.*

**Protected Waterways Program**

This item and the two following items provide a total of \$99,898 for distribution by contract from the secretary's office to finance the Protected Waterways Program authorized by Chapter 1278, Statutes of 1968. The purpose of the program is to identify the waterways of the state having extraordinary scenic, fishery, wildlife and recreational values, to plan for their use and to provide for their protection and preservation.

Chapter 1278 appropriated \$20,000 from the General Fund to get the work on the Protected Waterways Program underway in the current year. The budget year provides \$99,898 which will essentially permit completing the study work during the budget year. The remaining work in 1970-71 will consist largely of writing the report and holding hearings on the recommended program. The completed program can then be submitted to the Legislature at the beginning of the 1971 Session as required by Chapter 1278. We anticipate on the basis of the above expenditures and the costs of writing the report and holding hearings that the completed program will cost approximately 50 percent more than originally estimated when the study was authorized last session.

**Tahoe Regional Government**

The second component of this item is the expenditure of existing appropriations and funding of future requirements for the state's participation in both the Tahoe Regional Planning Compact and the California Tahoe Regional Planning Agency. The latter agency is the interim agency which is to function on the California portion of Lake Tahoe until the interstate agency is operational. The sum of \$80,000 was appropriated last year to finance the state's participation in both agencies. The sum is estimated to be sufficient for both the current and the budget years. Therefore, no additional funds are proposed for next fiscal year.

The \$80,000 available is expected to be expended at the rate of \$15,000 each year for the California Tahoe Regional Planning Agency with \$50,000 reserve to pay the state's share of the Tahoe Regional Planning Agency if the necessary compact approvals are granted by Congress this year.

**Environmental Quality Study Council**

A third component of this item is the expenditure of a prior appropriation for the funding of future requirements for the State Environmental Quality Study Council which was established pursuant to Chapter 1395, Statutes of 1968. The council consists of the Secretary of the Resource Agency, the Secretary of the Business and Transportation Agency, the Chairman of the State Water Resources Control Board, the Chairman of the State Air Resources Board, seven public members and four legislators. In addition, a number of directors

**Protected Waterways Program—Continued**

of departments with responsibilities in environmental matters and the city and county members of the Intergovernmental Council on Urban Growth are ex officio nonvoting members.

The council is directed by statute to study the present policies and programs of the state related to environmental quality and to recommend policies and programs to improve California's physical environment on a long-range basis. Annual reports to the Legislature and the Governor are required until the end of the 1971 session when the council will automatically cease to exist.

Chapter 1395 appropriated \$25,000 from the General Fund to finance the activities of the council. The Governor's Budget shows \$10,000 of this amount to be expended in the current year and the remainder in the next fiscal year. As a result no appropriation for next fiscal year is being requested for the council. The council at this time is considering a general obligation bond issue in 1970 to finance park development, water pollution and other needs.

**Resources Agency****PROTECTED WATERWAYS PROGRAM****Item 274 from the Harbors and Watercraft Revolving Fund**

Requested 1969-70 _____	\$7,733
Estimated 1968-69 _____	None
Requested increase \$7,733	
Total recommended reduction _____	None

**ANALYSIS AND RECOMMENDATIONS**

*Approval is recommended.*

This item appropriates \$7,733 from the Harbors and Watercraft Revolving Fund for expenditure by the Department of Harbors and Watercraft through the Resources Secretary's office on the waterways portions of the Protected Waterways Program as discussed in Item 273. Funding from this source is consistent with our previous recommendations and legislative policy.

**Resources Agency****PROTECTED WATERWAYS PROGRAM****Item 275 from the Fish and Game Preservation Fund**

Requested 1969-70 _____	\$24,397
Estimated 1968-69 _____	None
Requested increase \$24,397	
Total recommended reduction _____	None



## Protected Waterways Program—Continued

## ANALYSIS AND RECOMMENDATIONS

*Approval is recommended.*

This item appropriates \$24,397 from the Fish and Game Preservation Fund for expenditure by the Department of Fish and Game through the Resources Secretary's office on the fish and wildlife portions of the Protected Waterways Program as discussed in Item 273. Funding by the Fish and Game Preservation Fund rather than the General Fund for this work is consistent with our previous recommendations and legislative actions.

## Resources Agency

## INTERAGENCY COUNCIL ON OCEAN RESOURCES

## Item 276 from the General Fund

Requested .....	\$50,000
Requested increase \$50,000	
Increase to improve level of service \$50,000	
Total recommended reduction .....	\$50,000

## SUMMARY OF RECOMMENDED REDUCTIONS

	Amount	Analysis page
Delete the item .....	\$50,000	811

1. We recommend that \$50,000 to support the Interagency Council on Ocean Resources be deleted on the basis of organizational uncertainties and lack of program.

## GENERAL PROGRAM STATEMENT

Chapter 1642, Statutes of 1967, directed the Governor to prepare the California Comprehensive Ocean Area Plan for the orderly, long-range conservation and development of marine and coastal resources. The statute also established the California Advisory Commission on Marine and Coastal Resources (CMC). The commission (1) was authorized to secure information directly from any executive department, agency or independent instrumentality of state government, (2) was directed to review the California Comprehensive Ocean Area Plan and recommend any changes or additions, (3) was directed to undertake a comprehensive investigation and study of all aspects of marine sciences and the marine and coastal environment, and (4) was directed to transmit to the Governor and the Legislature each year a report on the activities and accomplishments of all agencies of the state in the conservation and development of marine and coastal resources.

The commission consists of 25 members appointed by the Governor from academic, research, development and marine law interests, both public and private; five members of the public appointed by the Governor with conservation interests or specialized disciplines; and six members of the Legislature. The budget requests \$67,752 for the commission in Item 51.

The Governor established the Interagency Council on Ocean Resources (ICOR) by executive order to provide a means for state agencies

**Interagency Council on Ocean Resources—Continued**

to prepare a state ocean resources plan for CMC to review. The council consists of the Lieutenant Governor, who serves as chairman, the secretaries of the Resources Agency, Transportation Agency, and Health and Welfare Agency, and the chairman of the State Lands Commission. ICOR presently has a planning task team of 15 representatives of the various state agencies with functions involved in ocean resources. Nearly all of the state workload and interest lies within the Resources Agency.

**ANALYSIS AND RECOMMENDATIONS**

*We recommend deleting the item.*

During the current year, various activities of ICOR have been financed by transfer of funds from CMC since ICOR had no funds of its own. In preparing the 1969-70 budget, ICOR has received a budget which has been placed under the Secretary for the Resources Agency. The budget consists of \$50,000 from the General Fund and \$50,000 in federal grants.

When the Legislature established CMC it in effect carved out the subject matter relating to ocean resources from the State Development Plan and gave it separate and special status under CMC. The result was a disjointed arrangement under which CMC as an independent agency is to review the planning coordination work of ICOR which somehow was to secure comprehensive planning efforts from various line departments.

The staff for CMC has also been serving as the staff for ICOR. We are informed that CMC is working closely with the state agencies and ICOR to be certain that the work of the state agencies is agreeable to CMC and incorporates the views of CMC but, to date, only a few reports from outside consultants are available as tangible end products. At present there is considerable uncertainty over the respective roles of each participant in the planning effort.

The Governor's Budget proposes to fund a program for ICOR in the budget of the secretary for the Resources Agency. Because the staff for CMC will remain with CMC, the budgetary move appears to shift ICOR from CMC to the Resources Agency. Presumably the Secretary for Resources will now actively control the contributions of the Resources Agency to the planning effort and the existing relationship of ICOR to CMC will be replaced with a more direct responsibility on the part of the secretary. It would seem that ICOR could now be replaced by an informal Resources Agency committee or even a staff planning position in the secretary's office. Although ICOR includes some departments which are not in the Resources Agency, its primary relationship now appears to be with the Resources Agency rather than CMC.

The Governor's Program Budget contains no program for ICOR and does not indicate how the efforts of ICOR will affect the planning segments of budgets in the line departments with which it works. Specifically there is no clarification of the relationship of CMC to the line departments of state government, either with or without ICOR. The

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statutes indicate that CMC will independently review the planning efforts of the line departments and transmit them to the Governor and the Legislature. It is uncertain where this leaves the departmental directors if they disagree with CMC's conclusions and recommendations. Presumably the directors will not implement any plans that they do not agree with unless directed to do so by the Governor or the Legislature. Meanwhile, their own departmental planning efforts are left in an uncertain status because the validity of their planning has been questioned by CMC which has no authority to resolve the questions and doubts it raises. In all probability, planning decisions made by agencies such as CMC which lack program management responsibilities will not be implemented.

Our analysis of AB 1686 which established the CMC stated in part, "... the bill does not clarify the relationship of the new commission (CMC) to the statutory functions of existing state agencies and departments nor does it indicate how the commission would operate in relationship to the broad responsibilities of the Resources Agency administrator. . . . In part, some of the effort of the commission in reviewing, coordinating and reporting on the activities and budgetary needs, and recommending organization changes of state agencies and departments will duplicate existing responsibilities of state agencies. . . . A clearer role for the commission would result from a statutory directive to seek, on a broad basis, solutions to conflicts when programs and policies of the Resources Agency, other state agencies, and private or educational interests are brought to its attention or where no state policy or program presently exists."

There is a need for improved planning and interfacing between industry, educational institutions and state government. Meeting this need will require major policy decisions, program changes, significant funding for studies of specific problem areas, improvements in state planning practices, and considerable time. The CMC approach does not seem to be an adequate mechanism to meet these needs because it does not directly improve the functioning of the state's line departments. The ambiguous role of ICOR does not improve the mechanism.

In the light of the present uncertainties of the CMC-ICOR approach, the above comments from our analysis of AB 1686, and the funding difficulties of CMC last year (which we discuss under Item 51), we recommend that appropriation for ICOR be denied. The Legislature should reexamine the existing structure and clarify the roles and responsibilities of CMC, the Secretary for Resources and the line departments.