

Department of Savings and Loan—Continued

Table 4

Selected Workload and Cost Data, Administration Element

<i>Detail</i>	<i>Actual 1968-69</i>	<i>Estimated 1969-70</i>	<i>Estimated 1970-71</i>
Orders issued -----	318	300	295
Regulations promulgated -----	11	12	13
Facilities hearings -----	55	110	100
Facilities decisions -----	124	130	120
Expenditures -----	\$720,402	\$761,701	\$707,915
Man-years -----	45.7	50	46

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The department's requested budget-year expenditure of \$2,778,000 is \$85,363 or 3 percent below estimated expenditures for the current year. The reduction reflects the proposed elimination of the following 14.5 positions: 1 economist, 1 keypunch operator, 2.5 clerk-typists II, 6 examiners II, 1 trainee and 3 assistant appraisers. The department states that these positions are vacant, that its program will not be impaired by their elimination, and that the lower staff level is made possible by improved examination and appraisal procedures which have resulted in reduced workload. Personal services comprise 81 percent of the support cost of the agency.

Support Funds

The department is supported from the Savings and Loan Inspection Fund. Revenue for this fund is produced by an annual assessment established within statutory limitations by the commissioner on all state-licensed associations. The assessment is proportional to association assets and is set at a level to cover annual operating costs of the department. Fees charged for departmental services also are deposited in the fund. Proposed budget-year expenditures will exceed estimated revenue by approximately \$287,000, but the department's accumulated surplus is ample to cover the anticipated deficit.

DEPARTMENT OF CONSERVATION

Item 198 from the General Fund

Budget page 970

Requested 1970-71 -----	\$37,379,142
Estimated 1969-70 -----	38,980,487
Actual 1968-69 -----	35,094,825
Requested decrease \$1,601,345 (4.1 percent)	
Increase to improve level of service \$1,433,000	
Total recommended reduction -----	\$1,704,521

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

1. Remove \$1,400,000 for improved Division of Forestry Retirement Plan and amend into authorizing legislation. (Analysis page 774.)
2. Delete \$14,810 for fire prevention film. (Analysis page 777.)

Department of Conservation—Continued

3. Delete \$16,021 for Westwood area, Lassen County. Fund added costs instead from savings to be made elsewhere. (Analysis page 778.)
4. Special review for communications equipment replacement of \$350,000. (Analysis page 780.)
5. Department should initiate discussions with officials of Fresno and Orange Counties for orderly transfer from the state to local agencies of local fire protection services. (Analysis page 781.)
6. Increase administrative overhead charge for fire protection to local agencies by \$273,690. (Analysis page 786.)
7. Environmental Quality Recommendation:
Provide self-support of Forest Practice Act. (Analysis page 787.)
8. Environmental Quality Recommendation:
Division of Soil Conservation should define and suggest priorities for solution of problems pertaining to the soil and vegetative mantle of the state. (Analysis page 791.)
9. Delete \$50,317 (Item 199) for offshore regulatory unit, Division of Oil and Gas. (Analysis page 793.)
10. Reduce number of district headquarters of Division of Forestry from six to five. (Analysis page 795.)

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.

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, and, under contract, for certain areas of the state that are the financial responsibility of local government.

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 the drilling operations of oil, gas and 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 reimburse-

Table 1
Department of Conservation—Support Expenditures

<i>Source of funding</i>	<i>1966-67</i>	<i>1967-68</i>	<i>1968-69</i>	<i>1969-70</i> ¹	<i>1970-71</i> ¹
General Fund (includes emergency fire suppression allocations as shown in parentheses) -----	\$36,121,843 (1,702,841)	\$36,354,002 (1,528,577)	\$38,589,219 (1,417,000)	\$42,648,287 (1,300,000)	\$40,941,695 ³ (200,000)
Petroleum and Gas Fund -----	988,911	1,037,359	1,099,770	1,190,495	1,236,042
Petroleum and Gas Fund—geothermal energy -----	---	---	3,000	12,600	15,000
Subsidence Abatement Fund -----	102,103	110,025	112,513	121,332	121,552
Federal funds (Clarke-McNary Act) -----	1,038,520	1,044,164	1,008,550	1,156,860	1,116,474
Total expenditures as shown in Governors Budget ----	\$38,251,377	\$38,545,550	\$40,813,052	\$45,129,574	\$43,430,763
Other expenditures—reimbursed -----	8,201,033	8,574,155	9,865,004	8,958,625	9,274,843
Total budgeted expenditures -----	\$46,452,410	\$47,119,705	\$50,678,056	\$54,088,199	\$52,705,606
Schedule C funds ² -----	2,378,359	2,153,149	2,580,000	2,970,000	2,970,000
Total state-controlled expenditures -----	\$48,830,769	\$49,272,854	\$53,258,056	\$57,058,199	\$55,675,606

¹ Estimated.² Estimated local expenditures for local fire suppression services controlled by the state.³ Consists of the sum of Item 198, less \$1,116,474 in federal Clarke-McNary Act funds which are shown separately in this table, plus Items 202, 203 and 204.

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ments 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 protection of public domain lands. 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 \$40,941,695 requested in this and other support items compare to estimated General Fund expenditures of \$42,648,287 in the current year, a decrease of \$1,706,592 or 4 percent. The apparent decrease is due mostly to \$1,300,000 in Emergency Fund expenditures during the current year for fire suppression activities and an increase in the budget year of \$300,000 in reimbursements from the Bureau of Land Management to provide the same level of protection on certain federal lands as in prior years. If the budget is placed on the same basis as the current year, the expenditures will be nearly level.

The Division of Oil and Gas is supported from special funds and is requesting appropriations of \$1,372,594.

The total departmental appropriation requests for support from all funds is \$43,430,763.

Program Changes

Although the support expenditures are budgeted to remain nearly level in 1970-71, there are some substantial and significant revisions within that expenditure level. The proposed budget includes *increases* as follows:

- | | |
|---|-------------|
| 1. Improve Retirement Plan, Division of Forestry | \$1,400,000 |
| 2. New Offshore Regulatory Unit, Division of Oil and Gas | 50,317 |
| 3. Agency Relocation, Division of Mines and Geology
(one-time expenditure) | 60,000 |

The proposed budget includes *decreases* from current year expenditures for ongoing programs as follows:

- | | |
|--|-----------|
| 1. Reduction in equipment purchases,
Division of Forestry | \$552,000 |
| 2. Reduction in cooperative and research programs | 110,138 |
| 3. Reduction in local project planning | 234,900 |
| 4. Reduction in staff for general support (administration) | 192,636 |

Position Changes

There are currently 3,638 authorized positions in the department. The budget identifies the reduction of 22.3 positions and proposes 5.7 new positions, for a net reduction of 16.6 positions. The major identified reduction involves 21 positions abolished during the current year that were originally budgeted to man the new Youth Conservation Training Center, Department of the Youth Authority, at Stockton. The Department of the Youth Authority has not opened the facility so there is no need for the staffing. The new positions include three for the offshore regulatory unit of the Division of Oil and Gas and 2.7 to provide additional staffing in the Division of Forestry for the state's assumption

Department of Conservation—Continued

of direct fire protection services in the Westwood area of Lassen County.

In addition to the position changes identified in the budget, 36 additional positions will be abolished in the budget year for a savings of approximately \$405,126. These positions are not identified in the budget but show in salary savings. The additional salary savings beyond normal estimates for the department include the following amounts from the General Fund.

Unidentified Positions to be Abolished in 1970-71

	<i>Man-years</i>	<i>Amount</i>
Division of Soil Conservation, project planning -----	16.4	\$189,490
Division of Forestry, consolidation of ranger units -----	2.0	23,000
General support activities:		
Executive and Management Services -----	5.1	47,636
Division of Forestry -----	5.0	60,000
Division of Mines and Geology -----	4.3	48,000
Division of Soil Conservation -----	3.2	37,000
Totals -----	36.0	\$405,126

Although the budget indicates a reduction in positions in the budget year, the fire control program of the Division of Forestry remains level. The reductions are mostly in general support (administrative overhead) positions which provide backup services for the department's programs. The one program reduction is in local project planning services of the Division of Soil Conservation.

The department's programs are as follows:

1. Watershed and fire protection
2. Geologic hazards and mineral resources conservation
3. Oil, gas and geothermal protection
4. General support—distributed to programs.

ANALYSIS AND RECOMMENDATIONS

WATERSHED AND FIRE PROTECTION

The Department of Conservation has revised its program budget format from last year reducing the number of programs from 11 down to 4. By reducing the number of programs, the department has omitted much information presented in the current year program budget. The Watershed and Fire Protection Program consists of eight elements formerly categorized as programs in the current year budget. The elements are fire prevention; fire control state responsibility; fire protection local government contract; forest, range, and watershed management; conservation camp; civil defense and other emergencies; local project planning assistance and general support. This program includes the functions of the Divisions of Forestry and Soil Conservation. Total program expenditures in the budget year are estimated to be \$49,758,133 compared to estimated expenditures in the current year of \$51,138,451.

Improved Retirement Plan for Division of Forestry Employees

We recommend \$1,400,000 budgeted in staff benefits for an improved retirement plan for Division of Forestry employees be removed from

Department of Conservation—Continued

the budget and amended into authorizing legislation which has already been introduced. We also recommend the improved retirement provisions be restricted to the 1,754 employees in fire crew classes.

The Governor's Budget includes \$1,400,000 in increased staff benefits to finance an improved retirement plan for most Division of Forestry employees. The plan also involves about \$212,000 in added cost to local agencies who contract with the Division of Forestry to have the state provide local fire suppression services.

Division of Forestry safety employees currently retire under one of two different benefit schedules, which permit retirement with one-half pay at age 60, after 20 or 30 years of service. The new plan would provide for half pay at age 55 with 25 years of service and would restrict entry to applicants under age 31. The increased retirement benefits are advocated on the basis that the physical demands of the job require a more vigorous work force than now exists. AB 303 (Barnes) has been introduced in this session as an urgency statute to provide the required authorization for the increased benefits.

In its justification for the improved retirement benefits, the department indicates that the majority of local fire control agencies in areas adjacent to operations of the Division of Forestry provide better retirement benefits than are currently available to the Division of Forestry employees. It should be noted that these local fire agencies are year-round fire control operations and the Division of Forestry conducts year-round fire protection services only in those areas where the division performs the fire control function for local government.

Leading a fire crew or performing the rigorous and physically demanding job of firefighting requires physically capable personnel. The state should have relatively young, physically capable men performing the fire control job. The department's proposal, however, would confer the improved retirement benefits on more classes than the fire crew classes. There are 1,754 employees in the division's fire crew classifications but the proposal would provide increased retirement benefits to a total of 2,361 employees in the Division of Forestry. The additional 607 employees covered in the proposal include administrative deputy state forester and ranger classifications as well as technical forestry, fire prevention, civil engineering and mechanics classifications. The objectives of the improved retirement plan could be achieved if the added retirement benefits were restricted to the 1,754 positions included in the fire crews. Restricting the benefits to the fire crews would also meet the recommendation made by the Governor's Survey on Efficiency and Cost Control which recommended improved retirement benefits for key fire suppression personnel to reduce the number of older personnel in high-hazard jobs.

Although the budget includes \$1,400,000 to fund the state's cost for the improved retirement plan, the Public Employees' Retirement System is now conducting a new actuarial survey to determine the precise cost of the added benefit. The cost of covering just the 1,754 personnel involved in fire crew activities is unknown. We recommend that only the fire crew classes be provided added benefits but within

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some form of statewide decision on retirement policy. Meanwhile, the \$1,400,000 should be removed from the budget and amended into the authorizing legislation.

Retirement benefits are a statewide problem. There are other groups in the state interested in improved retirement benefits. For example, the Fish and Game Wardens' Association has announced that one of the association's goals is a retirement plan keyed to age 55. The practice of providing improved staff benefits for one department is a piecemeal approach to what should be a statewide review of the retirement problem and equity adjustments.

Fire Prevention

The objective of the Fire Prevention program element in the Division of Forestry is to reduce the occurrence rate of man-caused forest fires. Fire prevention expenditures in the budget year are \$3,100,671 compared to estimated expenditures in the current year of \$3,091,205. As a result of data from the first year's operation of the time-reporting system, the department has revised upward the man-years of effort devoted to fire prevention activities. The budget estimates about 170 man-years of effort will be devoted to fire prevention in each of the current and budget years compared to an estimated 121 man-years of effort budgeted last year for the fiscal year 1969-70. The increased effort in fire prevention is accompanied by a corresponding decline in budgeted man-years of effort in the fire control program element.

Butte Project

In 1964, the fire prevention headquarters staff of the Division of Forestry put considerable effort into the analysis of existing data and developed workload requirements for a full-scale state fire prevention program and a plan for its partial implementation. The full-scale fire prevention program would have required an initial appropriation of about \$8.75 million for personnel and equipment and subsequent annual expenditures of \$6.5 million. In 1966 the Legislature appropriated funds for a pilot fire prevention program in Butte County. The division added 16 fire prevention positions at the Butte Ranger Unit which provided a pilot staff commensurate with full implementation of the division's fire prevention program. The purpose of the project has been to evaluate the effectiveness of the division's fire prevention program and to verify accomplishments before the full-scale fire prevention program is considered for extension.

The contemplated staffing level at the Butte Ranger Unit was reached during fiscal year 1966-67. To date the division has experienced two complete fire seasons and a portion of another with the full staff.

In a Butte project progress report prepared December, 1969, the Division of Forestry indicates that during the two complete fire seasons of 1968 and 1969 under full fire prevention staffing the Butte Ranger Unit experienced a 21 percent reduction in 1968 and a 24 percent reduction in 1969 in the number of man-caused forest fires in comparison to the previous five-year average. The division has been unable

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to correlate this reduction in fire experience to values saved and costs or losses averted. The report states: "Project Butte has demonstrated that man-caused fires can be significantly reduced. It has also demonstrated that they cannot be completely eliminated. It has not had any effect on lightning-caused fires. Therefore, in the interest of public safety, no reduction in fire control forces is indicated in Butte Ranger Unit. This is not to say that some improvement in fire control effectiveness cannot be achieved through technological or organizational changes. Also, if the present level of fire occurrence can be successfully maintained, it would appear that no significant increase in fire control forces is justified for Butte Ranger Unit in the immediate future."

One result of the Butte project experience is a downward revision in the Division of Forestry's planned level of staffing for fire prevention. The State Forester's Fire Protection Plan completed in 1969 includes a fire prevention section. In that plan, the fire prevention staff recommended for the largest ranger units is only about one-third the size of the Butte pilot fire prevention staff. Probably the fiscal condition of the state has also contributed to the downward revision in the planned level of fire prevention staffing.

The Division of Forestry proposes at the end of the 1970 fire season to reduce the fire prevention staff at the Butte Ranger Unit from 16 to 5 positions. The other 11 positions will be assigned to 10 different ranger units so as to provide a fire prevention officer in each ranger unit where the fire potential is high.

Motion Picture Film

We recommend the deletion of \$14,810 budgeted to produce motion picture films used as fire prevention trailers in motion picture theaters.

Each year the Division of Forestry budgets funds for additional films used in TV spots, motion picture theaters and in the division's circulating library of training, fire prevention and conservation education films. The budget includes \$19,112 for TV fire prevention films, \$5,300 for films used in the division's library and \$14,810 for fire prevention motion picture color trailers. These trailers are about 33 seconds in length and are used in motion picture theaters in the state, primarily Fox West Coast Theaters. In view of the fact that the division reaches its major audience on the most economical basis by television, the funds for the additional motion picture film can be deleted.

Fire Control, State Responsibility

The fire control, state responsibility program element is the largest expenditure of all activities in the Department of Conservation. Budget year expenditures are \$29,208,939 compared to estimated \$30,384,736 in the current year. The budget year amounts will probably be at least \$1,500,000 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 components of the state fire control operations include detection, dispatching and communication, ground attack, air attack, fire defense improvements, contracted protection, training, research and development and mobile fire equipment management.

Department of Conservation—Continued

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 about 33,500,000 acres as state responsibility land. The division, itself, directly protects 24 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 4.3 million acres. The amounts paid to the U.S. Forest Service and to the five counties are included in the total cost of fire control, state responsibility program element. The Budget Bill includes appropriations of \$1,626,216 in Item 203 for the U.S. Forest Service and \$2,787,584 in Item 202 for the five counties. With estimated program expenditures of about \$30 million in fire control and \$3 million for fire prevention to protect 33 million acres of wildland, the cost to the state of protecting state responsibility lands is about one dollar per acre.

To carry out its programs, 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 fire fighting force rapidly. The division's organization is divided into six field districts and 29 ranger units. There are 234 forest fire stations located in those ranger units, plus 77 lookouts and 13 air attack bases.

The division has about 1,750 permanent employees in fire crew position classes and hires about 1,900 seasonal fire fighters to man the forest fire stations and the fire trucks. The 33 conservation camps which house the inmates of the Department of Corrections and the wards of the Youth Authority provide a large reservoir of 2,700 men for campaign fire purposes.

New State Services, Lassen County

We recommend approval of the Division of Forestry's proposal to assume direct protection of 145,000 acres of mostly private land in the Westwood area of Lassen County. We recommend \$16,021 and related expenses for 2.7 new positions be deleted on the basis that added costs for the increased workload in the Westwood area can be met by savings from reduced level of service to be provided elsewhere.

At the present time the state pays the U.S. Forest Service to protect state responsibility, private land in the Westwood area of Lassen County. The payment to the U.S. Forest Service in the current year for the protection of this area is \$35,495. The payment has financed part of the U.S. Forest Service crews at Coppervale and Chester Forest Fire Stations and the Pegleg lookout, all U.S. Forest Service installations.

Department of Conservation—Continued

The budget proposes that the Division of Forestry provide the direct fire protection services in the Westwood area, including the operation of the lookout. Initially, the division plans to operate fire crews and two trucks from temporary trailer facilities.

The budget reflects the transfer of function by a net reduction of \$35,495 in the contract payment to the U.S. Forest Service and an increase of \$33,000 in the program support budget of the Division of Forestry. The added division support costs include 2.7 man-years of seasonal help to provide added manning for the station, the second truck and the lookout.

The budget shows the transfer at approximately the same state cost as presently required, but there are additional future state costs involved that are not identified in the budget. The division plans to operate the station initially out of temporary trailer facilities. Eventually, the division must acquire land and construct a fire station. In addition, there may be costs for housing division personnel in the area. The proposal is to reassign existing assistant ranger districts within the Lassen-Modoc Ranger Unit and to transfer one of the Fire Prevention Officer I positions from the Butte Ranger Unit when that fire prevention program is terminated. The 1969 Fire Plan includes a bulldozer-transport unit at Westwood. Including capital outlay and equipment, there are added costs of about \$250,000 involved in the transfer of function. These costs will require future year appropriations.

To provide the personnel and equipment for the Westwood operation, the Division of Forestry plans to close Willow Creek Fire Station, a one-truck station located north of Susanville and transfer the personnel and equipment to Westwood. The area now protected by the Willow Creek Station will be protected by crews from the Susanville and Grasshopper Stations. In addition, the 1969 Fire Plan indicates a truck will be transferred from the Visalia Station in Tulare County to provide the second truck for the new Westwood site. Since the second truck for the Westwood facility is to be transferred from Visalia, the money for 3.7 positions now budgeted for that truck should be transferred with the truck to provide the added staffing of 2.7 positions and other costs at Westwood. Therefore, the \$16,021 and related expenses budgeted for the 2.7 positions can be deleted.

Revised Fire Plan Issued

Pursuant to the 1969 Conference Committee request, the Division of Forestry issued its revised "State Forester's Fire Protection Plan" for state responsibility areas. The plan represents considerable effort on the part of the division staff over a period of years and is a major accomplishment for the division. Some additional work is needed to provide cost estimates of planned levels of protection. We have not had an opportunity as yet to review the plan in detail.

Increased Reimbursement from Bureau of Land Management

The Division of Forestry provides fire protection services on approximately two million acres of Bureau of Land Management land scat-

Department of Conservation—Continued

tered throughout the state. The division's costs of protecting these lands have far exceeded the payment to the division for the fire protection services. Utilizing results from the newly established time reporting system, the division has estimated total costs of \$2,464,101 to the state for protecting the BLM lands. The reimbursement of \$497,003 in the current year has remained level for several years.

Last fall division representatives discussed with bureau personnel the possibilities of increased reimbursement to the state for services provided. Based on encouragement given the division at that meeting, the department is budgeting an increased reimbursement of \$300,000 for fiscal year 1970-71 from the Bureau of Land Management, that is, \$797,003 in 1970-71 compared to \$497,003 in the current year. If the amount of actual reimbursement from BLM is less than the amount budgeted, the division will have to make up the difference by savings in other areas.

Communication System Modification Plan

We recommend the Legislature withhold the appropriation of \$350,000 for communications equipment replacement until the Division of Forestry presents justification and revised cost estimates for the communications system modification plan.

In 1968 the Division of Forestry, in cooperation with the Department of General Services, proposed a modification plan for the division's communication system to relieve overloading during periods of heavy fire conditions and a lack of coverage in certain areas of the state.

The proposal involved the purchase of both additional and replacement equipment. Total estimated cost was \$2,905,700. The funding was proposed over a period of five years beginning in 1968-69 and ending with the 1972-73 fiscal year budget. Last year we reviewed the proposal and recommended approval.

The Governor's Budget includes funding for phase III of the five-year plan. There is \$350,000 budgeted in support for equipment replacement and \$262,000 for additional equipment in minor capital outlay Item 329. The justification material for the additional equipment in capital outlay indicates some revision in the type of console equipment to be used. There are major cost implications in the revision. The equipment replacement justification for the support item indicates substantial upward revision in the inventory of equipment to be replaced over the five-year period. Also, the amount budgeted for replacement has been increased from the planned level of \$300,000 to \$350,000. We have requested the Division of Forestry to provide justification for the revisions in equipment and a revised schedule of costs involved in the communications plan modification. Until the division does present that information, we withhold recommendation on both the capital outlay equipment appropriation of \$262,000 and the support equipment replacement item of \$350,000.

Department of Conservation—Continued
Fire Protection, Local Government Contract

We recommend the Department of Conservation and the Division of Forestry begin discussions immediately with Orange and Fresno Counties to achieve an orderly transfer from the state to local agencies of the local fire protection services in those counties where the services are now performed by the state.

The Fire Protection, Local Government Contract program element includes fire protection services provided by the state which are the legal responsibility of local government. The program costs are 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 cooperative agreements as he deems wise. In 25 counties, the boards of supervisors contract with the State Forester to have the Division of Forestry provide some degree of local fire protection services.

The program budget estimates expenditures in the budget year of \$6,795,255 for the local government program. In addition, the Division of Forestry will be reimbursed by the counties \$310,701 for administrative and overhead expenses which is about 4½ percent of the direct costs. Total reimbursement to the state for providing local fire protection service in 1970-71 is budgeted at \$7,105,956. That amount includes \$212,000 to pay for increased retirement benefits of division employees performing local services.

In addition to direct state expenditures for the local government program, Schedule C funds are also expended. The Schedule C funds, estimated to be \$2,970,000 in the budget year, are local expenditures for local fire control services performed by the state. These expenditures, although part of the local government contract program element, are not included in budget totals. The Governor's Budget does indicate the amount of these funds as a notation. Including the Schedule C funds, total expenditures for the local government contract program element in the budget year are estimated to be \$10,075,956. This amount is about one-third the estimated expenditures of \$30 million in the current year for fire control on state responsibility land, which is the basic purpose of the Division of Forestry. There are 654 authorized positions in the local government program and 1,879 authorized field services positions in the state responsibility fire control program.

In certain areas of the state, providing local government fire protection is creating serious financial obligations to the General Fund that will increase markedly in the near future unless the basic operational policies of the Division of Forestry are changed. The historic mission of the Division of Forestry and the principle on which the General Fund finances the division's fire control operations is protection of the private wildlands of the state, including watershed and forested lands and contiguous range or forage lands. Wildland fire protection services are seasonal and depend on the weather. The wildland fire season historically has lasted six to eight months a year.

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Structural fire protection is another matter. Structural fires occur regardless of the weather or time of the year or day.

Due to the seasonal nature of wildland fire protection and the year long nature of structural fire protection a difference in working standards has developed for the two, basically in the length of the duty week. The Division of Forestry has a duty week designed for wildland fire protection. The duty week for its permanent fire control personnel assigned to wildland fire protection is 96 hours during the fire season (which is normally six to eight month long) and 40 hours the remainder of the year. The employees receive a 15 percent pay differential during the fire season for the extended duty week.

Because structural fire protection is a year-around job, most city and metropolitan fire departments have gone to the platoon system of relief. Their crews work a much shorter duty week than the 96 hours used by the Division of Forestry. The 56- and 72-hour duty week year around are common in many metropolitan areas.

The duty weeks for wildland and structural protection are incompatible. The division has insisted on a uniform duty week for employees who provide wildland protection and for those who protect structures for local government. Employees providing structural protection for local government have a 96-hour duty week year around and receive a 15-percent pay differential year around.

In some areas, the division employees providing structural services for local government are performing work similar to municipal fire departments. These division employees compare the length of their duty week with employees of municipal and metropolitan fire departments run by local agencies and apply pressure on the Division of Forestry to lower the duty week for division personnel. The division's insistence on uniform duty weeks for all its employees helps to extend to all division employees any benefits gained by pressures from the division employees who provide year long structural fire protection.

Influence of Local Government Activities on State Policies

Two recent developments indicate the year long structural employees are having a strong influence on division operations. The first development concerns House Resolution No. 247 of the 1968 session. That resolution requested the State Personnel Board to conduct a study of the possible reclassification of all or part of the Division of Forestry employees as structural fireman. The State Personnel Board made the study in cooperation with the Department of Conservation and Division of Forestry. One of the conclusions of that study as stated by the State Personnel Board staff report is that "there is an area of concern among employees in certain areas that the current class titles are not descriptive of their positions in a fire control organization in that these differ from those commonly employed in local fire departments and that many assignments have little apparent relationship to the subject of forestry. This matter should be further reviewed with the Division of Forestry to determine if more descriptive titles would be appropriate on a statewide basis."

Department of Conservation—Continued

Another conclusion as stated by the State Personnel Board staff is "the greatest concern on the part of employees appears to be with recognition as fully qualified firemen for special disability and retirement benefits which are available to local fire forces. These are matters not covered by the civil service classification plan and which would involve change in legislation or practice by other state agencies."

The State Personnel Board staff report indicates "... the staff has made a joint review with the Department of Conservation of the classification plan for the fire suppression classes of the Division of Forestry. Detailed field interviews were conducted with a sample of employees located in Napa, Butte, Orange and Fresno Counties." It should be noted that all four counties have contracts involving local government structural fire protection services by the Division of Forestry, and Orange and Fresno Counties involve the largest local government fire protection service provided by the division. The staff report does not indicate that any interviews were conducted with division employees in such counties as Mendocino or Calaveras where the division's function is almost entirely a state responsibility wildland protection function.

As a result of the study in response to H.R. 247, the Division of Forestry requested and the State Personnel Board approved the changes of fire suppression classes to omit reference to forestry and provide titles similar to urban fire departments.

The second development which indicates the influence of the year long, structural protection employees is the Division of Forestry's proposed new retirement plan. The division's local government program, which brought about the changes in the fire suppression class titles, was helpful and probably made it possible for the division to gain exemption from O.A.S.D.I. for Division of Forestry personnel and thus lead the way to the current request for an improved retirement program.

Just as the department has elected to fund an improved retirement program for all division employees the department could also support the shorter duty week of many local fire departments for its employees. As long as the Division of Forestry provides local government, year around fire protection services with work standards based on a seasonal wildland fire protection service, there will be pressure on the division to reduce the length of the duty week. To provide the same level of service that now exists with a 96-hour seasonal duty week, the cost to the General Fund is estimated to be \$4 million for a reduction to 84 hours and \$14 million for a reduction to 72 hours.

Local Fire Services Provided by State

The local government program began about 35 years ago when most rural areas of the state were sparsely settled. The original premise of the local government fire control program was that a large, statewide fire control organization, seasonal in nature and adapted to wildland fire control, could be utilized during winter months when wildland fires are minimal to meet local requirements for protection to structures and other improvements on state responsibility lands. The arrangement is especially suited for less populous areas. In most counties the con-

Department of Conservation—Continued

tract arrangements are mutually advantageous. The joint state and local financing is a good solution to the problem of providing fire suppression in the remote areas of the state along the boundaries of state responsibility land and local responsibility land and where state and local responsibility lands are intermingled.

The rapid growth and increased populations in certain areas of California have had a marked influence on the local government fire protection program. In recent years, the expenditures for the local government fire protection program have increased more rapidly than expenditures by the department for all state services. Since the local program is a service performed largely by state employees for local agencies at the level financed by local agencies, the state has exercised little or no control over the size or growth rate of the program.

In the five-year period 1966-67 to 1970-71, local government program expenditures, due to added workload, increased from \$7,585,259 to an estimated \$10,075,956, an increase of about 33 percent. Over the same period, total departmental expenditures for a relatively level workload have increased from \$38,251,377 to an estimated \$43,430,763, an increase of about 13 percent.

Although there are cooperative agreements involving 25 counties, about 67 percent of the total local government expenditures occur in the four counties of Fresno, Orange, Riverside and Tulare. The 1969-70 local fire protection program estimated expenditures in each of these counties are as follows:

<i>County</i>	<i>Expenditures</i>
Fresno:	
Mid Valley District -----	\$1,481,734
West Side District -----	200,719
Orange -----	2,596,099
Riverside -----	1,355,234
Tulare -----	1,232,052

The Fresno contract is with two fire districts to provide fire protection service on 1,719,800 acres of local responsibility land that extends in one large block about 100 miles across the San Joaquin Valley. In the other three counties the areas of local responsibility lands protected by the state are Orange County, 56,637 acres, Tulare County, 885,723 acres and Riverside County, 413,560 acres. Although the smallest of the four counties in land area, the local responsibility area of Orange County protected by the Division of Forestry is the most highly developed commercial, industrial and residential area protected by the division anywhere in the state. The phenomenal growth of Orange County in recent years is well recognized.

In our Analysis of the Budget Bill for 1967-68 we recommended that the Division of Forestry cease performing local fire protection services in Fresno County. The Legislature did not accept that recommendation, and instead, the Senate passed Senate Resolution 159 providing for a study of the entire local government fire protection program. Pursuant to that resolution we made the study and issued a report in January, 1968 on the "Cooperative Fire Control Agreements between the State Division of Forestry and Local Agencies."

Department of Conservation—Continued

The report recommended that the Legislature establish specific statutory policy on the role of the Division of Forestry in structural fire protection. The report also lists a number of problem areas involved in the program as follows:

1. Absence of a direct charge to local government for the service of the state ranger in charge and for use of a state-constructed facilities in the local program.
2. Difficulties from uneven personnel practices among county and state employees.
3. Lack of uniform standards applied statewide.
4. Variations in method of applying administrative changes.
5. Possibility of tort liability to the state through increased exposure to hazards.
6. Problems of application of Division of Forestry seasonal duty week standards to local year-long fire protection requirements.
7. Proper role of the division in structural fire protection.

Virtually the same problems exist today. The only change in the program since that report was made is that Kings County has assumed its own fire protection service effective January 1, 1970.

Two examples indicate the problems enumerated above continue unresolved. First, the state continues to make capital outlay expenditures to accommodate local crews at state stations. The Governor's Budget includes \$27,000 in capital outlay Item 329 to expand the messhall at the Carmel Fire Station to accommodate added personnel for local fire protection services. We are recommending the appropriation for the messhall addition be deleted.

Second, the November 14, 1969 issue of "The California State Employee," a publication of the California State Employee's Association, describes the problems created when the Division of Forestry applies its 96-hour duty week to a particular local government responsibility, such as the fire protection services for the Orange County Airport, which the article describes as the fourth busiest airport in the world. The state protects the airport because the statutes enable the State Forester to enter into such contracts as he deems wise. The state leaves itself open to criticism because it is doing a local job at standards below those of other comparable local agencies.

In addition to any implications of added state costs for reduced duty week that may be caused by state participation in the large, local fire protection programs, we believe it is undesirable for a state General Fund agency to become heavily involved in performing what is obviously a local function involving fire protection of heavily populated areas and industrial and commercial complexes. The pressures to protect property are so overwhelming in these instances that the efforts of the state agency could become diverted from its basic mission of providing wildland protection.

The large local contracts of the division are attractive to local agencies because the state has a long duty week thereby minimizing local costs for fire protection. The division serves as a buffer between local

Department of Conservation—Continued

property owners and employee organizations desirous of improving working conditions of employees.

The fact that local government looks to the state and receives financial benefits and other assistance from the division only postpones the day when local government must prepare a long-range solution to its structural fire protection problems and the multiplicity of local fire organizations. Rather than looking to the state for assistance, the county governments, cities and local fire districts should be looking to themselves for consolidation of local fire departments and agencies to reduce their costs of local fire protection.

We recommend the Department of Conservation and the Division of Forestry begin discussions immediately with Orange and Fresno Counties to achieve an orderly transfer from the state to local agencies of the local fire protection services in those counties where the services are now performed by the state.

Recommended Increase for Administrative Overhead

We recommend the administrative overhead reimbursement from the local agencies for the local fire protection program be increased by \$273,690 to reflect the pro rata share of the Department of Conservation support costs for the local fire protection program and that Item 198 be reduced by a corresponding amount.

The Governor's Program Budget indicates 1970-71 expenditures of \$6,795,255 for the local government fire protection program. That amount is the direct cost of the program. All other programs in the Governor's Budget have included in expenditure totals a pro rata share of division and department general support costs (administrative overhead). The total general support costs of the department are \$4,327,708 which is 8.6 percent of total program expenditures of \$52,705,606.

In addition to the direct costs of \$6,795,255 for the local government fire protection program the division is budgeted to be reimbursed \$310,701 for administrative overhead. That amount is about 4.5 percent of the direct costs. The amount of the reimbursement for administrative overhead should be increased by \$273,690 for a total amount of \$584,391, the pro rata rate of 8.6 percent for support costs, as is the case with other programs. In contrast to the 8.6 percent rate, the Governor's Survey on Efficiency and Cost Control indicated the administrative charge to local government should be increased to at least 10 percent.

Forest, Range and Watershed Management

The forest, range and watershed management program element is designed to promote the development and proper utilization of the state and privately owned forest, range and watershed lands. Expenditures in the budget year are estimated to be \$2,091,083 compared to estimated current year expenditures of \$2,167,858. The components of this program element include control of forest pest epidemics, forest nurseries, range improvement, forest practices, state forests and forest advisory

Department of Conservation—Continued

services. State revenue from nursery sales and the sale of forest products from the state forests is estimated to be \$1,420,000 in the budget year.

Forest Practice Act

We recommend the Forest Practice Act be made self-supporting.

There are approximately eight 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 for timber cutting and reforestation on private forest lands. Among the purposes of the Forest Practice Act as stated in Section 4541 of the Public Resources Code are the following:

“(a) Declare the existence of a public interest in the forest resources and timberlands of this state.

“(b) Declare the necessity of good forest practices in the harvesting of forest resources to conserve and maintain the productivity of the timberlands in the interest of the economic welfare of the state and the continuance of the forest industry.”

The Division of Forestry administers the Forest Practice Act by requiring permits for, and making inspections of timber operations.

This year, due to format revisions, the Governor's Budget does not provide information about state costs of administering forest practices. The Program Budget for 1969-70 indicated forest practice costs of \$233,117 requiring 13.6 personnel man-years of effort. Each year the division issues about 1,200 timber operator permits and makes about 1,900 forest practice inspections. These inspections are made by eight forest practice foresters and by other field personnel of the division. 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. The revenue to the state from permit fees was \$16,860 in the 1968-69 fiscal year.

Last year in our analysis we recommended that the Legislature provide for self-support of the state's Forest Practice Act through adequate fees deposited in the General Fund to pay for the cost of policing the timber industry. The recommendation was discussed in subcommittee hearings on the budget bill and in the Conference Committee. The Conference Committee, in the "Supplementary Report of the Committee on Conference," requested "That the Department of Conservation and the Forestry Board recommend methods of securing full self-support for the Forest Practice Act."

In compliance with the recommendation of the Conference Committee, the State Board of Forestry held a hearing on October 29, 1969 in Sacramento to receive views and comments upon ways and methods for obtaining industry self-support for the state's cost in administering and enforcing the Forest Practice Act. At this hearing, the Division of Forestry offered, without recommendation, four possible methods of raising the revenue. The four methods are as follows:

Department of Conservation—Continued

1. Uniform fee for a timber operator's permit.
2. Fee based on acreage logged.
3. Fee based on cost of state man-hours required.
4. Fee based on volume of timber logged.

The public testimony at the hearing was almost entirely from representatives of the forest industry and was devoted to statements in opposition to industry self-support for the Forest Practice Act rather than suggesting methods by which the revenue could be raised. The Board of Forestry referred the subject matter to its editorial committee which is composed mostly of representatives of timber interests. The editorial committee prepared the resolution later adopted by the Board of Forestry. That resolution states that the board has reviewed proposals by which additional fees and costs could be assessed against the industry and found all the proposals to be "substantially inequitable, impractical, unenforceable, . . .", etc. The resolution also indicates "that the State Board of Forestry finds it imprudent to support a policy to charge timber operators for the cost of administration and enforcement of the Forest Practice Act." The board has notified this office of its conclusion.

The Department of Conservation, in a separate letter to this office, forwarded without a recommendation the four methods prepared by the Division of Forestry for raising the revenue.

The easiest method to raise the required revenue of about \$220,000 is an increase in the fee for approximately 1,200 timber operator's permits issued each year. To recover the full costs of the Forest Practice Act administration would require a fee of about \$175 compared to the fee at the present time of \$15 for an original permit and \$10 for a renewal permit each year. A fee of \$175 would probably be an undue hardship on about one-fourth of those who receive permits since they are involved in relatively small operations for Christmas trees, fuel wood, etc. If the permit fee were raised to \$40, however, that amount would provide \$48,000 to the state. Additional revenue needed for self-support could be raised by a graduated permit fee for commercial logging operations and for alternate plans. The balance of the revenue could be raised by a fee based on the volume of timber cut. For example, with the estimated total volume of private timber logged each year being 2.8 billion board feet, \$160,000 in revenue could be raised with a volume fee of about 5.7 cents per thousand board feet. The estimate of the commercial value of logged timber at the present time is \$30 to \$60 per thousand board feet.

The timber industry believes that the general public should pay the costs for administration of the Forest Practice Act because the general public benefits from the timber industry. While it is true that the general public benefits, as it does from all industrial activities, the timber industry is nevertheless the principal beneficiary. The timber industry engages in logging and marketing its products in order to make a reasonable and proper profit from its operations. The public does not share in that profit. However the public does share in the damages to

Department of Conservation—Continued

the environment which can, and on occasion do, result from careless logging and reforestation practices.

When proper forest practices are not followed, serious threats or damages to the environment can occur through creation of fire hazards, severe erosion; decline in water quality, downstream siltation, damage to fish and wildlife, and in some cases flooding. Fires which may result from or be fueled by poor logging practices and improperly treated slash increase fire hazards. The General Fund, in behalf of the public, protects the timber industry and the public from fire damage through the very expensive fire prevention and fire suppression activities of the Division of Forestry. In addition, the Forest Practice Act is directly beneficial to the timber industry in that it encourages and requires the timberland owners to consider their own long-range benefit by requiring proper reforestation practices. The protection afforded the public by the Forest Practice Act is the prevention of direct and indirect losses to the general environment which tend to be the natural result of logging operation even when carefully conducted. The public should not have to pay the costs of such protection. Rather, the regulatory cost should be borne by the timber industry. In other words, the timber industry should pay as a cost of doing business those costs of protecting the public from any harmful effects it might otherwise inflict on the public. The industry's costs of doing business are then largely passed along to its consumers.

Statutory revisions are necessary to effect industry self-support of the Forest Practice Act. We recommend that legislation be introduced along the lines discussed above to make the Forest Practice Act self-supporting. The added revenue from this statutory revision should go directly to the General Fund and not be a reimbursement to the Division of Forestry.

Conservation Camps

The Conservation Camp Program element 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 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 four 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 six Department of Corrections or Department of Youth Authority personnel supervises the work and rehabilitation.

The Governor's program budget identifies \$4,342,060 estimated expenditure for the Conservation Camp Program in the budget year compared to \$4,315,104 in the current year. Supplementary backup data indicates that total line item expenditures for the Conservation Camp Program in the budget year are estimated to be \$6,402,770. The program budget does not identify the allocation of the additional conservation camp costs. However, the balance of \$2,060,710 is allocated to the fire

Department of Conservation—Continued

control, state responsibility program element for ground attack and fire defense improvement.

The Department of the Youth Authority has deferred the opening of the Youth Conservation Training Center in Stockton. Consequently, 21 new positions budgeted for the Division of Forestry in the 1969-70 fiscal year were not needed. The positions were administratively reduced during the current year and are included as a reduction in the budget year.

In the spring of 1969 the federal government closed a number of Job Corps camps in the nation. One of those closed was the Oak Glen Job Corps Camp in southern California which was operated by the state, with federal funds. After the closure the federal government returned the Oak Glen Camp to the state. Last summer the Division of Forestry transferred the inmates from the Don Lugo Conservation Camp in San Bernardino County to Oak Glen, which is now in operation as one of the adult inmate conservation camps for the state. The Don Lugo Camp is vacant. During fire season, the camp is used occasionally to house inmates traveling to campaign fires.

Inadequate Funding for Inmate Services

There is a difference between the budgets for the Department of Conservation and the Department of Parks and Recreation in the funds available to hire inmate crews for state park projects. The Department of Conservation budget indicates a reimbursement of \$205,400 in the budget year from the Department of Parks and Recreation for the cost of inmate labor for park projects. The Department of Parks and Recreation has budgeted only \$105,400 for the same purpose. Unless the budgets are adjusted, the Department of Conservation will have to absorb the deficiency elsewhere in its budget.

Civil Defense and Other Emergencies

The Division of Forestry's fire control organization and the inmates in the conservation camp program are available for civil defense, natural disasters and other emergencies. The inmate crews are frequently used for assistance in maintenance and patrol of levy systems during flood conditions. Early in 1969, inmate crews were requested to assist in cleanup of the beaches at Santa Barbara during the oil-slick disaster. The department was reimbursed \$226,285 by the Union Oil Company for the work at Santa Barbara.

Local Project Planning Assistance

The local project planning assistance program element performed by the Division of Soil Conservation has budgeted expenditures of \$239,585 compared to estimated expenditures in the current year of \$463,129. The project planning activities 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 ultimate construction is financed largely by federal funds. The planning investigation work is

Department of Conservation—Continued

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.

Recently, federal funds to construct these projects have been limited due to higher priority federal programs. Meanwhile, the two agencies have accumulated a backlog of planned projects that will require many years to secure federal and state funds to construct.

At the present time there are 33.9 authorized positions in the Division of Soil Conservation. The Governor's Budget indicates the reduction of 19.9 positions in salary savings. Of that number, 16.4 positions are related to the staff for local project planning and 3.2 are identified as general support activities. The Governor's Budget indicates the division will have 14 authorized positions in the budget year. The primary activity of the project planning group during the budget year will be to conduct preliminary investigations of projects which could be financed locally or under Public Law 566 or other state or local programs. The actual work plans on PL 566 projects presently under preparation will be completed during the budget year. The reduction in workload will result in a savings of \$223,544.

Need for a State Soil Conservation Program

We recommend that the Division of Soil Conservation, utilizing primarily its existing personnel, begin to define the problems of the soil and vegetative mantle of the state. The division should also relate the problems to program and policy decisions and suggest priorities for the solution of the problems.

Last year in budget hearings it became apparent that the state, itself, does not have a state soil conservation policy and program. Pursuant to the request of the Conference Committee, we prepared a report, "Establishing a State Soil Conservation Program," on the patterns of possible cooperation among state agencies to establish a state soil conservation program. Increasing public emphasis on environmental protection and proper management of the soil and vegetative mantle of the state finds California without any programs and machinery to accomplish this high priority objective. Several man-years of effort within the existing staff of the Division of Soil Conservation could be utilized to identify and define broadly the problems of the soil and vegetative mantle of the state, to relate them to program and policy decisions and to suggest priorities. That information is necessary so that the Legislature can make informed decisions on the future extent and scope of any state commitment to the solution of environmental problems related to the soil and vegetative mantle of the state.

GEOLOGIC HAZARDS AND MINERAL RESOURCES CONSERVATION

The Geologic Hazards and Mineral Resources Conservation 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 \$1,558,263 compared to \$1,608,705 in the current year.

Department of Conservation—Continued

In recent years the Division of Mines and Geology has been shifting its program emphasis from the collection of basic geologic data to providing data and information to assure public safety from such geologic hazards as landslides, earthquakes, land subsidence and extreme erosion. Last year the department budgeted an additional eight man-years for the geologic hazards program element. The proposed budget includes the shifting of 12 man-years of effort within the division from the basic geology and the information and educational services program elements to the geologic hazards work. Expenditures for the geologic hazards program are budgeted for \$671,315 compared to \$446,390 in the current year and \$311,106 in 1968-69. Almost 50 percent of the effort of the division will be devoted to the gathering of data and providing information on geologic hazards of the state. We commend the reorientation of the division's primary effort. The land use problems surrounding California's expanding population require adequate information about the geologic hazards so prominent in California.

At the same time, we believe the division and the department, in reorientation of the division's activities, can improve the budget presentation of the programs and goals to be achieved. The Division of Mines and Geology has presented the only budget in the Department of Conservation that does not contain some information on projected output. The objective of the geologic hazards program is to provide geologic information essential to assuring public safety from geologic hazards. The geologic maps and reports are prepared emphasizing the major urban areas of the state and areas of predictable urbanization. The division needs to present data on projected output so that accomplishment can be compared to the substantial sums of money the state is now devoting to the geologic hazards program.

Marine Geological Resources

The budget includes \$29,975 to be expended on marine geological resources. In the current year the department has begun, in cooperation with the State Lands Division, to accumulate the information and material available from various state, federal and local agencies about the geological investigations and mineral resources of the offshore areas. The division, also through this program, will provide some information in the preparation of the comprehensive ocean area plan now being compiled by the Interagency Council on Ocean Resources.

Geodimeter Fault Monitoring

The geodimeter is an instrument which measures the minute shifts of the earth's surface along earthquake faults. The geodimeter program was originally conducted by the Department of Water Resources and a reduced level of program has been transferred and funded in the Department of Conservation, Division of Mines and Geology. In the current year the division contracted with a private firm for laser-type surveying equipment and concentrated the measurements primarily in the San Francisco Bay-Hollister area of the San Andreas Fault. The division now classifies the program at the pilot project level pending more complete evaluation of data and results.

Department of Conservation—Continued
Division Headquarters Relocation

Beginning in the current year, the division plans to relocate its headquarters from San Francisco to the Resources Building. The budget includes \$60,000 for agency relocation. The mineral exhibit, library and a field staff will remain in San Francisco. The availability of the division staff in Sacramento should prove helpful to other state agencies concerned with resource problems of the state and the need for expertise and guidance in geologic matters.

The budget includes the reduction of \$48,000 for 4.3 man-years of effort in general support activities of the division. The positions to be deleted are not identified but are included in the estimated salary savings for the department.

OIL, GAS AND GEOTHERMAL PROTECTION

The objectives of the Oil, Gas and Geothermal Protection Program 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 prevent damage resulting from subsidence.
4. To provide for greater ultimate recovery of oil, gas and geothermal resources.

The Oil, Gas, and Geothermal Protection Program is performed by the Division of Oil and Gas, 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. The division has 81 authorized positions. Budget year expenditures are estimated to be \$1,389,210 compared to \$1,341,043 in the current year. The division supervises the drilling, operation, maintenance and abandonment of oil, gas and geothermal resources wells and the repressuring operations for the abatement of land subsidence in the Wilmington area.

Offshore Regulatory Unit

We recommend that \$50,317 to establish an offshore regulatory unit in the Division of Oil and Gas be deleted on the basis that the proposal involves duplication of services already provided by the State Lands Division and on the basis that the regulation of a General Fund agency by a special fund agency is not desirable state policy.

The budget includes \$50,317 to establish a new offshore regulatory unit, but no details are presented. In general, the proposal is to establish a special offshore regulatory unit headquartered at the Inglewood office. Most of the effort would be directed to the regulation of the drilling operations performed by private operators who have contracted with the State Lands Division for drilling on state-owned tidelands. At the present time the State Lands Division is in charge of reviewing the oil operations on state lands and inspects those operations.

The proposal presented in the department budget would provide for Division of Oil and Gas inspectors to review the same drilling operations that are reviewed by the State Lands Division. Under the author-

Department of Conservation—Continued

ity of the lease entered into between the State Lands Division and the operators of wells, the Division of Oil and Gas would also attempt to inspect pipe lines on ocean bottoms. The Division of Oil and Gas is a special fund agency supported by charges on the operators of producing oil and gas wells. The State Lands Division is a General Fund agency representing the state's general interest and protection of that general interest in the state owned lands. The proposal advanced in the budget is to have a special fund agency reviewing and acting in a control capacity over a General Fund agency.

It is not clear what would happen if the State Lands Division did not agree with the actions of the Division of Oil and Gas. It is possible that the State Lands Division would then have to appeal to the District Oil and Gas Commissioners for settlement of the dispute. The District Oil and Gas Commissioners by statute are representatives of the oil and gas industry. The conflicts in interest are apparent.

GENERAL SUPPORT

The general support activity includes executive and support services necessary to carry out departmental programs. The department has allocated \$4,327,708 for these costs in the budget year compared to \$4,515,136 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.

The budgeted man-years of effort for general support activities are 251.6 in the budget year compared to 270.9 in the current year. The salary savings includes 18.1 unidentified general support positions which will be reduced from the budget during the course of the budget year for a savings of \$192,636. These positions are distributed as follows:

Executive and Management Services	5.4
Division of Forestry	5.0
Division of Mines and Geology	4.5
Division of Soil Conservation	3.2

Division of Forestry Administrative Structure

Last year we recommended and the Legislature agreed that the Department of Conservation should review the field organization of the Division of Forestry to report on the standards and basis for the establishment of ranger units and assistant ranger districts along with suggestions for improvements in the present structure. During the course of the budget hearings the Division of Forestry indicated it would be able to report on the standards and the basis for ranger units during the current year, but that the study of assistant ranger districts would require two years to complete.

The administrative structure of the division includes the headquarters in Sacramento. The field operations are divided into six geographi-

Department of Conservation—Continued

cal districts. Within those six geographical districts are 29 ranger units which in turn have 118 assistant ranger districts.

The division has reported on the ranger unit study. The report, however, is lacking in information which would indicate a logical organizational basis for the establishment of a ranger unit. The report merely implies that a county boundary is assumed to be the most logical basis for ranger units due to cooperative relationships with counties in the local fire protection program of the division.

Since the subject was discussed before the Legislature last session, the division has carried out the consolidation of ranger units in two areas of the state. The former Amador and El Dorado Ranger Units have been combined into one unit and the San Benito and Monterey Ranger Units have been combined into one unit. The report indicates that more consolidations are now being studied. The budget reflects the elimination of two positions (unidentified) as a result of ranger unit consolidation and another position is being deleted as a result of the division's preliminary review of the assistant ranger district organization. We commend the effort and accomplishment made thus far by the department and the division in ranger unit consolidation. In time there should be additional savings from these and other consolidations.

District Headquarters

We recommend that the Legislature direct the Department of Conservation and the Division of Forestry to begin a consolidation of district headquarters' functions to reduce the number of Division of Forestry district headquarters offices from six to five. The consolidation should be accomplished and completed for budget purposes in the 1972-73 fiscal year.

The Division of Forestry field organization is divided into six geographical districts with district headquarters located as follows:

Districts

1. North Coast -----	Santa Rosa
2. Sierra Cascade -----	Redding
3. Central Sierra -----	Sacramento
4. San Joaquin -----	Fresno
5. Central Coast -----	Monterey
6. Southern California -----	Riverside

Each of the districts provides the coordinating administration of the ranger units within the district for fire prevention programs, fire control operations, conservation camp programs, forestry and range improvement matters and engineering services. Supplementary line item budget data indicates 252 authorized positions are in the district headquarters with support costs of \$3,818,194. On a pro rata basis, the cost of a district headquarters is about \$630,000.

It is time for the Division of Forestry to review its administrative structure and make sure its General Fund expenditures are the most efficient and economical. The division has operated from six district

Department of Conservation—Continued

headquarters for many years. Meanwhile, there have been enormous strides made in the transportation and communication systems throughout the state. These improvements in communications and transportation have assisted the Division of Forestry in its operations. And the state has funded special communication systems for the division. With General Fund shortages, there is ample justification for the division to recognize some of the above changes by reducing the number of its district headquarters offices.

For the past few years there have been preliminary discussions about a new district 3 headquarters, now located on the Sacramento State College campus. We believe a new headquarters is not needed, and that the department and the division should reduce the number of district offices from six to five. The Sacramento district is the smallest in land area, covering about 2,600,000 acres of state responsibility land. In comparison, the largest district, District 1, with headquarters in Santa Rosa, has about 6,500,000 acres of state responsibility land. All districts are about equal in number of ranger units but other differences exist. District 5, Monterey, has the fewest number of conservation camps. District 4, Fresno, has a large area of local responsibility land protected by the state, but the state responsibility area is relatively small. Some adjustment can be made in district boundaries, especially those on the west side of the Sierras involving Districts 2, 3 and 4, so that the number of district headquarters could be reduced from six to five.

The consolidation of district headquarters could result in capital outlay savings. Primarily, however, the longrun savings to the state should be in support costs from a reduction in general support positions realized through attrition.

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

**Items 199, 200 and 201 from the Petroleum and
Gas Fund and the Subsidence Abatement
Fund**

Budget page 979

Requested 1970-71	\$1,372,594
Estimated 1969-70	1,324,427
Actual 1968-69	1,215,283
Requested increase \$48,167 (3.6 percent)	
Increase to improve level of service \$50,317	
Total recommended reduction	\$50,317

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

	<i>Amount</i>	<i>Analysis page</i>
Delete funds for offshore regulatory unit (Item 199)	\$50,317	797

GENERAL PROGRAM STATEMENT

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

Division of Oil and Gas—Continued

Item 199, \$1,236,042, Petroleum and Gas Fund.

Item 200, \$15,000, Petroleum and Gas Fund—Geothermal Resources Account.

Item 201, \$121,552, Subsidence Abatement Fund.

The Division of Oil and Gas is a special fund agency supported by charges on operators of producing oil, gas and geothermal wells. The division is charged with the responsibility of regulating the drilling of oil, gas and geothermal wells and supervising the repressuring operations at Wilmington for subsidence abatement.

ANALYSIS AND RECOMMENDATIONS

The discussion of the programs of the Division of Oil and Gas appears in the program analysis of the Department of Conservation. On page 793 we have recommended that \$50,317 be deleted from the budget. That amount is requested in Item 199 to establish a new off-shore regulatory unit to regulate the drilling operations of private operators under contract to the State Lands Division. We have recommended deletion on the basis that the request is a duplication of service and on the basis that the regulation of a General Fund agency such as the State Lands Division by a special fund organization is not in the best interests of the state.

Department of Conservation**WATERSHED PROTECTION BY COOPERATING COUNTIES****Item 202 from the General Fund****Budget page 982**

Requested 1970-71 -----	\$2,787,584
Estimated 1969-70 -----	2,787,584
Actual 1968-69 -----	2,605,115
Requested increase—None.	
Total recommended reduction -----	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This appropriation provides funds to pay five counties for fire protection services performed for the state.

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.

Watershed Protection by Cooperating Counties—Continued

The allocations to the five counties are as follows:

Kern	\$694,104
Los Angeles	1,088,942
Marin	224,202
Santa Barbara	380,574
Ventura	399,762
Total	\$2,787,584

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. The five counties also assist the Division of Forestry on state fires. In general, however, 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 203 from the General Fund

Budget page 982

Requested 1970-71	\$1,626,216
Estimated 1969-70	1,661,711
Actual 1968-69	1,571,036
Requested decrease \$35,495 (2.1 percent)	
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

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.

In the budget year, the Division of Forestry plans to assume the direct protection of 145,000 acres in the Westwood area of Lassen County which now are protected by U.S. Forest Service under contract with the division. The decrease in the appropriation reflects the reduction in the level of services provided the state by the U.S. Forest Service. The costs for the protection of the 145,000 acres of land to be directly protected by the Division of Forestry are included in the support budget for the Division of Forestry.

Department of Conservation
COOPERATIVE AND RESEARCH PROGRAMS

Item 204 from the General Fund

Budget page 982

Requested 1970-71	\$265,227
Estimated 1969-70	375,365
Actual 1968-69	326,793
Requested decrease \$110,138 (29.3 percent)	
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS*We recommend approval.*

This item includes miscellaneous cooperative and research programs as follows:

White pine blister rust control	\$20,000
Wild land vegetation and soil mapping	158,741
Fire control research	84,236
Geological exploration in cooperation with U.S. Geological Survey	2,250
Total	\$265,227

The appropriation for white pine blister rust control matches federal expenditures and provides technical supervision of conservation camp crews doing control work on private timber lands. The \$20,000 appropriation for blister rust control compares to expenditure of \$65,000 in the current year. The Division of Forestry states that recent findings indicate the level of support for the control program can be reduced without detriment to the pine resource.

The appropriation for wild land vegetation and soil mapping finances services of the U.S. Department of Agriculture and the University of California in the performance of this function. The fiscal year 1971 program includes the mapping of about 232,000 acres in Butte, Calaveras, Plumas and Tuolumne Counties.

The appropriation for fire control research finances five different projects on such subjects as fire equipment development, fire prevention research, economics of fire protection, fire control tactics and fire climate study. 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.

The decrease of \$110,138 stems from a reduction of \$45,000 in expenditures for white pine blister rust control, \$20,250 for termination of state financial participation in a U.S. Forest Service fuel break project and \$44,888 for the termination of five research projects pertaining to forest disease, pests and regeneration. The Division of Forestry is restricting its research programs to fire prevention and fire control matters, which are the basic mission of the division.

STATE LANDS DIVISION

Item 205 from the General Fund

Budget page 984

Requested 1970-71	\$1,652,398
Estimated 1969-70	1,854,238
Actual 1968-69	1,574,957
Requested decrease \$201,840 (10.9 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

1. Review the expenditures on the Queen Mary and the sharing of oil and gas revenues between the City of Long Beach and the State of California. (Analysis page 801.)

2. Environmental Quality Recommendation:

Review the coastal management needs of the State Lands Commission. (Analysis page 803.)

GENERAL PROGRAM STATEMENT

The State Lands Division provides staff support to the State Lands Commission. The commission is composed of the Lieutenant Governor, the Controller and the Director of Finance. The commission has the responsibility for the management of state school lands, tide and submerged lands, swamp and overflow lands 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 tidelands trusts as granted by the Legislature. It also conducts a program to locate the boundaries of tide and submerged lands owned by the state, to maintain records showing the location of state-owned lands (including school lands), and to control uses of lands not granted by the Legislature to local government units.

ANALYSIS AND RECOMMENDATIONS

The Governor's Budget proposes an appropriation of \$1,652,398 for support of the State Lands Division in 1970-71, a decrease of \$201,840, or 10.9 percent over the current year. This budget decrease is to be chiefly effected through the abolition of 17.2 man years of personnel services. The major reductions in the level of service in division programs will be further discussed below.

The State Lands Division is organized into three basic programs, excluding division administration. These programs are land use, ownership determination and land information.

LAND USE

The total General Fund appropriation for this program is \$1,109,582 with the total land use program from all funds budgeted at \$2,003,236 in the 1970-71 fiscal year. Total program expenditures include \$893,654 in reimbursements, mainly from Long Beach operations which accounts for \$870,654 of these reimbursements. The total cost of overseeing the development and operations of the Long Beach tidelands is full reimbursed.

State Lands Division—Continued

The land use activities of the division are designed to achieve effective land management consistent with the objectives of revenue production and public use. Management of the over four million acres of state-owned lands is accomplished through three distinct activities; extractive development—state leases, extractive development—Long Beach operations, and nonextractive development.

Support levels are being decreased by \$33,800 and \$28,985, respectively, in extractive development—state leases and nonextractive development activities, while Long Beach operations expenditures increase by \$40,479 in the budget year. Long Beach operations is the largest of the three activities above, with a budget of \$870,654 in 1970-71. Its purpose is to review the economics of development and operations of Long Beach tidelands in order to maximize revenues, while at the same time protecting and conserving the environment. The division maintains surveillance of all cost and revenue elements of Long Beach tidelands operations. This activity is vital because the state's financial share in Long Beach tidelands revenues is the residual after all operating costs are paid and local allocations made.

Several important programs in other state agencies are dependent to varying extents on the revenues generated by the division from oil and gas, and other leasing operations. These revenues are estimated at \$41,766,000 for the budget year. The allocations of these revenues in the past, current, and budget years are shown in Table 1.

Table 1
Allocation of State Lands Revenue

	Actual 1968-69	Estimated 1969-70	Estimated 1970-71
General Fund -----	\$2,319,259	\$2,999,036	\$2,585,398
Central Valley Water Project Construction Fund -----	16,000,000	16,000,000	30,000,000
School Fund -----	40,938	---	---
State Water Quality Control Fund	2,407,283	2,000,000	---
Motor Vehicle Transportation Tax Fund -----	450,000	---	---
Capital Outlay for Public Higher Education -----	24,438,266	22,981,964	9,180,602
Total -----	\$45,655,746	\$43,981,000	\$41,766,000

The nonextractive development activity in the land use program handles such land management functions as sales, exchanges, non-extractive leases, indemnity selections and litigation appraisals. The emphasis in this activity in the budget year will be on reviewing leases as they expire and processing additional leases on the basis of greatest benefit to the state.

Expenditures by the City of Long Beach

We recommend that the Legislature review the present use of Long Beach oil and gas revenues by the City of Long Beach and the sharing between the state and the City of Long Beach of these revenues.

The City of Long Beach shares equally with the state in all advance royalties paid by the East Wilmington field contractor, and is also entitled to diminishing yearly royalty payments over the life of the 35-

State Lands Division—Continued

year development contract. This formula was established by Chapter 138, Statutes of 1964. The expenditure of the revenues which Long Beach receives must be approved by the State Lands Commission pursuant to Section 6 of Chapter 138.

In 1967 the Queen Mary was acquired by the City of Long Beach with the city's tidelands oil and gas revenues. The city planned to use this ship as a maritime museum with various concession features added, in lieu of a previously proposed more traditional museum. The Queen Mary project has grown from this original concept. Its costs have greatly exceeded the first estimates because of many technical problems in converting the ship and as expenditures to provide for concession operated lodging, convention center, restaurants, etc., have grown. As of March 31, 1969, the city had encumbered \$21,625,696 on the purchase and conversion of the Queen Mary. The Auditor General, in reviewing this project in May 1969, reported that the total cost was estimated at \$32 million, of which \$26 million was to come from tidelands revenues.

The increased expenditure of the city's tidelands revenues to permit the expanded concession facilities raises the question whether these expenditures are in conformance with the law limiting use of these funds. Section 6 of Chapter 138, enacted in 1964, defines the permissible uses of oil revenues received by the City of Long Beach. Generally, this section authorizes the use of revenues for the fulfillment of the original trust purposes, i.e., for developing navigation, commerce, and fishing, *and for certain matters of state as distinguished from local interest and benefit*. Specifically, the revenues may be used for such purposes as construction, operation and maintenance of lands, waterways, streets and bridges, or improvements within the harbor district or on or adjacent to the Long Beach tidelands. In addition, construction, operation and maintenance of small boat harbors, a maritime museum, beaches, etc., on or adjacent to Long Beach tidelands or Alamitos Beach Park Lands are permissible uses of these revenues. Any expenditure of oil revenue by the city for capital improvements for the above purposes involving more than \$50,000 must be examined and approved by the State Lands Commission to assure conformance with Chapter 138.

At its January 9 meeting the commission gave only provisional approval to the latest expenditure increases and reserved the right to review them in more detail. The magnitude of expenditures of the city's tidelands oil and gas revenues for concession developments associated with the Queen Mary suggests a need for legislative review of the sharing arrangement with the city for two basic reasons: First, the expansion of expenditures for the Queen Mary and its concession developments raises the question, already noted by the commission, whether these expenditures conform with the legal requirements for use of oil revenues. Second, the magnitude of expenditures by the City of Long Beach on this project warrants an examination of the relative priority of revenue needs of Long Beach versus those of the state. We believe there are higher priority projects of interest and benefit to the entire

State Lands Division—Continued

state such as education, pollution control, human development, etc., in this period of General Fund shortage, which should take precedence over projects of marginal public value and local significance only.

This office has requested the State Lands Division to provide information on the proposed and actual expenditures by the city and whether or not all expenditures being made by the city fully qualify under the provisions of Chapter 138. When this information is available it will be possible for the Legislature to review the use of tidelands revenues by the City of Long Beach and determine (1) whether or not the city is making proper use of its share of tidelands oil revenues, and (2) whether revenue-sharing arrangements with the city should be revised.

OWNERSHIP DETERMINATION

We recommend that the Legislature review the coastal management needs of the State Lands Commission.

The State Lands Division has authority over 4 million acres of state lands which the state either owns in its sovereign capacity or as a result of congressional grants. Only a small portion of the total boundary lines between state lands, lands held by other government units or private owners has been legally determined.

The objective of this program is to establish and perfect the boundary claims of the state. These claims involve thousands of miles of undetermined boundaries along the California coast, between state and U.S. continental shelf lands and along nontidal navigable waters of the state. The work of the program consists of two primary activities: (1) determination of boundaries by engineering, title and legal research studies which result in a claim, and (2) perfection of title to a claimed boundary line through agreement with the adjoining landowner or through court action.

The Governor's Budget for 1969-70 provided \$613,131 for this program and an increase in the level of authorized staff from 35.5 to 47.5 in 1969-70. The increase consisted of two administratively established drafting positions for delineation work, 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, six technical positions to expedite work on tide and submerged lands, and two clerical positions. The division plan was to concentrate its effort on high priority areas selected by value and intensity of projected development, and by so doing to expedite the work and reduce the total costs of ownership determinations which previously had been done on a fragmented parcel by parcel basis.

In the budget year the division's budget for ownership determination activities has been reduced by \$130,533 to \$474,696 from the 1969-70 estimated expenditure of \$605,229. This reduction of \$130,533 in the budget year is only slightly lower than the increase of \$156,510 for this program which was budgeted in 1969-70. The ownership determination activity will lose 12 authorized positions costing \$119,000 as a result of the budget-year reduction.

State Lands Division—Continued

The reduction in the ownership determination activity is not consistent with the substantial increase in funds budgeted in 1969-70 based on the priority needs of this work which have previously been approved by the Legislature. Over the past six years requests for formal boundary determinations have increased at the rate of 40 percent per year. These requests are expected to grow at the same rate in future years due to the anticipated increase in leisure time and resulting demands on available land. Population growth and the limited quantity of land available for development in California means that it is becoming increasingly more important for private developers and the state to have clearly defined and legally determined boundaries.

The development of private lands abutting state-owned lands depends in part on the determination of the boundaries of lands. Funds are normally not available to developers from lenders unless the title to property is clearly defined, that is, unless state boundaries are located. Failure of the State Lands Division to keep pace with such development in its boundary determination work leads to hardships for developers, lost revenue to the state, and often added court costs when the state is forced to defend its boundaries in formal court cases.

There are numerous cases where the state is losing money, and in some cases land which it legally owns, because of the failure of the state to define boundaries to state lands. In the Clear Lake area, for example, there are an estimated 700 individual recreational facilities abutting the lake. It is estimated that over 90 percent of these are encroaching or trespassing on state land. The state derives no revenue from leases in these cases, resulting in an estimated loss in revenues to the state of between \$60-80,000 each year, according to the division. Other priority areas where the boundary's of the state have not yet been determined with certainty are San Diego Bay, San Francisco Bay, the Sacramento-San Joaquin Delta and Humboldt Bay.

Because of the budget reduction for next year the division's ownership determination activity will be primarily one of holding the line by defending the state's interests in quiet title suits brought by private landowners against the state and in drawing up legal descriptions to facilitate the division's leasing program.

California's Coastal Resources

The State Lands Commission has the exclusive responsibility for administration and control over tide and submerged lands and the beds of navigable rivers. In recent years the state has emphasized its growing awareness of the need for proper planning and management of the magnificent coastline of California. Several commissions and study groups have been established which have held hearings, emphasized the need for coastal management and proposed some solutions, but only nominal results are observable.

The State Lands Commission has the proprietary responsibility to manage the lands which are the object of such intense concern by various state groups, conservationists and legislators. However, the State Lands Commission has never had the staff and capability to manage

State Lands Division—Continued

the coastline. Its present limited capability is becoming inadequate to further the state's title interest and it will have no real capability to manage, preserve and protect the coastline under the 1970-71 budget.

In the past, the commission has emphasized its oil and gas operations, its leasing activities and its survey and title work. A whole new emphasis by the commission will be needed if the increasing public interest in the management of the coastline is to be both recognized and realized. We therefore believe that the Legislature should review the coastal management needs of the State Lands Commission.

LAND INFORMATION SYSTEM

The division is required to maintain and provide title lists for public inquiry and examination, and other pertinent records needed by the commission in fulfilling its legal duties. This requirement is fulfilled by the Land Information program.

The division began the microfilming of certain index cards and records in 1967-68 as the first step in reorganizing the entire information system. The use of automatic data processing is continuing in the current year, and will be expanded and revised as necessary in the budget year, in order to assure a usable information output. This program is budgeted at \$110,062 in 1970-71.

DEPARTMENT OF FISH AND GAME**Item 206 from the Fish and Game****Preservation Fund****Budget page 992**

Requested 1970-71	-----	\$16,129,553
Estimated 1969-70	-----	15,305,893
Actual 1968-69	-----	14,032,352
Requested increase \$823,660 (5.4 percent)		
Total recommended reduction	-----	None

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 six regional offices in Redding, Sacramento, Fresno, San Francisco, Los Angeles, and Terminal Island in San Pedro.

Table 1
Department of Fish and Game—Support Expenditures¹

<i>Source of funding</i>	<i>1966-67</i>	<i>1967-68</i>	<i>1968-69</i>	<i>1969-70²</i>	<i>1970-71²</i>
Fish and Game Preservation Fund -----	\$12,641,440	\$13,014,912	\$14,612,154	\$16,209,318	\$16,849,078
Federal funds -----	1,177,324	1,320,508	1,672,368	2,637,675	2,112,675
General Fund -----	41,908				
 Totals as shown in Governor's Budget -----	 \$13,860,672	 \$14,335,420	 \$16,284,522	 \$18,846,993	 \$18,961,753
Expenditures funded through reimbursements					
Federal funds -----	\$609,951	\$827,453	\$753,713	\$832,980	\$885,100
Other (Department of Water Resources major source) -----	1,073,396	1,200,233	1,383,770	1,454,695	1,358,825
 Total of all expenditures -----	 \$15,544,019	 \$16,363,106	 \$18,422,005	 \$21,134,668	 \$21,205,678

¹ Excludes Marine Research Committee.

² Estimated.

Department of Fish and Game—Continued
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 government agencies. Table 1 shows the sources of funding for the department's support activities for a five-year period. About 20 percent of the support programs are financed by federal funds or reimbursements from other agencies of government such as the Department of Water Resources. The department is estimated to spend \$21,205,678 from all sources for support programs in 1970-71.

Fund Surplus

On June 30, 1969, the accumulated surplus in the Fish and Game Preservation Fund was \$9,177,056 compared to a peak of \$9,935,297 on June 30, 1968. The fund surplus at the end of the budget year is estimated to be \$3,602,921.

For many years, the department kept its support programs well within revenues and gradually accumulated the surplus noted above. Hunting and fishing license fees have not been increased since 1957. About four years ago the department began to use its surplus to finance the replacement of capital equipment. These capital expenditures include:

Replace radio system	\$710,000
Replace research vessel "Scofield"	1,675,000
Replace 4 patrol boats	465,000
Construct Glenn-Colusa fish screen	2,600,000

In 1968-69, for the first time in many years, support expenditures exceeded revenues to the Fish and Game Preservation Fund. Expenditures in the current and budget years are estimated to exceed revenues by substantial amounts. The excess of support expenditures over revenues for each of the three fiscal years is as follows:

Year	Revenue	Support Expenditures	Excess of Expenditure
1968-69	\$14,634,362	\$14,772,864	\$138,502
1969-70 ¹	15,727,800	16,301,416	573,616
1970-71 ¹	16,423,800	16,995,438	571,638

¹ Estimated.

Capital outlay expenditures of \$231,000 for a group of minor projects are budgeted for 1970-71. This expenditure will increase the excess of expenditures over revenues in the budget year to an estimated total of \$802,628.

Chapter 1576, Statutes of 1967, increased commercial fishing license fees and certain commercial fish taxes for a two-year period to provide \$805,000 added annual revenue to the Fish and Game Preservation Fund. Budget year revenue estimates include these increased taxes. The Department of Finance has revised downward its future population estimates. The Department of Fish and Game has accordingly revised downward its estimates of projected revenue from sport fishing and hunting license fees.

Department of Fish and Game—Continued

There is some uncertainty in the budget year estimated fund surplus of \$3,602,921. Inability of the state to sell general obligation bonds to finance all the 1964 Recreation Bond Act projects has affected the financing of the Mad River Hatchery. The project, estimated to cost about \$2,800,000, was to be constructed by the Wildlife Conservation Board with a combination of half bond and half federal funds. The construction of the hatchery has proceeded utilizing funds advanced from the Fish and Game Preservation Fund. The department anticipates repayment of that advance in the budget year from bond proceeds and federal reimbursements and the Fish and Game Preservation Fund statement reflects that repayment. The fund statement also indicates federal reimbursements to the department of \$900,000 toward the cost of the Glenn-Colusa Fish Screen.

The uncertainties about the fund surplus mentioned thus far pertain to reimbursements or repayments to the fund. There are also uncertainties about expenditure of the funds already budgeted for other capital outlay projects. Increased construction costs may result in bids for the construction of the research vessel *Scofield* being higher than appropriated funds. If that proves to be the case, a reevaluation of the project may be appropriate before additional funds are spent.

In addition to the Fish and Game Preservation Fund surplus, the department will also have available at the end of the 1970-71 fiscal year about \$3,219,842 in allocated but unexpended federal funds under the Pittman-Robertson, Dingell-Johnson and Bartlett programs. Thus, from all sources, the department will have at the end of the budget year about \$6,822,763 as surplus or reserve for future appropriation needs.

All things considered, we believe the level of all expenditures is adequately financed for the current and budget years. In two or three years, however, the present pattern of increasing costs of operating the department may necessitate added revenues or a reduction in programs or costs even without new capital outlay projects.

General Program Changes

The Governor's Budget shows total department support program expenditures of \$18,961,753, which are appropriated through this item and other support items. That amount compares to estimated expenditures of \$18,846,993 in the current year. Item 206 only appropriates funds for department programs financed solely through the Fish and Game Preservation Fund, exclusive of the federal cooperative programs. The appropriation request is \$16,129,553, an increase of \$823,660 (5.4 percent) over estimated current year expenditures of \$15,305,893. The increase is due mainly to: (1) an increase of about \$100,000 in the cost of fish food, (2) additional rent of \$100,000 for a new location in Long Beach to house the headquarters of both Region V and the new Marine Region, and (3) a one-time substitution of \$197,400 in the current year by financing 42 wildlife unit managers for a seven-month period with federal cooperative Pittman-Robertson funds.

For all programs financed from all sources of funds, the number of authorized positions remains nearly level. The budget proposes to establish 31.9 new positions and delete 34.3 other positions for a net reduc-

Department of Fish and Game—Continued

tion of 2.4 positions. Of the new positions, 16.4 are budgeted for the anadromous fisheries program to staff the new Mad River Hatchery and to provide seasonal aids in the operation of new fish screens and to assist in marking and planting salmon. The budget indicates 6.5 new positions were established in the current year and are continued in the budget year for the delta fish protective facilities investigation. The main reduction includes 17.6 positions deleted from the following federal cooperative programs: the Salton Sea fisheries study which will be completed in the current year; the commercial fisheries food habits study which will be terminated at the end of the current year; and there is a one position reduction in each of five different cooperative wildlife projects.

Departmental Reorganization

During the current year, the department reorganized its ocean activities to create a separate marine region to regulate and manage the ocean resources. Under this reorganization the marine-oriented patrol, research, and management activities previously divided among three of the five existing land regions and the marine resources operations at Terminal Island were consolidated into one unit. The department also created in headquarters a marine research branch and an anadromous fisheries branch and established a separate anadromous fisheries program to provide emphasis to those species.

The department's programs are as follows:

- Enforcement of laws and regulations
- Wildlife
- Inland fisheries
- Anadromous fisheries
- Marine resources
- Water projects and water quality
- Administration

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

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 of all the 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 \$6,665,287 compared to \$6,588,897 estimated expenditures in the current year. The financing is almost entirely from state funds.

The department has a staff of 268 fish and game wardens and supervisory positions 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 continuing its study to evaluate the effectiveness of the wildlife enforcement program and the effect of the different types of

Department of Fish and Game—Continued

violations on the fish and wildlife resources. The objective of the study is to provide a statistical basis for determining an acceptable rate of compliance among hunters and fishermen as a measure of warden staff needs.

Last year the department proposed for the first time to pay wardens overtime and requested an appropriation of \$140,000 for that purpose. The Legislature did not appropriate the funds. The department is now further evaluating the necessity of overtime for wardens. The department has issued instructions to its Fish and Game Captains that the only overtime authorized for wardens is in case of emergency and at the beginning of specified hunting or fishing seasons. To the extent possible, a warden is to receive time off for any overtime worked. By this summer the department should have a basis for judging the need for overtime and the need, if any, for cash payment of overtime. The department indicates that all employee classes will be treated equally in overtime matters.

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 licensing management program is budgeted for \$344,217. That amount added to the \$485,000 estimated commission to be retained by the agents indicates the total estimated cost of selling licenses is \$829,217 or about 5½ percent of the total estimated annual revenue of \$15,225,000 from licenses, permits and tag sales.

Wildlife

The wildlife program is designed to conserve the wildlife resources and habitat, to maintain breeding stock of wildlife species and to provide recreational hunting for the license buyers. The program elements are waterfowl, upland game, big game, and nongame.

The budget proposes expenditures of \$3,971,280 for the wildlife program in comparison to estimated expenditures in the current year of \$4,261,408. 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 decline in proposed expenditures stems from two sources. First, pursuant to an executive order, the department expended about \$400,000 in unbudgeted federal moneys during the current year in order to avoid a loss of federal funds. The department used the federal moneys to finance 42 wildlife unit managers for a seven month period, and expended approximately \$200,000 to replace tractors and graders used at the waterfowl management areas. Second, the department budgeted a substantial increase in wildlife programs in the 1969-70 year to utilize the increased federal moneys available under the Pittman-Robertson program. The proposed budget includes a reduction of five man-years of effort spread throughout the program elements as part of the department's partial return to the prior level

Department of Fish and Game—Continued

of expenditure and thus to assist in maintaining a surplus in the Fish and Game Preservation Fund. This reduction in effort amounts to approximately 2½ percent of the continuing man-years devoted to the wildlife program.

Inland Fisheries

Fishing is the most popular recreational activity among the license buyers. The department conducts the inland fisheries program to provide recreational fishing and to insure that the state's native fish are perpetuated. 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 are budgeted at \$3,840,311 compared to \$3,792,285 estimated in the current year. About 90 percent of these expenditures are from the Fish and Game Preservation Fund. The balance comes from federal funds for special fishery investigations and reimbursements from other agencies. The program elements are trout, warmwater game fish and other species.

Workload adjustments in the budget year include the reduction of 4.9 positions as a result of completion of the Salton Sea studies during the current year and an additional man-year for expansion of the Kern River Hatchery. The warm water hatchery near Niland in Imperial County should be completed and in partial operation toward the end of the budget year. The budget, however, includes no positions to staff the hatchery. Constructed by the Wildlife Conservation Board with 1964 Recreation Bond Act funds, the hatchery will be used to raise catfish for planting in Southern California waters.

Anadromous Fisheries

The department established an anadromous fisheries branch during the current year and has budgeted a separate program for anadromous fisheries. The program elements include salmon and steelhead and striped bass, shad, and sturgeon. The first two elements in prior years were budgeted in the inland fisheries and the marine resources programs. The objectives of the anadromous fisheries program are to maintain, restore and improve anadromous fish populations and to obtain an optimum harvest of the resources including both recreational and commercial catch.

The budget proposes program expenditures of \$2,534,911 compared with current year estimated expenditures of \$2,278,074. Of the total, 47 percent will be financed by reimbursements and federal funds and the balance by the Fish and Game Preservation Fund.

The budget includes a workload adjustment of 13.4 additional man-years of effort. The additional effort will be required to man the new Mad River Hatchery, to operate new fish screens and to assist in marking and planting salmon. The budget includes funds for the second year of the department's effort to estimate the size of the striped bass population in the delta area in order to establish efficient regulations and to evaluate the results of water project development.

Department of Fish and Game—Continued**Marine Resources**

The objectives of the Marine Resources Program are to maintain the species of marine fish and wildlife and to provide for recreational, commercial, scientific and educational uses of the resource. The program elements include big game, coastal, bottom, pelagic and shell fisheries, and marine fisheries statistics. Proposed expenditures are \$2,642,953 in the budget year compared to \$2,528,930 in the current year. Approximately 84 percent of the funding is from the Fish and Game Preservation Fund and 14 percent from federal funds and reimbursements from other agencies.

The department proposes to reduce its federal Cooperative Commercial Fisheries Research and Development Program (Bartlett Act) to a level commensurate with federal receipts. The department proposes to terminate the food habit study and make minor reductions in the sea survey and the shellfish laboratory operations. A total of 7.7 positions is eliminated. The remaining budgeted programs will include shellfish and bottomfish data, fishery resources, sea survey, and shellfish laboratory operations.

Limited Progress in Defining Commercial Fisheries Problems

In the analysis two years ago, we indicated the department had not defined and fixed its own responsibility and programs for meeting commercial fisheries problems. The 1968 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 its own programs and the state's activities to solve the problems on a priority basis. In a January 1969 report issued in response to that recommendation, the department indicated some problem areas confronting the commercial fishing industry. The department identified its own role in relation to some of the problems but suggested little concerning how other governmental agencies or the industry could help. Last session it was agreed by the department and the Legislature that the department would continue its efforts to define the responsible agencies.

As noted in a prior section of this analysis, the department has reorganized its operations and created a separate marine region to regulate and manage the ocean resources. However, the results which can be obtained by reorganization alone are limited.

In response to Chapter 1384, Statutes of 1969 (AB 564), the department has reported the first phase of a comprehensive inventory and master plan for utilization of ocean resources. The first phase pertains to the pelagic wetfish resource. The total plan is to be reported in the 1971 session.

Essentially, our commercial fishery problems remain just as much unsolved as last year. Perhaps the machinery is improved, but the problems remain. The 1970-71 budget does not directly contribute to the solution of these problems.

Department of Fish and Game—Continued

Water Projects and Water Quality

The objectives of the Water Projects and Water Quality program are to protect and augment fish and wildlife resources and their habitat. The budget proposes expenditure of \$1,671,136 compared to current year estimated expenditures of \$1,752,574. Of the total amount expended for the program, 78 percent will be financed by the Fish and Game Preservation Fund and 22 percent by reimbursement from other agencies, mainly the Department of Water Resources. The department activities in this program include review of water related construction projects, investigations of fisheries and biological aspects of water quality and water pollution problems and recommendations on applications to appropriate water and on various state and federal water project plans.

The budget includes \$114,200 from the Department of Water Resources to finance the final year of the Delta Fish and Wildlife Protection Study. It also includes financing for a project begun in the current year, the Delta Fish Protective Facilities investigation. The Department of Water Resources will reimburse the department \$64,560 for this investigation.

Chapter 409, Statutes of 1969, adds a new activity by requiring the department to supervise the use of oil spill cleanup agents and enforce the regulations of the State Water Resources Control Board relating to the use of these agents. The users are required to reimburse the department for its costs as incurred.

Administration

The program budget for the department itemizes \$1,798,275 in administration costs compared with \$1,765,679 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 services, state fiscal and administration pro-rata charges and Sacramento headquarters' rent.

Department of Fish and Game

PROGRAMS IN COOPERATION WITH THE FEDERAL GOVERNMENT

Item 207 from the Fish and Game
Preservation Fund

Budget page 992

Requested 1970-71	\$2,816,900
Estimated 1969-70	3,516,900
Actual 1968-69	2,234,070
Requested decrease \$700,000 (20 percent)	
Total recommended reduction	None

Department of Fish and Game—Continued
ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The discussion of the programs funded by this item is included in the analysis of Item 206, 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 \$2,112,675 in federal funds and \$704,225 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 (restoration)-----	\$1,357,500	\$452,500	\$1,810,000
Fisheries management (restoration)-----	498,675	166,225	664,900
Commercial fisheries research and development	256,500	85,500	342,000
Totals-----	\$2,112,675	\$704,225	\$2,816,900

The decrease of \$700,000 in the total amount of the requested appropriation compared to current year estimated expenditures stems mostly from a deficiency expenditure of \$531,200 in the current year. The department was notified by the U.S. Department of the Interior that the balance of federal funds available to the state under the Pittman-Robertson program included some balances from prior years which would have to be obligated in the current year or be lost to the state. The department used the deficiency expenditure of federal cooperative funds to finance 42 unit wildlife managers for a seven-month period, and replaced six tractors and graders used at the waterfowl management areas. The managers were originally budgeted for 100-percent financing from state funds. The net result was a saving to the Fish and Game Preservation Fund of \$197,400.

The department has carried a substantial balance of allocated but unexpended and unbudgeted federal moneys available to the state in these cooperative programs. The total estimated balance of federal funds from the three programs available to the department at the end of the budget year is \$3,219,842. This amount consists of \$2,273,038 in Pittman-Robertson funds, \$677,096 in Dingell-Johnson funds and \$269,708 in Bartlett funds. The department's reason for carrying the surplus is to provide a reserve to finance ongoing cooperative programs for approximately a year in case there should be some restriction or other adverse development in the availability of the federal money. Federal revenues have increased markedly in recent years for the

Department of Fish and Game—Continued

Pittman-Robertson program through nationwide increases in the sale of sporting arms and ammunition as a result of civil disturbances in cities. The Department of Fish and Game is proceeding on the assumption that the sale of sporting arms and ammunition will decline in the near future and the department does not wish to commit ongoing programs to declining federal revenues.

The department has indicated that the proposed budget will utilize available federal funds so that no deficiency expenditures will be required during the budget year.

Department of Fish and Game

PACIFIC MARINE FISHERIES COMMISSION

Item 208 from the Fish and Game

Preservation Fund

Budget page 1010

Requested 1970-71	\$15,300
Estimated 1969-70	15,300
Actual 1968-69	18,100
Requested increase none	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Pacific Marine Fisheries Commission was established in 1947 by an interstate compact. The purpose of the commission is to promote the utilization of ocean fisheries of mutual concern to the member states of California, Oregon, Washington, Alaska and Idaho.

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

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

Most of the expenditures of the commission go to finance the staff in Portland and for travel expenses to hold the annual meeting. The 1969 meeting was held in Sitka, Alaska. Prior to 1968, California provided more than half the funds for the support of the commission, because the funding at that time was allocated in proportion to the primary market value of each state's fisheries products. In 1968 the Legislature directed the state's representatives on the commission to work for a compact revision so that the funding for the organization would be based on fisheries of "mutual concern" consistent with the purpose of the organization.

As a result of California's efforts, the commission adopted a resolution requesting the State Legislatures and the Congress to amend the compact so that 80 percent of the funding would be shared equally by the member states having the Pacific Ocean as a boundary with the balance

Department of Fish and Game—Continued

largely determined on the basis of market value of commercial fisheries products. The Legislature accordingly amended the Fish and Game Code through enactment of Chapter 361, Statutes of 1969. Legislation is now pending before Congress to provide a corresponding amendment to the interstate compact.

The commission's 1970-71 budget is based on the revised funding formula and is as follows:

Alaska	\$16,000
California	15,300
Idaho	3,000
Oregon	12,600
Washington	13,300
Total	\$60,200

The budget will provide for the continuation of a research project begun in 1968 to determine the age of Pacific Ocean perch, petrale and English sole through the study of earbones.

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

**Item 209 from the Fish and Game
Preservation Fund**

Budget page 1010

Requested 1970-71	\$120,200
Estimated 1969-70	67,500
Actual 1968-69	59,956
Requested increase \$52,700 (78 percent)	
Increase to improve level of service \$52,700	
Total recommended reduction	None

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 anchovies taken by commercial fishermen. The privilege tax expires on December 13, 1970.

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 U.S. Bureau of Commercial Fisheries, California Academy of Sciences, Hopkins Marine Station and the Department of Fish and Game to carry on research activities.

Department of Fish and Game—Continued
ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The committee requests an appropriation of \$120,200 for the 1970-71 budget, an increase of 78 percent over estimated expenditures of \$67,500 in the current year. The increase is based upon increased estimated revenues in the current and budget years from the taking of anchovies for reduction purposes. By January 1970, the limit of 75,000 tons of anchovies, previously set by the Fish and Game Commission had almost been reached and on January 9 the commission increased the anchovy limit an additional 65,000 tons for a total of 140,000 tons during the year.

The committee's actual operating reserve on June 30, 1969, was \$50,650 and the reserve on June 30, 1970, is estimated to be \$86,950. The revenue for the budget year is estimated at \$95,800, but may be surpassed if the present successful fishing for anchovies continues. Although the budget contains a substantial increase in expenditures over the current year, the committee's revenues are available for expenditure only by that committee after appropriation by the Legislature. On that basis, the committee requests an increase in its appropriation to match anticipated revenues and to use some reserve rather than holding the line with a budget request comparable to the current year.

The 1970-71 budget includes a \$9,000 allocation to the California Academy of Sciences for studies of the food habits of hake or squid, \$15,000 to the Hopkins Marine Station for studies on the food chain for anchovies in the Monterey Bay and \$17,500 to the Scripps Institution for publishing oceanographic atlases. During the current year, the committee allocated \$20,000 originally budgeted for coordination to a matching program with the U.S. Bureau of Commercial Fisheries to investigate new or improved fishing methods and gear to improve vessel efficiency of the San Pedro wetfish fleet. The project will require an additional two years of funding by the committee at a \$40,000 level in the budget year and presumably another \$40,000 in 1971-72. The committee again has budgeted \$20,000 for coordination to be expended in the second half of the budget year.

In prior analyses we have pointed out that the Marine Research Committee has not defined objectives for its program and have recommended the committee be abolished. The Legislature has not adopted that recommendation and there has been no basic change in the committee's operations.

Department of Fish and Game
WILDLIFE CONSERVATION BOARD

Item 210 from the Wildlife Restoration Fund

Budget page 1020

Requested 1970-71	\$120,000
Estimated 1969-70	120,410
Actual 1968-69	93,180
Requested decrease \$410 (0.3 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Wildlife Conservation 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. The board has a staff of six. The board's function is to acquire and restore areas to sustain wildlife and provide recreation.

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. This item only appropriates funds for the support of the board staff from the Wildlife Restoration Fund.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

As of October 1969, the Wildlife Conservation Board had allocated over \$23,600,000 for various acquisition and construction projects. These projects include launching ramps and piers, 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, although nominally General Fund money, has gone for the direct benefit of hunters and fishermen. The Department of Fish and Game conducts most of the state's programs to benefit sportsmen but uses license fees instead.

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 authorized under the Land and Water Conservation Act and the Anadromous Fish Act have been made available to the board. These federal funds are not subject to state legislative appropriation except when the funds match moneys to be spent from the Recreation Bond Fund.

This item finances the cost of the board staff and maintains the existing level of service.

DEPARTMENT OF NAVIGATION AND OCEAN DEVELOPMENT

Items 211 and 212 from the General Fund and the

Harbors and Watercraft Revolving Fund

Budget page 1022

Requested 1970-71	-----	\$861,208
Estimated 1969-70	-----	1,248,259
Actual 1968-69	-----	1,139,691
Requested decrease \$387,051 (31 percent)		
Total recommended reduction	-----	None

GENERAL PROGRAM STATEMENT

The two Budget Bill items which appropriate funds for the support of the Department of Navigation and Ocean Development are:

1. Item 211, \$174,162 from the General Fund.
2. Item 212, \$687,046 from the Harbors and Watercraft Revolving Fund.

Pursuant to the Governor's Reorganization Plan No. 2 of 1969, the Department of Navigation and Ocean Development is the successor to the former Department of Harbors and Watercraft. The reorganization plan made changes affecting the former Department of Harbors and Watercraft as follows:

1. Changed the name of the department to the Department of Navigation and Ocean Development with primary emphasis changed to ocean-oriented activities.
2. Changed the name of the commission to Navigation and Ocean Development Commission with membership requirement based on geographical location as related to major oceanographic activities.
3. Transferred the boat registration and transfer functions of the Department of Harbors and Watercraft to the Department of Motor Vehicles.
4. Transferred the boating facility planning and design functions, authorities and responsibilities of the Department of Parks and Recreation and the Office of Architecture and Construction to the new Department of Navigation and Ocean Development.
5. Transferred the beach erosion control functions, authorities and responsibilities of the Department of Water Resources to the new Department of Navigation and Ocean Development.

Even though the Governor's reorganization plan indicates the primary emphasis of the new department is to be changed to ocean-oriented activities, the support programs as presented in the department's budget for 1970-71 are still the boaters' programs of former years less the boat registration function, which is transferred to the Department of Motor Vehicles, plus beach erosion control and construction of boating facilities in the state park system. There are no programs or statutory provisions for the other functions of the department as proposed in the reorganization plan and they are not activated in the budget. A new Navigation and Ocean Development Commission

Department of Navigation and Ocean Development—Continued

has been appointed by the Governor with membership based on major oceanographic activities. The day-to-day problems of the department, however, will continue in the near future to be related to boating facilities development and matters pertaining to vessel safety and law enforcement.

Future Role of the Department

The Governor created the Department of Navigation and Ocean Development to provide a state agency that would ultimately be responsible for matters concerning the state's interest in the ocean and coastal zone. Chapter 1642, Statutes of 1967, directed the Governor to prepare the California Comprehensive Ocean Area Plan for the orderly conservation and development of marine and coastal resources. By executive order, the Governor established the Interagency Council on Ocean Resources (ICOR) to prepare the plan. 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. The council staff, utilizing funds appropriated in 1969 to the Resources Agency, has begun preparation of the Ocean Area Plan. The Budget Bill in Item 32 includes an appropriation to the Lieutenant Governor to continue preparation of the Ocean Area Plan. The plan is scheduled for completion in the spring of 1972. In his reorganization message to the Legislature in March of 1969, the Governor indicated the Department of Navigation and Ocean Development would have the continuing responsibility to implement the Ocean Area Plan.

The same statutes that directed the Governor to prepare the Ocean Area Plan also established the California Advisory Commission on Marine and Coastal Resources. That commission consists of 36 members representing various marine and ocean interests and includes six Members of the Legislature. The statutes authorized the Advisory Commission on Marine and Coastal Resources to review the California Comprehensive Ocean Area Plan when it is completed and recommend any changes or additions. The Governor, in his reorganization message to the Legislature in March 1969, also indicated that the California Advisory Commission on Marine and Coastal Resources can also serve in an advisory capacity to the Department of Navigation and Ocean Development. Thus, the Department of Navigation and Ocean Development apparently will be served in an advisory capacity by two commissions, the Navigation and Ocean Development Commission, established under the Governor's Reorganization Plan as successor to the Harbors and Watercraft Commission, and the California Advisory Commission on Marine and Coastal Resources. The department has more advisors than programs.

Sources of Funding

The department's programs are funded by the annual transfer of \$4 million from the Motor Vehicle Fuel Fund to the Harbors and Watercraft Revolving Fund, revenues from boat registration fees and the

Department of Navigation and Ocean Development—Continued

General Fund for certain specified activities. The money from the Motor Vehicle Fuel Fund approximates the fuel taxes paid by boaters. Section 8352(g) of the Revenue and Taxation Code directs the Department of Public Works, after consultation with the Department of Harbors and Watercraft, to report a current estimate of the amount of money in the Motor Vehicle Fuel Fund attributable to taxes imposed on motor vehicle fuel used in propelling vessels. The report must be made to the Legislature in the 1970 session and each four years thereafter. The Department of Public Works has submitted the required 1970 report to the Legislature. The report estimates the amount of gasoline taxes that will be paid by boat users and recommends that transfers be made from the Motor Vehicle Fuel Fund to the Harbors and Watercraft Revolving Fund as follows:

In 1970-71 fiscal year-----	\$5,200,000
In 1971-72 fiscal year-----	\$5,600,000
In 1972-73 fiscal year-----	\$6,000,000

The Governor's Budget is prepared on the basis of a transfer of \$4 million in 1970-71.

The revenue from boat registration fees for 1968-69 was \$1,458,850 and is estimated to be \$475,000 in 1969-70 and \$600,000 in 1970-71. Chapter 1354, Statutes of 1969, increases the boat registration fees and provides that the revenue from the increase be used for allocation to counties and the State Department of Parks and Recreation for support of boating safety and enforcement programs.

The General Fund provides support for the beach erosion control program and part of the review of federal navigation permit applications because the activity is of general benefit to other state programs.

Fund Surplus

On July 1, 1969, the accumulated surplus in the Harbors and Watercraft Revolving Fund was \$3,772,271. The surplus is estimated to be \$1,322,854 at the end of the budget year.

Program Expenditure Levels

These two support items indicate a decrease in expenditures in the budget year. The transfer of functions pursuant to the Governor's Reorganization Plan No. 2 has shifted the budgeting of certain funds among departments. Table 1 indicates that the expenditures have remained nearly level over the three-year period covered by the budget when all departmental expenditures are considered together.

Position Changes

Prior to the Governor's reorganization, the department had 71.2 authorized positions. Pursuant to the reorganization, six positions were transferred into the department from the Department of Water Resources for the beach erosion control program. With boat registration to be performed by the Department of Motor Vehicles, 28.1 positions are deleted from the Department of Navigation and Ocean Develop-

Navigation and Ocean Development

Items 211-212

Department of Navigation and Ocean Development—Continued

ment budget. The net effect of the Governor's reorganization is the reduction of 22.1 positions for the department. Also the department has established a unit to provide its own accounting and personnel services functions and administratively established four positions in the current year and requests appropriation for the four new positions in the budget year. The department's budget as presented for 1970-71 provides for a total of 53.1 authorized positions.

Table 1

Comparison of Support Expenditure Levels			
Source of Funds	1968-1969	1969-1970	1970-1971
Harbors and Watercraft Revolving Fund:			
Department of Navigation and Ocean Development -----	\$1,134,489	\$1,118,057	\$687,046
Dept. of Motor Vehicles (Boat registration) -----	-	-	377,532
General Fund:			
Dept. of Water Resources (Beach erosion control) -----	152,533	51,794	-
Dept. of Navigation and Ocean Development:			
Beach Erosion Control -----	-	125,000	170,000
Federal Navigation Permits ----	5,202	5,202	4,162
Totals -----	\$1,292,224	\$1,300,053	\$1,238,740

Local Assistance

The local assistance section of the Budget Bill includes appropriations for the boating facilities development program in Items 285, 286, and 288, for boating law enforcement by local agencies in Item 287 and for beach erosion control in Item 284. The department's capital outlay appropriation of \$518,450 is requested in Items 342 and 343.

Department Organization and Programs

The new department has been organized into three operating divisions of Vessels, Ocean and Harbors. The department's programs are as follows:

- Boating facility development.
- Vessel safety and control.
- Beach erosion control.
- Administration.

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 develop and improve the waterways and boating facilities of 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

Department of Navigation and Ocean Development—Continued

to determine feasibility. The program elements include harbor development, launching facilities, planning loans, special projects, and federal projects coordination. Program expenditures are budgeted for \$375,428 compared to estimated expenditures of \$329,721 in the current year. The increased estimated costs are attributable to the necessity of allocating a relatively unchangeable level of departmental overhead costs to fewer programs and program elements as a result of the reduction of 28 positions in the transfer of the boat registration function to the Department of Motor Vehicles.

The Budget Act of 1968 included a capital outlay appropriation to the department for investigation of possible harbors of refuge in Coxo Bay, Santa Barbara County, and in the Fort Bragg area of Mendocino County. The 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 has prepared and expects to award a contract soon for the investigation in the Fort Bragg area.

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 \$50,000 for feasibility and planning study loans, \$424,000 for three launching facility grants and a total of \$3,560,000 to finance four harbor construction loans.

Vessels Safety and Control

The objectives of the Vessels Safety and Control Program are to promote (1) the safety of people and property engaged in boating activities and (2) the uniformity of boating laws. The program elements include vessels safety and education, law enforcement and ownership. Proposed expenditures in the budget year are \$323,780 compared to estimated current year expenditures of \$818,000. This decrease is due to the transfer of the boat registration function to the Department of Motor Vehicles.

Chapter 1354, Statutes of 1969, increased boat registration fees and provided for the allocation of the increase to counties and the State Department of Parks and Recreation for the enforcement of boating laws. A local assistance appropriation of \$120,000 is included in the Budget Bill in Item 287. The department will have increased workload in administering the program, but the budget includes no specific budgeting of funds for this purpose.

Boat Registration

Pursuant to the Governor's Reorganization Plan No. 2 of 1969, the boat registration function is transferred to the Department of Motor Vehicles. The actual transfer of the function is scheduled to be effective March 1, 1970. The program budget estimates current year expenditures of \$490,290 by the Department of Navigation and Ocean Development for boat registration. The Harbors and Watercraft Revolving Fund statement identifies a support appropriation to the De-

Department of Navigation and Ocean Development—Continued

partment of Motor Vehicles of \$377,532 for boat registration purposes in the budget year, an amount \$112,758 less than estimated current year boat registration costs. In the reduction of positions for the transfer of the boat registration function, the Department of Navigation and Ocean Development did not reduce any of the positions included in administrative overhead costs. The basic administrative costs of the department remain but these costs are distributed to fewer programs. This factor explains some of the difference between estimated current year expenses for boat registration and the budget year appropriation for the Department of Motor Vehicles. Also, the Department of Navigation and Ocean Development will have some additional workload involved in administering the local assistance program for boating law enforcement. No specific funds are identified in the budget for administering the new program. Presumably any added workload will be distributed among existing staff of boating representatives in the Vessels Safety and Control Program.

Beach Erosion Control

The beach erosion control program was transferred from the Department of Water Resources to the Department of Navigation and Ocean Development through the Governor's Reorganization Plan No. 2 of 1969. The objective of the program is to assist in preventing shoreline erosion and loss of recreational beaches and damage to coastal properties. The program involves cooperative investigations with the federal government and some independent state investigations of beach erosion and shoreline conditions. Project construction is performed by the U.S. Corps of Engineers. Budgeted beach erosion control support programs total \$170,000 in the budget year compared to estimated current year expenditures of \$176,794 by both the Department of Water Resources and the Department of Navigation and Ocean Development. The support expenditure includes \$42,000 to administer one subvention of \$125,000 and \$128,000 for beach erosion investigations.

Administration

The program budget for the department itemizes \$151,031 in administration costs compared to \$148,271 estimated to be expended in the current year. The budget includes four new positions to provide budgeting, accounting and personnel services to the department. These services were formerly provided under contract by the Department of Parks and Recreation.

DEPARTMENT OF PARKS AND RECREATION**Item 213 from the General Fund****Budget page 1038**

Requested 1970-71 -----	\$18,796,444
Estimated 1969-70 -----	18,316,398
Actual 1968-69 -----	15,498,106
Requested increase \$480,046 (2.6 percent)	
Increase to improve level of service—Unknown	
Total recommended reduction -----	\$74,809

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

1. Restrict \$300,000 in the Division of Planning and Development to four enumerated purposes. (Analysis page 833.)
2. Eliminate reimbursement in Item 349. (Analysis page 834.)
3. We recommend that \$74,809 be removed from departmental administrative costs. (Analysis page 835.)

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 November 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.

ANALYSIS AND RECOMMENDATIONS

The department proposes a total support budget of \$22,629,237 from all sources. The General Fund portion is \$20,135,421, an increase of \$427,193 or 2.6 percent, the State Recreational Bond Fund finances \$95,598 and federal funds finance \$1,378,218.

The Parks and Recreation Department has reduced its budget format to a single program which provides for the recreational use of the state's natural resources and preservation of natural and historic values.

Within the above program the department shows the following elements:

1. Statewide Park and Recreation Planning
2. Acquisition for the State Park System
3. Development of the State Park System
4. Operation of the State Park System
5. Assistance to Public and Private Recreational Agencies
6. Grants to Local Agencies for Recreation

Last year the department submitted its budget with 5 programs and 13 program elements plus a breakdown of administrative costs into eight categories. The 1970-71 program budget for the Department of Parks and Recreation is unsatisfactory both as a departmental management tool and as a basis for legislative review and control of the department's funding. Because the department has not had time to

Department of Parks and Recreation—Continued

implement its cost accounting system and secure some experience record of expenditures by program, we recognize that it is virtually impossible to prepare a fully substantiated program budget at this time which would tie directly to budget expenditure data and be in sufficient detail to constitute reasonable budget justification material.

The lack of cost accounting data should not deter the department from making firm management decisions on programs, policies and priorities which should be reflected in the budget. Likewise it should not preclude including in the budget some reasonable narrative discussion which might substantiate the funds requested. Not only is this substantiating data not in the budget, we have had little success in securing it from the department when a request was made for any specific justification.

The result is that the department's budget is relatively unmanageable compared to other budgets. Total General Fund expenditures increased from \$16,734,461 in 1968-69 to \$19,608,228 this year and \$20,135,421 for next year even though there is virtually no increase in workload in the department's budget but instead there are major reductions in accomplishable or high priority workload. We do not believe that unsatisfactory budgeting should be the basis for increased expenditures in a year of major funding shortages when other departments which can detail their expenditures have received major reductions. The unmanageable aspects and the lack of justification in the department's budget have let us little choice but to make relatively arbitrary recommendations for reductions in the department's budget which are intended to keep it in line with the current year and to provide for some adjustment in the program areas where workload is diminishing.

Planning, Acquisition and Development of the Park System

Two major program problems confront the department which are partially beyond its control. While the department could have more adequately anticipated these problems, there is no way that it could have fully anticipated them. If the department's budget were carefully related to workload it would be easier to identify the effect of these revisions and adjust the budget to them. However, the irrelevance of the budget to workload has meant that there is an increasing gap between workload and staffing in the planning acquisition and development work for 1970-71.

First, during the current year, the department was preparing plans on 19 projects for its 1970-71 capital outlay program. It anticipated receiving approximately \$9,055,000 in General Fund development appropriations and \$350,000 in Harbors and Watercraft Revolving Fund money as set forth in the department's five-year plan. This was a key part of the planning workload for the current year. However, the budgeted 1970-71 capital outlay program consists of only \$3,261,000 for major development projects and a few minor projects. The other projects were dropped because of General Fund shortages.

The remaining projects include redevelopment at San Clemente State Beach, sewerage treatment at Silverwood Lake, working plans and

Department of Parks and Recreation—Continued

drawings for a new facility at Cuyamaco Rancho State Park, continuing restoration at Hearst San Simeon, and repayment to the Department of Water Resources for work already completed at Oroville State Recreation Area. Of these only the first three projects require any appreciable departmental effort. In addition subsequent to the organization of the Department of Navigation and Ocean Development, the park boating facility projects were shifted to that department from Parks and Recreation.

Second, during the budget hearings last year the Legislature established control language in Section 2.5 of the Budget Act providing that all bond proceeds available on July 1, 1969 and any supplemental funds made available by appropriation or loans to finance any appropriations made from the State Beach, Park, Recreational, and Historical Facilities Bond Fund shall be expended to the extent available only on the basis of specified priorities I through IV. These priorities covered commitments already made for acquisitions due to condemnation actions filed. The limitation did not apply to costs for state operation.

In the preparation of the 1970-71 budget, the administration made the reasonable decision that it should not budget for, or seek appropriation for, any additional bond project funds until the large accumulation of prior year appropriations could be reduced. This backlog reduction is probably one or more years in the future under any reasonably optimistic evaluation because the State Water Project and other bond programs such as school construction will undoubtedly be given priority when bond proceeds can be secured from future bond sales. Therefore, the bond program of the Department of Parks and Recreation has temporarily disappeared as a major workload factor. While this condition has been recognizable for some time in the past, and the Budget Act of 1969 contemplated it, the department has not adjusted its programs accordingly and particularly with regard to planning, acquisition and development activities.

Deferment of 1970-71 Planning Workload

The department's workload problem is that due to the almost complete deferment of the 1970-71 capital outlay program until 1971-72 or later, the department has substantially already completed next year's planning workload. It is always possible for planners to plan further into the future and to go through the process of revising the plans previously developed. However, there are already too many revisions of plans at all stages of execution as discussed in our analysis last year of the department's support budget and again this year in our review of the capital outlay budget. Thus, even though the department can no doubt find many things for its planning staff to do, much of it will be unproductive work.

Looking to the long-range, the prospect of a continuing future need for the size of planning staff now in the department is questionable. Table 1 contains in the top line the department's capital outlay program as shown in each of the current year columns of the Governor's Budget, except for the 1969-70 year which is the estimated budget

Department of Parks and Recreation—Continued

year. The second line shows the actual expenditures as they were reported in the following year's budget. Bond funds, which are included within the actual totals, are also shown separately. The difference between bond funds and total actual expenditures is the General Fund capital outlay program. In the third line the table shows the support cost of all planning, development and acquisition related expenditures which support the capital outlay expenditures shown in the lines above (for the three years available). The design and construction costs of the Office of Architecture are not included because they are in the capital outlay funds.

Table 1
Comparison of Estimated and Actual Capital Outlay by Fiscal Year
With Planning Costs

	1966-67	1967-68	1968-69	1969-70	1970-71
Estimated -----	\$89,436,602	\$31,484,666	\$56,702,771	\$46,202,959	\$4,183,122
Actual -----	32,094,774	17,838,521	21,154,980	--	--
(Bond funds) ---	(20,971,846)	(13,723,893)	(13,379,050)	--	--
Planning (OAC not included)---	--	--	3,143,848	3,071,243	3,119,426

Virtually all the bond fund expenditures shown are for park acquisitions which are primarily carried out by the Property Acquisition Service in the Department of General Services. In addition, although fiscal year 1969-70 shows \$46,202,959 in expenditures, this amount will be only several million dollars when the actual expenditures are made available after June 30, 1970. This is because several of the largest General Fund capital outlay projects have not yet moved to the expenditure stage this year, and because the control language in the Budget Act of 1969 limits the remaining bond proceeds to expenditure on those acquisitions where condemnation actions have already been started. Finally, the control language also has the effect of precluding expenditure of any prior year bond fund appropriations for minimum development projects because bond proceeds are not available. As a result it is probable that somewhat more than \$30 million of the expenditures shown in Table 1 will not be made during the current year and much of this expenditure may be deferred for more than one year until bond proceeds become available.

The foregoing discussion of Table 1 indicates clearly the continuing high cost of the department's planning, acquisition and development support expenditures in relationship to the continually reducing level of capital outlay expenditures which primarily represent the end product of the planning job.

The planning, acquisition and development function of the department is executed by the Planning and Development Division which is composed of the Statewide Planning Branch, Park Unit Master Planning Branch, and the Development Branch. The Statewide Planning Branch provides the need and rationale for a project and the Master Planning Branch provides the overall park plan, while the Development Branch provides technical assistance to the planning function and

Department of Parks and Recreation—Continued

other departmental functions. It also provides coordination with the Office of Architecture and Construction.

The Development Branch is composed of design, construction, and district coordination sections which provide (1) refined plans for evaluation selection, (2) project budgeting processes, (3) area development plans, (4) production of working drawings and specifications, (5) complete bid, award, and contracting procedures, and (6) constructing and inspecting projects. The program costs of the branch are \$1,711,668 for 121.7 man-years.

The Office of Architecture and Construction also provides certain estimates, drawings and specifications for the budget process on major projects and then draws the working plans and drawings and constructs the projects in the field. In addition, a program for restoration at Hearst San Simeon, a study for sewerage facilities at Angel Island and other special utility studies have been prepared by OAC to assist the department. The Development Branch tends to duplicate the in-depth technical analysis and capability of OAC.

Most agencies of state government, rather than attempting to duplicate OAC's technical proficiency, concentrate on developing a detailed program for the project which provides a guide and rationale to OAC for preparation of budget estimates as well as preliminary plans and specifications. This provides the full technical expertise of OAC prior rather than subsequent to a determination of project scope by the Legislature. Last year we recommended that a master plan development report be prepared for the Legislature. The Legislature adopted our recommendation and the department indicated that it would meet the requirement. This document could meet many of the needs of the OAC for program guidance and eliminate part of the present technical staff in the Development Branch. It would also tend to fix the responsibility for park planning in the Planning Branch. We are not recommending this change at this time, but believe it should be given serious management study by the department.

Later in the analysis of this item is a recommendation that the Legislature restrict approximately \$300,000 in the support budget of the Division of Planning and Development for expenditure only on special departmental efforts to resolve its many concessions administration problems (which we discuss in the operations analysis), on the preparation of a series of design standards related to a fee system, a program for maintenance of the state park system, and disposal of unneeded properties or substandard properties which are presently within the state park system. In view of the foregoing discussion, the major portion of the \$300,000 restriction of fund availability should be placed on the Development Branch.

The above recommendation for an expenditure restriction is made in order to place before the Legislature a possible alternative basis for retention of the department's current staffing level. The above restriction will assure that badly needed and constructive work is accomplished by the department with the surplus of staff that it now has. In addition it will provide a year's interval for further clarification of

Department of Parks and Recreation—Continued

the department's planning-related activities and possible resolution of the funding problems involved in the further sale of park bonds or the availability of additional General Fund revenues based on tax decisions, made this session. Although the department will have some administrative difficulties in accounting for the expenditures under the restriction, the imposition of the restriction appears preferable to other alternatives of staff reduction, fluctuating programs and disoriented planning efforts.

Because of the decrease in planning workload we recommend in Item 350 that the reimbursement of \$134,772 from the State Beach, Park, Recreational and Historical Facilities Fund for planning be deleted and that any bond project planning in 1970-71 be absorbed within the support budget by the present staff.

Operation of the State Park System

The department proposes an expenditure of \$17,674,567 for the operation program element. This element includes park management, concessions administration, management and protection of resources, information and interpretation, public protection and assistance, facility housekeeping, maintenance of facilities and maintenance of equipment.

A total of 37 new positions are requested for next year. The department indicates 19.3 of these positions were authorized for 1969-70 and it proposes to transfer them to different units in this budget. There is a reduction of 31 positions for a net increase of six new positions.

The 19.3 positions which are proposed to be transferred include 11.8 from San Onofre Beach. These positions were authorized in the 1969-70 budget based on a promised land use agreement with the Marine Corps for San Onofre Beach. The federal government has not granted the department a land use permit and it is surmised that the beach will be kept under federal jurisdiction as a security measure for the President's San Clemente home. With the prospect that a land use agreement resulting in state operation will be delayed several years, the 11.8 positions should be considered as new positions.

During the current year several problems have become increasingly apparent in the drawing, negotiating and managing of concessionaire contracts. These problems had existed only in a minor way in the earlier years of the operation of the park system because of the small size and scope of concession operations. As the system now moves into multiyear major concessionaire construction, maintenance and operation contracts, the problems have become more pronounced.

The contracts place the park rangers in business and management roles for which their public service training and experience is of limited value. These problems occur in landlord-tenant relationships, in granting waivers to the concessionaire, in determining economic feasibility and finally in determining whether or not the concessionaire has substantially performed his obligations and duties. The department has taken some steps to correct this deficiency by a broad-based training program. However, the problems remain and will remain until the department can provide more business-oriented management.

Department of Parks and Recreation—Continued

During the past year, for example, a concession agreement at Folsom Lake created management problems for the department. In 1965 the department granted to a concessionaire a two-year contract to provide marina facilities at Folsom Lake with the title of the personal property (marina facilities) vested in the concessionaire. This written contract did not contain the full agreement of the parties which also included a "buy out" of its personal property. The Department of General Services in its contract review capacity suggested that this oral agreement be included in the written contract. Subsequently, the department and concessionaire corrected the ownership problem. They exchanged letters of understanding which provided that the concessionaire's interest in the marina was to be "bought out" by any new concessionaire when his lease terminated.

The lease was later extended to December 31, 1967. Thereafter, the department and the concessionaire disagreed on the amount of rent. However, the department permitted the concessionaire to remain in possession without paying rent until the state brought suit to recover rent and the premises in 1969.

In its 1969-70 budget the department presented a \$595,800 project for development of an entirely new marina at Brown's Ravine which included the excavation for a 600-slip marina basin, rough graded boat-launching ramp, placing of excavated material for future parking areas and rock riprap for protection of the bank from wave action and erosion. The department planned that after providing initial construction of the facilities a concessionaire would complete development of the marina.

Our analysis last year pointed out that the project was premature until the state had a concessionaire, but during budget hearings a second concessionaire was awarded the contract. This contract provided for the buy out of first concessionaire's interest by the subsequent concessionaire at fair market value value. It left to the two concessionaires the difficult problem of extricating the department from a dual concession arrangement. Apparently the two concessionaires could not agree on a fair market value. Therefore, on July 7, 1969 the department sought through an action of declaratory relief to have the court determine the fair market value. However, the department subsequently elected to amend its action and sought recession of the contract because the second concessionaire had meanwhile attempted to rescind its agreement on September 20, 1969. We are now informed that presently a stipulative agreement is contemplated which will bring in a third concessionaire who will assume the duties of the second concessionaire and buy out the first concessionaire. Meanwhile the project is being delayed.

This type of controversy is clearly adverse for the marina users who purchased rental space at the marina. The boatowners were informed that service to the public would be stopped and that the court action by the state made it necessary for them to remove their boats from the marina. Unfortunately, the state could not explain its position because of the possibility of prejudicing its legal action.

Department of Parks and Recreation—Continued

Other concessions problems have been identified by the Auditor General in his audit report on San Francisco Maritime State Historical Park of August 1969 and at Columbia State Historic Park in an October 1968 audit report.

In the report on San Francisco Maritime State Historical Park the Auditor General concluded that: "It appears that the planning, development and management of the park by the department has not been conducted in the most efficient and effective manner. Admissions are low in relation to the number of tourists visiting the area and rental income is low in relation to the state's investment. Concessions have not been developed because of restrictive provisions that were agreed to in the lease with the San Francisco Port Authority."

Rent from the Haslett Warehouse (the main park structure) has averaged \$26,000 annually for the five-year period ending June 30, 1968. The true annual rental value has been estimated as high as \$300,000 a year. The warehouse is now largely converted to office space under the claim of authority of another letter agreement. Because the warehouse is useless for the railroad museum for which it was purchased, the department is now attempting to give the entire park to the City of San Francisco.

The Auditor General's report on Columbia State Historic Park identifies several management problems: attendance reported in the bid prospectus is probably one-third too high, many contracts are renewed on a year-to-year basis in order to avoid the necessity of obtaining the approval of the Director of General Services, friction exists between the concessionaires and the department over relocation of their businesses pursuant to the restoration plan, delays of several months occur in furnishing completed contract forms to concessionaires after contract award dates, and the department has not vigorously pursued the requirement that the concessionaires file financial statements with the department as stipulated by their contracts. The Auditor General also recommended that insurance provisions be simplified and reviewed for full coverage in order to insure compliance with the concession contract and that the department require that the concessionaires contract only with insurance companies which have registered with the State Insurance Commission (one concessionaire was found to be carrying Brazilian insurance).

The department in its last annual concession report indicated that while all concessionaires' gross receipts increased nearly \$826,000 last year, revenue to the state decreased by about \$11,000 and did not return the customary 10 percent on gross receipts. The department explains this reduction as a result of the failure of one concessionaire to pay rent. As further explanation the department introduces the dubious concept of "equivalent rent." However, based on the department's own measure of a 10-percent return on gross receipts, there is still a clear reduction of concession revenues.

At Pueblo de Los Angeles the department proposed 18 months ago to let a \$750,000 construction contract to complete the major portion of the interior work and provide the needed utilities in the uncompleted

Department of Parks and Recreation—Continued

structure. It was proposed that a concessionaire would complete the rest of the interior work at no cost to the state. Prior to the Public Works Board approval of the project we questioned how the department could complete the existing structural shells before it had a concessionaire. We also pointed out that a concessionaire would surely ask the state to spend more money on the structure before he would commit himself to any agreement. The department agreed and held the construction contract until a concessionaire could be found. To date no concessionaire has been found and the project has not proceeded.

Within recent months the department finally secured full title to all the lands previously owned by the U.S. Forest Service and used by the state at Squaw Valley. The department has strongly stated that full state ownership is the best way for the state to dispose of the Squaw Valley properties as directed by the Legislature. Meanwhile the department's concession policies at Squaw Valley have changed little from the earlier unsatisfactory conditions. The state is still losing substantial sums each year and not offering any significant service to the public while its concessionaires are making handsome profits. The state should proceed promptly with sale of the property.

Other concessions management problems could be cited but the foregoing examples illustrate the need for improved management. A major management emphasis is especially needed for the major new concession agreements that the department is proposing for the new units of the park system.

Pursuant to the discussion in the analysis of the planning, acquisition and development activities of the department and again in the analysis of the concessions administration work, we recommend that the Legislature restrict \$300,000 in the support budget of the Division of Planning and Development for expenditure only on (1) special departmental efforts to resolve its many concessions administration problems, (2) the preparation of a series of design standards related to a fee system, (3) a program of maintenance of the state park system, and (4) disposal of unneeded properties or substandard properties which are presently within the state park system. It is further recommended that the department report by memorandum on a quarterly basis to the Legislature on the expenditures it has made pursuant to this restriction and the specific progress in each area of activity enumerated above.

Assistance to Public and Private Recreational Agencies

In this element the department administers the requirements of federal and state grant programs which provide financial assistance to local agencies for recreational development. The functions necessary to the administration include review, evaluation and recommendations to the director for funding on an annual basis, interim onsite inspection, and final review for payment of the local agency. The department also develops and coordinates means by which money and gifts may be contributed to the park system and provides consulting service to local agencies.

Department of Parks and Recreation—Continued

The inputs to this program include 15.9 man-years and \$202,920. Because the administration proposes that no State Recreational Bond funds be appropriated for local grants during this year and because the federal funds for local grants are projected at a level of only \$1,398,218, we are unable to determine the justification for continuing this program above the current year level. As an example, this program had estimated expenditure of \$10,091,140 for all projects in 1969-70. However, only \$5,387,205 was released to local agencies in 1968-69 and the total from all sources for 1970-71 is \$1,493,816. This element received an increase of three positions during 1969-70 which reasonably should have decreased the backlog of work. However, with current bonding problems and only \$4.5 million remaining unexpended from the State Bond Project, this program should reflect a reduced workload.

We recommend eliminating the State Bond Fund reimbursement of \$95,598 to this program contained in Item 349.

Campsite and Hearst Castle Reservation Program

Computicket Instant Reservations

During January of this year, the Department of Parks and Recreation began providing computerized reservation services to users of the 170 state parks. It is now possible for a citizen through any one of 54 outlets, to obtain a confirmed park reservation for one dollar and the normal park fees. The department has contracted with Computicket Corporation of California to utilize computer terminals in 51 retail outlets (largely in southern California) and in the department's headquarters office in Sacramento.

Through these terminals, a prospective park user may query a central computer to determine if the park of his choice has space available at the time he wishes to visit it. If the park of his choice is full, the computer will respond with a list of alternate parks which have space available. After a reservation is confirmed, a ticket is purchased at the outlet. The computer also keeps all fiscal records on reservations. Computicket Corporation performs similar services to other enterprises having extensive need for a reservation and ticketing system.

System Benefits

The system is expected to make available to a large percentage of the state's population a year-around reservation and ticketing system which will:

1. Relieve the department of increasingly large volumes of correspondence and other related reservation paperwork at headquarters and the parks;
2. Save an estimated \$43,000 in administrative costs to the department during the first year of operation.
3. Increase the use of the parks, particularly those not used extensively; and
4. Provide a service and convenience to park visitors not formerly available.

Department of Parks and Recreation—Continued

Although initial use of this system appears promising, overall benefits to the department and the public are not precisely known.

Old vs. New System

During the 1968-69 fiscal year, a cost comparison study was performed by department personnel using 1968 actual reservation data. Certain assumptions were made during the study regarding costs, reservation processing, workload, and operating costs and, although the results appeared reasonable, no verification of the study findings could be made. It appeared, on the basis of the cost comparison study, that the computer system offered by Computicket Corporation was the better alternative when considered in view of the manual system's deficiencies. However, we are not certain that other alternatives were given the same consideration and analysis as these two. The cost comparison study analyzed only the manual system in operation at the time and the proposal for a computer system made by Computicket and other bidders. It is possible that other approaches or alternatives may have been overlooked.

In the systems solution decided upon by the department, there are implied policy and operating assumptions which if examined, might have influenced the choice of alternative reservation systems. These include:

1. Increased use of state park reservations should be encouraged.
2. Administrative savings may not be offset by a real savings because the reservation system was set up using personnel intended for other duties.
3. Both the computicket and the manual system operate at a loss, because it costs more to process the reservation than the \$1 reservation fee.
4. It is necessary and desirable to provide reservations on a fixed-price, year-around basis.
5. The computicket system may give an undue reservation advantage to the upper income groups in the large metropolitan areas.
6. The system may discourage tourists from coming to California and its park system.

The testing of these assumptions, and others not readily apparent, should have been included in any approach to the analysis of the problem. It appears the department made little or no attempt to test these or similar assumptions objectively before embarking on the current computerized reservation system. The primary motivation for development of the system appears to have been the manual system's inability to deal with increasing administrative workload requirements experienced at the parks and at headquarters.

Departmental Administrative Costs

Departmental administrative costs show only as two single line entries (lines 39 and 40, page 1038) even though these expenditures amount to \$2,516,938. The increase is \$74,809, for which no program justification is provided. *We recommend that the unjustified increase of \$74,809 be removed from the budget request.*

DEPARTMENT OF PARKS AND RECREATION**Item 214**

Requested 1970-71	\$1,325,477
Estimated 1969-70	1,291,830
Actual 1968-69	1,236,355
Requested increase \$33,647 (2.6 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. The item was inserted in 1968-69 by the Legislature to accumulate funds for anticipated maintenance costs. Item 346 is appropriated from the current year reserves.

DEPARTMENT OF WATER RESOURCES**Item 215 from the General Fund**

Budget page 1061

Requested 1970-71	\$11,886,291
Estimated 1969-70	13,227,179
Actual 1968-69	10,637,291
Requested decrease \$1,340,888 (10.1 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Environmental quality. Recommendations:
 - a. Provide useable water quality information. 841
 - b. Expand the scope of waste water reclamation studies. 841
 - c. Use the "stub" peripheral canal as a pilot operating project. 845
2. Deferred recommendation on Sacramento and San Joaquin River Basin Flood Control Projects. 846

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

Department of Water Resources—Continued

allocates local assistance funds for flood control and watershed protection. Its former beach erosion functions have been transferred to the Department of Navigation and Ocean Development. During the current year the department became responsible for most of the staff and work previously assigned to the Reclamation Board.

Last year total expenditures for the department were estimated at \$407 million for fiscal year 1968-69 and \$396 million for the current year. This year's budget shows reduced expenditure levels for the same years of \$353 million (actual) and \$387 million respectively. Estimated total expenditures for next fiscal year are \$339 million.

In all probability the estimated expenditure levels for the current and budget years will not be achieved because of strikes, schedule setbacks, construction fund shortages and other problems. Either the last year or the current year will represent the peak expenditure level for the department because the approaching completion of construction on the State Water Project will result in substantially reduced levels for future budgets. The rate of decline in project construction expenditures is offset partially by the increasing rate of operation and maintenance costs for the completed units of the project.

The construction expenditures and schedules on which the Governor's Budget is based were prepared last July. They may be subject to revision as the impact of various policy and program decisions now being made or to be made in 1970 are reflected in expenditure data. For example, the department has recently indicated that project construction will not meet the 1972 completion deadline established ten years ago in that only a portion of the Santa Ana Pipeline will be completed in 1972 and the completion of Perris Dam has been rescheduled for May 1973. The Peripheral Canal and the Eel River Project are undergoing intense reevaluation. Any major changes in routes, plans or schedules for these facilities will have only nominal effect on the figures in the Governor's Budget.

The department is still proposing to provide water service on substantially the same schedule as originally planned. However, the service will in some instances be through interim or less expensive facilities and deferments of some facilities not essential to immediate delivery of the small quantities of water involved in the initial years of project operation.

Major credit is due the department for having essentially maintained its construction schedule to date. This has involved 10 years of design, construction, and placing facilities into operation extending from the Upper Feather to Buena Vista in Kern County. In addition, all the tunnel work into and within southern California has been holed through along with various stages of completion of the large pumping plants. However, all schedules for completion of project construction beyond the current fiscal year are subject to disruption or modification depending on the ability of the state to continue to market water bonds.

Financing Problems

In past years we have commented on the difficulties confronting the State Water Project as the interest rates on water bonds have steadily

Department of Water Resources—Continued

risen. Interest rates have been fluctuating in the range of 6.6 to 6.9 in recent months for average general obligation bonds, and the state has not been able to sell any water bonds to finance the project for a year.

The harsh facts of present bond market conditions are that the construction schedule for the State Water Project cannot be maintained beyond midsummer unless one or a combination of the following events occur: (1) the electorate approves the constitutional amendment proposed last session which would permit raising the general obligation bond interest rate ceiling of the state to 7 percent or higher if they cannot be sold at that rate and the Legislature approves a higher rate, and the state can actually sell water bonds in the necessary amounts at the higher rate, (2) litigation now filed authorizes the department to issue bond anticipation notes bearing interest rates in excess of the water bond interest rates (water bonds are the security behind the bond anticipation notes), and (3) the Legislature provides for additional revenues for the General Fund or secures funds elsewhere which can be loaned to the water project to continue financing construction until such time as water bonds can again be sold.

The last sale of bonds by the Department of Water Resources was on March, 1969 when \$95 million in CVP revenue bonds were sold because water bonds (general obligation bonds) could not be sold at interest rates then prevailing. Since that time the department has been continuing construction by expending cash on hand, by using the proceeds from the above revenue bond sale and by drawing down reserves. Present plans call for expenditure of all the reserves for debt service and other purposes that can reasonably be permitted. Thereafter, beginning in the spring of 1970, the department will start drawing on a loan commitment from the General Fund which has been made by the administration pursuant to existing law. This borrowing from the General Fund will approximate \$100 million by June 30, 1970. Without the loan commitment, construction on the project would have been curtailed late in 1969 in order to conserve the remaining project construction funds to finance an orderly termination of construction contracts.

If either water bonds or bond anticipation notes can be sold at the beginning of next fiscal year, the department will have to repay the General Fund the \$100 million it has borrowed and at the same time continue to finance project construction at the rate of approximately \$22 million per month. Since \$100 million per quarter has been the approximate maximum of bonds which the market could absorb, the water project will require all the apparent bond marketing capacity of the state through calendar year 1970 and into 1971 before the water project will have repaid the General Fund and secured a modest amount of working capital to continue construction.

Repayment of the General Fund is critical. Present indications are that the General Fund will not be in a position to sustain the loan of the full \$100 million to the water project during the fall of 1970 be-

Department of Water Resources—Continued

cause of a possible cash flow deficiency in the General Fund itself. The General Fund will have to borrow next fall for its own needs and may be unable to borrow sufficient money from the Pooled Money Investment Account, which is its major borrowing source, to meet its own requirements and sustain a \$100 million loan to the water project. Therefore, if the state cannot sell any water bonds or bond anticipation notes by July, the General Fund could not finance additional water project construction.

Actually, the General Fund must both receive a substantial repayment of the water project loan next fall and other factors which govern the cash condition of the General Fund must remain favorable if the General Fund is to avoid a cash shortage. In the event of such a General Fund shortage additional money will have to be found for both the General Fund and the water project. It should be noted that the above discussion assumes no bond sales or further General Fund assistance or loans for any other state bond funded programs. All these other programs will have to wait their turn for further financing until well into 1971 under any combination of favorable foreseeable circumstances.

In recent years the state has primarily followed the pattern of bond financing for various capital programs and other needs rather than increasing taxes to pay for them. With the current emphasis on tax reductions, it is difficult to raise taxes sufficiently high now to meet both increasing General Fund needs and to finance a capital program such as the State Water Project. There is also a technical problem in raising funds for the water project through taxation because most tax increases cannot produce the magnitude of funds needed within the short period of time available to finance continuation of project construction. Finally, the Legislature should also be aware that the present consideration being given in Washington, D.C., to increasing the import quotas for foreign oil might have a sufficiently adverse effect on the state's tideland oil and gas operations to reduce the \$30 million per year in construction funds that the water project is now getting from that source. This contingency is too uncertain to be evaluated now.

ANALYSIS AND RECOMMENDATIONS

As in recent years the Department of Water Resources has submitted a program budget for 1970-71. Unlike other state budgets which this year and last year were submitted to the Legislature in a program format but were actually prepared on a line-item basis, the budget of the Department of Water Resources is prepared, appropriated, executed and controlled on a program basis. It is, therefore, the most advanced budgeting and accounting system in state government. A new element has been added this year in the preparation of the department's budget. It has placed the details of budget compilation on EDP equipment. This has facilitated preparation of the budget as well as providing us with better information for analysis purposes.

Department of Water Resources—Continued
Funding and Program Levels

General Fund expenditures by the Department of Water Resources for all support and local assistance purposes were \$23,791,112 last year, \$23,685,453 during the current year and are budgeted at \$15,186,441 for next fiscal year. Three factors primarily account for the significant variation in General Fund expenditures. (1) The current year figure includes \$2,014,064 transferred from the Reclamation Board pursuant to Item 276.5 which was not in last year's figure. The budget year figure includes \$2,470,163 for the same purpose. (2) The budget year does not include an expenditure level of \$501,000 last year for beach erosion which has been transferred to the new Department of Navigation and Ocean Development. (3) There is also a reduction of approximately \$8 million in flood control funds in next year's budget which is discussed under Item 289.

The General Fund support program of the department totaled \$10,637,291 last year, \$11,187,119 for the current year, and is \$10,536,128 for the budget year when the transfer of Reclamation Board funds is adjusted out to provide comparability. The net reduction next fiscal year is about \$600,000 compared to the current year after allowance is made for the transfer of beach erosion functions.

Reductions in both the support and state water project portions of the department's budget are having a substantial effect on the staffing levels of the department. Table 1, as provided by the department, shows both the distribution of positions being abolished and the staffing next fiscal year compared to the current year. The reductions shown are net after allowing for the changing nature and location of the water project construction work and the need to staff newly constructed water project facilities. Temporary man-years are not included.

Table 1
Changes in Permanent Full-Time Positions
Department of Water Resources

Division	Actual 1968-69	Authorized 1969-70	Proposed 1970-71	Change 69-70 to 70-71
Executive -----	107	113	108	-5
Administrative -----	283	294	262	-32
Technical Services Office -----	295	311	266	-45
Resources Development -----	161	172	164	-8
Right-of-Way -----	86	90	74	-16
Safety of Dams -----	59	63	60	-3
Operations and Maintenance ----	580	777	762	-15
Design and Construction -----	1,183	864	616	-248
Northern District -----	148	154	149	-5
Central District -----	214	205	182	-23
San Joaquin District -----	102	90	83	-7
Southern District -----	934	1,249	901	-348
Subtotals -----	4,152	4,382	3,627	-755
Reclamation Board Activities ----	--	85	85	--
Totals, Department -----	4,152	4,467	3,712	-755

Department of Water Resources—Continued

The following is an analysis of the more significant programs or program elements selected from the department's budget. Particular attention is given to the support programs because they are appropriated in the Budget Bill.

Water Resources Evaluation

A number of reductions are being made in the department's data collection for next fiscal year which primarily make up this program. The largest is a reduction of about \$250,000 in surface water measurements. Our review of these reductions indicates that they will not impair the functioning of the primary stations which are the backbone of the data collection system. Generally, the reductions result from elimination of secondary stations which have served their purpose in the areas where they were located, operating efficiencies and elimination of data which is of marginal significance. The surface water quality and ground water quality programs do not receive reductions but instead have very slight increases. More attention will be given to biologic analyses in the water quality sampling.

Need for Usable Water Quality Information

It is recommended that the department provide a simple, easily understood measure of water quality to facilitate understanding of water quality conditions in California by the Legislature and the general public.

A major advance in making water quality data usable for the Legislature and the general public would result from development and publication of a simple, understandable measure of water quality in the major waters of California. At present, the department publishes a complex tabulation of detailed data on each water quality measuring station. This is not usable by the average person who has no technical knowledge of water quality factors and trends in California. More usable information is needed and the department can supply such information without too much additional analysis.

Enlarged Saline Water Conversion Program

The department has budgeted the saline water conversion program at a level of \$342,000 next year compared to \$117,211 this year. The work will be financed with a combination of federal funds, General Fund and water project money. It will consist mainly of three activities: (1) cooperation with the Department of Interior in several tests of the reverse osmosis process on San Joaquin Valley drainage water, (2) continued cooperation with the Office of Saline Water by marketing the water from the Saline Water Test Site at San Diego, and (3) development of a new long-range program for construction of a large test seawater conversion plant in southern California.

Waste Water Reclamation

We recommend that the department expand the scope of its waste water reclamation studies to include consideration of related aspects of waste disposal in general, improvement of receiving waters, and improvement of environmental conditions.

Department of Water Resources—Continued

The department proposes to continue its studies in waste water reclamation at about the same expenditure level as recent years, that is, \$81,000 for next year. This program has been in existence for many years and in conjunction with other data programs has collected large volumes of data in Los Angeles, San Diego, Coachella Valley, Monterey, and elsewhere on the amounts of waste water subject to reclamation. The published reports also include the possible extent and location of any demand for the reclaimed water. These data studies have gone on the shelf without any major accomplishments being directly attributed to them.

It is becoming increasingly evident that waste water reclamation should play a more important part in both the state's water problems and the disposal of liquid and solid wastes. The processes by which sewerage wastes (sludge) are removed from waste water are essentially the same as some waste water reclamation applications. Similarly the disposal of sewerage sludge by incineration is similar in many respects to the disposal of solid wastes by incineration. Thus waste water reclamation is both a method of extending water supplies and is related to disposal of wastes when approached in the broader context of management of resources and preservation of environmental quality.

The department's emphasis in its waste water reclamation studies on water supply and demand does not adequately portray the role of waste water reclamation. The studies do not pose the broader and more essential problem for the areas studied, that is, whether the use of waste water reclamation processes is to reclaim water for reuse, improve the quality of receiving waters, dispose of wastes (whether waterborne or solid), improve environmental conditions resulting from inadequate waste water treatment processes, or a combination of these. It is possible that these waste water reclamation studies would be more useful and would be received more sympathetically by the public if made in the above broader context.

Water Use and Demand Studies

Collection of water use and demand data has been reduced from \$632,873 in the current year to \$549,040 in the budget year. Our past analyses have been critical of overly refined and too detailed efforts to project water use and demand data over many decades into the future. We therefore concur with the department's reduction in this work. In addition, as the State Water Project becomes operational, more and more of the department's water use and demand data should be founded on actual project deliveries or project operating experience instead of staff studies based largely on population and economic growth.

Much of the data collected by the department on water use and demand is technical and is used in technical studies which rarely receive any significant public attention. However, the department's studies on changing land use patterns, population shifts in relation to water use and demand and the development of data on irrigation expansion or contraction in California have broader application and possible interest to the general public.

Department of Water Resources—Continued

With the increasing public concern for open space, the alleged disappearance of prime agricultural land in California, and the attention being given by environmentalists to the increasing concentrations of population in metropolitan areas, these departmental data programs can provide useful information for planners and can assist public understanding of developmental trends in California. In particular, data from these programs can measure the extent to which necessary water supplies are being made available by the State Water Project and other projects for urban and agricultural expansion in the areas of the state they serve. This is significant because many of these areas are the same ones that many concerned individuals feel should be the location of future growth in California.

The department is adding a small new program entitled Post-Project Economic Impact which will attempt to record the economic impacts and benefits of the State Water Project. In its initial year of 1970-71 the work is budgeted at \$21,000.

Coordinated Statewide Planning

In the mid-1960s this analysis devoted major attention to the high rate of expenditure by the department on coordinated statewide planning and its associated activities. This cost has approximated \$1 million or more for many years and as we have repeatedly commented in the past, the results made available to the Legislature and the public have been minimal. The purpose of the work is to provide a coordinated, statewide basis for evaluating and deciding important policy and program issues regarding the selection, timing and sizing of water resources development projects. In order to do this, the unique feature of this program has been its efforts to utilize water use and demand data; economic and population trends, proposed federal, state and local project plans and such important considerations as funding requirements, in order to provide a rational and comprehensive basis for water resources decisionmaking in California.

The objective of this program is not easy. It is not surprising that the program had severe difficulties getting started and tended to be excessively concerned with data collection and analysis rather than providing a decisionmaking framework. After considerable legislative pressure, the department developed the Bulletin 160 series. Thus, Bulletin 160-66 was published in 1966 as the first of a series of bulletins designed to update, expand and improve on the California Water Plan. Every two years, another bulletin in the 160 series was to be published and improvements added until the objectives of the program had been achieved and the department had provided the Legislature with a realistic and comprehensive basis for water resources decisionmaking.

Our review of the Coordinated Statewide Planning Program last year indicated that the second bulletin, designated as Bulletin 160-68 would be published in December 1968. It should have been available early last session. It was not published and instead the date for its publication was set back to 1971 in the department's 1970-71 budget.

Department of Water Resources—Continued

This setback created a gap of five years between publication of bulletins. It was not in accord with the understanding developed with the Legislature when funding for the work was provided in recent years.

It is clear at this juncture in the state's water resources development, when major uncertainties and policy problems surround future development in the North Coastal area, in the delta, and elsewhere and when the Governor and the Legislature have both asked the department to evaluate alternatives to the Dos Rios Project on the Eel River, that a broad framework in which these matters can be evaluated and decided is missing. The missing framework is the responsibility of the Coordinated Statewide Planning Program.

Legislative inquiries and our budgetary review of the unsatisfactory condition of this program brought the matter to the department's attention for a full review. Since preparation of the Governor's Budget, the publication of the next Bulletin 160 has been revised by the department to October 1970 rather than 1971. The department has provided us its revised schedule in writing. In addition, the outline of the proposed contents of the bulletin appear to be satisfactory. It will include major new compilation of water demands of the State Water Project prepared in cooperation with the water service contractors and a listing of all possible alternatives for meeting that demand (not restricted to the Eel River). We believe that the difficulties surrounding Bulletin 160 are resolved as satisfactorily as it is possible to do at this time.

North Coastal Planning Programs

The North Coastal Area Investigation and the North Coast Action programs are budgeted at substantially the same levels as in the current year. The Middle Fork Advanced Planning program, which is a water project funded investigation, is similarly funded at about the same level as recent years. The actual work to be accomplished in the remainder of this fiscal year and during next fiscal year by these programs is not firm. The budget provides funding for continued effort in the North Coastal Area. However, until basic decisions on the direction that future state effort will take and the scope and timing of development on the Eel River are determined, the details of planning work in that area cannot be fully determined at this time.

Planned Utilization of Ground Water Basins

The funding level of the Planned Utilization of Ground Water Basins drops approximately \$100,000 next year to \$429,700. This drop is due (1) to the gradual completion of work on the major basins in southern California which will produce further future reductions in the level of this work and (2) because this year the established policy of cost-sharing on these basin studies has been fully implemented.

New Investigations

Several new investigations will be started in the budget year. The Lower Salinas Valley Sea Water Intrusion Investigation, the Prado Dam and Reservoir Study and a local project investigation of the San

Department of Water Resources—Continued

Dieguito River have been added on a cost-sharing basis. A \$50,000 Delta Protection and Development Study has been included in the budget to study a variety of special problems in the Delta such as substandard levees, levee maintenance techniques which give attention to aesthetics and recreation, seepage and drainage problems of the Delta, etc.

Implementation of Delta Water Facilities (Peripheral Canal)

It is recommended that the Legislature request the Department of Water Resources to evaluate the feasibility of using the stub canal as a pilot project to gain operating experience on the peripheral canal.

The department's work to plan, to coordinate state, federal and local activities and to prepare for construction of the Peripheral Canal is funded at \$700,000 next fiscal year, which is a small increase over the current year. There are four significant developments in the program. (1) The department has previously determined that the Peripheral Canal should be completed by 1974. It is now reevaluating that date based on recent events and operating experience. There are strong indications developing that the completion date can be rescheduled to 1976. (2) The completion of construction of the Clifton Court Forebay and operating experience with it is giving the department better information on the interim operations of the State Water Project in the delta prior to construction of the Peripheral Canal. (3) The department has developed a revised agreement with the Bureau of Reclamation which provides a more favorable split of the surplus waters in the delta between the bureau and the department than the previous agreement. (4) The department is evaluating a stub Peripheral Canal as an interim feature in the event that it is not possible to construct or complete the entire project as originally contemplated by the department and the Bureau of Reclamation.

In particular the possibility of a stub canal may offer possibilities to resolve many problems. The stub canal is conceived by the department as a portion of the entire facility which would consist of the northern part of the canal operated as an interim facility in lieu of the entire canal. The department views this as a less costly approach in the short-run because of its present construction fund shortages and also as a possible necessity if Congress does not soon authorize a federal-state-joint Peripheral Canal.

The stub canal is being considered because the Peripheral Canal and the alignment of Interstate 5 have been coordinated to permit a common taking of land and the excavation of the canal right-of-way to secure the fill material needed for the freeway subgrade. The result of the freeway construction in 1972 will be a partial excavation of the northern and central parts of the Peripheral Canal. The department is now evaluating whether some additional work and excavation will permit this excavated alignment to function for a period of several years to improve water conditions in the northern delta and facilitate water transfer through the delta to the State Water Project pumps near Tracy.

Department of Water Resources—Continued

Even if a stub canal is feasible as an interim facility, it may not answer many of the present objections being raised to some of the operating uncertainties of the proposed Peripheral Canal. It is possible that the stub canal could be used as an experiment or pilot project to test the feasibility of certain proposed operating concepts of the Peripheral Canal. It may be possible to develop these concepts to the point that more agreement could be reached on the operating characteristics of the canal prior to its construction. On the other hand if the pilot operation uncovers deficiencies or operating problems, it is possible that these may be remedied before construction of the ultimate facility. While much study and work has gone into efforts to evaluate the operating effects of the Peripheral Canal on the delta, the matter is so complex and variable that a pilot operation, if feasible, might help to resolve some of the growing disagreements over the Peripheral Canal. However, a pilot project probably would not remove the disagreements over the amount of Sacramento River waters which should be released through the delta to the San Francisco Bay for flushing action.

Sacramento and San Joaquin River Basins Flood Control Projects

This program includes nearly all the funds for the staff and the purchase of rights-of-way for federal flood control projects in the Central Valley. The money previously was budgeted with the Reclamation Board.

Last session the Legislature split the Reclamation Board's funds into two appropriations. Item 266 appropriated \$300,000 for support of the Board and Item 276.5 appropriated \$2,990,600 to the Secretary of the Resources Agency to allocate between the board and the department on the basis of providing an integrated statewide program within the Department of Water Resources to the extent found legally possible. The secretary eventually allocated \$1,286,150 to the Reclamation Board (including the \$300,000 in Item 266) and the remaining \$2,014,064 went to the Department of Water Resources. The secretary's allocation order was effective at the end of October at which time 85.3 man-years and the remainder of the funds in Item 276.5 were transferred to the department. The form of the 1970 Budget Bill is generally consistent with the action of the Legislature last session in revising the appropriation of flood control funds for the Central Valley. The department's support budget includes \$1,350,163 in this item while capital outlay money amounting to \$1,120,000 is in Item 330.

Time schedules for the preparation of the Governor's Budget did not permit the Department of Water Resources to put together its own budget request for the activities transferred to the department. As a result the department has merely incorporated in its budget the material prepared by the Reclamation Board prior to the reassignment of duties and funds by the Resources Secretary. Therefore the department is not yet in a position to fully explain and justify these funds.

Department of Water Resources—Continued

Pursuant to the policy stated in Item 276.5 to establish an integrated statewide flood control program, the department has begun a detailed review of the scheduling of land acquisition and its coordination with the Corps of Engineer's schedules, the backlog of condemnation actions, elimination of duplication of effort between the department and the board's staffs, possible economies in consolidating workloads, etc. The results of this review should be available before hearings are held on the budget request. In essence, the figures available now in the Governor's Budget are only interim figures pending completion of the detailed review. Another prime objective of the detailed review is to separate the support from the capital outlay work, which has been a consistent problem with the board's budget in past years. We believe that a recommendation on the funding being requested logically must await the completion of the department's review.

It should be noted that the past year expenditures by the Reclamation Board for its entire program (both support and capital outlay) were \$2,938,447 although an appropriation and other funds available amounted to \$3,538,289. Thus the board was overbudgeted by approximately \$600,000. During the current year a total of \$3,290,600 is available and only \$2,470,163 is being requested for next fiscal year. The major reason for the declining level of expenditures is the reduction in federal budgets for flood control. Since the federal flood control program is in a state of major uncertainty and the declining level of state expenditures clearly indicates a declining workload and probable excess staffing, these aspects also indicate the need for a more thorough review of this budget request than has been possible to date. We therefore make no recommendation at this time on the funding required pending completion of the department's detailed review of the entire program.

AIR RESOURCES BOARD

Item 216 from the General Fund

Budget page 1141

Requested 1970-71	\$699,413
Estimated 1969-70	688,556
Actual 1968-69	502,196
Requested increase \$10,857 (1.6 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. We recommend that the Legislature augment the management staffing of the board. 850
2. We recommend that the Legislature review the board's present organizational structure. 851
3. We recommend that the board be directed to establish a statewide surveillance program. 852
4. We recommend that the board begin developing an enforcement capability. 855

Air Resources Board—Continued**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 specified that the board should 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 detailed study of the causes of air pollution and evaluation of its effects.

ANALYSIS AND RECOMMENDATIONS

The total cost of the Air Resources Board's budget request is \$2,772,955 from federal, General, and Motor Vehicle Funds. This represents a total program reduction of \$82,016 or 2.8%. The reduction is the result of an estimated decrease in federal funds of \$112,641 due to the completion of two federal projects. These projects are the oxides of nitrogen control demonstration grant and the diesel smoke emissions measurement survey grant. The General Fund contribution to the board's budget has increased \$10,857 and the Motor Vehicle Fund contribution has increased \$19,768 over current year estimates.

Origin of Air Pollution Program

An analysis of the budget of the Air Resources Board is facilitated by recalling the origin and approach that the state has used in controlling air pollution. The Air Resources Board's staff is a consolidation of the operational duties of the Motor Vehicle Pollution Control Board, the State Vehicular Pollution Laboratory and the Bureau of Air Sanitation which was formerly in the Department of Public Health. Because of the intense expression of public desire to control air pollution, the Legislature quickly organized the board and then in rapid succession passed a series of bills which established in law many rigid emission controls and policies.

In establishing the board's staff, the Legislature provided for the consolidation of technical staffs that had been working on air pollu-

Air Resources Board—Continued

tion. This did not necessarily result in a well-rounded organization and staff capable of responding to a wide variety of program, policy, management and technical problems.

The board itself with its 14 members is structured very similar to the former State Water Quality Control Board which the Legislature modernized and streamlined at about the same time the Air Resources Board was created because of a number of deficiencies which had appeared in the operations of the Water Quality Control Board. In moving rapidly to get an air pollution control program under way, the state seems to have sought desired end results without having fully considered all of the organization and staffing problems requiring solution in order to achieve those results.

Even before the state developed an active air pollution control program, two major local agencies in the Los Angeles and the San Francisco Bay areas had been organized to control local air pollution sources. Automobiles were not included because they obviously could not be controlled on a local basis. As a matter of practical necessity the responsibility for controlling automobile emissions lies with the Air Resources Board and the federal government. It is even difficult for the state to control automobile emissions because under federal law the state must seek exemptions from the federal government for its stricter state regulation of automotive exhaust emissions.

As each new facet of air pollution control has developed, the public and the Legislature have sought quick action from the board. However, the board is not organized to react rapidly. The usual operations of a broadly representative board are deliberative and are based on broad expressions of public opinion. Because of the pressures for quick action the board and its staff have not had the opportunity to plan their work, to think through long-range objectives and to gather the appropriate data to provide sound program and policy advice and guidance to the board, the public and the Legislature. It should not be inferred that the board has erred, but rather that improvements are needed.

Possibility of Setbacks and Delays

Our review of the board's budget indicates that in spite of the cautious optimism of the board, its budget does not provide the administrative and organizational means to assure meeting the state's goals in air pollution. Many people are advocating appropriating substantial additional funds to the board for air pollution control efforts. There is virtually no program information on how these funds would be expended or why they should be expended. The problem of air pollution control in California is not just a lack of funds. Rather, the state lacks a clearly defined means of achieving the desired result of clean air.

The objective of this analysis of the board's budget is to assist the Legislature in evaluating the budget for the Air Resources Board in terms of providing needed personnel, structuring the staff and providing a budgeted program which will most expeditiously and directly result in clean air. The present tendency is to approach air pollution control in terms of assumed optimum control conditions and results.

Air Resources Board—Continued

This is seldom the case in any regulatory program. One major law suit can seriously set back the program if the decision is adverse. Similarly technological developments may not match present expectations. Because setbacks can occur, if the state is to achieve clean air as rapidly and directly as possible, it should be approaching the problem on the basis of alternative actions, flexible plans and the expectation of overcoming some delays and setbacks. If possible adverse circumstances are considered now, the reaction time in the event of this occurrence can be shortened and the advent of clean air brought that much closer. Otherwise there may be considerable public disappointment and great pressures for arbitrary regulations.

Evaluation of this year's program budget request can be introduced by a comparison of the 1968-69 estimated budget to the 1968-69 actual as shown in Table 1.

Program elements	Estimated 1968-69		Actual 1968-69	
	Input	Output	Input	Output
Air quality evaluation and standards-----	\$1,165,187	13 Air monitoring stations 10 Investigations 2 million data evaluated	\$1,079,238	8 13 2 million
Motor vehicle emission control_	931,603	4,500 Vehicle tests 40 Systems	698,329	4,953 40
Nonvehicular source control---	173,200	Not identified	190,453	Not identified
Administration----	200,336	Not applicable	148,130	Not applicable

Table 1 demonstrates that the Air Resources Board accomplished its specified quantifiable objectives for 1968-69 with less money than estimated. In air pollution investigations and vehicles tested the output estimates were exceeded while costs were less. Although this comparison shows that the board is meeting its objectives in the simple terms of the table, when the budget is analyzed in relationship to restoring the atmosphere to acceptable quality in those areas presently having polluted air and in terms of preventing the occurrence of air pollution in other areas, the situation is not quite so promising. Optimism must be tempered with the realization that most of the difficult accomplishments lie ahead. Only the easier actions have been taken to date.

As the problems become more difficult, the staffing and organization of the board will need to be improved to permit progress to be maximized and the difficulties ahead overcome. In this regard the 1970-71 budget contains some deficiencies.

Staffing Needs

We recommend that the Legislature augment the management staffing of the board.

The management staff of the board is currently composed of a general manager and an administrative services officer. The remaining positions are either technically oriented or clerical. There is at present no program and policy staff to study, evaluate, formulate and write

Air Resources Board—Continued

up recommended programs, policies, and means of execution needed for public policy decisions, legislation, policy decisions of the board, etc.

A specific example is the capital outlay appropriation the board is requesting for a testing laboratory in Los Angeles. Although there appears to be a need for such a facility, the board's staff has not been able to prepare a detailed written planning program of the need, justification, desirable flexibility, alternative approaches, and projected use for the facility over the life of the laboratory. Such justification material is particularly important because of the uncertainties of the board's future testing activities.

During 1968-69 the board had savings of approximately \$100,000 and now estimates approximately the same savings for 1969-70. The principal reason for these savings is the difficulty of finding and recruiting technicians in the rapidly expanding pollution control field. Although the board may need more technical employees, it also needs management employees and it could use some of its savings for this purpose.

The following classification of positions among others are required: assistant to the executive officer, attorney, industrial engineer, systems analyst and economist.

Organizational Structure

We recommend that the Legislature review the board's present organizational structure.

The board was organized quickly to meet an urgent problem of controlling smog. It has existed in its present form for only two years. The board consists of 14 members, 5 of whom are ex officio. These ex officio members have the responsibility for management of their own major departments as their primary duty. They can devote only a modest portion of their time and efforts to board activities. The public members of the board have to evaluate very complex chemical, medical, engineering, management and public policy problems. The public members are also limited in the amount of time they can devote to the board's work. In addition the nontechnical members of the board are not able to contribute directly to technical decision making.

The board is served by its staff and a Technical Advisory Committee which screens major recommendations presented to the board for its adoption, such as automotive emission standards or ambient air standards. It is not always clear where various recommendations came from and who has the basic responsibility for recommending actions to the board. The result is uncertainty of responsibility and a lack of clear designation as to how a given problem is to be approached. We have noted that on occasion important public policy questions did not receive consideration but got lost in the procedural process between the board's staff, the Technical Advisory Committee and the board's conduct of public hearings. For example, the Technical Advisory Committee clearly noted in its November report the difficulties it faced in trying to set vehicle emission standards beyond 1974 because there is no way to take stationary plant emissions into consideration. However, the vehicle standards were set for hearing and adopted without major public consideration of this vital question.

Air Resources Board—Continued

Another problem is that the public and the Legislature are pressing for fast action on smog control. However, the Air Resources Board holds the administrative authority for the agency. Therefore routine actions which require board action, such as approval of contracts, must wait until the board meets. The board meets every two months. The intervening time between meetings can cause considerable delay in the orderly flow of administrative activities. A more rapid response to administrative problems is required in order to maximize the effectiveness of the state's air pollution control effort.

There are several possible solutions to this problem: The board could delegate administrative powers to the executive officer, the board could meet more frequently, the board's membership could be reduced in number and provision made for more time spent on board activities, or the board's staff could be given the status of a department and the board could become an advisory commission which also held the rule-making powers.

Judging from the large number of bills introduced this session which propose to add duties and additional staff to the board, if only half of these bills passed, the board and its staff could easily become overwhelmed if it were to continue its present method of operation.

The following discussion of various program problems confronting the board and the Legislature are included in this analysis in order to give the Legislature a better picture of the air pollution control problems of the state and the capability of this budget to meet them. This discussion is the basis of our conclusion that there is room for less optimism on the achievability of the clean air standards now adopted by the board than is presently being expressed. In addition this discussion reinforces the earlier recommendations that there is a need for a legislative review of the board's staffing and its organizational structure.

Surveillance Plan Proposed

We recommend that the board be directed to review its statewide surveillance program. The rationale for inclusion in the system should be written; the necessary number and location of units for statewide control determined; and the board either operate the station itself or contract for the service from a local agency in order to ensure the accuracy of the data, geographical coverage, and equity to those areas of the state which have recognized the need for such a station in prior years. This is the type of study the program and policy staff should undertake.

The board determines the air quality in each of the state's air basins; evaluates the effects of air pollution on plants, animals, visibility, and property; determines the nature of air pollution and the kinds and amounts of pollution in the atmosphere, and the number and nature of the sources of pollution; and establishes air quality standards.

The board is operating or constructing 13 stations. Seven are operated by the board in cooperation with local agencies and three are entirely owned and operated by Los Angeles County. Data from about 25 other

Air Resources Board—Continued

partially equipped air monitoring stations, which are operated by local agencies and are not in the network, are processed and evaluated by the board.

The seven state stations operated in cooperation with local government pose problems because the state is participating and the local agencies are therefore wary to fully fund their own program. However, the state does not provide assurance as to the length of time which it intends to cooperate. In addition the processing of data from 25 air monitoring stations outside the state network is also questionable since the board has no operational control over the methodology used to collect data and the data do not fit all the categories of interest to the state. Less than one-third record wind direction and velocity and many of the stations duplicate other stations' input.

Along with these problems in the data collected, the coverage of the state is not complete. Most of the air monitoring stations are located in southern California and the bay area. There is no present monitoring for gaseous air pollutants north of Sacramento or in Napa County. In many of the nine air basins measurements are incomplete. At this time the board is anticipating some federal funding over a three-year period to complete the network of 13 stations including Napa and Sacramento Valleys.

Effectiveness of Motor Vehicle Emission Control Effort

The budget states that the objectives of the vehicle emission control program are to define the role of motor vehicle emissions in the air pollution problem, to establish motor vehicle emission standards, to test and approve emission control systems, and to evaluate and encourage the development of control systems for new and used vehicles. In order to control vehicle emissions in California much more than this will have to be done, as the board realizes. However, no comprehensive program is being prepared to anticipate and prepare for that eventuality.

Motor vehicle emission control requires control of the emissions of automobiles and if it is to be truly effective implies an ultimate exercise of the police power of the state. To date, the controls established by the state are limited to sale of new automobiles and to certain used cars when resold. Eventually the state will be confronted with the problem as to whether these controlled vehicles do perform in actual long-term road use as they are expected to perform, compared to the optimum or idealized test conditions used for certification of their emission control devices.

The overall effectiveness of the vehicle emission control program is represented in the projection made by the board in Figure I, page 1144, of the Governor's Budget entitled Trends of Emissions from Motor Vehicles in California. These data represent optimum performance, with the actual performance somewhat less, and possibly decreasing as the vehicle accumulates mileage or gets older. The board is presently using mobile units to acquire surveillance data (extent of emission

Air Resources Board—Continued

compliance) from random sampling of motor vehicles in actual use. We understand that most of the emission information was obtained from cars with low mileage. From these data computer projections have been made for almost 2,000 low-mileage vehicles in order to extend the emission levels out to performance at 50,000 miles. These 50,000-mile emission levels are theoretical, yet they are now known to be higher than those in fleet cars tested for certification purposes. Some of the reasons for the increase have been reported as poor quality control for mass produced vehicles at assembly plants, vehicles not being adjusted to manufacturer's specifications, lack of proper maintenance by the owner, and inherent differences between the prototype and production models.

Under the present authority of the board, emission standards are not set on a vehicle or the emissions of a vehicle. *There are no emission standards covering operation of any automobiles on the highways of California today.* Instead, the standards are set and enforced on a sample or prototype submitted by the manufacturer for testing and certification. The standard is now proposed to be applied, pursuant to Chapter 1298, Statutes of 1969, not only to the prototype models or industry selected samples, but to each vehicle as it comes from the assembly line. This will involve assembly line testing by the board's staff.

There is no mention in the budget for next year of any program for factory testing. The board has discussed the problem with manufacturer's representatives, both foreign and domestic, and has already found formidable problems. Serious problems of discrimination between foreign and domestic manufacturers could occur. The mere testing of cars manufactured in the United States and destined to be sold in California is a problem. However, the board believes that assembly line testing for emission control is warranted even though large numbers of uncontrolled cars are on the highways.

Perhaps more serious is the fact that presently there is no necessary correlation between ambient air standards (free air) and motor vehicle emissions. The ambient standards were set for each air basin of the state based on factors of public health and several arbitrary decisions made by the board. Some of these standards are presently impossible to meet. The motor vehicle emission standards are set by a series of target dates to reduce projected future vehicle emissions primarily on new cars. However, as set they do not have any direct relation to a target date when the air will reach the established ambient levels. Thus, the strict motor vehicle emission standards now set may not necessarily reduce the gaseous pollutants in the atmosphere to the ambient standards already separately established for public health and other purposes.

The board is well aware that it cannot now bring vehicle emission controls and ambient air quality into a common, relatable approach. Furthermore, because vehicle emission controls are a state responsibility and local nonvehicular emissions are a local responsibility, the board has no present means to bring about a common approach. Finally,

Air Resources Board—Continued

the board has no studies on program under development to bring about a common approach. Thus, the state continues a disjointed approach to air pollution control.

Enforcement Mechanism Required

We recommend that the board begin developing an enforcement capability.

The board through the nonvehicular source control program assists local agencies in the development of control programs, conducts special investigations on air quality and emission sources, recommends methods of control and determines whether local and regional authorities are adequately controlling emissions from nonvehicular sources.

As noted under our discussion of the emission inventory and surveillance element, the board indicated that in many areas or air basins of the state there are no data on air quality. In these areas the engineering staff of the board is now inventorying emission sources and making emission measurements. After completion of the first inventory a continual surveillance of sources will be used to keep the data on each basin current. For this work alone the board has an immediate need to establish a program for a statewide surveillance and monitoring network.

The cardinal function of local and regional air pollution control districts is to control the gaseous pollutants from nonvehicular sources. The operations of these local entities vary considerably throughout the state from Los Angeles County with 300 positions to some counties which merely increase the workload of their presently employed county sanitarians.

Table 2 shows the characteristics of rules, regulations, expenditures, and activation dates of local air pollution control districts as of June 1969. Table 2 illustrates the difference in priorities placed on the air pollution problem by various local agencies. The extent of the variation and the problems of coordination in any given air basin can be illustrated, for example, by a comparison of the efforts of Los Angeles and Orange Counties. Los Angeles spends \$4.5 million on air pollution while Orange County spends \$200,000. From Table 2 their systems appear to be somewhat similar. Each district has rules on smoke, nuisance, particulate matter, sulfur dioxide, combustion contaminants, scavenger plants, dust and fumes, petroleum storage, open fires, incinerators, oil effluent separators, circumvention, gasoline loading of trucks and trailers, reduction of animal matter, gasoline loading of tanks, organic solvents, architectural coatings, and disposal and evaporation of solvents.

The board also published the data in Table 3 which indicate the number of days in 1967 that the ambient oxidant standards were exceeded. Note that the maximum in Los Angeles was 225 days, at Azusa, while the maximum in Orange County was at Anaheim with 152. Los Angeles completed 2,639 abatement actions in 1967, 2,264 actions in 1968 and 1,006 in the first half of 1969. Orange County in contrast completed no court enforcement actions.

Table 2
Characteristics of Rules and Regulations of Air Pollution
Control Districts of California

<i>District</i>	<i>Activation date</i>	<i>Annual Budget for fiscal year 1968-69 dollars</i>	<i>Permit system</i>	<i>Permit-fee system</i>	<i>Prohibition rules</i>	<i>Orchard heater rules</i>	<i>Rules apply to specific areas within district</i>	<i>Hearing board procedures</i>
1. Los Angeles	June 1947	4,630,000	x	x	x	x	x	x
2. Orange	Sept. 1950	212,000	x	x	x	x	-	x
3. San Diego	May 1955	80,000	x	x	x	x	x	x
4. Riverside	June 13, 1955	110,000	x	x	x	x	x	x
5. Bay Area (Six Counties)	Sept. 1955	1,500,000	-	-	x	x	-	x
6. San Bernardino	June 19, 1956	265,000	x	x	x	x	x	x
7. Sacramento	Dec. 7, 1959	30,000	-	-	x	-	-	x
8. Humboldt	Feb. 4, 1964	69,000	x	-	x	-	-	x
9. San Joaquin	May 9, 1967	not available	na	na	na	na	na	na
10. Kern	March 12, 1968	25,000 (est.)	-	-	x	(1)	-	x
11. Ventura	March 12, 1968	70,000	x	x	x	x	-	x
12. Kings	March 19, 1968	10,000	-	-	x	-	-	-(2)
13. Mariposa	April 9, 1968	*	na	na	na	na	na	na
14. Madera	June 11, 1968	*	-	-	x	(1)	-	x
15. Tulare	June 25, 1968	*	na	na	na	na	na	na
16. Monterey- Santa Cruz	July 1, 1968	77,000	-	-	x	-	-	x
17. Fresno	Aug. 8, 1968	*	-	-	x	x	-	x
18. Stanislaus	Aug. 20, 1968	*	na	na	na	na	na	na
19. Merced	Jan. 14, 1969	*	*	*	*	*	*	*
20. Colusa	June 3, 1969	*	*	*	*	*	*	*

x—Has this characteristic.

— Does not have this characteristic.

na—Not available although past due for submission of rules and regulations.

* Newly activated districts; no information available.

(1)—In planning.

(2)—Rules provide for civil actions against violators.

Source: Air Resources Board "Air Pollution Programs in California". Sept. 1969.

Air Resources Board—Continued

Section 39054 of the Health and Safety Code provides an elaborate and relatively unworkable procedure for the Air Resources Board to assure local compliance. The procedure has never been used. The section states:

"If the board finds after investigation and testing that its ambient air quality standards are not being complied with within a basin or that any local or regional authority has not taken reasonable action to control emissions from nonvehicular sources, it may request a report from such local or regional authority as to the action taken to control the sources responsible. If the board's investigation and testing reveals that its standards are not being complied with, or the local or regional standards are not being complied with or are inadequate, and that the report of the local or regional authority is unsatisfactory, the board may hold public hearings. If the board after holding public hearings, is still unsatisfied it may issue a statement of findings, and may direct the local or regional authority, to take further reasonable action. If any local or regional authority does not comply with the directive of the board within 30 days after the date of the directive, the board shall enforce the standards and the rules and regulations adopted by the board pursuant to this part within the area under the jurisdiction of such local or regional authority until such time as the directive is withdrawn by the board or the local or regional authority complies with the directive. The board may take any other appropriate legal action to carry out its responsibilities in such area. The board shall also have the authority, if such area is within any air pollution control district which is functioning and exercising its powers, to take any action which the district may take. If such area is not within an air pollution control district which is functioning and exercising its powers, the board shall also have the authority to take any action which Chapter 2 (commencing with Section 24198) of Division 20 authorizes a district which is functioning and exercising its powers under that chapter to take . . ."

This section was added in 1967 and amended in 1968. Although we realize that the board has just set standards for ambient air quality it is imperative that a mechanism to implement this section be developed by the board including any recommended clarifying legislation.

It is reasonable to assume that all air quality standards will become stricter. For example, if the state assumes the role of regulating the location of power plants, the regulations must be so structured that they will be capable of withstanding both applications for variances and court action. This necessitates legal study and continuing legal advice in formulating both regulatory standards and enforcement mechanisms.

As a practical matter the board has no enforcement program either for ambient air standards or vehicle emission standards (other than certification). If the state is to develop a well-rounded air pollution control program the board will need to start planning for an enforcement program.

Air Resources Board—Continued

Table 3

Number of Days per Year and the Maximum Number of Consecutive Days
During Which the Oxidant Concentration Was Equal to or Greater
Than 0.1 ppm, 1967

<i>City by county</i>	<i>Days per year</i>	<i>Maximum consecutive days</i>
Alameda		
Livermore -----	78	13
Oakland -----	20	3
San Leandro -----	52	5
Contra Costa		
Port Chicago -----	38	5
Fresno		
Fresno -----	88	24
Kern		
Bakersfield -----	87	9
Los Angeles		
Azusa -----	225	93
Burbank -----	204	92
Lennox -----	66	9
Los Angeles -----	176	18
North Long Beach -----	45	4
Pasadena -----	213	92
Pomona -----	207	93
Reseda -----	198	93
U.S.C. -----	172	22
West Los Angeles -----	159	13
Marin		
San Rafael -----	17	3
Monterey		
Salinas -----	3	0
Orange		
Anaheim -----	152	12
La Habra -----	74	9
Santa Ana -----	69	6
Riverside		
Corona -----	170	28
Riverside -----	206	76
Sacramento		
Sacramento -----	49	5
Creekside -----	72	7
San Bernardino		
Cucamonga -----	217	77
Chino -----	164	17
San Bernardino -----	173	38
Upland (APCD) -----	126	35
San Diego		
Carlsbad -----	104	10
El Cajon -----	112	10
Mission Valley -----	47	9
Nestor -----	107	8
San Diego -----	35	4

Air Resources Board—Continued

Table 3—Continued

Number of Days per Year and the Maximum Number of Consecutive Days
During Which the Oxidant Concentration Was Equal to or Greater
Than 0.1 ppm, 1967

<i>City by county</i>	<i>Days per year.</i>	<i>Maximum consecutive days</i>
San Francisco		
San Francisco -----	12	4
San Joaquin		
Stockton -----	34	7
San Mateo		
Redwood City -----	46	5
Santa Clara		
San Jose -----	81	9

Long-Range Program Alternatives

The present codes provide for a committee appointed by the Governor to grant variances from the board's standards. If the motor vehicle emission control program is to be effective, it may be necessary at a future date to defend the standards before that committee and ultimately to prove in a court of law that the standards are not unreasonable, arbitrary, or capricious. If in fact the board cannot relate emission standards to ambient standards, if it does not have statutory authority to set standards which are based on the emissions per vehicle, if it cannot measure emission without long and involved tests, its standards may be difficult to sustain.

We realize that several air pollution problems are long-ranged, speculative and require decisions by those charged with establishing public policy. However, if we accept all of the optimistic assumptions of the graphs presented in the Governor's Budget on page 1144, it can be seen that after the decade of the 1970's the controlling factor in vehicular air pollution will be determined solely by the number of cars in the state rather than control methods because vehicle pollution control will have achieved maximum effect. In effect total emissions start upward again.

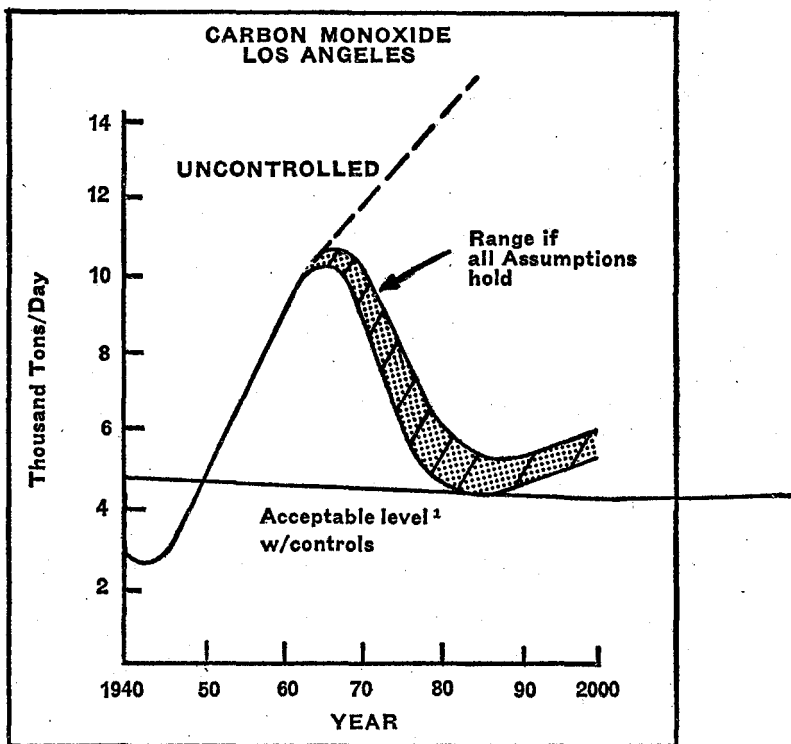
We have revised one of the graphs in order to enumerate some of the assumptions used in computing it and to indicate some of the possible effects on air quality if the board is unable to deal with various enforcement problems or to solve some of the other problems we have already discussed. Thus, Graph 1 attempts to show less optimistic conditions if the realized performance of the devices is decreased by 10 percent to 20 percent under expected performance and assuming present projections of number of cars, miles travelled, etc., hold true. In such a case the graph shows that the board's efforts may never reach the ambient standards set by the board relative to public health factors as indicated by the horizontal line. It is not too early now to begin studying alternative enforcement and regulatory actions on a long-range basis.

We should also note that the budget is silent on any applied research program or effort to coordinate research in developing better instru-

Air Resources Board—Continued

ments for field measurements. Our recommendations for a policy and programming staff element may help start the formulation and implementation by the board of a long-range program and evaluation of program alternatives.

Graph 1



¹ "California Standards for Ambient Air Quality and Motor Vehicle Exhaust," State of Calif., Dept. of Public Health, 1961.

The data in Graph 1 was computed by the Air Resources Board based on the following assumptions:

- (1) Data listed represents the combined emissions for all segments of the controlled and uncontrolled vehicle population as of the end of each year indicated.
- (2) 1966 and 1967 models exceed the emission by approximately 20 percent.
- (3) It is assumed that all exhaust control systems on the 1968 and later model cars will operate at their required efficiency for the lifetime of the vehicles on which installed, and that those systems which cannot meet this requirement will not be approved for use in model years subsequent to that in which failure first becomes apparent.

Air Resources Board—Continued

- (4) That the ambient standard is the equivalent of 5,000 tons per day.
 (5) If the data holds up our objective is limited to about the 1947 level of carbon monoxide.

Since the above graph was prepared, the Air Resources Board last November established more stringent ambient standards. These standards would lower the horizontal line labeled "acceptable level with controls" from 5,000 tons to 3,600 tons. In addition, new standards for 1975 automotive emissions set in January would continue the downward trend of the emissions curve to a point slightly above the 2,000 tons-per-day line by the year 1990.

AIR RESOURCES BOARD**Item 217 from the Motor Vehicle Fund****Budget page 1141**

Requested 1970-71 -----	\$1,273,542
Estimated 1969-70 -----	1,253,774
Actual 1968-69 -----	1,136,724
Requested increase \$19,768 (1.6 percent)	
Total recommended reduction -----	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval

This item appropriates \$1,273,542 from the Motor Vehicle Fund and is discussed in the preceding item.

WATER RESOURCES CONTROL BOARD**Item 218 from the General Fund****Budget page 1148**

Requested 1970-71 -----	\$3,726,000
Estimated 1969-70 -----	3,382,484
Actual 1968-69 -----	2,940,333
Requested increase \$343,516 (10.2 percent)	
Total recommended reduction -----	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Environmental Quality Recommendations:

- | | |
|--|-----|
| 1. Clarify public policy issues contained in San Francisco Bay Water Quality Control Program. | 865 |
| 2. Include statements in 1971-72 budgets on coordination of activities regarding San Francisco Bay Work. | 865 |

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

Water Resources Control Board—Continued

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

ANALYSIS AND RECOMMENDATIONS

The State Water Resources Control Board proposes an expenditure of \$3,726,000 from the General Fund which is an increase of \$343,516 or 10.2 percent above current-year estimates.

Total program costs funded by this item, federal funds and reimbursements, increase \$474,341 or 11.4 percent to \$4,629,300. The board has had recruitment problems during the current year in attempting to fill the positions established pursuant to the Porter-Cologne Water Quality Act. Part of the increased costs next year are due to the full-year costs of the new positions established in the current year. No additional positions are requested for next year.

The board's budget request is divided into four programs: Water Quality Control, Planning and Research, Water Rights and Administration.

WATER QUALITY CONTROL

This program has a proposed expenditure of \$2,277,660 from the General Fund, an increase of \$256,287 compared to current-year estimates. The major increases are \$74,539 for the establishment and review of waste discharge requirements and \$84,450 for surveillance-enforcement.

The waste discharge requirements element has increased 8.4 percent over the current year to a level of \$954,000. This corresponds to an increase in output of 9 percent in the number of requirements established and reviewed.

The actual increase in the General Fund expenditure is 20 percent over the current year. This substantial increase occurs because of the one-time appropriation of waste discharge fees directly to the board as provided in the 1969 Budget Act. These fees will now go to the General Fund rather than to the board. This element reflects a direct workload of the board which is continuous in nature.

Water Resources Control Board—Continued

The surveillance-enforcement program element is proposed at \$1,008,000, an increase of \$84,450 or 9.1 percent over current-year estimates. This increase can be compared to a projected output increase of 20 percent in the number of waste discharges reviewed and inspected and an 11-percent increase in enforcement actions. The Porter-Cologne Water Quality Control Act has provided that the board develop an information storage and retrieval system for water quality data. This information system will involve emphasis under the research program as well as under this particular element. The board will have to provide the Legislature with its plan for implementing the information storage and retrieval system prior to the actual installation pursuant to control language on EDP systems now in the Budget Bill.

PLANNING AND RESEARCH

The objectives of this program include quantifying the relationships between water quality, water quantity and use, and development of regional and statewide policy and plans for water quality management.

Although planning and research is carried as a new program in this year's budget, many of the studies are integrated into the Bay-Delta Study.

Table 1 illustrates the problem confronting the board in formulating and contracting studies by showing the change of program output as it progresses from estimated to actual years.

Table 1

	1969 Governor's Budget			1970 Governor's Budget		
	Actual 1967-68	Estimated 1968-69	Estimated 1969-70	Actual 1968-69	Estimated 1969-70	Estimated 1970-71
Major projects under investigation -----	8	9	9	2	6	7
Expenditures -----	\$248,064	\$236,000	\$227,240	--	\$230,000	\$334,000

We have identified those projects which are either ongoing during current year or are anticipated in the budget request. Several of the projects such as the Bay Dispersion Capability Study, the San Francisco Bay Toxicity Study and the Subregional Planning Studies are continuations of work initiated in the Bay-Delta Study.

1969-70 Project	Amount	1970-71 Project	Amount
Relating Water Quality to Water Rights -----	--		
License and Regulation Use of Oil Spill Clean Up Agents -----	\$5,000		
Economic Criteria for Water Quality Management ----	--	Criteria for Guidance of a Water Quality Manage- ment Program -----	\$60,000
Inventory of Water Quality Research -----	--		
Bay Dispersion Capability Study -----	\$54,000		

Resources

Item 218

Water Resources Control Board—Continued

1969-70

Project Amount

San Francisco Bay Toxicity
Studies ----- \$140,000

Los Angeles Inner Harbor -- \$15,000

Planning for Subregional
Systems—San Francisco
Bay ----- \$50,000

Bay-Delta Planning
Contingencies ----- \$15,000

Source Control of Persistent
Pesticides ----- \$5,000

Nitrates in Ground Water -- \$15,000

Surveillance of Near Shore
Ocean Waters ----- --

Review of State Water Qual-
ity Monitoring and Data
Retrieval ----- \$15,000

Discharge Requirements of
San Luis Drain ----- --

Alternatives to Discharge of
Sacramento-Yolo Waste to
State Water Project
Facilities ----- --

Lower American River Study
Outline ----- --

Ecological Study of Kelp
Beds ----- --

Monterey Bay Water Quality
Study ----- --

\$314,000

1970-71

Project Amount

Relating Waster Water Dis-
chargers to Their Ecologi-
cal Effect in Estimated
Waste Water Quality Ob-
jectives ----- \$140,000

Support Engineering Studies
in Select Subregions of
Bay Area and L.A. Inner
Harbor ----- \$40,000

Regulation of Environmen-
tally Harmful Chemicals-- \$20,000

Agricultural Waste Waters
Need for Legislation or
Alternative Control
Measure ----- \$40,000

Aerial Surveillance Tech-
niques as an Aid to
Regulation ----- \$60,000

Renovation and Reuse of
Waste Water ----- \$40,000

Unspecified Regional Water
Quality Problems ----- \$20,000

\$550,000

The projects shown opposite each other affect the same general area of research during both years. The board should develop a complete research program justification next year including project analysis, priority, and cost data.

Water Resources Control Board—Continued

WATER RIGHTS

Within this program the board administers water rights law, assists the courts in determining water rights, and maintains a record of water diversion and use throughout the state. The General Fund cost of this program is \$924,732, a decrease of \$42,000 from the current year.

Reimbursement shows an increase of over 100 percent from \$40,000 to \$95,000 a year. This anticipates the increase in application and permit fees and includes an annual fee yet to be established.

San Francisco Bay Water Quality Control

The San Francisco Bay Water Quality Control Program is reduced next year to a program element having a proposed budget of \$90,200, an increase of approximately 33½ percent over the current year estimates. This element is a continuation of a three-year study to plan a waste water management system for the San Francisco Bay and delta which will cost about \$3,000,000. Its purpose is to provide some staff and continuity for the Bay-Delta Study (discussed below) while major policy problems are being resolved. The study staff has already been moved from Sacramento to Oakland to provide greater local contacts on the regional aspects of the problem.

It is recommended that the State Water Resources Control Board review the public policy questions involved in the Bay-Delta Study, identify those which it plans to consider in public hearings and then advise the Legislature prior to the 1970 interim of any public policy questions which it believes the Legislature should make the subject of interim hearings. It is further recommended that the resources secretary be requested to include in the 1971-72 budget of the Department of Water Resources, the San Francisco Bay Conservation and Development Commission, the State Water Resources Control Board and the Air Resources Board or any other department as appropriate those specific actions which have been undertaken in the 1970 calendar year to coordinate the work of the above groups with regard to San Francisco Bay regional problems.

In 1965 the Legislature provided authority and initial funding for a comprehensive study of the water quality problems of the San Francisco Bay and the delta areas. Its objective was to prepare a plan to provide for the disposal of waste waters on a regional basis and to provide a high quality in the receiving waters of the area. The type, nature, and location of needed collection, treatment and transportation facilities for such a system were to be developed on a regional basis.

In March 1969 the preliminary report of the study was released and in June 1969 the final report was released. The report recommended a comprehensive plan for flexible, staged construction of sewerage treatment and disposal facilities. The concept of the plan was initially to improve water quality conditions in the southern and eastern portions of San Francisco Bay by increasing the degree of treatment of waste waters now being produced, and as more wastes were

Water Resources Control Board—Continued

developed, to construct secondary treatment facilities and dispose of most of the wastes in the central portion of San Francisco Bay where the dispersion capability of the bay is maximized. Eventually the dispersion capability of the central bay would be utilized at which time the trunk line facilities would need to be increased along with adding new treatment facilities to provide for disposal of nearly all bay area wastes into the ocean at a point off the San Mateo coastline. Fringe areas around the bay region would continue to dispose of their wastes locally after providing the necessary degree of treatment (local disposal). Waste water reclamation would be encouraged on a local basis as part of the system wherever feasible. The major facilities would have a total accumulated cost of approximately \$2 billion by 1990 and approximately \$4 to \$5 billion by 2020.

The final report contains extracts of statements made at public hearings which were held to consider the plan. It is apparent from the testimony at the hearings, the ensuing general public apathy towards the plan and the lack of any specific local proposals to further the plan, that the proposal has not been well received. Thus, while the problem has been defined and the need to take action in the immediate future based on a long-range plan and goal is reasonably apparent, very little is happening.

Our analysis has followed the progress of the Bay-Delta Study in recent years and has made various recommendations regarding its financing and the need for close coordination between various state agencies to secure the maximum results from the study and other matters. Our review of the present budget and general inaction regarding the Bay-Delta Study indicates that the Legislature may be able to take several actions which will provide further direction to the solution of the bay-delta problems. Primarily, legislative action is needed on certain public policy questions which have not been clearly or adequately developed for the Legislature in the work done to date by the study. Although somewhat oversimplified, the following are some of the more important public policy decisions needing legislative attention:

1. The Bay-Delta Study does not furnish an adequate framework for evaluation and reaction to the very large costs involved. An estimated cost of \$2 billion by 1990 is outlined, but it is not very clear what the magnitude of this fiscal burden will be on the area by 1990. The costs might appear overwhelming to some persons and fairly reasonable to others. An evaluation of this cost against other public expenditures which may be needed in the region by 1990 and an indication of the priority of these expenditures in relationship to other demands for public funds in the region is needed.

2. Part of the difficulty in clarifying the magnitude of the funding requirements results from uncertainties surrounding the methods of financing the system and the relative roles and fiscal responsibilities of the federal government, state government, regional government and local agencies. There is not a clear relationship depicted either organizationally or financially between the master system and the local facili-

Water Resources Control Board—Continued

ties. Presumably the series of subregional studies that the state board has now undertaken will help to fill this void in information and tie the master plan to local facilities in a meaningful way. However, the recommended plan cannot proceed without massive state and federal financial assistance which does not now appear imminent.

3. On page 11-13 of the Final Report an important conclusion is reached which tends to predetermine a very important public policy issue. The report states, "Our knowledge of the efficacy or tertiary or advanced waste treatment processes in removing or reducing the toxicity and biostimulatory characteristics of waste waters is too limited. A local disposal system relies too heavily on the questionable effectiveness of treatment processes in removing deleterious substances from waste waters. This risk might be worth taking if the local disposal system were significantly less expensive than other alternatives; this, however, is not the case. The local disposal system is estimated to have the same (or even slightly higher) cost as other systems which would provide a much greater assurance of water quality protection. Disposal of waste waters to Central Bay is a lower risk alternative than the local disposal system because of the greater dilution which can be given to waste waters in Central Bay than can be obtained in the more inland reaches of the estuary."

We do not presume to judge the effectiveness of local disposal systems compared to deep disposal in the central bay or ocean outfalls located off the San Mateo coastline. We would point out, however, that this simple basic conclusion on which much of the study rests forecloses consideration of the advanced treatment system that has been developed at Lake Tahoe for treatment of the waste waters being exported from that area. This conclusion in turn leads to the recommended system which would dispose of waste waters having received secondary treatment into the central part of San Francisco Bay and then eventually leads to a system of ocean outfalls for treated wastes. Improvements in tertiary and advanced treatment facilities are being extensively researched by the federal government and the prospect of improvement in these processes during the next 10 to 20 years when many of the proposed facilities will actually be constructed is promising.

The study concentrates on the construction of vast trunk lines and treatment facilities but when all the facilities are constructed and at all times during their construction, the proposed system will be discharging incompletely treated waste waters either into San Francisco Bay or into the ocean. While this system may achieve the water quality being sought for the proposed system, concern was expressed at the hearing by individuals who wondered whether such a vast public undertaking should accept as its objective a system which is intended to discharge partially treated wastes. Concerned citizens who may wish to see no environmentally degrading wastes discharged into San Francisco Bay find little to support in the plan. The implications of a decision of this magnitude should be explored fully.

Water Resources Control Board—Continued

4. While the study properly gives major attention to the prospect of reclaiming waste water, it does so as a means of securing additional water supplies and not as a means of solving a waste water management problem. It would appear that eventually the two problems will tend to merge. Long before 1990 the state's policy may be to require a high degree of treatment of waste waters so that none or virtually none of the waste waters being returned to the environment will have a degrading effect. In these circumstances all treated waste water would automatically become reclaimed water which would be suitable for some reuse. Essentially, any reclaimed waters not reused could simply be released to the environment without fear of damaging that environment. This is basically the approach at Lake Tahoe even though the reclaimed water is exported because of the special efforts to retain the quality of Lake Tahoe. Page XX-12 of the final report indicates that the cost of advanced treatment is no more than double secondary treatment. With advanced treatment, the cost of major collector systems and outfalls can be avoided or minimized.

5. Recently there have been adverse comments on the operation of the State Water Project in taking water from the delta for export to southern California, which have been accompanied by claims that such exportation will be harmful to San Francisco Bay. However, the present water supply for the San Francisco Bay area is transported from the Sierra Nevada Mountains so as to bypass the delta. This bypass operation reduces the outflow from the delta in the same manner (hydraulically) as direct delta exports. The Bay-Delta Study should consider whether more use of waste water reclamation, in the same manner that is being urged on southern California in order to protect the delta, would also be appropriate for the San Francisco Bay area rather than discharging high-quality waste waters to the ocean or the bay.

6. Indications are that the federal government may require secondary treatment for all sewerage treatment facilities qualifying for federal grants in the future. The 1990 operation of the proposed bay-delta system will provide no more than secondary treatment at any time and it has been criticized on this basis. If a higher degree of treatment is required by the federal government before discharge into marine waters, the major expenditure of the bay-delta system for collection and transportation systems to the central bay or for an ocean outfall may not be justifiable. As noted in paragraph 4 above, a higher degree of treatment incurs costs approaching those of reclaiming the water, in which case the quality would be sufficiently high to permit substantial disposal in the bay for any portion not reused after reclamation. For this reason the projected subregional studies in the south bay and Contra Costa areas as contained in the department's research program are very important. These subregional studies will gather data which may permit determining the feasibility of going relatively soon to advance treatment in order to achieve short-range improvement in the bay receiving waters. If this can be done, many of the regional transport and treatment facilities may be unnecessary, reduced in size, or delayed in construction.

Water Resources Control Board—Continued

7. The state board set water quality standards for the Bay-Delta Study which appeared reasonable at the time they were set about two years ago. These standards represent the traditional approach to a water quality study and preparation of a plan like the bay-delta plan. However, it is apparent as the preparation of the plan has developed that these standards led to a system of secondary treatment and massive ocean disposal which costs about the same as advanced treatment. As a result the basic question of the quality of bay waters and the possibility of immediate steps to achieve the quality which the general public desires and which may be within its reach on a reasonably comparable cost basis has not been presented to the general public for decision.

8. In order to emphasize waste water reclamation, the bay-delta plan proposes as a future option the construction of parallel transmission facilities. The parallel facilities conveying waste water and reclaimed water in opposite directions would appear to be questionable. This is an example of the need to consider the system within some cost framework.

9. In spite of the dismissal of advanced waste water treatment as being too risky for consideration in the bay-delta plan, the Department of Water Resources has just completed a pilot study of the denitrification of San Joaquin Valley waste waters. In addition, the department is also moving to test several reverse osmosis processes for application to the drainage waters of the San Joaquin Valley. If the department can justify these pilot efforts, then the state should consider the possibility that advances in technology will provide solutions to the waste treatment problems of the bay-delta area without resort to ocean outfalls and major collection facilities.

10. Considerably more coordination is needed between the Bay-Delta Study, the new planning responsibilities of the San Francisco Bay Conservation and Development Commission, open spaces planning, air pollution control and transportation. The Bay-Delta Study assumes that bay area development will continue to occur on the same general uncoordinated basis as in the past. The Legislature has already established policy and provided for some exercise of the police power to control development which should require more realistic consideration of the complex questions involving the location of industry, urban centers, transportation, etc. There is the possibility that certain industries which produce high emissions of air pollutants or especially troublesome waste waters will not be permitted to locate in certain areas. As the Legislature further develops policies for environmental quality, these policies may result in major impacts on some of the future needs for water supplies and waste water facilities.

RECLAMATION BOARD

Item 219 from the General Fund

Budget page 1163

Requested 1970-71 -----	\$237,315
Appropriated 1969-70 -----	300,000
Requested decrease \$62,685 (20.9 percent)	
Total recommended reduction -----	None

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.

ANALYSIS AND RECOMMENDATIONS*Approval is recommended.*

The Reclamation Board has a proposed budget for 1970-71 of \$237,315. This budget represents a reduction of 81.6 percent or 84.8 positions because of a transfer of a large portion of the current year's expenditures to the Department of Water Resources.

This reduction is pursuant to the Budget Act of 1969-70 which provided that the \$2,990,600 appropriation last year for flood control in the Central Valley by Item 276.5 be made to the Secretary of the Resources Agency. The Secretary was directed to allocate the funds between the Reclamation Board and the Department of Water Resources to achieve as nearly as legally possible an integrated statewide flood control program administered and executed by the Department of Water Resources.

The directive of this language was executed by the Resources Secretary after receiving written legal opinions from the Attorney General, the Department of Water Resources, the Legislative Counsel and the Reclamation Board. The Attorney General held that dual authority exists in the Water Code for both the Reclamation Board and the Department of Water Resources to conduct work associated with the condemnation of lands for easements and rights-of-way work associated with the flood control operation and maintenance functions in the Sacramento Valley. Accordingly, on October 31 all remaining funds and 85.3 man-years of staff were transferred to the Department of Water Resources. This left the board with 7.5 man-years to assist the board in carrying out its statutory function. The 1970-71 budget is prepared on this same basis.

Since the effective date of the secretary's order the Department of Water Resources has been in the position of administering all the flood control activities of the state (the Reclamation Board still retains a certain statutory decisionmaking authority). The department is now able to provide an integrated statewide program in place of the previ-

Reclamation Board—Continued

ously existing arrangement in which the Central Valley was treated as a separate part of the state's flood control program.

The present statewide activity of the Department of Water Resources can be contrasted to the Reclamation Board whose members are permitted to have a conflict of interest pursuant to Water Code Section 8575 which states: "A member of the board having an interest in lands within the drainage district is not disqualified from voting to execute any part of the plans of flood control or from carrying out of the objects of this part."

The present organization also eliminates the recent occurrence of duplicate and competitive planning between the board and the department on the upper Sacramento River. It also can eliminate several duplications of staffing effort which the recent shift in staff to the department has made apparent. In addition, preliminary reviews by the Department of Water Resources indicate that some savings can result from consolidating board and departmental staff activities.

In the past we have pointed out that the existence of the Reclamation Board which participates as a state agency in federal flood control projects and which pursuant to statutes provides "hold harmless" assurances to the federal government for liability from damages due to the project works, increases the prospect that the state will be found liable for millions of dollars of flood damages in the event of failure of any project levees and features. On this basis the state paid \$6.3 million for damages occurring in the 1955 floods at Yuba City. For this reason we believe the board should not continue as a state agency which commits the state to the above liability since it is not done elsewhere in the state by the Department of Water Resources.

Another problem has arisen due to the tendency of the board to justify state involvement in local-federal flood control planning in the Butte Basin because suits for inverse liability have been filed by property owners against the board. The suits have not been litigated but instead the board has tended to respond to them in a manner which might lead the state rather than the federal government into financing and constructing a project in this area.

In view of the above considerations we recommend approval of the item as budgeted in order to continue the shift of funds made by the Legislature last session and to develop legislation making such changes on a permanent basis.

COLORADO RIVER BOARD**Item 220 from the General Fund****Budget page 1165**

Requested 1970-71	\$244,805
Estimated 1969-70	298,511
Actual 1968-69	269,423
Requested decrease \$53,706 (17.9 percent)	
Total recommended reduction	None

Colorado River Board—Continued

GENERAL PROGRAM STATEMENT

The Colorado River Board is responsible for the protection of the rights and interests of the state and its agencies and citizens to the water and power resources of the Colorado River System (Part 5 of Division 6 of the California Water Code). The board consists of six members, one each from the six southern California water districts with established rights to use of the water and power of the Colorado River.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of this item.

The board represents California's interests in technical and policy conferences in California with other states and agencies of the federal government, and participates in various legislative, court and commission proceedings. The board is now a part of the Resources Agency and coordinates its activities with those of the Resources Agency, Department of Water Resources, the Attorney General's staff, and other state agencies. This coordination is intended to reduce the duplication of effort among these various groups, and to seek a common state position among the divergent views on plans and programs.

The proposed budget for 1970-71 is \$244,805, or 17.9 percent below the 1969-70 budget of the board. This reduction is chiefly the result of the elimination of four staff positions and various reductions in operating expenses. The board's activities can be adjusted to revisions in level of staffing because it has no specific workload to perform. The 13 positions remaining next year will be concentrating on the three most important areas of board activity: (1) determining existing rights to Colorado River water, (2) augmentation of Colorado River flows, and (3) Colorado River water quality problems.

CALIFORNIA ADVISORY COMMITTEE**Item 221 from the General Fund****Budget page 1170**

Requested 1970-71	-----	\$5,000
Estimated 1969-70	-----	6,000
Actual 1968-69	-----	4,957
Requested decrease \$1,000 (16.6 percent)		
Total recommended reduction	-----	None

GENERAL PROGRAM STATEMENT

The California Advisory Committee was authorized by the Legislature under Chapter 1647, Statutes of 1965. The committee which consists of an Assembly member, Senate member, four members of the California Water Commission and four Governor's appointees, participates in planning for regional development of water resources and provides advisory services to the Western States Water Council, the Legislature and interstate commission members. Specifically, the com-

California Advisory Committee—Continued

mittee is authorized to hold hearings and provide advice to both the Legislature and to members appointed by this state to the interstate organization participating in water planning among the western states. Members serve without compensation but are reimbursed for necessary expenses.

ANALYSIS AND RECOMMENDATIONS

Approval of the item is recommended.

The proposed budget of \$5,000 is for a continuation of the existing program. The reduced appropriation approximates the level of prior year expenditures.

KLAMATH RIVER COMPACT COMMISSION**Item 222 from the General Fund****Budget page 1171**

Requested 1970-71	\$6,355
Estimated 1969-70	7,575
Actual 1968-69	-
Requested decrease \$1,220 (16.1 percent)	
Total recommended reduction	None

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 development and conservation of the waters of the Klamath River Basin for irrigation, domestic, industrial, fish and wildlife, recreation, power, flood control and navigation uses. The commission has no staff and therefore relies on contracts with public and private entities for necessary services. 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 requested \$7,575 in last year's budget. That appropriation was the first since the Budget Act of 1966 when \$9,210 was appropriated. The \$6,355 requested in 1970-71 is to be used for California's share of the necessary operating expenses and equipment for the commission.

CALIFORNIA-NEVADA INTERSTATE COMPACT COMMISSION

Item 223 from the General Fund

Budget page 1172

Requested 1970-71 -----	\$13,100
Estimated 1969-70 -----	15,600
Actual 1968-69 -----	26,424
Requested decrease \$2,500 (16 percent)	
Total recommended reduction -----	None

GENERAL PROGRAM STATEMENT

The California-Nevada Interstate Compact Commission is a seven-member commission created to cooperate with a similar commission representing Nevada in formulating an interstate agreement on the distribution of waters from Lake Tahoe and the Truckee, Carson and Walker Rivers. The commission is seeking to obtain legislative approval and congressional consent for the California-Nevada Interstate Compact which has resulted from negotiations between the California and Nevada commissions. The commission will meet and work with the Legislature, federal agencies, and congressional groups to resolve any problems arising during consideration of this compact by Congress.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the item.

The budget presented to the Legislature for the commission in 1970-71 is \$13,100, of which \$7,180 is for staff services to be provided by the Department of Water Resources, with the remainder for necessary travel expenses. The level of funding necessary for the commission to operate effectively in 1970-71 is subject to uncertainty for a variety of reasons.

At the present time, the California Legislature has the California-Nevada Interstate Compact before it for approval. Last year and during the interim the Legislature considered a number of questions concerning the water rights of the Indians of the Pyramid Lake area of Nevada. Changes which may occur in the compact as a result of these questions and other possible issues will require staff work in 1969-70. The cost for staff work in the budget year is largely unknown because it is not possible to estimate the extent and results of staff work which will be necessary for purposes of legislative consideration during the 1970 legislative session, nor are the results of this legislative consideration foreseeable.

SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

Item 224 from the General Fund

Budget page 1173

Requested 1970-71 -----	\$265,899
Estimated 1969-70 -----	182,670
Actual 1968-69 -----	208,104
Requested increase \$83,229 (45.6 percent)	
Increase to improve level of service \$83,229	
Total recommended reduction -----	None

GENERAL PROGRAM STATEMENT

The San Francisco Bay Conservation and Development Commission was created by the Legislature in 1965 in order to protect the public interest in San Francisco Bay and to plan for the conservation and responsible development of the bay. The commission completed its plan for the bay system and presented it to the Legislature in January 1969.

During the 1969 session the commission was made permanent, and its permit issuing authority was extended from projects involving filling or dredging of the bay, to include any projects involving a substantial change in the use of any water, land or structure along a "shoreline band" 100 feet landward from the bay shore (including salt ponds and wetlands). It was also directed to institute a program to encourage local governments to enter into contracts placing water and shoreline areas under the California Land Conservation Act.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The commission's budget has been affected by three major changes during the current year: (1) there was a substantial reduction in funds and personnel from \$208,104 in 1968-69 to \$182,670 in 1969-70 pending decisions on its future, (2) a substantial change in objectives occurred in the new legislation, i.e., from preparation of a comprehensive bay plan to implementation of the plan through control over development in and around the bay, and (3) increased duties and responsibilities were assigned to the commission by the 1969 Legislature.

The commission's altered role in the budget year reflects the new responsibilities placed on it by the Legislature. Specifically the commission will be establishing the precise boundaries of its shoreline jurisdiction in the budget year as well as establishing a listing of privately owned property that is to be recommended for acquisition by public agencies. Lastly, a survey program is to be initiated to detect illegal filling and diking or violations of permit conditions in the bay.

The commission's budget request for 1970-71 is \$265,899, an increase of \$83,229 from the current year. This increase would allow the restoration of two staff positions which were dropped in mid-1969-70 because the prior statutes had terminated the commission's life. It would also allow the addition of 4.5 man-years of new technical staffing. The new

San Francisco Bay Conservation and Development Commission—Continued

staffing is requested because of the added responsibilities given the commission by the Legislature and also because of the large increase in the number of permit applications anticipated in the budget year. Because the commission's expanded authority has only recently become effective, a detailed approach and work schedule have not yet been developed. However, the commission has established its work priorities.

**Resources Agency
PROTECTED WATERWAYS PROGRAM**

Item 225 from the General Fund

Budget page 1177

Requested 1970-71	\$56,778
Estimated 1969-70	67,768
Actual 1968-69	20,000
Requested decrease \$10,990 (16.1 percent)	
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS*Approval is recommended.*

This item and Items 227 and 228 provide a total of \$88,412 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 in the state having extraordinary scenic, fishery, wildlife and recreational values, to plan for their use and to provide for their protection and preservation. The staff work in this program will be done by appropriate departments within the Resources Agency.

This program is to result in a completed document titled "California Protected Waterways Plan," in 1970-71. The plan is to include (1) identification of the waterways to be protected, (2) definition of the possible present and potential human demands for these waterways, (3) identification of conditions or activities which may threaten the resources of these waterways, (4) proposed standards and requirements to extend long-range protection of these resources, and (5) identification of selected waterways which require immediate action because of their nature.

**Resources Agency
TAHOE REGIONAL PLANNING COMPACT**

Item 226 from the General Fund

Budget page 1176

Requested 1970-71 -----	\$50,000
Estimated 1969-70 -----	50,000
Actual 1968-69 -----	30,000

Requested increase—None.

Total recommended reduction -----	None
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ANALYSIS AND RECOMMENDATIONS*Approval is recommended.*

The Tahoe Regional Planning Compact was established by Chapter 1589, Statutes of 1967. The purpose of the compact is to coordinate planning between California and the State of Nevada to preserve and enhance the environment of the Lake Tahoe Basin. This compact has been adopted by the State of Nevada and the Congress.

This item appropriates \$50,000 from the General Fund for the Tahoe Regional Planning Agency as a contribution by California to the support of the interstate agency in 1970-71.

**Resources Agency
PROTECTED WATERWAYS PROGRAM**

Item 227 from the Harbors and
Watercraft Revolving Fund

Budget page 1177

Requested 1970-71 -----	\$6,581
Estimated 1969-70 -----	\$7,733

Requested decrease \$1,152 (14.8 percent)

Total recommended reduction -----	None
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ANALYSIS AND RECOMMENDATIONS*Approval is recommended.*

This item appropriates \$6,581 from the Harbors and Watercraft Revolving Fund for expenditure through the Resources Agency for support of the Protected Waterways Program. The Protected Waterways Program is discussed in Item 225.

**Resources Agency
PROTECTED WATERWAYS PROGRAM**

**Item 228 from the Fish and Game
Preservation Fund**

Budget page 1177

Requested 1970-71	\$25,053
Estimated 1969-70	\$24,397
Requested increase \$656 (2.7 percent)	
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS

Approval is recommended.

This item appropriates \$25,053 from the Fish and Game Preservation Fund for expenditure through the Resources Secretary's Office on the fish and wildlife portion of the Protected Waterways Program. This program is discussed further in Item 225.

DEPARTMENT OF AERONAUTICS

Item 229 from the Aeronautics Fund

Budget page 1179

Requested 1970-71	\$463,321
Estimated 1969-70	441,640
Actual 1968-69	431,104
Requested increase \$21,681 (4.7 percent)	
Total recommended reduction	\$65,853

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

1. We recommend that the Noise Standard Element be ended and the budget reduced by \$41,748, and one clerical and an assistant counsel position be deleted. (Analysis page 879.)
2. We recommend that the fees for the regulation of sport parachute jumping be increased to make the program self-supporting and the budget be reduced by \$1,813. (Analysis page 880.)
3. We recommend that the budget for the regulation of flight schools be reduced by \$8,331. (Analysis page 880.)
4. We recommend that the air marking program be terminated and the budget reduced by \$6,245. (Analysis page 881.)
5. We recommend the request for a steno II position for the administration program be deleted and the budget reduced by \$7,716. (Analysis page 882.)

GENERAL PROGRAM STATEMENT

The activities of the Department of Aeronautics include: encouraging the development of private flying and general use of air transportation, fostering air safety, assisting in the development of a statewide system of airports, and providing for cooperation with federal authorities in the development of a national system of civil aviation as well