

Wildlife Conservation Board—Continued

group and as a joint interim investigating committee. Subsequently, the Wildlife Conservation Law was incorporated into the Fish and Game Code.

The sections of the Fish and Game Code currently dealing with the board provide an annual transfer of \$750,000 from horse race license funds to the Wildlife Restoration Fund which in turn was appropriated to the board without regard to fiscal years for allocations to projects of many types in connection with the restoration and maintenance of a high state of productivity of fish and wildlife. These funds would otherwise go to the General Fund. The funds were also available to the board for its expenses and employment of such staff as it considered necessary in carrying out its duties. Heretofore neither the projects proposed by the board nor its cost of administration were contained within the Budget Bill since they were the subject of a continuing appropriation. For the first time it is now proposed that the Legislature make a specific appropriation, in the Budget Bill, from the Wildlife Restoration Fund to cover the administrative costs of the board. This makes no material change in the method of operation.

The amount proposed for the budget year is \$77,462 or \$9,258 (10.7 percent) less than the current anticipated expenditure of \$86,720. This reduction is made up of many segments of operating expenses and particularly in the elimination of a special consultant who is established on an administrative basis for the current year only. The present staff consists of 5 permanent positions.

We recommend approval.

DEPARTMENT OF PARKS AND RECREATION

ITEM 258 of the Budget Bill

Budget page 617

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

Amount requested.....	\$8,883,388
Estimated to be expended in 1962-63 fiscal year.....	8,281,413

Increase (7.3 percent)	\$601,975
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TOTAL RECOMMENDED REDUCTION.....	\$43,458
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Summary of Recommended Reductions

<i>Division of Recreation</i>	<i>Amount</i>	<i>Budget</i>	
Senior planner	\$10,440	625	78
Associate research technician	7,170	625	79
2 Recreation planner III	14,340	625	82
Delineator	2,916	626	6
Intermediate stenographer	4,452	626	8
Temporary help—clerical	4,140	626	9

GENERAL SUMMARY

Within the Resources Agency there is the Department of Parks and Recreation which is made up of the Divisions of Beaches and Parks, Small Craft Harbors and Recreation. These three divisions existed prior to the Reorganization Act of 1961 as divisions of the Department

Department of Parks and Recreation—Continued

of Natural Resources. In addition to the three above-mentioned divisions the Director of the Department of Parks and Recreation has established a Division of Administration.

The Director of the Department of Parks and Recreation is appointed by and holds office at the pleasure of the Governor.

Division of Administration**GENERAL SUMMARY**

For the purposes of centralizing the department's general housekeeping activities such as fiscal control, budget preparation, personnel management and management analysis the director of the department has established the Division of Administration. In addition to the general housekeeping activities, this phase of the department's budget also provides the support for the director's office and the departmental public information staff.

ANALYSIS

The budget contemplates an expenditure of \$796,226 for support of the Division of Administration which is a \$16,769 increase from that estimated to be expended during the 1962-63 fiscal year.

Six new positions are proposed costing a total of \$32,736 in salaries and wages alone. Of primary importance is a state financial examiner III who will have the responsibility of auditing the beaches and parks concession program, from the departmental level. We feel that this position and the others requested in this portion of the budget are amply justified. *We recommend approval.*

Division of Beaches and Parks**GENERAL SUMMARY**

Source of the legal authority for the Division of Beaches and Parks is found in Divisions 1 and 5 of the Public Resources Code. Control of the state park system is vested in the Department of Parks and Recreation acting through the Division of Beaches and Parks. General policies for the guidance of the Director of Parks and Recreation and the Chief of the Division of Beaches and Parks in the administration, protection and development of the state park system are established by the State Park Commission. The commission consists of seven members appointed by the Governor with the advice and consent of the Senate. The members of the commission are selected from areas throughout the State because of their interest in park, recreation and conservation matters and serve for terms of four years. The Chief of the Division of Beaches and Parks acts as secretary of the commission.

The Department of Parks and Recreation is charged with the responsibility to administer, protect and develop the state park system for the use and enjoyment of the public. The department is authorized to establish rules and regulations not inconsistent with law for the government and administration of the state park system. It has authority to enter into contracts with agencies of the United States, cities, counties or other subdivisions of the State for the care and maintenance of

Division of Beaches and Parks—Continued

the park areas. Additionally, the department may enter into contracts with persons, firms or corporations to maintain and operate concessions within the state park areas for the safety and convenience of the general public. However, the department must obtain approval of the Department of Finance before entering into any such contract if the contract would authorize occupancy for a period of more than one year on property owned by the State of California.

The department is also authorized, with the approval of the Department of Finance, to enter into contracts with a regional park district for the care and maintenance of, or for maintenance and operation of concessions within any facility or park area under the control of the department.

For administrative purposes the Division of Beaches and Parks has segregated its major functions into two branches, namely, field operations and technical services.

The field operations branch is supervised by a deputy chief of the division. Subordinate to this deputy chief are six district supervisors, one located in each of the following cities: Eureka, Santa Rosa, Stockton, Monterey, Santa Barbara and San Clemente. Each district supervisor is in charge of a geographical unit of the State and all of the state park system units within that geographic area. The size of the district is dependent upon the number and size of the individual park units contained therein. Subordinate to each district supervisor are the supervising rangers of the larger park units and the area supervisors of a group of smaller park units.

The technical services function of the Division of Beaches and Parks is also supervised by a deputy chief. Subordinate to the technical service deputy chief are four sections, namely, planning and development, land acquisition, interpretive services and resource management.

As the title implies, the planning and development unit is responsible for organizing the department's expansion program and also the specific development of units of the park system. The headquarters element of this unit is charged with the establishment of general policies and guidance of three regional planning-development teams. Each region is responsible for the planning and development function within two of the operations districts. One planning unit is headquartered at Santa Rosa, another at Monterey and the third at Santa Barbara. The actual field evaluation of the proposed park unit is undertaken by the regional personnel. A report is then submitted to the headquarters element for review and subsequent presentation to the Legislature for budgetary approval. When the unit has been funded and approved by the Legislature the land acquisition unit of technical services undertakes the acquisition of the real property involved. The acquisition unit also maintains a branch office in Los Angeles. Following acquisition of the real property, the project is then returned to the planning and development section for the actual construction work.

The interpretive services unit is headed by the division's historian who prepares the general historical program for the division and lays out the historical exhibits at the various units of the state park system.

Division of Beaches and Parks—Continued

The resource management unit is supervised by a forester who is charged with the responsibility of establishing the ecological policy for submission to the State Park Commission. Additionally, a forester is stationed at Eureka to handle the timber trespass and research projects in the redwood region.

In our analysis of the 1961-62 fiscal year budget and again in the analysis of the 1962-63 fiscal year budget we pointed out that there was considerable discrepancy in the staffing patterns of the several units of the state park system and specifically recommended in the 1961-62 fiscal year analysis that an assistant administrative analyst be employed to undertake an appropriate study. The analyst was not employed until the early part of 1962 and at that time the division undertook a survey of its personnel needs and staffing patterns. That analysis contemplated a correlation of the size of each park unit, its attendance, the number of overnight camp units, the number of picnic units and the personnel staff. This correlation demonstrated a considerable discrepancy among the staffing patterns of the several units of the state park system and corroborated the analysis we presented in 1961-62. As a result the division states that it plans to undertake an adjustment in its personnel assignments at a number of state park units so as to provide an equitable distribution of its budgeted personnel. The proposed distribution has not yet been completed.

In our analysis of the 1961-62 fiscal year budget we pointed out that the equipment management program of the Division of Beaches and Parks left much to be desired. The distribution of the heavy equipment was such that many expensive items of equipment were receiving very little use. There after, the Division of Beaches and Parks undertook a survey of its equipment and has made a number of adjustments in the assignments. As a result the problems and deficiencies pointed out in our 1961-62 fiscal year analysis have been remedied.

System Revenues

At the present time the Division of Beaches and Parks imposes a \$1 fee per automobile for each 24-hour period use of an overnight camp unit. The total reimbursements for camping fees collected in the 1961-62 fiscal year amounted to approximately \$547,000.

Representatives of our office have checked most of the state beach and park facilities and spotchecked many of the overnight facilities made available by the federal government and private enterprise. We were unable to find nonstate overnight camping facilities that were comparable to the overnight camp facilities of the state park system and yet the charges imposed on nonstate park facilities range from \$1.50 to \$2.50 per night and in a number of instances we discovered charges of \$3 and \$3.50 per night. With little exception the privately owned facilities were of poorer quality and yet the most expensive.

During our visits to the state park facilities we queried a considerable number of the overnight camp users asking whether they were satisfied with the facilities that were provided and whether they would

Division of Beaches and Parks—Continued

object to an increase in the overnight use fee. We found little complaint with the State's facilities or with a proposal to increase fees.

The following chart indicates the states having state park facilities somewhat comparable to California's and the overnight camp use fee charged by each.

<i>State</i>	<i>Overnight Use Fee</i>
Alabama	\$2.00
Maryland	2.00
North Carolina	1.50 + 25 cents per person in excess of 4
Ohio	1.50 + 25 cents per person in excess of 4
Oregon	2.00
Pennsylvania	1.25
South Carolina	1.50
Vermont	2.00
Virginia	2.00
West Virginia	1.50 + 25 cents per person in excess of 4

A rough survey in California indicates that most of the campsites are used by groups of generally more than four persons. In that light the fees for North Carolina, Ohio and West Virginia would probably come closer to the \$2 mark as an average.

Since most of the overnight camp facilities in the California state park system provide a professionally landscaped site with a table, wood stove, storage cabinet, running water, modern toilet facilities and in most instances hot showers and laundry facilities, and the fees charged in nonstate facilities average \$2 for minimal accommodations, we recommend that the overnight camp use fee be established at \$2 per vehicle.

Should the overnight camp use fee be increased to \$2 an additional \$500,000 would probably become available for reimbursement to the Department of Parks and Recreation thereby releasing that sum for other General Fund purposes or much-needed additional park development.

At the present time no charge is made for admission to the state historical monuments except Hearst San Simeon State Historical Monument. During the 1961-62 fiscal year the support costs for the state historical monuments amounted to approximately \$470,000. The net cost of operating the state historical monuments per visitor ranged from the profit of 56 cents at Hearst San Simeon to a maximum cost of \$5.25 per visitor at the Fort Humboldt State Historical Monument. The next high was at Los Encinos State Historical Monument with a net cost per visitor of \$2.18. Where all of the monuments are considered, the average cost for each visitor is approximately 33 cents. Some thought has been given to the installation of turnstiles at the state historical monuments. If ten cents per visitor were charged approximately \$140,000 would be realized from such an admission fee. If 25 cents were charged approximately \$350,000 would be realized. These last two figures contemplate making charges for all visitors. If only adults were charged perhaps only one-half of those amounts would be realized.

Division of Beaches and Parks—Continued**Roadside Rests**

The Division of Beaches and Parks currently supports a number of roadside rests along California's highways. The existing budget of the division includes \$11,472 for the support and maintenance of these roadside rests.

The Division of Highways of the Department of Public Works maintains another group of roadside rests along the state highway system. The Division of Highways has undertaken an extensive study of the roadside rest program and it is our understanding that the results of this study will be presented to a legislative committee. We understand that it is the ultimate goal of the Division of Highways to establish roadside rests at intervals of about 30 miles along California's highway system.

From a practical standpoint the field organization in the Division of Highways is in a better position to maintain the roadside rest areas than the Division of Beaches and Parks. Maintenance of the type of facility found in California is quite similar to the roadside maintenance function of the Division of Highways. Additionally, the Division of Highways maintenance organization is geographically dispersed so as to provide a higher quality of maintenance than can be reasonably expected of the Division of Beaches and Parks.

It is interesting to note that the Federal Highway Act authorizes the expenditure of federal funds for the purchase of land and construction of roadside rests in conjunction with the federal highway system. The program is included in the landscaping phase of the highway plan which is limited to 3 percent of the federal funds expended. The federal grants to California are administered by the Division of Highways.

Moreover, most of the states have placed the roadside rest function in their highway agency.

Pursuant to the request from this office the Legislative Counsel rendered an opinion to the effect that the roadside rest program in California can be financed from gas tax funds. It is our understanding, however, that legislation will be necessary to remove the Division of Beaches and Parks from the consulting role it now plays in the highways roadside rest program.

Inasmuch as the administration and management of the state highway system is vested in the Department of Public Works, through its Division of Highways, it is our recommendation that the roadside rest program be administered solely by the Division of Highways and supported by the Motor Vehicle Fuel Tax. This will have the effect of making approximately \$11,500 from the General Fund available for other General Fund purposes.

ANALYSIS

The budget proposes an expenditure of \$7,770,911 for support of the Division of Beaches and Parks during the 1963-64 fiscal year. This compares with an estimated expenditure during the 1962-63 fiscal year of \$7,207,108, an increase of \$563,803 or 7.8 percent.

Division of Beaches and Parks—Continued

Actual expenditures for support of the division will exceed that amount set forth above in that the reimbursements such as service fees, sale of fuel, concessions and the like account for an additional \$2,833,000 which will, by adoption of the budget, be authorized for expenditure. However, the Division of Beaches and Parks will be required to limit its overall expenditures in accordance with the materialization of the estimated reimbursements. In past years the estimated reimbursements have exceeded actual reimbursements by as much as 15 percent which has caused the division to restrict its authorized activities accordingly. The estimated reimbursements set forth in this budget appear to be more realistic.

The most noteworthy proposal for increased activity in the Division of Beaches and Parks is in the planning function. A planning unit which now exists in the technical services section of the division will be divorced therefrom and placed under the immediate supervision of the chief of the division. The management philosophy of establishing a separate planning unit under the immediate supervision of the chief of the division is to provide the chief with a centralized staff of specialists to assist him to direct the growth of the state park system. This new unit will receive, as an initial staff, eight positions by transfer from existing budgeted complements. Fourteen additional positions are proposed to augment the advanced and master planning activities. Generally speaking the unit will be responsible for the completion of all plans required to justify funding all future division capital outlay requirements. Essentially the proposal follows along the lines of past recommendations made by this office and *we recommend approval.*

At the present time approximately 30 months are required from an appropriation for construction funds and the actual start of construction work on an authorized project. The division proposes to reduce this time to 18 months and in order to do so seven new positions are proposed for the development unit of the technical services section. The seven new positions will cost \$60,348 in salaries and wages during the 1963-64 fiscal year. Moreover, the division will increase its use of the services of the Division of Architecture. *We recommend approval of this proposal.*

It is also noteworthy to observe that the division is eliminating 17 authorized positions in the acquisition and appraisal program. This reduction is in line with the decreased activity in the acquisition of state park lands. The savings involved in this reduction amount to \$118,691 which helps to defray the increases in other areas of the division's program.

In the operations phase of the division's budget a total of 26 new positions are proposed for an increase of \$87,495 in salaries and wages. All of the positions will be assigned to new or expanded operational units of the state park system and have been justified upon a workload basis. *We recommend approval.*

Division of Recreation

GENERAL SUMMARY

The Division of Recreation is now one of the statutory divisions of the Department of Parks and Recreation. Its legal authority is derived from Division 7 of the Public Resources Code. Policies for the administration of the division are established by the Recreation Commission which is made up of seven members appointed by the Governor for terms of four years each.

The commission is charged with the responsibility for studying the whole problem of recreation as it affects the welfare of the people and especially the children and youth and to formulate and recommend to the director for adoption a comprehensive recreation policy for the State of California.

Sections 8700 through 8703 of the Public Resources Code establish the powers and duties of the Division of Recreation. The mandatory duties are as follows:

1. Assist the commission in the performance of its functions.
2. Investigate and report upon the facilities and services which are needed in the public recreational areas of the State and assist in the co-ordination and development of recreational programs, provided that surveys of recreational facilities and programs for local agencies shall be made only upon their request.
3. Advise, co-operate with and encourage community recreation agencies interested in the use of recreational facilities and programs for public benefit.
4. Advise the administrative officers of all state agencies of meetings of the Recreation Commission.
5. Make studies and surveys of long-range plans for recreational facilities and programs necessary to meet recreation needs throughout the State and participate with other federal, state and local governmental agencies in advance planning with respect to the development and co-ordination of recreation facilities and programs.
6. Aid and encourage but not conduct public recreation activities.

The permissive powers and duties of the commission include rendering assistance in promotion of training programs of volunteer professional recreation leaders and the establishment of standards for recreation personnel. Additionally, the commission may assist every department, commission, board, agency and other offices of the State in rendering recreational services in conformity with their respective authorized powers and duties and assist in the co-ordination of federal, state and local recreation activities.

At the present time the entire staff of the Division of Recreation is geared towards the permissive functions and little or no effort is directed towards satisfying the mandatory powers and duties of the division. The chief of the division states that none of his personnel are qualified to undertake studies and surveys of the recreational facilities necessary to meet the recreation needs of the State. During the

Division of Recreation—Continued

past calendar year the division has had two vacancies, representing 50 percent of its professional staff, which could have been reclassified to the type of personnel that are qualified to undertake the studies required by the Public Resources Code.

Even though Section 8700(b) of the Public Resources Code provides that surveys of the recreational facilities and programs of local agencies shall be made only upon their request, the Division of Recreation is aggressively engaged in soliciting, in both direct and indirect overtures, the preparation of surveys of recreational facilities for local governmental agencies. In this connection, it is noteworthy that the surveys being undertaken by the personnel of the Division of Recreation are in direct competition with the private consultants in this field.

Due to the unwillingness of the Division of Recreation to perform its mandatory duties, it has been necessary for the Division of Beaches and Parks to detail a number of men in the regional planning units to undertake the task of making studies, surveys and long-range plans of the recreational facilities necessary to meet the State's recreation needs.

ANALYSIS

The budget proposes an expenditure of \$195,288 from the General Fund for support of the Division of Recreation during the 1963-64 fiscal year. This compares with an estimated expenditure during 1962-63 fiscal year of \$124,921 which represents \$70,367 or a 56.3 percent increase.

The entire staff of the Division of Recreation is at this time geared towards the permissive function and little or no effort is directed toward satisfying the mandatory duties of the Division of Recreation. The budget proposes an increase of seven people, justification being essentially that these seven people are to undertake the mandatory functions of the Division of Recreation. Of these seven proposed new positions four are technical positions, one is a delineator (draftsman) and two are clerical positions. In our opinion the existing complement of the Division of Recreation can, through reduction in its nonessential activities, undertake the mandatory functions which the new positions are to do. *In that light, we recommend a deletion of the proposed new positions for a savings of \$43,458.*

Division of Small Craft Harbors**GENERAL SUMMARY**

This phase of the budget for the Division of Small Craft Harbors encompasses the boating registration program, whereas the remaining functions of the division are the subject of the following budget item.

The division was created pursuant to Chapter 2362 of the Statutes of 1957. It is administered by a chief under the supervision and direction of the Director of Parks and Recreation in accordance with general policies established by the Small Craft Harbor Commission. The commission is composed of seven members appointed by the Governor with the advice and consent of the Senate for terms of four years each.

Division of Small Craft Harbors—Continued

The commission is charged with the responsibility of establishing general policies for the guidance of the division in the planning, acquisition, construction, development, improvements, maintenance and operation of small craft harbors under the jurisdiction of the division, the transfer of harbors to local agencies and the making of loans to local agencies pursuant to the Public Resources Code, the registration of vessels, the regulation of the operation and equipment of vessels and for this latter purpose may adopt such rules and regulations as may be necessary to carry out the provisions of the Public Resources Code, and the Harbors and Navigation Code. Additionally, the commission is directed to cause studies and surveys to be made of the need for small craft harbors and connected waterways throughout the State.

The commission is authorized to grant funds to counties, cities or districts for the construction or development of small craft launching facilities. It is required to establish general policies for determining those projects for launching facilities which will be selected for grants of Small Craft Harbor Revolving Fund moneys on the basis that the facilities will serve the greatest recreational boating need and which would not be constructed unless a grant were made. By virtue of Chapter 2101, Statutes of 1961, the grants made by the Small Craft Harbors Commission cannot be made for launching facilities in areas normally considered to be Wildlife Conservation Board projects.

By virtue of Chapter 1454, Statutes of 1959 (which enacted Harbors and Navigation Code Section 680 et seq.), effective April 1, 1960, every undocumented vessel using the waters of this State must be numbered. The Small Craft Harbors Commission is authorized by the Harbors and Navigation Code to promulgate rules and regulations for the registration of undocumented vessels belonging to the State or local public agencies without payment of any fee whatsoever. In the case of privately owned vessels the owner of each vessel requiring numbering must file an initial application for a number with the Division of Small Craft Harbors, at its Sacramento office, or with an authorized agent of the Division of Small Craft Harbors on forms approved by the commission. Upon receipt of the application and fee the Division of Small Craft Harbors issues a certificate of ownership to the legal owner and a certificate of number to the boatowner. The owner must paint on or attach to each side of the bow of the vessel the number assigned to the vessel. The numbering certificate is of pocket size and must be available at all times for inspection on the vessel for which it is issued irrespective of whether the vessel is in operation.

If the ownership of an undocumented vessel changes, the existing certificate of ownership and a new application form accompanied by the fee of \$3 must be filed with the Division of Small Craft Harbors and a new certificate of ownership and a new certificate of number is then issued in the same manner as provided for in the initial issuance.

All certificates issued prior to December 31, 1962 expire on that date and each December 31st every third year thereafter, regardless of when such certificates were originally issued. If the initial application for number is not received by the Division of Small Craft Harbors on or

Division of Small Craft Harbors—Continued

before the dates set by the Commission on Small Craft Harbors a penalty of one-half the fee is assessed.

All moneys received under the registration program are deposited in the General Fund.

ANALYSIS

The General Fund support for the Division of Small Craft Harbors for the 1963-64 fiscal year proposes an expenditure of \$120,963 which compares to an estimated expenditure during the 1962-63 fiscal year of \$169,927 representing a \$48,964 or a 28.8 percent decrease.

The decrease is occasioned by the fact that the total re-registration function during the 1962-63 fiscal year required an emergency increase in temporary help, operating expenses and equipment which is not needed in the budget year. Otherwise the budget contemplates a continuation of the normal level of service. *We recommend approval.*

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

ITEM 259 of the Budget Bill

Budget page 626

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

Amount requested	\$396,936
Estimated to be expended in 1962-63 fiscal year	454,691
Decrease (12.7 percent)	<u>\$57,755</u>

TOTAL RECOMMENDED REDUCTION..... None

GENERAL SUMMARY

This phase of the Division of Small Craft Harbors budget is supported from the Small Craft Harbors Revolving Fund and encompasses the division's activities that are not connected with boat registration. The boat registration program is discussed in the previous budget item.

The Small Craft Harbors Revolving Fund is augmented by a \$750,000 annual appropriation from the Motor Vehicle Fuel Fund and is to be used for planning, loans and support of the Division of Small Craft Harbors.

The Legislature authorized the use of \$5 million from the Investment Fund for construction loans and approval was voted at the 1958 general election for the issuance of general obligation bonds up to \$10 million for the same purpose. As of this writing the entire \$10 million in bonds has been sold and the entire \$15 million that was available for lending purposes has been tentatively allocated. In fact, there has been an overallocation of \$2,366,000 which may create no problem, however, since the allocated amounts are generally higher than the amount that can be justified from the standpoint of feasibility. A total of \$13,302,000 has been allocated on a feasibility basis and a total of \$12,305,000 has been given final approval by the Small Craft Harbors Commission. As of November 1, 1962, a total of \$7,992,000 had been

Division of Small Craft Harbors—Continued

drawn by the sponsoring agencies and as of that date payments by the borrowing agencies on the principal had amounted to \$87,000.

The moneys loaned to authorized agencies for preliminary planning purposes from the Small Craft Revolving Fund are to be repaid to that fund plus interest which is to be determined by the Controller. Construction loans from the \$5 million Investment Fund moneys are to be repaid at a 3-percent rate of interest and money loaned from the \$10 million bond fund is to be repaid including applicable interest to retire the bonds. It should be noted, however, that neither the \$5 million fund nor the \$10 million bond fund passed through the Small Craft Harbors Revolving Fund.

In the interest of providing additional, more adequate facilities and more effective regulations to meet the growing needs generated by the great increase in small boat activities in California the Legislature at its 1961 regular session enacted Assembly Concurrent Resolution No. 47. Through this resolution the Legislature recognized that small boat owners "purchase many millions of gallons of gasoline" and pay the same tax on each gallon as purchasers of gasoline for use in motor vehicles and while the taxes paid by boatowners and users are refundable the great majority of boaters do not claim such refunds. This, according to the resolution, results in an annual accrual of a heretofore undetermined amount of gasoline tax revenue to the Motor Vehicle Fuel Fund.

The resolution proceeds further to note that the State Legislature at its 1959 regular session provided for an annual appropriation of \$750,000 from the Motor Vehicle Fuel Fund to the Small Craft Harbors Revolving Fund. But it further points out this sum "may have been unrealistic and may not have truly reflected the appropriate apportionate amount of unclaimed tax money of boatowners in the Motor Vehicle Fuel Fund and with the increase in boating activities in California that occurs each year the sum of \$750,000 becomes a less and less representative portion of the tax revenue accruing in the Motor Vehicle Fuel Fund from the gasoline taxes paid by boatowners and users."

The Assembly Concurrent Resolution directed the Joint Legislative Budget Committee to conduct a study as to how the amount of gasoline tax which is paid by small boat owners and unclaimed by them can be determined on an annual basis and to report its findings and recommendations thereon to the Legislature by the first calendar day of the 1963 regular session.

Through appropriate statistical methods it was estimated that the total gallons of gasoline used by boats in California amounted to 44,690,837 and the state gasoline taxes thereon amounted to \$2,681,450. During the 1961-62 fiscal year, refunds of \$291,761 were made by the State Controller. In that light there was an unclaimed refundable gasoline tax amounting to \$2,389,689.

Assembly Concurrent Resolution No. 47 also instructed the Legislative Budget Committee to determine how this amount of unclaimed gasoline taxes can be ascertained on an annual basis. Several approaches to this problem are apparent. First, there could be undertaken annually

Division of Small Craft Harbors—Continued

a study similar to the sampling that was developed for this analysis. If this approach were to be adopted it is strongly urged that the sampling be broadened and the analysis extended in the interests of increasing the reliability of the findings. This, of course, would have the major disadvantage of making the use of the approach quite costly.

The second approach would be to use these data to determine the percentage of total gasoline taxes collected by the State derived from gasoline sold for boating purposes and to apply this percentage to any future year's gasoline tax collections as representing the total amount of such taxes paid upon gasoline consumed in boating activities in that year. By subtracting from this amount the refunds made to the boaters the unclaimed taxes paid from this source is obtained. This procedure could be followed annually.

The percentage of the total amount of gasoline sold in California used for boating and the state taxes collected thereon appears to be about 0.75 percent. Obviously, a percentage figure such as this cannot be expected to remain the same year after year in view of the many factors which influence the variables of which it is a function. For example, total gallons of gasoline sold, which constitutes one of the variables, is determined almost entirely by automobile consumption. In California, because of the great number of automobiles, the extensive use made of our automobiles, longer distances traveled, the percentage relationship of unclaimed, refundable tax paid on gasoline for boating purposes to total gasoline tax collections is certain to be less than elsewhere and certain to decline even though the absolute amount of such unclaimed taxes will increase over the years.

A third method would be to use the figures determined in the survey as average fuel consumption for motorboats of various sizes and apply these averages to the actual number of registered boats. This, in our opinion, would be the best method of making an annual determination because it would use a factor directly related to number of motorboats each year and would require adjustment at less frequent intervals than to use a fixed percentage of the total amount of fuel taxes collected for all purposes.

In view of the above it appears that approximately \$2.3 million is being placed in the Motor Vehicle Fuel Fund for use in constructing and maintaining the State's highway system which represents gas taxes derived from boat usage and which appropriately might be used for support of the small craft harbor program. In that light it may be desirable to transfer such a sum to the Small Craft Harbors Revolving Fund for extension of the small craft harbors program.

ANALYSIS

The budget, for the Division alone, contemplates an expenditure of \$383,583, during the 1963-64 fiscal year as compared with an estimated expenditure during the 1962-63 fiscal year of \$454,691 representing a \$71,108 or 15.6-percent decrease. The balance of \$13,353 represents pro rata administrative charges levied for the Division of Administration.

Division of Small Craft Harbors—Continued

The apparent decrease is somewhat misleading in that under operating expenses for the 1962-63 fiscal year it is estimated that \$131,476 will be expended for professional and consulting services as compared to a figure of \$13,334 for the 1963-64 proposal. The sum of \$60,000 was granted to the Division of Small Craft Harbors by the Department of Finance through subventions from the federal government and another \$50,000 was specifically appropriated by the Legislature for undertaking a study of the small craft harbor potentials in the State. This study was contracted by a private consulting firm with very little help from the personnel of the Division of Small Craft Harbors. In that light the budget proposal here actually contemplates a continuation of the existing level of service. *We recommend approval.*

DEPARTMENT OF WATER RESOURCES

ITEM 260 of the Budget Bill

Budget page 629

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

Amount requested -----	\$37,669,055
Estimated to be expended in 1962-63 fiscal year -----	31,271,641
Increase (20.4 percent) -----	\$6,397,414

TOTAL RECOMMENDED REDUCTION ----- \$233,158

Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
General Administration			
Reduce out-of-state travel -----	\$35,000	631	12
Eliminate associate engineer and administrative assistant	17,640	630	80
General Investigations			
Eliminate Salmonidae Fingerling Study -----	32,991	637	5
Eliminate Sacramento Valley Aqueduct System from Sacramento Valley Seepage Investigation -----	Unknown	636	24
Project Planning			
Eliminate Coastal San Mateo Investigation -----	70,453	642	20
Eliminate Marysville Reservoir Operations Studies -----	25,000	642	26
Operations			
Eliminate Feather River Channel Characteristics -----	52,074	646	35
	\$233,158		

GENERAL SUMMARY

The Department of Water Resources is responsible for the planning, design, construction, and operation of the State Water Facilities. In addition, it carries on an extensive water resources planning and investigation program, collects data involved in water resources development and use, administers a number of statutory functions related to water, allocates local assistance funds for flood control, and carries out the State's responsibilities for beach erosion control.

Funding Problems

The fiscal year 1963-64 program of the Department of Water Resources is presented on a program basis. The table below shows the source of funding for each program and the extent of change from the current year. The more traditional organization budget for the

Department of Water Resources—Fiscal Year 1963-64—Expenditures by Programs and Funds

Fiscal Year 1963-64

<i>Program</i>	<i>General Fund</i>	<i>Water Fund</i>	<i>California Water Resources Development Bond Fund</i>	<i>Totals</i>	<i>Increase over Fiscal year 1962-63</i>
General Administration:					
Overhead charge -----	(\$1,512,000)	(\$4,221,949)		(\$5,733,949)	+(\$1,068,949)
Capital Outlay -----		252,440		252,440	+252,440
General Investigations -----	3,218,905	995,479		4,214,384	+808,545
Basic Data -----	2,664,745			2,664,745	+111,250
Project Planning:					
Support -----	979,754	78,300		} 2,555,398	+383,766
Capital Outlay -----		1,497,339			
Operations:					
Support -----	1,623,632			} 4,840,786	+1,702,432
Capital Outlay -----	22,000	2,606,973	\$588,181		
Other Activities -----	1,319,345	415,310		1,734,655	+142,089
Services -----	18,632	189,990	14,460	223,082	—184,523
Design -----		10,100,570		10,100,570	—719,880
Rights-of-Way -----		3,032,000		3,032,000	+299,450
Construction Supervision -----		8,051,000		8,051,000	+3,601,845
Construction and Land Acquisition -----	686,000	834,483	156,305,517	157,826,000	+96,116,134
State Financial Assistance for Local Projects (Davis-Grunsky) -----		8,550,600		8,550,600	+4,143,300
	<u>\$10,533,013</u>	<u>\$36,604,484</u>	<u>\$156,908,158</u>	<u>\$204,045,655</u>	<u>+\$106,656,848</u>
Less Appropriation for Davis-Dol- wig (Item 362) -----	686,000				
Budget Act Appropriation for Sup- port (Item 261) -----	<u>\$9,847,013</u>				

Department of Water Resources—Continued

department showing expenditures by organization and category and listing the new positions being requested is presented in the Appendix of the Governor's Budget starting at page 1060.

The funding of the fiscal year 1963-64 Budget follows the pattern for fiscal year 1962-63 except that more of the planning and general investigations work is shifted to the California Water Fund. The General Fund supports all collection of basic data, most general investigations which relate to long-range investigations and gathering of information, project planning not related to the State Water Facilities, flood control operations and maintenance, certain statutory and regulatory functions and recreation and fish and wildlife expenditures at the State Water Facilities pursuant to the Davis-Dolwig Act. The California Water Fund finances general investigations and advanced project planning related to the State Water Facilities, contract negotiations for project water and power, operation studies of the State Water Facilities, repayment and financial analyses of the State Water Facilities, as well as design, rights-of-way acquisition, and construction supervision costs of the State Water Facilities and loans and grants under the Davis-Grunsky Act. Next year water bond money from the California Water Resources Development Bond Fund will finance all contract construction costs and payment for lands and rights-of-way acquired, which has been financed from the California Water Fund in past years. The revenue account in the California Water Resources Development Bond Fund will pay for the operation and maintenance of the South Bay Aqueduct. The General Fund will pay \$22,000 for operation and maintenance of the recreation facilities at Frenchman and Antelope Projects.

Page 956 of the Governor's Budget shows the statement of fund condition for the California Water Fund. The statement indicates that the administration contemplates transfer of \$20,000,000 from the California Water Fund to the General Fund by the Budget Bill of 1963 and that legislation will be enacted providing for all revenues accruing to the California Water Fund in excess of \$9,000,000 per year to be deposited hereafter in the General Fund. The California Water Fund will continue to receive revenues of \$9,000,000 in future years, which is the amount originally contemplated at the time the Burns-Porter Act was passed. As a result of the \$20,000,000 transfer, the change in the formula for deposit of revenues, the budgeted expenditure of \$36,604,484 for fiscal year 1963-64, plus expenditure of \$5,680,942 in prior year appropriations which have not yet been paid out, the California Water Fund will have no balance at the end of next fiscal year. The Burns-Porter Act in Section 12938 of the Water Code requires that all California Water Fund balances be expended before water bond money is spent. As pointed out above, this result will be achieved in the Governor's Budget by expenditures for the State Water Facilities and transfer to the General Fund.

The department's total estimated expenditures for fiscal year 1963-64 is \$194,142,342 for the State Water Facilities. On an average this represents approximately \$16,000,000 per month. At this rate the

Department of Water Resources—Continued

\$36,604,484 which is to be expended from the California Water Fund would last the department slightly more than two months or into September, 1963 if no water bond proceeds are spent. If all present California Water Fund resources were devoted to construction of the State Water Facilities, these funds would be exhausted by approximately December, 1963, unless the construction program was scaled back.

The Governor's Budget contemplates the sale of \$100,000,000 in water bonds during July, 1963 which is about as late as this sale can be scheduled under the budgeted levels of expenditure without having the department exhaust all sources of funds. Another \$100,000,000 bond sale is scheduled for April, 1964. Approximately five months remain until the first proposed sale of water bonds. During this period of time the State Supreme Court must render its decision on the validity of the Metropolitan Water District contract and the Burns-Porter Act, any adjustments in the contract or act which may be required by the court must be made, the bond prospectus and covenant must be prepared, a bond market must be developed and the bonds put out to bid and sold. It can be seen that the timing for sale of bonds is already tight and is becoming tighter as the days go by without a decision from the State Supreme Court. Meanwhile, the department has been accelerating its construction schedules and has been awarding more construction contracts which are dependent on water bond proceeds for payments to the contractor.

Some of the department's proposed expenditures for fiscal year 1963-64 could be delayed if water bonds are not sold by July, 1963, but the major portion of the expenditures for next year represent commitments by the State for progress payments on the major construction contracts at Oroville and San Luis and the costs of the department's staff. The attention of the Legislature is called to this problem, not to create alarm, but to indicate that many complex and unpredictable events must occur in a timely fashion and in a favorable manner if serious financial problems are not to befall the construction of the State Water Facilities.

In any event it appears that bonds are to be sold before a contract with the Kern County Water Agency will be signed and before more than about half of the project water is sold, before a contract for the sale of power at Oroville and the power drops is signed, and before the sources and costs of Tehachapi pump lift power are determined. Thus, some of the most important factors determining project costs and revenues will not be resolved before the first bonds are sold. While the water bonds are general obligation bonds and not dependent on project revenues for security, the uncertainty surrounding the project cost and revenue elements will not facilitate their sale.

As anticipated in last year's budget, the first revenues and advances on principal and interest for the State Water Facilities were received last year. These are shown on page 957 of the Governor's Budget. After all costs of operation and maintenance of completed features are paid and after \$2,000,000 is allowed for interest payment on water

Department of Water Resources—Continued

bonds next year, a balance of \$1,987,325 is estimated to remain in the revenue account of the California Water Resources Development Bond Fund as of June 30, 1964.

Manpower Problems

If the water bonds are marketed without delay, the department will still face a critical problem in securing the personnel required to complete the work budgeted for next year. For example, the Division of Design and Construction, which has the major responsibility for construction of the State Water Facilities had 642 filled positions as of December 31, 1962 and 268 unfilled, authorized positions. However, 454 new positions are budgeted for fiscal year 1963-64 which means that 722 new employees must be hired within the next 6 to 18 months if estimated manpower requirements are to be met. This is substantially more than a 100 percent increase in personnel for this division, assuming no turnover. Substantial additional design and construction personnel have been budgeted for the Los Angeles District. For the department as a whole, 747.5 new positions are being requested for next year and 455 authorized positions were vacant as of December 16, 1962.

Expansion of the department in past years has been limited by the inability to hire needed personnel, even though extensive recruitment campaigns were conducted. There is, therefore, very little likelihood that the recruitment goals for the budget year will be met and manpower may become a critical and perhaps controlling item in the performance of the department's program. In fact, if water bond funds become available on schedule, manpower may become the limiting resource in the department. It is, therefore, of utmost importance that the department carefully survey its objectives and performance potentials and establish priorities accordingly. This has been done only in a limited sense. This analysis will identify in later sections some instances in which the department is requesting new personnel or is devoting existing personnel to projects which are of low priority if completion of the State Water Facilities by 1972 is to be the highest priority activity of the department. It should not be inferred that real construction progress has not been made, because it has. The problem lies in the rate at which construction progress can be increased next year.

Department of Water Resources—Continued

The following table shows new positions being requested by organization:

<i>Organization</i>	<i>Number of Positions</i>
Executive	3.3
Division of Administration	12
Engineering Management	8.3
Division of Resources Planning	26.5
Division of Operations	22.5
Technical Services Office	45.5
Division of Design and Construction	522.5
Area Management	1
Northern Branch	4.3
Bay Area Branch	13.3
Delta Branch	23
San Joaquin Valley Branch	9.3
Southern District	56
Total	747.5

Departmental Reorganization

Last year this analysis commented critically on the department's reorganization by pointing out the high overhead costs and the relative inefficiencies involved. During the past year the department has made only one major change in its organization. This change, which occurred in recent weeks and is not reflected in the budget, removed the Real Estate Branch from the Division of Design and Construction and established it as a separate Division of Right-of-Way Acquisition which reports to the Chief Engineer. This move was made to give greater emphasis to, and provide closer supervision over, the real property acquisition and relocation work of the department, which has been the source of considerable difficulty. In particular, we have felt that the department has used the powers of condemnation too frequently to secure immediate possession of real property because design, right-of-way engineering and other work was not completed in sufficient time to permit the orderly processes of negotiation for purchase of land. The new Division of Right-of-Way Acquisition should move forcefully to reduce the substantial number of condemnation actions undertaken by the department, to expedite orderly property acquisition and to manage the utility relocation work.

There has been no change during the past year in the department's high-cost overhead structure and the department is requesting a limited number of positions for next year which would further increase its overhead costs for co-ordination and staff activity. During the past year the department overhead and supervisory organization has had an opportunity to "settle down" after the major reorganization of 1961 and learn how to function more efficiently. In our opinion it is becoming more evident where the key channels of supervision lie and where the most important staff activities are performed. As these key control points become clearer, it should be possible for the department to identify and reduce those overhead functions which are not justified. This will simplify the organization, expedite decision making and reduce overhead costs. This analysis makes no recommendations at this

Department of Water Resources—Continued

time for reductions in the department's overhead positions and costs because too many personnel matters of delicate importance to the department are involved for the Legislature to separate needed from unneeded positions except as a last resort because of departmental inaction. We believe this is an administrative matter which can better be resolved by administrative agencies including the Department of Finance. If corrective action is not taken during the next year, however, we think the Legislature should act directly to reduce these costs.

Last year this analysis indicated that substantial budget justification material had not been received in time to be fully considered. During the preparation of the fiscal year 1963-64 budget the Departments of Water Resources and Finance have more expeditiously handled the budget preparation; a preliminary budget was prepared in sufficient time to assist in our analysis, and substantially more and better justification material has been furnished by the Department of Water Resources on a more timely basis. In general the preparation of this budget has demonstrated better planning, smoother preparation, better co-ordination and more acceptance of proper budgetary responsibility than has occurred for several years.

ANALYSIS**Explanation of Budget Item Structure**

The structure, purposes and contents of Budget Item 260 are the same as last year. The Item appropriates \$37,669,055 from the Water Resources Revolving Fund for all state operations costs of the department, that is costs of salaries, wages, operating expenses and equipment, whether funded from Capital Outlay under the continuing appropriation provisions of the Burns-Porter Act or funded from the General Fund by the support appropriation in Item 261. This procedure is used so that these obligations of the department can be paid without multiple warrants irrespective of the source of funding and so that all state operation costs will be subject to category control by the Department of Finance. The proper charges to each fund and appropriation when expenditures are made is entered by the Comptroller through the plan of financial adjustment.

Budget Item 261 in the amount of \$9,847,013 is for support of the Department of Water Resources from the General Fund. It is apportioned among the programs as shown in the first column of the table at the beginning of item 260 above. The sum of \$686,000 for recreation and fish and wildlife enhancement is included in Capital Outlay as Budget Item No. 362 for transfer to the Department of Parks and Recreation.

The state operations portions of the department's capital outlay budget are appropriated under the continuing appropriations of the Burns-Porter Act contained in Section 12938 and are transferred by administrative action to the Water Resources Revolving Fund for expenditure pursuant to Item 260. The cost of contract construction and payments for lands and rights-of-way for the State Water Facilities are direct charges to the California Water Fund and the California

Department of Water Resources—Continued

Water Resources Development Bond Fund in the amounts of \$834,483 and \$156,305,517, respectively as shown in the table at the beginning of this Item. These direct charge expenditures are appropriated by Section 12938 of the Burns-Porter Act and while they show beginning on page 947 of the Governor's Budget, they are not in the Budget Bill.

As has been done in past years, the complete program analysis of the department's budget will be presented under Item No. 260, the Revolving Fund appropriation. In general only necessary funding revisions to cover adjustments being recommended in the analysis of Item 260 will remain for consideration under item 261.

Analysis of the department's budget by each program follows:

General Administration Program

The General Administration Program covers the overhead costs of the department. With but two exceptions which will be noted later, these costs are not directly charged to any specific activities of the department. Instead, they are funded by a series of charges to each work order in the department based on the salaries and wages expenditures under the work order. This system provides a pool of funds which are used to pay the department's overhead costs. The method of charging these costs has been fully described for the first time in a report entitled "Application of Indirect Costs in the Department of Water Resources," dated June 1962, which has been of assistance in understanding and controlling these costs. For next fiscal year, the department has indicated that the rates of charges to work orders have not been increased from those shown in the June 1962 report in Table I.

Included in the General Administration Program are the costs of the director's office and associated staffs, departmental administrative costs, line supervision through the branch level and indirect costs such as rent and utilities. The General Administration Program costs increase by \$1,068,949 next year to a total of \$5,733,949.

Last year the Legislature amended the department's General Administration Program into the Budget Bill so that it would be subject to legislative control. This control has been retained in the Budget Bill of 1963 and appears under Item 261.

Out-of-state travel has been budgeted by the department as follows:

<i>Organization</i>	<i>Fiscal Year 1962-63</i>	<i>Fiscal Year 1963-64</i>
Executive Offices -----	\$14,524	\$24,534
Division of Administration -----	10,475	7,750
Engineering Management -----	2,000	10,344
Division of Resources Planning -----	2,000	7,515
Division of Operations -----	2,991	11,197
Technical Services Office -----	1,000	1,215
Division of Design and Construction -----	12,000	26,658
Area Management -----	1,000	1,800
Northern Branch -----	800	2,625
Bay Area Branch -----	1,600	2,301
Delta Branch -----	1,000	2,236
San Joaquin Valley Branch -----	0	3,065
Southern District -----	2,000	4,310
	\$51,390	\$105,550

Department of Water Resources—Continued

For next fiscal year the out-of-state travel increases by \$54,000, or better than a 100 percent increase. The amount budgeted for the current year is up about \$2,000 over the actual expenditures for last year. *It is recommended that an increase of about \$20,000 be allowed, which is sufficient to add the equivalent of more than 40 trips to Washington, D.C., and that the out-of-state travel be reduced by \$35,000 to \$70,000.*

The expenditures of the chief engineer's office increase \$32,000 largely because of the addition of two new positions. An associate engineer is being requested to assist in formulating engineering policies and to participate in reviewing their execution. An administrative assistant is being requested to take care of the administrative details of the chief engineer's office and to process nonengineering papers which are being routed through that office before being acted on by the Division of Administration. The department needs to make a decision whether the chief engineer will assume responsibility for all line functions of the department, whether engineering or not, or whether he will be the chief engineering official of the department and concentrate on the broad scale, across-the-board engineering problems and leave the other work to other personnel. At present there are two levels of supervision between the director and the division chiefs, that is, the three deputy directors and the office of the chief engineer. Too many routine documents pass through both the chief engineer's office and the deputy directors'. The layers of line supervision should be kept as few as possible and routine documents kept out of these offices. *It is therefore recommended that the administrative assistant and the associate engineer be removed from the budget for a savings of \$17,640 plus operating expenses.*

Included in the budget request for next year is the amount of \$33,400 to continue paying rent on office space in Fresno which the department leased two years ago as part of its decentralization plans. Although the Legislature stopped the decentralization by forbidding the use of General Fund money, the State still has an obligation to pay for that portion of the two noncancelable, five-year Fresno leases which have not been covered by subleasing.

Included in the General Administration Program are two contracts which will be direct charges to the State Water Facilities. One in the amount of \$178,168 is for six additional positions in the Attorney General's office to litigate the large number of condemnation cases incurred by the department's land acquisition program. The other is \$74,272 for a contract with the Personnel Board for engineering recruitment. Other increases are in fiscal, clerical, equipment, supply and associated activities which increase substantially in proportion to the addition of new positions in the department.

General Investigations Program

The General Investigations Program covers a group of investigations involving one or more water related problems. The program is budgeted at \$4,214,384 for fiscal year 1963-64 which is an increase of \$808,545 over the current year. Almost all of this increase is being charged to

Department of Water Resources—Continued

the California Water Fund. A review of this funding breakdown between the General Fund and the California Water Fund has identified some instances in which costs are being charged to the State Water Facilities and funded from the California Water Fund when perhaps they should not be.

Certain aspects of the Sacramento Valley Seepage Investigation along the main stem of the Sacramento River and the collection and analysis of data under the Crustal Strain and Fault Movement Investigation as well as the Federal-State Cooperative Geodetic Program for Horizontal and Vertical Control appear to include certain work and to cover certain areas which are not directly related to the construction or operation of the State Water Facilities. It is doubtful whether funds for this work can be appropriated under Section 12938 of the Burns-Porter Act as is proposed in the Governor's Budget. A Legislative Counsel's opinion has been requested on this matter and will be released when received.

Included in the department's request is \$32,991 for continuation and expansion of a study of the movement of salmon fingerlings downstream from and within the reservoir of the proposed Iron Canyon Dam. This work was originally undertaken as part of the Upper Sacramento River Investigation, but with the pending termination of that investigation, is being expanded and set up as a separate study. The work is of interest to the U.S. Bureau of Commercial Fisheries which has participated in the study to a limited extent. The study actually involves experiments at Shasta Reservoir which will be applied to Iron Canyon and which the department also feels will provide useful information on the North Coastal streams.

The department has indicated that its study of the salmon problem at Iron Canyon is being pursued independently of work on the fisheries problem at the Delta. A check with the Department of Fish and Game reveals that the problem of salmon passage through the Delta Water Project is one of the most serious fish problems in the Delta Water Project, and it has not yet been solved. It, therefore, seems premature for the department to undertake studies of the salmon problem at Iron Canyon, which project is many years away in authorization and construction, even assuming the local opposition to its construction is resolved, until the Delta problem is solved first and it is assured that the salmon run will be continued on the Sacramento River in such form as to constitute a problem at the Iron Canyon site. In other words, the department should concentrate on solving the problems of projects already authorized for construction before going on to other projects in the early planning stages.

The second reason for the department's interest in the salmonidae study is to gather data on the salmon problem for possible future application in the north coastal area. The reason the U.S. Bureau of Commercial Fisheries is interested in the problem is partly because of its similarity to salmon problems in the Pacific Northwest. To the extent that the problem is not directly related to Iron Canyon, it should be a study undertaken by the Department of Fish and Game and financed

Department of Water Resources—Continued

by that department. However, it is possible that some financing might properly come from the Department of Water Resources, but even in this event the work should be done by the Department of Fish and Game in the same pattern as already established for the Delta Fish and Wildlife Protection Study. *It is recommended that \$32,991 for the Salmonidae Fingerling Study be removed from the budget until these problems are resolved.*

Under the title of Technical Methods Development, funds have been budgeted by the Resources Planning Division for development of an improved method to evaluate recreation benefits in economic terms. Recreation benefits are used in both project formulation and cost allocation. The responsibility for cost allocation lies with the Division of Operations which is confronted with the immediate and urgent problem of allocating costs to recreation at the various portions of the State Water Facilities now under construction or being designed for construction. In addition, the allocation of costs to recreation has been felt by the Kern County Water Agency to be important in negotiating its contract and determining the aqueduct costs that it will have to repay. The allocation of State Water Facility costs to recreation and fish and wildlife is one of the more important unresolved questions affecting repayment of the State Water Facilities and the responsibility for this project repayment lies with the Division of Operations. The Governor's Budget is prepared on the basis that the post-land-acquisition planning and the construction of recreation facilities at water projects will be the responsibility of the Department of Parks and Recreation. Their work should also involve some evaluation of recreation benefits. *It is recommended that the sum of approximately \$18,000 for evaluation of recreation benefits be made available to the Division of Operations for expenditure and that the Department of Parks and Recreation participate fully in the study.*

Since 1959 the department has been working on the Sacramento Valley Seepage Investigation to collect data on the extent of seepage and to develop methods of eliminating seepage. This work is charged jointly to the General Fund and the California Water Fund. The department proposes to expand this project to undertake preliminary investigations of the construction of a west side aqueduct system in the Sacramento Valley to convey water developed by upstream or north coastal units to the Delta. The intent is to investigate this aqueduct system sufficiently to determine whether it offers alternative solutions to the Sacramento River seepage problem. The construction of such an aqueduct system is so far in the future that it cannot be precisely evaluated at this time. In addition, preliminary work on this aqueduct system, if begun under the seepage investigation, will tend to grow into a full scale investigation although the department has given written assurances that a full study of the west side aqueduct system would be undertaken only upon specific authorization. Meanwhile the department should concentrate on its more specific and urgent problems involved in resolving difficulties in the construction of the authorized features of the State Water Facilities or in relating the seepage problem to the Sacramento River Bank

Department of Water Resources—Continued

Protection Project. *It is recommended that such funds as may be contained in the budget for preliminary work on the Sacramento Valley west side aqueduct system as part of the Sacramento Valley Seepage Investigation be removed from the budget.*

During the next fiscal year, the department is requesting \$45,000 to begin work on a planned utilization of ground water basins investigation of the San Joaquin Valley. This would be a major investigation which would stretch out for six or more years. It is, furthermore, not clear that the basic data for such an investigation is available or that the ground water conditions and political conditions in the San Joaquin Valley warrant an investigation of the detail and degree of management of the San Joaquin Valley ground water basins as has been done by the department in the planned utilization of ground water basins in Southern California. In essence the department is proposing to start the investigation with detailed engineering work on electrical models and data collection before considering the political, economic and management aspects of the problem which will substantially determine what can be accomplished by the investigation.

It is recommended that the request for \$45,000 be granted by the Legislature only to plan the nature, extent, and anticipated accomplishments of the investigation; to develop integrated data collection programs for this and other investigations such as the San Joaquin Valley Drainage Investigation; to analyze the probable practical use a management plan for utilization of the ground water basins in the San Joaquin Valley would receive in the hands of the local water agencies; and to report back on these matters to the Legislature. With this information, next year or at a subsequent date the Legislature can then authorize the actual commencement of the investigation. This is an important investigation and its planning, timing and management need to be carefully worked out, giving full consideration to the readiness of various portions of the valley for such a ground water basin management study, if the investigation is to be successful and represent a wise investment of the substantial sums it will cost.

With regard to other ground water work in the department, a review of the various investigations being conducted by the Los Angeles District Office indicates considerable overlap and lack of clear-cut delineation of work between the several activities such as Investigations of Water Quality Problems, Sea-Water Intrusion Investigations, Planned Utilization of Ground Water Basins, Ground Water Basin Protection Studies and specific, separate ground water investigations. In some instances, continuing data collection programs are involved, in other instances the same work is being done as a water quality investigation which is being done under other more comprehensively titled investigations, and in other instances the distinction between studies is rather insignificant. These investigations should be surveyed, retitled and re-grouped to contribute to budgetary management and better understanding.

Department of Water Resources—Continued

The last two years the department has requested approximately \$50,000 to start a flood plain zoning program. The Legislature has removed these funds from the budget because the U. S. Corps of Engineers has been authorized by Congress to do the basic work in flood plain zoning. For the next fiscal year the department has reduced its request for flood plain zoning work to one position to process requests for the Corps of Engineers to make flood plain zoning studies and for the review of any federal flood plain zoning reports. We concur in this approach by the department, but believe that any future expansion should be presented to the Legislature and specifically authorized.

The department's budget request contains several problems involving waste water quality survey work, and other related water quality matters, many of which are discussed in the report prepared by Water Resources Engineers, Inc., and submitted to the State Water Pollution Control Board as required by Budget Item 269 of last year. These problems can better be handled by action on the recommendations of that report rather than by consideration here.

The Water Requirements and Project Staging Investigation continues as a major part of the General Investigation Program. As in past years, this investigation continues to be elusive and difficult to assess. Part of this elusiveness appears to stem from uncertainty whether the program is intended to provide for co-ordinated operation of the various storage projects on the Sacramento River and its tributaries in order to maximize yields at the Delta and thereby provide data on the timing or necessity for additional projects to be constructed by the State to replenish the Delta, or for other purposes. Some of these other purposes are to provide data on the need for and timing of planning investigations or providing for the collection of data under this program which is tied into data needs of other investigations. For the moment it appears that the studies of co-ordinated operation of reservoirs on the Sacramento River and tributaries has the highest priority. This co-ordinated operation, however, involves consideration of how the Delta is operated and what is to be constructed in the Delta.

It has been difficult in reviewing the Department's work to assess the beneficial results derived from the large data collection program associated with the co-ordinated operation studies, and substantially justified on its needs, when the future of the Delta is unknown. The degree of increased accuracy obtainable in the co-ordinated operations studies by the collection of large amounts of expensive data is not clear or expressed in specific terms. In addition, there is no recognition of the extent needed data and data projections can be derived from contract negotiations, studies by contracting agencies or from project operating experience. Data derived from operations activities can provide projections of equal or greater validity at less cost than those proposed to be made by the department using planning tools. There is a real need for

Department of Water Resources—Continued

the department to concentrate during the next year on developing standards and measures of the validity and accuracy of its project staging work both for internal management purposes and for budget justification purposes. It is clear that the project staging work can only be an approximation of future conditions, it is not clear how good an approximation is needed and how much this approximation could be improved by additional expenditures.

Basic Data Program

The department's Basic Data Program includes the collection recording, analysis and reporting of hydrologic, climatologic and other data which is essential to the present and future planning and construction of water projects. This program is financed from the General Fund and increases from \$2,553,495 for the current year to \$2,664,745 for next year, which is an increase of \$111,250. This increase is largely caused by increases in federal salaries in the federal-state co-operative portions of data collection activities and some increases in the State's climatologic data collection. The department has been making some management improvements in the data collection program, without which the increases in next year's budget would be even larger. Much more remains to be done in improving the management of this program, particularly in adapting and installing the priority system recommended in the recent consultant's report on Hydrologic Data Collection.

In particular, work needs to be done to establish standards to be followed in making recurring current meter measurements at stream gaging stations. There is no evidence that the department has any standards to determine when current meter measurements need to be made and it is possible that savings can be made by eliminating unnecessarily frequent measurements. *Approval of the request as budgeted is recommended.*

Project Planning Program

The Project Planning Program includes a series of investigations of relatively specific projects or problems which may be narrower in scope and of shorter duration than general investigations. Frequently they lead to reports on the basis of which a project could be authorized for construction. The program increases \$383,766 over estimated expenditures for the current year. Almost all of this increase is charged to the California Water Fund since it covers advanced planning for features of the State Water Facilities. The projects, completion dates and estimated expenditures are shown by the table below. Comparison with last year's table shows a number of important set-backs in completion dates.

Department of Water Resources—Continued

Project Planning Program

Department of Water Resources—Fiscal Year 1963-64

		Expenditures		
	Completion date	Actual 1961-62	Estimated 1962-63	Estimated 1963-64
Project Planning Program				
North coastal development investigation-----	June 1964	\$308,731	\$323,050	\$350,000
Upper Sacramento River Basin development investigation-----	June 1964	137,161	181,696	80,040
Yuba and Bear Rivers development investigation-----	June 1963	82,034	11,185	--
Sacramento Valley Eastside stream investigation-----	June 1966	42,544	110,205	115,000
Madera area investigation-----	June 1964	109,653	102,687	110,000
Supplemental Delta offstream storage-----	June 1964	--	--	25,000
Upper Putah Creek investigation-----	June 1966	--	71,957	49,988
Coastal San Mateo County investigation-----	June 1965	--	45,993	70,453
Fish Slough Dam and Reservoir feasibility investigation-----	Dec. 1963	30,523	58,059	10,000
Feasibility of waste water reclamation-----	Continuing	--	43,064	44,000
Recreation and fish and wildlife enhancement, post-land acquisition phase-----	Indefinite	--	--	100,273
Marysville Reservoir operation studies-----	Jan. 1966	--	--	25,000
Recreation and fish and wildlife enhancement, pre-land acquisition phase-----	Indefinite	--	--	78,300
San Joaquin Valley drainage investigation, advanced planning-----	June 1968	402,246	476,428	449,976
Delta water project, general planning, advanced planning-----	June 1967	--	436,731	652,234
Delta water project—Fish and wildlife protection-----	June 1966	139,021	205,190	323,723
Upper Feather River Basin, advanced planning-----	June 1965	47,901	72,162	71,406

The department is requesting \$70,453 for the second year's work on the Coastal San Mateo Investigation. Last year, this office, by letter dated February 16, 1962, to the chairmen of the Senate Finance and Assembly Ways and Means committees, recommended that the department's initial request of \$44,684 to begin work on the investigation be allowed. This was done on the basis that the first year's work would involve collection of information and data which would be useful to any agency proposing to construct a local water supply and flood control project on Pescadero or Butano Creeks. It was further pointed out that the intervening year just finished would provide time for the U.S. Corps of Engineers to secure additional authorization and funds so that it could co-operate in studying the flood control problems of the area. The local people would also have this year to form a district or zone which could assist in planning the project and subsequently construct, operate and maintain the project. This three-part agreement was recommended as an effective means of co-operation between all the interests involved which would best assure that the planning work undertaken by the State would result in the construction of a project.

Unfortunately, the Corps of Engineers did not secure funds to participate in the flood control portion of the work, but is interested and has participated in meetings and conferences involving the project. Although last year there appeared to be a strong interest in forming a local district or zone in the project area, the Department of Water Resources indicates that no district or zone has been formed. Meanwhile the County of San Mateo has undertaken a study by a consulting engineering firm to determine whether a soil conservation project under Public Law 566 should be sought.

Under these circumstances, the Department of Water Resources proposes to continue with a comprehensive investigation of the water

Department of Water Resources—Continued

problems in the area and select a project for local construction. In view of the difficulties the department has had in planning specific projects for local construction in other parts of the State, such as on Cache Creek, it does not appear wise for the department to progress further with this investigation until the local people have (1) decided what they want to do, (2) have formed a district or zone to construct the project, and (3) can participate in the formulation of the project or actually plan a project themselves which they will construct. Only in this manner does it appear that the planning money spent by the department is likely to result in the construction of a project with the minimum expenditure of planning funds. *It is recommended that \$70,453 for the Coastal San Mateo Investigation be removed from the budget until the above three conditions occur.*

The department is requesting \$25,000 for Marysville Reservoir Operation Studies. The proposed studies are an effort to determine how a 1,000,000 acre-foot reservoir at the Marysville site on the Yuba River might be operated in conjunction with the other projects which may in the future contribute water to the Delta. During the current year the department is completing and is to report on its Yuba-Bear Rivers Development Investigation which began in fiscal year 1957-58 and on which the department will have spent \$804,021. In its justification for the Yuba and Bear Rivers Investigation last year in the Governor's Budget on page 679, the department stated, "Considerable effort will be devoted to further study of the operational aspects of the projects, particularly as they may affect the water supplies available at the Delta." This was one of the major purposes of the original investigation.

The department now states that the present studies are necessary to provide hydrologic data for including a possible Marysville Reservoir in its project staging and co-ordinated operation studies, and that the amount of new water may be about two to three hundred thousand acre-feet. Although Marysville Reservoir may provide a supply of water to the Delta some day, at present it is not known who might construct it, when it might be constructed, what capacity it will be constructed to, or how it will be operated. Under these circumstances it would appear that the proposed operations studies would be so conjectural as to have little present value and that the probable degree of error in the assumptions which must be made regarding the project and the Delta would be quite large in view of the limited amount of water involved. Further, as discussed earlier in this analysis, the department should concentrate on its present problems. It should resolve the far more important and presently urgent problems of what should be constructed in the Delta and how its construction and operation can best be optimized with existing projects and projects authorized for construction. Finally, it is not clear why the Marysville Reservoir Operation Studies are not conducted under the Project Staging Investigation in view of its broad and all-inclusive description. *It is recommended that the request for \$25,000 for the Marysville Reservoir Operation Studies be removed from the budget.*

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The Feather River Basin Advanced Planning Investigation has been budgeted for \$71,406 as a Capital Outlay expenditure from the California Water Fund. This work includes replanning the upper Feather River Projects and certain postland acquisition planning for recreation and fish and wildlife enhancement. Other recreation planning work of this nature has been financed from the General Fund and designated for execution by the Department of Parks and Recreation. *In order to be consistent with other portions of the Governor's Budget, the recreation and fish and wildlife enhancement planning work in the Feather River Basin Advanced Planning Investigation should be undertaken by the Department of Parks and Recreation, and such is accordingly recommended.*

An important series of planning investigations is grouped around the problems of the Delta. The following investigations are the most important:

Investigation	Expenditures in fiscal year 1963-64	
	California Water Fund	General Fund
Delta Water Project General Planning-----	\$652,234	-
San Joaquin Valley Drainage Investigation-----	449,976	-
Delta Water Project—Fish and Wildlife Protection-----	323,723	-
Delta and Suisun Bay Pollution Investigation-----	250,000	\$50,000
Water Requirements and Project Staging Investigation (Project Staging)-----	-	127,975
Totals -----	\$1,675,933	\$177,975

Last year this analysis commented critically on the lack of integration between the various planning investigations related to the Delta and the difficulties of relating them to one another and to the work of federal agencies. It was recommended and the Legislature directed the department to prepare a justification report on its Delta activities to clarify this important work. Such a report entitled "Summary of Programs and Activities Related to Sacramento-San Joaquin Delta," dated January 28, 1963, has been received.

The above report, which will be referred to as the justification report, for the first time assembles in one place, with appropriate schedules, the large amount of work in the department related to the Delta and describes it in relationship to the activities of many other state and federal agencies which also are working in the area. The report also contains a good catalogue of the Delta problems. In this regard the report is helpful and valuable and its preparation reflects some improvement in the management of the Delta work. It does not, however, indicate any planned program by which the department can resolve, participate in resolving or secure the resolution of the various problems involved. It is optimistic and indicates that the many difficult problems can be solved, but does not indicate how they can be solved or are being solved by the diverse studies and committees involved.

Time is actually short to make a decision on the problems of the Delta. The department has now decided that it can wait until 1972 before it will need to have the Delta Water Project constructed. Allowing lead time for construction, this means that a firm plan must be

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selected by approximately 1966, which is not very far away when viewed in terms of the vast amount of work to be done and agreements which must be secured.

Essentially the department's Delta work is a massive data collection program designed to collect and analyze all data related to the Delta's problems. Out of this data it is expected will arise a plan for solution of the Delta's problems which presumably will be satisfactory to all parties. The justification report does not show that the work is organized to proceed on an orderly step by step basis to solve key problems first and then working from this base to solve other problems. Instead the justification report indicates a continuation of the same planning approach which has not solved the problems in the past. Thus, although the department has been studying the Delta for approximately 10 years, and prepared several reports in past years, there is no substantive agreement on the Delta among any of the principal parties at interest. There is not, either, based on the contents of the justification report, any agreement between the various agencies, state, federal and local on the steps to be taken in resolving the problems or on the objectives to be sought and values to be preserved. Apparently the effort is to maximize all purposes and benefits. Whether such maximization is needed or can be financed is doubtful.

As nearly as can be ascertained from presently available information, there are four fundamentally different approaches to the Delta problem, (1) continue to repel salinity and transport water across the Delta by releasing large amounts of water from state and federal reservoirs, (2) construct a fresh water channel along the east side of the Delta from the Sacramento River to the Tracy pumping plants as is being considered by the Bureau of Reclamation, (3) construct a series of barriers within the Delta as has been proposed by the Department of Water Resources, and (4) construct a barrier at Chippis Island or elsewhere in San Francisco Bay as is being studied by the Corps of Engineers. None of these plans pleases everyone and the plan finally selected will probably leave some persons dissatisfied for both engineering and nonengineering reasons.

It should be emphasized that in addition to the engineering considerations, there are political, social and economic values which must be identified and understood. These will largely condition public understanding and acceptance of what can reasonably be accomplished in the Delta and of what constitutes a reasonable Delta solution. At present these factors are being submerged in technical and engineering detail, yet their influence will be felt when a Delta decision is finally made. These factors can be identified and made known now so that public opinion can be formulating.

The department's justification report does not tie the planning work to the governmental actions which will have to be employed to secure basic decisions on the Delta by 1966. The department's justification report gives no mention to the fact that many critical decisions will not be made by the department. A number of such critical decisions, which are beyond the control of the department, can easily be identified. One of these involves construction of the northern half of the San Joaquin

Department of Water Resources—Continued

Valley Drainage System by the Bureau of Reclamation which is discussed in detail in subsequent paragraphs. Another one involves the terms of the State Water Rights Board's permit to the Bureau of Reclamation which retains under the board's jurisdiction the decision on the control of salinity in the Delta by the bureau. A third consideration is the need to secure a permit from the U.S. Corps of Engineers for any closure in the Delta which will adversely affect navigation. A fourth consideration is that any need for state legislation will have to be ready for the 1965 General Session or wait until the 1967 General Session which may be too late. A fifth consideration is congressional authorization for any federal participation in flood control in the Delta. Further thought will identify other compelling or more important critical factors which the department undoubtedly recognizes but has not worked into its planning approach.

In the design and construction of the State Water Facilities, the department is adopting the critical path method of scheduling work. This involves scheduling the orderly progression, the manpower, and the lapse of time for each significant segment of work. These elements are then adjusted among themselves to achieve the most economical and rational order for accomplishing the most critical or difficult features of the work. The planning work in the Delta is of such a complex nature, so difficult to integrate and co-ordinate, as well as being indefinite in detail and means of accomplishment, that it could benefit greatly from being plotted out on an adaptation of a critical path schedule. Emphasis could be given to the orderly timing and accomplishment of tasks, so that decisions can be made on a step-by-step basis which will provide the foundation for further work and progress. With approximately \$2,000,000 in the budget for Delta work in fiscal year 1963-64, the department is not suffering from a lack of funds. In fact the need to accomplish the work with less money would probably be beneficial, since it would require establishing priorities and evaluating critically the need and timing of each task undertaken to assure that it properly contributes to the total planning effort. It is concluded after reviewing the department's Delta justification report that there is a great need for planning the planning work and it is for this reason that the suggestion of a critical path schedule is made.

The department has budgeted further funds for the San Joaquin Valley Drainage Investigation next year. The budgeted amounts from the start of this planning investigation are as follows:

<i>Fiscal Year</i>	<i>Amount</i>
1963-64	\$449,976 estimated
1962-63	476,428 estimated
1961-62	402,246 actual
1960-61	412,949 actual
1959-60	278,364 actual
1958-59	314,055 actual
1957-58	95,168 actual
Total	\$2,429,186

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In addition to the amount of \$449,976 requested for investigation work in the next year, the budget contains \$140,000 in the Capital Outlay portion for construction of an algae stripping test site. The department's justification report on its Delta work indicates on Chart 2, that the present advanced planning phase of the investigation will extend at least until fiscal year 1967-68 at which time only an interim report on the advanced planning work will be issued. Assuming that the next four years of work beyond the budget year will cost \$350,000 each year, which is the average of the prior seven years, giving a total of \$1,400,000 for future planning, the department will have spent a total of almost \$4,000,000 in planning the drainage facility. The report of the California Water Resources Development Finance Committee pursuant to Water Code Section 12939, dated February, 1962, shows an estimated total cost for construction of the San Joaquin Valley Drainage System of \$15,638,981.

In contrast the Bureau of Reclamation is faced with a lawsuit to enforce the provisions of the San Luis Project authorization act which require either the State or the bureau to construct a drain to the Delta before completion of the San Luis Project. According to newspaper accounts the bureau has expended only \$65,000 to date for its planning of drainage works. The Bureau of Reclamation is studying many of the same solutions as the Department of Water Resources.

Thus, it can be seen that in spite of the large sums of money provided the Department of Water Resources and the early start on planning which the department secured over the Bureau of Reclamation, answers to the drainage problem are not available when needed. To date the department has surveyed a large number of possible plans which it has narrowed down to several of the most promising that will be given intensive study under the advanced planning work during the next few years. To date no work on municipal and industrial waste disposal through the drain has been completed although this is an important purpose of the drainage system. The department's justification report on its delta work states on page 31, "A decision regarding selection of the final drainage disposal plan for the San Joaquin Drainage Facilities is expected to be made under the advanced planning program by July 1966. Ample progress will have been made to enable selection of the final plan for the Delta Water Facilities by July 1964." It appears that ample progress has not been made and that the decision regarding the plan for the drainage facility should have been made last year when the agreement was signed by the department with the Bureau of Reclamation for the bureau to construct the northern portion of the drain, or before the 1961 General Session when the department sought legislative approval of Senate Bill 1439 which would have authorized repayment of the drainage system costs.

Meanwhile the department is continuing advanced planning work on the entire drain although presumably it will construct only that portion of the drain in the Tulare Lake Basin (southern half) because of the agreement with the Bureau of Reclamation. According to present information, neither the department nor the bureau know where they

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will discharge their drainage water or by what means. There is no indication in the department's delta justification report that effective co-ordination with the bureau is taking place in deciding the location of the drain. Furthermore, the department continues to collect and analyze data in its Delta and Suisun Bay Pollution Investigation to determine the effect on the delta and Suisun Bay of discharges which may actually be made elsewhere by the Bureau of Reclamation.

A final observation is appropriate with regard to the delta planning in general. The department's justification report indicates in several instances that responsibility for co-ordinating various planning studies rests with the delta branch (see pages 21, 22, 25, 29 and 31). Although the department has three deputy directors, a policy staff, a scheduling staff, an office of chief engineer, an office of assistant chief engineer, and a staff resources planning division, the responsibility for co-ordinating the delta planning work lies in one of the subordinate area branches. This co-ordination problem has been made more difficult by the establishment of the area branches and has been made even more difficult by splitting the most important segments of the delta planning work among three different area branches. If, as is now proposed, these area branches are dispersed to field locations outside of Sacramento, the problem of co-ordination and supervision may become unmanageable.

Operations Program

The operations program includes the operation and maintenance of the state water facilities, supervision of contract negotiations, preparation of repayment and financial analyses, flood control maintenance, flood forecasting, watermaster service and other related activities. The budgeted amount increases next year by \$1,702,432 to a total of \$4,840,786. Most of this increase is financed out of the California Water Fund and is for an increased level of activity in water and power contract negotiations and preparations for operation of the state water facilities. Expenditures under this program from the California Water Resources Development Bond Fund revenue account increase from \$229,172 to \$588,181. Most of this increase is to purchase water and power for the South Bay Aqueduct. All funds under this program except the General Fund portion are appropriated by the Burns-Porter Act.

The sum of \$52,074 for Establishment of Feather River Channel Characteristics is included in the capital outlay portion of the Operations Program. The purpose of this work is to secure data on present channel characteristics of the Feather River below Oroville Dam in the event that litigation or other problems arise regarding changes in the channel after construction of Oroville Dam. This activity appears to be marginal in present significance and will require engineering manpower which should be devoted to project construction at this time. *It is recommended that \$52,074 for Establishment of Feather River Channel Characteristics be removed from the budget.*

The sum of \$22,000 is included in this program as an appropriation from the General Fund to provide \$7,000 for Frenchman and \$15,000

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for Antelope Valley project costs charged to recreation operations and maintenance. During the past year the Frenchman Project was operated under a one-year interim agreement with the water users which the department expects will be extended soon for another year. This agreement provides for the department to regulate at Frenchman the water which belongs to the local water users. In return for regulation the department can retain 30 percent of the water in Frenchman, presumably for recreation use. The water users pay the department nothing. It seems reasonable that after the reservoir is filled, even though the locally owned water will be the first to spill under the agreement, the spilling will make all flows available to the local users without regulation, that is, on the same basis as before the project was constructed. Meanwhile the operation and maintenance costs allocated to water conservation at Frenchman are being paid from the Revenue Account of the Bond Fund and charged to a deferred expense account. The department advises that the excess of these deferred expenses over any future revenue from Frenchman will be recovered as part of the Delta Water Charge beginning in 1970. This means that the present costs for conservation at Frenchman will be paid in their entirety by other water users in the State. This is a reasonable assumption because there is little prospect that the Frenchman water users will pay any retroactive or deferred costs when they are unwilling to pay present costs.

Portions of the department's contract negotiations work continue as in past years to be uncertain and difficult to evaluate. Contracts which will be under negotiation in the San Joaquin Valley are anticipated to be:

<i>Agency</i>	<i>Approximate Amount</i>
Kern County Water Agency-----	Up to 1,200,000 acre-feet
West Plains Water Storage District-----	300,000 to 400,000 acre-feet
Devils Den Area-----	40,000 acre-feet
Kings River Water Conservation District-----	280,000 acre-feet
Dudley Ridge Area-----	160,000 acre-feet

In addition it is proposed to undertake negotiations in the North Bay Aqueduct service area, the Coastal Aqueduct service area, the Feather River area and to continue negotiations in Southern California.

The work leading to execution of a contract for sale of Oroville power is being given emphasis this year and in next year's budget. Pursuant to recommendations by a consultant, whose report has been requested but not received from the department, the department is now undertaking studies of the possible value of Oroville power to each utility which might be interested in the power. Since the power will be sold on a bid basis, the value of these studies is questionable. Furthermore, the time for contracting to sell Oroville power is short and taking time to make these studies only delays the execution of a contract. The department could expedite its power contracting work, save money for the water users, and conserve the use of engineering staff by eliminating these power studies.

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Included within the operations program for next fiscal year are two \$150,000 contracts for consulting services of Dillon, Read and Co. The services of this firm were originally undertaken simultaneously with the Charles T. Main review of the State Water Facilities in 1960. At that time Dillon, Read and Co. reviewed the financial feasibility of the State Water Facilities at a cost to the department of approximately \$140,000. Their original work has just been updated and reviewed under a \$150,000 contract completed last calendar year. The third contract for \$150,000 which is to carry on this work, is budgeted for next fiscal year but may be moved into the current fiscal year. The fourth contract with Dillon, Read and Co., is budgeted for next fiscal year and covers services on a possible \$320,000,000 revenue bond proposal to finance the power facilities at Oroville from Central Valley Project revenue bonds.

Included within the activity Water Operations Criteria and Technical Standards is the initiation of an operational water quality program. Some aspects of the proposed work appear appropriate, but other proposed work appears to be premature or to have little significance until water quality problems at the Delta are solved or until it is clear what the department can do to preserve the quality of project water. In general the responsibility for water quality lies with the Water Pollution Control Boards and not in the department. However, the department is justified to concern itself about water quality degradation within its transportation facilities.

An important job in preparing for the operation of the individual features of the State Water Facilities is the preparation of manuals for the guidance of operating personnel. The preparation of these manuals is just beginning. A review of the manual for the Frenchman Project indicates that only about half of the material included would have any significance for operating personnel. Such information as a map showing the location of the project in the State, data on authorization of the project, its construction history, a narrative description of the project location, a description of recreation features, historical data on climate, precipitation and runoff, etc., have little value to the operator. This information is expensive to publish and involves substantial engineering manpower to prepare. A review of the draft of operations manual for the South Bay Aqueduct indicates some improvement in pertinence of contents. However, the department should consider carefully whether a set of as-constructed drawings of the project would not serve the same purpose as the narrative description of the equipment and materials now contained in the operations manual.

Other Activities Program

The Other Activities Program is a collection of statutory, regulatory and miscellaneous activities in the department which do not directly fit in the other programs. A total of \$1,734,655 is being requested for next year which is an increase of \$142,089 over the current year. Almost all of this increase is in the California Water Fund portion of the program consisting of administration of state financial assistance for local projects and Water Rights for State Water Facilities.

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Services Program

The Services Program consists of various technical services rendered to other programs of the department and funded in those other programs. The Services Program, therefore, involves no appropriation except \$223,082 for automotive and heavy equipment purchases.

Design Program

The Design Program essentially includes the design of the State Water Facilities plus other work such as design of the San Joaquin Valley Flood Control Project for the Reclamation Board. The program is budgeted at \$10,100,570 which is a slight decrease from the current year.

The Design Program is presently the key to accomplishment of the construction phases of the State Water Facilities in future years, because it is the design work being done now and in the next few years which will produce the plans that will be constructed in future years. During the next fiscal year, design work on a major scale will be under way in the department on all portions of the Southern California Aqueduct except those portions of the San Luis Project being performed by the U.S. Bureau of Reclamation and the design of the Delta Water Project which has been deferred until 1966.

The Governor's Budget, on page 664, shows the following expenditures for design of the Delta Pumping Plant and Discharge Line:

<i>Fiscal Year</i>	<i>Amount</i>
1961-62 -----	\$49,582
1962-63 -----	332,500
1963-64 -----	459,000

A request was made to the department for information upon which the design and staging of construction of the Delta Pumping Plant is being undertaken in order to ascertain how the department is executing the special provisions of the Burns-Porter Act pertaining to this facility. The following reply was received from the department:

"We have not developed a schedule for the staging of additional pumps in the Delta Pumping Plant after deliveries of water to Southern California begin in 1972. Such a schedule can be developed on a tentative basis when we have completed the water service contracting program, but the final schedule will depend, of course, on the rate of build-up in demands for water in the various service areas of the project."

On the basis of the above reply, it has not been possible to determine what capacities and assumptions the department is using in its design of the Delta Pumping Plant nor is it possible to relate this design work to decisions which will subsequently be made regarding the nature and operation of the Delta Water Project.

It has been noted that in past years the Department of Water Resources designed the new bridge over the Middle Fork of the Feather River, which was a major design job. During the next fiscal year the department is proposing to design several maintenance buildings and

Department of Water Resources—Continued

related facilities. *In view of the need to conserve the department's engineering manpower for high priority design of water resources features of the State Water Facilities, it is recommended that legislation be adopted requiring the department to contract its bridge and building design work with the Department of Public Works, which is organized and staffed to do such work.*

Rights-of-Way Program

The Rights-of-way Program covers the department's costs for salaries and wages and operating expenses for the acquisition of land and rights-of-way for the State Water Facilities. Reference is made to the earlier discussion under the heading of Departmental Reorganization pertaining to the establishment of a Division of Rights-of-way Acquisition in the department.

Construction Supervision Program

This program covers the department's costs for supervision of contract construction work, mainly on the State Water Facilities. The major areas of activity at present are at Oroville, along the South Bay Aqueduct and at the Antelope Valley Project. During the budget year, the department will be extending its construction activity into the San Joaquin Valley and to the Tehachapi Mountains for access roads, relocation work and soil compaction in subsidence areas before construction of the aqueducts and pumping facilities. The fiscal year 1963-64 Budget contains funds to begin the organization and staffing of needed new field construction supervision offices in these areas.

Construction and Land Acquisition Program.

The Construction and Land Acquisition Program includes the cash disbursements (construction progress payments) made under construction contracts and the costs of land purchased or condemned. The major increase of \$96,116,134 in the department's expenditures next year occurs in this program. These expenditures are not included in the Budget Bill but are appropriated by Section 12938 of the Burns-Porter Act.

Several large expenditures are contemplated and may be mentioned. Progress payments on Oroville Dam and Power Plant are budgeted at approximately \$30,000,000, acquisition of the Big Bend power plant at Oroville is budgeted at \$27,000,000, construction on the South Bay Aqueduct will total \$17,000,000, construction at the Delta Pumping Plant and along the aqueduct to San Luis is budgeted at \$12,000,000, advances to the Bureau of Reclamation for construction of San Luis Dam and Reservoir will require more than \$41,000,000 and construction of access roads in the Tehachapi Mountains will amount to several millions.

The following table has been prepared by the department to show the major construction contracts completed or under construction and those scheduled to be awarded before the end of next fiscal year.

State Water Facilities—Major Completed Contracts as of January 1963

<i>Contract</i>	<i>Date awarded</i>	<i>Date completed</i>	<i>Final direct cost (\$1,000)</i>
Frenchman Dam-----	9-15-59	10-18-61	\$1,723
Road relocations-----	7-21-62	11-16-62	258
Oroville			
WPRR—Tunnel No. 1-----	7-25-60	11- 3-61	1,952
WPRR—Tunnels Nos. 2 and 3-----	8-11-59	9- 8-61	6,236
WPRR—Tunnels Nos. 4 and 5-----	5-17-57	12-30-60	10,403
WPRR—North Fork Bridge-----	1-29-58	6-14-60	1,581
WPRR—Feather River Bridge-----	4-16-58	3-16-60	1,293
WPRR—Grading—Oroville—West Branch Bridge-----	9-15-60	4-20-62	4,043
U.S. 40A—West Branch Bridge—administered by Division of Highways-----	11-10-59	2-28-62	8,620
U.S. 40A—Wicks Corner to Jarbo Gap—administered by Division of Highways-----	5-29-57	12-16-60	8,547
South Bay Aqueduct			
Interim Canal and Bethany Forebay Dam-----	11-25-59	3- 9-61	836
South Bay Pumping Plant-----	5-26-60	5-28-62	869
Surge Tank through Patterson Reservoir-----	11-15-60	8- 8-62	3,204

Major Contracts Under Construction as of January 1963

<i>Contract</i>	<i>Date awarded</i>	<i>Estimated completion date</i>	<i>Estimated final cost (\$1,000)</i>
Antelope Valley Dam-----	8-28-62	12-31-63	\$2,905
Oroville			
Palermo Outlet Works-----	11-16-61	3-21-63	767
Oroville Dam-----	8-13-62	6-13-68	121,000
Diversion Tunnel No. 1-----	8-18-61	5-13-63	7,470
Left abutment access road-----	7-14-62	5-28-63	510
Feather River Hatchery—interim-----	3-16-62	1-21-63	1,108
Oroville construction headquarters-----	11-16-62	7-14-63	938
Middle Fork Bridge-----	1-10-63	1-10-65	4,436
U.S. 40A—Oroville to Wicks Corner—administered by Division of Highways-----	11-27-61	8- -63	3,996

Major Contracts Under Construction as of January 1963—Continued

<i>Contract</i>	<i>Date awarded</i>	<i>Estimated completion date</i>	<i>Estimated final cost (\$1,000)</i>
South Bay Aqueduct			
Alameda Division Canal	8- 7-62	8- 7-63	\$1,325
California Aqueduct Consolidation Fills Station 2,500 to 3,000	1-14-63	11- 9-63	750
San Luis			
Preconsolidation Reach No. 2—administered by USBR	9-13-62	1-15-63	266
Pump generating plant turbines—administered by USBR	11-20-62	9- -66	3,486
Preconsolidation Reach No. 3—administered by USBR	1-15-63	1-15-64	997
Dam and forebay dam—administered by USBR	1- 7-63	10- 1-67	85,927
Highway 152 relocation—administered by Division of Highways	1-17-63	8- 9-65	12,030

Contracts to be Let—January 1963 through June 1964

<i>Contract</i>	<i>Planned advertising</i>	<i>Estimated completion</i>	<i>Approximate cost (\$1,000)</i>
Upper Feather			
Frenchman Reservoir, recreation road improvement	4-63	10-63	\$200
Grizzly Valley Dam and Reservoir	2-64	11-65	1,100
Oroville			
Turbines and Pump Turbines, Oroville Power Plant	1-63	1-69	10,000
D.W.R. employee housing, initial units	1-63	6-63	500
Oroville Power Plant, initial stage	2-63	5-66	20,000
County Road Relocation, Miners Ranch to Middle Fork Bridge	6-63	7-65	600
D.W.R. employee housing, second unit	6-63	9-63	500
County Road Relocation, Middle Fork Bridge to existing county road	*		1,500
Oroville Dam Spillway	3-64	10-67	15,600
Oroville-Feather Falls county road relocation	*		3,500
South Bay Aqueduct			
Instrumentation and control	1-63	8-63	60
La Costa and Mission Tunnels	2-63	7-64	3,000
South Bay Pumping Plant, additional pump units, procurement	2-63	4-64	80
Del Valle, Sunol, and Santa Clara pipelines	3-63	11-64	12,000
Interim Pumping Plant, additional pump units, procurement	3-63	3-64	50

* Dependent on alignment agreement with county.

Contracts to be Let—January 1963 through June 1964—Continued

*Contract

Approximate
cost
(\$1,000)

Item 260

South Bay Aqueduct—Continued

South Bay and Interim Pumping Plants, additional pump installation-----	3-63	12-63	\$90
Airport Dam and Reservoir-----	6-63	3-65	1,500
Del Valle county road relocation-----	7-63	10-64	1,500
South Bay Pumping Plant, second stage-----	8-63	5-65	1,500
Surge Tank to Dyer Canal, second stage-----	9-63	5-65	1,300
Del Valle Dam and Reservoir-----	3-64	12-65	5,200
Del Valle branch pipeline-----	4-64	11-65	800
Del Valle Pumping Plant-----	5-64	12-65	800

North San Joaquin

Intake Channel, Byron Road through Delta Pumping Plant-----	4-63	3-65	9,000
Consolidation Fills, Delta Pumping Plant to Del Puerto Canyon Road-----	5-63	7-64	1,500
Del Puerto Canyon Road to Orestimba Creek-----	11-63	12-65	9,000
Orestimba Creek to San Luis Forebay-----	5-64	9-67	20,000

San Luis

Mile 18 Pumping Plant—pumps-----	1-63	5-66	3,500
San Luis Canal, Reach No. 1-----	1-63	9-65	22,500
San Luis Pumping-Generating Plant, cranes-----	2-63	5-64	350
Mile 18 Pumping Plant-----	3-63	2-66	12,000
Los Banos Creek Detention Reservoir-----	3-63	10-64	3,600
San Luis Pumping-Generating Plant, butterfly valves-----	5-63	2-65	1,300
San Luis Canal, Reach No. 2-----	5-63	12-66	15,500
Forebay Dam, Reservoir and Wasteway-----	7-63	1-66	500
San Luis Pumping-Generating Plant, furnish and install motor generators-----	10-63	10-67	18,800
Mile 18 Pumping Plant, cranes-----	11-63	2-65	330
San Luis Canal, Reach No. 3-----	4-64	6-67	25,000

South San Joaquin

Aqueduct, Kettleman City to Avenal Gap-----	5-64	1-66	8,500
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Tehachapi

Tehachapi Crossing access roads-----	2-63	11-64	4,000
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Department of Water Resources
January 24, 1963

Water Resources

Water Resources

Items 261-262

Department of Water Resources—Continued

State Financial Assistance for Local Projects

The Davis-Grunsky Act provides for loans and grants to local agencies for the construction of water projects. Estimated expenditures under this program increase \$4,143,300 next year to \$8,550,600, all of which will be financed from the California Water Fund. The increase is for a higher rate of disbursement of funds under approved loans and grants or under loans and grants expected to be approved next year. The administrative costs of the program are funded under the Other Activities Program and increase from \$258,834 in the current year to \$362,531 next year.

DEPARTMENT OF WATER RESOURCES

ITEM 261 of the Budget Bill

Budget page 629

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

Amount requested	\$9,847,013
Estimated to be expended in 1962-63 fiscal year	9,605,040
Increase (2.5 percent)	\$241,973
TOTAL RECOMMENDED REDUCTION	\$128,444

This item provides the General Fund portion of the funds included in the analysis of Item 260. Reductions in this item reflect as nearly as possible the General Fund portion of recommended reductions under Item 260.

Department of Water Resources

FISH AND WILDLIFE ENHANCEMENT STUDIES

ITEM 262 of the Budget Bill

Budget page 642

FOR TRANSFER TO THE DEPARTMENT OF WATER RESOURCES FROM THE CALIFORNIA WATER FUND

Amount requested	\$78,300
Estimated to be expended in 1962-63 fiscal year	None
Increase	\$78,300
TOTAL RECOMMENDED REDUCTION	None

This item finances the recreation and fish and wildlife enhancement studies of the Department of Water Resources which occur prior to the acquisition of land around a reservoir. After land has been acquired around a reservoir, the Governor's Budget provides for further planning expenditures to be made by the Department of Parks and Recreation. Work financed by this item covers recreation and fish and wildlife enhancement along the Southern California Aqueduct, at the Bethany Forebay along the North Bay Aqueduct and in Southern California. •
Approval is recommended.

Department of Water Resources

STATE WATER RIGHTS BOARD

ITEM 263 of the Budget Bill

Budget page 669

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

Amount requested -----	\$968,698
Estimated to be expended in 1962-63 fiscal year -----	932,441
Increase (3.9 percent) -----	\$36,257

TOTAL RECOMMENDED REDUCTION ----- None

GENERAL SUMMARY

The State Water Rights Board was created in 1956 as an independent state agency with responsibilities under Division 2 of the Water Code. The board is primarily concerned with the administrative procedures relative to the appropriation of unappropriated water; assistance to the courts in water rights controversies through the court reference procedure; assistance to holders of water rights through the statutory adjudication procedure; and recordation of certain data on ground water extractions in Southern California. The board conducts hearings to resolve conflicting applications for permits to appropriate water, issues permits for unprotested applications, investigates facts relative to protested applications, and insures, through permit and license inspections, that water covered by the permit is actually put to beneficial use as required by California water law.

ANALYSIS

For 1963-64 the board is requesting a budget of \$968,698, which is \$36,257 or 3.9 percent higher than estimated expenditures for the current fiscal year. Most of the budget year increase represents normal salary increments and higher operating costs, but it also includes a request for \$17,026 to cover the salaries of two assistant civil engineers and a half-time intermediate typist-clerk to handle increased workload in the number and complexity of inspections required prior to the issuance of a license. The proposed additional inspection activity is necessary to insure that water projects being constructed pursuant to a permit to appropriate water are moving toward completion at a satisfactory rate or that, being completed, beneficial use is being made of the water in compliance with the terms of the permit.

At the present time, the board generally depends upon reports from the permit holder for information regarding the diligence with which a water right is being developed. If there is a lack of diligence, the water sought to be appropriated by the permit should be given to other interests who might take prompt action to utilize it. To remedy this situation, the board plans to conduct field inspections at the end of the development period allowed by the permit or at the end of such time extensions as it may give to such permits, in order to determine whether a license should be issued, more time allowed, or the permit revoked and the water made available for other projects. The two assistant civil engineer positions requested for the budget year will not permit a complete implementation of the new inspection program,

State Water Rights Board—Continued

and the board, therefore, anticipates a need for additional inspectors in future years to achieve the objective of inspecting all permits at three-year intervals.

Approval of the request is recommended. However, in view of the board's projected need for additional engineers to fully implement the new inspection program, we would further recommend that the Department of Finance consider the feasibility of an agreement between "the supervision of safety of dams" function in the Department of Water Resources and the State Water Rights Board to co-operate in more economically carrying out certain parts of the fieldwork of both agencies.

**Department of Water Resources
RECLAMATION BOARD**

ITEM 264 of the Budget Bill

Budget page 671

**FOR SUPPORT OF THE RECLAMATION BOARD
FROM THE GENERAL FUND**

Amount requested -----	\$144,249
Estimated to be expended in 1962-63 fiscal year -----	243,376
Decrease (40.7 percent) -----	\$99,127

TOTAL RECOMMENDED REDUCTION ----- None

GENERAL SUMMARY

The Reclamation Board was created in 1911 with the basic responsibility of controlling the floodwaters of the Sacramento and San Joaquin River systems. In 1957, the statutory codification which clarified the status of the remaining state water agencies with the newly created Department of Water Resources authorized continuation of the Reclamation Board within the department, although it was to continue its independent powers, responsibilities and jurisdiction. The board consists of seven members appointed to serve at the pleasure of the Governor, with no specific requirements for representation of the membership. The board is now a part of the Resources Agency.

The board's general objective of controlling flood waters has been translated into several specific responsibilities, such as the acquisition of lands, easements, and rights-of-way and the relocation of utilities necessary to the construction of flood control projects by the U.S. Corps of Engineers in the Central Valley, the fulfillment of certain construction obligations assumed by agreement with the federal government, and the issuance of permits for local construction and encroachment on rivers within the board's jurisdiction.

ANALYSIS

The 1963-64 Budget request for the Reclamation Board contained in Budget Item 264 is \$144,249 and is substantially less than the expenditure for last year because of accounting system changes. The actual support expenditures of the board total \$784,096, which is an increase of \$48,134 over last year to cover five new positions being requested.

Reclamation Board—Continued

Most of the board's expenditures are made from funds transferred in the amount of \$639,847 from local assistance appropriations for the next fiscal year.

In the analysis of the Reclamation Board's expenditures under local assistance Items 431 and 432 pertaining to the San Joaquin River Flood Control Project and the Sacramento River Bank Protection Project, it was pointed out that the board had shown greater concern for the desires of local flood control interests than in conserving the fiscal resources of the State, that the Water Code permits members of the board to have a conflict of interest, that the board has been unable to restrain the rising costs of the San Joaquin River Flood Control Project, that there is uncertain assignment of responsibility between the board and the Department of Water Resources as well as conflict in policy.

At the time the Department of Water Resources was organized in 1956, this office recommended that the Reclamation Board should be abolished and its duties included in the new department. This position was reiterated in the analysis of the Budget Act of 1961 when it first became apparent that the costs of the San Joaquin River Flood Control Project were becoming unusually high and that this was partly due to organizational problems. In view of the more recent information contained in our analysis this year of Budget Items 431 and 432, it is again recommended that the Reclamation Board be abolished.

A substantial portion of the Reclamation Board's responsibilities are now actually executed by the Department of Water Resources. Included among these are the design and construction supervision of the San Joaquin Valley Flood Control Project, the inspection of levees and flood control works to assure conformity to maintenance standards, and the review of applications for permits to encroach on flood control works. The two major activities of the board's staff are the design of bridges and other facilities to be relocated and the acquisition of rights-of-way for U.S. Corps of Engineer projects.

The Reclamation Board, itself, consists of seven members appointed by the Governor. At least in recent years, these members have been residents of, or persons with direct interests in the flood control problems of the Central Valley. Thus, the board consists of appointees representing the Central Valley area, but it is a state board and spends substantial sums of money secured on a statewide basis. The local nature of the board's membership is not consistent with the source of its funds. On the other hand, the appointive board has powers under the Water Code to raise funds by assessments and also determines the rate of assessment within local districts whenever the State takes over local maintenance responsibilities under Water Code, Section 12878.32. In addition, under S.B. 1439 of the 1961 General Session, the board and the Department of Water Resources proposed that the board be given broad powers to raise by assessments throughout the San Joaquin Valley the funds necessary to repay the capital costs and operations and maintenance costs of the San Joaquin Valley Drainage System which is a feature of the State Water Facilities. The bill was not passed and the problem of paying the costs of the drainage system is not solved.

Reclamation Board—Continued

The function of the Reclamation Board with regard to giving assurances and securing lands for Corps of Engineers' flood control projects is different from the pattern in other parts of the State where this is a function of a local district. Elsewhere in the State the local districts acquire the lands, easements and rights-of-way and then are reimbursed by the State through the Department of Water Resources. In the Central Valley these funds are appropriated directly to, and are expended by, the Reclamation Board.

Another factor which is difficult to assess arises from the practice of the Reclamation Board in giving assurances to hold the federal government harmless for any liabilities arising from federal flood control projects as required by federal law. The Reclamation Board gives these assurances initially, but then is required by state law to pass the responsibility for these assurances on to local districts. Elsewhere in the State, the Department of Water Resources does not enter into this matter and the hold-harmless assurances are given by local districts directly to the federal government. In the event that damages should be assessed in litigation, such as arising from the 1955 floods at Marysville and Yuba City, the State may find itself with a liability because of the role of the Reclamation Board.

For these and other reasons, it is recommended that the Reclamation Board be abolished as a state agency, that its local district functions be reinstated in their original form as the old Sacramento and San Joaquin Drainage District and that all functions properly belonging to a state agency be reassigned to the Department of Water Resources. It is further recommended that the request for five new positions for next fiscal year be denied. These positions will be funded by transfers from local assistance projects and the reductions recommended under Item 431 should remove both the need for the positions and the funds to pay for them. It is recommended that the request for \$144,249 made under this item be granted to fund the board's operations if it remains as a state agency or to assure continuity of staff if the board should be reinstated as the Sacramento and San Joaquin Drainage District.

COLORADO RIVER BOARD

ITEM 265 of the Budget Bill

Budget page 672

FOR SUPPORT OF THE COLORADO RIVER BOARD
FROM THE GENERAL FUND

Amount requested	\$231,667
Estimated to be expended in 1962-63 fiscal year	235,343

Decrease (1.6 percent)	\$3,676
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TOTAL RECOMMENDED REDUCTION	None
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GENERAL SUMMARY

The Colorado River Board is responsible under the Statutes of 1937 (now Part 5 of Division 6 of the Water Code) for protecting the rights of certain local public agencies to the use of Colorado River water. The six-member board, which is composed of representatives of six local

Colorado River Board—Continued

water and irrigation districts in Southern California, implements this responsibility by compiling and analyzing engineering data, engaging in interstate conferences, and appearing before Congress and interested federal agencies relative to existing and proposed uses of the water in the river.

ANALYSIS

The proposed 1963-64 fiscal year budget of the Colorado River Board is \$3,676 or 1.6 percent less than estimated expenditures for the current year. Last year this office commented adversely on a recurring annual request in the budget for \$9,000 to cover a contract for the services of a Washington, D.C., attorney at law. This \$9,000 contract provision has been eliminated in the proposed budget, but the resulting saving is partially offset by a normal increase of approximately \$5,000 in "personal services" and a \$1,000 increase in equipment costs.

For the last two years this office has also made the following statement, which is repeated this year as being still applicable. "Although the Water Code specifies that all records of the board are confidential, this requirement is clearly inconsistent with the purposes of a public agency and recent legislative policy. The Water Code also states that the board shall make such reports as it deems necessary. As the board has been engaged in some important work over the years, an annual report to the public summarizing its activities and significant accomplishments might well be justified."

Apart from the comments made above, approval of this request is recommended.

COLORADO RIVER BOUNDARY COMMISSION

ITEM 266 of the Budget Bill

Budget page 674

FOR SUPPORT OF COLORADO RIVER BOUNDARY COMMISSION
FROM THE GENERAL FUND

Amount requested	\$63,713
Estimated to be expended in 1962-63 fiscal year	25,689
Increase (148.0 percent)	\$38,024
TOTAL RECOMMENDED REDUCTION	\$12,455

Summary of Recommended Reductions

Decrease	Entire item	Amount	Budget	
			Page	Line
		\$63,713	674	67
Increase				
	Operating expenses (State Lands Division)	51,258		

GENERAL SUMMARY

The Colorado River Boundary Commission was created by Chapter 1693 of the Statutes of 1953, and consists of the Attorney General, executive officer of the State Lands Commission, and the Director of Water Resources. The commission was established to report to the Governor and the Legislature by the 1955 session its findings and recommendations concerning joint actions by this State and the State of Arizona in determining a mutually agreeable boundary line which,

Colorado River Boundary Commission—Continued

although theoretically the centerline of the Colorado River, is difficult to determine due to the meandering of the river. An appropriation of \$150,000 was made available for expenditure until June 30, 1955, by this act.

Chapter 1679, Statutes of 1955 amended the previous act and required the commission to report prior to the 1957 session "... what administrative problems may continue to exist along the common boundary, what experiences it has had in connection with said problems, and what department or departments of the state government should be charged with the administration of such problems in the future." There was also appropriated the sum of \$50,000 to remain available for expenditure by the commission until June 30, 1957.

In the absence of completed action, an amount of \$25,000 was included in the Budget Act of 1957 for the purpose of continuing the commission's activities. The commission has since been provided with funds through the Budget Act.

In a meeting on December 18, 1962, the commission considered a status report to be presented to the Legislature for the 1963 session which will include the proposed interstate compact between Arizona and California regarding the boundary.

Upon tentative approval of the compact by the governors and the state legislatures of both California and Arizona it is anticipated that a contract with the United States Coast and Geodetic Survey will be initiated to make a detailed survey locating principal points along the boundary. The estimated total cost of this work will be \$100,000, one-third to be paid by each state and the remainder by the federal government. In addition, it will be necessary for the Federal Bureau of Land Management to restore a few section corners in the Yuma Island area.

Once the surveys are completed, the formal compact will be submitted for final approval by both state legislatures. It will then be forwarded to the Congress of the United States for ratification.

The expenditures of the Colorado River Boundary Commission since its creation in 1953 to June 30, 1962, by fiscal year as identified in the printed budgets, are shown in the following table:

<i>Year</i>	<i>Expenditure</i>
1953-54 Actual -----	\$63,747
1954-55 Actual -----	54,437
1955-56 Actual -----	11,820
1956-57 Actual -----	16,541
1957-58 Actual -----	15,486
1958-59 Actual -----	102
1959-60 Actual -----	4,471
1960-61 Actual -----	11,287
1961-62 Actual -----	23,207
Total actual -----	\$201,098
1962-63 Estimated -----	25,689
1963-64 Proposed -----	63,713
Total actual estimated and proposed -----	\$290,500

Colorado River Boundary Commission—Continued

ANALYSIS

The increase of \$38,024 over that estimated for 1962-63 reflects the \$33,333 required for contract services with the United States Coast and Geodetic Survey.

In our 1962-63 analysis, we recommended that due to the close relationship between the activities of the commission and the State Lands Division that certain adjustments be made in the budget to effect economies. As the executive officer of the State Lands Commission is chairman of the Colorado River Boundary Commission and the staff of the State Lands Division performs all administrative and a considerable amount of the professional and technical work for the commission, we felt that support for the commission could better be provided through the budget of the State Lands Division. One recommendation to the effect that the State Lands Division could better provide land appraisal, surveying and engineering services than could the commission through the requested additional staff, was accepted by the Legislature. A corollary suggestion which was not accepted would have deleted the position of executive secretary to the commission and provided for an increase in temporary help for the State Lands Division in lieu thereof. We feel that this recommendation should be restated at this time in view of the progress attained by the commission and the minimal future program anticipated.

We recommend a reduction in the amount of \$63,713 representing this entire budget item, and an increase of \$51,258 in the operating expense category of the support budget for the State Lands Division, Item 140.

The net reduction of \$12,455 represents the salary for the executive secretary of the commission, budget page 674, line 56 which is exempt from civil service through the provisions of Article XXIV, Section 4(a)(5) of the Constitution. The incumbent, a lawyer in private practice, who works on a part-time basis, is actually no longer required due to the advanced state of negotiations.

KLAMATH RIVER COMPACT COMMISSION

ITEM 267 of the Budget Bill

Budget page 675

FOR SUPPORT OF THE KLAMATH RIVER COMPACT
COMMISSION FROM THE GENERAL FUND

Amount requested	\$5,333
Estimated to be expended in 1962-63 fiscal year	5,697
Decrease (6.4 percent)	\$364

GENERAL SUMMARY

The Klamath River Compact Commission was created in 1957 after congressional approval of the Klamath River Basin Compact between the States of California and Oregon. The California Legislature ratified and approved the compact by Chapter 113, Statutes of 1957. The three-member commission consists of the Director of the California Department of Water Resources, the Oregon State Engineer, and a federal

Klamath River Compact Commission—Continued

representative appointed by the President. The primary goal of the commission is the integrated, comprehensive development and conservation of the waters of the Klamath River Basin for irrigation, domestic, industrial, fish and wildlife, recreation, power, flood control, and navigation uses. The commission is supported equally by California and Oregon through joint deposits to a trust account from which all operating expenses are paid.

ANALYSIS

During 1963-64 the commission's program will continue at the same level as last year. To be continued are its studies concerning the land use of the Upper Klamath River Basin in Oregon and the algae problem in the Klamath River. Fieldwork for the area outside the Klamath Indian Reservation is scheduled for completion, and the preparation of a map showing land use as of 1957 will be initiated.

The commission requests an appropriation of \$5,333 for 1963-64, a decrease of \$364 from the amount appropriated in 1962-63. We note that the commission is still overestimating its expenditures with the result that its annual surpluses remain too high. Total estimated expenditures for 1961-62 were \$16,890, but only \$11,771 was actually expended for that year. If this situation is repeated during the current year, for which a total expenditure of \$16,890 is again estimated, the commission will then have available for 1964-65 a surplus sufficient to cover expenditures for that year. *We recommend, therefore, that the commission expend this surplus before additional funds are requested next year. Otherwise, approval of this year's request is recommended.*

CALIFORNIA-NEVADA INTERSTATE COMPACT COMMISSION

ITEM 268 of the Budget Bill

Budget page 676

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

Amount requested -----	\$49,971
Estimated to be expended in 1962-63 fiscal year -----	96,842
Decrease (48.4 percent) -----	\$46,871
TOTAL RECOMMENDED REDUCTION -----	\$1,000

Summary of Recommended Reductions

	Amount	Budget	
		Page	Line
Abolish position of executive director -----	—\$11,520	676	41
Increase contract services -----	+10,520	676	54
Net reduction -----	—\$1,000		

GENERAL SUMMARY

The California-Nevada Interstate Compact Commission was established by Chapter 1810, Statutes of 1955, to represent California in negotiating an interstate compact with Nevada covering the distribution and use of the waters of Lake Tahoe and the Carson, Walker, and

California-Nevada Interstate Compact Commission—Continued

Truckee Rivers. When the commissions of the respective states and interested federal agencies reach agreement, the compact will be submitted to the Legislatures of California and Nevada and the Congress for final approval. The California commission is composed of the Director of Water Resources and six members appointed by the Governor who reside, own property, or engage in business in the basins of the Carson, Walker, and Truckee Rivers and Lake Tahoe.

ANALYSIS

For 1963-64 the commission is requesting an appropriation of \$49,971, which is \$46,871 or 48.4 percent less than estimated expenditures for the current fiscal year. Pursuant to our recommendation in the 1962 Budget Analysis that the California Commission should submit a report on its negotiations with Nevada because progress had been so slow, the Joint California-Nevada Compact Commission has undertaken to prepare a progress report for submission to both the California and Nevada Legislatures during February 1963. While the report is not available at this time, as the commission begins its eighth year of negotiations at a cost to California alone of approximately \$600,000, it appears from available information that for the first time a schedule has been set up which reasonably anticipates that the principal provisions of the compact will be finalized during 1963 and that the completed compact will be submitted for congressional approval by mid-1964. Pending receipt and evaluation of this report, it is our understanding that negotiations have progressed substantially during the past year, partly as a result of legislative objections to the lack of progress. In the Lake Tahoe negotiations the commission has announced that "agreement in principle" has been reached. Additional optimism comes from the three river basin negotiating committees which have reported progress in several areas and indicate that final agreements are anticipated in the near future.

In the 1962 analysis, this office also questioned the desirability of a newly created exempt position of "executive director" for the California-Nevada Interstate Compact Commission, which was filled by a former assistant engineer in the Department of Water Resources. We noted that the establishment of this position appeared inconsistent with the purpose of a temporary state agency whose functions would terminate upon the resolution of the specific problems assigned to it. We observed, also, that because the executive director of the commission was supervising personnel of the Department of Water Resources, supervisory responsibility had been diffused and obscured among the Department of Water Resources, the California-Nevada Compact Commission, and the Klamath Compact Commission which the executive director also serves as secretary. Due to the death of the executive director this position is now unfilled, but the commission's budget request provides for its continuation at a salary of \$11,520.

Consistent with the comments made above, we recommend that the position of executive director be abolished and the work transferred to a senior engineer in the Department of Water Resources at a salary

California - Nevada Interstate Compact Commission—Continued

saving of \$1,000 and that the allocation to "contract services by the Department of Water Resources" therefore be increased by \$10,520 to \$45,589. Subject to the modification mentioned above and review of the forthcoming progress report, we tentatively recommend approval of this item.

WATER POLLUTION CONTROL BOARD

ITEM 269 of the Budget Bill

Budget page 677

**FOR SUPPORT OF THE WATER POLLUTION CONTROL BOARD
FROM THE GENERAL FUND**

Amount requested.....	\$971,920
Estimated to be expended in 1962-63 fiscal year.....	987,935
Decrease (1.6 percent).....	\$16,015
TOTAL RECOMMENDED REDUCTION.....	\$9,036

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget Page</i>	<i>Line</i>
Fund Water Pollution Control Engineer from reorganization savings.....	\$9,036	677	74

GENERAL SUMMARY

The Water Pollution Control Act of 1949 established a State Water Pollution Control Board and divided California into nine water pollution control regions, each of which is administered by a semiautonomous regional board.

The state board, which consists of the Directors of Water Resources, Fish and Game, Public Health, Agriculture and Conservation, plus nine members appointed by the Governor, is responsible for the formulation of statewide policy for the control of water pollution, the administration of statewide programs of federal financial assistance for water pollution control, the administration of statewide research programs into the technical phases of water pollution control, the correction of pollution conditions not corrected by regional boards, and the co-ordination and submission of budget requests for the regional boards.

The regional boards consist of seven members appointed by the Governor and are responsible for long-range regional plans and policies for water pollution control, recommendation of projects for federal financial assistance, co-ordinated programs of abatement and prevention of water pollution, encouragement and assistance in the development of self-policing waste disposal programs, requests for enforcement of water pollution laws by appropriate federal, state, and local agencies, prescription of discharge requirements for all existing and proposed waste dischargers, and issuance of cease and desist orders in cases of non-compliance with discharge requirements.

Water Quality Management Board

The Budget Act of 1961 was amended by the Legislature to authorize the Department of Finance and the State Water Pollution Control Board to study an interagency system which would more efficiently

Water Pollution Control Board—Continued

collect and analyze water quality and water pollution samples than is presently being done. No action was taken under this authorization. Last Session the Budget Act was again amended by the Legislature to make such a study mandatory and the nature of the study was explicitly stated in the amendment.

After the close of the Budget Session the State Water Pollution Control Board promptly contracted with Water Resources Engineers, Inc., who secured the management firm known as CEIR to assist them. The study undertaken was as specified in the Budget Act of 1962, to find "the most efficient, economical and best interagency system for the collection, analysis, reporting and utilization of water quality, waste discharge, water pollution and contamination data obtained by the Departments of Water Resources, Public Health, Fish and Game and the state and regional water pollution control boards from any and all sources." The study has been completed. The Governor indicated in his inaugural address that he intends to submit legislation on the subject of water pollution.

The report of Water Resources Engineers, Inc., generally substantiates the views expressed by our analysis of the budget bill in past years that there are substantial elements of duplication, inefficiency and lack of co-ordination in the water pollution and water quality work of the four agencies involved when the work is viewed as a whole rather than viewed only as the needs of each independent department. The report recommends that the State Water Pollution Control Board be strengthened and retitled the Water Quality Management Board. Funds for the water quality and pollution control sampling programs are recommended to be transferred to the new Water Quality Management Board which is made responsible for evaluating the need for each sampling station and the technical adequacy of the sampling process used as well as being responsible for the actual sampling, analysis of the samples and reporting of the analysis results. The report also makes various recommendations for expediting the work involved in setting waste discharge requirements and criticizes the lack of timely completion of work by the Department of Water Resources and Public Health. Except for supporting the construction of the bioassay laboratory, which the Department of Fish and Game has been requesting, the report does not indicate the need for additional funds for the state's water quality management program at this time, but instead estimates that about \$90,000 can be saved in the current level of expenditures for sampling and certain studies if an integrated, efficient and fully co-ordinated interdepartmental approach is adopted.

In general this office supports the conclusions and recommendations of the Water Resources Engineers' report. Since the Governor has indicated his intention to ask for water pollution legislation, there are several matters not fully covered by the report which we feel the Legislature should consider when passing on the proposed legislation.

1. The present State Water Pollution Control Board and all departments involved in water quality management in California except the Department of Public Health and Agriculture are currently within the Resources Agency and subject to the overall supervision of the admin-

Water Pollution Control Board—Continued

istrator of that agency. However, the report does not consider closer integration of the new Water Quality Management Board within the Resources Agency or the existing responsibility of the administrator to secure co-ordination and co-operation between the various departments of the agency. In order to strengthen the role of the Resources Agency Administrator, the Executive Director of the new Water Quality Management Board should, in our opinion, be appointed by and responsible to the agency administrator for the technical and administrative phases of the board's work.

2. The present State Water Pollution Control Board with fourteen members is too large. The membership of the board should be reduced by approximately one-half to achieve a more manageable size. Since the five state departments, whose directors are now members, have their own independent statutory water quality authority, which they can and do use separately from their roles as members of the board, these department directors should not also be members of the board. The duties of the board, we believe, should be revised to exclude administrative and technical supervision which should lie in the executive director. Thus, the board should provide guidance and advice to the executive director and the agency administrator; it should exercise such rule making powers as are needed; it should establish policies and regulations covering the distribution of federal grants to local districts with the executive director making the grants, and most important, it should continue to serve as the appeal board for waste discharge requirements set by the regional water pollution control boards and to set statewide water quality management policies. In essence the board should represent the public in establishing statewide water quality policies and serve as an appeals board.

3. The report of Water Resources Engineers recommends establishing a series of co-ordinating committees to co-ordinate the research studies, investigations, laboratory needs and sampling practices of the Departments of Water Resources, Fish and Game, Public Health and the Regional Water Pollution Boards. This series of working staff committees is in our opinion too weak. They should be replaced by an Inter-department Co-ordinating Committee composed of a representative of the director of each of the departments involved. The members should be in charge of the division or branch where the technical supervision, management and responsibility for formulation and execution of each department's water quality program lies. The executive director of the Water Quality Management Board should be chairman of the committee. The committee should sit with the Water Quality Management Board if the board needs its technical advice and guidance, but the committee members should have no vote on the board. Their job is to resolve interdepartmental problems and to develop mutually agreeable technical solutions to problems of eliminating duplicate sampling, co-ordinating investigations, etc. The Department of Conservation should be dropped from the committee since it has no responsibility for water quality.

Water Pollution Control Board—Continued

4. The executive director, as the appointee of the Resources Agency Administrator and as the chairman of the Interagency Co-ordinating Committee should be in a strong position to secure the effective co-operation of the departments represented on the Interdepartmental Co-ordinating Committee. He should also have the staff recommended by Water Resources Engineers to perform the technical staff activities recommended by Water Resources engineers and to give technical evaluation to interagency problems. In addition the executive director should review every proposed water quality management study and should advise the Resources Agency Administrator and the Department of Finance whether the study is sufficiently comprehensive and effectively includes the interests of all the departments involved along with appropriate financing from their special funds.

5. In the funding of water quality studies and investigations, the following guides should be followed. Funds for each department to make recommendations on waste discharge requirements being set by a regional water pollution control board should be appropriated to each department since these recommendations should reflect the independent views and responsibilities of each department on the proposed discharge requirement and because it is the responsibility of the regional water pollution control board to harmonize these recommendations. Funds for any comprehensive study of water pollution or water quality problems should be appropriated to the Water Quality Management Board to be expended by the executive director with the advice of the board among the several interested departments or for outside consultants and research. Funds for any study which serves exclusively or predominately the interests of one department should be appropriated to that department, but the executive director should have the explicit authority to watch carefully to assure that these more limited studies are not actually piecemeal approaches designed to avoid co-ordination and co-operation with other departments. Where more than one department has an interest in a study and earmarked or special fund money is involved, the executive director should develop an agreeable plan for co-operative financing from the several special funds involved with each special fund contributing its share to the total cost of the study in proportion to the direct interest of that department in the study.

6. Besides the Department of Public Health, which is outside the Resources Agency, the Interdepartmental Co-ordinating Committee should include the Department of Agriculture. This is because the Department of Agriculture has a special interest in the use of fertilizers and pesticides which are becoming more important in the water quality problems of the State. The Department of Agriculture has authority to regulate the use of pesticides and it has an extensive testing program to determine the presence of pesticides in foods. This aspect of its work should be fully co-ordinated with the water quality work of the State.

7. The Water Pollution Control Fund should be abolished. This loan fund was established in 1949 to assist local agencies in financing water

Water Pollution Control Board—Continued

pollution control works. Its function is now replaced by the federal grants. The Legislature has declined to provide replenishment funds for further loans and the loaning process has, therefore, terminated. All receivables consisting of loan payments and interest should be transferred to the General Fund.

In summary, it might be observed that the water quality and water pollution control programs of the State are not deficient. They have done a reasonable job, in fact a better job than other states are doing. One reason for the relatively successful water pollution control program in California is because the Legislature has provided ample funds. The Water Resources engineers' study was intended to secure improved performances from the funds now being expended. It has shown that greater efficiency and economy can be secured which would result in savings of about \$90,000 per year, while simultaneously improving water quality management.

ANALYSIS

The total estimated expenditures of the State and Regional Water Pollution Control Boards are down \$16,015 or approximately 1.6 percent from the current year. This slight decrease in expenditures is attributable to reductions in operating expenses of the state board and reductions in field and laboratory services which more than offset normal increases in salaries and wages. In addition to the General Fund appropriation of \$972,338 requested for fiscal year 1963-64, the board will again receive \$276,500 in federal funds, for a total expenditure of \$1,248,420. The water pollution control program is otherwise carried forward into the next fiscal year at the same level as the current year except for the requested new position which is discussed below.

The board is requesting a new position of associate water pollution control engineer to work on statewide policies and co-ordination between the state and regional boards. This work is important and should be undertaken. However, the Water Resources engineers' report recommends establishing several positions of this type and states that they should be established at the senior rather than at the associate level. In view of the recommendation of the Water Resources engineers' report that these positions can be financed from savings derived from more efficient management of the State's water quality management work, no new money should be provided. In addition to conserving state general fund money, the staff of the Water Quality Management Board will be encouraged to move expeditiously in making all feasible savings and economies if their salaries are dependent upon realizing such savings.

It is recommended that the position of associate water pollution control engineer be allowed at the senior level, that funds for it be secured from the savings attributable to more efficient operations, and that, therefore, the sum of \$9,036, plus operating expenses, be deleted from the budget request before it is approved.

GOOSE LAKE COMPACT COMMISSION

ITEM 270 of the Budget Bill

Budget page 681

**FOR SUPPORT OF THE GOOSE LAKE COMPACT COMMISSION
FROM THE GENERAL FUND**

Amount requested	\$5,000
Estimated to be expended in 1962-63 fiscal year	5,000

Increase	None
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TOTAL RECOMMENDED REDUCTION	None
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GENERAL SUMMARY

The Goose Lake Compact Commission was created by Chapter 1389, Statutes of 1961, for the purpose of formulating with the State of Oregon and the federal government an interstate compact providing for the distribution and use of the waters of Goose Lake. Commission membership consists of the Director of Water Resources, the Director of Fish and Game, and three Modoc County residents appointed by the Governor. The members are nonsalaried, but are allowed necessary expenses incurred in the performance of their duties.

ANALYSIS

The commission's proposed budget is identical to the estimated 1962-63 expenditure of \$5,000, which represents \$1,000 for commission expenses and \$4,000 for office or engineering review of data. It is anticipated that the commission will conclude its work during the ensuing fiscal year, since the compact has been drafted and approved by both the California and Oregon commissions and will be presented to the Federal Bureau of the Budget for review and approval prior to being submitted to the California and Oregon Legislatures for approval during the 1963 sessions. Consent legislation will also be introduced in Congress in 1963-64 to obtain federal approval of the compact.

It is recommended that this request be approved.

DEPARTMENT OF VETERANS AFFAIRS

ITEM 271 of the Budget Bill

Budget page 682

**FOR SUPPORT OF DEPARTMENT OF VETERANS AFFAIRS
FROM THE GENERAL FUND**

Amount requested	\$615,140
Estimated to be expended in 1962-63 fiscal year	615,128

Increase	\$12
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TOTAL RECOMMENDED REDUCTION	None
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GENERAL SUMMARY

The Military and Veterans Code established by Chapter 389, Statutes of 1935, provides for the California Veterans Board and the Department of Veterans Affairs. The California Veterans Board determines policy and the Department of Veterans Affairs administers this policy in serving the rights of the California veteran.