

of permanent EDP positions filled by departments in the Teale Data Center grouping.

Project Management

The Director of the Teale Data Center has been appointed project administrator and as such has overall project authority. According to organization charts provided to us by the center, the director will be aided in his role as project administrator by four primary assistants who will in turn direct or coordinate the efforts of (1) seven managers of specific project components, (2) the training coordinator, and (3) the contract administrator. The primary contractor (IBM) will be responsible for managing IBM's effort only.

The scope and cost of the Teale Data Center implementation effort and the inherent problems associated typically with EDP efforts demand competent and comprehensive management of the project. We believe that the state has the necessary personnel resources to provide such management and that the approach now being taken by the Teale Data Center in this regard should assure an appropriate management process.

Resources Agency

TAHOE REGIONAL PLANNING COMPACT

Item 233 from the General Fund

Budget p. 117 Program p. I-699

Requested 1974-75	\$50,000
Estimated 1973-74.....	100,000
Actual 1972-73	50,000
Requested decrease \$50,000 (50 percent)	
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

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. The compact was adopted by California, Nevada and the federal Congress.

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 fiscal year 1974-75. The agency is adopting land use, subdivision, and grading and shoreline ordinances for the Tahoe Regional Plan.

This item as proposed would result in a reduction in the agency's budget. In the current year, the agency received \$100,000 from the State of California. However in 1974-75 the compact agency will receive only \$50,000 while the California Tahoe Regional Planning Agency will receive \$50,000 through Item 234. Therefore, the total state contribution to the

TAHOE REGIONAL PLANNING COMPACT—Continued

Tahoe area work is still the same as in the current year.

Resources Agency**CALIFORNIA TAHOE REGIONAL PLANNING AGENCY**

Item 234 from the General Fund

Budget p. 117 Program p. I-699

Requested 1974-75	\$50,000
Estimated 1973-74.....	—
Actual 1972-73	—
Total recommended reduction	Pending

ANALYSIS AND RECOMMENDATIONS*We defer recommendation.*

The California Tahoe Regional Planning Agency was established by Chapter 1589, Statutes of 1967. The purpose of the agency is to maintain the comprehensive plan for the development of the region and to negotiate with the Tahoe Regional Planning Agency when the interests of the state are at issue. Chapter 1064, Statutes of 1973, revised agency membership to reflect a greater statewide representation.

The Governor's Budget does not include a detailed budget for the California Tahoe Regional Planning Agency. As of the writing of this analysis we have not received the customary budgetary information. Chapter 1064, Statutes of 1973, provided state funding for the agency. It is, as a result, budgeted to receive \$50,000 in support from the General Fund. Until we are able to obtain details on the \$50,000 request, we defer recommendation.

Resources Agency**CALIFORNIA TAHOE CONSERVANCY AGENCY**

Item 235 from the General Fund

Budget p. 117 Program p. I-700

Requested 1974-75	\$1,500
Estimated 1973-74.....	—
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The California Tahoe Conservancy Agency was established by Chapter 1064, Statutes of 1973. The purpose of the agency is to provide a land acquisition and holding authority which can respond to planning decisions of other agencies within the Tahoe Basin. The membership composition of the agency's governing body reflects a statewide representation, as well

as including members from counties within the Tahoe Basin. While the act does not provide for compensation of the members, it does provide for the reimbursement of expenses incurred in attending meetings.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The \$1,500 requested in this item is to reimburse agency members for expenses incurred in attending meetings. The agency does not at this time have a program or a budget. The \$1,500 will permit it to start work on a program which can be submitted to the Legislature when completed.

Resources Agency

WATERWAYS MANAGEMENT PLANNING

Item 236 from the General
Fund

Budget p. 117 Program p. I-700

Requested 1974-75	\$265,000
Estimated 1973-74.....	260,398
Actual 1972-73 (all funds)	64,602
Requested increase \$4,602 (1.8 percent)	
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

In 1971 the Legislature directed the Resources Agency to prepare, in conjunction with affected local agencies, waterway management plans for 20 specified rivers and river systems. Such plans are to include provisions for flood control, water conservation, recreation, fish and wildlife preservation and enhancement, water quality protection and enhancement, streamflow augmentation, and preservation of free-flowing rivers. The plan for the Smith River will be completed in the current year, the Eel River in 1975, and the Russian River in 1976.

The item schedules \$235,000 for the California Protected Waterways Program (Chapter 761, Statutes of 1971) and \$30,000 for the Wild and Scenic Rivers Systems (Chapter 1259, Statutes of 1972).

**Resources Agency
SEA GRANT PROGRAM**

Item 237 from the General Fund

Budget p. 117 Program p. I-702

Requested 1974-75	\$500,000
Estimated 1973-74.....	—
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Project Reviews. Recommend Resources Secretary include projects in 1975-76 budget and make no commitment for funding beyond 1974-75. 488

GENERAL PROGRAM STATEMENT

Chapter 1115, Statutes of 1973, allocates to the Resources Agency \$500,000 annually from state tidelands oil and gas revenues, for distribution to public and private higher education institutions to finance two-thirds of the nonfederal matching required for sea grant projects. The Secretary of the Resources Agency must approve the projects. The National Sea Grant College Program Act of 1966 (P.L. 89-688) authorizes federal grants to public or private institutions of higher education and public or private agencies engaged in programs related to the development of marine resources. Federal funds provide up to two-thirds of the total cost of approved programs.

Chapter 1115 also requires the Resources Secretary to appoint a non-salaried advisory panel to identify state needs that might be met by sea grant projects, review applications and progress of projects and make recommendations to the secretary about the program. The nine-member panel includes four representatives of state departments, three representatives of higher education and two representatives of industry. Projects selected for state support must have a clearly defined benefit to the people of the state.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the appropriation for 1974-75, provided the Resources Secretary: (1) submits future projects, beginning with 1975-76, for budget review by the Legislature, and (2) makes no commitment for continued state funding in 1975-76 of any project selected for financing with the 1974-75 appropriation.

Chapter 1115 requires the advisory panel to review project applications and make recommendations to the Resources Secretary based on the priorities established by the panel. As of the time of this writing the panel members have been appointed but 1974-75 projects have yet to be selected.

Although projects have not been selected, we recommend approval of the appropriation on the basis that the program is newly established by

the Legislature and there has not been enough time for selection of projects in accordance with required procedures. We also recommend that the Resources Secretary submit future projects, beginning with fiscal year 1975-76, for budget review by the Legislature and make no commitment for continued state funding of any project grant selected for funding by the 1974-75 appropriation.

Resources Agency
FUEL SUPPLY COORDINATION CENTER

Item 238 from the General
Fund

Budget p. 117 Program p. I-702

Requested 1974-75	\$184,723
Estimated 1973-74.....	—
Total recommended reduction	Pending

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis

1. Expanded State Activities. Defer recommendation until revised budget presented which reflects expanded state role in petroleum allocation authorized by Emergency Petroleum Allocation Act. 490
2. Transfer function. Recommend Fuel Supply Coordination Center be transferred to the staff of Energy Planning Council in Office of Planning and Research because of expected increased responsibilities of the Center. 490

GENERAL PROGRAM STATEMENT

The Federal-State Fuel Supply Coordination Center functions under authority of the federal Economic Stabilization Act as amended in 1973. The purpose of the federal program is to provide for an equitable distribution of middle distillate fuel products (diesel, home heating, and jet fuel) among wholesale purchasers and to provide for a state reserve to alleviate exceptional hardship cases. The primary objective of the center is to make recommendations to the federal allocation officer for the distribution of up to 10 percent of the future allocation of middle distillate fuels of wholesale purchasers to alleviate temporary hardship cases in California.

ANALYSIS AND RECOMMENDATIONS

The Fuel Supply Coordination Center was established in November 1973 under the authority of a Section 28 letter to the Joint Legislative Budget Committee. The Director of Finance authorized the establishment of nine positions and issued an allotment promise in the amount of \$122,490 for the remainder of fiscal year 1973-74 to finance the Center within the Division of Oil and Gas in the Department of Conservation. Item 238 requests a General Fund appropriation of \$184,723 to the Resources Agency for support of the Fuel Supply Coordination Center in 1974-75. Presumably the center will continue to function in the Division

FUEL SUPPLY COORDINATION CENTER—Continued

of Oil and Gas.

Expanded State Activities

We defer recommendation until a revised budget is presented to reflect the expanded state role in petroleum allocation as authorized by the Emergency Petroleum Allocation Act. We also recommend the Fuel Supply Coordination Center be transferred to the Office of Planning and Research as part of the staff of the Energy Planning Council.

The Emergency Petroleum Allocation Act of 1973 (Public Law 93-159) provides for increased federal authority in the allocation of petroleum. New federal regulations which it is expected will be issued shortly, will revise the state role in allocation of middle distillates and will add state functions in allocating residual fuel oil, motor gasoline and propane. Under federal regulations the state is authorized to create a State Office of Petroleum Allocation and branches (state local boards).

The proposed budget for the Fuel Supply Coordination Center has been outdated by the Emergency Petroleum Allocation Act. It is inadequate to do the new state job. We defer a recommendation until such time as the Department of Finance submits a revised budget to finance state activities pursuant to the Emergency Petroleum Allocation Act.

The Fuel Supply Coordination Center now functions as part of the Division of Oil and Gas in the Department of Conservation. The expanded state role expected pursuant to the new federal law indicates significant state responsibility and may raise major new policy issues in allocating gasoline. Therefore, the state allocation functions should be established at the highest policy level of state government and tied closely to the staff of the Energy Planning Council which is temporarily budgeted in the Office of Planning and Research. The budget should provide for the transfer of the Fuel Supply Coordination Center to the Office of Planning and Research as part of the staff to the Energy Planning Council until the Legislature provides a permanent or interim statutory basis for the allocation function.

Resources Agency**WILDLIFE HABITAT PRESERVATION PROPERTY TAX RELIEF**

Item 239 from the California
Environmental Protection
Program Fund

Budget p. L-27 Program p. I-702

Requested 1974-75	\$160,000
Estimated 1973-74.....	—
Actual 1972-73	—
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

Chapter 1165, Statutes of 1973, requires county assessors to value lands under a wildlife habitat contract as open-space land. The law defines a wildlife habitat contract as any contract entered into between a landowner and any governmental agency limiting the use of at least 150 acres of land for a period of 10 or more years to habitat for native or migratory wildlife and native pasture. The land must, by contract, be eligible to receive water from the federal government for waterfowl purposes.

Section 2163 of the Revenue and Taxation Code (Chapter 1406, Statutes of 1972) requires the state to reimburse local government for loss of revenue caused by the state classification or exemption of property for purposes of ad valorem property taxation.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item would appropriate \$160,000 from the California Environmental Protection Program Fund (revenue from sale of environmental license plates) for allocation by the Controller to local jurisdictions for reimbursement of property tax revenue lost by the assessment of wildlife habitat contract lands as open-space. The amount is estimated to fund claims that may be received from Merced and other unidentified counties.

The budget indicates the subvention is funded from the special license plate fund because there is a close correlation between the purpose of the fund and the wildlife habitat program.

Local Option Circumvented

The open-space program conducted by local government under the California Land Conservation Act of 1965 (and related laws) is a voluntary program between a landowner and his board of supervisors or city council. If the board or council elects to enter into an open-space agreement with the landowner, the assessor then values the land according to its restricted use.

Chapter 1165 bypasses the supervisors and *requires* the assessors to value land under wildlife habitat contract as open-space land. The county has no option in the matter. In the past Merced County has not elected to participate in the voluntary open-space programs. Chapter 1165 will require the assessor of Merced and other counties to reduce the assess-

WILDLIFE HABITAT PRESERVATION PROPERTY TAX RELIEF—Continued

ment on lands having wildlife habitat contracts.

Also, Chapter 1165 requires full reimbursement from the state to the counties for loss of property tax revenue. In the other open-space subventions required by Chapter 1066, Statutes of 1972, there is a limitation on state reimbursements. The special treatment under Chapter 1165 is an exception to the standard policy of the state.

Resources Agency
SOLID WASTE MANAGEMENT BOARD

Item 240 from the General
Fund

Budget p. 120 Program p. I-709

Requested 1974-75	\$233,417
Appropriated 1973-74	187,000
Actual 1972-73	45,179
Requested increase \$46,417 (24.8 percent)	
Total recommended reduction	None

Analysis

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

1. Resource Recovery. Recommend board schedule its work-load and emphasize resource recovery. 494

GENERAL PROGRAM STATEMENT

The Solid Waste Management Board (SWMB) was established by Chapter 342, Statutes of 1972, for two major purposes. The first is the development of statewide plans including programs, policies and operating guidelines for control of litter and solid waste disposal problems affecting local government. The policies and guidelines developed by the board are to be followed by local government in preparing and carrying out its plans. The primary responsibility for management and planning remains at the local level.

The second purpose is to promote resource recovery and material recycling. The board is to achieve this second goal with the assistance of a 25-member advisory council. The council and the board's staff are responsible for preparing recommendations to the board for development of a program to maximize, to the extent practical, recovery of resources, conservation of energy and material recycling through grants, studies, demonstrations and incentives.

Table 1 shows the timetable for completing each of the milestones for programs established by the enabling legislation. The two purposes of the board are interdependent in the long run, but they are sufficiently independent in the short term to permit a full level of activity to proceed for each. The board had sufficient information readily available to publish guidelines for the local solid waste management program and this is proceeding. In the case of resource recovery, the gathering of data and evalua-

ating alternative positions upon which to base future policy is particularly important. However, this is not proceeding.

Table 1
Required Program Completion Dates

	<i>July 1, 1974</i>	<i>Jan. 1, 1975</i>	<i>July 1, 1975</i>	<i>Jan. 1, 1976</i>	<i>July 1, 1976</i>
1. Advisory council to submit initial plan to board re: policy inputs and recommendations on resource recovery	X	—	—	—	X ^a
2. Board to adopt policy and standards re: location and designs of disposal facilities	—	X	—	—	—
3. Board to advise Governor re: litter legislation required	—	X	—	—	—
4. Each county to submit plan to regional planning agency re: local waste management	—	—	—	X	—
5. Department of Health to prepare and adopt minimum standards for disposal	—	—	—	—	—
6. Board to report to Legislature on methods of providing long-range financing to local agencies	X	—	—	—	—

^a Advisory council disbanded.

Sources of Funding

Proposed total expenditures of the Solid Waste Management Board are \$457,738 for the budget year (plus an additional \$465,000 for the litter program in Item 241). The \$457,738 consists of \$233,417 from the General Fund, \$100,400 from an Environmental Protection Agency (EPA) grant, and \$123,921 carried over from the \$183,000 (General Fund) appropriated by Chapter 342, Statutes of 1972. In comparison the \$373,538 total being expended in the current year consists of \$202,038 from the General Fund, \$112,600 in EPA grants and \$58,900 from the enabling legislation.

Summary of Position Changes

The board was impaneled in May 1973 and the executive officer appointed in June. Since that time the staffing has proceeded and 10 of the 12 positions authorized in the 1973-74 budget have been filled. These positions were established prior to the current energy problems and are not responsive by type or number to the increased need for the rapid development of programs in the area of resource and energy recovery. Although the board has made some recognition of the urgency of program development required in this area, and is actively seeking grants from the Environmental Protection Agency and others, the current allocation of personnel to resource and energy recovery is inadequate and should be increased. Table 2 shows the allocation of staff personnel by the program element in which they are to function.

The board also has been loaned two full-time consultants by EPA for a two-year period who are charged to the board's program at one-half salary, with the other one-half of the salary being borne by EPA. Table 2 shows that the board has not yet scheduled its workload for most of the current year. This is indicated by the workload in the third quarter of 1974, which

SOLID WASTE MANAGEMENT BOARD—Continued

Table 2
Scheduled Workload by Quarters^a

Program elements	Fiscal year 1973-74		Fiscal year 1974-75	
	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.
Technical staff:				
Develop state policy for local government	2	½	NI	NI
Develop standards for local government	1	½	NI	NI
Resource recovery program.....	1½	1	NI	NI
Litter control program (Item 241)	½	¼	NI	NI
Planning guidelines for local government	¾	—	NI	NI
Planning assistance and review for local government	1¾	¾	¾	NI
Technical assistance	1¾	1¾	1¾	2
Special studies	½	½	¼	¼
Miscellaneous support functions	1½	1½	1½	1½
Technical manpower identified per quarter	11¼	6¾	4¼	3¾
Administrative and clerical staff	6	6	6	6

^aSource: SWMB

Note: NI means not identified. Numbers rounded to nearest ¼ man.

exceeds available manpower while virtually no workload is scheduled in the budget year.

ANALYSIS AND RECOMMENDATIONS

Resource Recovery

We recommend that the board be directed to schedule its 1974-75 workload and in the process give increased emphasis to resource recovery.

The importance of the recovery of discarded materials is immense for many reasons but particularly because of the national energy shortage and the need for conservation of gaseous and liquid fuels. This is a long-range problem that will continue to confront the nation and the state.

Technology currently exists for a number of energy recovery techniques. Among them is pyrolyzing combustible waste material to form a high grade of fuel oil, gas or gasoline. Other techniques exist for steam or gas generation which can be used to generate electrical energy and which are compatible with state air and water pollution standards. On a national basis (according to EPA), if all of the combustible waste currently being discarded through land fill or otherwise being dumped was converted into energy, it would fulfill about 10 percent of the nation's energy needs or would be roughly equivalent to one-half of the oil imported from the Arabian countries. In California, about 61 percent of 16 million tons of wastes from metropolitan areas is combustible which would be equivalent to about 4.7 million barrels of oil per year that could theoretically be recovered with existing technology. This is not being done because the current cost of such recovery has, in the past, been higher than the cost of imported oil. This difference in cost is rapidly diminishing as the price of imported oil increases.

The board has insufficient staff assigned to resource recovery, particularly persons with the multiple disciplines required for areas of high technology and economic impact. The board's staff should be seeking

proposals, identifying needed information, identifying research and development lead time, identifying needed demonstration projects, quantifying the effects of incentives and disincentives and developing the data on technologically and economically feasible systems that could be implemented in the state. The lack of these data and background information will hamper the board in developing state policy. Collection of these data should begin at the earliest practical moment. These actions cannot be accomplished without increased staff emphasis or adding consultant services devoted to this work. The board has \$28,000 available for purposes such as consulting plus two currently unfilled positions.

The board is currently seeking a six-month extension beyond the July 1, 1974, due date for the report on resources recovery. The board's request for this delay is brought about by the lack of positive management actions to achieve the statutory schedule and by the lack of staff to assist the council in completing the report. Without this report, the board will be hampered in proceeding rapidly with its resources recovery responsibilities.

**Resources Agency
SOLID WASTE MANAGEMENT BOARD**

Item 241 from the California
Environmental Protection
Program Fund

Budget p. L-28 Program p. I-709

Requested 1974-75	\$465,000
Estimated 1973-74.....	—
Actual 1972-73	—
Requested increase \$465,000	
Increase to improve level of service \$465,000	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

1. Program Priority. Recommend limiting language giving Item 241 lowest priority in expenditures from the Environmental Protection Program Fund. 496

ANALYSIS AND RECOMMENDATIONS

The Solid Waste Management Board is charged with the responsibility to determine the nature, extent and methods of controlling and reducing the litter problem statewide.

The board proposes to expend \$465,000 from personalized license plate revenues through contracts with counties which are selected to be representative of the state as a whole for a six-month litter program. At the end of this period reports would be written identifying quantity and types of litter and the cost of such operations for an ongoing program. The cost would be extrapolated by the board to estimate the total statewide cost of

SOLID WASTE MANAGEMENT BOARD—Continued

litter control.

The need for gathering such data appears to be warranted because it would provide the information necessary for legislation affecting use of throwaway bottles, cans and other convenience packaging.

Other benefits that might be gained from this program are obscure. Furthermore, the data obtained would be subject to considerable interpretation because of variability between different six-month periods, i.e., summer versus winter, and the representativeness of the selected counties compared with actual conditions.

The administration is estimating an increase of more than \$1 million in personalized license plate revenues in the budget year compared to the current year. It is doubtful that such an increase will be realized because of the changing public attitude towards the automobile as a status symbol and because of gasoline shortages. The litter program is probably the lowest priority of the Environmental Protection Program appropriation. We, therefore, believe that limiting language should be added directing the Department of Finance to insure the availability of funds for the other programs financed from the California Environmental Protection Program Fund prior to authorizing disbursement from this item.

Resources Agency
AIR RESOURCES BOARD

Item 242-246 from the General Fund and three special funds

Budget p. 121 Program p. I-712

Requested 1974-75	\$15,244,581
Estimated 1973-74.....	12,773,675
Actual 1972-73	10,735,806
Requested increase \$2,470,906 (19 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Full-time Board. Recommend ARB be converted to full-time board. 498
2. Government Analyst Position. Recommend this position be changed to legal position. 499
3. Research Program. Recommend board develop goal-oriented research program and furnish to Legislature for budget proceedings. 499
4. *Mandatory Emission Inspection. Recommend transfer of \$5 million from the Motor Vehicle Account to undertake authorized program.* 501

GENERAL PROGRAM STATEMENT

The Air Resources Board (ARB) is composed of five part-time members appointed by the Governor and serving at his pleasure. The members are required by law to have designated qualifications in air pollution. The five-member board replaced a former 14-member board in July of 1973. The board exercises the state's powers over stationary air pollution sources and carries out a vehicle emission control program on new and used cars.

The administrative functions and most of the board's staff are located in Sacramento. Vehicle testing and laboratory functions are conducted at the El Monte Testing Laboratory. The federal Clean Air Amendments of 1970 established specific requirements for air pollution control and the schedule by which such control must be implemented. This control is expressed in the State Implementation Plan which the board has adopted as required by the federal Environmental Protection Agency (EPA). These plans and various regulations promulgated by EPA have placed the ARB in a somewhat difficult position. The board has struggled to find a leadership role responsive to EPA directives while still demonstrating some state initiative.

Source of Funding

During the past several years, the board has been financed primarily from the General Fund for work on stationary sources of air pollution and the Motor Vehicle Account in the State Transportation Fund for vehicular pollution control.

The estimated total expenditure of ARB in the budget year is \$16,602,581. This amount is composed of \$7,123,267 in General Fund money (an increase of \$43,309); \$5,032,671 from the Motor Vehicle Account in the State Transportation Fund (a decrease of \$611,046); \$1,800,000 from the California Environmental Protection Program Fund (a \$1,250,000 increase because \$500,000 was appropriated to the Resources and Business and Transportation agencies rather than the board last year); and \$1,288,643 from the Automotive Repair Fund (this is a transfer of expenditure to the board's budget). A General Fund subvention program authorized by Chapter 1016, Statutes of 1972, amounted to \$4.6 million in the current year and will be the same in the budget year. These subvention funds provide financial assistance to local air pollution control districts in establishing air pollution control programs.

Pursuant to a cabinet decision, funds required for the annual support of the California Highway Patrol (CHP) vehicle inspection teams (\$1,001,747 from the Motor Vehicle Account) for emission-related activity and the Bureau of Automotive Repair (BAR) personnel inspecting licensed smog stations (\$1,288,643 from the Automotive Repair Fund) are included within in the board's budget for the first time. The board will contract with the CHP and BAR for performance of the needed services under guidelines established by ARB. Because of changes in the recipients of appropriations, the apparent increase of \$2,470,906 in the budget request compared to the current year is, in fact, a decrease of \$319,484 when placed on a comparable basis.

AIR RESOURCES BOARD—Continued**Budget Preparation**

Our Analysis was critical of the board's 1973-74 budget and its program deficiencies. The budget for 1974-75 is substantially improved in that more information has been supplied. However, no clear program goals and implementation plans are presented nor is there a basis on which to control or measure the board's progress.

As a result of the lack of program definition in the 1973-74 budget, the Air Resources Board was directed in the Supplemental Report on the Budget Bill to prepare quarterly reports detailing the board's program and progress. These reports were submitted to the Legislature and to the Legislative Analyst. To date, two reports have been received. They reflect substantial effort on the part of the board to be responsive to the Legislature's directive but fall considerably short of clear program expressions and measures of progress.

Organization of Support Budget

The 1974-75 budget for the board consists of the following appropriations as shown:

Item 242, Board support, General Fund	\$2,523,267
Item 243, CHP inspection team support, Motor Vehicle Account, State Transportation Fund.....	5,032,671
Item 244, Board research, Environmental Protection Program Fund	1,800,000
Item 245, Bureau of Automotive Repair inspection team, Automotive Repair Fund	1,288,643
Item 246, Grants to local air pollution districts	<u>4,600,000</u>
Total	\$15,244,581

ANALYSIS AND RECOMMENDATIONS

We recommend that the Legislature convert the five member part-time board to a full-time board if the board is not otherwise included in some more comprehensive organization now being considered by the Legislature.

In 1971, this office submitted a report to the Legislature entitled "Air Pollution Control in California." The report was prepared pursuant to ACR 131, 1970 General Session.

The report reviewed the problems of the existing 14-member Air Resources Board and recommended that a new five member, full-time board be established by the Legislature. A new board was established along the lines recommended in the report except that a half-time, rather than a full-time, board was established.

After 18 months' experience with the half-time board, it is clear that a full-time board is needed. A major difficulty has arisen because of the inability to find qualified board members who could grow with experience on the board. This is evidenced by difficulties in preparing a research program, continuing problems in the assembly line inspection program, unsatisfactory relations with the Legislature, criticism in the press, etc. Some of these problems are discussed later in the Analysis. It has been

difficult to find qualified half-time members who do not have a conflict of interest in some nonstate employment. As a consequence, the appointees have tended to be retired persons, and even some of the retired members have had difficulty in retaining their retirement benefits while serving half-time. In addition, the workload of the board has become very complex technically and time consuming. A full-time board is needed.

Personnel Additions

We recommend that a new government analyst position be converted to a legal position.

The board has proposed to add a management analyst position because of the requirement for additional legislation, lawsuits involving the ARB, actions to enforce air pollution rules and regulations, and an increased number of hearings before the Legislature and the public. This workload is essentially legal and the board needs another legal position. We recommend that the position be changed to a legal position and that any representation before the Legislature which was to be handled by this new position be handled by one of the existing management positions rather than a lower-level staff position.

Research

We recommend that the Legislature direct the ARB to develop a clear, comprehensive, goal-oriented research program with priorities designed to solve the many unknown problems now confronting the board and that the board provide the Legislature with information on its updated research needs for 1974-75 fiscal year in time for consideration in budget proceedings.

Chapter 1599, Statutes of 1970, authorized a research program for the ARB and funded it with an initial appropriation of \$8,350,000 from the Motor Vehicle Account in the Transportation Tax Fund and \$925,000 from the Environmental Protection Program Fund (personalized license plates). The legislation was an adaptation of a research proposal developed by the University of California and did not represent a program that the board had developed. As a consequence the board was confronted with the immediate problem of determining how it should expend the substantial funds available to it.

In subsequent years the board has received additional money, such as \$1,500,000 in the current year. In the budget year it is requesting \$1,800,000 from the Environmental Protection Program Fund for additional research. Although research is a high priority effort of the board, the Governor's Budget indicates that in the current year the board will revert \$575,000 of the original appropriation of \$925,000 made by Chapter 1599 from the Environmental Protection Program Fund.

The 1974-75 research program includes \$600,000 for research into transportation of air-blown pollutants from the Los Angeles Basin into the Coachella Valley and the Antelope Valley. It is not clear what value can be attached to determining the transportation of pollutants by meteorologic conditions when the elimination of the pollutants is the primary objective. Another research project involves spending \$300,000 for a very sophisticated and refined study of the formation of smog. At the present

AIR RESOURCES BOARD—Continued

time neither the board nor EPA are certain what conditions precisely control the formation of smog in the Los Angeles Air Basin and what the relative roles of HC and NO_x are in such formation. Until this information is available, the present control strategies of the state and federal implementation plans contain dubious elements because this vital information is assumed rather than known precisely. Work is now under way to refine knowledge on this problem. However, the value of research on special conditions relative to smog formation is not clear so long as the basic reaction in the formation of smog is uncertain.

This analysis has commented in the past on the board's inability to develop goals for its research program which are clearly related to its control responsibilities, the formation of standards for emissions, and the enforcement of such standards. The same deficiencies exist in the 1974-75 budget. As a practical matter the board has no refined research program but is merely spending arbitrary sums of money available in various funding sources at any particular time.

The projects in the board's research budget for 1974-75 were selected last fall. This was prior to the current energy shortage, the occurrence of which is having a pronounced effect on the economy of the state and on air pollution control. For example, because of the shortage of natural gas, the electric utilities in Los Angeles and other areas have been forced to use high sulfur oil for power generation. This produces more sulfur, NO_x and other emissions. The effects of this action on the health of people in the south coast air basin is not precisely understood. The magnitude of this impact has not yet been quantified either in the basin or statewide. The board has reported that most of the national and state ambient air quality standards were exceeded in 1972 in the six major air basins of the state. The head of the environmental unit of the California Department of Health has estimated the damages caused by photochemical air pollution in the Los Angeles Air Basin alone as:

1. Excess mortality—100 to 500 persons per year
2. Aggravation of disease—50,000 to 500,000 persons
3. Impairment of function—100,000 to 2.5 million people
4. Interference with well-being—9.3 million people

The Los Angeles County Health Officer noted that in 1971 the number of fatalities from emphysema, lung cancer and chronic bronchitis had more than doubled in the Los Angeles Air Basin. The board has given some attention to this problem and has planned some health effects research in the budget year but the program is not predicated on recent conditions and changes.

There are significant variations in the ability of different power-generating plants in the Los Angeles Air Basin to use high-sulfur fuel and fuel oils in lieu of natural gas without substantially increasing pollutants. This is because the equipment installed to remove harmful emissions is different at various powerplants. During the period of fuel shortages the board could help to maintain the highest possible air quality if it evaluated the emission control capability of powerplants and assisted in securing the allocation of fuels to those plants which would give, overall, the lowest

total emissions to the air basin. There are undoubtedly other areas associated with the energy shortage that should be the subject of immediate research by the board.

In the current year, the ARB staff has been conducting research on the effects of catalytic converters for control of emissions from vehicles. The tests so far have been encouraging, confirming the capability for substantial emission reduction and showing the presence of a number of problems. The current test program is scheduled to be completed by July 1974 and no followup programs have been outlined. It is not clear how this work will be continued in the future or what needs to be done.

Demonstration Program, Mandatory Emission Inspection

We recommend that \$5 million be transferred from the Motor Vehicle Account to the ARB for expenditure by the Bureau of Automotive Repair to finance the first segment of installation costs for mandatory vehicle emission inspection.

Chapter 1154, Statutes of 1973, (SB 479) directed that a demonstration program of mandatory vehicle emission inspection be conducted in the south coast (Los Angeles) air basin. It appropriated \$400,000 to the Bureau of Automotive Repair (BAR) to design and develop a program and \$100,000 to the ARB to set emission standards for these inspections. The act mandated that the plan for the inspection program be adopted by December 31, 1974. A series of *trial* inspections would be conducted in 1974-75 to refine the procedures and inspection standards. Riverside County has been selected for this trial. By December 31, 1974, the BAR must advise the Legislature whether the inspection program is to be extended statewide (outside the south coast air basin) and on what schedule. The program must be capable of providing inspection of vehicles upon transfer of registration during 1975 if sufficient inspection lanes are operational. Inspection of vehicles upon initial registration and annual renewal of registration is to begin during 1976, preferably at the beginning of 1976.

In order to meet the prescribed operational year of 1976, it will be necessary for the BAR to have sufficient funds available in 1974-75 to permit the acquisition or leasing of a substantial number of facilities, obtaining of equipment and the training of personnel. We have estimated, based on available studies, that approximately 35 locations would be required in the south coast air basin at a cost of approximately \$315,000 for rent; \$3,790,000 for six months' personnel costs; and \$4,330,000 for test equipment. Approximately \$1,600,000 would be required for purchasing land where surplus state property is not available. These figures total \$10 million as a rough approximation of *total startup costs*. Approximately half of this amount would appear reasonable for 1974-75 with the remainder (or a refined amount) to be appropriated in 1975-76. Because Chapter 1154 makes the initial appropriation from the Motor Vehicle Account, we recommend the same source for the \$5 million.

In order to expedite the program, BAR is now utilizing consultants to design the facility layout, determine the number of lanes required, prepare operating procedures to be followed, select equipment to be installed, and perform other necessary planning work. The facilities cost and

AIR RESOURCES BOARD—Continued

operating expenses during the *pilot* program will be partially funded by an EPA grant of approximately \$1.3 million (which may be increased by \$1 million) for the development of three sites in the Riverside area, each having two inspection lanes.

The Department of Motor Vehicles (DMV) is also involved in this project (see discussion on pages 462-465) because of the potential benefit that could be attained by incorporating vehicle inspection with vehicle registration, which DMV is converting to a year-round operation. Additional discussion of the participation of BAR, CHP, and DMV is contained in Items 127, 223, and 225.

Assembly Line Testing

In the current year the board began a major new program to test new cars at the factory assembly line in order to determine that each car was capable of passing California's new car certification requirements for emissions. Last year the board indicated that it would send three two-man test crews worldwide on a plant visitation schedule of approximately two days per plant, twice a year. There are 68 manufacturing facilities in the United States outside of California and 35 more outside of the United States. At mid-year, one trip had been made to Japan and Germany. The results of the trip or accomplishments measured in test results are unknown. Similarly five trips have been made (lasting a week or more) within the United States. The results of these trips are unknown. The board is presently discussing shifting future inspections away from the assembly line to inspection at dealers' premises in California. Such a shift would be a withdrawal from assembly-line testing and would not be in accord with present law. The shift in emphasis may be due to several factors such as difficulties with traveling test teams, refusal of some countries to permit test teams to enter their territory, and the decision of the Legislature in enacting SB 479 which provides for mandatory emission inspection of each new car in California before initial registration and annually thereafter in the Los Angeles Air Basin. This mandatory inspection essentially eliminates the need for factory inspection of half the new cars sold in California because new cars with excessive emissions could not be registered, and therefore sold, in California.

Chapter 1234, Statutes of 1972, required that a window decal indicating the actual emissions of each individual car measured by an assembly line test shall be placed on each vehicle beginning with the 1975 model year. The only way in which the NO_x emissions can be determined for each car is by tests on a dynamometer. The assembly-line test has been changed by the board so that it now is comprised of a test of all cars at idle, a "functional test" of various components, and a quality audit performed by the constant volume sampling technique (CVS). The quality audit test is a precise test of only 2 percent of production selected at random. The idle test measures hydrocarbon (HC) and carbon monoxide (CO) but does not measure NO_x. Because the board has dropped the seven-mode test, it has no means available now to measure NO_x and cannot place that information on a decal on 1975 cars.

Depending on the interpretation of Health and Safety Code Section 39152 as amended by Chapter 1234, or unless the Legislature amends that section, it is possible that 1975 cars may not qualify for sale in California.

Resources Agency
CALIFORNIA ADVISORY COMMITTEE

Item 247 from the General Fund Budget p. 123 Program p. I-728

Requested 1974-75	\$8,640
Estimated 1973-74.....	8,320
Actual 1972-73	4,784
Requested increase \$320 (3.8 percent)	
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The California Advisory Committee was authorized by Chapter 1647, Statutes of 1965. It consists of an Assembly member, a Senate member, one member of the California Water Commission and four Governor's appointees. The committee is authorized to hold hearings and provide advice to both the Legislature and to members appointed by this state to any interstate organization participating in water planning among the western states (presently the Western State Water Council).

Resources Agency
CALIFORNIA-NEVADA INTERSTATE COMPACT COMMISSION

Item 248 from the General Fund Budget p. 123 Program p. I-729

Requested 1974-75	\$27,500
Estimated 1973-74.....	27,500
Actual 1972-73	19,250
Requested increase—None	
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

In 1955 the seven-member California-Nevada Interstate Compact Commission was created to cooperate with a similar commission representing Nevada in formulating an interstate agreement on the distribution of waters from Lake Tahoe and the Truckee, Carson and Walker Rivers. The present version of the compact was ratified by California in 1970 and Nevada in 1971. Since that time the commission has attempted to have the

CALIFORNIA-NEVADA INTERSTATE COMPACT COMMISSION—Continued
compact ratified by the Congress as required by the United States Constitution.

**Resources Agency
COLORADO RIVER BOARD**

Item 249 from the General
Fund

Budget p. 124 Program p. I-730

Requested 1974-75	\$108,512
Estimated 1973-74.....	105,497
Actual 1972-73	101,770
Requested increase \$3,015 (2.9 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Colorado River Board is responsible for the protection of the state's interests in the water and power resources of the Colorado River System. 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, 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. The board develops a single position among the California agencies having established water rights on the Colorado River.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

Starting in the 1972-73 fiscal year, funding for the Colorado River Board was changed to one-third by the state and two-thirds by the six water agencies listed above. The 1974-75 program continues at approximately the current-year level with estimated total expenditures of \$325,536 and a General Fund request of \$108,512.

Resources Agency
DEPARTMENT OF CONSERVATION

Items 250-257 from the General Fund and seven special funds

Budget p. 125 Program p. I-733

Requested 1974-75	\$58,873,847
Estimated 1973-74.....	59,446,169
Actual 1972-73	52,870,310
Requested decrease \$572,322 (0.96 percent)	
Increase to improve level of service \$2,370,768	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

- | | Analysis
page |
|---|------------------|
| 1. Air Attack Program (Item 250). Recommend \$600,000 of \$938,000 increase for equipment replacement be used to modify new S-2 air tankers. | 510 |
| 2. Fire Lookouts (Item 250). Recommend Division of Forestry review fire lookouts and that \$20,128 for Schoolhouse Peak lookout be denied. | 512 |
| 3. Forest Practice Act (Item 250). Recommend \$343,864 plus related costs for various low-priority program expansions be denied and used to finance initiation of higher priority work under the Forest Practice Act. | 512 |
| 4. Soil-Vegetation Mapping (Item 250). Recommend Legislature approve the department's request of \$187,295 for this program with the understanding that the program be reviewed for 1975-76. | 515 |
| 5. Petroleum and Gas Fund. Recommend Legislature amend the Public Resources Code to abolish the Petroleum and Gas and the Subsistence Abatement Funds and place revenues in the General Fund. | 519 |
| 6. Oil and Gas Commissioners. Recommend Legislature amend the Public Resources Code to eliminate the oil and gas commissioners because they are serving little purpose and because their status is constitutionally doubtful. | 520 |

GENERAL PROGRAM STATEMENT

For fiscal year 1974-75 the Department of Conservation total support expenditures from various fund sources are as follows:

- | | |
|--|--------------|
| 1. Item 250, General Fund | \$56,350,463 |
| 2. Item 251, Petroleum and Gas Fund..... | 1,815,838 |
| 3. Item 252, Petroleum and Gas Fund—Geothermal Resources Account | 18,336 |
| 4. Item 253, Subsidence Abatement Fund | 151,790 |
| 5. Item 254, Strong-Motion Instrumentation Program Fund | 461,483 |
| 6. Item 255, Professional Forester Registration Fund | 53,137 |

DEPARTMENT OF CONSERVATION—Continued

7. Item 256, California Water Fund	11,400
8. Item 257, State Transportation Fund—State Highway Account.....	11,400
Total.....	\$58,873,847

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, and Oil and Gas, 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 about 94 percent of the department's expenditures. Almost all of the 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 Mines and Geology develops and publishes geologic information about the terrain, mineral resources, and possible geologic hazards such as landslides, active faults and subsidence. The division also conducts a strong-motion instrumentation program to measure the large-scale, destructive ground motion of earthquakes.

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

Policies for the administration of the Divisions of Forestry and Mines and Geology are established by the Board of Forestry and the State Mining and Geology Board, respectively, both 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.

Funds for the Division of Resource Conservation were reallocated by the department during the current year to other programs. The division was thus effectively eliminated, though still existing in law. The Resource Conservation Commission, which established policies for the division, continues to hold regular meetings.

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 \$78 million in 1974-75. Most of the expenditures will be financed by the General Fund and by reimbursements. The reimbursements of over \$20 million are mostly for local fire control services performed by the Division of Forestry, services to division employees, services to other agencies by conservation camp and Ecology Corps crews, 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 counties or fire districts as directed by a local Division of forestry fire control officer.

DEPARTMENT OF CONSERVATION—Continued

Table 1
Department of Conservation—Support Expenditures

<i>Source of funding</i>	<i>1970-71</i>	<i>1971-72</i>	<i>1972-73</i>	<i>1973-74^a</i>	<i>1974-75^a</i>
General Fund (includes Emergency Fund allocations for fire suppression as shown in parentheses)	\$44,838,546 (2,629,178)	\$43,630,632 ^c (1,731,561)	\$51,077,639 ^c (3,122,630)	\$56,948,344 ^c (3,544,000)	\$56,350,463 ^c (200,000)
Petroleum and Gas Fund	1,265,759	1,290,376	1,464,275	1,705,522	1,815,838
Petroleum and Gas Fund—geothermal resources account	12,150	6,750	16,579	18,186	18,336
Subsidence Abatement Fund	122,839	127,782	139,180	149,898	151,790
Strong-Motion Instrumentation Program Fund	—	17,349	172,637	550,382	461,483
Professional Forester Registration Fund	—	—	—	51,037	53,137
California Water Fund	—	—	—	11,400	11,400
State Transportation—State Highway Account	—	—	—	11,400	11,400
Total expenditures as shown in Governor's Budget	\$46,239,294	\$45,072,889	\$52,870,310	\$59,446,169	\$58,873,847
Other expenditures—reimbursed	11,883,859	12,970,249	16,031,096	19,815,704	20,025,626
Total budget expenditures	\$58,123,153	\$58,043,138	\$68,901,406	\$79,261,873	\$78,899,473
Schedule C funds ^b	2,928,386	3,586,264	4,485,601	4,997,253	4,997,253
Total state-controlled expenditures	\$61,051,539	\$61,629,402	\$73,387,007	\$84,259,126	\$83,896,726

^aEstimated.^bEstimated local funds expended for local fire-suppression services as directed by the Division of Forestry.^cIncludes minor capital outlay.

Program Increases

The total appropriation request of \$58,873,847 for next year is \$572,322 or 0.96 percent less than estimated expenditures of \$59,446,169 in the current year. The difference is due mostly to \$3,344,000 in estimated Emergency Fund expenditures in the current year that do not appear in the budget year, and reimbursement of \$1,350,000 in the budget year to administer the new Forest Practice Law. If the budget is placed on the same basis as the current year, there is an increase of \$4,121,678 or 6.8 percent in expenditures.

Increased program expenditures for 1974-75 are as follows:

1. Fire control, state responsibility: \$938,000 to begin a four-year replacement program of automotive and communications equipment.
2. Fire control, state responsibility: \$74,580 to provide 11 additional clerk-typists for ranger units.
3. Fire control, state responsibility: \$281,253 increased operating costs and conversion repayment for new S-2 air tankers.
4. Fire control, state responsibility: \$46,032 to provide six additional fire-lookout positions to reach standard manning levels.
5. Fire prevention, state responsibility: \$120,000 to continue 43 seasonal fire prevention aid positions administratively added in 1973 by diverting savings from fire suppression funds.
6. Fire protection, local government contract: Approximately \$916,000 local cost for 71 new positions in the current year which are continued in the budget year to provide added service for local government.
7. Forest, range and watershed management: \$1,350,000 for 48 forester and 15 clerk positions and minor capital outlay to implement the Forest Practice Act of 1973.
8. Ecology Corps: \$54,240 to provide eight clerk-typists, one for each ecology center.
9. Geologic hazards and mineral resources conservation: \$86,076 to delineate special fault study zones as mandated by Chapter 1354, Statutes of 1972; \$39,288 to accelerate the purchase and installation of strong-motion instruments.
10. Oil, gas and geothermal protection: \$65,480 to fund four inspector positions to catalog abandoned wells.
11. General support: \$48,348 to provide temporary clerical help and \$26,568 to provide two additional management analysts for Executive and Management Services.
12. Minor capital outlay increase of \$146,000.

Funds totaling \$195,246 appropriated in the 1973 Budget Act for the Division of Resource Conservation are allocated to other programs for 1974-75.

Excluding the 71 added positions for the local government fire-protection program, there is a net increase of 83 positions for state-financed programs.

ANALYSIS AND RECOMMENDATIONS**Watershed and Fire Protection**

The objective of the Watershed and Fire Protection Program is to protect the private and state-owned watershed lands from fire, insects, disease and misuse by man. Total program expenditures in the budget year are estimated to be \$74,216,025, compared to estimated expenditures in the current year of \$74,400,708. The division of forestry performs the program.

The program elements and budgeted expenditures in 1974-75 are as follows:

1. Fire prevention, state responsibility.....	\$3,394,677
2. Fire control, state responsibility	40,237,740
3. Fire protection, local government contract	13,889,116
4. Forest, range and watershed management	4,446,244
5. Conservation camps	4,809,606
6. Ecology Corps	1,797,513
7. Civil defense and other emergencies.....	130,826
8. Open-space subvention and environmental impact.....	148,475
9. General support distribution	5,361,828

Fire Control, State Responsibility

The fire control, state responsibility program element is budgeted for the largest expenditure of all activities in the Department of Conservation. The program element includes nearly all of the field organization of the Division of Forestry, which directly protects about 28 million acres of mostly private land. There are about 1,600 permanent employees and 1,500 seasonal firefighters serving as initial attack forces. Program expenditures in the budget year are estimated to be \$40,237,740 compared to estimated expenditures of \$41,872,162 in the current year. The difference in expenditures is due mostly to \$3,344,000 in estimated emergency fund expenditures in the current year that do not appear in the budget year.

Emergency Fund Expenditures

The Division of Forestry includes in its support budget most of the financing required for state fire protection services during the course of a fire season. Each year, however, the division makes additional expenditures which are ultimately financed by the state's Emergency Fund. In recent years the amounts have been increasing because of increased use of such costly equipment as air tankers and helicopters. Since 1971 cash payment has been made for some overtime. Because fire-suppression needs are unpredictable, most of the overtime has customarily been funded from the Emergency Fund. The department decision to increase overtime pay for ecology corpsmen on emergency assignments has also increased Emergency Fund expenditures.

Through December 31, 1973, the department has recorded emergency fire-suppression expenditures of \$3,380,533 in the current year. Major categories of those expenditures are as follows:

1. Overtime, forestry employees	498,491
2. Overtime, ecology corpsmen	209,614

DEPARTMENT OF CONSERVATION—Continued

3. Retardants for airtankers.....	628,599
4. Rental of airtankers.....	444,216
5. Rental of helicopters.....	121,969
6. Rental of bulldozers, buses, chain saws	606,381

Public Employment Program (PEP)

During calendar year 1972 the Department of Conservation was allocated funds under the Public Employment Program (PEP) established by the Emergency Employment Act of 1971 (P.L. 92-54). Although 293 positions were funded in 1972, there were only 170 PEP employees at the end of that year. A federally imposed hiring freeze on replacement of PEP participants limited the program in early 1973. In April 1973, all PEP funds except those for 22 positions were reallocated, with federal approval, for hiring disadvantaged youths as seasonal firefighters. The remaining 22 PEP positions are assigned in Los Angeles on a project to develop and update the administrative maps used by the Division of Forestry in fire protection programs. The PEP program will terminate at the end of the current fiscal year because no more federal funds will be available.

Study on Suggested New Role for the Division of Forestry

In 1971 the Legislature requested the Division of Forestry to study the improved efficiencies and economies which would occur should the Division of Forestry expand its structural fire protection functions and assume fire-protection responsibilities of local fire agencies now operating in state responsibility areas. The report was due December 1, 1971. At the department's request, the Legislature extended the due date to June 30, 1973. In September 1973 the division presented to us its preliminary findings and a copy of a draft report. According to the division, the final report is in the last stages of preparation and will be submitted by March 1, 1974.

Equipment Replacement

The Division of Forestry is budgeting \$3,135,082 for equipment purchases, which is an increase of \$1,112,372 over 1973-74 expenditures of \$2,022,710. The department indicates \$938,000 of the increase is to begin an accelerated four-year program of replacing automotive and communications equipment in order to bring the equipment inventory up to division standards. According to the division, equipment replacement has fallen behind schedule because administration-imposed budget cuts have fallen most heavily on this program in the past.

New Planes for Air Attack Program (Item 250)

We recommend that \$600,000 of the \$938,000 budgeted for equipment replacement be used instead to fund required modifications for the new S-2 airtankers.

In late 1968, the Division of Forestry completed a study of the possible use of the Grumman S-2 as an airtanker to replace present obsolete and hazardous tankers. The S-2 is a more modern plane than those now in use and will have continued availability of spare parts. The plane also has greater range, speed and payload than most of the tankers in use plus the

safety of twin engines.

After conducting tests on two modified S-2 aircraft equipped with retardant droptanks during the 1973 fire season, the division has leased 43 such planes from the Navy at no cost. The division is now having a "prototype" S-2 modified, which will incorporate improvements over the first two planes and serve as a model for all pending modifications. Another 14 planes are proposed to be modified, bringing the total number of S-2 airtankers to 17. The division proposes to allow three of the four airtanker operators who presently hold tanker operating contracts to perform the modifications. Under the plan, these contractors would finance the modification work which is estimated to be about \$50,000 per plane. The contractors would then operate the planes under a five-year contract.

Each year over a five-year contract period the division would pay the contractors one-fifth of the costs they incur for modifications, treating the modification costs as an operating expense included in the annual payment to each of the three operators. To avoid committing future state appropriations, the department would give no guarantee to the contractors that they would be repaid. Instead, the contractors would hope that a new appropriation for airtanker operation would be made each year which would include the repayment. We doubt whether the commercial banks to whom the operators would have to turn for financing would accept such terms. In any case the state would be paying commercial bank interest rates as incurred by the contractors. There is no need for such complications and additional expense. The Legislature should provide for a lump-sum state financing of the conversion costs rather than repaying the modification costs as part of yearly operating expenses.

In its proposed budget, the department is requesting an additional \$938,000 for equipment replacement (mostly for automotive and communications equipment) and an additional \$281,253 in increased airtanker operating costs. The latter figure includes approximately \$110,000 in amortized modification costs for the S-2s. By using about \$600,000 of the \$938,000 increase for equipment replacement and the \$110,000 intended for amortization of the conversion costs, the division could pay for the conversion of the planes (approximately \$700,000) in the budget year. A scaled back modernization program as outlined above is reasonable when the state has no General Fund surplus. The division should not expect to replace all its airtankers and a major proportion of its other equipment in one year.

No Competitive Bidding

The division is using a self-imposed deadline of June 1, 1974, to justify not seeking competitive bids for the estimated \$700,000 worth of aircraft modifications. The principal reason for the deadline is to provide greater safety for civilians living in the areas around airports from which air tanker flights are made. According to the division, it would not be possible to have the planes ready by the June 1 deadline using competitive bidding. This time element has to be balanced against the advantages of securing the modifications by competitive bid. If the result of competitive bidding was that the final 14 planes were not ready in time for the fire season, the

DEPARTMENT OF CONSERVATION—Continued

airtanker operators could begin the fire season with the planes used in previous years. At airports where local population concentrations dictate a higher safety margin, the division could employ one of the two planes modified last year or the prototype being built.

In addition to all other problems there is a public policy issue whether the division should commit itself at least morally if not legally to contract in the next five years for operating time with the contractors who have paid for the conversion work at whatever operating costs the contractors ask, until the conversion costs are repaid. Under this approach the state may find as a practical matter that it has no control over the operating costs of aircraft that it owns.

Fire Lookout Stations (Item 250)

We recommend (1) that the Division of Forestry review the output of its fire lookouts and eliminate unproductive lookout stations, and (2) that \$20,128 budgeted to rebuild Schoolhouse Peak lookout station be denied pending review of the lookout stations.

The Division of Forestry maintains 82 fire lookout stations during the fire season. For 1974-75, the division proposes reallocation of summer fire-suppression crew positions and adding six additional man-years of new lookout positions. Also, the department is requesting \$25,500 in major capital outlay for land acquisition for a new lookout station at Mt. Konocti in Lake County and \$48,516 in minor capital outlay for repair and rebuilding of three existing lookout stations.

The division keeps records of the number of first and second reports of fires made by each lookout station. The records indicate that during the last 10 years, 10 lookout stations have averaged less than three first reports per year. Schoolhouse Peak in Humboldt County, which the division proposes to rebuild at a cost of \$20,128, has averaged about 1.9 first reports per year over the last 10 years. Due to its low output, this station should not be rebuilt and the funds should be deleted pending review of the lookout stations. The department needs to review the output of all its lookouts and eliminate those lookouts that are unproductive. To help in the evaluation, the division should keep statistics, if feasible, on the number of times that lookout first reports are followed quickly by a report on the same fire from another source. This would indicate what fire reports would be received if a lookout were eliminated.

Forest Practice Act of 1973 (Item 250)

We recommend that \$343,864 plus related staff benefits and operating expenses budgeted for various low-priority program expansions be denied and the money shifted to higher priority work under the Forest Practice Act.

The Forest Practice Act of 1973 (Chapter 880, Statutes of 1973) (1) creates a new Board of Forestry which must adopt new district forest practice rules for harvesting of privately owned timber (2) requires timber-harvesting plans to be submitted to the State Forester, and (3) requires increased state inspections of timber operations.

The Division of Forestry has budgeted \$1,350,000 in 1974-75 to finance

the increased cost of administering the new law and related capital outlay expenses. The department has \$418,392 and 19.8 man-years budgeted in the current year to administer the former Forest Practice Act and proposes to increase the program to a total of 82.8 man-years and \$1,748,337 in the budget year.

The added \$1,350,000 would provide 48 additional foresters and 15 clerks. The budget finances the \$1,350,000 by reimbursements from an unspecified source. The budget narrative states that the new Board of Forestry will be asked to adopt a fee structure which fairly allocates the costs of the program between the industry and the general public.

The new law mandates the board to require a reasonable filing fee for permits to engage in timber operations. The law also specifies that permit fees in existence on December 31, 1973, shall remain in effect until December 31, 1974. Consequently, any new fees the board may establish cannot be levied until December 31, 1974, which is six months into the 1974-75 fiscal year. The revenue from fees under existing law are estimated to be \$41,000 for the full year. For all practical purposes, revenue to finance the program will not begin to accrue from the new fees until the second half of the fiscal year.

Chapter 800 represents two years of work by the Legislature in developing a new Forest Practice Act, and we assume the Legislature intends that the department implement the law with dispatch. Therefore, we recommend that \$343,864 plus related staff benefits and operating expenses budgeted for increases in other programs be shifted to higher priority work to provide needed staff to initiate prompt implementation of the Forest Practice Act. These funds are as follows:

1. \$74,580 for 11 additional clerk-typists in the ranger units,
2. \$54,240 for 8 clerk-typists in the Ecology Corps,
3. \$48,348 to provide 7.3 positions of temporary clerical help in Executive and Management Services,
4. \$26,568 for 2 management analyst positions in Executive and Management Services,
5. \$120,000 for 43 seasonal fire-prevention-aid positions administratively added in 1973 by diverting savings from fire-suppression funds, and
6. \$20,128 for replacement of Schoolhouse Peak lookout which can be deferred until the division's lookout study is completed.

With this funding the division will be able to assist the board in writing new forest practice rules, reviewing timber-harvesting plans and enforcing the new rules which went into effect January 1, 1974.

Contracted Protection

The Division of Forestry contracts with the United States Forest Service for the latter agency to provide fire protection services on private (state responsibility) lands situated within national forest boundaries. The Division of Forestry in turn provides fire protection services for some portions of the national forests. The procedure minimizes duplication. 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 state cost of protecting national forest land. The budget includes \$1,842,220 for payment to the

DEPARTMENT OF CONSERVATION—Continued

U.S. Forest Service in 1974-75 compared to \$1,820,095 in the current year.

The statutes authorize the board of supervisors of any county to assume the responsibility for fire protection services on state responsibility lands within the county and require the state to pay the counties for performing the service. Five counties have elected to assume the state responsibility within their respective boundaries. The allocations in the budget to the five counties are as follows:

1. Kern	\$916,244
2. Los Angeles.....	1,440,690
3. Marin	296,586
4. Santa Barbara	504,588
5. Ventura	528,952
Total	\$3,687,060

Fire Protection, Local Government Contract

The fire protection, local government contract program includes fire protection services provided by the state in local government responsibility areas. Most of these services are performed on rural, agricultural land but some are in highly urbanized and developed areas. The program has grown rapidly in recent years because the division provides the service in some areas where population and corresponding developments have increased markedly. Contracts now involve fire protection service in 25 counties. The budget includes a net increase of 71 positions administratively established in the current year and continued in the budget year. This program now includes almost one-third of all division fire-protection employees. The workload adjustments amount to over \$900,000 added costs to local government.

The total reimbursement to the state for providing local fire protection services in 1974-75 is estimated to be \$15,089,209, which consists of \$13,889,116 in direct costs which appear in the program budget and \$1,200,093 in administrative costs, the detail of which does not appear in the printed budget.

Conservation Camps and Ecology Corps

The department is budgeting \$6,607,119 for 1974-75 to operate 35 facilities in the conservation camp and Ecology Corps program. The estimated amount in the current year is \$6,425,175 and actual costs in 1972-73 were \$4,948,756. The department receives substantial reimbursements from other agencies for training of inmates in conservation centers and for work projects performed by inmates, wards and ecology corpsmen.

The conservation camps house inmates of the Department of Corrections and wards of the Department of the Youth Authority. The ecology centers house conscientious objectors and regular civilians (freemen).

In the past four years, the emphasis which the state has placed on probation subsidy has resulted in a reduced number of inmates suitable for assignment to conservation camps. In order to retain about the same number of men available for emergency fire-suppression work, the department has been expanding the Ecology Corps. On July 1, 1973, two

conservation camps were converted to ecology centers. This reduced the number of conservation camps from 29 to 27 and their authorized population from 1,940 to 1,820. The number of permanent ecology centers increased from six to eight and their authorized population from 380 to 500. A temporary 70-man ecology center at Camp Parks in Alameda County operated from April 9 to November 1, 1973, to construct fuel breaks to reduce the eucalyptus fire hazard in the East Bay hills. Most of the state's costs for this project were reimbursed by the federal government.

Overtime pay for ecology corpsmen was raised July 1, 1973, from \$2.80 to \$3.65 per hour and regular pay from \$100 to \$125 per month. This pay raise enables veterans of military service who are in the program to qualify for \$160 per month payment for vocational education, and thus makes the program much more attractive to them.

Report on Ecology Corps

The Supplemental Report on the 1973 Budget Bill directed the department to report to the Legislature by December 1, 1973, on policy guidelines for the operation of the Ecology Corps, the role of the corps in watershed and fire protection, salaries and working conditions, the use of corpsmen in place of private enterprise and proposals for a statutory basis for the program. The department's report, submitted in December 1973, is a brief description of the history and present operation of the corps with information on pay and fringe benefits. The report is deficient in that it does not provide policy guidelines for the program as requested by the committee. According to the Governor's State of the State Message, proposed legislation to provide a statutory basis for the Ecology Corps program will be submitted to the Legislature in 1974. We assume that this proposal will include policy guidelines for the corps.

Wildland Soil and Vegetation Survey

We recommend that the Legislature approve the department's request of \$187,295 with the directive that the department make a complete review of the program prior to the preparation of the 1975-76 budget.

The Cooperative Soil-Vegetation Survey is concerned primarily with mapping soil composition and vegetative cover of the privately owned wildlands of the state. The cooperative agencies are the U.S. Forest Service Experiment Station at Berkeley, the Department of Agronomy at U.C. Davis, and the Department of Soils and Plant Nutrition at U.C. Berkeley. The survey and mapping is done by the U.S. Forest Service. The University of California provides soils analyses and greenhouse and field plot tests. The end products are soil and vegetation maps which are printed and sold by the U.S. Forest Service to recover its printing costs. The maps are useful to land managers.

In our 1971-72 Budget Analysis, we pointed out the increasing costs of the program and recommended that an appropriation for it be deleted. Since that time, costs have continued to rise while output remained level through 1971-72, then dropped in 1972-73. Cost and output figures for a six-year period are given in Table 2. As indicated in the table, the Division of Forestry budget projections of output have been overly optimistic in the past.

DEPARTMENT OF CONSERVATION—Continued

Table 2
Soil and Vegetation Survey

Fiscal year	Budget estimate acres mapped ^a	Actual acres mapped	Actual costs
1969-70.....	300,000	158,000	\$153,167
1970-71.....	250,000	153,000	158,920
1971-72.....	150,000	153,000	153,672
1972-73.....	150,000	108,000	162,530
1973-74.....	150,000	—	180,091 ^b
1974-75.....	200,000	—	187,295 ^b

^a Estimate made for budget year.

^b Estimated.

The Division of Forestry has established priority levels for the survey. According to the division, there are approximately 11 million acres of first priority and 12.4 million acres of second priority lands. All work on the first priority areas is to be complete by June 30, 1975. In 1973, the department indicated it will extend the survey until 1984 and add 19 million more acres with a total completion cost of about \$6,500,000. The value of these maps is probably not sufficient to warrant surveying these lands which the division itself has labeled second priority. The department plans to accomplish the extended survey in the same manner in which the first priority areas have been mapped, with the U.S. Forest Service conducting the physical survey and mapping, and the University of California providing other services. The department has little direct control of the mapping effort, and is acting primarily as a funding agency. In the past, mapping has been delayed because of internal policy decisions of the U.S. Forest Service. Overhead charges by the U.S. Forest Service have increased from 25 percent for 1973-74 to 27 percent for 1974-75. The department should make a thorough review of the soil-vegetation survey program, prior to the preparation of the 1975-76 budget, including the need for mapping of second priority lands and the advantages of using department employees for the project.

GEOLOGIC HAZARDS AND MINERAL RESOURCES CONSERVATION

The objective of the geologic hazards and mineral resources conservation program is to identify and delineate geologic 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, which has 95 authorized positions.

Total expenditures in the budget year are estimated to be \$2,666,632 compared to estimated current-year expenditures of \$2,956,707.

Further Work on Special Study Zones

Chapter 1354, Statutes of 1972, requires the State Geologist to delineate and map special study zones to encompass as a minimum the traces of the San Andreas, Calaveras, Hayward and San Jacinto Faults. The purpose of the work is to provide data for cities and counties to establish zoning and building regulations for these geologically hazardous areas. Preliminary delineation of the four above-mentioned faults is now complete. The Divi-

sion of Mines and Geology proposes to continue five positions which were established in the current year to update and extend the study as mandated by the legislation.

Chapter 1354 appropriated \$100,000 to the Department of Conservation from the General Fund to begin the work. \$50,000 of this appropriation was spent on the project in 1972-73 and the remaining \$50,000 in 1973-74. To these amounts the department added about \$50,000 per year in internally redirected funds. For 1974-75, the program budget calls for an increase of \$36,076 but the true cost of the continued project will be \$86,076. The Department of Conservation is also proposing to shift about \$48,000 from funds formerly budgeted to the Division of Resource Conservation to this work.

The law provides that state and local costs be financed by a fee established by the State Mining and Geology Board and levied by local government against each applicant for a building permit within a special study zone. The board has set a fee of \$1 per \$1,000 of construction cost, to go into effect July 1, 1974. One-half of this fee will go to local government for administration costs. The division feels that the program will eventually become self-supporting as more areas are included in the special study zones.

Report on Seismograph Networks

The Conference Committee on the 1973 Budget Bill recommended that the Division of Mines and Geology study and report to the Legislature by December 1, 1973, on the seismograph networks operated by the University of California at Berkeley (UCB) and the California Institute of Technology (CIT) to determine the feasibility of state operation of the networks with the universities financing research.

In the current year the Division of Mines and Geology has contracts with CIT and UCB of \$57,000 and \$2,500 respectively. Both institutions provide notification of location and magnitude of California earthquakes, and maps and publications on seismic phenomena. The division's 1974-75 budget provides for these contracts to be renewed at their current levels.

The division's report recommends that the state provide a \$70,000 increase in the annual budget for the University of California and that the division enter into a contract with the California Institute of Technology for \$57,000 per year. These amounts are the same as those recommended by the Governor's Earthquake Council (First Annual Report of the Governor's Earthquake Council, November 21, 1972). The division's report estimated that state operation of the networks would cause a net cost increase of \$410,000 for the current year. The UCB and CIT networks contain some seismograph stations which would not be required for the state's informational needs. The report does not estimate the cost of funding only the required stations, or the increased cost to place seismographs in some parts of the state where gaps now exist in the networks.

One of our purposes in making the study recommendation last year was to define any state operational interest in the important information secured from the network. The division's report seems unimaginative and heavily weighted by academic concern rather than concern for the gen-

DEPARTMENT OF CONSERVATION—Continued

eral public. We are unable to evaluate the technical nature of the operational needs of the public and are not prepared to make specific recommendations on implementation of the report's findings and conclusions.

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 correlate earth movements with evaluations of damage to structures. By this process, building codes can be improved, safer structures designed which will withstand damage and the users of the structures provided maximum safety.

The division purchases, maintains and installs strong-motion instruments as needed in representative geologic environments and structures throughout the state. Financing is from the Strong-Motion Instrumentation Program Fund. The fund receives revenues from a fee of 7 cents per \$1,000 of construction cost, which is collected through construction permits issued by local government. Item 254 appropriates \$461,483 from that fund to finance the program in 1974-75. Revenues for 1973-74 and 1974-75 are estimated at \$450,000 each year.

The budget proposes three additional positions to accelerate the purchase and installation of strong-motion instruments. The division estimates that 150 instruments will be installed in 1973-74 and 175 in 1974-75. The cost of each installed instrument is about \$2,000. The division indicates that a total of 3,000 installations will be made over a period of years.

Evaluation of Real Estate Subdivisions

From February 1966 to November 1, 1973, the Department of Real Estate forwarded to the Division of Mines and Geology requests for staff comment on geologic problems at new real estate subdivisions. The procedure was based on a contractual arrangement between the departments. The geologist's comments were based mostly on a review of geologic maps that the division has on file. The Department of Real Estate reimbursed the Division of Mines and Geology for this service. There were 2,019 such reports made in 1972-73, and 1,000 are estimated for 1973-74.

Beginning November 1, 1973, the Division of Mines and Geology, with the approval of the Division of Real Estate, made a basic change in its review procedure. The division no longer reviews subdivision plans. Instead, a statement is inserted in the public report on the property as follows:

"The most recent information available to the state geologist indicates that (*city or county*) does not require compliance and/or provide adequate enforcement of Chapter 70 of the Uniform Building Code as to control of grading practices. Therefore, purchasers should be aware that adequate precautions probably have not been taken prior to and during construction to minimize, prevent or avoid the likelihood of damage due to geologic hazards. . . ." If a developer does not wish to have the statement in the public report, he must request from the Department of Real

Estate a form to be signed by an official of his local agency responsible for enforcing construction standards. The official must certify whether a geologic report is necessary. If not, the form is sent to the Division of Mines and Geology for review. If a report is required, the developer must have one prepared and signed by a soils engineer and an engineering geologist and then this report is reviewed by the division.

The new procedure shifts the burden of making geologic investigations from the division to the developer. The division feels that this new procedure will benefit the property buyer because more thorough studies will be made. Some developers may elect to have the warning statement left in the public report. The value of the new procedure depends on the seriousness with which property buyers view the statement. From preliminary indications, the Department of Real Estate estimates that most developers will pay for the necessary work to avoid having the statement in the public report. It is too early to evaluate the effect of this program on the public.

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. The revenues are placed in the Petroleum and Gas Fund and the Subsidence Abatement Fund. Budget-year expenditures are estimated to be \$2,016,816 compared to \$1,904,458 in the current year.

The division supervises the drilling, operation, maintenance and abandonment of oil, gas and geothermal wells throughout the state and the repressuring operations for the abatement of land subsidence in the Wilmington area. The division has 94 authorized positions.

Well Abandonment and Oil Sump Protection

In 1972 the Legislature amended Section 3237 of the Public Resources Code concerning the abandonment of the estimated 20,000 idle wells in the state. Abandonment programs must be developed for wells found to be deserted in order to initiate abandonment actions after April 1975. Abandonment of a well requires returning the area around the well to its natural state, plugging the hole at the surface, and plugging the formation below to prevent oil leakage and contamination of fresh water.

Chapter 1076, Statutes of 1973, requires the Division of Oil and Gas to force oil operators to screen or fill those oil sumps designated by the Department of Fish and Game as hazardous to wildlife. There are an estimated 5,000 oil sumps in California, and the Division of Oil and Gas estimates that as many as one-fourth of these may be involved.

The 1974-75 budget includes \$65,480 to develop and conduct a two-year program to catalog abandoned wells and to conduct the oil sump project. Four inspector positions are proposed for this work.

New Funding Basis for Division of Oil and Gas

We recommend that the Legislature amend the Public Resources Code to eliminate the Petroleum and Gas and the Subsidence Abatement Funds and to transfer their revenues and expenditures to the General Fund.

DEPARTMENT OF CONSERVATION—Continued

The division is now supported by charges on operators of oil, gas and geothermal wells. Revenues are placed in the Petroleum and Gas Fund and the Subsidence Abatement Fund. The division reviews drilling plans and operations to assure safety from blowouts, oil losses and other hazards. It also administers subsidence abatement in the Wilmington oilfields at Long Beach. The division exists primarily to insure the conservation of California's reserves of oil, gas and geothermal energy, to protect the public safety, and to provide environmental protection.

In this period of public apprehension about the adequacy of future energy supplies and concern that all regulation of energy producing companies serves fully the public interest, the division should be free of any possible allegation that it is influenced by the regulated industry which provides its support. The financing of this division from fees paid by oil operators who have a pecuniary interest in division decisions could possibly influence, or appear to influence, the division to unduly consider the interests of the industry it regulates. In order to remove this possibility, the division should be supported from the General Fund. Fees and charges to support oil, gas, geothermal and subsidence abatement work should be paid as a proper cost of doing business, but these revenues should be placed in the General Fund. The Petroleum and Gas Fund and the Subsidence Abatement Fund should be abolished. At the same time the director of the department should be given the statutory responsibility and authority to set fees and charges sufficiently high to pay all costs. Transferring the Division of Oil and Gas to the General Fund will also facilitate, in the long run, eliminating some duplication of effort and confusion of responsibility with the Division of State Lands.

Elimination of Oil and Gas Commissioners

We recommend that the Legislature amend the Public Resources Code to eliminate the district oil and gas commissioners as presently constituted because they are serving little public purpose and because their status is constitutionally doubtful.

The district oil and gas commissioners are elected in each of six oil producing districts of California. All districts have seven commissioners except for District 4, which has nine. All commissioners are engaged in oil and gas development except for two public members in each district. The commissioners' duties are to advise the oil and gas supervisor and to hear appeals by well operators when rulings of the supervisor are objectionable to operators. They may overrule the supervisor's decisions within their districts if they choose.

We have examined minutes of the meetings of district commissioners from January 1, 1970, to December 31, 1973. Of the 38 meetings held during this four-year period, 27 were concerned exclusively with election of a new chairman or with appointing commissioners to fill vacancies. At nine of the meetings there was some comment which expressed feelings of the commissioners on state policy matters, mostly legislation. There were no appeals of rulings of the supervisor in this period. According to information from the Division of Oil and Gas there were three appeals of

rulings of the supervisor over the period 1960-70. All three were in the early sixties, and the result of each appeal was a modification rather than a reversal of the ruling concerned. It is not clear whether there is a general lack of activity or the supervisor is influenced by the desire not to be overruled. Either way, there is little justification for the continued existence of the district oil and gas commissioners.

The recent decision (*Bayside Timber Company, Inc., vs. Board of Supervisors of San Mateo County*) of the court of appeals of the State of California ruled the Forest Practice Act as it existed in September 1971 unconstitutional because timber industry representatives made up the majority of the Board of Forestry. Unlike the Board of Forestry, the district oil and gas commissioners do not set policy or make regulations. However, because of their power to overrule the commissioner in appeal cases, they are probably subject to the same type of decision. The district commissioners should be eliminated because they are serving little purpose and because their status is constitutionally doubtful.

Elimination of the Division of Resource Conservation

In April 1973, the Department of Conservation requested an amendment to the 1973-74 Budget Bill to reallocate the entire support of the Division of Resource Conservation as follows:

1. To the Division of Mines and Geology for one senior engineering geologist position	\$21,960
2. To the director's office for administration of the open-space program	\$57,747
3. To the Division of Forestry for mapping work by PEP employees in Los Angeles.....	\$195,246
Total.....	\$274,953

The Legislature approved the first two items, but did not approve the transfer of funds to the Los Angeles mapping unit because federal funds were available to support the project.

The budget indicates that in the current year the department abolished all of the positions (12.4) in the Division of Resource Conservation. The department indicates the remaining funds for division support, \$195,246 were expended as follows:

1. To the director's office for additional funding for the open-space program	\$30,000
2. To the Division of Mines and Geology for support of special fault study zone program	\$48,000
3. Applied as credit against emergency fire-suppression costs.....	\$117,246
Total.....	\$195,246

These transfers were made without notification of the Legislature through appropriate sections of the Budget Act.

The department is requesting that the total \$274,953 appropriation level be continued for 1974-75 and allocated as follows:

1. Division of Mines and Geology for continued funding for senior engineering geologist.....	\$21,267
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DEPARTMENT OF CONSERVATION—Continued

2. Division of Mines and Geology for continued funding of the special fault study program zones	48,000
3. Executive and management services for continued funding of open-space program and preparation of environmental impact reports	87,747
4. Division of Forestry for 8 clerks for ecology centers.....	54,240
5. Division of Forestry for 11 additional clerks for ranger units	74,580
6. Executive and management services for two management analysts	<u>26,568</u>
Total	\$312,402

The department indicates that the difference of \$37,449 between the above expenditures and the \$274,953 available in the current year will be made up by departmentwide salary savings.

In May 1973, legislation (AB 2517) sponsored by the department was introduced to abolish the Division of Resource Conservation and the State Resource Conservation Commission. The bill is still in the Assembly policy committee.

GENERAL SUPPORT

The general support activity includes executive and support services necessary to carry out departmental programs. The department has budgeted \$5,840,485 for this purpose in the budget year compared to \$5,790,132 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 to each of the three divisions. The department provides accounting, budgeting and personnel services for the divisions. Each of the divisions also has its own management and staff service functions allocated to general support activity.

Resources Agency
STATE LANDS DIVISION

Item 258 from the General Fund

Budget p. 128 Program p. I-756

Requested 1974-75	\$2,641,170
Estimated 1973-74.....	2,561,789
Actual 1972-73	1,720,362
Requested increase \$79,381 (3.1 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Data on State-Owned Oil Resources. Recommend State Lands Commission provide the Legislature with data on state-owned oil resources. 525

2. Queen Mary. Recommend the Legislature provide for 526 state control of all Long Beach tideland trust expenditures.

GENERAL PROGRAM STATEMENT

The State Lands Division in the Department of Conservation 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 is responsible for the management of state school lands, tide and submerged land, swamp and overflow land and the beds of navigable rivers and administers tidelands trusts granted by the Legislature. The commission is authorized to sell state school land and to provide for the extraction of minerals and oil and gas from lands in its custody. It also conducts a program to locate the boundaries of tide and submerged lands owned by the state and to maintain records showing the location of state-owned land.

The division, headquartered in Sacramento, has approximately 200 employees. At the present time the executive office of the division is in a separate location in Sacramento from the staff which provides administrative services and performs certain land transaction functions. In the spring of 1974, the two division locations are to be consolidated at a new location in Sacramento. The division staff formerly in Los Angeles has been moved and consolidated with the staff supervising the Long Beach operations. The Long Beach office now performs the Long Beach operations including auditing functions and other mineral resource development activities on state-owned lands.

The division's single program of land management is divided into two major elements of extractive development (state leases and Long Beach operations) and other land transactions. The expenditures in the administration program are distributed to the elements of the land management program.

ANALYSIS AND RECOMMENDATIONS

The Governor's Budget proposes a total expenditure of \$3,825,737 for the support of the State Lands Division in 1974-75, which is an increase of \$25,609 from the current year. The General Fund appropriation of \$2,641,170 is an increase of \$79,381 over the current year. There are minor changes involving the elimination of a systems analyst position in the Long Beach operations and the conversion of 3.5 temporary-help positions to permanent positions in the San Francisco Bay litigation activity.

Land Management

The land management program has two major elements; these are extractive development (state leases and Long Beach operations), and

Table 1
Land Management Program Expenditures

	1972-73	1973-74	1974-75
Extractive development:			
State Leases	\$734,293	\$1,054,680	\$1,055,490
Long Beach operations	1,022,877	1,175,243	1,146,094
Other land transactions	1,035,520	1,570,205	1,624,153
	\$2,792,690	\$3,800,128	\$3,825,737

STATE LANDS DIVISION—Continued

other land transactions. The funding for these program elements in a three-year period is shown in Table 1.

The extractive development (state leases) element is made up of three primary activities, which are oil and gas leasing and development, geothermal leasing and development, and mineral leasing and development. 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. The division maintains surveillance of all cost and revenue elements of Long Beach tideland operations. This division activity is funded as a reimbursement from Long Beach oil revenue.

The other land transaction element includes ownership determination, nonextractive leasing, and the inventory and general management of state lands. In the current year the division is scheduled to complete its inventory of state lands and identification of those lands having significant environmental values of statewide interest as directed by Chapter 1555, Statutes of 1970.

1973 Legislative Augmentation Not Fully Implemented

In the last two years our Analysis of the Budget Bill has indicated that the State Lands Division has been underfunded to carry out its resource obligations. Last year we recommended and the Legislature and Governor approved an augmentation of \$517,000 for increased program activities by the State Lands Division. The augmentation financed 36 additional positions in the extractive development and the other lands transaction program elements. As of January 1, 1974, 10 of the new positions were vacant and the division has held five additional positions in abeyance. Also, the division converted one of the new positions to hire a special consultant at \$100 per day to prepare reports and publicity releases concerning public hearings related to the possible resumption of offshore oil and gas exploration. With one-half of the fiscal year expired, the division has managed to fill slightly more than one-half of the positions added in the 1973-74 Budget Act.

The division has experienced recruitment difficulties for some of the new positions. The fuel shortage has created a demand for mineral resources engineers, and individuals with those qualifications are in short supply. There has been some delay by the Personnel Board in scheduling examinations for some of the land agent and boundary determination officer positions. The division anticipates filling most of the vacant positions in the other land transactions program sometime in February.

A new executive officer was hired at the beginning of the current year. He has indicated a desire to hold some of the positions in abeyance pending discussions with the Coastal Zone Conservation Commission in planning future uses of the coastal tide and submerged lands.

Sale of Royalty Oil

Last year the Legislature recommended that the State Lands Division offer its royalty oil for sale at competitive bid in order to assure that the state is receiving maximum revenue from its oil sales. State practice has been to accept cash royalty payments from individual leases rather than take the oil in kind. At its November meeting, the State Lands Commission authorized the award of contracts for selling its royalty oil from eight Orange County leases which together account for approximately 71 percent of the state's royalty oil. The high bids on these contracts ranged from 77 cents to \$1.26 above posted prices. On October 25, 1973, the Cost of Living Council announced regulations effective in 30 days, but retroactive to October 25, 1973, which proposed to limit the price at which the state may sell its oil. However, as of January 1974, the Federal Energy Office has issued regulations which indicate state-owned oil is removed from federal price ceilings. This action not only indicates the state sale of royalty oil may proceed but, more important, that the state will receive increased revenues from existing oil leases. At the time of this writing the division is determining the estimated amount of the increased revenue.

Offshore Drilling Moratorium Lifted

After the 1969 Santa Barbara blowout and oil spill on the federal outer continental shelf, the State Lands Commission imposed a drilling moratorium on state-controlled offshore oil operations. In April 1973 the commission directed the division to review the commission policy concerning drilling and producing on existing oil and gas leases on state-owned tide and submerged lands. The review was to include an examination of the interrelationship between surface drilling locations, the type of operation to be performed and the availability of adequate containment and cleanup equipment. Public hearings were held by the division in Los Angeles and Santa Barbara. At a hearing in November the commission accepted the division's recommendation to lift the drilling ban on a lease-by-lease basis. In addition, the commission directed the division to develop and implement a program for the identification of sources of oil pollution both natural and man-caused on the beaches. This program is not in the budget at this time.

The division is now attempting to determine whether environmental impact reports are required for the resumption of drilling on existing leases. The division has not included any added revenue in the budget year from offshore leases because of two factors. First, there appears to be a shortage of drilling equipment available for operators on offshore leases, and the matter of environmental impact reports may delay activities.

Data on State-Owned Oil Resources Needed

We recommend that the State Lands Division prepare and submit to the Legislature, at the earliest practical date, a comprehensive report on the offshore oil resources on state lands indicating the general location of the resource, the approximate amount of the resource, the geology and the economics of its availability and environmental problems.

In recent months, the public has been called on to conserve energy and make certain sacrifices due to an energy shortage of uncertain propor-

STATE LANDS DIVISION—Continued

tions. The state, as an owner of approximately 2.6 billion barrels of oil, should be developing reliable data as to its oil resources. The State Lands Commission and Division are responsible for the development and management of the state's offshore oil resources. It is essential if the state is to develop intelligent courses of action to have reliable information on the oil resources located in its offshore areas.

Queen Mary

We recommend that the Legislature provide for state control over Long Beach tideland trust expenditures.

The State Lands Division has completed an extensive review of the RMS Queen Mary conversion project at Long Beach. The review considered the use of tideland trust funds by the city for the acquisition, site development and conversion of the RMS Queen Mary between August 1967 and December 31, 1972. In December 1973 the division advised the State Lands Commission that the state should weigh the possibility of litigation against the City of Long Beach to recover approximately \$14 million in tideland trust revenues which the division considers to have been illegally spent on the conversion and development of the Queen Mary project to benefit concessionaires. The division staff also recommended remedial legislation to amend Chapter 138, Statutes of 1964, which is the basis for the allocation between the city and the state of Long Beach tideland revenue. We concur with the general findings of the division and have consistently recommended that the Legislature should provide for state control over Long Beach tideland trust expenditures.

Resources Agency**DEPARTMENT OF FISH AND GAME**

Item 259 from the Fish and Game Preservation Fund

Budget p. 130 Program p. I-766

Requested 1974-75	\$22,776,340
Estimated 1973-74.....	22,508,197
Actual 1972-73	19,519,060
Requested increase \$268,143 (1.2 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

- Environmental Protection Program Fund. Recommend limiting language be added to Item 263 to restrict expenditures to support of nongame species and request Auditor General to audit expenditures.

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GENERAL PROGRAM STATEMENT

For 1973-74, the Department of Fish and Game requests support appropriations as follows:

1. Item 259, Fish and Game Preservation Fund	\$22,776,340
2. Item 261, Fish and Game Preservation Fund, Duck Stamp Account.....	102,000
3. Item 262, Fish and Game Preservation Fund, Training Account	99,000
4. Item 263, California Environmental Protection Program Fund	<u>1,000,000</u>
Total	\$23,977,340

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 1,400 employees located throughout the state. Field operations are supervised from regional offices in Redding, Sacramento, Yountville (Napa County), Fresno and Long Beach.

Programs and 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.

Funding Sources

Table 1 shows the funding sources for the department's support activities for a five-year period.

The department's funding sources are as follows:

1. *Fish and Game Preservation Fund.* The department is primarily a special fund agency. This fund secures its revenues from the sale of hunting and fishing licenses and stamps, court fines and commercial fish taxes, plus grants of federal funds and reimbursements received from other government agencies. About 21 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 \$30,615,365 from all sources for support programs in 1974-75.
2. *California Environmental Protection Program Fund.* For the first time the department will receive a support appropriation from a

DEPARTMENT OF FISH AND GAME—Continued

Table 1
Department of Fish and Game—Support Expenditures

<i>Source of Funding</i>	<i>1970-71</i>	<i>1971-72</i>	<i>1972-73</i>	<i>1973-74^a</i>	<i>1974-75^a</i>
Fish and Game Preservation Fund					
Department support.....	\$17,206,511	\$17,661,969	\$19,519,060 ^b	\$22,508,197 ^b	\$22,776,340 ^b
Marine Research Committee Account	103,821	200,610	140,676	157,350	149,500
Duck Stamp Account	—	—	—	120,000	102,000
Training Account	—	—	—	81,400	99,000
California Environmental Protection Program Fund.....	—	—	—	—	1,000,000
Federal funds.....	2,029,564	2,757,347	3,233,729	3,350,225	3,360,188
Totals as shown in Governor's Budget	\$19,339,896	\$20,619,926	\$22,893,465	\$26,217,172	\$27,487,028
Expenditures funded through reimbursements					
Federal funds	997,857	877,628	1,024,044	1,194,190	1,248,589
Other	1,293,954	1,649,742	1,595,798	1,788,905	1,879,748
Total of all expenditures	\$21,631,707	\$23,147,296	\$25,513,307	\$29,200,267	\$30,615,365

^aEstimated.^bIncludes minor capital outlay.

source other than the Fish and Game Preservation Fund. The budget includes \$1 million from the California Environmental Protection Program Fund (revenue from the sale of personalized license plates).

3. *Duck Stamp Account.* The account was created by Chapter 1582, Statutes of 1970, which also requires any person who hunts for ducks and geese to purchase a state duck stamp for a fee of \$1.
4. *Training Account.* This account was established by Chapter 1333, Statutes of 1971, which levies a penalty assessment of \$5 for every \$20 imposed and collected by the court as a fine for any violation of the Fish and Game Code.
5. *Federal funds.* These funds, totaling \$3,360,188, are used in cooperative programs and are based on four federal acts with federal funding sources and expenditures from each funding source as follows:
 - a. Federal Aid in Wildlife Restoration Act (Public Law 75-415), known as the Pittman-Robertson Act. Excise tax on sporting arms and ammunition and pistols and revolvers, \$2,064,825.
 - b. Federal Aid in Fish Restoration Act (Public Law 81-681), known as the Dingell-Johnson Act. Excise tax on sport fishing equipment, \$779,288.
 - c. Commercial Fisheries Research and Development Act (Public Law 88-309), known as the Bartlett Act. Federal General Fund, \$247,575.
 - d. Anadromous Fisheries Act (Public Law 89-304). Federal General Fund, \$268,500.

Fund Condition

On July 1, 1973 the accumulated surplus in the Fish and Game Preservation Fund was \$4,492,427. The fund surplus at the end of the budget year, after providing a reserve of \$1,106,784 for salary increase, is estimated to be \$506,710.

In addition to the Fish and Game Preservation Fund surplus of \$506,710, the department will also have available at the end of the 1974-75 fiscal year some unexpended funds under the federal programs. Based on past record, the amount of these funds will probably be approximately \$2,500,000.

ANALYSIS AND RECOMMENDATIONS

The total support request for the Department of Fish and Game consisting of Items 259, 261, 262, and 263 is \$23,977,340. This request is \$1,267,743 or 5.6 percent over estimated current year expenditures of \$22,709,597. There are no significant workload or program changes. Most of the increases for 1974-75 reflect higher costs of providing existing services. The major increases are:

1. Personal services, \$300,000 (primarily merit increases).
2. Operating Expenses \$900,000 (including \$640,000 increased cost of fish food).
3. Minor capital outlay, \$143,000.

For all programs financed from all sources of funds, the budget proposes to establish 15.5 new positions and delete 7.5 for a net increase of eight positions. The new positions are funded by reimbursements or cooperative federal programs.

Department Programs

The primary objectives of the department's programs are to protect and regulate the use of the state's fish and wildlife. Most of the department's activities pertain to sport and commercial taking of fish and wildlife. The programs, expenditures and respective elements are as follows:

1. Enforcement of laws and regulations, \$8,570,096. This is the largest program of all and includes (a) protection and use regulation of fish and wildlife, (b) licensing, (c) hunter safety, (d) conservation education.
2. Wildlife, \$5,493,923. The program elements are (a) waterfowl, (b) upland game, (c) big game, (d) nongame including rare and endangered species.
3. Inland fisheries, \$7,205,522. This program is directed toward recreational fishing and includes (a) trout, (b) warmwater game fish, (c) other species.
4. Anadromous fisheries, \$3,962,763. The program elements are (a) salmon and steelhead, (b) sturgeon and striped bass, (c) delta studies.
5. Marine resources, \$3,427,208. This program is directed to both sport and commercial fisheries and includes (a) big game, (b) coastal, (c) bottomfisheries, (d) pelagic, and (e) shellfisheries.
6. Environmental services, \$1,955,853. The objective is to protect fish and wildlife habitat. The elements are (a) water projects and (b)

DEPARTMENT OF FISH AND GAME—Continued

water quality.

Estimated administration program costs of \$2,333,931 are prorated to the other programs.

STATUS OF FISH AND GAME PRESERVATION FUND

The Fish and Game Preservation Fund has financial difficulties. Estimated fund revenue in 1974-75 is not enough to finance all of the department's proposed support expenditures. The surplus in the Fish and Game Preservation Fund at the end of the budget year is estimated to be almost depleted. To finance the deficit between estimated revenues and expenditures, the department requests an appropriation of \$1 million from the California Environmental Protection Program Fund (revenue from sale of personalized license plates).

1971 License Fee Increase Expended

In 1971 the Legislature increased hunting and sport fishing licenses to provide about \$5 million added revenue to the department. The department used some of the added revenue to finance program increases budgeted in 1971 and 1972, but most of the added revenue has been used to finance increased costs of existing programs.

In the current year the department has taken action to reduce some previously authorized expenditures. The department has frozen 48.9 new positions authorized in 1973-74 to realize current year support savings of \$519,450. Also, the budget indicates the department has reduced its 1973-74 estimated capital outlay expenditures from the appropriated amount of \$2,043,200 to \$1,146,816. Since the budget was prepared the department has decided to drop the construction of the Region II Headquarters and Field Station in Sacramento. This action saves an additional \$940,000 from 1973-74 capital outlay. On the revenue side, estimated 1973-74 revenues have been reduced by \$1 million compared to the estimate made last year.

Salary Increases

The budget includes a reserve for the salary increases in 1973-74 and 1974-75 which were enacted last year but disallowed by the Cost of Living Council. An additional salary increase in 1974-75 of approximately 3 percent approved by the Governor is not included in the department's expenditures. The department estimates a 3 percent salary increase will cost approximately \$410,000 annually.

Another Fee and Tax Increase

Because revenue to the Fish and Game Preservation Fund is no longer sufficient to finance the department's ongoing programs, the department will request the Legislature this session to enact increased hunting and license fees and commercial fish taxes to provide estimated revenue as follows:

1. Increased hunting and sport fishing license fees	\$4,682,000
2. Increased commercial fishing license and boat registration fees and commercial fish taxes	888,000
Total	\$5,570,000

The department indicates the increased revenue from the proposed increase in fees will provide financing for current programs and leave approximately \$1 million in annual revenues for future costs. The fee increases appear to be expedient to meet a serious fiscal situation but probably will not serve the long-term needs of the department.

Reevaluation of Programs Needed

For the reasons discussed in the paragraphs below, both the Legislature and the department should start now to reevaluate departmental programs. The reevaluation should include consideration of (1) removal of the earmarking of duck stamp and training revenues as discussed later in this analysis under title of duck stamp and training programs, (2) use of Marine Research Committee funds for departmental commercial fisheries support, (3) a clearer definition and cost accounting for nongame and rare and endangered species work, (4) a review of all special service programs to be certain they are self-supporting, and (5) restructuring the Fish and Game Commission and the department to provide a broader resources orientation (rather than a sportsman orientation) which would be consistent with the use of revenues other than sportsman's fees.

There are three significant factors which have a great bearing on the department's programs and financing. First, during this period of comparatively rapid rates of inflation, the department derives most of its revenue from fixed license fees. The rising costs make it extremely difficult for the department to provide additional services for its license buyers. Second, the fuel shortage has begun to affect auto travel and will tend to discourage long-distance travel for recreation. The effect of the fuel shortage on the sale of hunting and fishing licenses is not yet known. Third, most people would agree that there has been a growing public attitude, especially among young people, toward "preservation of wildlife" in place of the "taking of game".

Decline in Sales of Hunting Licenses

At our request, the department has provided data on the number of actual hunting and sport fishing licenses sold over the last five-year period

Table 2
Department of Fish and Game
Number of Hunting and Sport Fishing Licenses Sold
Fiscal Years 1968-69 through 1972-73

	1968-69	1969-70	1970-71	1971-72	1972-73	Percentage change 1968-69 to 1972-73
Hunting:						
Resident license	682,840	692,571	684,397	629,249	578,884	-15%
Junior license	73,334	72,564	70,696	68,426	62,397	-15
Resident deer tags.....	419,058	410,118	391,473	376,670	357,264	-15
Pheasant tags	226,249	225,110	228,678	219,438	195,904	-13
Fishing:						
Resident license	1,858,370	2,093,271	2,041,171	2,002,019	2,023,139	+9%
Ocean—three-day li- cense	198,975	197,574	192,909	154,168	147,617	-26
Stamp (inland, trout, anadromous)	3,011,935	3,458,475	3,428,337	3,387,603	3,300,519	+10

DEPARTMENT OF FISH AND GAME—Continued

from fiscal year 1968-69 through 1972-73. From that data, we have presented in Table 2 the number of major hunting and fishing licenses sold.

Table 2 indicates that over the five-year period hunting license sales declined 15 percent while fishing license sales increased 9 percent.

In the face of declining hunting license sales, an increase in those fees has limited value in the long run. The department indicates that the number of hunting licenses sold in 1973-74 will probably exceed 1972-73 sales and the department therefore optimistically estimates another increase in 1974-75. Increased costs of food may, of course, encourage some more people to hunt game, and perhaps slow the decline.

Long-Term Indications

The department's proposed fee increases are necessary to adequately finance ongoing programs. The fee increase, however, is a short-term solution and it is evident that some longer term solution including alternative methods of financing are required. Before other funding is provided the department on a permanent, long-range basis, however, the department should make a thorough review of its activities and programs to determine the appropriate levels and the degree of self-support for services rendered. In addition, any duplication of water quality work with other agencies should be eliminated.

California Environmental Protection Program Fund

We recommend that limiting language be added to Item 263 to restrict the expenditure to support of nongame species and that the Auditor General be requested to audit expenditure of the funds.

Item 263 would appropriate \$1 million from the California Environmental Protection Program Fund to the Department of Fish and Game. The budget indicates the money is to support that portion of the Fish and Game programs devoted to nongame species management and protection.

The program budget indicates the \$1 million will be allocated as follows:

1. Law enforcement	\$517,000
2. Wildlife	299,000
3. Inland fisheries.....	75,000
4. Marine resources	41,000
5. Environmental services	<u>68,000</u>
	\$1,000,000

The program budget identifies only two expenditures totaling \$572,819 that may be concerned with nongame species management and protection. One is an expenditure of \$389,178 in the nongame element of the wildlife program, and the other is \$183,641 in the other species element of the inland fisheries program.

In its December 1972 "Report to the Joint Legislative Budget Committee on Nongame Fish and Wildlife Programs," the department estimated support expenditures for the nongame programs as follows:

1972-73.....	\$681,000
1973-74.....	753,000
1974-75.....	903,000

The department's 1972-73 Annual Cost Accumulation Report indicates the department expended \$568,492 for nongame species in 1972-73. That amount is about \$100,000 less than the department estimate of \$681,000 when it prepared the nongame species report. The department indicates revisions need to be made in its time reporting system and cost accumulation report to accurately reflect its effort in nongame species.

To carry out the intent of the Governor's Budget, language should be added to the appropriation to restrict expenditures to support of nongame species. Because of the uncertainties of the nature and extent of nongame programs, the Auditor General should be requested to audit expenditure of the \$1 million at midyear and end of the fiscal year.

DUCK STAMP PROJECTS

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. The law states that at least 80 percent of the funds must be spent in Canada to preserve waterfowl habitat and the balance may be spent in California or other parts of the Pacific Flyway.

The minor capital outlay budget (Item 261) includes three projects totaling \$102,000 for 1974-75 as follows:

1. *Dried Meat Lake, Alberta, Canada.* Spillway control structure, \$64,000. To provide adequate water levels for habitat maintenance in a 3,000 acre marsh.
2. *Smoky Lake, Alberta, Canada.* Spillway control structure, \$30,000. To provide adequate water levels to maintain a marsh of about 2,500 acres.
3. *Spaulding Reservoir, Modoc National Forest, California.* Project reconstruction, \$8,000. To raise the height of an earth dam and construct 20 nesting islands to provide an improved habitat of 600 acres. Construction by the U.S. Forest Service. This is the first California project budgeted by the department.

Program Faltering

Revenue from the sale of state duck stamps is accumulating in the special Duck Stamp Account at a faster rate than the department is budgeting projects. The budget shows total revenue from 1971-72, the first year of the program, through 1974-75 to be \$663,163, while expenditures over the same period are estimated to be \$321,000 leaving a surplus of \$342,163.

Expenditures include projects totaling \$120,000 in the current year and \$102,000 in the budget year. In addition, the department is entitled to deduct 10 percent administrative costs from the revenues and the license agents deduct 5 percent for their commission.

The estimated surplus of \$342,163 is three times the amount of the department's proposed projects (\$102,000) in the budget year.

The department is using some of the account surplus together with a surplus in the training account (discussed below) to finance statewide

DEPARTMENT OF FISH AND GAME—Continued

programs. The account surplus is shown below:

Estimated Yearend Surplus:	1974-75
Duck Stamp Account.....	\$342,163
Training Account	302,560
Total	<u>\$644,723</u>

The surplus of \$644,723 in the two accounts is more than the 1974-75 surplus of \$506,710 in the entire Fish and Game Preservation Fund. Thus it is apparent that the department is using \$137,000 of the surplus in the two accounts to finance statewide programs. If it did not do this the fund would show a deficit.

The department should review the priority status of this program in relation to the shortage of Fish and Game Preservation Fund money and the long-term financial needs of the department as discussed above in status of the Fish and Game Preservation Fund.

TRAINING PROGRAM

Chapter 1333, Statutes of 1971, levies a penalty assessment of \$5 for every \$20 imposed and collected by the courts as fines for Fish and Game Code violations. The court collects and transmits the total amount of the assessment to the state. The money must be deposited in the Fish and Game Preservation Fund in a special account to be used for the education and training of Department of Fish and Game employees. Revenues to the account began in 1971-72 and the proposed budget provides the second year of program expenditures.

Item 262 requests \$99,000 from the training account for education and training of department employees. The main activity in the budget year will be continuation of the Peace Officers Standards Training.

Revenues to the training account have accumulated at a faster rate than the department has budgeted expenditures. Total revenues from the beginning of the assessment in 1971-72 through the budget year total \$482,960. In the current and budget year the department estimates expenditures of \$180,400 leaving a surplus in the account of \$302,560. The surplus is over three times as great as the proposed budget year expenditures of \$99,000.

The department should review the priority of this program in relation to the shortage in the Fish and Game Preservation Fund and long-term financial needs of the department as discussed above in status of the Fish and Game Preservation Fund.

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

Item 260 from the Fish and Game Preservation Fund

Budget p. 130 Program p. I-778

Requested 1974-75	\$149,500
Estimated 1973-74.....	157,350
Actual 1972-73	140,676
Requested decrease \$7,850 (5.0 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Marine Research Committee consists of nine members appointed by the Governor. The law requires that most of the members represent the commercial fishing industry. Support for the committee comes from a privilege tax of \$1 per ton 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 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.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The committee requests an appropriation of \$149,500 for 1974-75, a decrease of \$7,850 from estimated expenditures in the current year. The reason for the decrease is to place expenditures in line with revenue. In previous years the committee has budgeted expenditures which were more than revenues and which required the use of reserve funds. These reserve funds are almost depleted. The operating reserve on June 30, 1973, was \$28,638 and the reserve at the end of the budget year is expected to be \$11,988.

In the budget year the committee estimates expenditures of \$37,000 for operating expenses and coordination. Contractual studies and projects are budgeted as follows:

1. California Academy of Sciences \$11,000—food habitat study
2. Department of Fish and Game..... 25,000—jack mackerel study
3. Scripps Institution..... 10,000—atlasses
4. Institute of Marine Resources 20,000—water quality study
5. U.C. Santa Cruz 16,000—phytoplankton study

MARINE RESEARCH COMMITTEE—Continued

6. Moss Landing Marine Laboratories Con-	
sortium	29,000—market squid

Resources Agency
DEPARTMENT OF FISH AND GAME

Items 261 and 262 from the Fish and Game Preservation Fund	Budget p. 130	Program p. I-785
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Requested 1974-75	\$201,000
Estimated 1973-74.....	201,400
Actual 1972-73	—
Requested decrease \$400 (0.2 percent)	
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

These two items would appropriate funds for support of the Department of Fish and Game from the Fish and Game Preservation Fund as follows:

Item 261, Duck Stamp Account	\$102,000
Item 262, Training Account	99,000

The discussion of these appropriations is included in the analysis of Item 259 on Analysis pages 533 and 534.

Resources Agency
DEPARTMENT OF FISH AND GAME

Item 263 from the California Environmental Protection Program Fund	Budget p. 130	Program p. I-784
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Requested 1974-75	\$1,000,000
Estimated 1973-74.....	—
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS

We recommend that limiting language be added to restrict the expenditure to support of nongame species and that the Auditor General be requested to audit expenditure of the funds.

The discussion of this item is included in the analysis of Item 259, on Analysis pages 532 and 533.

Department of Fish and Game
WILDLIFE CONSERVATION BOARD

Item 264 from the Wildlife Restoration Fund

Budget p. 132 Program p. I-790

Requested 1974-75	\$166,079
Estimated 1973-74.....	160,511
Actual 1972-73	103,604
Requested increase \$5,568 (3.5 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 seven. 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 by 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 June 30, 1973, the Wildlife Conservation Board had allocated over \$34 million 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.

Fund Status

The Wildlife Restoration Fund derives revenue through a continuing appropriation of \$750,000 from horserace license fees. Although the board funds projects on a regular basis, there is a substantial balance of continuing appropriations in the Wildlife Restoration Fund, since land acquisition and construction projects take time to complete. As of June 30, 1973, the balance was \$1,961,903, and it is estimated to be \$1,955,303 at the end of the budget year.

Resources Agency
KLAMATH RIVER COMPACT COMMISSION

Item 265 from the General
Fund

Budget p. 133 Program p. I-795

Requested 1974-75	\$11,800
Estimated 1973-74.....	0
Actual 1972-73	4,725
Requested increase \$11,800	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

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

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

Moneys appropriated to the commission by Oregon and California are placed directly into the commission's bank account. Unexpended amounts remain in the commission's account rather than reverting at the end of a fiscal year. No appropriation to the commission was made in fiscal year 1973-74 because unexpended amounts from prior years were available to meet the commission's budgetary needs. The 1974-75 request is for \$11,800.

Resources Agency

DEPARTMENT OF NAVIGATION AND OCEAN DEVELOPMENT

Item 266 from the General
Fund and Item 267 from the
Harbors and Watercraft Re-
volving Fund

Budget p. 134 Program p. I-796

Requested 1974-75	\$1,842,646
Estimated 1973-74.....	1,431,171
Actual 1972-73	1,345,352
Requested increase \$411,475 (28.8 percent)	
Increase to improve level of service \$395,700	
Total recommended reduction	\$167,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

- | | |
|---|------------------|
| 1. <i>Boating Facilities.</i> Reduce Item 267 by \$102,000. Recommend deletion of funds for two studies on harbor siltation until projects are more completely defined. | Analysis
page |
| 2. <i>Beach Erosion.</i> Reduce Item 266 by \$65,000. Recommend reduction of funds for study of effect of man-made structures on the coastline. The project would point out a problem which is already sufficiently clear, rather than find a solution. | 542 |
| 3. General Management. Recommend department revise its program budget to more accurately reflect output beginning in the 1975-76 budget. | 543 |
| | 544 |

GENERAL PROGRAM STATEMENT

The two items discussed in this analysis which would appropriate funds for support of the Department of Navigation and Ocean Development are:

1. Item 266, \$185,278, from the General Fund, and
2. Item 267, \$1,657,368, from the Harbors and Watercraft Revolving Fund.

The program objectives of the department are to:

1. Develop and improve boating facilities in the state,
2. Reduce boating accidents on state waters,
3. Protect the public against unscrupulous yacht and shipbrokers and safeguard passengers on for-hire vessels, and
4. Conduct a beach erosion control program independently or in cooperation with federal and local agencies.

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

Statutory Authority

The statutory authority for most of the department's programs is included in Divisions 1 and 3 of the Harbors and Navigation Code. 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. However, most of the programs still remain oriented toward recreational boating. In addition, with the approval of Proposition 20 by the voters in November 1972, all coastal zone planning activities formerly claimed by the department are now in the Coastal Zone Conservation Commission. The department has done some planning for waterborne transportation. However, the Department of Transportation has been given responsibility for all transportation systems planning (Chapter 1253, Statutes of 1972). The Department of Navigation and Ocean Development's program to develop a Marine Terminal and Navigation Plan has been terminated and all materials and information transferred to the Department of Transportation.

DEPARTMENT OF NAVIGATION AND OCEAN DEVELOPMENT—Continued**Sources of Funding**

The department's programs are funded by the annual transfer of approximately \$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, by the Recreation and Fish and Wildlife Enhancement Fund for the development of boating facilities at units of the State Water Project and by federal funds for the state boating safety program.

The money from the Motor Vehicle Fuel Fund is derived from fuel taxes paid by boaters. Revenue from boat registration fees was \$1,559,653 in 1972-73 and is estimated to be \$1,573,000 in 1973-74 and \$1,626,000 in 1974-75. The General Fund supports the Beach Erosion Control Program. The department has received federal allocations of \$195,258 in the current year and \$155,575 for 1974-75 for the state boating safety program.

On June 30, 1973, the accumulated surplus in the Harbors and Watercraft Revolving Fund was \$2,677,318. The surplus is estimated to be \$74,236 at the end of the budget year.

Effect of Fuel Shortages on Harbors and Watercraft Revolving Fund

The Harbors and Watercraft Revolving Fund is largely supported by an annual transfer of funds from the Motor Vehicle Fuel Account. Section 8352 of the Revenue and Taxation Code directs the Department of Public Works, after consultation with the Department of Navigation and Ocean Development, to prepare a report every four years estimating the amount of money credited to the Motor Vehicle Fuel Account attributable to taxes on fuel used by boats. The 1973 report includes a method for the annual calculation. This method, now in use, calculates the fuel usage assuming constant consumption factors proportional to the length of registered boats. The report suggests that consumption factors should be updated periodically, but the Department of Navigation and Ocean Development has no plans to do so before the next report is due in 1977. If present fuel shortages continue, the Harbors and Watercraft Revolving Fund will obtain more than its share of the Motor Vehicle Fuel Account Funds until 1977. This is because the calculation makes no adjustment for the amount of boat use. The average boatowner will probably use his boat less as fuel prices go up relative to his disposable income, and especially if fuel shortages develop for pleasure boating.

Although the present method of calculation could conceivably remain in effect until 1977, any extended period of fuel shortages will reduce gasoline sales, including fuel for pleasure boats, thereby reducing revenue to the Motor Vehicle Fuel Account. Correspondingly, there will of necessity develop pressures to reduce expenditures from that account, including the transfer of funds to the Harbors and Watercraft Revolving Fund. Consequently, the Department of Navigation and Ocean Development should be reviewing its programs and allocation of project funds to make sure it does not become overextended and can make program reductions, if needed, with as little disruption as possible.

Position Changes

The department requests funding of 58.1 positions for 1974-75, a decrease of 2.0 positions from the current year. The decrease results from the transfer of the Marine Transport Terminal and Navigation Plan to the Department of Transportation.

Budget Increases

The increase in the department's support appropriation is due to increases in minor capital outlay and consultant and professional services. For 1974-75 the department is requesting \$284,200 for minor capital outlay, which is \$214,200 more than estimated expenditures of \$70,000 in the current year. Consultant and professional services are budgeted for \$358,000 compared to \$176,500 in the current year, an increase of \$181,500.

Departmental Programs

The department's programs in the two support items covered by this analysis are as follows: boating facilities, boating safety and regulation, brokers and for-hire operator licensing, beach erosion control and general management. The local assistance portion of these programs is analyzed in separate items following the support analysis. The minor capital outlay appropriation 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**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 public 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.

Program support expenditures are budgeted at \$846,978 compared to estimated expenditures of \$716,236 in the current year.

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

1. 14 launching facilities (projects) totaling \$2,922,000; support costs of \$270,498; 7.5 man-years.
2. 7 harbor development loans totaling \$6,870,000; support costs of \$417,654; 9.5 man-years.
3. 2 major and 9 minor capital outlay projects totaling \$893,200; support costs of \$129,949; 4 man-years.

Minor capital outlay expenditures for boating facilities totaling \$349,200 from all funds are as follows:

1. Boarding floats at Emerald Bay State Park, El Dorado County.
2. Improved parking, landscaping, lighting and water system at Folsom Lake State Recreation Area.
3. Mooring buoys at McNear's Beach and Paradise Cove, Marin County.
4. Paved parking and boarding floats, Millerton Lake State Recreation

DEPARTMENT OF NAVIGATION AND OCEAN DEVELOPMENT—Continued

area, Fresno and Madera Counties.

5. Safety information signs (statewide).
6. Service trailers for floating restrooms.
7. Restroom at Oroville Lake, Butte County (Recreation and Fish and Wildlife Enhancement Fund).

Consultant and Professional Services

We recommend a reduction of \$102,000 (Item 267) to delete funds for two studies on methods to prevent excessive siltation at harbor entrances.

The budget includes \$102,000 in professional and consulting services for two studies by Scripps Institution of Oceanography. The first is \$75,000 for investigations to prevent harbor siltation and the second is \$27,000 for developing and testing techniques for self-cleansing of harbor entrance channels.

Detailed proposals for these two studies have not been received by the department. Funding should be withheld until the projects are more completely defined.

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 discharges from vessels. Support costs from the Harbors and Watercraft Revolving Fund are budgeted for \$435,259 in 1974-75 compared to \$411,844 in the current year.

The department has budgeted \$800,000 in local assistance for allocations to counties for the enforcement of boating laws.

The budget includes a one-time expenditure allocation of \$65,000 to the Department of Parks and Recreation for removal of hazardous debris at Lake Oroville. Floating debris from the watershed create an annual hazard for boaters.

Federal Boat Safety Act of 1971

Public Law 92-75, the Federal Boat Safety Act of 1971, authorizes Congress to appropriate up to \$7,500,000 for each of five fiscal years beginning with 1971-72 for state boating safety programs. The department has received federal allocations of \$195,258 in the current year and \$155,575 in 1974-75. The federal funds are not subject to state legislative control but are included in the expenditure totals for the Governor's Budget.

The department is using the federal funds to augment the state's subventions to counties for law enforcement and to assist some counties that are ineligible for assistance under the state program.

Also, the department is using some federal funds to prepare boating safety films and literature, to produce radio and TV spot announcements, to purchase patrol craft for local agencies and to pay instructors of classes conducted by the department at the Modesto Regional Criminal Justice Training Center for local boating law enforcement officers.

Brokers and For-Hire Operators Licensing

The objective of the brokers and for-hire operators licensing program is to protect the public from fraudulent acts by brokers and to safeguard passengers on for-hire vessels. The department examines applicants and issues broker's and operator's licenses.

Because of the passage of Chapter 1428, Statutes of 1970, requiring licensing of all vendors of used boats, there was a substantial increase in revenue from yacht and shipbroker license fees in 1971-72 and 1972-73. In these years the activity was self-supporting. However, the surge of new licensing applications created by the law has now passed and estimated revenues fall short of expenditures. Since licensing fees are now at their legal maximums, there is little chance that revenues will increase substantially in the future. For 1973-74, expenditures are estimated at \$65,618 and revenues at \$45,000. For 1974-75, the department has requested \$68,198 and estimates revenues of \$46,000. Thus the boating public is paying a substantial part of the cost of this program through the Harbors and Watercraft Revolving fund.

Beach Erosion Control

The objectives of the beach erosion control program are to study and report on the problems of beach erosion and prepare plans and construct works necessary to stabilize and replenish beach areas. Most of the program involves cooperative efforts with the federal government but there are some independent state investigations. The projects are usually constructed by the U.S. Corps of Engineers. For the first time in many years there are no construction projects in the local assistance budget. As of this time the department has not been notified of any corps projects scheduled for 1974-75 which will require state funding.

Consultant and Professional Services

We recommend a reduction of \$65,000 (Item 266) to delete funding for a study of the effect of man-made structures on the coastline.

General Fund support expenditures for beach erosion control are budgeted for \$185,278 in 1974-75 compared to \$115,044 budgeted for the current year. Most of the increase is to finance a Scripps Institution of Oceanography study which would attempt to assess adverse effects of groins, jetties and breakwaters on adjacent coastal areas. Such structures often alter the pattern of sand deposition on nearby beaches. The problem is already sufficiently clear and does not justify large expenditures for further definition. It is more desirable now to look for solutions, rather than to continue to outline the problem. In addition, the department has not received a detailed proposal for this project. The budget narrative indicates \$35,000 is budgeted for the study but supplementary information from the department indicates \$65,000 is the amount involved.

General Management

General management provides executive direction and administrative services of accounting, budgeting and personnel. There is \$263,742 budgeted for the function in 1974-75 compared to \$263,891 estimated for the current year.

DEPARTMENT OF NAVIGATION AND OCEAN DEVELOPMENT—Continued**Program Budget Statement**

We recommend that the department revise its program budget in order to more accurately reflect output and that these changes be reflected in the 1975-76 Governor's Budget.

Currently, the department's program budget statement primarily enumerates and describes workload activities. It does not present either desired or accomplished output which should result from these activities. As a result, there is no way in which to evaluate to what degree the department has been able to achieve its stated goal.

For example, the safety and education element of the boating safety and regulation program has as part of its stated goal "... to determine causes of boating accidents and develop and implement remedies. . . ." The outputs of this element are, however, the number of accident reports reviewed, number of copies of boating safety literature distributed, and number of boating safety films loaned to organizations. These stated outputs are actually the workload of the element. They are not indicative of the effectiveness of the element in meeting either its stated objectives or goals.

While a workload summary is informative and desirable, outputs which actually revealed the effectiveness of the element would be much more in keeping with the true objectives of the program budget and would contribute substantially more to a cost-benefit analysis. A more meaningful output statement for the element would include the number of accidents, injuries and fatalities per boat per year with data on the effectiveness of various methods of prevention.

The boating facilities program could benefit from a similar change in output statement. For example, the output statement for the grant program element states that:

"The effectiveness of this program element can be measured by the number of launching lanes constructed each year in areas of demonstrated need, by a reduction in the waiting time for launching and retrieving a boat at crowded reservoirs, and by the dispersion of boaters to various reservoirs as facilities are constructed to reduce overcrowding."

This statement expresses the obvious. But numbers are needed to indicate specific accomplishments.

One of the objectives of the capital outlay administration element of the boating facilities program is stated to be "... to construct . . . destination ports and harbors of refuge at designated intervals along the coast . . . "

Although the output statement implies that such harbors have been built with capital outlay funds, none have been, and probably none will be in the future. Rather than being constructed separately, these facilities for transient boaters will be provided in marina projects of the loan program. The output statement for the capital outlay administration element is misleading. If the number of harbors of refuge and destination ports constructed each year were stated in the output, it would be clear that there have been no such facilities built with capital outlay funds in past

years, and there will be none in 1974-75.

We believe the department should redefine its output information in order to provide the Legislature with a more adequate basis upon which to evaluate departmental activities. Such redefinition would also appear to aid the department in efficiently allocating its resources.

Revisions to the narrative statements to reflect the decision of the electorate in establishing the California Coastal Zone Conservation Commission are also needed.

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

Item 268 from the Harbors and Watercraft Revolving Fund

Budget p. L-33 Program p. I-796

Requested 1974-75	\$6,970,000
Appropriated for 1973-74	6,250,000
Actual 1972-73	2,947,000
Requested increase \$720,000 (11.5 percent)	
Total recommended reduction	\$3,900,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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|---|------------------|
| 1. <i>Cabrillo North Basin Marina (City of Los Angeles).</i> Reduce \$2,200,000. Recommend disapproval until local controversy with the stalled Fish Harbor Marina project is resolved. | 546 |
| 2. <i>Long Beach Marina.</i> Reduce \$1,700,000. Recommend deletion because City of Long Beach should use tidelands revenue rather than state funds to expand marina. | 546 |
| 3. Energy Conservation. Recommend Legislature appropriate requested funds for the Channel Islands, Foster City and Monterey marinas with limitation that new boat slips constructed not be made available to vessels relatively high in fuel use. | 547 |

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 public agencies and through 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 assistance program and Item 269 finances the grant portion for launching facilities. Appropriations for boating facilities in the state park system are in capital outlay Items 380, 406 and 407. The Harbors and Watercraft Revolving Fund finances most of the department's local assistance.

LOANS FOR PLANNING AND HARBOR DEVELOPMENT—Continued**ANALYSIS AND RECOMMENDATIONS**

The department requests an appropriation for harbor development loans totaling \$6,970,000 as follows:

1. Channel Islands Marina, Ventura County—144 boat slips, parking lot, landscaping, pumpout station, restrooms, picnic area.....	\$1,370,000
2. Crescent City Harbor, Del Norte County—(conclusion of project)	250,000
3. Cabrillo North Basin Marina, City of Los Angeles—950 boat slips, concession facilities	2,200,000
4. Foster City Marina, San Mateo County—457 boat slips, launching ramp, boat hoist	500,000
5. Long Beach Marina—150 boat slips, sewage pumpout, restrooms, parking, landscaping	1,700,000
6. Monterey Small Craft Harbor—62 boat slips, sewage pumpout	250,000
7. San Francisco Marina—new seawall protection, sewage pumpout, toilets, parking, landscaping	600,000
8. Statewide planning loans.....	100,000
Total	\$6,970,000

Cabrillo North Basin Marina—City of Los Angeles

We recommend that \$2,200,000 for the Cabrillo Marina not be approved until the local controversy concerning the stalled Fish Harbor Marina project is resolved.

The budget indicates \$2,200,000 will be expended for development of an unidentified marina at the Port of Los Angeles. Supplementary material from the department identifies the project as the Cabrillo North Basin Marina sponsored by the City of Los Angeles.

The Budget Act of 1969 included a loan of \$1 million and the Budget Act of 1971 provided an additional \$1,500,000 for construction of a marina to be located at Fish Harbor, also in Los Angeles Harbor near the proposed Cabrillo North Basin Marina. The Fish Harbor Marina was to have a capacity of 1,100 boats, about the same number as for the Cabrillo project. Local controversy has developed over the Fish Harbor project and the City of Los Angeles has not initiated construction. The state appropriations have been encumbered but not expended. Problems associated with the disposal of dredging spoils are among those that have stalled the project. There is no guarantee that the proposed Cabrillo North Basin Marina will be free of similar problems. The Fish Harbor Marina project impasse should be resolved before more money is committed to a second project in Los Angeles Harbor.

Long Beach Marina

We recommend deletion of \$1,700,000 for the Long Beach Marina expansion project and that the City of Long Beach use its tideland oil revenue to finance the project.

The department requests \$1,700,000 for a loan to the City of Long Beach

to expand the Long Beach Marina. The project would add 150 berths and provide a sewage pumpout station, restrooms with showers, parking, lighting and landscaping. The city constructed the existing marina, completed in 1960, with tideland oil revenue.

From August 1967 through 1972, the City of Long Beach has expended \$56 million of tideland trust funds for the acquisition, site development, conversion and operation of the R.M.S. *Queen Mary* as a maritime museum. The State Lands Division has studied the expenditures and reported that the city has improperly spent \$14 million of the trust funds for commercial development of the *Queen Mary*.

The circumstances of the geographic location of the tidelands oil deposits at Long Beach has been a windfall to the City of Long Beach. However, the city has committed much of this tidelands revenue to the *Queen Mary*, which is a low-priority project on any statewide basis. One of the statutorily authorized expenditures for the city's tidelands revenues is the construction of small boat marinas. The city should use some of its tidelands revenue to finance the expansion of its marina rather than request a loan of state funds to do the job.

Energy Conservation

We recommend that the Legislature appropriate the requested funds for the Channel Islands, Foster City, and Monterey Marinas with the stipulation that the new boat slips constructed not accommodate vessels relatively high in fuel use.

Current fuel shortages are expected to continue indefinitely. Energy will certainly be more expensive, relative to other consumer needs, than it has been in the past. National policy will continue to emphasize conservation of all forms of energy. Therefore, stimulating the construction of marina facilities for large powerboats which consume great quantities of fuel for the pursuit of pleasure is not in the public interest. New marinas should be built only to accommodate vessels relatively low in energy use such as sailboats and smaller motorcraft.

Department of Navigation and Ocean Development LAUNCHING FACILITY GRANTS

Item 269 from the Harbors and
Watercraft Revolving Fund

Budget p. L-31 Program p. I-796

Requested 1974-75	\$2,922,000
Estimated 1973-74.....	2,135,000
Actual 1972-73	745,000
Requested increase \$787,000 (36.9 percent)	
Total recommended reduction	\$285,000

LAUNCHING FACILITY GRANTS—Continued**SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**

1. *Lake McCloud, U.S. Forest Service (Shasta County).*
Reduce \$285,000. Recommend deletion because construction would encourage long-distance, high-energy-use automobile travel to an area already amply supplied with launching ramps.

ANALYSIS AND RECOMMENDATIONS

This item would appropriate \$2,922,000 to finance 15 launching facility grants to public agencies. Eight projects and \$1,062,000 involve improvements to existing launching facilities. Seven projects and \$1,860,000 involve additional facilities.

Launching facility grants are requested as follows:

	Analysis page	page
1. Solano County, City of Benicia—Construct two-lane launching ramp, parking lot, restrooms	\$95,000	549
2. Glenn County, Black Buttes Reservoir, U.S. Army Corps of Engineers—Extend existing two-lane concrete ramp, deepen channel, add boarding floats	80,000	
3. Yuba County, Bullards Bar Reservoir, U.S. Forest Service—Extend and add to existing launching ramps, pave parking area, renovate restrooms, landscape.....	252,000	
4. Ventura County, Channel Islands Harbor—Construct seven-lane concrete ramp, parking area, boarding floats, boat-washing facility	480,000	
5. Kern County, Lake Isabella, U.S. Army Corps of Engineers—Construct two-lane concrete launching ramp, parking area, restrooms, boarding floats and landscaping	250,000	
6. Lake County, Lakeside County Park (Clear Lake)—Construct two-lane concrete launching ramp, two boarding floats, parking area, renovate existing restrooms	140,000	
7. Shasta County, Lake McCloud, U.S. Forest Service—Construct two-lane concrete ramp, parking area, boarding float, landscaping	285,000	
8. Yuba County, Marysville Riverfront Park, City of Marysville—Construct two-lane concrete ramp, boarding float, restrooms, parking area, landscaping	320,000	
9. Stanislaus County, Modesto Reservoir—Extend existing four-lane concrete ramp, construct three boarding floats, restroom.....	180,000	
10. San Joaquin County, Mossdale Y on San Joaquin River—Construct two-lane concrete ramp, boarding float, parking area, restroom, landscaping	290,000	
11. Calaveras County, New Hogan Reservoir, U.S. Army Corps of Engineers—Extend four-lane concrete ramp, construct parking area, restrooms, landscaping for exist-		

ing facility	200,000
12. Imperial County, Sunbeam Lake—Improve existing ramp, construct boarding float, landscaping	50,000
13. Ventura County, Ventura Marina, Ventura Port District —Repair boarding floats, renovate restroom, construct parking areas, boat washdown for existing facility.....	150,000
14. Imperial County, Wiest Lake—Improve existing ramp, construct boarding floats, parking area, landscaping....	50,000
15. Statewide—Repair and extension of lower extremities of launching facilities at reservoirs and lakes having fluctuating water levels	<u>100,000</u>
Total	\$2,922,000

Lake McCloud Launching Facility Grant to U.S. Forest Service, Shasta County

We recommend disapproval of the \$285,000 for the Lake McCloud launching facility because its construction would encourage long-distance high-energy-use automobile travel to an area already amply supplied with launching ramps.

The department requests a grant of \$285,000 to the U.S. Forest Service to construct a launching facility at Lake McCloud located in northern Shasta County in the Shasta-Trinity National Forest. The project consists of a two-lane concrete boat-launching ramp, a boarding float, parking area for about 50 cars and trailers and chemical sanitary facilities.

As of December 1970, Shasta County had the third highest total of launching ramps of any county in the state with a total of 87 ramps, 60 of which were concrete. The 1972-73 Budget Act provided a grant to the county for a new four-lane concrete ramp at Packers Bay on Shasta Lake, an enormous lake for boating. The department's 1964 boating plan lists a surplus of launching lanes in this part of northern California. It seems obvious that there are sufficient launching facilities for present needs in the general area of the proposed project and that additional facilities will only encourage long, gasoline-consuming trips by boaters from other areas.

Department of Navigation and Ocean Development
BOATING LAW ENFORCEMENT

Item 270 from the Harbors and
 Watercraft Revolving Fund

Budget p. L-34 Program p. I-799

Requested 1974-75	\$800,000
Estimated 1973-74.....	635,000
Actual 1972-73	349,759
Requested increase \$165,000 (26 percent)	
Increase to improve level of service \$165,000	
Total recommended reduction	\$80,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Boating Law Enforcement.* Reduce \$80,000. Recommend 550 reduction to provide appropriation equal to approved applications for grants.

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 enforcement 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 the appropriation be reduced by \$80,000 to provide only the funds contained in the applications the department has received and approved for 1974-75.

The department requests \$800,000 for local assistance to 24 counties for boating law enforcement in 1974-75. That amount compares to an estimated \$635,000 allocated to counties in the current year.

The counties use 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. At the time the budget was prepared the department estimated \$800,000 would be required for local assistance grants. However, some counties did not apply as anticipated and the department has approved applications on file for only \$720,000 in grants. We believe the appropriation should be reduced by \$80,000 to provide funds only for applications received and approved.

Department of Navigation and Ocean Development**EMERGENCY HARBOR REPAIR AND
PAYMENT OF DEFICIENCIES IN APPROPRIATIONS**

Item 271 from the Harbors and
Watercraft Revolving Fund

Budget p. 134 Program p. I-796

Requested 1974-75	\$100,000
Appropriated 1973-74	100,000
Actual 1972-73	92,000
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 the appropriation is to use the Harbors and Watercraft Revolving Fund as a direct source of money for the repairs rather than borrowing from the General Fund which in turn would have to be repaid from the revolving fund.

Also, the appropriation 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. Without this appropriation the money would have to come from the Emergency Fund, which in turn would be repaid by the revolving fund.

To date in the current year, no allocations have been made. In 1972-73, \$92,000 was allocated to Santa Barbara.

Resources Agency**CALIFORNIA COASTAL ZONE CONSERVATION COMMISSION**

Item 272 from the General
Fund

Budget p. 136 Program p. I-810

Requested 1974-75	\$243,681
Estimated 1973-74.....	294,231
Actual 1972-73	—
Requested decrease \$50,550 (17.2 percent)	
Total Recommended reduction.....	None

**CALIFORNIA COASTAL ZONE CONSERVATION COMMISSION—Continued
GENERAL PROGRAM STATEMENT**

Initiative Proposition 20 enacted by the voters at the November 1972 election created the California Coastal Zone Conservation Commission and six regional commissions to:

- (1) Study the coastal zone and its resources,
- (2) Prepare a state plan for the orderly, long-range conservation and management of the coastal zone, and
- (3) Regulate development by a permit system while the plan is being prepared.

The membership of the commissions is balanced between local government officials and state appointed public members. The commissions have a staff of 100 authorized positions.

The state commission must adopt the coastal zone plan by December 1, 1975, and submit it to the Legislature for adoption and implementation. The act terminates on the ninety-first day after final adjournment of the 1976 Regular Session of the Legislature.

The initiative appropriates \$5 million from the Bagley Conservation Fund to the state commission to support the operations of the commissions until their termination. Also, Chapter 28, Statutes of 1973, appropriates all fees and reimbursements collected from permit applications to the commission. In fiscal year 1972-73 the permit fees were \$76,883 and are estimated to be \$368,484 in each of the current and budget years.

ANALYSIS AND RECOMMENDATIONS*We recommend approval.*

This General Fund appropriation of \$243,681 provides for legal services rendered to the commission by the Attorney General. The amount finances six attorneys and related clerical positions and expenses. The General Fund appropriation is based on a conclusion of the Attorney General that services rendered to the commission should be treated as services rendered to a General Fund agency and should be paid out of the General Fund. The current-year appropriation of \$294,231 consists of \$217,405 for Attorney General services and \$76,826 in salary increase allocation for the commissions' staff. The 1974-75 budget continues the salary increases with financing from the Bagley Conservation Fund.

The commissions call on the Attorney General's office for substantial services. The office is presently representing the commissions in approximately 50 lawsuits in various stages of superior court adjudication and issues numerous formal and informal opinions regarding provisions of the act. A representative of the Attorney General attends almost all of the meetings of the state and regional commissions, reviews matters on appeal to the state commission and gives an analysis and recommendation to the commission staff.

1974-75 a Critical Planning Year

Fiscal year 1974-75 will be critical for the commission. Most of the work in preparation of the coastal zone plan must be accomplished during that time in order to meet the constitutional deadline of December 1, 1975, for completion of the plan. Total expenditures for the commission in 1974-75

are budgeted at \$2,712,248 as follows:

1. General Fund (legal services by the Attorney General), \$243,681
2. Bagley Conservation Fund, \$2,068,567
3. Federal funds (coastal zone management program grants), \$400,000.

The balance available to the commission from the Bagley Conservation Fund at the end of the budget year is estimated to be \$1,391,498. That amount probably will be insufficient to finance the final year's operation of the commission. If so, supplementary financing will be required.

Resources Agency DEPARTMENT OF PARKS AND RECREATION

Items 273-277 from the General Fund and three special funds

Budget p. 137 Program p. I-813

Requested 1974-75	\$31,958,178
Estimated 1973-74.....	29,243,523
Actual 1972-73	23,829,302
Requested increase \$2,715,655 (9.3 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Working Drawings. Recommend department and Office of Architecture and Construction (OAC) be directed to immediately determine whether OAC or subcontractors will prepare working drawings. 557
2. New Workload. Recommend \$1,435,357 requested for operating increases be allotted by Department of Finance only when the workload has actually developed. 558

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.

Chapter 1152, Statutes of 1972, transferred all responsibilities for the California Exposition and Fair in Sacramento to the department. The Cal-Expo budget, however, remains separate from the department's budget. It can be found under Item 278 to 280.

Sources of Funding

The department is still expending the \$150 million provided by Chapter 1690, Statutes of 1964, known as the State Beach, Park, Recreational, and Historical Facilities Bond Act of 1964. The electorate has approved Chapter 782, Statutes of 1970, known as the Recreation and Fish and Wildlife Enhancement Bond Act. this act authorizes (among other things) issuing

DEPARTMENT OF PARKS AND RECREATION—Continued

\$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. The passage of Chapter 1, First Extraordinary Session, Statutes of 1971, (AB 1) provided \$40 million for recreational, coastline and other related purposes in the Bagley Conservation Fund. Most of the department's capital outlay program and its associated planning effort now are financed from the Recreation and Fish and Wildlife Enhancement Bond Fund and the Bagley Conservation Fund. A reduced acquisition program of only two projects is being proposed in Item 382 with the department's portion of grant funds from the federal Land and Water Conservation Fund.

Most of the support program funds, as in prior years, are proposed to come from the General Fund. Other sources are \$135,000 from the Off-Highway Vehicle Fund, \$293,807 from the Harbors and Watercraft Revolving Fund for boater safety and \$238,704 from the State Park Highway Account in the Bagley Conservation Fund for park road maintenance.

The department is placing major reliance on passage of the \$250 million 1974 State Beach, Park, Recreational and Historical Facilities Bond Act which will be placed before the electorate in June 1974 for funding. About \$48.3 million of the proposed \$64.4 million capital outlay expenditure program is financed from the 1974 bond act. Approximately \$44.2 million of the \$48.3 million was previously appropriated in the 1973 session for acquisitions: \$26.5 million in Item 379 of the Budget Act, \$10 million for acquisitions at Lake Tahoe pursuant to Chapter 1121 and \$7.6 million for acquisition at the Irvine Ranch pursuant to Chapter 1064. All these 1973 appropriations show as 1974-75 expenditures because the proceeds from the bond act will not be available prior to the 1974-75 fiscal year, assuming the electorate approves the bond act.

If the bond issue fails, the department's budget will require major readjustments and staff reductions will occur.

1974 Park Bond Program

If the 1974 Park Bond issue is approved by the electorate, \$17,600,000 in reimbursements from bond proceeds will be made to the General Fund for acquisitions made with advances from the General Fund as prescribed by Chapters 1064 and 1121, Statutes of 1973. Item 379, Budget Act of 1973, appropriated \$26,591,000 for 10 acquisition projects which are also subject to approval of the bond issue by the electorate. The Resources Secretary and the Parks and Recreation Commission must recommend the projects. The disbursement of these funds would leave approximately \$45,809,000 available for acquisition after passage of the bond act from the \$90 million specified in the bond act for acquisition. There is a restriction in the bond act that at least \$15 million of the \$90 million must be used for acquiring inholdings in existing park units. This leaves about \$30 million available for new project acquisitions in the future.

1974-75 Support and Local Assistance Increases

The department's request is increased substantially from the current year. The total support budget for 1974-75 plus local assistance is \$35,082,627. This is an increase of \$2.2 million or 6.9 percent more than the current year and follows an estimated \$6.7 million increase from the prior year.

In the proposed 1974-75 budget, \$1,391,207 of the increase is due to cost increases. The department is requesting a net of 89 new positions. A decrease of \$569,861 for the grants and local assistance work is the only major departmental decrease and that is due to diminishing activity involving 1964 bond act grants. There is an addition of \$150,000 for the California Youth Conservation Camp program which for the first time is budgeted in this department.

Organization of Support Budget Request

The 1974-75 appropriation request for the department is in the amount of \$31,958,178. This consists of appropriations from the General Fund and two special funds plus expenditures under two continuing appropriations. Federal and other reimbursements total \$2,808,849.

Item 273, Departmental support, General Fund	\$29,497,336
Item 274, Departmental support at Hearst Castle, General Fund.....	1,882,035
Item 275, Off-highway vehicle Studies, Off-Highway Vehicle Fund	135,000
Item 276, Departmental support for boating safety, Harbors and Watercraft Revolving Fund	293,807
Item 277, California Youth Conservation Corps Program, General Fund	150,000
Chapter 1764, Statutes of 1971, San Francisco Maritime Museum State Historic Park, General Fund	\$75,896
Chapter 1032, Statutes of 1973, State Park Highway Account—Bagley Conservation Fund	238,704
Total expenditures	\$31,958,178

ANALYSIS AND RECOMMENDATIONS**Planning and Development**

In recent years this analysis has contained recommendations for the development of standard designs to reduce costs and expedite construction of park units, for improvements in planning and evaluating concession agreements, for establishing schedules and priorities in planning the development of park units and for improving the form and processes by which the planning work is done. The objective was both to improve the technical quality of the work and to secure greater precision in the programs and the policies for acquisition and development of the state park system.

The Legislature approved many of these past recommendations and some legislation that has been enacted spelling out new policies for the department. It does not appear that the program performance capability

Table 1
Development Status of Selected State Park Projects

<i>Year of appropriation</i>	<i>Unit name</i>	<i>Budget item</i>	<i>Amount</i>	<i>Estimated completion date</i>	<i>Remarks</i>
1969	Refugio	423(c)	\$225,000	June 1975	DWC's not started
1971	Big Basin	307.1(a)	100,000	March 1974	Construction delayed
1971	Castaic	327(a)	677,000	Sept. 1974	DWG's complete
1971	Del Valle, Phase I	327(b)	1,700,000	July 1975	DWG's complete
1971	Emma Wood	314(b)	563,560	N/E	DWG's not started
1971	MacKerricher	307.1(c)	110,000	May 1974	DWG's complete
1971	Refugio dev.	307(g)	20,000	April 1974	DWG's not complete
1971	Refugio cont. dev.	314(f)	1,868,312	June 1975	DWG's not complete
1971	San Onofre	314(e)	1,298,000	Oct. 1975	OAC may subcontract
1971	Sea Cliff	307(b)	41,000	Jan. 1975	DWG's not started
1972	Angel Island	318.2(b)(14)	275,000	July 1975	Prelim. plans done
1972	Annadel Farms	323(b)	102,000	N/E	Proposed for revision
1972	Bolsa Chica Phase 1A	Chpt. 1198	182,700	N/E	Held by coastal comm.
1972	Del Valle Phase II	327(b)	1,229,250	July 1975	DWG's complete
1972	MacKerricher	318.2(b)(9)	133,000	N/E	Dept. unable to proceed
1972	Point Mugu Phase II.....	318.2(b)(13)	924,100	July 1975	OAC may subcontract
1972	Silverwood Phase II Cleghorn and Miller	327(g)	1,772,572	April 1975	DWG's not complete
1973	Lake Perris, Phase II	375(b)	7,318,140	Feb. 1976	Work is subcontracted
1973	San Buenaventura	350(m)	199,928	May 1975	City dissatisfied with plan
1973	San Gregorio	350(n)	107,000	April 1975	Dept. has not completed its plan

Source: Department of Parks and Recreation (1-11-74)

Note: (1) N/E indicates no estimate available from the department. DWG means working drawings

(2) There are 11 other construction projects on which OAC is not actively preparing working drawings.

of the department has kept pace with program growth. The department has accumulated \$117.6 million in capital outlay appropriations for the current year including both acquisition and development and excluding the \$44.2 million of 1974 bond funds. Equivalent actual expenditures were \$19.9 million in 1972-73 and \$11.2 in 1971-72. Table 1 shows a number of capital outlay projects which are experiencing difficulties and delays. It is obvious that many development projects funded several years ago are still far from completion. There are many reasons for the delays but some of the more important are funding shortages due to inflation resulting from delays, failure to resolve problems in preliminary planning, poor scheduling, changing plans, lack of standards, delays in decision making and failure to start working drawings.

Table 2
Expenditures and Unexpended Balances
Architecture Revolving Fund

<i>Fiscal year</i>	<i>Amount expended during fiscal year</i>	<i>Unexpended balance in revolving fund at beginning of fiscal year</i>
1971-72	\$2,358,882	\$4,441,514
1972-73	4,780,047	5,716,360
1973-74	2,072,047 (on 11-30-73)	6,119,686
		\$8,757,635 (on 11-30-73)

Table 2 shows the rate at which funds are being expended on design and construction by OAC on new or expanded park units. Funds for a large number of outstanding appropriations have not yet been transferred to OAC because the projects are not ready for necessary Public Works Board approval prior to starting design or construction. The last column shows the unexpended balances have nearly doubled in the period shown due to the low level of project construction activity. The present unexpended balance is twice the rate of expenditure last year and this fiscal year to November 30, 1973.

Expedite Working Drawings

We recommend the department and OAC be directed to determine immediately whether the preparation of the working drawings should be done by OAC or through subcontractors and proceed with the work.

Table 1 shows that the Office of Architecture and Construction (OAC) has not begun preparation of the working drawings required for several of the listed projects. Overall the department currently has approximately 46 funded development projects. Of these, approximately 19 are waiting for working drawings to be prepared by OAC. The Department of Parks and Recreation should have recognized OAC's lack of ability to handle these jobs internally and should have insisted that the projects be subcontracted to private firms. Of course, OAC had the initial responsibility to take such corrective action.

The actual problem within OAC is a result of trying to balance permanent staff levels to varying amounts of work for state agencies. While this

DEPARTMENT OF PARKS AND RECREATION—Continued

is admittedly a difficult problem the only real solution is prompt recognition of those projects which must be subcontracted to the private sector in order not to delay the project. If any projects are not sufficiently defined by the department to permit subcontracting, OAC should return them to the department for further work.

Off-Highway Vehicle Fund

Chapter 1816, Statutes of 1971, provided for the Department of Motor Vehicles (DMV) to register approximately 1.3 million recreational vehicles which do not use the highway system. Of the \$15 registration fee, \$5 is retained by DMV for administration and \$10 is made available to the Department of Parks and Recreation and local government for planning and for development of facilities for these vehicles.

The department is proposing an expenditure of \$135,000 from this fund in the budget year. Of this amount, \$116,317 will be spent in the preparation of various studies and plans for off-highway vehicles. An additional \$18,683 will be spent by the operations division for their participation in the studies.

The registration of vehicles and the collection of fees has been below expectations. So far very little funding has been accumulated for use in the development of recreational vehicle parks. Additional discussion of this subject is presented in this Analysis under Item 225.

OPERATION OF THE STATE PARK SYSTEM**New Workload Proposed for 1974-75**

We recommend that \$1,435,757 being requested for new or increased costs and staffing be allotted by the Department of Finance only when the workload has actually developed.

The department proposes the expenditure of \$30,654,446 in the budget year for the operations program. This represents an increase of almost \$3 million over the current year or a 10 percent increase. The department provides many services through this program including park management, concessions administration, management and protection of resources, information and interpretation, public protection and assistance, facility housekeeping and maintenance of facilities and equipment.

Table 2
Statewide Park Operating Data

	<i>Visitor attendance</i>	<i>Operating cost</i>	<i>Revenue fees</i>	<i>Concessions</i>	<i>Percent Revenues to operating cost</i>
1972-73	43,843,114	\$19,279,289	\$6,987,005	\$563,026	39%
1971-72	43,352,631	16,343,247	7,092,107	594,600	47
1970-71	42,668,157	15,128,629	6,436,815	610,744	47
1969-70	43,984,960	14,313,846	5,807,165	667,206	45
1968-69	36,507,534	10,651,296	4,740,095	516,773	49
1967-68	36,951,762	9,399,904	4,808,813	456,355	56

Source: Department of Parks and Recreation *Statistical Report 1972-73*.

It is important to recognize the rapidly increasing operating costs of the state park system. Table 2 has been extracted from the department's annual statistical report. It shows that during the last six-year period visitor attendance increased approximately 18 percent with a corresponding increase in revenues of about 45 percent. More important was an increase in the operating costs of 111 percent or over twice the rate of increase in visitor revenues.

The above trends are graphically displayed in Figure 1. Estimates for 1973-74 have been added. The number of permanent positions has been held relatively constant even though there has been a number of acquisitions and new developments. A large portion of the workload growth has been absorbed by part-time employees. The department now uses approximately 2,300 temporary employees which are shown as about 500 full-time equivalents on Figure 1. This is desirable and was originally recommended by this office. However, in the current and budget years the department is increasing the number of permanent positions substantially. Permanent positions need to be controlled more closely than temporary positions.

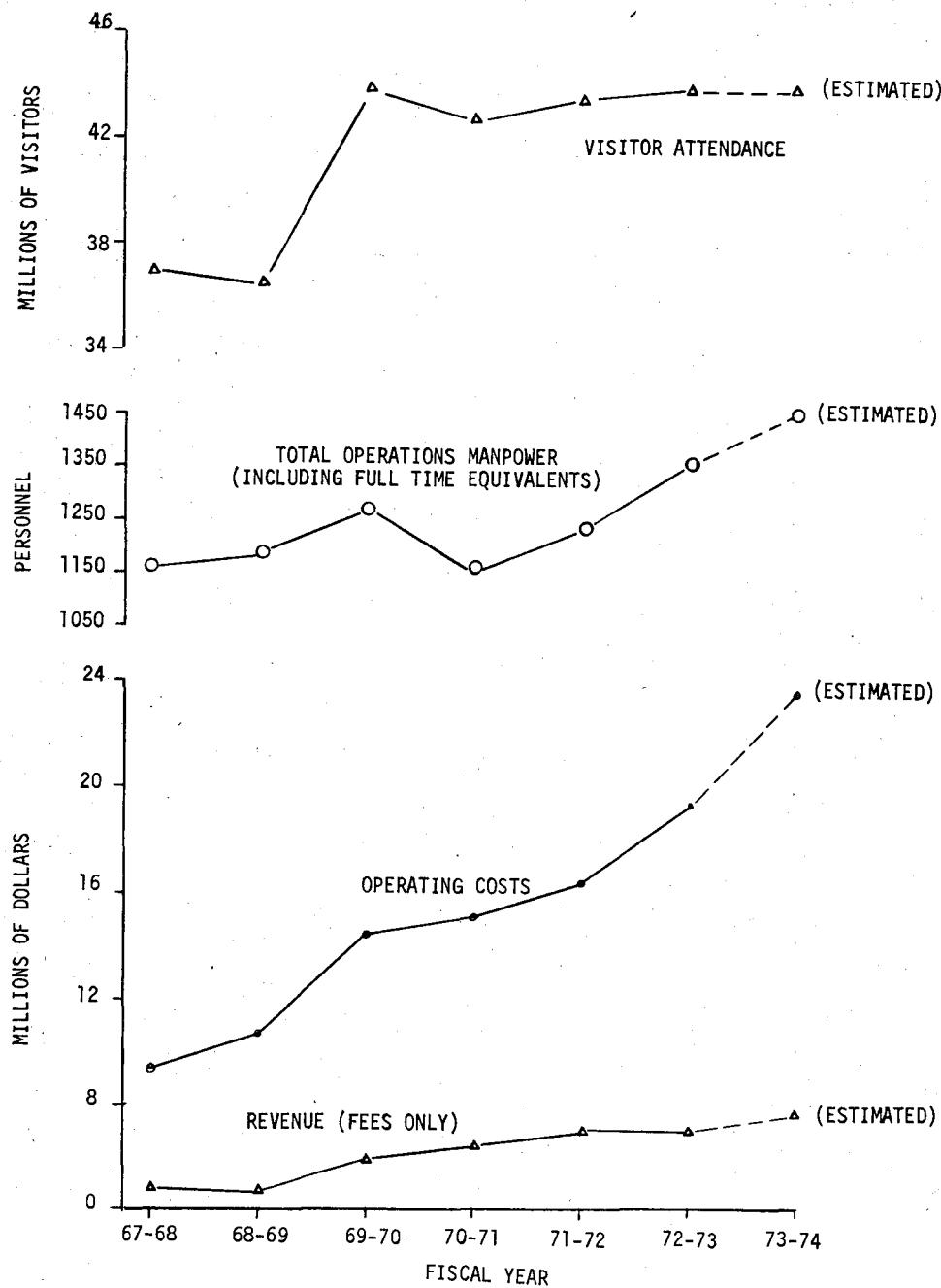
The developing divergence between operating costs and personnel compared to revenue is indicative of (1) inflationary and cost-of-living effects on salaries, (2) increased numbers of personnel needed for maintenance functions due to more elaborate design and landscape features which require added maintenance, (3) more visitor amenities, (4) environmental considerations such as sewage facilities, (5) higher personnel training and area management costs, (6) the limited revenue increase. The department's goal of 50 percent revenue to operating cost has decreased substantially from 56 percent in 1967-68 to 39 percent in 1972-73. This ratio will probably drop further in 1973-74 if gasoline shortages cause decreased attendance and inflation increases operating costs.

The operating increases being requested are partially based on overly optimistic estimates of completion dates and schedules which do not accurately reflect recent or expected delays in development progress. It is therefore doubtful that a substantial portion of the staffing increases will be required as budgeted. For example, Table 2 shows an official estimated completion date for Sea Cliff of January 1975, but working drawings have not yet been started and therefore the \$133,875 for staffing made in the budget request is premature and excessive. The acquisition of the Stanford Home is dependent on passage of the 1974 bond act but \$44,677 is requested for operation. The development of vehicular camping at Doheny is on appeal to the California Coastal Zone Conservation Commission. Other examples could be cited.

Last year this analysis attempted to identify premature operating requests and recommended that excess funds be removed. The budget hearings became detailed and cumbersome and a different approach is needed. This year the number of questionable requests is even larger than last year. As a consequence of the delays in construction and rapidly increasing operating costs, these new operating personnel should be add-

DEPARTMENT OF PARKS AND RECREATION—Continued

Figure 1
Operating Costs, Revenues, Manpower and
Visitor Attendance for the State Park System



ed only when essential. We recommend that the Legislature direct the Department of Finance not to allocate the increase of \$1,435,757 on July 1, 1974, but instead allocate needed funds only as construction is nearing completion and the operating workload has actually developed.

**Department of Parks and Recreation
CALIFORNIA EXPOSITION AND STATE FAIR**

Items 278-280 from the General
and State Fair Funds

Budget p. 141 Program p. I-843

Requested 1974-75	\$1,917,901
Estimated 1973-74.....	1,916,058
Actual 1972-73	1,759,715
Requested increase \$1,843 (0.1 percent)	
Total recommended reduction	Pending

GENERAL PROGRAM STATEMENT

The California Exposition and State Fair (Cal-Expo) is the successor to the old State Fair. It is located on a site in northeastern Sacramento. The original concept of the Exposition and Fair was for an exposition of resources, commerce and unique values of California, in addition to various educational and recreational features. It was intended that the exposition would operate approximately 9 or 10 months each year, with the fall period augmented by special exhibits and agricultural attractions which would be similar to those at the old State Fair. The exposition has not operated on this basis, however, but has continued much as the old State Fair. Chapter 1152 (SB 324), Statutes of 1973, abolished the executive committee which operated Cal-Expo, repealed previously existing law, and transferred all responsibility for Cal-Expo to the Department of Parks and Recreation.

ANALYSIS AND RECOMMENDATIONS

We defer recommendation.

In preparing the 1974-75 budget, the administration overlooked the fact that Chapter 1152 abolished the State Fair Fund. The budget follows the same format and uses the same funding transactions with respect to the State Fair Fund as in previous years. This is not correct. The Department of Finance recognizes that the Cal-Expo budget and some of the budget items will have to be substantially revised at a later date. Until the budget is presented in the form appropriate to present law, we defer analysis and recommendation.

**Resources Agency
RECLAMATION BOARD**

Item 281 from the General Fund

Budget p. 143 Program p. I-847

Requested 1974-75	\$277,264
Estimated 1973-74.....	272,950
Actual 1972-73	240,437
Requested increase \$4,314 (1.6 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Reclamation Board was created in 1911 to participate in controlling the floodwaters of the Sacramento and San Joaquin River Systems. In 1957 the Legislature placed the board within the newly created Department of Water Resources, but authorized it to retain its independent power, responsibilities and jurisdiction. The board 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

We recommend approval.

This item provides for the support costs of the board, consisting of board expenses and a staff of 7.5 positions. The expenditure level is the same as in the current year. All other staff costs or workload associated with board work are performed by and budgeted for the Department of Water Resources.

Resources Agency
**SAN FRANCISCO BAY CONSERVATION
AND DEVELOPMENT COMMISSION**

Item 282 from the General
Fund

Budget p. 144 Program p. I-849

Requested 1974-75	\$368,855
Estimated 1973-74.....	349,569
Actual 1972-73	248,209
Requested increase \$19,286 (5.5 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The San Francisco Bay Conservation and Development Commission (BCDC) 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.

The commission consists of 27 members representing bay area citizens and officials of federal, state and local government.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The commission's total proposed budget is \$393,855 which includes \$368,855 from the General Fund and \$25,000 in reimbursements. Of this total, \$283,575 is for personal services and \$110,280 is for operating expenses. The General Fund proposal has been increased by \$19,286 over the current year. The commission has proposed two new positions for the budget year because of the increased workload in permit processing and environmental impact report review and writing. These are shown as partial positions in 1973-74 (\$18,408) and as full-time positions in 1974-75 (\$25,240).

Resources Agency
DEPARTMENT OF WATER RESOURCES

Item 283 from the General
Fund

Budget p. 145 Program p. I-852

Requested 1974-75	\$15,524,102
Estimated 1973-74.....	15,231,974
Actual 1972-73	11,822,820
Requested increase \$292,128 (1.9 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Reducing Water Demands. Recommend Department of Water Resources expand its study of methods to reduce water demands through more efficient use to include urban water demands. 565
2. Liability Protection. Recommend limiting language be added to Item 283 to state that "no funds appropriated by this item shall be expended for the purposes of Chapters 717 and 995, Statutes of 1973, unless a nonstate entity provides hold-harmless assurances to the State of California for the work which would be done with such funds." 566

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.

ANALYSIS AND RECOMMENDATIONS

Completion of State Water Project

The initial State Water Project facilities will be completed in 1973. The California Aqueduct is being completed to Castaic Lake on the west branch and to Lake Perris on the east branch. Castaic Lake is presently operational and Lake Perris was completed in December 1973. Expenditures for design, construction and rights-of-way were \$73 million in fiscal year 1972-73, \$42 million in the current year, and will drop to \$27 million in the budget year.

A new State Water Project study was started in 1972-73 to develop a plan for a canal across the southern San Joaquin Valley from the San Luis Division of the California Aqueduct to interconnect with and serve water users on the east side of the valley. A cross-valley canal would utilize the capacity of existing state and federal facilities and probably would involve water exchanges among local agencies.

Department of Food and Agriculture Review of Bulletin 160-74

Following our recommendation last year, the Legislature recommended that the Department of Food and Agriculture review the agricultural data inputs prepared by the Department of Water Resources for the report entitled "Water for California, The California Water Plan, Outlook in 1974." This recommendation has been carried out, and according to the Department of Water Resources, Food and Agriculture's review has been advantageous to both departments. The principal difficulty in implementation has been that the Department of Food and Agriculture has not developed long-term planning expertise.

Reducing Water Demands

We recommend that the Department of Water Resources expand its study of methods to reduce water demands through more efficient use to include urban water demands.

The Department of Water Resources began a program in the current year to evaluate how to reduce the demand for water through more efficient use. The department's program is limited to the consideration of agricultural water. The department can more properly complete this budgeted element if it also considers urban water uses.

According to the department, it has expended its efforts toward reducing agricultural water demands rather than urban demands since agriculture is, and will remain, the largest user of California's water. We concur that the department should investigate this area. However, there are compelling reasons to attempt to reduce urban demands. In reviewing the department's Bulletin 160-70 it is evident that the increase in urban demand from 1967 to 1990 is almost as large as the increase in agricultural demand. From the year 1990 to the year 2020 the increase in urban demand is proportionately larger than the increase in agricultural demand. It should also be pointed out that good water conservation practices can reduce water costs, reduce energy needs because less water is pumped and less hot water is used, and it can also reduce the needs for future water

DEPARTMENT OF WATER RESOURCES—Continued

development projects on California's rivers.

The potential of water conservation appears to be significant. The North Marin County Water District has developed a water conservation program for residential units. Elements of the district's program include the use of native plants in open spaces, a minimum of lawn areas, and sprinkler systems with slow application heads. The program also calls for flush toilets requiring less than three gallons per flush, and low-pressure shower heads which cut shower flow to one-third of typical rates. The district forecasts a water savings of approximately 56 percent per capita for townhouse-condominium units and apartments and even greater reductions in water use for single-family units. In addition, the district believes that the water conservation techniques are cost effective and do not reduce the benefit from use of the water, although these points have not yet been rigorously demonstrated.

Therefore, in order to assure that this budget element meets its objective of reducing water demands through more efficient use, we recommend that the element be expanded to include the evaluation of methods to reduce urban water demands through more efficient use.

Liability Protection Needed

We recommend that limiting language be added to Item 283 to state that "no funds appropriated by this item shall be expended for the purposes of Chapters 717 and 995, Statutes of 1973, unless a nonstate entity provides hold-harmless assurances to the State of California for the work which would be done with such funds."

Included in the department's General Fund budget for the current year and the budget year are funds for two new local assistance, levee maintenance programs that were established by the Legislature in 1973.

The first new program was Chapter 717, Statutes of 1973. This chapter provides for the state to pay 50 percent of the maintenance costs of levees in the Sacramento-San Joaquin Delta that are *not* project levees under the Water Resources Law of 1945 (i.e., private or local levees). Chapter 717 appropriated \$200,000 from the General Fund for use in fiscal year 1973-74. The department has included another \$200,000 from the General Fund for Chapter 717 purposes in its budget year request.

The second new program is Chapter 995, Statutes of 1973. Chapter 995 provides for the state to pay 50 percent of the increased levee maintenance costs resulting from the planting or maintaining of vegetation on levees which *are* project levees under the Water Resources Law of 1945 (i.e., Corps of Engineers constructed levees). Chapter 995 appropriated \$200,000 annually from oil and gas revenues accruing to the State Reclamation Board from leases on its lands. These moneys are, for all intents and purposes, General Fund moneys since the money would otherwise accrue to the General Fund. The Department of Finance has determined that the \$200,000 annual appropriation should be in the Budget Bill as a General Fund appropriation. Therefore, the Legislature may restrict the Budget Bill appropriation it makes for purposes of Chapter 995.

Both chapters require the state to develop criteria for implementation

of their provisions. The criteria for Chapter 717 have been prepared and approved. These criteria require a local agency to hold the state harmless from any damages which might be attributed to the state because of its financial assistance. The department concluded that the hold-harmless assurances are necessary to provide some protection from liability for the state. Certain local agencies have objected to the requirement of assurances because Chapter 717 did not specifically require such assurances. According to the department, the local agencies may take legal action to eliminate the assurances requirement. However, the department believes that the criteria for both Chapter 995 and Chapter 717 should contain the assurances requirement.

It appears reasonable that the department should require the assurances. The state is providing financial assistance to the local interests and in doing so should not assume their existing liability. We therefore recommend that the Legislature reinforce the department's position by including the requirement for assurances in the appropriation. The effect would be somewhat the same as language which has been used for many years in the flood control appropriation made by Item 284.

Management Staffing

As a result of the declines in State Water Project construction, the total number of employees in the department has declined from 2,808 in 1972-73, to 2,727 in the current year and will decline to 2,447 in the budget year. The total decline in personnel from 1972-73 through the budget year will have been about 13 percent.

The general management element comprises the department executive and administrative headquarters organization. The general management element in 1972-73 had 231.3 personnel (on a basis equivalent to the budget year), 237.7 personnel in the current year and 236.4 in the budget year. The general management element will have increased in staffing by about 2 percent from 1972-73 through the budget year.

As the department declines in total staffing, the department should also reduce management staffing. In 1971-72 the Legislature, following our recommendation, reduced the general management staffing level because the department was unable to make the necessary management reductions.

The department again appears to be having trouble in reducing management staffing. If the department cannot undertake the difficult task of reducing management costs, particularly in the legal staff, the Legislature may again have to do so.

Department of Water Resources
SUBVENTIONS FOR FLOOD CONTROL

Item 284 from the General
Fund

Budget p. L-38 Program p. I-866

Requested 1974-75	\$6,000,000
Appropriated 1973-74	11,673,300
Appropriated 1972-73	3,993,333
Requested decrease \$5,673,300 (48.6 percent)	
Total recommended reduction	None

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. Congress has required local interests to sponsor projects and to participate financially by paying for the costs of rights-of-way and relocations. In California prior to 1973 the state, through the Department of Water Resources, reimbursed the local interests for the cost of rights-of-way and relocations. In California after 1973, right-of-way and relocation costs for a given project will be shared between the state and the appropriate local agency as provided by Chapter 893, Statutes of 1973. The total state cost of all projects authorized since the program's inception in 1946 is estimated by the department to be about \$207.3 million. Of this \$207.3 million, approximately \$148 million will have been paid at the end of the 1973-74 fiscal year, leaving a future state obligation of about \$59.3 million. 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 approval.

The \$6 million appropriation for the budget year is not comparable to the \$11,673,300 appropriation in the current year. In 1969 the Governor stated he would no longer sign flood control subventions legislation until an acceptable cost-sharing bill was passed by the Legislature. To induce the Legislature to pass such legislation, the Governor's Budget maintained the existing funding level of the subvention program at \$3,673,300. This funding level would have resulted in an underfunding of the program by about \$8 million at the end of fiscal year 1973-74. Chapter 893, Statutes of 1973, provided the cost-sharing formula. Chapter 920, Statutes of 1973, then appropriated \$8 million to finance the deficit, making the total appropriation for the current year \$11,673,300 (\$3,673,300 plus \$8,000,000). Therefore the appropriation of \$6 million for the budget year should be sufficient to meet the state's obligation to local government in the budget year.

Resources Agency
WATER RESOURCES CONTROL BOARD

Item 285 from the General Fund

Budget p. 152 Program p. I-892

Requested 1974-75	\$6,554,327
Estimated 1973-74.....	5,632,757
Actual 1972-73	4,558,780
Requested increase \$921,570 (16.4 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. EDP Systems. Recommend board take the required time to properly design and implement its EDP systems. Further recommend board's statewide water quality information storage and retrieval system be integrated to the maximum extent possible with other state agencies as previously directed by the Legislature on two occasions.

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 includes the nine regional water quality control boards.

The electorate in November 1970 approved Proposition 1, the Clean Water Bond Act (Chapter 508, Statutes of 1970). The act authorized sale of \$250 million in state general obligation bonds for allocation by the State Water Resources Control Board primarily for grants for the construction of new sewerage treatment plants, interceptor and collector lines, and sewage outfalls. The bond proceeds are continuously appropriated to the Water Resources Control Board for grants, for loans as provided by the board, for a \$10 million 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

WATER RESOURCES CONTROL BOARD—Continued

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. In 1972 the cost-sharing formula for grants was changed to 75 percent federal, 12½ percent state, and 12½ percent local.

The last of the proceeds from the Clean Water Bond Act of 1970 will be expended in the 1974-75 fiscal year, necessitating another bond issue. Chapter 994, Statutes of 1973, provides that another \$250 million Clean Water Bond Act will be placed before the electorate at the June 1974 primary election.

ANALYSIS AND RECOMMENDATIONS

The Water Resources Control Board proposes to expand its staff by 52 positions in 1974-75. Of the new positions, 24 are necessary to carry out new responsibilities as a result of the 1972 amendments to the Federal Water Pollution Control Act. This act requires the board to (a) issue permits to waste dischargers, (b) send monthly reports to EPA which summarize the water quality of the dischargers under permit, (c) establish and report data generated by a statewide water quality surveillance system, (d) establish priority lists for the issuance of permits and for the funding of waste treatment plant construction, (e) make reports on continuing planning semiannually to EPA, and (f) submit annual reports to EPA on the quality of all navigable waters. The 24 positions will be allocated to the regional boards. Twenty-three of these 24 positions will be funded from the General Fund. The 24th position will be funded from fees for processing and inspection of Clean Water Bond Fund projects and will require legislation. Twenty-one new positions are required to supplement the administration of wastewater treatment facility development. Fifteen of the 21 positions will be funded from the General Fund. Six of the 21 positions will be financed from fees for engineering review of Clean Water Bond Fund projects and will require legislation. According to the board, the increase in the number and dollar amounts of grants being administered requires the additional staffing in order to fulfill legal review requirements. It is also necessary to keep the grant process moving since inflation is continuously eroding the value of the fixed amounts available for construction grants.

The remaining seven new positions are for general workload increases and administrative support of the increases in line personnel.

EDP Development

We recommend that the board take the required time to properly design and implement its EDP systems.

We further recommend that the board's statewide water quality information storage and retrieval system be integrated to the maximum extent possible with other state agencies as has been previously directed by the Legislature on two occasions.

Historically, three state agencies have undertaken major water quality measurement and control activities. The State Water Resources Control Board considers water pollution and water quality whenever applications

for appropriation of water are granted, waste discharge requirements are set or general water quality is involved. The Department of Water Resources collects water quality data, makes sea water intrusion studies, ground water protection studies and general water quality studies needed for the development of water supplies. The Department of Public Health undertakes more specific contamination studies as a part of its public health protection activities.

Amendments to the Porter-Cologne Water Quality Control Act in 1971 specified that the Water Resources Control Board shall be "... the principal state agency with primary responsibility for the coordination and control of water quality." The act also specified that the board shall prepare and implement a statewide water quality program which shall be coordinated and integrated to the maximum extent practicable with other state agencies. This language was reinforced by the Legislature with a similar directive in the Supplement to the 1972 Budget Act following a recommendation by the Legislative Analyst. The board has made little progress in implementing these directives. The board's activities related to these directives should be further considered by the Legislature at this time.

In 1972, Congress passed amendments (PL 92-500) to the Federal Water Pollution Control Act. The reporting requirements of the federal act carry a compelling need to develop better information and also a better information handling system that could be extremely useful to the board. However, the board appears to be treating the federal data requirements as "outside" requirements, not particularly necessary to the board's requirements.

In order to place the board's response to the Porter-Cologne Act and the federal requirements in perspective, it is helpful to describe briefly the major activities of the board. In January 1973, the board formed the Information Management System (IMS) Committee. The initial objective of the committee was to outline the needs of the state and regional boards for input into an overall management information system. The committee's second objective was to develop an implementation program for the IMS. The committee was made up of nine staff members of the board. Four other staff members participated in committee meetings. The only participation outside of the board was from a private consulting firm.

The committee prepared a report dated February 22, 1973, entitled "Data Needs for an Information Management System." The data needs presented were very generalized and very broad in scope. A second report entitled "Implementation of an Information Management System" was issued in June 1973. This report was prepared by the consultant in cooperation with the IMS Committee. The report formulated the concept of creating eight IMS modules consisting of Administrative Services, Facility Information, Water Quality Data, Enforcement Actions, Planning and Research Information, Grants Management, Water Quality Management, and Water Rights. The report envisioned three work phases with the major modules being completed by May 31, 1974, and the remainder by June 1, 1975. The report estimated the nonboard EDP development costs at \$716,000. The total annual EDP costs including computer equipment

WATER RESOURCES CONTROL BOARD—Continued

programmers, and keypunch were estimated at \$100,000 per year. A third report, entitled "Information Management System Alternatives," was issued in September 1973. This report was also prepared by the consultant in cooperation with the IMS Committee. The report compared the estimated cost of each of the eight modules for the proposed EDP system and the manual alternative. The report estimated the total five year costs, including board costs, to be \$2,507,000 for the EDP system of eight modules and \$3,445,000 for the manual alternative. On September 25, 1973, the board issued the "Information Management System Feasibility Study—Implementation Plan." This report was prepared under contract by the Department of General Services. The report was prepared for submittal to the Department of Finance for approval pursuant to State Administrative Manual Section 4800 et. seq. and Section 4 of the 1973 Budget Act. The estimated annual total EDP cost was increased from \$100,000 per year to \$167,000 per year. The Department of Finance did not approve the feasibility study.

After reviewing the above reports prepared by the board, we find that the board is not managing the EDP development as intended by Porter-Cologne and in accord with good management practices.

Porter-Cologne specified that the board was to coordinate and integrate the IMS ". . . to the maximum extent practicable with data storage and retrieval programs of other agencies." The board's IMS committee and the consultant have carried the proposed EDP development through the preparation of the implementation plan, yet the IMS committee consists solely of board staff. Significant involvement of the Department of Water Resources (DWR) and the Department of Public Health (DPH) is lacking. The reports indicate that the board is primarily interested in the possibility of converting DWR's existing EDP programs and data rather than considering a joint data system development that would consider the needs of all three departments. This fact is evident from the report texts and in the lack of consideration of DWR and DPH costs or cost savings in the financial analysis of the proposed EDP system.

Porter-Cologne further specified that the board shall be the principal state agency with primary responsibility for the coordination and control of water quality. The board has responsibly carried out its water quality control functions and is generally commended for its activities in this area. However, the board has not yet coordinated the water quality data collection and analysis. Until it does so, it cannot coordinate the EDP aspects of water quality control. The potential savings from coordinated water quality activities are undoubtedly significant as recognized by the Legislature in passing the Porter-Cologne Act.

The board's management of this proposed EDP system is deficient since the board has not developed an overall conceptual plan for the IMS. For example, the several reports discuss the board's need for water quality modeling, yet the proposed development does not discuss how the data in the modules are to be arranged or interrelated for such future modeling.

A major result of not preparing a conceptual plan is that the proposed

system will be excessively large and excessively expensive. The board's approach is apparently to gather and store massive amounts of data. The system is not discriminating as to what specific information is collected, how it is analyzed, how it will be used, and how long it will be retained. A conceptual plan is essential because the quantity of available information which now exists and which will exist in the future is staggering.

The board is rushing the completion of this EDP system in order to meet the reporting requirements of the Federal Water Pollution Control Act. The board interprets the language in the act to mean that it must have a system in full operation by early 1975 to meet the federal reporting requirements. We read the language to specify that the state must be "... carrying out . . . the establishment . . . of appropriate . . . systems . . .". This difference of interpretation should be clarified. In either case the time frame specified by the federal act is unduly short for such significant data requirements and probably such requirements cannot realistically be met by the states.

If the board follows its stated implementation plan, the board's work will be transformed from an essentially manual operation to a vast EDP operation in only two years. This would be a remarkable feat given the lack of management involvement and direction to date.

The board should increase its involvement and strengthen its management control over the EDP development. The board should take the time required to properly prepare a conceptual plan and to design and develop its EDP systems, rather than trying to rush the EDP implementation to meet an arbitrary federal date. Further, the board's statewide water quality information storage and retrieval system should be integrated to the maximum extent possible with other state agencies. Hopefully, discussions with the other state agencies will result in a conceptual plan and design that can meet the needs of all the state agencies within one water quality information storage and retrieval system.

Health and Welfare Agency OFFICE OF EDUCATIONAL LIAISON

Item 286 from the General Fund

Budget p. 159 Program p. II-1

Item 286	\$182,623
Available from Chapter 1176, Statutes of 1973	35,845

Requested 1974-75	\$218,468
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Estimated 1973-74.....	259,929
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Actual 1972-73	48,881
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Requested decrease \$41,461 (15.9 percent)

Total recommended reduction	None
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