

GRADE CROSSING PROTECTION WORKS—Continued

from the State Highway Account for support of the program. In subsequent years, \$10 million per year will be provided from the State Highway Account.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The demand expressed by local government for matching funds has been used by the commission to substantiate its request for funds to support the grade-crossing protection program. Based on projected demand for state matching funds for the 1972-73 fiscal year, the commission estimates a need of \$1 million.

Resources Agency

TAHOE REGIONAL PLANNING AGENCY

Item 183 from the General

Fund

Budget p. 95 Program p. 545

Requested 1972-73.....	\$50,000
Estimated 1971-72	100,000
Actual 1970-71	80,000
Requested decrease \$50,000 (50 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Tahoe Regional Planning Compact was established by Chapter 1589, Statutes of 1967. The purpose of the compact was to coordinate and enforce 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 California, Nevada and Congress.

ANALYSIS AND RECOMMENDATIONS

Approval is recommended.

This item appropriates \$50,000 from the General Fund for the Tahoe Regional Planning Agency as a contribution from the State of California to its support in 1971-72. The act which created the Tahoe Regional Planning Agency required the adoption of both interim and comprehensive regional plans by the agency relative to environmental control in the Lake Tahoe Basin. The agency adopted on December 22, 1971, a comprehensive land use plan for the Lake Tahoe Basin.

The General Fund support appropriation for the Tahoe Regional Planning Agency decreases from \$100,000 to \$50,000 in the budget year. The Governor's Budget for the current year originally appropriated \$50,000 to the Tahoe Regional Planning Agency. However, Assembly Bill 78 (Chapter 1409, Statutes of 1971) appropriated an

additional \$50,000 to the agency for use in preparing a detailed comprehensive plan by the planning agency staff. The contribution by the State of California in Chapter 1409 was supplemented by a contribution from the State of Nevada in the amount of about \$38,000. Because the detailed planning work on the comprehensive land use plan has been completed at this time, the Counties of Nevada and El Dorado are now making their contributions, and the Tahoe Regional Planning Agency budget has been reduced to fund day-to-day operations and such other planning work as remains to be completed, the state contribution can return to \$50,000.

ENVIRONMENTAL PROTECTION PROGRAM

Item 184 from the California
 Environmental Protection
 Program Fund

Budget p. 95 Program p. 547

Requested 1972-73 (New Program)	\$1,960,058
Total recommended reduction	Pending

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS	<i>Analysis page</i>
1. Special review. No recommendation until program details and justification are received and analyzed.	455

ANALYSIS AND RECOMMENDATIONS

We recommend special review until the program details and justification for this item are received from the Resources Agency and analyzed.

This item would establish a new program oriented around purchase and operation of ecological reserves and assistance for ecology education projects. It is funded, to the extent that funds may be available next year, by an appropriation from the personalized license plate revenues in the California Environmental Protection Program Fund.

Some of the projects contained in this item will be carried out by state agencies, some of the money will go to local government, and in some instances it is not obvious how the funds will be administered. The item is appropriated to the Secretaries of Resources and Business and Transportation for their allocation to state and local agencies as money is available in the fund. Because past experience does not support the estimate of funds shown in the Governor's Budget to finance this item in the budget year, it will probably be necessary for the secretaries to restrict the allocation of money among projects. This allocation will be in the discretion of the secretaries under the language of the appropriation. It should also be noted that such money as will be in the fund is proposed to be expended for this new program

ENVIRONMENTAL PROTECTION PROGRAM—Continued

rather than for the series of appropriations made by the Legislature in 1970 or proposed for expenditure by the administration in 1971. Most prior appropriations are not proposed to be funded.

The Resources Agency is developing the details of this program. This justification material had not been completed at the time that our Analysis was sent to the printers. It will be necessary, therefore, to place this program under special review until the justification is received.

**Resources Agency
AIR RESOURCES BOARD**

Item 185 from the Motor Vehicle Fund

Budget p. 96 Program p. 551

Requested 1972-73.....	\$4,561,590
Budget Act Appropriation 1971-72	3,569,601
Actual 1970-71	2,112,955
Requested increase \$991,989 (27.8 percent)	
Recommended Augmentation (Motor Vehicle Fund)	\$21,929,000
Recommended transfer to General Fund financing	\$700,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
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- | | |
|---|----------------------------------|
| <ol style="list-style-type: none"> 1. <i>General Fund restoration. Transfer \$700,000 support to General Fund. Recommend restoring General Fund financing which was shifted to Motor Vehicle Fund two years ago.</i> 2. <i>Assembly line testing. Recommend that board report on specified features of the assembly line testing program.</i> 3. <i>Add new items. Mandatory Vehicle Inspection. Augment \$21,929,000. Recommend adding funds to initiate mandatory vehicle inspection and vacuum spark advance disconnect in Los Angeles Air Basin.</i> | <p>459</p> <p>459</p> <p>462</p> |
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GENERAL PROGRAM STATEMENT

The Air Resources Board is responsible for carrying out the state's functions with respect to air pollution control. These functions include establishing and administering new and used car vehicle emission controls, establishing and administering an air monitoring program, establishing air quality standards, conducting air basin planning and research, reviewing and enforcing where necessary the standards and regulations of local air pollution control districts, and participating in

state activities to secure and maintain air quality in the state.

The State Air Resources Board is currently composed of 14 members, nine appointed by the Governor and five ex officio members who are directors of state departments. With enactment of Chapter 1674, Statutes of 1971, a five-member part-time board composed of specially qualified persons will replace the current board effective July 1, 1972. Concurrently the Technical Advisory Committee (TAC) will be abolished.

The administrative functions and most of the board's staff are located in Sacramento. The vehicle testing and laboratory function conducted in Los Angeles will be relocated to a new facility in El Monte in August of 1972.

The federal Clean Air Amendments of 1970 made substantial changes in federal law which are only now beginning to be reflected in federal program and policy decisions of great importance to California. In the future the state can expect increasing federal decision-making or intervention involving California unless state programs meet federal criteria by developing a strong air pollution control capability.

ANALYSIS AND RECOMMENDATIONS

The total estimated expenditures for the Air Resources Board are \$8,641,590 for next year an increase of \$214,142 over total estimated expenditures in the current year. This amount is composed of \$880,000 in federal grant assistance and \$7,761,590 from the Motor Vehicle Fund. Motor Vehicle Fund expenditures consist of the appropriation request of \$4,561,590 in this item and \$3,200,000 under the research program authorized by Chapter 1599, Statutes of 1970. The appropriation request in this item is approximately \$1,000,000 more than the equivalent figure for the current year.

In 1970 the Legislature established the Environmental Protection Program Fund to receive revenues from the sale of personalized license plates. The sum of \$1,235,000 was appropriated from that fund to the board in 1970. Only \$145,000 of that amount was permitted to be expended by the board last year when the Resources Secretary and the Secretary for Business and Transportation allocated the small amount of cash in the fund. During the current year only \$165,000 of the above appropriation is scheduled for expenditure. The remainder will revert. Meanwhile, Item 184 contains a major new expenditure program from the same fund which the administration is recommending. This new program will provide no additional funds for the Air Resources Board.

Summary of Position Changes

The number of positions increases from 217 in the current year to 246 in the budget year. The distribution of new and existing positions is shown for a three-year period in Table 1. They are shown by func-

AIR RESOURCES BOARD—Continued

tion rather than program element because this most clearly identifies the shifts and increases in effort. An expanded program for the testing of diesel engines to measure their emission levels is to be started at the new El Monte laboratory in August 1972.

As pointed out in our analysis last year the board has no policy on how it will use the 24 new positions added in the current year to assist rural districts with their air pollution problems. This problem remains unresolved.

The augmentation to the board's budget by the Legislature two years ago to provide a planning and evaluation staff has been completed in the current year. However this staff has not yet been able to function as originally contemplated because of basic deficiencies in the present board which, in part, caused the Legislature to reorganize it. The new five-member board will need to strengthen the operation of the planning and evaluation staff.

ACR 93 Report

Each year the Legislative Analyst reports to the Legislature on the administration and use of federal grant funds in California. This year, a review of the federal grants available pursuant to the 1970 Clean Air

Table 1
Air Resources Board, Distribution of Positions by Fiscal Year

<i>Activity</i>	<i>Actual 1970-71</i>	<i>Estimated 1971-72</i>	<i>Budgeted 1972-73</i>
Air Quality Surveillance:			
Air quality monitoring	24.5	31	37
Stationary source evaluation	3	13	6
Air quality data processing	5.5	13	13
Management and support	5	6	6
Air Quality Control:			
Standards setting	2.8	5	
Inspection and investigations	3	4	4
Enforcement	4	6	11
Implementation	7	7	10
Engineering	7	11	12
Management and support	5	7	7
Vehicle Emissions Control:			
Compliance and assembly inspection	8	9	11
Emission reaction studies	24	27	26
Vehicle testing	26	30	39
Management and support	10	10	13
General:			
Research	3.5	5	8
Evaluation and planning	3.6	8	9
Public information	1.5	4	4
Administration	3.5	5.5	5.5
Administrative services	9.8	15.5	19.5
TOTALS	156.7	217	246

Amendments was prepared. The review concluded that several provisions of the federal grant program were not being utilized by California and that the state should be able to secure additional federal air pollution control grants if it desired. In the current and budget years the board has been applying for and receiving the maximum allowable grant under only one section of the federal act. Although the federal law appears to have overlaps in some grant sections, additional funds obtained by the board under sections not now currently used would permit increased funding.

The \$9,250,000 authorized and funded by the Legislature in Chapter 1599, Statutes of 1970, for a three-year state air pollution research program is shown in the budget to have \$6,250,000 under contract by the end of the current year. The remaining \$2,500,000 is expected to be awarded in the budget year. The University of California has received the \$750,000 in research contracts designated for it in Chapter 1599 plus substantial additional funds.

General Fund Restoration

We recommend that a new item be added to the Budget Bill in the approximate amount of \$700,000 to restore General Fund support to the Air Resources Board and that Item 185 be reduced a like amount.

Two years ago the Legislature substituted approximately \$700,000 of support funding from the Motor Vehicle fund for General Fund money to finance work related to stationary sources (nonvehicular sources) of air pollution. Last year the Legislative Counsel determined that the use of Motor Vehicle Fund money was not legally proper, but the practice was continued in order to balance the General Fund. With General Fund money now available, the proper funding should be restored.

Assembly Line Testing

We recommend that the Legislature direct the Air Resources Board to report fully at the earliest possible date on its adopted program for assembly line testing.

The board is budgeting two additional persons to help monitor the results of assembly line testing of new cars and to make in-plant inspections as appropriate. Because the board is now implementing this new program, special attention was given to reviewing it in the preparation of this analysis.

Approximately 940,000 new cars will be registered in California in the budget year. Twenty-five percent of all 1972 model vehicles intended for sale in California are receiving a seven-mode, hot-cycle assembly line test to establish their compliance with California's vehicle emission standards. Two percent of production is given a more

AIR RESOURCES BOARD—Continued

comprehensive 23 minute, cycled, cold start, constant volume sampling (CVS) test. These data are forwarded quarterly to the board for examination.

Effective January 30, 1973, all new cars intended for sale in California are required to be assembly line tested. Under this 100 percent testing of 1973 models, two percent will continue to receive a quality control test by the 23 minute cycled, cold start, constant volume sampling (CVS) method. Of the 100-percent production, 25 percent will continue in 1973 to be tested by the board's seven-mode, hot-cycle test. The remaining 75 percent will receive only an idle test with an instrument inserted in the exhaust pipe. The test at idle is very crude and has been generally considered in the past to be adequate only for identification of gross emitters among used cars. The assembly line test standard which must not be exceeded for each test has been determined by the board based on sample engines submitted in advance. The sampling covers a wide range of engine-vehicle combinations and varying performance requirements grouped by "family of engines." The test standard is to be adjusted quarterly based on experience.

The 75-percent test at idle does not appear to satisfy the legislative intent when any Legislature authorized assembly line testing nor does it protect the purchaser by assuring that the vehicle he receives meets state standards. In fact, only on the 2 percent of production receiving the quality audit test will the board actually know the performance of an individual car. When any new car arrives at the dealer, it will carry an emission sticker representative of the 2-percent test rather than its actual performance.

The law and the board rely on the manufacturer's integrity to conduct and record the assembly line test honestly. The results are reported to the board in summary form on a quarterly basis. The board is authorized to visit assembly lines and monitor the test activity.

We conclude that the entire assembly line test program is weak and we doubt that it satisfies public needs or legislative intent. In order that the Legislature may judge the program for itself, we recommend that the board report to it on the following specific points:

1. The manner in which the maximum acceptable emission level for each vehicle pollutant is established for each test applicable at any time to a 1972 or 1973 model car.
2. How the "family of engines" concept is derived and applied.
3. How many vehicles intended for sale in the state will be tested each year, the type of test to be performed, the statistical representativeness or repeatability of the test.
4. Who will supervise the in-plant test, interpret the data, and verify compliance.
5. How the new-car buyer is assured that his car is operating prop-

erly and that it will satisfy its statutory emission requirements in a roadside test or subsequent seven-mode test if the car is properly maintained.

6. How the test and verification will apply to foreign-made cars.

7. How the assembly line test program as currently defined by the board satisfies the intent that each new car being registered in the state should meet its standards at the time of purchase.

8. How the plan satisfies any expected EPA performance and emission requirements.

Vehicle Emission Testing

The Air Resources Board has tested the emissions of more than 14,000 cars up to this time at the Los Angeles laboratory and through the use of two mobile units parked at DMV license renewal centers in the Los Angeles area. In the budget year the board proposes to test 2,400 vehicles. In the current year it will have tested 2,000 cars. A total of 1,782 cars were tested last year. The data from the tests have been used to measure the change in emission levels of cars as their mileage increases. The cars are offered for test voluntarily by the owners; therefore little selectivity is available to the board as to the make, age, mileage, or engine size of the cars tested. The result has been the continued gathering of data which probably makes only marginal contribution to the test data bank. The present method of obtaining data is not a random sample in the usual statistical sense. Therefore, conclusions based on it can be subject to misinterpretation without knowledge about how the data were handled or modified.

From the beginning of this vehicle emissions monitoring program through December 1970, the following tests have been made on vehicles of three major manufacturers.

	1966	1967	1968	1969	1970
Chrysler	425	437	580	349	152
Ford	715	912	645	600	292
General Motors	<u>1,050</u>	<u>1,212</u>	<u>1,242</u>	<u>907</u>	<u>291</u>
Total	2,190	2,561	2,467	1,856	735

Data Source:

Supplement to ARB Quarterly Report No. 22, April 1971 and ARB Quarterly Report No. 25, September 1971.

Test analyses show only a very small rate of increase in emission level of most cars after the first 30,000 miles. In the third quarter of 1971 there were 816 cars tested, of which 483 were 1969 models and older. Data from these older cars appear to offer little new information but in any event it is not being reported beyond the 50,000 miles in the board's test analyses.

The published data on test results do not identify the frequency distribution nor the degree of extrapolation for each engine family shown. It appears that continued collection of data in the current

AIR RESOURCES BOARD—Continued

manner for older cars needs to be evaluated to determine whether it is worth the cost of collecting it or whether new analyses based on 100,000 miles should be undertaken.

The vehicle emission testing program should receive substantial attention from the new five-member board to define its purpose and establish goals for long-term use which are related to current data needs. Some data show that each of the two mobile test centers will test about 1,000 cars in the current year, or an average of four cars per day with a three-four man crew in which case the operating cost to test each car is probably in excess of \$80. Other data show higher numbers of vehicles tested and lower per-unit costs. The entire program needs further study and reconciliation of data by the board.

Mandatory Vehicle Inspection

It is recommended that the Legislature add \$21,929,000 to the Air Resources Board's budget to institute a program in the Los Angeles air basin for mandatory inspection of used cars and vacuum spark advance disconnect.

In 1970 the Legislature directed that a study be undertaken by the Air Resources Board to evaluate the feasibility of testing used cars to determine that they operate properly and are maintained to minimize emissions to the extent each car is capable of so doing.

Despite years of testing vehicle emissions, the state has not been presented the opportunity to determine whether a reasonably feasible program for mandatory used car inspection and testing should be initiated. The federal government has generally preempted the states in the control of new cars although California has a waiver through 1973 for its assembly line testing. However, the federal government has essentially left used car control to the states. It has been generally recognized that to obtain a substantial reduction in the emissions of smog-forming pollutants from cars in the next several years, it is necessary to reduce emissions from the millions of cars on the road today rather than wait for the relatively emission-free 1975 vehicles which will have advanced controls.

Vehicles manufactured prior to 1966 had no exhaust control devices. Vehicles manufactured between 1966 and 1970 have been equipped with exhaust control devices which reduced hydrocarbons and carbon monoxide while unexpectedly increasing oxides of nitrogen. In 1970 the first fuel evaporation devices were installed. In 1971 and 1972 models, systems were added to lower emissions of oxides of nitrogen. The state's vehicle testing has established that these post-1966 models soon produced greater emissions than expected partly because of inadequate maintenance.

As a consequence, and pursuant to legislative directive, a contract was awarded by the board to Northrop Corporation in November 1970 to study the effects of various maintenance procedures on exhaust

emissions and to develop a practical vehicle inspection program to assure such maintenance. The study was scheduled for completion in November 1971. The feasibility studies were completed in June 1971 and the results reported to the Legislature.

In its review of the Northrop study, the board confirmed Northrop's conclusion that "the key-mode (emission test) procedure is the most effective (technique) in reducing hydrocarbons and carbon monoxide emissions during the first few years of the inspection (program)." Board reports also state something that has been known for several years. This is that disconnecting the vacuum spark advance would over a period of two years "result in more emission control than any inspection program and that this could be achieved technically."

In a separate report to the board by the Technical Advisory Committee (TAC) in June 1971, a number of possible options to control emissions were analyzed including the vacuum spark advance disconnect. The TAC report states that in the seven-mode emission test cycle the disconnecting of the vacuum spark advance resulted in "about a 50-percent reduction in NOX (oxides of nitrogen) . . . and a gasoline mileage decrease of about 4 percent." The TAC further reported that "at freeway steady-rate speeds . . . (it) also decreases HC (hydrocarbon emissions) by 30 percent to 50 percent. This is of particular importance to areas like Los Angeles where a large percentage of the travel is on freeways at cruise conditions."

Recent discussions with the board's staff as part of the analysis of this budget indicates that it is possible to combine the vacuum advance disconnect and mandatory vehicle inspection to produce a major reduction in vehicle emissions in the immediate future. The major problem is to organize the mandatory vehicle inspection.

The Northrop report recommended an annual mandatory vehicle inspection in approximately 100 state-owned and operated inspection facilities throughout the state. The inspection program would be used to measure exhaust emissions which exceed standards by testing on a dynamometer and relate these to specific engine and ignition malfunctions. Vehicles failing the inspection test would be repaired at existing state-approved, privately owned, class A repair shops or at new-car dealers under the warranty.

The principal method of enforcement would be through the requirement that an inspection certificate dated during the 12 months prior to the annual registration of the vehicle be submitted with the registration renewal. The vehicle could not be renewed without the inspection certificate. It should be noted that enforcement through the registration process will probably require placing the registration process on a year-around basis, which in itself could have some advantages.

The Northrop study proposed a statewide mandatory inspection and testing program. While such a program may be necessary at some

AIR RESOURCES BOARD—Continued

future time, it is not essential at this time and the state would be wise to initiate inspection and testing in the area of greatest need. This is the Los Angeles air basin consisting essentially of Orange County, and the western portions of Riverside and San Bernardino Counties and the coastal portions of Los Angeles and Ventura Counties. This air basin is urgently in need of reduction in vehicle-produced smog and is the area where mandatory inspection is most likely to be accepted by the public. Furthermore, the program can be expedited in this air basin since the basin is compact, some suitable existing structures for testing may be leased for inspection stations, and skilled or readily trained inspectors may be available from the large number of former aerospace employees looking for employment.

This program contemplates that mandatory inspection would serve a short-term purpose to provide a substantial reduction in smog-producing emissions as soon as it got into operation. This reduction would be less after about five years when the proportion of newer cars to the present used cars (which are the highest emitters) will increase. Based on present indications that the emissions from new vehicles in operation do not meet the standards to which they were manufactured, the major advantage to inspection after five years would come from insuring that cars with the latest control devices are maintained so as to operate with minimum smog production. Thus the program would have both a long- and a short-term objective.

The board's staff has confirmed that vacuum spark advance disconnect is compatible with key-mode inspection testing proposed for the inspection stations by Northrop. The problem of potential overheating in about 1 percent of the cars due to the disconnect can be overcome thru inexpensive and currently available devices at the vehicle owner's option. In other words, existing equipment and technology would be used in the program and only a change in law and state policy would be needed.

According to the best information available to us, the combination of mandatory inspection and the vacuum advance disconnect would produce approximately a one-third reduction in all three of the major vehicle exhaust pollutants. This reduction would be immediate and at no appreciable cost to a car owner who normally keeps his car in good operating condition. Because the federal government would no doubt be anxious to see such a mandatory inspection program proceed and because such a state program appears to be contemplated in the Clean Air Amendments of 1970, it is probable that the federal government would assist in funding the program.

Implementation of this program in the Los Angeles air basin would require new expenditures for both capital outlay and annual operating costs, payable from the Motor Vehicle Fund. There are approximately 7.2 million vehicles in this area. The cost data developed in the

Northrop study can be revised for application to the Los Angeles air basin as follows:

- a. Approximately 288 inspection lanes are required at an average cost for capital equipment and building and facilities of \$48,820 per lane for a total cost of \$14,349,000.
- b. Approximately 650 inspectors are required to operate and manage the 35 inspection stations at an annual operating cost of \$26,320 per lane for a total cost of \$7,580,000.

We are recommending that the above amounts be added to the budget.

CALIFORNIA ADVISORY COMMITTEE

Item 186 from the General

Fund

Budget p. 97 Program p. 559

Requested 1972-73.....	\$6,552
Estimated 1971-72	6,240
Actual 1970-71	2,677
Requested increase \$312 (5.0 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The California Advisory Committee was authorized by Chapter 1647, Statutes of 1965. The committee, which consists of an Assembly Member, a Senate Member, one member 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 water commission members. Specifically, the committee 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

We recommend approval.

The budget request for the Advisory Committee is \$6,552 in 1972-73, which is similar to the current year. This amount is for operating expenses. The extent of activity is difficult to anticipate because the committee reacts to those planning activities and programs in the western region which are important to California.

CALIFORNIA-NEVADA INTERSTATE COMPACT COMMISSION

Item 187 from the General

Fund

Budget p. 97 Program p. 560

Requested 1972-73.....	\$27,500
Estimated 1971-72	27,500
Actual 1970-71	21,573
Requested increase None	
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. At this time, the California-Nevada Interstate Compact has been ratified by California and Nevada and final adoption is awaiting the consent of Congress.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget request of \$27,500 for the commission in 1972-73 will continue approximately the same level of service as in 1971-72. The 1970 session extended the life of the commission and provided an augmentation to establish the present level of expenditure. The amount requested consists of \$8,250 for travel expenses and \$19,250 for contract services provided by the Department of Water Resources.

Commission activities in the budget year will be directed toward: (1) resolving differences between the California and Nevada commissions and federal agencies, and (2) presentation of the compact to Congress along with the required briefing, reports, and testimony necessary to support the compact before Congress. The commission anticipates that it will complete its work prior to the end of fiscal year 1972-73 at which time the commission will be terminated.

**Resources Agency
COLORADO RIVER BOARD**

Item 188 from the General

Fund	Budget p. 98	Program p. 561
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Requested 1972-73.....		\$92,767
Appropriated in 1971-72		157,804
Actual 1970-71		255,653
Requested decrease \$65,037 (41.2 percent)		
Total recommended reduction		None
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GENERAL PROGRAM STATEMENT

The Colorado River Board is responsible for the protection of the rights and interests of the state to the water and power resources of the Colorado River System (Part 5 of Division 6 of the California Water Code). The board is composed of six members appointed by the Governor, each from one of the public agencies having rights to the use of water or power from the Colorado River. These agencies are: Palo Verde Irrigation District, Imperial Irrigation District, Coachella Valley Water District, The Metropolitan Water District of Southern California, San Diego County Water Authority and City of Los Angeles Department of Water and Power.

Activities include analyses of the engineering, legal, and policy matters concerning the water and power resources of the seven Colorado River Basin states: Arizona, California, Colorado, Nevada, New Mexico, Utah and Wyoming. The board develops a single position among the California agencies having established water rights on the Colorado River. The board also collaborates with other California agencies, primarily the Department of Water Resources, State Water Resources Control Board, Department of Fish and Game, and the Attorney General in all matters requiring a coordinated policy for the Colorado River.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The Supplemental Report of the Conference Committee on the 1970 Budget Act required the six agencies represented on the board to "... develop a plan of substantial self-support". In the following fiscal year (1971-72) the six agencies provided a substantial contribution (40.5 percent) toward the support of the board but the agencies did not provide a plan as directed. Our analysis last year recommended that such a plan be presented to the Legislature. The 1971-72 Budget Act provided that the "... Colorado River Board shall prepare and present to the Legislature on January 3, 1972, a plan for the eventual self-supporting of the Colorado River Board, with a timetable

COLORADO RIVER BOARD—Continued

for such activity and a clearly stated principle upon which the proportional share of each member agency in support of the board is clearly stated." This new language requires "eventual" self-support rather than "substantial" self-support as previously directed.

The board presented a plan to the Legislature dated December 28, 1971 which provides that 66.67 percent of the board's budget will be financed by the six agencies for 1972-73 and thereafter. This plan complies with the 1970 Conference Committee Report in that the board will assume substantial self-support. The plan does not comply with the 1971-72 Budget Act language even though the report of the board concludes the "... plan would amply meet the legislative request ..."

If the Colorado River Board is to remain a state agency, we believe that the Legislature should provide some General Fund money in order to retain effective control over the board's activities and to fund the board's activities which are of a statewide interest. However, if the Legislature does not wish to fund any part of the board's budget, it has been our recommendation in the past that the statewide duties of the Colorado River Board should be turned over to the Department of Water Resources and the Water Resources Control Board in order to provide integrated statewide water resources planning, water quality and water rights administration in the state. The Colorado River Board could then be made a local joint-exercise-of-powers agency funded by the six member agencies. Unless the above changes are made, we recommend approval of the board's report and the one-third funding in this item.

**Resources Agency
DEPARTMENT OF CONSERVATION**

Item 189 from the General
Fund

Budget p. 99 Program p. 564

Requested 1972-73.....	\$43,554,654
Estimated 1971-72	43,828,744
Actual 1970-71	44,838,546
Requested decrease \$274,090 (0.6 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Public Employment Program. Recommend department report to the Legislature at budget hearings on the work to be performed by employees hired with federal PEP

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- funds.
2. Conservation Camps and Ecology Corps. Recommend 478
Ways and means and Senate Finance Committees request the Departments of conservation, Corrections and Human Resources Development appear jointly at hearings to explore the role of conservation camps and related program problems.
 3. New Forest Practice Act. Recommend industry self- 483
support.

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 Resource Conservation, plus management and service functions 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 providing fire protection services for the state responsibility, privately owned wildlands of the state or for local responsibility areas of the state pursuant to contracts with local government.

The Division of Resource Conservation provides limited planning assistance to help solve soil and watershed problems both at the state and local levels.

The Division of Mines and Geology develops and publishes geologic information about the terrain and mineral resources of the state.

The Division of Oil and Gas regulates the drilling of oil, gas and geothermal wells.

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

Table 1
Department of Conservation—Support Expenditures

<i>Source of funding</i>	<i>1968-69</i>	<i>1969-70</i>	<i>1970-71</i>	<i>1971-72¹</i>	<i>1972-73¹</i>
General Fund (includes emergency fund allocations for fire suppression as shown in parentheses)-----	\$39,597,769	\$43,308,081	\$44,838,546	\$43,828,744	\$43,554,654
	(1,417,000)	(1,500,000)	(2,629,178)	(1,173,815)	--
Petroleum and Gas Fund-----	1,099,770	1,167,528	1,265,759	1,407,097	1,406,633
Petroleum and Gas Fund—geothermal resources-----	3,000	12,600	12,150	6,750	15,750
Subsidence Abatement Fund-----	112,513	118,221	122,839	131,889	133,714
Strong-Motion Instrumentation Program Fund-----	--	--	--	--	193,683
Total expenditures as shown in Governor's Budget -----	\$40,813,052	\$44,606,430	\$46,239,294	\$45,374,480	\$45,304,434
Other expenditures—reimbursed-----	9,865,004	9,309,725	11,883,859	12,882,211	12,606,169
Total budget expenditures -----	\$50,678,056	\$53,916,155	\$58,123,153	\$58,256,691	\$57,910,603
Schedule C funds ² -----	2,580,000	3,353,909	2,928,386	3,586,264	3,586,264
Total state-controlled expenditures -----	\$53,258,056	\$57,270,064	\$61,051,539	\$61,842,955	\$61,496,867

¹ Estimated

² Estimated local funds expended for local fire suppression services as directed by the Division of Forestry.

³ Includes minor capital outlay.

Funding Sources

Table 1 indicates the annual expenditures from all sources by the department for a five-year period.

Total state controlled departmental expenditures will be over \$61 million in 1972-73. Of this amount more than 25 percent will be reimbursed to the department or expended directly by local government as directed by the Division of Forestry. The reimbursements are mostly for local fire control services performed by the Division of Forestry, services to division employees and payments from the federal government for state protection of public domain land. The Schedule C funds are for local fire protection services and related purchases made by the county or fire district as directed by a local Division of Forestry fire control officer.

The General Fund appropriation request of \$43,554,654 for next year is \$274,090 or 0.6 percent less than estimated expenditures of \$43,828,744 in the current year. The difference is due mostly to \$1,173,815 in estimated Emergency Fund expenditures in the current year that do not appear in the budget year. If the budget is placed on the same basis as the current year, there is an increase of \$899,725 or 2 percent in General Fund expenditures. There are no new General Fund programs in the department's budget but there is some shifting of funds.

The Division of Oil and Gas is supported from the Petroleum and Gas Fund and the Subsidence Abatement Fund and is requesting appropriations of \$1,556,097.

In the budget year, the Division of Mines and Geology will receive initial support of \$193,683 from the Strong-Motion Instrumentation Program Fund created by the 1971 Legislature to finance a state program to measure earth movement during earthquakes.

Program Changes

For 1972-73, the budget includes program changes as follows:

1. Assumption by the Division of Forestry of the direct fire protection service on 335,000 acres of private land and 245,000 acres of national forest land formerly protected by the U.S. Forest Service. The change reduces the allocation to the U.S. Forest Service by \$117,955. That amount is applied to the division's ground attack and air attack programs to replace the federal service being withdrawn.

2. Establish four new helitack bases. Funds are provided by the closure of five fire stations.

3. Staffing for the Northern California Youth Center at Stockton by reimbursement from the Department of the Youth Authority, \$145,239.

4. Establish strong-motion instrumentation program in the Division of Mines and Geology, \$193,683.

5. Retain permanently 13 ranger positions to supervise air base activity, \$130,699 for salaries and wages.

DEPARTMENT OF CONSERVATION—Continued

6. Increase in the current year and budget year of 95.2 positions in the local government fire protection program with added cost to local government of \$1,376,163 for a reduced duty week.

Position Changes

There are currently 3,625.5 authorized positions in the department. The budget identifies position changes as follows:

1. New positions administratively established in the current year and continued in the budget year	207.5
2. Administrative reductions of positions during the current year.	(88.9)
3. Proposed new positions, 1972-73	25.5
4. Proposed reductions in positions, 1972-73	(10.5)

Increase in positions	133.6
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Excluding the 95.2 added positions for the local government fire protection program, there is a net increase of 38.4 positions for state responsibility programs.

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 which is distributed to programs.

ANALYSIS AND RECOMMENDATIONS

WATERSHED AND FIRE PROTECTION

The objectives of the Watershed and Fire Protection Program are to develop the private and state-owned watershed lands and water resources and protect these resources from destructive natural and human impacts. Total program expenditures in the budget year are estimated to be \$54,452,719 compared to estimated expenditures in the current year of \$54,825,617. The current year includes extraordinary expenditures of \$1,173,815 from the state's Emergency Fund to control campaign fires last fire season. The program consists of the following elements: fire prevention; fire control; fire protection, local government contract; forest, range and watershed management; conservation camp; ecology corps; civil defense and other emergencies; local development assistance; and general support distribution. The program includes the functions of the Divisions of Forestry and Resource Conservation. Major changes occur in fire control, state responsibility; fire protection, local government contract; conservation camps; and ecology corps.

Fire Control, State Responsibility

The fire control, state responsibility program element is budgeted for the largest expenditure of all activities in the Department of Con-

servation. Budget year expenditures are estimated to be \$30,943,559 compared to estimated expenditures of \$31,624,061 in the current year.

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 a state responsibility. Lands covered wholly or in part by timber, brush, undergrowth or grass that protects the soil from excessive erosion plus contiguous range lands are classified as state responsibility lands.

There are approximately 100 million acres in California of which about 33 million acres are state responsibility lands. The division itself directly protects 24 million acres from fire, and pays the U.S. Forest Service by contract for the protection of 5 million acres. It also pays the five Counties of Los Angeles, Santa Barbara, Ventura, Kern and Marin to protect 4 million acres. The average cost to the state of protecting state responsibility lands is almost \$1 per acre.

The field organization of the Division of Forestry is divided into 5 districts and 22 ranger units. The budget includes funding for 229 forest fire stations located in those ranger units, plus 83 lookouts, 13 air bases for air tankers, and 6 helicopter bases for helitack crews. The division has about 1,750 permanent employees in firecrew position classes and hires about 1,900 seasonal firefighters to man the forestfire stations and firetrucks and to serve as the helitack crews.

Of the 29 conservation camps budgeted for 1972-73, 24 house the inmates of the Department of Corrections, four house the wards of the Department of the Youth Authority and one houses San Diego County inmates. There are four ecology centers, with a budgeted quota of 340 persons located in former conservation camps. The conservation camps and ecology centers are intended to provide a reservoir of 2,380 men for conservation work projects and for campaign firefighting.

The field facilities of the Division of Forestry are linked by a statewide communications system with dispatch centers at each ranger unit headquarters, at each district office and at the division headquarters in Sacramento. The system provides voice channels to division installations throughout the state and to practically all of its mobile equipment and air tankers under contract to the division.

Program Changes

The budget proposes two substantial changes in the fire control, state responsibility program. First, there is a shift from the U.S. Forest Service to the division of the direct fire protection responsibility for 335,000 acres of private land and 245,000 acres of federal lands, effective July 1, 1972. The areas involved are two relatively large blocks of land located in northern California as follows:

1. Shasta County, Shasta Trinity National Forest, Pondsosa area. Total area 250,000 acres consisting of 95,000 acres of federal land and 155,000 acres of private land.

DEPARTMENT OF CONSERVATION—Continued

2. Modoc and Lassen Counties, Modoc and Lassen National Forests, Adin-Willow Creek-Pat Morris area. Total area 330,000 acres consisting of 150,000 acres of federal and 180,000 acres of private land.

The division will finance its responsibility in these areas by reducing its fire protection contract payments to the U.S. Forest Service by \$117,955. The savings will be used to finance state ground crews and part of the helitack crew required to protect the area.

The department indicates there will be no short-term need for capital outlay as a result of this added state responsibility. The Division of Forestry has utilized mobile camp trailers in some of the areas it has recently started protecting and has leased existing U.S. Forest Service facilities where possible. Nevertheless, the department will be faced with costs to develop permanent facilities in a few years because the trailers have a limited life and the experience to date in this type of boundary adjustment indicates that in some cases the remaining U.S. Forest Service facilities have outlived their usefulness.

Increased Helitack and Reduced Ground Attack

The second major change in the division's fire control program involves an increase of four helitack crews financed by a decrease in ground crews. At the present time, the Division of Forestry has two helitack crews located at Boggs Mountain State Forest in Lake County and at Sanger in Fresno County. Each crew consists of two captains, a fire apparatus engineer (truckdriver) and five seasonal firefighters. The division contracts with private firms for the helicopter and pilot.

The division plans to utilize the additional helitack crews primarily in remote areas of the state. The added crews will be assigned at the following locations:

1. Fernwood, Humboldt County
2. Laytonville, Mendocino County
3. Bieber, Lassen County
4. Smith Creek, Santa Clara County.

The helitack crews will be financed by closing five fire stations presently housing ground crews and eliminating one ground crew at a sixth station. The stations to be closed are as follows:

1. Rockport, Mendocino County
2. Brownsville, Yuba County
3. Shady Creek, Nevada County
4. Mustang, Monterey County
5. Miramar, San Diego County

The ground crew at the Fernwood station in Humboldt County will be replaced by the helitack crew.

The net effect of this change will be to increase the air attack effort by \$326,463 with a corresponding decrease in the ground attack.

Within the ground attack program element, the division is redistributing the location of firetrucks and ground crews affecting nine stations. The division also plans to move the state trucks and ground crews assigned to three ranger headquarters in the San Joaquin Valley to stations located in the Sierra foothills.

As the result of legislative recommendations and budget restrictions of prior years, the Division of Forestry has put substantial effort into examining its fire control organization. The division has reviewed its administrative organization, has consolidated ranger units and district headquarters, has made adjustments in its assistant ranger districts on a workload basis, has updated the fire plan and has embarked on a program to improve the communications system. With this background of study and review by the division, the proposed shift from ground crews to helitack crews and the shift in location for ground crews should be acceptable.

Air Tanker Contracts

The Division of Forestry contracts with private airtanker operators to assure the availability of tankers at specific locations and to pay for their flight time on fires. During the current year, the division has contracted for the assignment of 21 airtankers at 13 airbases. Six of these bases are joint operations with U.S. Forest Service which also operates its own airbases at seven other locations. Estimated expenditures for aircraft rental in the budget year are \$1,189,652 compared to \$1,009,652 in the current year.

The division is now in the process of negotiating a new contract with the tanker operators and is attempting to secure a contract for a five-year period. The division indicates that the budgeted amounts are sufficient to assure availability of airtankers next year.

U.S. Forest Service Contracted Protection

There are approximately 5.2 million acres of state responsibility lands within the national forest areas of California. In order to minimize duplication, the Division of Forestry contracts with the United States Forest Service for the latter agency to provide fire protection services on the private lands situated within the national forest. The Division of Forestry in turn provides fire protection services for some portions of the national forests. Each year the state pays the U.S. Forest Service the net cost for protecting state lands by the forest service which is not offset by the cost of national forest land protected by the state. The budget includes \$1,463,241 for the U.S. Forest Service in 1972-73 compared to \$1,573,467 in the current year. The reduction stems from the shift of responsibility from the U.S. Forest Service to the Division of Forestry for the protection of certain areas in the northeastern part of the state as discussed above.

DEPARTMENT OF CONSERVATION—Continued

Five Outside Counties

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 furnish the fire suppression services on state responsibility lands, the state shall pay the counties for performing the 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.

The budget includes \$2,942,056 to be allocated to the five counties in 1972-73 compared to \$2,930,304 in the current year. The allocations are as follows:

1. Kern	\$732,952
2. Los Angeles	1,149,220
3. Marin	236,573
4. Santa Barbara	401,464
5. Ventura	421,847
Total	<u>\$2,942,056</u>

In addition to providing these allocations of funds to the outside counties to perform state responsibility fire protection services, the division also dispatches to the counties, at their request, airtankers, conservation camp crews and firetrucks for fire suppression purposes. The salaries and expenses of division employees assisting in suppressing fires in the five counties are financed by the division's support appropriation. However, on serious campaign fires, the expenses of airtankers and retardants and the subsistence and overtime of state employees and conservation camp crews utilized in the five counties are financed through the state's Emergency Fund.

The five counties also assist the Division of Forestry on state fires. In general, over a period of time, the Division of Forestry provides more assistance to the five counties than it receives but no payment is expected.

Fire Protection, Local Government Contract

Section 4142 of the Public Resources Code authorizes the State Forester to enter into those cooperative agreements he deems wise. In 25 counties, the boards of supervisors contract with the State Forester to have the Division of Forestry provide some local fire protection services. The fire protection, local government contract program element, includes the above fire protection services provided by the state. Most of these services are performed on rural, agricultural lands, but some are in highly urbanized, developed areas. The total reim-

bursement to the state for providing local fire protection services in 1972-73 is \$10,138,113, which consists of \$9,256,847 in direct costs which appear in the program budget, and \$881,266 in administrative costs which appear in line item detail not printed in the budget.

Effective July 1, 1971, the duty week for Division of Forestry fire control personnel was reduced from 96 hours to 84 hours. In the current year there was a net increase of 95.2 positions in the local government program to continue the same level of service with a shorter duty week. The added annual cost budgeted to local government is \$1,376,163.

Suggested New Role for the Division of Forestry

Last year in the *Analysis of the Budget Bill* we discussed the division's increasing role in structural firefighting. We indicated that there are overlaps in the division's wildland and structural firefighting roles when local fire agencies are organized in state responsibility areas to provide structural protection. An estimated 275 fire districts have been organized on those lands which the division also protects. Some efficiency should result from eliminating, where possible, duplicate division and local structural fire protection services. Accordingly, we recommended and the Legislature concurred that the department evaluate the improved efficiencies and economies which would occur should the Division of Forestry expand its structural fire protection functions and assume the structural fire protection responsibilities of the local agencies now operating in state responsibility areas.

The Division of Forestry has begun the study which is to be completed by June 30, 1973. To help finance the effort, the Department of Conservation has contracted with the State Office of Planning and Research for federal funds to finance two-thirds of the study cost. Over the two-year period ending June 30, 1973, the total cost is estimated to be \$134,170 financed by a federal allocation of \$89,333 and a state effort of \$44,837. The division has assigned two people to work on the study full time and considerable data will be secured by field personnel.

PEP Program

We recommend the Department of Conservation report to the Legislature at the time of budget hearings on the work projects to be performed by employees hired with federal funds under the Public Employment Program and the relation of their output to the department's program objectives.

The Department of Conservation has been allocated approximately \$1 million in federal funds for calendar year 1972 to hire about 236 firefighters. The funds are available under the Public Employment Program (PEP) established by the Emergency Employment Act of 1971 (PL 92-54). The Department of Labor has designated the Department of Human Resources Development as the program agency for

DEPARTMENT OF CONSERVATION—Continued

all state agencies having PEP programs.

Federal regulations require that those hired for the program must be unemployed or underemployed. The employment is intended to be temporary and transitional. PEP employees are to receive training and job experience with a goal that 50 percent of them will be absorbed by the employing agency. Those hired are to be paid salaries comparable to existing classes. PEP employees must not be considered substitutes for regular employees and are to be utilized only for special projects that are not a part of the regular budgeted program of the organization.

The department has received approval to begin hiring. Most of the new employees will be assigned to fire stations and 15 are planned for assignment to the four ecology centers.

The firefighter class is a temporary, seasonal classification utilized by the Division of Forestry during the fire season primarily to man the fire stations and firetrucks. The PEP employees are now being recruited during the wintertime as firefighters and assigned to the fire stations even though the fire season is not in effect. Work projects have not yet been developed but presumably the new employees will receive firefighter training and perform maintenance projects at division facilities. When the fire season starts, the men will help man the firetrucks.

The primary goal of the PEP program is to put people to work. The policies and procedures of the program make it extremely difficult to evaluate the added or changed impact on Division of Forestry programs.

The PEP employees are to be appointed to exempt positions in the Governor's Office. Apparently there will be no reflection in the department's budget of the federal funds and added positions or output from the work performed. The department should report all pertinent information to the Legislature at the time of budget hearings.

CONSERVATION CAMPS AND ECOLOGY CORPS

We recommend that the Ways and Means and Senate Finance Committees request that the Departments of Conservation, Corrections and Human Resources Development appear jointly at hearings to participate in a complete exploration of the role of conservation camps and related program problems.

The department is budgeting \$5,258,832 for 1972-73 to operate 33 facilities in the conservation camp and ecology corps programs. The estimated amount in the current year is \$5,148,309 and actual costs in 1970-71 were \$5,630,801. The programs provide a source of labor for emergency campaign fire purposes and for work projects of the Division of Forestry and other agencies. The typical camp facility has a capacity of 80 inmates or corpsmen. In 1969, about 8 percent of the inmate worktime was spent on fire suppression.

In 1969 the conservation camp program was operating practically at the full capacity of the permanent state facilities being used. There were 29 adult camps operating in conjunction with the Department of Corrections to house 2,380 inmates. In addition, four camps, housing 320 youth wards, were operating in conjunction with the Department of Youth Authority. The total inmate population was 2,700. Division of Forestry costs for the 1969-70 fiscal year to operate the conservation camp program were \$5,681,474.

Probation Subsidies and Declining Inmate Populations

In the last two years the emphasis in state policy on probation subsidy has been reflected in declining populations in state prison facilities. The number of minimum security prisoners has declined and the Department of Corrections has reduced the number of inmates assigned to the conservation camps.

The Governor's Budget for 1971-72 as introduced proposed the closing of five adult camps to secure General Fund savings to the Departments of Corrections and Conservation. During hearings on the 1971-72 budget, the Legislature objected to the closing of these conservation camps because in most areas of the state, the camps have been favorably received by the local residents.

Faced with declining inmate populations and legislative opposition to closure, the Department of Conservation has sought alternate sources of manpower. County inmates and conscientious objectors have been used in order to keep all of the camps open and to have a source of manpower for campaign fire emergencies.

Ecology Corps Established

On April 27, 1971, the Governor issued Executive Order No. R-27-71 establishing the California Ecology Corps effective July 1, 1971, and providing authority to the Director of Conservation to direct and supervise all personnel and activities involved.

On May 14 the Director of Finance requested amendment of the Budget Bill to establish California ecology centers at three camps which had previously been designated to be terminated as adult conservation camps. The Department of Conservation proposed to recruit conscientious objectors to replace inmates in the ecology centers. The three ecology centers were to be financed by shifting some funds budgeted for the conservation camp program to the Ecology Corps and by reimbursements from various agencies for work projects to be performed by the corps for the agencies. The Legislature approved the establishment of the three ecology centers. During the current year the department administratively converted another conservation camp to a fourth ecology center. Also in the current year the department entered into an agreement with San Diego County to house county inmates in the La Cima Conservation Camp in San Diego County.

DEPARTMENT OF CONSERVATION—Continued

As a result of these changes during 1971, the conservation camp and ecology corps facilities now in operation by the Department of Conservation are as follows:

- (1) 24 adult conservation camps in cooperation with Department of Corrections
- (2) 1 adult conservation camp in cooperation with San Diego County
- (3) 4 youth ward conservation camps in cooperation with Department of the Youth Authority
- (4) 4 ecology centers.

Lagging Recruitment for Ecology Centers

After the Ecology Corps was established, the Department of Conservation started recruiting conscientious objectors to man the centers. It provided each corpsman with room and board and \$40 a month. The men are housed in four ecology centers (formerly called conservation camps) which have a capacity for 340 corpsmen. These camps are located in Humboldt, Calaveras, Tehama, and Inyo Counties.

About the time the Ecology Corps was launched, the draft law expired. Recruitment of conscientious objectors has not occurred as expected. On December 31, 1971, the corpsman population at the four centers was 123, or about one-third the budgeted capacity of 340. There are continuing uncertainties about the draft which cause limited prospects for recruiting additional conscientious objectors.

The department has now turned to recruiting regular civilians for assignment to the centers. Also, the department proposes to increase corpsman pay effective July 1, 1972, from \$40 per month to \$100. The increased pay is to be financed by an increase from \$8.50 to \$12.50 per day in the charge to other agencies for work performed by corpsmen. The increased costs and reimbursements are not included in the budget.

It is too early to tell whether there will be enough regular civilians attracted to the program to fill the centers. The department could be in competition with its own program and that of other state agencies such as the Department of Parks and Recreation which are recruiting people at higher salaries for the Public Employment Program which is administered by the Department of Human Resources Development.

Ecology Corps Costs

The budgeted costs for the Ecology Corps in the current and budget years are as follows:

	1971-72	1972-73
Center operations.....	\$319,118	\$322,561
Services to other agencies	638,236	645,121
(Reimbursements for services)	(408,500)	(408,500)
Training	106,372	107,520
Totals.....	\$1,063,726	\$1,075,202

The budget assumes 340 corpsmen and substantial work projects financed by other agencies. Because recruitment has lagged and there are only 123 corpsmen in the centers, the work projects have not been performed as budgeted. Reimbursements will not be as great in the current year as anticipated. However, program costs will not be reduced correspondingly because the fixed costs of the program are high. The only significant savings will be in corpsmen salaries of \$40 per month and some food costs. The department will probably have to absorb most of the costs that were budgeted for reimbursements.

The department has negotiated reimbursed work projects with the U.S. Forest Service, the Department of Fish and Game at the Tehama Wildlife Area and the Department of Parks and Recreation at units of the state park system. Current-year reimbursements for these work projects are budgeted at \$408,500. As of January 11, 1972, the department had received no reimbursements for services performed in the current year but had billings of \$37,409 ready to mail.

Conservation Camp Populations Continue to Decline

The inmate populations at adult conservation camps continue to decline and other vacancies exist as shown in Table 2. The Departments of Conservation and Corrections are operating most of the camps at less than capacity rather than close any facilities in order to have manpower available at all locations for work projects, to respond to emergency situations, and probably to prevent any public or legislative protest that would occur over the closure of facilities.

Although the Department of Conservation has programs for the use of inmates, the department has no control over the supply of inmates. Policies which bear on the number of inmates available to the Department of Conservation are beyond its control. As of December 31, 1971, there was a population of 503 (21 percent or about 6 camps) less than the budgeted quota and 843 (31 percent or about 10 camps) less than the capacity of the 33 facilities.

In view of the vacancy factor in the conservation camp and ecology center programs and the continued decline in adult inmates for the conservation camp program, the program needs a complete reassessment if it is to operate with any degree of economy and efficiency.

Table 2
Conservation Camp and Ecology Center Population
December 31, 1971

	<i>Number of facilities</i>	<i>Capacity</i>	<i>Budgeted quota</i>	<i>Difference</i>	<i>Actual population Dec. 31, 1971</i>	<i>Difference between actual population and quota</i>	<i>Difference between actual population and capacity</i>
Adult conservation camps (state inmates)-----	24	1,980	1,640	340	1,397	243	583
Ecology centers-----	4	340	340	--	123	217	217
Youth ward conservation camps-----	4	320	320	--	280	40	40
Adult conservation camps (county inmates)-----	1	80	80	--	77	3	3
Totals-----	33	2,720	2,380	340	1,877	503	843

482

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FOREST, RANGE AND WATERSHED MANAGEMENT

The forest, range and watershed management program element is intended to promote the development and proper use of state and privately owned forest, range and watershed land. Expenditures in the budget year are estimated to be \$2,277,476 compared to current year expenditures of \$2,240,802. The activities include forest pest protection, reforestation and forest nurseries, wildland soil and watershed management, brush range improvement, forest practices, forest advisory services and state forests.

Court Invalidates Forest Practice Rules

Last September the District Court of Appeals, in a decision concerning *Bayside Timber v. Board of Supervisors of San Mateo County*, concluded that the “. . . Forest Practice Act, . . . insofar as it provides for the promulgation of forest practice rules, is violative of the state and federal constitutions” The court indicated the Legislature had delegated exclusive authority, without proper safeguards and standards, for establishing forest practice rules to “. . . persons pecuniarily interested in the timber industry. . . .” The State Supreme Court has declined to hear an appeal of the decision.

The Department of Conservation indicates it will propose interim forest practice legislation this session to provide interim safeguards for the public, industry and state employees. This procedure is to give the Legislature time to review forest practices and enact permanent legislation.

Industry Self-Support in New Forest Practice Legislation

We recommend that the Legislature include provisions in any forest practice legislation which would require the industry to pay the cost of administering the program.

Three years ago in our analysis, we recommended that the Forest Practice Act be made self-supporting. In 1970 the Legislature, in the Supplementary Report on the Budget Bill, recommended that the act be made more nearly self-supporting. Chapter 645, Statutes of 1971, increased timber operator's fees slightly to provide annual state revenue of \$30,500. The program budget indicates the cost to administer forest practices in 1972-73 will require 19.7 man-years of effort costing \$381,556.

If the state is to continue to enforce the provisions of any Forest Practice Act, the cost burden should be placed upon the timber owner rather than the timber operator because the owner benefits most from good forest practices. At any rate, the industry should pay the state cost to administer a forest practice law. The public protection in a forest practice law is the prevention of direct and indirect losses to the general environment which tend to be the natural result of logging operations even when carefully conducted. We believe the public should not have to pay the costs of such protection and that the regula-

DEPARTMENT OF CONSERVATION—Continued

tory 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.

Local Development Assistance

The local development assistance program element is budgeted for \$205,963 compared to estimated expenditures in the current year of \$210,067. The services are performed by the Division of Resource Conservation. Chapter 1430, Statutes of 1971, changed the name of the Division of Soil Conservation to the Division of Resource Conservation.

The Legislature, in the 1970 Supplementary Report on the Budget Bill, directed the division to utilize its personnel to begin a study to define the problems of the soil and vegetative mantle of the state and to relate the problems to program and policy decisions and suggest priorities for solution of the problems. As a result of that directive the division has completed two reports. The first is "Problems of the Soil Mantle and Vegetative Cover of the State of California," and the second is "Environmental Impact of Urbanization on the Foothill and Mountainous Land of California."

The two reports highlight the need to protect the soil and vegetative cover in the foothill and mountainous areas of the state. The two documents can be a source of information as the state develops and modifies programs concerned with environmental protection. The recommendations in the second report concern mostly the adoption of local government ordinances pertaining to grading and erosion control and recommendations for state legislation authorizing local governments to increase regulation and control of developments as they affect the soil and vegetative cover. The division in its new role can assist counties in preparing general plans and particularly open space and conservation elements for those plans.

The division also provides planning assistance to local agencies in Public Law 566, small watershed projects. The program budget indicates two work plans and six preliminary investigations will be completed in the budget year.

In the near term, the division should be able to contribute input to new forest practice legislation and the development of new forest practice rules pertaining to erosion control.

GEOLOGIC HAZARDS AND MINERAL RESOURCES CONSERVATION

The objective of the geologic hazards and mineral resources conservation program is to identify and provide timely delineation of geological hazards through geologic investigations and to identify and assist in the use of mineral resources. The program is performed by the

Division of Mines and Geology. The two program elements are environmental and economic geology and geologic data. The first is primarily the gathering of geologic data and the second is the publication and dissemination of the data.

Total program expenditures in the budget year are estimated to be \$1,885,171 compared to estimated current year expenditures of \$1,839,722. The division receives some reimbursements from local agencies for its cooperative investigations as well as from such federal agencies as the Department of Housing and Urban Development for special studies. Reimbursements in the budget year are estimated to be \$139,109 compared to current-year reimbursements of \$319,849. There may be some decline in reimbursements but the department has habitually understated its reimbursements.

The work of this division is also useful in assisting counties and cities in preparing general plans. Cooperative work with local governments on geologic hazards has been conducted effectively in the past.

Strong-Motion Instruments

Chapter 1152, Statutes of 1971, established a strong-motion instrumentation program to be organized and monitored by the Division of Mines and Geology. The strong-motion instrument measures the large-scale, destructive ground motion in an earthquake. Through the use of the instrument it is possible to measure earth movements due to earthquakes and to correlate that information with evaluations of damage to structures. This is the process by which building codes can be improved, safer structures designed which will withstand damage and the users of the structures provided maximum safety.

The division will purchase, install and maintain strong-motion instruments as needed in representative geologic environments and structures throughout the state. The budget includes \$193,683 to support four man-years of effort and the purchase in the first year of 30 to 40 instruments.

Financing will be from the Strong-Motion Instrumentation Program Fund. The fund receives revenue from a fee of 7 cents per \$1,000 of construction cost which is collected through construction permits issued by local government.

OIL, GAS AND GEOTHERMAL PROTECTION

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 which are placed in the Petroleum and Gas Fund and the Subsidence Abatement Fund. Budget year expenditures are estimated to be \$1,572,713 compared to \$1,591,352 in the current year.

The program objectives are to: (1) prevent waste or damage to oil, gas and geothermal resources; (2) provide for greater ultimate recovery of oil, gas and geothermal resources; (3) prevent contamination

DEPARTMENT OF CONSERVATION—Continued

of fresh waters penetrated by wells; and (4) prevent damage to life, property and natural resources by reason of the oil, gas and geothermal operations. The division supervises the drilling, operation, maintenance and abandonment of oil, gas and geothermal resources wells throughout the state and the repressuring operations for the abatement of land subsidence in the Wilmington area. The division has 91 authorized positions.

GENERAL SUPPORT

The general support activity includes executive and support services necessary to carry out departmental programs. The department has allocated \$4,688,633 for these costs in the budget year compared to \$4,557,446 in the current year. The general support cost includes 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 division. Each of the divisions also has management and staff service functions allocated to general support activity.

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

Items 190 and 191 from the Petroleum and Gas Fund and Item 192 from the Subsidence Abatement Fund

Budget p. 99 Program p. 571

Requested 1972-73	\$1,556,097
Estimated 1971-72	1,545,736
Actual 1970-71	1,400,748
Requested increase \$10,361 (0.7 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

Three Budget Bill items appropriate funds for support of the Division of Oil and Gas as follows:

Item 190, \$1,406,633, from the Petroleum and Gas Fund.

Item 191, \$15,750, from the Petroleum and Gas Fund Geothermal Resources Account.

Item 192, \$133,714, from the 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

We recommend approval.

The discussion of the programs of the Division of Oil and Gas appears in the program analysis of the Department of Conservation, Item 189.

**Department of Conservation
DIVISION OF MINES AND GEOLOGY**

Item 193 from the Strong-Motion Instrumentation Program Fund

Budget p. 99 Program p. 569

Requested 1972-73 (new program)	\$193,683
Requested increase	\$193,683
Increase to improve level of service \$193,683	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

Chapter 1152, Statutes of 1971, established the strong-motion instrumentation program in the Division of Mines and Geology. The strong instruments measure the ground motion in an earthquake. The division will purchase and install the instruments in various geologic environments and structures throughout the state.

Measurements of earthquake ground motion are correlated with damage to structures so that building codes can be improved, safer structures designed and the users of the structures provided maximum safety.

The program is financed by a construction permit fee collected by local government of 0.007 percent (7¢ per \$1,000) of the estimated construction cost of the structure.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The discussion of the programs of the Division of Mines and Geology appears in the program analysis of the Department of Conservation, Item 189.

**Department of Conservation
STATE LANDS DIVISION**

Item 194 from the General
Fund

Budget p. 102 Program p. 582

Requested 1972-73.....	\$1,568,000
Estimated 1971-72	1,552,082
Actual 1970-71	1,701,383
Requested increase \$15,918 (1.0 percent)	
Total recommended augmentation.....	\$106,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

- | | |
|---|-----|
| 1. <i>Extractive development. Augment \$106,000.</i> Recommend augmentation in order to achieve \$1.6 million in revenues. | 490 |
| 2. Additional Funds. Recommend Legislature provide new or increased fees or an allocation of division revenues to provide additional financing. | 498 |
| 3. Queen Mary and Long Beach Oil Revenues. Recommend Legislature and State Lands Commission seek to compromise Queen Mary cost allocation and revise sharing of tidelands revenues accordingly. | 499 |

GENERAL PROGRAM STATEMENT

The State Lands Division provides staff support to the State Lands Commission. The commission is composed of the Lieutenant Governor, the State 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 land and the beds of navigable rivers. 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 administer tidelands trusts granted by the Legislature. It also conducts a program to locate the boundaries of tide and submerged lands owned by the state, as funds permit, and maintains records showing the location of state-owned land.

The three members of the commission hold full time offices besides being members of the State Lands Commission. The Lieutenant Governor is the second highest officer in the state, a member of the Governor's Cabinet and of the Governor's Counsel. He is also President of the Senate, a member of the Regents of the University of California and a member of the Board of Trustees of the California State Colleges. The Lieutenant Governor is either chairman or a member of about nine other commissions, counsels and executive committees.

The State Controller is an elected state official and is the state's chief accounting and disbursing officer. He serves on 15 boards and commissions dealing with all aspects of California's fiscal affairs. In addition to the State Lands Commission he serves on the State Board of Control, the Pooled Money Investment Board, is chairman of the Franchise Tax Board and a member of the State Board of Equalization.

The Director of Finance maintains general supervision over the state's financial activities and is the Governor's chief staff member charged with carrying out his fiscal policies.

The members of the commission have many other duties which detract from the attention they can give to the complex, technical problems of the division. Furthermore, in spite of the powerful positions of the members, several activities of the commission are suffering from funding shortages.

ANALYSIS AND RECOMMENDATIONS

The Governor's budget proposes a total expenditure of \$2,710,641 for the support of the State Lands Division in 1972-73, which is a decrease of \$6,492 from the current year. The General Fund appropriation of \$1,568,000 represents an increase of \$15,918 over the current year. The budget also includes in Item 184 an appropriation for allocation of \$55,000 from the California Environmental Protection Program Fund. It appears uncertain whether revenue will be available to the division from this fund.

The budget of the State Lands Division was reorganized for the 1972-73 fiscal year. It includes only one program, Land Management, which is composed of the following elements: (1) Extractive Development—State Leases, (2) Extractive Development—Long Beach Operations, and (3) Other Land Transactions. The latter element includes both the current ownership determination and land information system programs.

Objectives Revised to Stress Land Management and Environmental Concern

In addition to reorganizing the program budget, the State Lands Division has rewritten its statement of objectives and goals. The objectives as stated in the budget include: (1) comprehensive land use planning which encourages multiuse development of state lands, while conserving and preserving irreplaceable resources; (2) location of precise boundaries of tide and submerged and school lands which are critical to the protection of the state's interest; (3) effective development of oil and gas and other mineral resources while insuring protection of the environment, (4) surveillance which is necessary for effective management and title protection of state lands, and (5) maintenance of records on the acquisition and disposition of the land and uses of state lands in California. In contrast to the division's current objectives of sound multiuse land management with concomitant revenue production and public use, the proposed objectives reflect a significant change to emphasize environmental concern.

STATE LANDS DIVISION—Continued

Revised Objectives Not Matched by Adequate Funding

The proposed budget for the division does not reflect the same priorities as their stated objectives. The division's budget in the area of land management has dropped by over \$100,000 from 1970-71. Funds in the Other Land Transactions Program, where progressive land management work should be done, are largely spent defending the state in actions brought against it to legally determine boundaries between state lands and lands of other owners, mapping legislative grants, and processing new lease applications.

LAND MANAGEMENT PROGRAM

Extractive Development (State Leases)

We recommend that the Legislature augment the division's budget in the extractive development activity by \$106,000, such augmentation to be allocated for three assistant mineral resources engineers, one associate mechanical engineer, one associate geothermal resources engineer, one associate mining geologist, and related expenses.

Four activities make up the extractive development (state leases) program element. They are: oil and gas leasing and development, geothermal leasing and development, mineral leasing and development, and governmental reports (environmental impact reports, etc.) and public inquiries. The proposed 1972-73 budget for the extractive development program is \$788,060, as compared to \$772,585 estimated in the current year. This constitutes about a two-percent increase.

We pointed out in our analysis of this program as contained in the 1971-72 Governor's Budget, that a substantial reduction of \$92,766 and 8.4 man years had been made in this program. The effect of the reduction was to lower the number of new leases which could be processed, and decrease the number of inspections to enforce existing state leases. The inspections, we pointed out, are designed to insure the use of proper drilling procedures and to reduce the dangers of environmental contamination. Additionally, field personnel check to insure the accuracy of oil production reporting and help determine the need for secondary recovery activities.

In order to assess the adequacy of the extractive development funding level in the proposed budget, we asked the division to show from a revenue production standpoint, how a specific budget augmentation would affect revenues. Presented in Table 1 are the results of this evaluation. Because of the minimal staffing level of the present program, there appears to be a large revenue potential available with modest added cost.

Table 1

<i>No. Position</i>	<i>Cost</i>	<i>Benefit or Revenue</i>
3 asst. mineral resources engineer	\$32,000	\$1,605,000 (est.)
1 associate mechanical engineer	13,000	
1 associate geothermal resources engineer	13,000	11,000 (est.)
1 associate mining geologist	13,000	46,000 (est.)
Operating Expense and Equipment	34,000	—
Total.....	\$106,000	\$1,662,000

The three assistant mineral resources engineers would perform engineering evaluations and inspections to approve application for new leases and redrills of existing wells. The division anticipates that drilling in the Huntington Beach area will resume in 1972-73, resulting in a total of 103 new well and redrill proposals. There is presently staff available to perform about one-half of this workload. An additional \$32,580 plus expenses for three assistant mineral resource engineers could provide sufficient staff to handle this workload in 1972-73. The resultant revenue from this augmentation alone is estimated at approximately \$1.6 million in 1972-73.

Workload in the geothermal leasing and development activity has been increasing in recent years, and with the enactment of Chapter 1555, Statutes of 1970, requiring environmental impact reports for any proposed permit or lease, additional staff has become necessary. The addition of one associate geothermal resource engineer at \$13,200 plus expenses would avoid increasing backlogs with attendant revenue loss estimated at \$11,000.

The division is presently devoting 3.7 man years to the mineral leasing and development activity. Present workload will result in an increase in the transaction backlog from 125 to an estimated 161 by the end of 1971-72. A total of 55 new transaction applications are expected from one developer alone in 1972-73. In order to cope with the present backlog in permit and lease applications, and to provide staff for anticipated higher application workload in the budget year, one additional assistant mining geologist is required at \$13,200 plus expenses. The division has stated that this one man year of additional staffing will allow processing of an additional 27 permits and/or quitclaims over the present year. The potential revenue production of this augmentation is about \$46,000.

Another high priority but nonrevenue producing extractive development activity which could use additional staffing is related to potential adverse environmental impact. The division reviews the engineering design of all proposed pipeline installations on state-owned lands, and is conducting a safety review of existing pipelines on easements over state lands. This review involves study of design safety factors, pipeline stability, shut-in and warning devices, corrosion and abrasion protection, maintenance and inspection procedures, and operating procedures relating to pollution prevention and cleanup. Work on these activities has been curtailed under the present budget.

STATE LANDS DIVISION—Continued

Work on these activities has been curtailed under the present budget. Providing an adequate engineering staff to perform this task, would require the addition of one assistant mechanical engineer at \$13,200 plus expenses. Such an augmentation is required in order to meet its stated objectives of permitting development of oil and gas on state lands while insuring protection of the environment.

Besides augmenting the budget we have considered the feasibility of shifting present extractive development staff from nonrevenue producing functions to revenue producing ones. There appears to be relatively little potential for such shifts. There is a minimal level of service in nonrevenue producing activities that must at least be maintained.

Some efficiencies should be realized in 1972-73 as a result of reorganization of the division and the consolidation of the Los Angeles and Long Beach offices. With these changes the division should be able to increase productivity with present staff. These economies and efficiencies have been considered in evaluating the above workload.

Extractive Development (Long Beach Operations)

Long Beach Operations is the largest of the extractive development programs of the division. In the budget year \$1,051,001 is allocated for this purpose. The Long Beach Operations unit reviews the economics of Long Beach oil and gas development and production operations in order to maximize revenue to the state. At the same time it seeks to protect and conserve the environment. The division maintains surveillance of all cost and revenue elements of Long Beach tidelands operations. This activity is necessary because of the large share of oil and gas revenues which the state receives as a residual after production costs and other minor revenue allocations are made.

State Lands Revenues

Many important programs of various state agencies are dependent to some extent on revenues generated by the division from oil and gas and other leasing operations. The amount and statutory allocation of these revenues for five years is shown in Table 2.

Table 2

	<i>Actual 1970-71</i>	<i>Estimated 1971-72</i>	<i>Estimated 1972-73</i>	<i>Estimated 1973-74</i>	<i>Estimated 1974-75</i>
General Fund	\$2,361,803	\$2,590,819	\$2,740,000	\$3,499,000	\$3,551,000
Central Valley Project Construction Fund ..	28,000,000	32,000,000	5,000,000	5,000,000	5,000,000
State Water Quality Control Fund	2,000,000	2,000,000	—	—	—
Capital Outlay for Pub- lic Higher Education Fund	2,641,026	22,248,181	41,931,000	27,937,000	17,794,000
California Water Fund	—	—	25,000,000	25,000,000	25,000,000
Total	\$35,002,829	\$58,839,000	\$74,671,000	\$61,436,000	\$51,345,000
Amount below Budget Estimate			-1,662,000	-2,505,000	-2,268,000

The total revenue figures in Table 2 and the dollars distributed to the Capital Outlay for Public Higher Education Fund are lower than the figures in the Governor's Budget by the amounts shown in the bottom line of the table. The reduction reflects a difference between

STATE LANDS DIVISION—Continued

the Department of Finance and the Resources Agency on the one hand and the State Lands Commission on the other as to the probability of developing the oil and gas revenues without added funding for additional staff. The State Lands Commission has reduced its estimated revenues from the oil and gas leasing and miscellaneous extractive activities substantially below the totals in the Budget, as Table 2 indicates, because it believes that it does not have the staff to produce the revenues in the amounts budgeted. Over the three years shown in Table 2, the State Lands Division estimates revenues at about \$6.4 million below those shown in the Governor's Budget. Because of the division's greater knowledge of revenue potential from oil and gas development, its statutory responsibility for oil and gas revenue, and the fact that the original revenue estimates were acceptable to the administration, we conclude that the State Lands Division reduced estimates should be accepted. The possibility of securing this revenue justifies the \$106,000 augmentation we are recommending for the division under the heading of Extractive Development.

Division Reorganization

The Supplemental Report of the Conference Committee on the 1971 Budget Act directed the State Lands Division to report to the Legislature on January 1, 1972 with a proposal for consolidating offices, including moving the executive function to Sacramento. The State Lands Division has reported on its planned reorganization and is now executing it. The basic change in the reorganization will be to eliminate the downtown Los Angeles office of the division and relocate affected personnel either in the existing Long Beach or Sacramento offices of the division.

All of the present staff working on mineral resources will be relocated in Long Beach. The administrative services now in the Los Angeles

area will be moved to the Long Beach office. The executive officer will move to Sacramento. A small land management unit will remain in Long Beach for one year to phase out activities in southern California after which all land management will be conducted from Sacramento. The division indicates that this physical move will increase program efficiency, and that the personnel reorganization will allow utilization of division staff among activities with resulting higher productivity.

Other Lands Transactions

The Other Lands Transactions program element includes ownership determination, nonextractive leasing, and the inventory and management of state lands. It also includes the Land Information System which is the central repository of all information required by law to be kept by the commission relative to the land under its jurisdiction. The proposed budget for Other Lands Transactions is \$871,580, or \$23,332 below the comparable current year total of \$894,912.

In our *Analysis of the Budget Bill 1971-72* we recommended a \$50,000 augmentation in the programs now designated Other Land Transactions. We pointed out that substantial reductions were contained in the 1971-72 Governor's Budget, \$142,608 in the ownership determination program and \$7,362 in nonextractive development.

We recommended the above augmentation primarily because of the enactment of Chapter 1555, Statutes of 1970. Pursuant to this law the commission was prohibited from leasing lands under its jurisdiction until an environmental impact report was prepared and reviewed. In addition, the commission was required to inventory all granted state lands to identify those having unique environmental values of statewide interest. \$50,000 was appropriated to the commission from the California Environmental Protection Program Fund to enable it to carry out Chapter 1555. It appeared doubtful, at the time our Analysis was written last year, that money would be available to the commission from this fund. We therefore recommended augmentation of the division's budget by \$50,000 from the General Fund to

STATE LANDS DIVISION—Continued

implement Chapter 1555. Thus far, no funds have been made available to the State Lands Commission from the California Environmental Protection Program Fund and the expenditure is now scheduled for 1972-73.

The above recommended augmentation to the Governor's 1971 Budget and others totaling \$100,000 were accepted by the Legislature. However, these augmentations were subsequently removed by the Governor.

Potential Loss of Public Lands or Easements in San Francisco Bay

Private parties, citing State Surveyor General tideland patents issued during the early years of California statehood, currently are claiming title to approximately 35,000 acres of land in and around San Francisco Bay. The State Lands Division staff contends that based on its preliminary research, such patents cannot convey the submerged portion of such state lands, and that the tideland (upland) portions are subject to the public easement for commerce, navigation and fisheries.

Because of the importance of the Bay resource to the public and the adverse effect to the public from certain types of potential development in the bay, the State Lands Commission authorized the Attorney General to file legal action in 1969 on 650 acres of tideland in San Mateo County. The case was limited to a very small percentage of the total area in dispute primarily because of the complexity and cost of litigation. At this time, however, the State Lands Division informs us that the West Bay Community Associates, parties to the litigation in San Mateo County, are soon to file action to greatly expand the scope of the litigation. This expansion in litigation could involve perhaps another 10,000 acres in the bay.

Legal determination that the lands in question are in private ownership would deprive the state of land worth many millions of dollars. Planned development on the land could potentially have severe ecological consequences in the Bay Area. The preservation of the bay in a natural state has been shown by the Bay Conservation and Development Commission to be a significant factor in the control of air and water pollution, as well as climatic conditions in the bay area. The Legislature has declared in the McAteer-Petris Act, which created the Bay Conservation and Development Commission, that the public has an interest in the bay as the most valuable single resource of the entire region.

In order for the State Lands Division to protect the state's interest in this case adequately, substantial additional funds are required by the division. The importance of this case involving San Francisco Bay emphasizes the inadequacy of the resources available to the division to perform the duties imposed upon it by the Legislature. These are the duties which have been made primary objectives by the State Lands Commission in the revision of objectives in its budget, i.e.,

comprehensive land use planning encouraging multiuse development of state lands, while conserving and preserving irreplaceable resources.

Impact on State Lands from "Mansell Decision"

On November 9, 1970, the California Supreme Court rendered an opinion in the case of the City of Long Beach vs. John R. Mansell. This case involved certain state lands in the Alamitos Bay area granted in trust to the City of Long Beach. The court held that under specified circumstances the state can lose title to tide and submerged lands by permitting occupancy of trespassers over a long period of time. It was previously believed by the state that Article XV, Section 3, of the California Constitution protected tide and submerged lands of the state and that title could not be lost.

The court stated "the stipulated facts clearly established that from an early date, the state and city have been aware of the serious and complex title problem in the Alamitos Bay area. More importantly, those public entities have been in a position to resolve such problems and to determine the true boundaries between public and private lands. This they have not done. Instead they have conducted themselves relative to settled and subdivided lands in the section 2(a) area as if no title problems existed and have mislead thousands of homeowners in the process." By that language the court does not appear willing to accept the excuse that the state lacks the funds to properly manage its land.

The decision raises many serious questions concerning the management of state lands by the State Lands Division. We pointed out in our *Analysis of the Budget Bill 1971-72* "that past reductions in the Ownership Determination Program (now Other Land Transactions Program) of the division have had and will continue to have a serious impact on the division's ability to perform its duties adequately." Although there has been a substantial increase in workload in this activity in recent years as shown in Table 3, the staff of the division has been reduced each year.

Table 3 indicates the relative portion of division manpower devoted to various activities and the increased backlog of work caused by

Table 3
Selected Workload Indicators

Work activity	Trans- actions backlog last year	Trans- actions received	Trans- actions completed	Trans- actions backlog this year	Proportion
					of Manpower devoted to activity
Public agency leases	35	46	29	52	11%
Fee Leases	159	94	38	215	20
Trespasses	686	16	2	700	10
Inquiries	0	649	649	0	12
Miscellaneous (Sales, boundary agreements, etc.)					47
					100%

STATE LANDS DIVISION—Continued

inadequate staffing. For example, workorder backlogs at the beginning of the 1970-71 year increased by 48 percent in public agency leases, and 35 percent in fee leases compared to 1971-72. At the beginning of the current year there was a backlog of 700 known trespasses.

Areas of Priority Need

In order to illustrate the magnitude of the present budget deficiency, we have listed below a number of high priority but presently unfunded or underfunded activities along with the appropriate funding needed.

San Francisco Bay Litigation. This is a unique problem with 35,000 acres of land at issue. Estimated Cost for 1972-73: \$270,000

Area Boundary Determinations. There are many areas in the state where lands of substantial monetary and environmental value are being encroached on by trespassers. This land may be lost if the state takes no positive action. Areas where such problems exist include: Donner Lake, Fallen Leaf Lake, Tomales Bay, and areas on the Colorado River. Estimated Cost for 1972-73: \$20,000-\$50,000

Granted Lands Review. In the past 12 years the Legislature has enacted 85 grants of state lands to local jurisdictions. The State Lands Division has a responsibility to assure that the lands are properly surveyed and used and that any local revenues are properly administered. Estimated Cost for 1972-73: \$60,000

Land Management. Land management activities of the division have suffered from substantially reduced budgets in recent years. Additional funding is necessary to handle present workload.

Estimated Cost for 1972-73: \$100,000

Survey of Environmentally Unique State Lands. Chapter 1555, Statutes of 1970, provided that the commission should inventory all lands under its jurisdiction and identify those lands with unique environmental values. See analysis page 495.

Estimated Cost for 1972-73: \$55,000

Additional Funds for State Lands Division

We recommend that the Legislature review the funding level of the State Lands Division and revise the statutes to provide additional funds for the division through new or increased fees or an allocation of a portion of revenues.

A minimal program to adequately manage and protect state lands would require substantially greater funding than is presently proposed in the Governor's Budget for the State Lands Division. We do not recommend substantial augmentation of the State Lands Division budget proposed by the Governor because the last augmentation

was removed by the Governor. A major revision of the division's budget and funding sources requires a wide range of policy considerations to be studied by the Legislature and the State Lands Division.

We have considered a number of alternatives for obtaining additional funding for the State Lands Division to satisfy its statutory responsibilities to manage and protect state lands and resources. In our analysis above, we have indicated that an augmentation of the division's budget to increase the extractive development program by about \$106,000 would generate approximately \$1.6 million in additional tideland revenues and we have therefore recommended that augmentation.

It appears reasonable if the division can generate substantial additional revenues from proper land management and development that a portion of such revenues should be permitted to flow to the division to meet its statutory responsibilities involving land management. Another possibility is that legislation be enacted to permit the division to charge new or increased fees for the services it renders to private parties.

QUEEN MARY AND LONG BEACH OIL REVENUES

We recommend that the Legislature by its own actions and by directive to the State Lands Commission seek to compromise the Queen Mary cost allocation and revise the city's share of tidelands revenues in accordance with the compromise.

The Legislature directed the State Lands Commission in the "Supplementary Report of the Conference Committee," on the 1971-72 Budget Bill, to immediately establish a cost allocation principle and make preliminary cost allocations on the *Queen Mary*. The cost allocation is intended to distribute the expenditures made by the City of Long Beach from its tidelands revenues for conversion of the *Queen Mary*. The distribution is to be between the legally approved museum purposes and the legally doubtful commercial or concessionaire purposes. To the extent that the latter classification of expenditures may be legally found to be beyond the requirements of the museum, it is not a proper expenditure of the city's tidelands oil and gas revenues and will have to be repaid by the city. The Legislature further directed that the cost allocation was to be completed before the State Lands Commission approved any further requests of the City of Long Beach for expenditure of its tidelands revenues on the *Queen Mary*.

The commission has not at this time completed a formal cost allocation. Its staff has encountered a number of problems. The first problem was the size and engineering complexity of the *Queen Mary* conversion project. The second was the technical and theoretical difficulty of allocating costs between legally approved tidelands trust purposes and nontrust or commercial purposes. Third, the withdrawal of Diner's *Queen Mary* (master lessee) from the concession features of the project resulted in significant changes in the contemplated

STATE LANDS DIVISION—Continued

scope and orientation of shipboard development. Fourth, the division believes that an outside legal and technical review of its cost allocations of the *Queen Mary* is needed to satisfy the Attorney General's requirements to confirm the legality or illegality of the city's expenditures for conversion of the ship. Fifth, the outside review would cost about \$300,000, which is substantially more than available funds permit.

According to the division an informal allocation of conversion costs and site development costs incurred to date, based on space assignment pursuant to the Diner's Club *Queen Mary* lease, has been completed by the division's staff. Preliminary information furnished to us by the division allocates to commercial purposes approximately 26 percent of the \$41.8 million expended as of March 1, 1971. The remainder or 74 percent, is assigned to trust related expenditures. The city presently contends that all its conversion costs are for the museum aboard the *Queen Mary* and are therefore for an approved trust purpose.

Recently the Diner's *Queen Mary* terminated its lease for conversion and operation aboard the *Queen Mary* and filed suit against the city for alleged failure to perform obligations under the contract. The city now has a new master lessee, Specialty Restaurant, Inc., which has different lease terms than Diner's *Queen Mary*. In addition, Pacific Southwest Airlines has executed a 25-year lease to operate a 400-room hotel on the *Queen Mary*. This means that significant parts of the allocation work of the division need revision.

The State Lands Commission and City of Long Beach agreed about two years ago to extend the period of review and audit on expenditures of the *Queen Mary* project to two years after the city reports its last expenditure of tideland oil revenues on the project. The State Lands Division hopes that the city will make the last expenditure in the current year. However, such date is uncertain at this time. Final allocation of costs on this project and determination as to the legality of trust expenditures for the *Queen Mary* could thus be extended several years into the future.

Basis for Compromise

At this time a compromise with the City of Long Beach on the cost allocation may be in the best interest of both the state and the city. The State Lands Division indicates that its audit and cost allocation work has reached a point where a basis for a compromise might be established. A number of factors seem to warrant a compromise. First, it might cost the state in excess of \$300,000 to prepare audit and cost allocation justification sufficient for purposes of litigation, if litigation is necessary. Second, litigation itself would be costly and time consuming, and probably in no one's best interest. Third, if litigation resulted in a judgment that allocated some amount of the expenditures by the

city out of tidelands revenues on the *Queen Mary* to commercial (nontrust) purposes, the city would probably have to face the difficult problem of repaying those expenditures from the city's General Fund. Fourth, such repayment would place the city's General Fund money in the Tidelands Revenue Fund where it would only be available for more relatively low-priority tidelands trust purposes.

If the city and the state can agree that some portion of the city's expenditures was for nontrust purposes, litigation probably can be avoided. As part of the agreement the Legislature could possibly amend the statutes to place the purpose of the nontrust expenditures within the approved trust purposes, i.e., in the statewide interest. In return for such a statutory change, the city would likely have to agree to give up to the state a portion of its future tidelands revenues. Giving up a portion of its revenues is logical because the large sums of revenues received from tidelands gas and oil production which can only be expended for trust purposes related to waterfront development (commerce, navigation and fisheries) is one of the primary reasons the city became involved in the excessively costly conversion of the *Queen Mary*. Thus, foregoing a portion of its future revenues would be the basis on which the Legislature might validate the city's excess expenditures.

Alternative Compromise

However, it is not clear at this time that the Legislature can legally place the city's nontrust expenditures within the approved trust purposes. In such an event an alternative, which has substantial merit by itself, would be for the Legislature to amend the statutes to take all the city's tidelands revenues from under the trust limitations. This can be done by placing all the city's revenues in the state treasury and thereby making them state rather than trust revenues. Under the constitutional trust limitations as interpreted by the courts, the city's tideland revenues are available to the city only for expenditure on projects associated with the tidal and waterfront area or related purposes. Within this limitation it is very difficult for the city to develop high priority programs of general statewide benefit.

On the other hand, the state has utilized its tidelands revenues among other things for construction of the State Water Project, research at the University of California, studies of water quality at Lake Tahoe, and capital outlay for higher education. The state could place the tidelands revenues of the City of Long Beach in the state treasury and pursuant to the negotiated compromise with the City of Long Beach, could apportion a part of those funds (which would be state rather than tidelands funds) to the City of Long Beach each year for projects of citywide significance or to be used in lieu of city General Fund money to repay any costs for the conversion of the *Queen Mary* allocated to commercial purposes. The annual apportionment could be either a fixed amount or an amount for high priority projects as

STATE LANDS DIVISION—Continued

approved by the Legislature. In any event the state should as a minimum provide sufficient funds to pay off all obligations of the city for conversion of the *Queen Mary* because in our opinion its lax administration was partly responsible for the excessive conversion expenditures on the *Queen Mary*.

The above alternative could also be broadened to include other settlements. There have been indications in recent months that the City of Long Beach, Los Angeles County and the State of California would each benefit from a negotiated settlement of a long standing law suit which has resulted in impounding approximately \$75,000,000 in revenues from a mineral rights tax and other taxes which local taxing jurisdictions have levied on Long Beach oil production. A negotiated settlement of this suit would release these funds. The money could be distributed partially as more tidelands revenues for the state and city and as badly needed General Fund revenue for the City of Long Beach. Because a settlement of this issue would also provide more tidelands revenues for the City of Long Beach, settlement could be executed within the larger framework of legislative action to reduce the revenues the city can spend for tidelands trust purposes.

The complexities of all the foregoing situations suggest that litigating each would not only be vastly time consuming but not lead to constructive statewide results. This is because of the inherent limitations which confront the city in spending tidelands revenues for high priority purposes. It is also because the large amounts of tidelands revenues previously allowed the city have, with the advent of the conversion of the *Queen Mary*, reached a point of diminishing returns such as to make it reasonable and proper for the state to secure a higher proportion of the Long Beach oil and gas revenues.

The end result of a compromise would be to release funds for all involved governmental agencies, secure for the state a larger percentage of Long Beach revenues for statewide purposes and perhaps provide a short-cut solution to the vexing problems of cost allocation and repayment of improperly expended funds for conversion of the *Queen Mary*. Such an agreement would, of course, be difficult to negotiate and would require a detailed legal study. However, an effort to secure some agreement would be no worse than the present drifting course which is not solving problems or serving the best interests of any of the parties to the various Long Beach problems.

**Resources Agency
DEPARTMENT OF FISH AND GAME**

Item 195 from the Fish and
Game Preservation Fund

Budget p. 103 Program p. 592

Requested 1972-73.....	\$17,672,958
Estimated 1971-72	16,771,711
Actual 1970-71	16,514,690
Requested increase \$901,247 (5.4 percent)	
Increase to improve level of service \$615,000	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Wildlife. Recommend department prepare a program to implement its report on endangered and rare wildlife. 509
2. Administration. Recommend Department of Finance consolidate three budget items into one item. 513

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.

The State Constitution (Article 4, Section 20) establishes the Fish and Game Commission of five members appointed by the Governor. The commission establishes policies to guide the department in its activities and regulates the taking of fish and game under delegation of legislative authority pursuant to the Constitution. In general, the Legislature has granted authority to the commission to regulate the sport taking of fish and game and has reserved for itself the authority to regulate commercial taking of fish and game.

The department is headquartered in Sacramento and has approximately 1,300 employees located throughout the state. Field operations are supervised from regional offices in Redding, Sacramento, Yountville (Napa County), Fresno and Long Beach.

Program Objectives

The program objectives of the Department of Fish and Game are to:

1. Maintain all species of fish and wildlife.
2. Provide for diversified recreational use of fish and wildlife.
3. Provide for an economic contribution of fish and wildlife.
4. Provide for scientific and educational use of fish and wildlife.

DEPARTMENT OF FISH AND GAME—Continued**Funding Sources**

The department is a special fund agency financed from 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 received from other government agencies. Table 1 shows the sources of funding for the department's support activities for a five-year period. About 23 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 estimates it will spend \$24,695,750 from all sources for support programs in 1972-73.

Table 1
Department of Fish and Game—Support Expenditures

<i>Source of funding</i>	<i>1968-69</i>	<i>1969-70</i>	<i>1970-71</i>	<i>1971-1972¹</i>	<i>1972-1973¹</i>
Fish and Game Preservation Fund	\$14,612,154	\$15,795,478	\$17,310,332	\$17,965,686 ²	\$18,980,358 ²
Federal funds.....	1,672,368	2,237,226	2,029,564	2,855,925	3,167,500
Totals as shown in Governor's Budget	\$16,284,522	\$18,032,704	\$19,339,896	\$20,821,611	\$22,147,858
Expenditures funded through reimbursements					
Federal funds.....	753,713	951,805	997,857	1,081,814	1,241,235
Other	1,383,770	1,173,233	1,293,954	1,457,226	1,306,657
Total of all expenditures.....	\$18,422,005	\$20,157,742	\$21,631,707	\$23,360,651	\$24,695,750

¹ Estimated.

² Includes minor capital outlay.

DEPARTMENT OF FISH AND GAME—Continued

In recent years the General Fund has financed some capital outlay projects for the department as a result of special bond fund allocations to the Wildlife Conservation Board. The board utilized \$4,400,000 of its 1964 Recreation Bond Act funds to acquire wildlife areas and construct fish hatcheries operated by the department. The State Recreation and Fish and Wildlife Enhancement Bond Act of 1970 provides \$6,000,000 to the board for design and construction of fish and wildlife enhancement projects and fishing access sites at state water projects. In Item 326 the board is requesting an appropriation of \$700,000 from these bond proceeds for modernization and expansion of the Fish Springs Hatchery and the Mojave River Hatchery operated by the Department of Fish and Game.

Hunting and Sport Fishing License Fee Increase

Chapter 1551, Statutes of 1971, increased hunting and sport fishing license fees to provide about \$5,000,000 in added annual revenue to the department. That amount is an increase of 33 percent over revenue of \$15 million derived from those fees under the former rates. The increased fishing license fees become effective January 1, 1972 and the increased hunting license fees on July 1, 1972. The department estimates \$2,000,000 added revenue in the current year from the increased fishing license fees and the full \$5,000,000 added revenue from increased fees in the budget year.

Fund Surplus

On June 30, 1971, the accumulated surplus in the Fish and Game Preservation Fund was \$4,875,040. The fund surplus at the end of the budget year is estimated to be \$9,099,392.

In addition to the Fish and Game Preservation Fund surplus of \$9,099,392, the department will also have available at the end of the 1972-73 fiscal year \$2,185,056 in unexpended 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 \$11,284,448 as surplus or reserve for future appropriation needs. Since fiscal 1968-69, support expenditures for the department have exceeded revenues to the Fish and Game Preservation Fund. The license fee increase voted by the Legislature in 1971 assures adequate revenue to finance the department's programs in the current and budget years and will provide a substantial surplus at the end of the budget year.

General Program Increases

The Governor's Budget shows total department support program expenditures of \$22,147,858, which are appropriated through this item and other support items. That amount compares to estimated expenditures of \$20,821,611 in the current year. Item 195 appropriates funds for department support programs financed from the Fish and Game

Preservation Fund, exclusive of the federal cooperative programs. The appropriation request is \$17,672,958, an increase of \$901,247 (5.4 percent) over estimated current year expenditures of \$16,771,711.

Item 196 appropriates funds for support programs financed with cooperative federal and state funds. That appropriation request is \$4,274,800, an increase of \$466,900 (12.3 percent) over estimated current year expenditures of \$3,807,900.

Most of the budget increases are for expanded programs contemplated by the department and used as part of the justification for the license fee increases. The budget includes increases as follows:

Program Increases, State Funding (Item 195)

1. Law enforcement (15 additional warden positions)	\$287,000
2. Trout stocking and warmwater game fish management at reservoirs.....	99,000
3. Public information activities in conservation education.	60,000
4. Deer habitat improvement and management plan for North King deer herd.	34,000
5. Services for coastal sport fishermen.	57,000
6. Develop and evaluate data on water quality.....	59,000
7. Marine fish disease investigations.	19,000
	\$615,000
Total increases	\$615,000

Program Increases, Cooperative Federal Funding (Item 196)

1. Hunter safety	\$89,000
2. Tehama Wildlife Area, Ecology Corps work projects.	100,000
3. Mobile radios for game managers.	85,000
4. North coast steelhead studies.	65,000
	\$339,000
Total increases	\$339,000

For all programs financed from all sources of funds, the budget proposes to establish 97 new positions and delete 23 other positions for a net increase of 74 positions. Of the new positions, 41 are funded entirely from the Fish and Game Preservation Fund, 23 involve cooperative federal funding and 33 are fully reimbursed.

The department's programs are as follows: enforcement of laws and regulations, wildlife, inland fisheries, anadromous fisheries, marine resources, environmental services, and administration.

DEPARTMENT OF FISH AND GAME—Continued**ANALYSIS AND RECOMMENDATIONS****ENFORCEMENT OF LAWS AND REGULATIONS**

The objectives of the enforcement of laws and regulations program are to insure (1) that the laws and regulations pertaining to fish and wildlife are enforced within an acceptable degree of compliance and (2) that the wildlife resources are managed for sustained yield and for the enjoyment of all the people of the state. The program includes the four elements of protection and use regulation of fish and wildlife, licensing, hunter safety and conservation education.

Proposed expenditures are \$7,100,825 compared to \$6,515,562 estimated to be expended in the current year. The financing is almost exclusively state funds.

Program Increases

The program increases are in accordance with the department's stated intentions when it requested license fee increases last year. The budget includes \$287,000 for 15 additional fish and game wardens. The department presently has a staff of about 275 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 budget includes \$60,000 to provide additional public information in conservation education matters. The added staffing includes two information officer positions in the regions and an information officer at headquarters for more effective use of television.

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." The agents sell the licenses, retain a commission and remit the balance to the department. The licensing management program is budgeted for \$376,017. That amount added to the \$683,000 estimated commission to be retained by the agents makes the total estimated cost of selling licenses \$1,059,017 or about 5 percent of the total net revenue of \$21,018,000 estimated to be received by the department from licenses, permits and tag sales in 1972-73.

Chapter 1551, Statutes of 1971, which provides for increased hunting and fishing license fees, increases the commission to be retained by the license agents. The \$683,000 estimated retained commission by the agents in the budget year compares with the actual commission of \$471,880 retained in 1970-71 under the former commission rates.

Wildlife

The objectives of the wildlife program are to (1) perpetuate and conserve wildlife found throughout the state, (2) maintain optimum breeding stock of the state's wildlife and (3) obtain an optimum harvest of the game species through recreational hunting. The program elements are waterfowl, upland game, big game, and nongame.

Program expenditures in the budget year are \$4,939,701 compared to estimated expenditures in the current year of \$4,610,800. Of the total expenditures, about 50 percent will be financed by federal funds or reimbursement and the balance by the Fish and Game Preservation Fund. Budget increases include \$34,000 for expanded activity in big game habitat improvement. An additional position will be assigned to develop and implement appropriate land use practices to improve deer habitat on public lands of the U.S. Forest Service and the Bureau of Land Management. Another position will be assigned to implement a management program for the North King deer herd in the Sierra National Forest.

Endangered and Rare Fish and Wildlife

We recommend that the Legislature direct the Department of Fish and Game to prepare a program to implement the recommendations in the department's January 1972 report on California's endangered and rare fish and wildlife including a priority schedule, a time schedule for accomplishment of objectives, cost estimates and sources of funding for the program.

Chapter 1036, Statutes of 1970, requires the Department of Fish and Game to establish criteria for determining rare or endangered species of wildlife, to inventory the threatened species biennially and to report to the Governor and Legislature every two years. The report is to include an inventory of rare and endangered species and recommendations for preserving, protecting and enhancing the state's rare and endangered species. The department has submitted the first required report, entitled "At the Crossroads", which includes status and recommendations on 19 endangered species and 24 rare species.

The report recommends that:

1. Public funds be provided to share the burden of preserving and managing wildlife not hunted or used commercially.
2. Research be conducted to determine status of threatened animals.
3. Habitat essential for survival of these animals be placed in public ownership or protected by law.
4. Programs to protect and manage each species be developed and implemented immediately.

The department recommends that public funds be provided to share in the burden of preserving and managing endangered wildlife but does not indicate the extent of the burden for either land costs or the continuing cost of management programs to insure perpetuation

DEPARTMENT OF FISH AND GAME—Continued

of the state's endangered and rare wildlife.

The Governor's Program Budget indicates that the department will expend \$371,951 and 18 man-years of effort in the nongame element of the wildlife program. In addition, the department will expend \$38,504 and four man-years of effort in the "other species" element of the inland fisheries program. The effort in these two elements will be directed toward surveys and developing management programs for the endangered and rare wildlife with emphasis on a data processing program to keep current on the status of selected nongame wildlife. The amount budgeted for nongame species is modest in comparison to department total program expenditures of \$24,695,750.

The department should not request the General Fund to finance the program. The sportsmen of the state are already harvesting the fish and wildlife which by law (Section 1600, Fish and Game Code) belong to the public without compensating the public. It should be reasonable to expect the sportsmen to protect some rare and endangered species in return for harvesting the more plentiful species. Furthermore, there are already funds available from other sources.

For example the statutes require the Wildlife Conservation Board to determine what areas within the state are most essential and suitable for wildlife production and preservation and will provide suitable recreation. The board has a continuing appropriation of \$750,000 annually for projects. The Federal Land and Water Conservation Fund may also be a source of matching federal funds.

Third, the Bagley Conservation Fund is another alternative. That fund was created by AB 1, 1971 First Extraordinary Session, with an allocation of \$40 million from the one-time nonrecurring revenue produced by the enactment of withholding state personal income taxes. The fund was created for beach, park, and land acquisition programs, including wildlife areas, and coastline planning and development of recreational facilities which are of a one-time nonrecurring nature.

Fourth, the Governor's Budget for the Resources Secretary details an Environmental Protection Program financed by revenue from the sale of personalized motor vehicle license plates. The program is budgeted for \$1,960,058 in 1972-73, including \$1,110,058 for the purchase or lease of ecological reserves, as detailed on page 548 of the program budget. Among the stated uses for the money is ". . . the acquisition or lease of unique or critical wildlife habitat. . . ." A few specific areas and wildlife species mentioned in the program budget are the same as the species and areas mentioned in the Department of Fish and Game report on endangered and rare wildlife. Thus the administration already has a partial program for endangered and rare wildlife. However, the Environmental Protection Program Fund has not produced revenues equal to programmed expenditures since its inception.

The Secretaries for Resources and Business and Transportation apportion the funds among various state agencies. Whether they will allocate cash for this program to assist the Department of Fish and Game with endangered and rare wildlife is problematical.

Finally, the department should consider its own Fish and Game Preservation Fund and surplus federal Dingell-Johnson money as a source of funding in relation to the department's stated number one program objective "to maintain all species of fish and wildlife for their intrinsic and ecological values."

State Duck Stamp

Chapter 1582, Statutes of 1970, requires any person who hunts for ducks and geese to purchase a state duck stamp for a fee of \$1. The funds derived are to be allocated by the Fish and Game Commission primarily for preservation of waterfowl habitat in Canada. As of December 31, 1971 the department had received \$89,302 in state duck stamp revenue. There is no proposed expenditure in the 1972-73 budget for any of these funds.

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 natural supply and demand.

Total proposed expenditures for the inland fisheries programs are \$5,032,093, compared to \$4,818,799 in the current year. The program elements are trout, warmwater game fish and other species.

To expand fishing opportunities the budget includes \$62,000 for stocking trout in reservoirs near metropolitan areas during winter and spring and \$37,000 for increased experimental management efforts at selected reservoirs to improve and develop warmwater fishing.

ANADROMOUS FISHERIES

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 for both recreational and commercial catch. The program elements are (1) salmon and steelhead, (2) striped bass, sturgeon, and shad, and (3) delta studies.

Program expenditures in the budget year are estimated to be \$2,950,754 compared to estimated expenditures in the current year of \$2,845,178. The funding is distributed almost equally between the Fish and Game Preservation Fund, federal funds, and reimbursements.

There is \$64,000 budgeted in minor capital outlay for construction of the Patterson fish screen on the San Joaquin River to save an estimated average annual loss of 70,000 fish.

DEPARTMENT OF FISH AND GAME—Continued**Delta Studies**

The department has established a separate program element for the delta studies. The estimated expenditures of \$226,600 are to be funded by the Department of Water Resources and federal agencies. The objective of the studies is to determine the best way to protect fish, wildlife and other ecological values as a result of water developments in the Sacramento-San Joaquin estuary.

MARINE RESOURCES

The objectives of the marine resources program are to perpetuate and enhance the marine resources and to develop an optimum harvest of the resources by sport and commercial effort. The program elements include big game fisheries, coastal fisheries, bottomfisheries, pelagic fisheries, shellfisheries and marine fisheries statistics. Proposed program expenditures in the budget year are \$2,944,113 compared to current year estimated expenditures of \$2,855,861. The major portion of the funding is from the Fish and Game Preservation Fund.

Increases include \$57,000 to provide ocean sport fishermen with fishing maps and information on sport fishing areas and fishing access and to locate sites for fishing reefs.

The department is performing a biological study for the Pacific Gas and Electric Company of the offshore areas at Diablo Canyon and the Mendocino Coast to provide the company with data concerning nuclear powerplant sites. The company will reimburse the department \$91,800 in the budget year for this work.

ENVIRONMENTAL SERVICES

The objectives of the Environmental Services Program are to protect and augment the fish and wildlife resources and their habitat. The program elements are water projects and water quality.

Program expenditures in the budget are estimated to be \$1,728,263 compared to estimated current year expenditures of \$1,714,451. The department is increasing its work in water quality field investigations and water pollution laboratory work with \$59,000 budgeted for an additional five man-years of effort. In addition, the department has entered into a contract with the State Water Resources Control Board to provide planning assistance in developing water quality plans. The State Water Resources Control Board will reimburse the department \$88,700 in the budget year for five man-years of planning effort.

ADMINISTRATION

The program budget for the department itemizes \$2,121,062 in administration costs compared with \$2,072,694 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 all department programs. Administration costs include the Fish and

PROGRAMS IN COOPERATION WITH THE FEDERAL GOVERNMENT—Continued

management programs.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The discussion of the programs funded by this item is included in the analysis of Item 195, the support of the Department of Fish and Game.

These cooperative programs are based on four 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.
4. Anadromous Fish Act (Public Law 89-304).

This item consists of \$3,167,500 in federal funds and \$1,107,300 in matching Fish and Game Preservation funds. Table 1 indicates the source of funding for each of the four programs.

**Table 1
Funding Summary of Cooperative Programs**

	<i>Federal funds</i>	<i>State funds</i>	<i>Total</i>
Wildlife management (restoration)	\$2,224,950	\$741,650	\$2,966,600
Fisheries management (restoration).....	614,850	204,950	819,800
Commercial fisheries research and development	250,500	83,500	334,000
Anadromous fisheries management.....	<u>77,200</u>	<u>77,200</u>	<u>154,400</u>
	\$3,167,500	\$1,107,300	\$4,274,800

The \$466,900 increase in the total amount of the requested appropriation is due to several reasons. First, the department is making its initial funding of a support program under the Anadromous Fish Act by transferring the ongoing coastwide salmon study from support to cooperative federal funds and beginning a new program at an estimated cost of \$65,000 to determine causes and develop corrective measures to offset the decline in the north coast steelhead resources.

Second, in the Pittman-Robertson program the department proposes to expend \$100,000 for conservation work at the Tehama Wildlife Area by the Ecology Corps, Department of Conservation. In the current year the Wildlife Conservation Board made funds available to hire the corpsmen.

Third, the department plans to provide mobile radios for game managers at an estimated cost of \$85,000.

Fourth, the department is transferring the hunter safety program from support to federal funding and utilizing some additional federal money to finance increased effort in hunter safety. The budget in-

cludes \$89,000 in new federal funding for hunter safety.

Public Outdoor Target Ranges

We recommend that if the Department of Fish and Game studies the need for public outdoor target ranges it should consider such priority in relation to needs for wildlife preservation and management programs.

In 1970 Congress amended the Wildlife Restoration Act (Pittman-Robertson Act) to provide that an amount equal to all revenues from the excise tax on pistols and revolvers be paid into the Federal Aid to Wildlife Restoration Fund in the Treasury rather than into the Federal General Fund as had been the case. The amendments also authorize the states to use one-half of their share of the added federal funds to pay up to 75 percent of the costs of a hunter safety program and the construction, operation, and maintenance of public outdoor target ranges. The total federal allocation to all the states from these amendments is estimated to be about \$7 million annually and California should qualify for the 3 percent maximum (\$210,000) allowed each state. According to the federal law, about \$105,000 of California's added apportionment could be available for hunter safety and target ranges. The budget provides \$89,000 federal funding for the hunter safety program. There are no budget proposals for target ranges and the department has not yet determined its policy in the matter.

We believe there are higher priority needs for wildlife management programs and habitat improvement and preservation than for public outdoor target ranges. The Department of Fish and Game may have an interest in target ranges in its hunter safety program to provide for firing of shotguns and rifles and, to a lesser degree, the shooting of bows and arrows. A primary use of target ranges, however, is the firing of pistols and revolvers, which are usually not used in hunting.

Because Congress has authorized states to use a portion of the revenue from the federal tax on pistols and revolvers for public outdoor target ranges, the department probably will study the need for target ranges. In its studies, the department should consider the priority of target ranges in relation to priority for various wildlife management and preservation programs including endangered and rare wildlife. The department may determine that there is a public demand for target ranges which should be met and that the target ranges are higher priority than wildlife management or preservation programs. If that is the case, the department should then determine whether state allocations of the federal funds should be made to local agencies for construction and operation of the target ranges. We believe the Department of Fish and Game should not get into constructing and operating target ranges without a compelling justification.

PROGRAMS IN COOPERATION WITH THE FEDERAL GOVERNMENT—Continued

Federal Funds Surplus

The department carries a 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 these programs available to the department at the end of the budget year is estimated to be \$2,185,056. This amount consists of \$977,797 in Pittman-Robertson funds, \$941,830 in Dingell-Johnson funds, and \$265,429 in Bartlett funds. The purpose of the surplus is to provide a reserve to finance ongoing programs in case there should be some restriction or other adverse development in the availability of federal funds.

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

Item 197 from the Fish and Game Preservation Fund	Budget p. 105	Program p. 601
Requested 1972-73.....		\$14,600
Estimated 1971-72		14,600
Actual 1970-71		15,300
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 use of ocean fisheries of mutual concern to the member States of California, Oregon, Washington, Alaska and Idaho and to develop a joint program of protection and prevention of physical waste within those fisheries.

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

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The commission has proposed expenditures of \$64,400 in 1972-73 to be financed by use of a small surplus and contributions from member states of which California's share is \$14,600. Almost all of the expenditures will be used to pay the staff in Portland and for travel expenses to the annual commission meeting. The budget includes funding of \$2,600 to continue one research project on the age of certain species

through the study of earbones.

Each member state's annual contribution is determined on the basis of (1) 80 percent of the required funding shared equally by the four states having the Pacific Ocean as a boundary and (2) 20 percent shared on the basis of market value of commerical fisheries products in each member state. Each state's 1972-73 contribution is as follows:

Alaska	\$15,500
California.....	14,600
Idaho.....	2,900
Oregon.....	12,300
Washington.....	12,700
	\$58,000

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

Item 198 from the Fish and Game Preservation Fund Budget p. 105 Program p. 602

Requested 1972-73.....	\$185,500
Estimated 1971-72	227,400
Actual 1970-71	103,821
Requested decrease \$41,900 (18.4 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Marine Research Committee consists of nine members appointed by the Governor. As required by law, most of the members represent the commercial fishing industry. 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. In effect, the industry taxes itself under government auspices to conduct programs desired by the industry. The privilege tax expires on December 31, 1972.

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. . . ." The committee enters into contracts for research services with such agencies as the National Marine Fisheries Service, Scripps Institution of Oceanography, California Academy of Sciences, Hopkins Marine Station and the Department of Fish and Game.

**MARINE RESEARCH COMMITTEE—Continued
ANALYSIS AND RECOMMENDATIONS**

We recommend approval.

The committee requests an appropriation of \$185,500 for the 1972-73 budget, a decrease of \$41,900 from estimated expenditures in the current year. The decrease stems largely from the current year allocation of \$54,000 to the Scripps institution for the one-time cost of two buoys placed in the California ocean current system. Both the present and budget years will require the use of some of the committee's reserves. The operating reserve on June 30, 1971, was \$157,821 and the reserve at the end of the budget year is estimated to be \$40,521. Revenue in 1972-73 is estimated to be \$155,100.

The 1972-73 budget includes study allocations as follows:

1. National Marine Fisheries Service, \$60,500 for development of an improved system of estimating anchovy population and foods for anchovy larvae in the rearing laboratory.
2. Scripps Institution of Oceanography, \$30,500 for atlases and for current meters for the California ocean current system.
3. Department of Fish and Game, \$30,500 for continuation of the mackerel study.
4. Hopkins Marine Station, \$19,000 for research concerning pollutants and contaminants in the marine environment.

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

Item 199 from the Wildlife

Restoration Fund

Budget p. 106 Program p. 614

Requested 1972-73.....	\$122,500
Estimated 1971-72	121,951
Actual 1970-71	119,016
Requested increase \$549 (0.5 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 Assembly and three Members of the Senate act as an advisory group. The board has a staff of six. The board's function is to acquire areas to sustain wildlife, provide recreation and furnish public access to lands or waters for fishing, hunting and shooting.

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

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

As of July 29, 1971, the Wildlife Conservation Board had allocated over \$32,669,000 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 money from license fees instead.

In addition to the \$750,000 continuing appropriation, the board in recent years has received funding from several other sources. The State Recreation Bond Act of 1964 provided \$5 million of General Fund money to the board. Federal funds under the Land and Water Conservation Act and the Anadromous Fish Act are also available to the board. The State Recreation, Fish and Wildlife Enhancement Bond Act of 1970 is providing \$6 million of General Fund money to the Wildlife Conservation Board for design and construction of fish and wildlife enhancement and fishing access sites in connection with state water projects. In Item 326 the board is requesting \$1,480,000 from the 1970 Recreation, Fish and Wildlife Enhancement Bond Fund for Department of Fish and Game hatchery expansion projects, wildlife habitat and development projects and some unspecified local government access projects.

Finally, Item 304.1 of the 1971 Budget Act appropriated \$550,000 to the Wildlife Conservation Board for acquisition of coastal wildlife areas and adjacent lands at the southern end of Tomales Bay in Marin County. The acquisition is to be financed from the Bagley Conservation Fund which was created by AB 1, 1971 First Extraordinary Session, with an allocation of \$40 million from the one-time nonrecurring revenue produced by withholding state personal income taxes.

**Resources Agency
KLAMATH RIVER COMPACT COMMISSION**

Item 200 from the General

Fund	Budget p. 107	Program p. 620
Requested 1972-73.....		\$9,725
Estimated 1971-72.....		9,725
Actual 1970-71.....		6,355
Requested increase None		
Total recommended reduction		\$5,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Reduce \$5,000. Recommend the appropriation be reduced \$5,000 to eliminate an accumulated surplus. 000

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.

ANALYSIS AND RECOMMENDATION

We recommend that the commission's budget be reduced by \$5,000 to eliminate an accumulated surplus.

The commission places its funds in a trust account held by the States of California and Oregon. Therefore, if the commission does not expend the budgeted amount, the unexpended funds are not returned to the two states. The commission has worked out an agreement with the Departments of Finance for both California and Oregon to allow the commission to retain \$10,000 for contingencies. The commission now has another \$10,000 in surplus money beyond the contingency amount. The commission's proposed budget does not recognize the existence of this surplus. Therefore, we recommend that the commission's budget be reduced by \$5,000 to decrease California's share of the surplus. Historically a reduction of California's appropriation has been met by a similar reduction in Oregon's appropriation. Thus, the California reduction of \$5,000 and a similar reduction by Oregon would eliminate the surplus. This would leave the commission with sufficient

funds for the 1972-73 budget and provide a contingency fund of \$10,000.

At this time it appears that the commission will not expend all the 1971-72 budgeted funds. This could create another surplus. At the time of budget hearings the commission should indicate whether sufficient information is available concerning the expected expenditures of the commission for the 1971-72 fiscal year to determine whether a further reduction should be made.

Resources Agency

DEPARTMENT OF NAVIGATION AND OCEAN DEVELOPMENT

Items 201-202 from the General Fund and Items 203 and 204 from the Harbors and Watercraft Revolving Fund

Budget p. 108 Program p. 621

Requested 1972-73.....	\$1,592,825
Estimated 1971-72	1,208,083
Actual 1970-71	1,063,562
Requested increase \$384,742 (31.8 percent)	
Increase to improve level of service \$310,000	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The four Budget Bill items which are discussed in this analysis would appropriate funds for the support of the Department of Navigation and Ocean Development.

1. Item 201, \$101,494, General Fund
2. Item 202, \$155,000, General Fund
3. Item 203, \$1,286,331, Harbors and Watercraft Revolving Fund
4. Item 204, \$50,000, Harbors and Watercraft Revolving Fund

The program objectives of the department are to develop and improve the waterways and boating facilities in the state, to promote the safety of persons and property in the operation of boating vessels on state waters, to protect the public interest through regulation of yacht and shipbrokers, to conduct a beach erosion control program in cooperation with the federal government and local agencies, to develop a Comprehensive Ocean Area Plan and to establish state priorities in cooperation with the federal government for investigations and projects related to waterborne transportation.

The Navigation and Ocean Development Commission, consisting of seven members, serves in an advisory capacity to the department.

DEPARTMENT OF NAVIGATION AND OCEAN DEVELOPMENT—Continued**Statutory Authority**

The statutory authority of the department's programs are included in Divisions 1 and 3 of the Harbors and Navigation Code. Section 8800 of the Government Code requires the Governor to prepare the Comprehensive Ocean Area Plan. The responsibility for the plan was transferred to this department by the 1970 Budget Act.

Although the Governor's Reorganization Plan No. 2 of 1969 indicated the primary emphasis of the Department of Navigation and Ocean Development would be shifted to ocean and coastline oriented activities, statutorily most of the programs remain oriented towards recreation boating. The department considers its responsibilities for preparation of the Comprehensive Ocean Area Plan and the Governor's message for Reorganization Plan No. 2 as the basis for the department's proposed planning efforts in waterborne transportation.

Sources of Funding

The department's programs are funded by the annual transfer of \$6 million from the Motor Vehicle Fuel Fund to the Harbors and Watercraft Revolving Fund, by revenues from boat registration fees, by the General Fund for specified activities, and by the Recreation and Fish and Wildlife Enhancement Fund for the development of boating facilities at units of the state water project.

The money from the Motor Vehicle Fuel Fund is based on the fuel taxes paid by boaters. The revenue from boat registration fees was \$596,875 in 1970-71 and is estimated to be \$1,465,000 in 1971-72 and \$1,600,000 in 1972-73. The General Fund provides support for the beach erosion control program, the Comprehensive Ocean Area Plan development, and the Marine Transport Terminal and Navigation Plan.

On June 30, 1971, the accumulated surplus in the Harbors and Watercraft Revolving Fund was \$5,330,411. The surplus is estimated to be \$518,580 at the end of the budget year.

Budget Increases

The budget includes increased expenditures shown below. The first three are for increased level of service.

1. \$228,000 for increased minor capital outlay expenditures from the Harbors and Watercraft Revolving Fund, mostly at units of the state park system.
2. \$54,000 for increased professional and consulting services.
3. \$28,000 to begin the Marine Transport, Terminal and Navigation Plan.
4. \$18,000 for two additional workload positions in boating facilities development.

Department Programs

The department's programs in the four support items covered by this analysis are as follows: boating facilities, boating safety and regulation, brokers and for-hire operators licensing, beach erosion control, comprehensive ocean area plan, marine transport terminal and navigation plan, and general management. The local assistance portion of these programs are analyzed in separate items following the support analysis. The minor capital outlay item appropriated from the Recreation and Fish and Wildlife Enhancement Fund is in a separate section of the Budget Bill devoted to that bond program.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

BOATING FACILITIES

The objective of the Boating Facilities Program is to develop boating facilities as needed throughout the state. The department accomplishes this objective largely through loans and grants to local agencies for construction of small craft harbors and facilities and through its capital outlay responsibilities to plan, design and construct boating facilities for the state park system. The department contracts with the Office of Architecture and Construction to design and construct projects in state park units and with the Department of Water Resources to design and construct projects at state water project reservoirs.

Program support expenditures are budgeted at \$616,388 compared to estimated expenditures of \$575,626 in the current year. Workload increases include the addition of two man-years to assist in updating and maintaining the California Boating Plan and to assist in capital outlay planning of boating facilities development for the state park system and at state water project reservoirs. The department should use the new capital outlay planning position to improve the quality of its project planning.

The output for new work (exclusive of carryover projects), support costs and man-years in the boating facilities program are as follows:

1. Three new launching facility grants and completion of a fourth totaling \$745,000; support costs of \$171,088; seven man-years.
2. Seven harbor development loans totaling \$2,805,000; support costs of \$300,774; 10 man-years.
3. Eleven major and 11 minor capital outlay projects totaling \$4,004,900; support costs of \$117,964; four man years.

Minor capital outlay expenditures totaling \$370,700 (includes projects funded by Recreation and Fish and Wildlife Enhancement Fund) are for installation of floating restrooms and boarding docks at state recreation areas, the installation of navigational aids on inland waters and the investigation of sites for a harbor of refuge in the offshore islands of southern California.

DEPARTMENT OF NAVIGATION AND OCEAN DEVELOPMENT—Continued

During the current year the responsibility for the state's review of the U.S. Corps of Engineers navigation permits was transferred from the Department of Navigation and Ocean Development to the Department of Water Resources.

BOATING SAFETY AND REGULATION

The objectives of the Boating Safety and Regulation Program are to investigate and determine the causes of boating accidents and to implement remedies, to obtain uniformity in boating ordinances and their enforcement and to achieve a uniform and equitable solution to the problem of waste discharge from vessels. Support costs are budgeted for \$395,852 in 1972-73 compared to \$287,463 in the current year.

Boat registration fees were increased in 1969 to provide allocations to counties for the enforcement of boating laws. There is \$425,000 budgeted for this purpose in local assistance.

The budget includes one-time expenditures for two special safety problems. One is a matching expenditure of \$25,000 with the U.S. Coast Guard to purchase and install wave sensing devices primarily in the Santa Barbara Channel. The objective is to provide the weather bureau with safety data on wave height and wind information for broadcast to boaters. The other one-time expenditure is an allocation of \$64,050 to the Department of Parks and Recreation for removal of hazardous debris at Lake Oroville. Floating debris from the watershed creates an annual hazard for boaters. The Department of Navigation and Ocean Development should have a continuing annual financial responsibility at Lake Oroville to assist in debris removal for boating safety.

Federal Boat Safety Act of 1971

Public Law 92-75, the Federal Boat Safety Act of 1971, authorizes financial assistance for state boating safety programs. The law authorizes Congress to appropriate up to \$7,500,000 for each of five fiscal years beginning with the 1971-72 fiscal year. As of the time of this writing, Congress had not appropriated funds. Under the allocation formula, California should be eligible for the maximum state grant of \$375,000.

Vessel Waste Disposal

The department plans to continue the vessel waste disposal activities in the budget year by contacting marinas that do not have pump-out facilities, encouraging installation of needed facilities, and updating the list of available pump-out facilities and their locations. The effort emphasizes persuasion because in past years bills to regulate the discharge of sewage from vessels have not passed the Legislature.

COMPREHENSIVE OCEAN AREA PLAN

Chapter 1642, Statutes of 1967, directed the Governor to prepare the California Comprehensive Ocean Area Plan (COAP) for the orderly conservation and development of marine and coastal resources. The statute established no organization or method to prepare the plan nor did it define the plan in specific terms. A small staff attached to the Resources Agency was established to begin preparation of the plan. The 1970 Budget Act transferred the project to the Department of Navigation and Ocean Development.

The department plans to submit the Comprehensive Ocean Area Plan (COAP) in March 1972. The COAP will probably not be a plan per se, but rather will be a source of data and a guideline for interested governmental agencies making decisions affecting the shoreline. The staff has developed considerable data on that portion of the shoreline area extending one-half mile inland including site characteristic and land use inventories and a matrix of the impact of activities and developments on the shoreline. Several departments have submitted input on their policies and programs affecting the shoreline.

The budget includes \$127,000 from the General Fund to continue work on the COAP, compared to estimated expenditures in the current year of \$150,640. Most of the activity in the budget year will be to establish and maintain a coastal zone data center for the use of interested parties and to continue the state's coastal planning effort. Until the Legislature enacts coastal zone legislation which specifies a state role in shoreline matters, it is desirable for the state to continue this limited activity of gathering and disseminating data about the shoreline.

MARINE TRANSPORT, TERMINAL AND NAVIGATION PLAN

The department is beginning a new program, the Marine Transport, Terminal and Navigation Plan, and requests General Fund financing of \$28,000 in the budget year to support the effort. According to the department, the state's navigable waterways and transport facilities have been developed based on priorities established on an ad hoc basis by federal and nonstate interests. We concur that there is a need to establish priorities for these developments on a statewide basis. In the budget year, the department proposes to establish a list of priorities for the development and improvement of waterways and terminal facilities involved in marine transportation.

The department bases its authority for this program on its responsibilities to develop the Comprehensive Ocean Area Plan and on the Governor's message to the Legislature transmitting Reorganization Plan No. 2 of 1969, which indicated that the department would represent the state's interest in ocean matters. The program has merit but statutory clarification of responsibility is needed if the department is to perform a more significant role than is funded in the budget.

DEPARTMENT OF NAVIGATION AND OCEAN DEVELOPMENT—Continued

GENERAL MANAGEMENT

The program budget for the department includes \$258,264 in general management costs compared to \$230,974 estimated to be expended in the current year. General management provides policy formulation and administrative services of accounting, budgeting and personnel.

Department of Navigation and Ocean Development
BEACH EROSION CONTROL

Item 205 from the General
 Fund

Budget p. L-19 Program p. 626

Requested 1972-73.....	\$128,700
Appropriated for 1971-72.....	52,800
Appropriated for 1970-71.....	125,000
Requested increase \$75,900 (143.8 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
 page*

1. Beach Erosion Control. Recommend Department of Finance adjust budget to include required funding of \$45,045 from Department of Parks and Recreation for cooperative Orange County beach erosion control project.

526

GENERAL PROGRAM STATEMENT

The beach erosion control program in California is mostly a federal program, executed by the U.S. Army Corps of Engineers to control erosion and replenish beaches along the shoreline. Project costs are generally financed on the basis of 50 percent by the federal government and 25 percent each by the state and the local agency involved.

ANALYSIS AND RECOMMENDATIONS

We recommend approval. We also recommend that the Department of Finance adjust or augment the Governor's budget to include the required funding of \$45,045 from the Department of Parks and Recreation for the cooperative Orange County beach erosion control project.

One project is budgeted next fiscal year for beaches in Orange County. The project involves the continued construction of groins and the placement of sand at Newport Beach as part of Stage 5, San Gabriel River to Newport Bay Project. The estimated construction cost is

\$810,000, with the Corps of Engineers funding \$552,600, the Department of Navigation and Ocean Development \$128,700, the Department of Parks and Recreation \$45,045, and the Orange County Harbor District \$83,655.

This item finances the state's share of the cooperative funding. In addition, the Department of Parks and Recreation is required to share in the local funding for the project since the department owns Bolsa Chica and Huntington State Beaches which will benefit from the project. However, the budget does not include the \$45,045 funding from the Department of Parks and Recreation. We therefore recommend approval of the item as budgeted except that the Department of Finance should also adjust or augment the budget to provide \$45,045 from the Department of Parks and Recreation for the local share so that the project may proceed on schedule.

**Department of Navigation and Ocean Development
LOANS FOR PLANNING AND HARBOR DEVELOPMENT**

Item 206 from the Harbors & Watercraft Revolving Fund Budget p. L-18 Program p. 621

Requested 1972-73.....	\$2,905,000
Appropriated for 1971-72.....	5,400,000
Appropriated for 1970-71.....	3,960,000
Requested decrease \$2,495,000 (46.2 percent)	
Total recommended reduction	1,650,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS	<i>Analysis page</i>
1. <i>Crescent City Harbor (Del Norte County). Reduce \$750,000. Recommend deletion because scope and total project cost not determined.</i>	528
2. <i>Cabrillo Marina (Port of Los Angeles). Reduce \$200,000. Recommend deletion because project feasibility and total cost not determined and environmental impact report not submitted.</i>	528
3. <i>Pillar Point (Half Moon Bay). Reduce \$700,000. Recommend deferral of appropriation until new environmental impact study is completed and agreement is reached that environmental impact problems can be resolved.</i>	529

GENERAL PROGRAM STATEMENT

The Department of Navigation and Ocean Development is responsible for developing boating facilities and small craft harbors throughout the state. The Department meets this responsibility through a series of loan and grant programs to local government and through

LOANS FOR PLANNING AND HARBOR DEVELOPMENT—Continued

capital outlay programs for the design and construction of boating facilities in the state park system. This item finances the loan portion of the local program assistance and Item 207 finances the grant portion for launching facilities. Appropriations for boating facilities in the state park system are in capital outlay Items 315 and 316.

The Harbors and Watercraft Revolving Fund finances almost all of the department's local assistance. That fund receives most of its money from the annual transfer of \$6 million from the Motor Vehicle Fuel Fund and revenue from boat registration fees, which are estimated to be \$1,600,000 in 1972-73.

ANALYSIS AND RECOMMENDATIONS

The department requests an appropriation for harbor development loans totaling \$2,905,000 as follows:

1. Statewide Planning Loans	\$100,000
2. Berkeley Marina, Alameda County	250,000
3. San Leandro Harbor, Alameda County	100,000
4. Crescent City Harbor, Del Norte County	750,000
5. Cabrillo Marina, Los Angeles Harbor	200,000
6. Oceanside Harbor, San Diego County	250,000
7. Santa Cruz Harbor	555,000
8. Pillar Point (Half Moon Bay) San Mateo County	700,000
Total	<u>\$2,905,000</u>

Crescent City Harbor (Del Norte County)

We are unable to recommend approval of the \$750,000 loan for the Crescent City Harbor because the scope of the project and total costs have not been determined.

The budget includes \$750,000 for a loan to the Crescent City Harbor District for construction of the Crescent City Mooring Basin. Chapter 1037, Statutes of 1971, appropriated \$200,000 for a loan to the Crescent City Harbor District for the same project.

Final designs for the project are now being made and wave analysis of the proposed basin entrance is almost completed. Although total project cost is unknown the department is requesting funds for 1972-73 to make sure \$1,424,700 allocated to the project by the Economic Development Agency will not be reverted.

The Environmental Quality Act of 1970 requires environmental impact reports as part of the regular project report used in the review and budgeting process. As of the time of this writing the report has been filed but has not been reviewed at the state and federal levels.

Cabrillo Marina (Port of Los Angeles)

We are unable to recommend approval of the \$200,000 loan for the Cabrillo Marina because project feasibility has not been determined and no environmental impact report has been prepared.

The budget includes a loan of \$200,000 to the City of Los Angeles Harbor Department to prepare construction plans and specifications and to initiate construction of the Cabrillo Marina at the Port of Los Angeles. The marina will be constructed in the north basin of Los Angeles Harbor to provide berthing for about 1,300 boats.

The Port of Los Angeles is conducting a project feasibility study which is to be completed in January 1972. Preliminary estimates indicate the project will cost about \$4,500,000. The required environmental impact report is to be submitted with the feasibility report. The appropriation for the loan should be withheld until project feasibility is determined and the required impact report is submitted.

Pillar Point Harbor (Half Moon Bay), San Mateo County Harbor District

We are unable to recommend approval of the \$700,000 loan to the San Mateo County Harbor District for the Pillar Point Project until the environmental problems that would be created by the project are restudied and there is agreement on methods to solve those problems.

Last year the Legislature appropriated \$3,100,000 for a loan to the San Mateo County Harbor District to begin construction of Phase I of the Pillar Point Harbor project at Half Moon Bay. The department requests \$700,000 more for 1972-73 and \$800,000 will probably be needed in 1973-74 for total state loans of \$4,600,000. Local funding is estimated to be \$1,928,600.

Phase I will provide space to berth 1,150 recreational boats, 65 commercial fishing boats, a launching ramp and other harbor facilities.

Last year the local sponsors submitted an environmental impact report on the project and the Legislature appropriated the requested funds. Later, the Department of Fish and Game indicated the impact report is inadequate in its assessment of the fish and wildlife resources of the project area and does not predict the impact of the project on those resources.

Local sponsors have hired another consultant to study the resources, including fish and wildlife, in the project area. The results of that study are due early next year.

We recommend the appropriation of \$700,000 for the second loan be deferred until the second environmental impact study is completed and there is agreement among the responsible local and state agencies that environmental problems created by the project can be satisfactorily resolved.

Continuing Projects

The loans for Berkeley, San Leandro and Oceanside are to complete harbor development projects for which partial funding is included in the current year. The Santa Cruz loan of \$555,000 is to complete the development and landscaping of the upper harbor. With this loan, the total state loans for the Santa Cruz project will be \$4,250,000.

Department of Navigation and Ocean Development

LAUNCHING FACILITY GRANTS

Item 207 from the Harbors &
Watercraft Revolving Fund

Budget p. L-17 Program p. 622

Requested 1972-73.....	\$745,000
Estimated 1971-72	400,000
Actual 1970-71	674,000
Requested increase \$345,000 (86.3 percent)	
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item appropriates \$745,000 to finance three grants to local agencies for launching facilities and one grant to complete construction of another project. This amount compares with \$400,000 estimated expenditures in the current year for three projects.

Launching facility grants are requested as follows:

1. Riverside County, Mayflower Park on the Colorado River near Blythe \$145,000
2. Shasta County, Packers Bay on Lake Shasta 400,000
3. Trinity County, Trinity Center on Trinity Lake 175,000
4. Siskiyou County, Medicine Lake (to complete project partially funded in 1970-71) 25,000

Department of Navigation and Ocean Development

BOATING LAW ENFORCEMENT

Item 208 from the Harbors &
Watercraft Revolving Fund

Budget p. L-19 Program p. 625

Requested 1972-73.....	\$425,000
Estimated 1971-72	275,000
Actual 1970-71	120,000
Requested increase \$150,000 (54.5 percent)	
Increase to improve level of service \$150,000	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

Chapter 1354, Statutes of 1969, increased boat registration fees for undocumented vessels and provided for the allocation of the revenue from the increased fees to counties and to the State Department of Parks and Recreation for the support of boating safety and enforce-

ment programs.

The purpose of the assistance program is to allocate revenue for boating safety and enforcement programs to counties where nonresident vessels are used extensively. The statute provides that the amount of aid for which a county or other entity is eligible shall not exceed the total cost of its boating safety and enforcement program needs less the moneys derived from personal property taxes on boats and fees charged for boating activity as determined in accordance with a formula prescribed by the department.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The department requests \$425,000 for local assistance to 20 counties in boating law enforcement in 1972-73, the third year of the program. That amount compares to an estimated \$275,000 allocated to 23 counties in the current year. The increased amounts of assistance are to be expected as the program becomes established.

The counties are using the funds to finance personnel and equipment for boating law enforcement programs. The department is administering the program to require personal property taxes on boats to be expended for boating law enforcement in order to qualify for state funds. A few counties have elected not to use boat property tax receipts for boating enforcement programs and have not qualified for state funds.

Department of Navigation and Ocean Development

EMERGENCY HARBOR REPAIR

Item 209 from the Harbors & Watercraft Revolving Fund

Budget p. 108 Program p. 621

Requested 1972-73	\$100,000
Appropriated 1971-72	100,000
Actual 1970-71	None
Requested increase—None	
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This appropriation provides authority to spend \$100,000 from the Harbors and Watercraft Revolving Fund for repair of damage at small craft harbor facilities constructed pursuant to Sections 70.2, 71.4 and 83 of the Harbors and Navigation Code when caused by emergency conditions such as severe storms. The purpose of this appropriation is to utilize the Harbors and Watercraft Revolving Fund as the direct source of moneys for these repairs rather than calling on the General

EMERGENCY HARBOR REPAIR—Continued

Fund, which in turn would have to be repaid from the revolving fund.
 The most recent allocation for emergency harbor repairs occurred in 1969-70 when \$74,921 was allocated to Santa Barbara to repair storm damage.

**Department of Navigation and Ocean Development
 FOR PAYMENT OF DEFICIENCIES IN APPROPRIATIONS**

Item 210 from the Harbors
 and Watercraft Revolving
 Fund

Budget p. 108

Requested 1972-73.....	\$100,000
Requested increase \$100,000	
Total recommended reduction	\$100,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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- 1. Recommend deficiency authorization be incorporated in Item 209. 532

ANALYSIS AND RECOMMENDATIONS

We recommend the authorization for a deficiency appropriation be incorporated in Item 209.

This request for \$100,000 would provide the department with a source of funds should deficiencies occur in its appropriations. The funds would be available on approval of the Director of Finance and/or the Governor as provided in Section 11006 of the Government Code.

This is the department's first request for such a deficiency appropriation. The concept has some justification because otherwise a deficiency would have to come from the Emergency Fund. However, the department has a request in Item 209 to spend \$100,000 for repair of damage at small craft harbor facilities caused by emergency conditions such as severe storms. The language of Item 209 should be amended to include the deficiency authorization requested in Item 210. The amendment would provide the department with \$100,000 for both purposes rather than \$200,000 and simplify the budgeting process.

DEPARTMENT OF PARKS AND RECREATION

Item 211 from the General
Fund

Budget p. 111 Program p. 635

Requested 1972-73.....	\$13,977,295
Estimated 1971-72	18,886,160
Actual 1970-71	18,541,493
Requested decrease \$4,908,865 (26.0 percent)	
Total recommended reduction	\$566,675

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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|--|-----|
| 1. Budget Item Language. Recommend that new language in Item 211 covering the use of operating revenues be studied. | 535 |
| 2. Control Language on Concession Agreements. Recommend adding same language on concession agreements as used in Item 207, Budget Act of 1971. | 541 |
| 3. <i>New Workload, Park Operations. Reduce \$421,070.</i> Recommend reductions because of premature scheduling of openings at new or expanded units or excessive staffing requests. | 541 |
| 4. Squaw Valley. Recommend that administration adjust Item 211 to reflect legislation transferring Squaw Valley to Department of General Services. | 545 |
| 5. <i>Redwood Parks. Reduce \$145,605.</i> Recommend removing operating funds for three redwood parks to secure their transfer to the National Redwoods Park. | 546 |

GENERAL PROGRAM STATEMENT

The Department of Parks and Recreation plans, acquires, develops and operates state outdoor recreation and park areas and historical facilities and performs statewide recreation planning. The department was organized in November 1967 pursuant to Chapter 1179, Statutes of 1967. The State Park and Recreation Commission establishes overall policy guidance for the department.

The department is still expending the \$150 million provided by Chapter 1690, Statutes of 1963, known as the State Beach, Park, Recreational, and Historical Facilities Bond Act of 1964. Meanwhile, last November the electorate approved Chapter 782, Statutes of 1970, known as the Recreation and Fish and Wildlife Enhancement Bond Act. This act authorizes (among other things) issuing \$54 million in general obligation bonds for use by the Department of Parks and Recreation for planning and construction of onshore recreation facilities at units of the State Water Project. In view of the constraints on General Fund money for the current and budget years, a large portion

DEPARTMENT OF PARKS AND RECREATION—Continued

of the department's capital outlay program and its associated planning effort receives its financing from these two bond sources.

ANALYSIS AND RECOMMENDATIONS

The department's General Fund support budget request for 1972-73 is substantially different from the current year's budget. The major difference is a decrease in the General Fund support of \$4,908,865. This decrease is primarily due to a change in the way revenues are proposed to be handled in the budget year. Total departmental expenditures including support, local assistance, and minor capital outlay will decrease 6 percent from \$25,924,962 in the current year to \$24,348,719 in the budget year. The proposed change in total expenditures in the budget year is a combination of an increase in personal services of \$515,748; an increase in operating expense of \$819,713; the elimination of all minor capital outlay for a reduction of \$586,615; and a reduction in local assistance of approximately \$2,300,000.

The department is proposing to increase positions from 1,709 in the current year to 1,761 in the budget year. The net increase of 52 positions consists of 80 new positions in operations, a reduction in design and construction (planning) by 21 and a reduction of eight in administration. The large increase in operations is attributable to proposed new positions at 16 new or expanded park units.

The 1972-73 support budget for the department consists of the following appropriations from the various fund sources as shown. There is no General Fund capital outlay.

Item 211 department support, General Fund	\$13,977,295
Item 212 departmental support for Hearst Castle, General Fund	1,454,000
Item 213 departmental support for boating safety and enforcement, Harbors and Watercraft Revolving Fund	178,592
Item 321, review of grants to local agencies, 1964 State Park Bond Fund.....	84,048
Item 324, development planning, 1964 State Park Bond Fund	119,500
Item 328, development planning, Recreation and Fish and Wildlife Enhancement Bond Fund.....	758,112

The budget proposal does not include any program to be funded by Chapter 1, First Extraordinary Session, Statutes of 1971 (AB 1). Acquisition and development of the State Park System qualify under the revenue and expenditure features act, and the administration proposes to add a new program financed from the \$40 million in Chapter 1 by submitting budget change letters to the Legislature.

Effect of Changes in Revenue Treatment

The decrease in the General Fund support appropriation is a result of the increase in reimbursements from \$2,655,438 in the current year to \$8,738,832 in the budget year. This reflects an administrative policy change which will permit the department to retain an estimated \$6,574,452 in fees, tour revenues and concessions money instead of depositing it in the General Fund. The effect of this action is to make the General Fund expenditures appear substantially smaller than in prior years. The occurrence of some event which reduces revenues, such as unusually inclement summer weather, may leave the department short of operating funds to complete a fiscal year or require an augmentation from the Emergency Fund.

A further change in policy by the administration will require the department to earn sufficient additional revenues throughout the State Park System to pay for all future increases in operating costs including new or expanded units. Presumably this policy will have major impact on the acquisition and development program, but this impact is not yet apparent in the Governor's Budget. The impact will result from the fact that other than Hearst Castle, the southern California beaches are the principal units of the park system which are self-supporting. Therefore this policy would tend to shift the capital outlay budget from acquisition, historic restorations and low return expenditures to the development of southern California beaches which generate sufficient revenues to cover their costs and sometimes produce a surplus. There will also be more pressure on the department to raise fees. Finally, this policy should have the very beneficial effect of requiring the department to plan and construct new facilities with the objectives of emphasizing revenue features and reducing high operating and maintenance costs. In particular, special services furnished park patrons should be made self-supporting while unique landscaping and custom designs should be curtailed because of their high operating and maintenance costs.

Budget Item Language

We recommend that the new language of Item 211 which defines the method by which operating revenues are retained by the department should be studied and a full understanding of it developed.

Several years ago the Legislature placed the revenues and expenditures for Hearst Castle in a separate item and provided that any surplus of revenues over operating costs be placed in a reserve for maintenance of Hearst Castle. Last session this policy was modified to permit the surplus to be used for capital outlay at Hearst Castle and nearby park system units. The effect of the administration's new policy which requires that statewide additional operating costs be covered by new revenues is to modify and extend the original policy applied at Hearst Castle. However, Hearst Castle is the single most profitable unit of the state park system. Therefore when the policy

DEPARTMENT OF PARKS AND RECREATION—Continued

originally applied exclusively at Hearst Castle is applied to the entire state park system it becomes substantially different because most other units operate with major losses. If the Legislature accepts the new administration policy, it should consider withdrawing the special treatment of Hearst Castle revenues provided in Item 212 and transferring the funds in Item 212 to Item 211.

The language to accomplish the new administration policy which permits the department to retain its revenues is contained in Item 211. The language is complex and requires more study than has been possible within the short period of time between the introduction of the Budget Bill and the writing of this analysis.

Quality of Budget Justification Data

In our analysis of the Budget Bill for the current year and last year we were critical of the condensation of the department's support budget. The 1972-73 program budget contains some improvement. The printed line-item budget remains in such gross form that it has very little value either for justification purposes or for managing the execution of the approved budget.

The department has been helpful in providing back-up and detail justification material where it is available. Discussions with the department have also helped to alleviate some of the problems and deficiencies encountered in the printed material.

There are still major deficiencies in program and back-up material but that is because such material has not been developed by the department. We should also note that the department's cost accounting system has not been in operation long enough to supply reliable program expenditure figures. The program budget figures are all merely approximations.

PLANNING FOR THE STATE PARK SYSTEM**Shifts in Funding**

In the preparation of the current fiscal year budget, the administration made no General Fund capital outlay money available to the department. The same policy has been continued in the 1972-73 capital outlay budget. Several prior year General Fund appropriations for recreation features at reservoirs of the State Water Project were replaced in the 1971 Budget Act with funding from the Recreation and Fish and Wildlife Enhancement Bond Act which was approved by the electorate in November 1970. This change revised priorities in the planning and execution of the 1971-72 capital outlay program and the department has not yet recovered from its effect.

As a consequence, the department fell far behind in its scheduled planning for the 1971-72 and 1972-73 capital outlay projects. The approval by the electorate of the Recreation and Fish and Wildlife Enhancement Bond Act in November 1970 made these bond funds

available for the department's fiscal year 1971-72 budget but the department had not done sufficient planning to properly support appropriation of the funds. Substantial funds were also still available from the 1964 State Beach, Park, Recreational and Historical Facilities Bond Fund but many of these project budget requests were modified or rejected by the Legislature last session. Therefore the department has been attempting to revise its 1971-72 capital outlay projects in line with legislative modifications and approvals in order to get these projects into construction. The department has done moderately well in processing these projects and securing their approval by the Public Works Board.

Meanwhile the department has been attempting to complete planning of projects for the 1972-73 capital outlay program to use the remainder of the funds available in the 1964 Beach, Park, Recreational and Historical Facilities Fund and a second installment of projects financed from the Recreation, Fish and Wildlife Enhancement Bond Fund.

In December 1971 the Legislature modified the above program effort by providing in Chapter 1, First Extraordinary Session, a sum of \$40 million for acquisition and development of park and open-space areas. This money can substitute for previously unavailable General Fund money and can give the department a more balanced capital outlay program by funding certain work for which bond money cannot be used. The department is now attempting to prepare at this late date a revised capital outlay program which will be submitted as Budget Bill amendments and will be financed from the \$40 million provided by Chapter 1.

Most planning organizations could not perform well under the above changing circumstances. The result in the case of the Department of Parks and Recreation is that it is now no less than a year behind in its planning and preparation for capital outlay projects. A meaningful State Park System Master Plan and use of standard methods of construction might have alleviated some of the department's difficulties. However, the fact that new bond programs do not provide any advance funding for planning projects financed under them has also added fiscal constraints on the department's ability to anticipate its planning needs. The department properly bears a portion of the responsibility for present conditions. However, timing and methods of funding for acquisition and development have also added to the difficulties.

In the budget year the 1964 State Beach, Park, Recreational and Historical Facilities Bond Fund is budgeted to provide \$119,500 to complete the planning for development of projects acquired under the bond act. The Recreation, Fish and Wildlife Enhancement Bond Fund is budgeted to provide \$758,112 to plan for recreation at units of the State Water Project. The department has no General Fund

DEPARTMENT OF PARKS AND RECREATION—Continued

dollars available to spend for planning projects which would be financed from Chapter 1, or from other nonbond fund sources. As a result the department has allocated proportionately too much of its planning staff for projects at reservoirs of the State Water Project. This has resulted in an unbalanced but honestly stated planning budget based on the dollars available.

One important reason why the department has a shortage of General fund planning dollars is because its available dollars in past years were not used for high-priority planning work but were frequently proposed for expenditure on various low-priority or unproductive efforts. These low-priority efforts sometimes resulted in having the funds for such work removed from the budget. The department's General Fund planning effort is now underfunded and we would recommend an augmentation of this work if there were any certainty that the money would be used for high-priority needs.

This analysis is not making a recommendation on the department's planning budget at this time because it will have to be revised by the administration due to the passage of Chapter 1. Such a revision should shift staff from the reservoir planning (Perris Reservoir is particularly overallocated planning staff) to a program financed from Chapter 1.

State Park System Master Plan

One reason why the department has been unable to respond more effectively to the changes in funding discussed above is because it has been unable to produce a meaningful State Park System Master Plan. For many years we have commented on the inability of the substantial sums budgeted to produce a state park plan which would meaningfully spell out the park system's goals and priorities and establish effective criteria for the selection of acquisition and development projects to be included in annual capital outlay budgets.

There has recently been a shift in personnel and approach in this planning effort. The so-called landscape province studies are being dropped after completing three of them. One of these studies entitled, *The California Coastline*, has been released. We could not determine two years ago how this study would contribute to State Park System decisionmaking and this capability is still not apparent in the published report. The report does not generate any decisionmaking data or important considerations necessary to identify, evaluate or select prospective park units along the coastline. Instead, it appears merely to be based on the department's long standing philosophy that most of the coastline should be in public ownership.

Meanwhile the department is not now using the systems developed pursuant to legislative directive to select acquisition projects for purchase under the 1964 Park Bond Act. There is no agreed upon basis for proposing a program pursuant to Chapter 1. Similarly there was no basis to support or evaluate the need for the \$250 million park bond

issue which the Governor vetoed last session. The department appears to make its decisions on projects to be budgeted on an ad hoc basis or, as in the case of recent acquisitions, because some property owner would contribute half the property value.

Standardization Efforts

During the last two legislative sessions a considerable number of our adverse recommendations on development projects resulted from the lack of standardized facilities and equipment. It was pointed out last session that there are innumerable drawings available for such simple items as fireplace rings, redwood picnic tables and drinking fountains. More important was the concurrence of the Legislature in our recommendations that comfort stations and other buildings be planned and constructed using standard designs rather than developing so many custom designs. Such standard designs will permit cost reductions, save money in architect's fees and secure better bids. A recent field review by this office of the newly completed facilities at Loafer Creek in the Oroville state recreation area produced a long list of operating and maintenance problems or design deficiencies due to the use of custom or untried designs.

A committee chaired by the Office of Architecture and Construction has recently been appointed by the Public Works Board to develop standard designs among the various departments constructing comfort stations. These standard designs should help the Department of Parks and Recreation to handle its backlog in project planning. The department can never hire sufficient staff if each project worked on by the planning staff must bear the burden of experimentation and efforts to achieve uniqueness in its features.

Lack of Coordination with Department of Navigation and Ocean Development

The Department of Parks and Recreation must work with the Department of Navigation and Ocean Development (DNOD) in the development of boating facilities at reservoirs of the State Water Project. A vital portion of this joint effort is the evaluation of the boating needs and preparing a boating use plan for each reservoir. Although the prime responsibility for determining how many and which kinds of boats should be accommodated at any particular reservoir rests with DNOD, the Department of Parks and Recreation has a responsibility to assure that the boating plan is compatible with other developments. To date no comprehensive boating plan has been prepared for any reservoir.

At Perris Reservoir for example, it is proposed that about \$17 million be spent on various recreational features. The water surface is relatively limited. It makes a major difference whether the lake is used for fishing, paddle boating, or sailing at a density of one acre per boat or whether it is used to serve the needs of a smaller segment of the boating population, the powerboat owner, at a density of 10 acres per

DEPARTMENT OF PARKS AND RECREATION—Continued

boat. Park facilities will be planned substantially different depending on which type of use prevails.

The type of boating facilities planned for, and accommodated has a major impact on the esthetics and attractiveness of the reservoir for the nonboating recreationist. To date the effort seems to be to maximize boating and onshore recreation thus producing a probable over-expenditure and detriment for both purposes. The boating plan should also be related to the nature of the reservoir with an overall plan for reservoirs in southern California being prepared to allocate to each reservoir its most compatible and esthetic boating use.

Environmental Impact Studies

Among its varied assignments the Resource Management and Protection Division is charged with the responsibility of evaluating the impact of park development in a sufficiently comprehensive manner to permit quantifying resultant environmental changes.

Recent discussions with this division have revealed a lack of scheduling which would enable the division to act in a more timely manner when evaluating current priority projects such as Point Mugu. Instead of inventorying the characteristics of a park unit and then developing a plan around this basic data, the reverse has been happening. The development plan is prepared first, after which the Resources Protection Division assesses the potential impact. By this time the development concepts are nearly finalized.

Chapter 1268, Statutes of 1971, established a procedure by which units of the State Park System will be classified. It will now be mandatory for the department to prepare a resource management inventory of the scenic, natural, or cultural features of a unit being classified and to submit this to the park commission before the commission reaches a decision on classification. The significance of this requirement is the opportunity it offers to overcome the deficiencies of the past where the resource protection function was often not performed until the general development plan was formulated.

Chapter 1722, Statutes of 1971, has provided further definitions and criteria to distinguish one type of park unit and its development from another. It reduced the number of park classifications from seven to six but added five subclasses to the classification of state recreation area. It defined the use permitted within each type of unit and the actions that are restricted or prohibited. For example aircraft would be excluded from landing in state park units if the landing strip or flight patterns are incompatible with park visitation.

As a consequence of these legislative acts, the planning function of the department will have clearer statutory guidance with respect to facilities permissible in park system units. This legislation will also insure that starting with the 1973 budget the general public will have the opportunity to comment on classification actions taken by the

Park and Recreation Commission. Such classifications will be required before development plans are included in the Budget Bill.

Control Language on Concession Agreements

We recommend that the same control language on awarding concession contracts as contained in Item 207, Budget Act of 1971, be inserted in Item 211, Budget Act of 1972.

During the last session we brought the problem of concession agreements before the Legislature. We pointed out the impact of such agreements on utility costs and that it is doubtful whether the state can recover its additional development costs that result from adding the concession features.

The Legislature added language in Item 207 of the 1971 Budget Act to prohibit the Department of Parks and Recreation from advertising or awarding any concession contract or agreement which involves a total investment by any private party in excess of \$200,000 unless the proposal for the agreement or contract has been specifically approved by the Legislature. The department has concurred that more statutory guidance is needed on concession developments. Work is under way to develop such legislation. Meanwhile it is recommended that the control language in Item 207, Budget Act of 1971, be added to Item 211 in the 1972 Budget Bill pending enactment of statutory guidelines.

OPERATIONS OF THE STATE PARK SYSTEM

New Workload

We recommend a reduction of \$421,070.

The department proposes an expenditure of \$21,376,766 for the operations program. This program 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. The program has a \$1,520,464 increase over the current year. The increase consists of \$465,464 in unavoidable cost increases in the form of cost-of-living adjustments, increased rentals, increased utility costs and other factors associated with existing facilities. The sum of \$1,054,750 which makes up the balance of the increase is associated with the increased workload and operating costs for new acquisitions, new project facilities or additions proposed for operation.

In some instances the increased staffing is premature or unwarranted in our view. The projects with recommended reductions are as follows:

(a) Border Field International Park—This 295-acre unit was recently obtained from the U.S. Navy and has no permanent camping or sanitary facilities. The department currently utilizes portable toilets. The park has an entrance gate to provide for fee collection. The request includes three full-time personnel, one intermittent and three seasonal aids plus \$31,213 in equipment for vehicles, radios, and beach

DEPARTMENT OF PARKS AND RECREATION—Continued

cleaning equipment. The department has not furnished adequate substantiation for three full-time personnel. Therefore we recommend deleting a full-time ranger position and a 10 percent reduction in the equipment request.

Amount requested \$104,638; recommended reduction \$11,500.

(b) Bolsa Chica State Beach—Although the Legislature approved capital outlay funds amounting to \$771,008 last session to develop this beach no actions have been taken to prepare working drawings for development of this high priority beach. No perimeter fencing exists. The comfort stations are portable chemical. Recent discussion with the department indicates the current source of funding may not be used and other funds may be substituted. In any event, the construction apparently will not be finished in 1972–73. Due to the lack of action, it is recommended no staff be added at this time.

Amount requested \$133,642; recommended reduction \$133,642.

(c) Emma Wood State Beach—This unit will be upgraded by a construction and modification program to be completed about September 1972 which will improve toilet facilities and entrance conditions. The budget request was erroneously prepared for a larger scope of development. Since this project needs only maintenance and fee collection services it is recommended that a ranger and two maintenance men be deleted.

Amount requested \$57,259; recommended reduction \$22,000.

(d) Casper Headlands—The budget request for additional personnel is based on an interpretation of a Gion-Dietz court decision regarding the protection of private property, public access, and the liabilities involved. The department proposes that rangers act as tour guides to provide public access at this small point north of Mendocino. The precedent involved in such an operation is questionable.

Amount requested \$4,604; reduction recommended \$4,604.

(e) Big Sur-Molera Property—This area of the existing park does not have campground, sanitary or parking facilities. The department plans to provide a minimum level of sanitary and water facilities, using temporary or portable equipment for the unorganized communal living groups that utilize this area. The department proposes to purchase two mobile homes to place on the property for the use of two full-time rangers. This would provide two shifts of protection patrol in this area on horseback. Night protection would be accomplished by a ranger with a patrol dog as part of his duties at another park unit. The budget request should be denied as submitted but approved to the extent that the department can collect fees from the Big Sur-Molera unit to pay for the special services provided. The social role of the department is not clear in these areas where communes occupy state park property.

Amount requested \$57,261; reduction recommended \$57,261.

(f) Jetty Beach—This area is a strip of sand devoid of facilities. There is no plan to add them. Maintenance service is required for the portable toilets and garbage collection. These services should be provided at the same level provided when the Monterey County Park Department serviced the area. The \$23,000 recommended for approval is sufficient for two full-time personnel and added equipment.

Amount requested \$53,046; reduction recommended \$30,046.

(g) Pismo State Beach—The state will acquire more than one thousand acres of sand dunes without sanitary facilities or boundary fencing. The department proposes to set up a fee collection system, provide control for sand dune buggies and provide portable comfort stations. The requested increase is for seven permanent positions and 11 seasonal positions. No operations plan have been prepared nor have facility requirements been defined. Without a plan the proposed increase appears to be too large and unsubstantiated. Some additional staff is obviously needed. The request should be reduced by 50 percent until more experience has been gained. We recommend the dune buggy activity be self-supporting through a user fee established by the department. Consideration should be given to funding control of sand dune buggies under the provisions of the off-highway vehicle bill, Chapter 1816, Statutes of 1971 where applicable for planning, development and operations.

Amount requested \$220,034; reduction recommended \$110,017.

(h) Annadel Farms—This 4,200-acre acquisition has no camping or sanitary facilities and is similar to many other undeveloped state park properties. Until it can be developed, little more than occasional maintenance is required which can be obtained with existing or slightly expanded staff consisting of one ranger, a truck and operating expenses.

Amount requested \$37,042; recommended reduction \$22,000.

(i) Cooper-Molera Adobe—This unit is a historic site located in downtown Monterey consisting of a house, a barn, and several small structures. The department proposes 4.5 permanent positions and one seasonal aid. Due to the small size of the project we estimate a staff half that size can perform the job.

Amount requested \$50,315; recommended reduction \$25,000

Problems at Selected Park Units

The department has a number of park units where concessions problems or other difficulties have existed and still are troublesome. Among these are the Haslett Warehouse, the San Francisco Maritime State Historical Park, the Pueblo de Los Angeles, Squaw Valley, Malibu Lagoon and the redwood parks.

(a) The Haslett Warehouse located within San Francisco Maritime State Historical Park was transferred by administrative action from the Department of Parks and Recreation to the Department of Gen-

DEPARTMENT OF PARKS AND RECREATION—Continued

eral Services. The property is now under short-term nonpark commercial leases to occupants of the upper floors of the building and is currently producing approximately \$144,000 per year in net revenues plus a substantial number of lawsuits and court actions. The Buildings and Grounds Division is performing the maintenance effort and acting as building manager.

Chapter 1764, Statutes of 1971 authorizes the Director of Parks and Recreation to dispose of any portion or all of the property for historic purposes. The Director of the Department of General Services will have authority effective July 1, 1973 under Chapter 1764 to either sell or continue to lease the property without restriction as to purpose if the Director of Parks and Recreation has not previously disposed of it. All net revenues are to be used for maintenance of the San Francisco Maritime State Historical Park. As a practical matter the Department of General Services is now handling both the management and disposition of the Haslett Warehouse. We have commented in the past that the building serves no State Park System need and should be sold because it is merely a commercial property.

(b) The San Francisco Maritime State Historical Park includes three wooden sailing ships and a ferryboat and the Haslett Warehouse. These vessels need substantial and constant maintenance in order to prevent destructive decay in the saltwater environment due to wood borers and other sea life. At the present time only a small maintenance budget is available for them. The department is going to be faced with substantial deferred refurbishment costs if these units don't receive the required maintenance but are still kept as useable exhibits. The costs for maintenance of the ships in the next three years has been estimated to be \$450,000.

(c) The Pueblo de Los Angeles continues to be a problem because of the concession contract. Last year Specialty Restaurants negotiated a concession agreement to operate restaurants, bars and other facilities in the Pico-Garnier buildings. These buildings had been reconstructed in past years by the state at a cost of approximately \$3,000,000. A further state appropriation of \$750,000 was reappropriated last session to pay the costs of certain interior mechanical and modification work to assist in completing the structures up to the point that the concessionaire would take over the interior finishing and provide the furnishings for his operations.

The concessions agreement was controversial and was not executed when found to be legally defective. Last year we recommended that the \$750,000 be reverted pending the completion of the department's effort to develop a new plan for the concession which would place more emphasis on history. The department assured the Legislature that the agreement could be completed in September. At this writing the agreement still is not completed and the project funds still are not

being expended. Meanwhile other basic changes to the Olvera Street portion of Pueblo de Los Angeles have been proposed as a result of damage done to a major structure in the February 1971 earthquake.

The Pico-Garnier buildings illustrate the difficulties of acquiring structures for historic reasons when they have no major historic recognition. The difficulty then arises of trying to find some use for the structures that is compatible with both the original use of the structures and current State Park System uses of the area. In many cases the only apparent compatible purpose is concession operation of period restaurants which tends to place the State Park System in the business of providing semicommercial leasings. This is pointed out here because it will arise in other park units such as Old Sacramento and Old Town San Diego where the state has as yet no significant use for the structures it is acquiring or will reconstruct. We believe that properties should not be acquired unless they have significant historical recognition and lend themselves to historic uses such as historic museums or displays.

(d) Squaw Valley State Recreation Area.

We recommend that the administration adjust Item 211 to make it compatible with the action of the Legislature in transferring Squaw Valley to the Department of General Services.

In 1967 the Legislature by Chapter 1251 directed the Department of Parks and Recreation to dispose of Squaw Valley. Since that time the department has carried out a program of exchanging state land with the U. S. Forest Service in order to secure title to land held under use permit from the Forest Service at Squaw Valley. In addition, last year the department offered the entire state holding at Squaw Valley for sale in an undivided transaction. No acceptable bid was received with the result that the department's strategy for disposal of the property was not successful.

Last session the Legislature transferred the property to the Department of General Services and removed it from the State Park System. The Governor's Budget was prepared before that legislation was passed. Therefore, the budget contemplates continued operation of Squaw Valley by the Department of Parks and Recreation. The only change in the department's budget next year for Squaw Valley is the reduction of 3.6 positions. The Department of General Services is already assisting in administering certain functions at Squaw Valley including prosecution of some of the long-standing law suits that have impeded sale of the property in the past. During next fiscal year the Department of General Services will have full custody of the property and should be operating it as surplus property. Therefore, the operating costs should be lower than when it was operated as a unit of the parks system by the Department of Parks and Recreation.

The administration should determine what operating costs for Squaw Valley will be incurred and how those costs will be budgeted

DEPARTMENT OF PARKS AND RECREATION—Continued

during next fiscal year. The budget should then be adjusted accordingly.

(e) Malibu Lagoon State Beach was expanded approximately two years ago when the department completed the acquisition of the remaining private property at Malibu Lagoon. This acquisition consisted of a Moorish style mansion, surrounding gardens and 13 acres of land for which the state paid \$2,760,000. At the time the project was justified to the Legislature for acquisition, it was stated that the land would be used to provide parking to expand use of the adjacent surfing beach.

Last year the department submitted a development project to place new parking on lands already owned by the state and not included in the recent acquisition. This development was to be financed by 1964 park bond money but was dropped when the Legislative Counsel concluded that bond funds for development purposes had to be spent on lands acquired with bond money. The result is that no parking has yet been developed at Malibu Lagoon. Since the department acquired the mansion on the 13-acre parcel, it has determined not to remove the mansion or use the land for parking.

(f) Redwood parks.

We recommend that \$145,605 be deleted from the budget in order to turn the operation of three state redwood parks over to the National Park Service. Through legislation passed in October 1968, the federal government has taken possession of the lands and watershed adjoining three state redwood parks. Court actions are under way to settle the claims of the private landowners for the lands taken. About 30,000 acres has been designated for purchase by the National Park Service to create a national redwood park of considerable size and major importance. In addition the federal government intended to obtain another 30,000 acres of existing state park land in the three state park units as the nucleus of the federal park. Progress in putting together the park has been slow and the state has to date refused to turn over its three parks to the federal government. The state administration has appointed a seven-member Redwood Parks Commission to determine the best course for the state but so far no action has occurred. Meanwhile the local communities are missing the added business and economic stimulus to be derived from a unique national park, while the state continues to pay the operating costs for its three parks. The total operating costs for these three parks is shown in Table 1. The revenues derived from these areas is about \$100,000 leaving a net operating cost of \$145,605.

Table 1
State Costs in Redwood Parks

	1971-72 F.Y.	1972-73 F.Y.
HIOUCHI AREA		
(Jedediah Smith Redwoods S.P.)		
(Del Norte Coast Redwoods S.P.)		
Regular salaries and wages -----	\$71,604	\$73,036
Seasonal salaries and wages -----	30,047	30,648
Repair and maintenance -----	12,312	12,312
Other operating expenses -----	23,470	24,644
Totals -----	\$137,433	\$140,640
TRINIDAD AREA		
(Prairie Creek Redwoods S.P.)		
Regular salaries and wages -----	\$63,384	\$64,651
Seasonal salaries and wages -----	19,000	19,380
Repair and maintenance -----	7,686	7,686
Other operating expenses -----	12,617	13,248
Totals -----	\$102,687	\$104,965
GRAND TOTALS -----	\$240,120	\$245,605

Source, Department of Parks and Recreation.

Minor Capital Outlay

No funds are included in the support budget for minor capital outlay although there is a continuing need for these funds. Last year \$617,800 was approved for this purpose and in the current year \$586,615 was approved for such projects as water supply repairs, sewage treatment upgrading and erosion control.

The department should be eligible for a portion of the \$5,000,000 designated for minor capital outlay in Chapter 1 of the First Extraordinary Session, Statutes 1971. The department should submit a minor capital outlay budget for a portion of the \$5,000,000.

Public Employment Program

At the time that this analysis was being prepared the Department of Parks and Recreation had been scheduled to receive a large federal grant to finance more than a hundred positions under the Public Employment Program. This program provides employment in regular jobs for persons who are employable but are not employed or are underemployed. It is not clear how this program will effect the ongoing activities of the Department of Parks and Recreation. The department would be prepared to explain the use of these positions at the time of its budget hearings.

**Department of Parks and Recreation
OPERATION OF HEARST CASTLE**

Item 212 from the General
Fund

Budget p. 111 Program p. 635

Requested 1972-73.....	\$1,454,000
Estimated 1971-72	1,411,780
Actual 1970-71	1,325,477
Requested increase \$42,220 (3.0 percent)	
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item appropriates funds for operating costs at Hearst San Simeon State Historical Monument. Item 219.5 Budget Act of 1968 provides that any revenue in excess of expenditures derived from the monument, as determined by the department director, shall be transferred to a special account in the General Fund and shall be available only for appropriation by the Legislature for maintenance and capital outlay at Hearst San Simeon State Historical Monument. The item was inserted by the Legislature to accumulate funds for anticipated maintenance costs. Item 317 in the 1972 Budget Bill is proposed to be appropriated in the amount of \$300,000 from the accumulated funds.

**Department of Parks and Recreation
BOATING SAFETY AND ENFORCEMENT**

Item 213 from the Harbors
and Watercraft Revolving
Fund

Budget p. 114 Program p. 635

Requested 1972-73.....	\$178,592
Estimated 1971-72	169,000
Actual 1970-71	143,000
Requested increase \$9,592 (5.6 percent)	
Total recommended reduction	None

We recommend approval.

Chapter 1354, Statutes of 1969, increased boat registration fees and provided for allocation of the increase to counties and the State Department of Parks and Recreation for enforcement of boating laws. Chapter 1270, Statutes of 1970, requires that aid to the Department of

Parks and Recreation for boating safety and enforcement programs from the Harbors and Watercraft Revolving Fund be based on an annual boat entry count. The statute also provides that fees from the use of boating facilities in the State Park System be deposited in the Harbors and Watercraft Revolving Fund rather than the General Fund. The \$178,592 budget request is the department's evaluation of its cost to provide the same level of service as last year. The estimated net revenue collected in boat user fees in 1971-72 was \$142,200.

RECLAMATION BOARD

Item 214 from the General Fund

Budget p. 115 Program p. 658

Requested 1972-73.....	\$1,514,704
Amount Equivalent to 1971-72	252,704
Estimated 1971-72	244,060
Actual 1970-71	225,040
Equivalent increase \$8,644 (3.5 percent)	
Total recommended transfer	\$1,262,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. Transfer of Funds. Recommend transfer of \$1,262,000 in staff costs to Item 216, Department of Water Resources. 549

GENERAL PROGRAM STATEMENT

The Reclamation Board was created in 1911 to participate in controlling the flood waters 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 also part of the Resources Agency. It consists of seven members appointed by the Governor from the Central Valley area. The major activity of the board is purchasing lands, easements and rights-of-way for federal channel and levee flood control projects in the Central Valley. The board also administers a permit system to prevent encroachments from being constructed in flood channels which could impair flood flow capacities.

ANALYSIS AND RECOMMENDATIONS

Transfer of Funds to Department of Water Resources

We recommend that the form of the item be returned to that used in the Budget Acts of 1969, 1970, and 1971, and that \$1,262,000 of the requested appropriation be made to the Department of Water Re-

RECLAMATION BOARD—Continued

sources instead of the board.

The board is requesting \$252,704 to pay the costs of the board and to support a staff of 7.5 positions which works directly for the board. This is an increase of about \$8,644 compared to the current year. The board is also requesting that the sum of \$1,262,000 be appropriated to the board "for transfer to the Department of Water Resources for services." During fiscal years 1969-70, 1970-71 and 1971-72 the money for the same services was appropriated to the Department of Water Resources. The appropriation to Water Resources was based on language added by the Legislature to the 1969 Budget Act which made the board's entire appropriation to the Resources Secretary with the directive that he "allocate the funds appropriated by this item to the Reclamation Board and the Department of Water Resources to achieve as nearly as is legally possible an integrated, statewide flood control program administered and executed by the Department of Water Resources." After considerable legal study, the Secretary allocated the money for about 85 positions to the Department of Water Resources, left the 7.5 positions noted above with the board, and also transferred the capital outlay money to the department (Equivalent of Item 216 in the 1972 Budget Bill). The board sought unsuccessfully to secure passage of special legislation to reverse the above allocation and transfer. Similarly, every effort to amend the Budget Bill to return the money to the board has been denied by the Legislature.

The Legislature has enunciated a clear policy that the money should be appropriated to the Department of Water Resources rather than the Reclamation Board and has consistently supported that decision. The effect of this policy is that the Department of Water Resources performs nearly all flood control work in the state, but leaves certain statutory decisionmaking and regulatory authority with the board. Although there were problems in developing the working relationships involved in this transfer of funds and personnel, insofar as staff effort is concerned, an integrated, statewide operation in the Department of Water Resources has been achieved.

The Governor's Budget for 1972 proposes again to change the form of the appropriation established by the Legislature and, using the same form denied by the Legislature last year, to return the appropriation to the board for "transfer" to the department. We believe that the Legislature has fully resolved this issue and that it should amend the Budget Bill for the fourth consecutive year to conform to its desires.

**SAN FRANCISCO BAY CONSERVATION
AND DEVELOPMENT COMMISSION**

Item 215 from the General
Fund

Budget p. 116 Program p. 662

Requested 1972-73.....	\$267,795
Estimated 1971-72	259,000
Actual 1970-71	216,000
Requested increase \$8,795 (3.4 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

Recommend that BCDC prepare memorandum report for the Legislature delineating lands BCDC determines qualify for Bagley Conservation Fund appropriation.

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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. The continuing objectives of the BCDC are:

1. To prepare and maintain a comprehensive plan for the development and conservation of San Francisco Bay and its shoreline.
2. To implement the plan and commission policies by issuing or denying permits for projects to fill, dredge, or change the shoreline of the bay.
3. To prepare annually a report setting forth the cost and locations of land within the commission's jurisdiction which BCDC recommends for public acquisition and use.

The commission consists of 27 members representing bay area citizens and officials of federal, state and local government. The commission's staff consists of 10 permanent executive, fiscal and technical positions, with 6 clerical positions.

ANALYSIS AND RECOMMENDATIONS

We recommend approval as budgeted.

The commission's total budget as proposed is \$292,795 for 1972-73. This figure includes \$267,795 from the General Fund and \$25,000 in reimbursements. It represents an \$8,795 General Fund increase over the current year.

One of the basic responsibilities of BCDC as stated above, is to prepare annually a report setting forth the cost and locations of land within the commission's jurisdiction which BCDC recommends for

**SAN FRANCISCO BAY CONSERVATION
AND DEVELOPMENT COMMISSION—Continued**

public acquisition and use. No state funds were specifically authorized for acquisition of such designated land around the bay so that the commission has been relying on local government, private and federal moneys which may become available for acquisition of such properties.

Potential State Funds for Bay Land Acquisition

We recommend that the commission prepare a memorandum report for the Legislature delineating those lands which it determines qualify for money from the Bagley Conservation Fund and for which funding is not otherwise available.

AB 1 (Chapter 1, Statutes of 1971, First Extraordinary Session) provided for the allocation of \$40 million to the Bagley Conservation Fund which was created for acquisition of beach, park and land acquisition programs, including wildlife areas, and for coastline planning and development of recreation facilities. Included within this amount is \$5 million for miscellaneous capital outlay construction. This \$40 million from the Bagley Conservation Fund is to be appropriated by the Legislature during the next three years on the basis of need.

The Legislature declared in the BCDC Act that there is significant public interest in the San Francisco Bay as the single most valuable natural resource of the region. It contemplated public acquisition of critical bay tidelands and shorelines. Public acquisition in the bay would seem to be within the intent of acquisitions funded by AB 1. We recommend therefore that the commission prepare as soon as possible a memorandum report for the Legislature listing those lands which qualify for appropriation from the Bagley Conservation Fund, and for which funding is not otherwise available.

Revenue From Permit Fees

In our Analysis of the the Budget Bill for 1971-72 we pointed out that the commission's budget was reduced by approximately \$25,000 based on Chapter 713, Statutes of 1969, which provides that the BCDC may require a filing fee to reimburse expenditures for processing permit applications. At that time the commission staff had estimated that these reimbursements would total approximately \$25,000. This estimate included revenue that would be derived if permit application fees were charged government agencies. Chapter 1339, Statutes of 1971, specifically authorized the commission to charge such fees to government agencies. The commission staff is unsure at this time how much revenue may be derived from the permit fee. Revenues could be as low as \$12,500 but are budgeted at \$25,000.

DEPARTMENT OF WATER RESOURCES

Item 216 from the General

Fund

Budget p. 117 Program p. 665

Requested 1972-73.....	\$9,946,000
Estimated 1971-72 Equivalent	10,039,000
Actual 1970-71 Equivalent.....	10,819,710
Requested decrease \$93,000 (0.9 percent)	
Increase by transfer from Item 214	\$1,262,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

1. Reclamation Board Staff Services. Recommend transfer of \$1,262,000 from Item 214 to Item 216.

2. Delta Levee Study. Recommend the scope of the Delta Multiple-Purpose Levee Study be expanded to provide a more comprehensive study of levee problems and alternative solutions available to the state.

GENERAL PROGRAM STATEMENT

The Department of Water Resources has three main areas of operation: (1) planning for the protection and future development of California's water resources, (2) constructing and operating the State Water Project, (3) providing for public safety by flood control operations and by the supervision of dams.

In the planning for the protection and future development of California's water resources, the department obtains basic data concerning sources, quantities and qualities of existing and potential water supplies for municipal, industrial and agricultural uses. The department compiles the information for use in formulating projects, studying water related problems, and managing water supplies to satisfy California's increasing water needs. The department is responsible for the coordination of timely and economical development of the state's water resources. This is accomplished through the encouragement, assistance and coordination of the planning, design and construction of works, or implementation of alternative measures by federal and local agencies.

The department is responsible for the planning, design, construction and operation of the State Water Project which will transport water from northern California to southern California via the California Aqueduct and related facilities. In its public safety work the department: (1) plans for the solution of flood problems, provides for the safe development of flood plains, levees and weirs and prepares for flood emergencies, and (2) supervises the safety of dams by providing evaluation of designs and the inspection of existing structures.

State Water Project Financing

Two years ago this analysis devoted considerable space to a discussion of the severe problems confronting the State Water Project in securing sufficient funds to continue construction. At that time the state was unable to sell bonds because of the 5-percent interest rate limitation on state general obligation bonds. In January 1970 the electorate approved a ballot proposition which removed the 5 percent limitation. Soon thereafter the state sold a large block of water bond anticipation notes at 5.83 percent. Since that time bond interest rates have been falling. In November 1971, the State Treasurer sold the last large block of long-term general obligation water bonds which will be offered in the foreseeable future. The interest rate was 5.138 percent, bringing the overall interest rate on project bonds to 4.342 percent. Only \$22 million in general obligation water bonds remain to be sold to complete the 1973 facilities of the State Water Project.

Another \$60 million of the original \$1.75 billion bond issue approved by the voters in 1960 is earmarked for Davis-Grunsky loans and grants to local water projects. These bonds will be sold in small blocks as necessary. The department still has \$170 million in "offset" bonds which are earmarked for construction of additional facilities to augment the delta supply when necessary. The result is that the dominant role that the water bonds have played for several years on the ability of California to market general obligation bonds is over. The state's marketing capacity for general obligation bonds is now available for other programs.

Funding

The Governor's Budget for the department shows a General Fund request of \$9,946,000. In order to compare this figure with the level of expenditures in 1970-71 and 1971-72 the General Fund expenditures for these prior years must be adjusted to an equivalent base. The total General Fund expenditures for 1970-71 and 1971-72 are \$12,480,343 and \$11,582,700 respectively. From these figures the management and overhead of the Flood Control Subventions Program and services for the Reclamation Board must be deducted. Thus, the equivalent expenditures for 1970-71 and 1971-72 are \$10,819,710 and \$10,039,000 respectively. The department's General Fund support budget therefore is reduced \$93,000 from the current year to the budget year.

ANALYSIS AND RECOMMENDATIONS**Reclamation Board Staff Services**

We recommend \$1,262,000 appropriated to the Reclamation Board in Item 214 be transferred to the Department of Water Resources.

Once again the Governor's Budget proposes to transfer the appropriation for staff services to the Reclamation Board from the department's budget to the budget of the Reclamation Board (Item 214). This reverses a definite policy decision which has been established and

maintained by the Legislature for three years to achieve as nearly as is legally possible an integrated, statewide flood control program administered and executed by the Department of Water Resources. This decision was declared through language in the 1969 Budget Act and since that time the Legislature has consistently supported that decision. The effect of the legislative policy is that the Department of Water Resources performs nearly all flood control work in the state, but leaves certain statutory decisionmaking and regulatory authority with the board.

Clearly, returning any funding to the board is to some extent a reversal of the Legislature's stated policy of securing an integrated, statewide flood control program in the Department of Water Resources. Since no management or budgetary reason has been advanced for changing the form of the item, the \$1,262,000 appropriated to the Reclamation Board should be transferred to the Department of Water Resources to put the appropriation in the same form as in the last three years.

New Directions Needed

In reviewing the department's program budget for 1972-73 fiscal year, the department's planning investigations are exhibiting an increasing uncertainty of policy and direction. This is indicated in part by the studies that are of a trial and error nature and in the restudy of problem areas using revised or new techniques which are not yet clearly defined. This uncertainty is not surprising and appears to be the result of a search for a change in the role of the department with regard to water resources development.

Since the creation of the department in 1956 the major planning emphasis has been towards the development of surface supplies at specific project sites. More recently emphasis has shifted to groundwater management. With the advent of increased public interest in the environment, the acceptability of major surface projects has declined. Simultaneously the major revision downwards in California's projected population growth, has further decreased the demand for new major surface facilities. Bulletin 160-70 entitled "Water for California, the California Water Plan Outlook in 1970" stated, ". . . Sufficient water is developed from completed water projects, or will be developed by those under construction, to satisfy most urban and irrigation needs for about two decades . . ." The department recognizes that it has grown out of one stage and needs now to reevaluate its role. This process of reevaluation cannot be conducted solely by the department. It is also the responsibility of the Legislature and the people.

Our Analysis last year described a number of environmentally oriented studies and investigations which the department was undertaking by shifting funds from existing studies or work being terminated.

These studies are listed below with their current year cost.

- 1. Character and Use of Rivers \$52,000

DEPARTMENT OF WATER RESOURCES—Continued

2. Geothermal Resources.....	36,000
3. Fishery and Wildlife Enhancement Study.....	42,000
4. Sierra Foothills Investigation.....	52,000
5. Environmental Impact Analyses.....	104,000

Two new studies of a similar nature, proposed in the budget year, are described briefly below with their budgeted expenditures.

1. Land Development Impact Studies.....	\$25,000
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This study is designed to obtain information for county and regional agencies concerning the impact of land development upon the water resources of foothill and mountainous areas.

2. Lassen County Investigation	\$50,000
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This study is designed to prepare water management plans to provide for the maximization of Lassen County's water resources in conjunction with reclaimed waste water imported from outside areas.

In the budget year a number of long-term studies are also being reoriented. These studies are budgeted under the program element entitled "Coordinate Statewide Planning." This program element is described as the "core long-range planning endeavor of the department." Its purpose is to provide coordination of the timely and economic development of California's water resources. The studies in this element are generally being reoriented towards environmental and technical evaluations of major public policy problems rather than coordinating specific project planning as in past years.

One of these studies is the "Statewide Economic Growth and Related Industrial Studies." This study was budgeted at \$160,000 in the current year and is budgeted at \$120,000 in the budget year. The program statement for this study reads, "This is the first year of a three-year study to develop statewide and regional economic input-output to assist in determining interindustry relationships and sensitivity evaluations of economic and environmental constraints. Growth alternatives will be formulated under varying assumptions and constraints as to population, industry, agricultural development and water quality and quantity options." We doubt that this study will produce results commensurate with its costs. The study area is complex and little is known of the relationship of the subject matter to water resources. In addition data are scarce. Defining the environmental impact of a water project is difficult enough without trying to quantify such factors as "sensitivity evaluations of economic and environmental constraints" for interindustry relationships.

Another questionable study is titled "Statewide Agricultural Study." This is budgeted for \$40,000 in the current year and \$20,000 in the budget year. It will be completed in the budget year. One of the objectives of this study is to "estimate probable impact on production due to possible constraints on traditional farming methods." This

sounds reasonable but its effectiveness depends on the possible constraints being considered. If pesticide constraints are being considered, what are these constraints and how are they postulated? If agricultural burning regulations are being considered, what regulations are being considered when this area of regulation is in a state of flux at all governmental levels? The study appears to be vague and conjectural.

A third questionable study area is the "Formulation of Alternative Water Management Plans and Programs." The study is budgeted at \$40,000 for both the current year and the budget year. The study is, in part, to "... integrate on a statewide basis those factors affecting water supplies, use, disposal, the economic and environmental consequences of changes and to identify action plans ...". This study also appears to be broad, generalized and so complex as to produce marginal results.

A fourth study which will begin in the budget year is the "Summary Evaluation of Legal-Institutional Arrangements" which is budgeted for \$30,000 and is to be a one-and-a-half-year study. It is to prepare "... a summary evaluation of those institutional and legal considerations which play a major role in the management of California's water resources." In our opinion, much material of this type can be found in a number of textbooks on California's water industry.

The department should not be criticized for seeking answers to questions such as those involved in the above studies. It is significant that the department recognizes the need for new approaches and revised policies to such a basic resource as water. However, the basic question as stated above is whether the department can resolve these issues by means of study and evaluation, particularly when so much stress is placed on data collection and evaluation and on refinement of methods to handle data.

There are basic public policy issues confronting water resources development in California which the department cannot resolve by study or by investigatory approaches. The Legislature and the general public will make the determinations. It is therefore appropriate for the Legislature to hold hearings on the future directions of water resources development in California and to start formulating new public policy.

If the Legislature and the department do not succeed in formulating new or revised public policies in the next year or two, or if other events do not result in resolving at least some of the issues, it is doubtful that many of the above department studies will. In the event further evaluation next year does not show progress, some of these studies should be curtailed.

Saline Water Conversion

The department is proposing \$263,000 from the General Fund in the budget year for saline conversion, an increase over the current year

DEPARTMENT OF WATER RESOURCES—Continued

of \$7,501. With anticipated federal and other reimbursements, the total expenditures are estimated to be \$443,000 in the budget year, a decrease of \$106,499 over the current year. The department is approaching the study area on three fronts: (1) algae stripping and denitrification of agricultural drainage waters, (2) removal of minerals from water by the reverse osmosis process, and (3) a potential large scale desalter in combination with a power generating nuclear reactor. This latter investigation is expected to produce a feasibility proposal for the Legislature in February, 1972.

Expand Delta Multiple-Purpose Levee Study

We recommend that the Delta Multiple-Purpose Levee Study be expanded to provide a more comprehensive statement of delta problems and solutions to them.

The Delta Multiple-Purpose Levee Study was initiated by the Legislature in 1969, through Senate Concurrent Resolution No. 151. As outlined in the preliminary report to the Legislature dated February 1970, the objectives of the study are to: (1) formulate a plan which will, to the extent feasible, upgrade flood protection in the delta and preserve and establish levee vegetation to meet the needs of esthetics, wildlife, recreation and flood control, and (2) develop an action program to implement the plan.

The study has proceeded satisfactorily toward the stated goals. However, if the study is to be significant and most productive, it should be expanded to provide a comprehensive review of the delta as well as levee problems and their alternative solutions. There have been numerous studies of specific, as well as general problems of the delta, but a comprehensive integration and summation of these individual studies and their interrelationships does not exist. Delta decisionmakers are faced with problems that are complex and difficult to resolve without a comprehensive statement of these problems and their interrelationships.

We are not suggesting that the department greatly increase the cost of this study to develop additional data because existing studies and work now underway provide the basis to present a comprehensive overview of the problems of the delta. We are suggesting that the study incorporate all the existing information in a comprehensive and rational framework. Much information related to fisheries problems, recreation uses of the delta, water quality, wind and wave erosion, increasing levee maintenance costs, drainage problems of the delta islands related to the profitability of farming, loss of islands to flooding, difficulties of construction on the poor soils of the delta, salinity intrusion, turbidity, operation of the peripheral canal, overland supplies of water for the delta islands and other matters remain in a mass of unrelated data and conclusions. At present the study provides for further consideration of a limited number of such delta problems

without placing them in the complete context of delta problems. We recommend that the study be extended to include the preparation of a complete context of delta problems in summary form.

Waste Water Reclamation

The department is increasing its waste water reclamation studies from \$205,480 in the current year to \$375,000 in the budget year. A major portion of this work will center around the waste water management problems of the south San Francisco Bay area. Our analysis of the planning program of the State Water Resources Control Board, Item 218, discusses a number of policy problems which are arising from the board's work in the San Francisco Bay area. Our analysis of the board's budget recommends that the Legislature review these policy problems in order to identify and establish public policy for several very basic issues that are involved in the San Francisco Bay area.

In particular, the Department of Water Resources has budgeted \$128,000 for waste water reclamation studies in the south San Francisco Bay area. One purpose of this work is "the study of a two-way pipeline from the San Francisco Bay area to the San Mateo Pacific shore which would: (a) carry reclaimed waste water to the coastal area for reuse when demanded; (b) carry waste waters to the Pacific Ocean for disposal when being generated but not demanded for reuse; and (c) return high-quality ocean water to the south bay for flushing during off-peak periods of reuse demand and waste generation." The department has indicated to us that the sub-regional study of the board in this case is not concerned with water management or water supply while the department's study is. This is indicative of some divergence of purpose and objective.

Both the department and the board state that all work involving the San Francisco Bay area is coordinated through the Interagency Programming Committee of the board. We agree that it is reviewed by the committee but do not believe that it is fully coordinated. Such full coordination would at best be very difficult to achieve because there is no agreement among state agencies or the public regarding the basic policies that should be reflected in the studies. This matter is discussed more fully in our analysis of the budget of the Water Resources Control Board.

We believe that the Legislature should ask the Department of Water Resources to participate in any legislative policy reviews that may occur as a result of our recommendation contained in Item 218 for a legislative review of water quality policy in San Francisco Bay.

General Management

The general management program includes all the indirect or overhead costs of the department. Included are the director's office, accounting and budgeting, legal services, public information, graphic

DEPARTMENT OF WATER RESOURCES—Continued

services, etc. These overhead activities are funded by a charge which is made to every program in the department as a percentage of salaries and wages. The percentage rates for these charges are computed to yield sufficient money to fund the overhead or general management costs of the department.

When the department was being expanded rapidly several years ago to undertake construction of the State Water Project, the general management program grew faster than the base of salaries and wages which supported it. Now that the construction program is being completed, there has been a natural tendency for the general management program to be reduced slower than the salaries and wages base which supports it. Recognizing that the department was having difficulty reducing the general management program, the Legislature last year, reduced the funds for the general management program by \$400,000. The department has carried out this reduction. However, the construction is continuing to decline and the general management should also continue to decline. The Legislature may have to review the size of the general management program once again in the 1973-74 budget unless the department reduces it on its own initiative.

**Department of Water Resources
SUBVENTIONS FOR FLOOD CONTROL**

Item 217 from the General
Fund

Budget p. L-30 Program p. 681

Requested 1972-73.....	\$4,000,000
Estimated 1971-72	4,000,000
Actual 1970-71	4,066,049
Requested increase none	
Total recommended augmentation.....	\$3,500,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Recommend the Legislature augment the item by \$3.5 million. 561

GENERAL PROGRAM STATEMENT

In order to protect areas subject to flooding, the federal government established a nationwide program for the construction of flood control projects to be carried out by the Corps of Engineers. These projects require local interests to cosponsor the project and to participate financially by paying for the costs of rights-of-way and relocations. In California, the state, through the Department of Water Resources, reimburses the local interests for the cost of rights-of-way and reloca-

tions. The total state cost of all authorized projects is estimated by the department to be \$190 million. This includes all projects authorized since the program was begun in 1946. Of this \$190 million, approximately \$134 million will have been paid at the end of the 1971-72 fiscal year. The state funds appropriated in any given fiscal year have been based on an estimate of the value of claims that will be presented by local entities and processed by the department.

ANALYSIS AND RECOMMENDATIONS

We recommend that the flood control subvention be augmented by \$3.5 million in order to meet the state's obligations to local government for the current year.

The department estimates this program will be short about \$3.5 million to pay claims which will be received and processed in the current year. The Governor's 1972-73 Budget does not provide funds to eliminate this shortage. Thus the current year shortage will continue through the budget year. At this time it appears that the shortage may increase further due to insufficient funding in the budget year. The net effect of not appropriating sufficient funds is to reduce state expenditures by requiring local entities to carry a \$3.5 million state obligation.

The department should be prepared to provide the Legislature at the time of budget hearings with the latest information for fiscal year 1972-73 concerning the expected expenditure level, and the expected impact of the President's Budget on the program. With this information it will be possible to determine whether Item 217 should be augmented further to cover any possible deficiency in 1972-73.

Resources Agency

WATER RESOURCES CONTROL BOARD

Item 218 from the General

Fund

Budget p. 124 Program p. 703

Requested 1972-73.....	\$4,325,306
Estimated 1971-72	4,180,000
Actual 1970-71	3,685,035
Requested increase \$145,306 (3.5 percent)	
Total recommended reduction	\$139,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
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1. *Federal certification. Reduce \$139,000.* Recommend federal certification be self-supporting. 563
2. *San Francisco studies.* Recommend board and Legislature explore the public policy issues in bay waste-water 565

WATER RESOURCES CONTROL BOARD—Continued

- planning
3. Consultant services. Recommend board be directed to plan for integrated EDP water quality system and laboratory facilities and to strengthen Interagency Planning Committee. 567

GENERAL PROGRAM STATEMENT

The Legislature, by Chapter 284, Statutes of 1967, established the State Water Resources Control Board. This board was formed in the Resources Agency to combine the water rights with the water quality and water pollution functions of state government. Through this organizational change, the board is charged with the responsibility to consider problems of water pollution and water quality whenever applications for appropriation of water are approved 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.

The electorate in November 1970 approved Proposition 1, the Clean Water Bond Act (Chapter 508, Statutes of 1970). The act authorizes sale of \$250,000,000 in state general obligation bonds for allocation by the State Water Resources Control Board primarily for grants available for construction of new sewerage treatment plants, interceptor and collector lines, and sewerage outfall. The bond proceeds are continuously appropriated to the Water Resources Control Board for grants, for loans as provided by the board, for a \$10,000,000 reserve for revenue bonds which the state might issue, for use of one-half of 1 percent of the bond proceeds deposited in the bond fund to pay for administration of grants, and for such amount as the board may determine is needed for plans, research, and development including statewide or areawide studies. Any state department or agency may contract with the board to receive funds to construct an eligible project.

The bond funds are used to match federal grants from the Environmental Protection Agency. The grant formula provides that up to 55 percent of the total local project cost in federal funds can be secured

if the state furnishes 25 percent and the local agency 20 percent. The federal grants are made directly to the local agency on projects approved by the board. Last year the board was estimating expenditures of bond funds during five years at the rate of \$50 million per year. The present rate of expenditure exceeds those estimates. Therefore, at the budgeted rate another bond issue will be needed in three years or by 1973-74.

ANALYSIS AND RECOMMENDATIONS

The State Water Resources Control Board proposes the expenditure of \$106,719,696 from all funds and sources in 1972-73 compared to \$72,895,117 in the current year and \$5,603,941 last year. Construction grants from the State Clean Water Board Fund are estimated at \$95,500,000 in the budget year compared to \$60,500,000 for the current year. The General Fund support budget contained in this item is estimated at \$4,325,306 next year which is an increase of \$145,306 or 3.5 percent compared to the current year. Support expenditures of \$5,450,000 in State Clean Water Bond Funds next year increase by \$400,000 or 7.9 percent while federal funds for studies and other support work increase \$485,000 or 62 percent to \$1,267,390. The total support expenditures are proposed at \$11,246,696 (an increase of \$1,030,306 or 10.1 percent).

WATER QUALITY CONTROL

The state and regional boards seek through this program to control water pollution and maintain the quality of all waters within and bordering the state. The work involves long-range water quality planning, the development of water quality control policy, the establishment and enforcement of waste discharge requirements, and the administration of state and federal waste treatment plant construction grants.

New Enforcement Positions

Several significant changes are proposed in this program. The surveillance, regulation and enforcement element is increased to \$2,698,796, which is a \$720,206 or 36 percent increase over the current year. The major increase is due to the addition of 30 new enforcement positions in the regional boards to improve the state's ability to monitor existing and new waste discharges. A federal grant of \$485,000 is being sought to cover all of the expenses for the 30 new positions. Without this grant, the 30 positions will not be filled.

Federal Certification Fees

We recommend that the certification of discharges in behalf of the federal government be made self-supporting for a General Fund reduction of \$139,000.

In the current year the board began certifying waste discharges for several federal purposes including the Water Quality Improvement

WATER RESOURCES CONTROL BOARD—Continued

Act of 1970, the Tax Reform Act of 1969 (for amortization of water pollution control facilities), and the issuance of permits to discharge into waterways by the U.S. Corps of Engineers. The current-year budget proposed that approximately half of the board's costs for this work be recovered through fees paid by the discharger.

This function serves no clear state purpose since the board's basic control work for purposes of state law must still be performed. The federal certification therefore is largely additional workload which meets federal needs or benefits the discharger. Chapter 1288, Statutes of 1971, authorizes the board to collect fees for this work which could make it fully self-supporting.

The certification process in behalf of the Corps of Engineers has become enmeshed in many difficulties including court proceedings which have resulted in a suspension of the certification procedure at this time. In addition Congress is attempting to develop new legislation to improve the certification process and may eliminate it in favor of alternatives. At our request the state board is now reviewing the need to expend State General Fund money for this certification work. We do not believe, in view of the lack of state purpose served and the confusion involved in the certification process, that the state should facilitate this work on a partially self-supporting basis. Instead we recommend that the work be made fully self-supporting.

Within the technical evaluation and services element the budget shows a federal waste treatment training grant of \$110,000. This is the amount required for training at the San Marcos training facility. The budget does not show a second grant of \$99,000 from the Environmental Protection Agency for continuing the operation of four existing training schools. Compensating entries for expenditure and grant funds should be shown in the board's budget for the \$99,000 in order that the budget be correct.

PLANNING AND RESEARCH

The board has a planning and research program to plan the best system for disposing of sewerage-type wastes. It also is proposing to research several technical problems in treatment of sewerage wastes. More comprehensive aspects of waste management are not proposed for study. The funding level for the planning program is decreased by \$484,100 for the budget year due to the scheduled completion of the basin plans. A shift in emphasis to research and demonstration activity will occur next year because of a \$757,700 increase proposed due to the addition of several large research projects.

The board needs to prepare 16 basinwide plans for treatment facilities to fulfill the requirements of the Clean Water Bond Act and to prepare comprehensive basinwide water quality plans pursuant to federal requirements. The plans are to assure that comprehensive treatment facilities are constructed with the grants provided. Pursu-

ant to the present federal planning process, 16 interim basin plans were completed last year. Sixteen comprehensive basin plans including the details for municipalities are to be completed in the budget year in order to meet the federal requirement date of July 1973. Progress reports are being prepared in the current year.

The comprehensive basin plans will require extensive data gathering and analysis and feasibility studies. A regional plan for the San Francisco Bay-Delta area was completed in June of 1969 as a result of a legislative directive. It was not an outstanding success and is being followed by supplemental subregional studies. The subregional plan for the Napa-Vallejo area has recently been completed while the four remaining subregional studies of the bay area are currently being prepared.

Policy Implications in San Francisco Bay Area Studies

We recommend that the Legislature and the State Water Resources Control Board explore publicly through information releases and hearings the policy issues involved in solving the waste water management problems of the San Francisco Bay area.

Our 1970-71 budget analysis contained a recommendation somewhat similar to the above. That recommendation, which was not accepted, was part of a discussion of the policy issues that the San Francisco Bay delta waste water management study had raised. At that time the study which had been directed and funded by the Legislature had just been released. Since the passage of the Clean Water Bond Act, the continuously appropriated bond funds have been substituted for the annual budget review required for appropriation of General Fund money. As a result the more recent financing of the further bay area studies has not provided the Legislature with the opportunity to examine those studies. The board has continued its work without significant communication and review by the Legislature of the major policy issues involved. The result is that a series of subregional studies of the bay area is now being completed while many of the basic policy issues which faulted the original regional study have not been adequately communicated to the public and resolved.

In the meantime the federal government has entered the picture with standards which will have to be applied. This new federal legislation undoubtedly will alter the existing federal policies by establishing a floor or minimum standard which all waste discharges must meet irrespective of location or other factors. The "Muskie bill" now before Congress contains provisions essentially agreeable to both houses which would prohibit the disposal of effluent waters representing less than the "best practicable" system in 1976, the "best available" system in 1981 and zero pollutants by 1985. If this policy is adopted by the federal government it would represent a substantial endorsement of the criticisms of the original bay-delta study. Those criticisms were

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that we should not build the proposed huge interceptor systems and treatment plants to collect wastes from the bay area, give them a limited treatment and then dispose of partially treated effluent into deeper portions of San Francisco Bay or into the ocean through dilution. Instead the federal policy would be in the direction of that proposed by some critics of the bay-delta study, that is, to give effluent waters as soon as possible the highest feasible degree of treatment in plants relatively close to the source of the wastes and then dispose of the virtually harmless effluent waters directly into San Francisco Bay. The quality of the effluent would be adequate for reuse and reuse would occur as markets developed. Thus reclamation is not an objective of the system but is merely a method of disposing of the effluent.

The present series of subregional studies of the board take a major step in the direction of meeting the above criticisms. The Napa-Vallejo study proposes a much higher degree of treatment than proposed by the original bay-delta study, but still less than tertiary treatment which is the highest presently feasible, as illustrated by the plant at south Lake Tahoe. Meanwhile the proposed federal policy may soon present as a matter of law the same decision that was raised in theory by critics of the bay-delta study, that is, whether it is the public's desire to go to the highest degree of feasible treatment now, rather than merely delay it for a few years. The balancing factors in such planning are questions of feasibility of tertiary treatment now, the increased costs of tertiary treatment for the next few years over a more limited treatment, and finally the environmental benefits to be achieved by going to tertiary treatment now. These are the alternative considerations that were not spelled out in the original bay-delta study. It is not clear that the present subregional studies are providing such information. In other words, if the Napa-Vallejo study is an example of the other seven subregional studies, and some people claim that it is not, it presents more proposals for construction of physical facilities instead of evaluating the basic public policy issues prior to proposing the physical facilities to be constructed.

It has already been noted that the present \$250 million clean water bond issue will be exhausted in three years instead of the planned five years at the budgeted rate. However, the system of statewide regional plans, of which the San Francisco Bay region is only one, depend for their execution in part on the continued availability of state and federal funds. The funds will be needed to pay the high costs of the greatly increased levels of treatment of waste waters which on any planning basis will probably be proposed by the plans and likely required by the board. As a consequence the current regional planning work of the board presents not only major public policy issues but also the prospect of major fiscal decisions involving major new state bond issues. For these reasons we are recommending a legislative review of

the policy issues involved in the water quality planning program of the state board.

Consultant Services

We recommend that the Legislature direct the State Water Resources Control Board to develop a plan for integrated EDP operation of all water quality data in California; to develop a program for full utilization of water quality laboratory facilities in California; and finally, to strengthen the coordination effort of the interagency programming committee.

The budget provides for contracts with consultants to develop solutions to major problems confronting the board in basin planning and in other important subject areas. We concur that the board should seek outside assistance in finding solutions to some of these problems. The board cannot and should not seek to add staff to handle all of the work involved in these problems especially when significant portions of it are one-time in nature.

There is, however, a limit on how much of the basic responsibility for programming and decisionmaking the board and its top staff can delegate to outside consultants. There is also a limit on the number of policy issues which the board can turn over to consultants at any one time. Conclusions on the subject that one consultant is studying cannot readily be related to the results of another consultant's work, if the latter is not available. The result is that frequently consultants hypothecate conditions which assume away any problems that cannot be handled factually on the basis of established conditions or policies.

The board has inherited a problem from the old State Water Quality Control Board. This is the long-standing overlapping authorities and elements of duplication or lack of coordination of work between the principal state agencies involved in water quality work. The Porter-Cologne Act merely stated that the board is the primary state agency in water quality work. The Legislature did not revise any of the code sections which give major water quality authority to other state departments. Therefore, the current problems of coordinating water quality work among these various departments is not significantly different from the many frustrating problems that defied resolution in past years, either by legislative study or administrative action. These problems will likely not be solved until a better definition of roles among the involved departments is developed. The lack of resolution of overlapping authorities underlies at least three study and investigation areas.

1. Coordination of research and investigation studies. The Porter-Cologne Act gave the board the responsibility for administering state-wide research programs in the technical phases of water quality control and for coordinating water-quality-related investigations of other state agencies which also have statutory authority for related research. An interagency programming committee has been formed to coordi-

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nate water quality investigations and to promote cooperation among involved state departments. The committee is to minimize duplication of research and investigation efforts and to maximize research effectiveness. A representative of the board is chairman of this committee. The present committee continues the work of a prior informal group which had much the same assignment.

Despite the relatively clear assignment of the coordination responsibility to it, the board has not taken the initiative in defining a basic division of assignments among departments where there are common or interfaced investigative activities. Currently the Department of Public Health, Department of Fish and Game, Department of Water Resources, Department of Agriculture, University of California and Department of Conservation are gathering and analyzing water quality information, conducting research or undertaking investigations. The mere fact that the committee has reviewed the research and investigation work of the departments to eliminate obvious duplication and foster some coordination such as in Monterey Bay does not guarantee that each piece of this work will result in sound solutions or concrete achievements. An intensified effort to coordinate is needed.

2. *Water quality data storage and retrieval.* The board proposes to award a consultant a contract to develop a system to store and retrieve water quality data. The board was given the responsibility by the Porter-Cologne Act to prepare and implement a statewide water quality information storage and retrieval system. To do this properly the board must coordinate and integrate its own needs to the maximum practicable extent with the storage and retrieval programs of other agencies. No one has adequately defined the role of the various agencies involved as a basis to coordinate their data gathering and analysis. This lack of full coordination is due to the differences in objectives between the various departments and should be solved before a truly integrated data storage and retrieval system can be formulated.

The board has recently prepared a proposal for a consultant's study of a state water quality EDP system. This study is to be done concurrently with an examination of the federal system called STORET. STORET has been in existence for more than a year but still has problems. It can handle traditional data on water quality and also has some capacity for biological data. However, the board believes that its data requirements extend beyond the abilities of STORET and should include administrative information on the status of grant funds and other uses peculiar to California. By stressing these other uses, the board tends to depreciate STORET. Actually the administrative uses can readily be fulfilled by many existing systems in California without being integrated with water quality data. Basically the integration of water quality data for all state and possibly federal agencies needs to

be developed rather than the board's administrative requirements. The data requirements and availability of compatible data in other state departments has not yet been coordinated at the management level. Thus the study will probably not produce a truly integrated system that will best suit all the needs of all state agencies. The board has recently added a data processing systems analyst to its staff and this position along with the EDP control and development unit of the Department of Finance should assist in bringing the statewide needs of the proposed study into better focus.

3. *Laboratory facility availability.* There is a problem similar to the integration of water quality data involved in another proposed consultant contract to study the integration of laboratory facilities used in analyzing water quality samples. Laboratories such as the Department of Fish and Game bioassay laboratory at Nimbus Dam, the Department of Water Resources laboratory at Bryte, and the Department of Public Health facility in Berkeley are all adequately equipped and staffed. These laboratories are now operating below capacity. The board's consultant study is to review the need for laboratories operated by the board. Any unused and available capacity should be used fully before any additional capacity is constructed.

**CALIFORNIA JOB DEVELOPMENT CORPORATION LAW
EXECUTIVE BOARD**

Item 219 from the General
Fund

Budget p. 136 Program p. 737

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Requested 1972-73—		
Support	\$120,902	
Transferred to Loan Guarantee Fund	286,086	
		<hr/> \$406,988
Estimated 1971-72—		
Support	\$116,042	
Transferred to Loan Guarantee Fund	367,703	
		<hr/> 483,745
Actual 1970-71—		
Support	\$103,291	
Transferred to Loan Guarantee Fund	300,000	
		<hr/> 403,291
Requested decrease \$76,757 (15.8 percent)		
Total recommended reduction		None
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