

Public Utilities Commission—Continued

for the commission's participation in this investigation has been provided by reducing staff in two legal sections. We can find nothing that indicates that the current legal staff is insufficient or incapable of handling this particular investigation. *We therefore recommend deletion of the requested counsel position for a saving of \$15,276.*

The senior legal stenographer position is requested partly to support the requested counsel position and partly to improve the secretary-attorney ratio which now stands at approximately 1 to 3½ as compared to the Attorney General's ratio of 2 to 3.

We agree that the present secretary-attorney ratio is not adequate and *recommend approval of this position as budgeted.*

Examiner Division

This division provides hearing examiners to assure due process to those seeking formal relief from the commission, and provides parties an ample hearing and insures that proceedings will be conducted in compliance with the law.

	Total	General Fund	Transportation Rate Fund
Requested appropriation	\$700,955	\$463,743	\$237,212
Estimated current expenditures.....	698,307	462,759	235,548
Authorized man-years	41		

No request is made for added positions.

Reporting Section

This section provides hearing reporters and transcribers for commission proceedings.

	Total	General Fund	Transportation Rate Fund
Requested appropriation	\$203,931	\$128,476	\$75,455
Estimated current expenditures.....	202,357	128,595	73,762
Authorized man-years	25		

No request is made for added positions.

DEPARTMENT OF CONSERVATION

ITEM 204 of the Budget Bill

Budget page 855

FOR SUPPORT OF DEPARTMENT OF CONSERVATION
FROM THE GENERAL FUND

Amount requested	\$32,395,947
Estimated to be expended in 1967-68 fiscal year.....	33,753,447
Decrease (4.2 percent)	\$1,357,500
TOTAL RECOMMENDED REDUCTION	\$108,323

Summary of Recommended Reductions

	Amount	Budget Page	Line
Delete funds for Red Bluff Air Attack Base.....	\$31,492	860	37
Reduce positions and equipment at La Panza	12,361	860	8
Forest Fire Station	14,400	860	47
	21,250	860	8
Reduce support of Staff to the Director.....	28,820	856	83

Department of Conservation—Continued

Other Recommendations

Require local matching funds for geologic hazards work. Analysis page 638.

Delete language authorizing transfer of funds between Items. Analysis page 648.

Department of Conservation

GENERAL PROGRAM STATEMENT

The Department of Conservation exercises the state's responsibilities for the protection and development of certain wildland, mineral and soil resources in the state. The department includes the Divisions of Forestry, Mines and Geology, Oil and Gas, and Soil Conservation, with service functions such as personnel and fiscal matters furnished for these divisions by the Staff to the Director. The Division of Forestry is the largest division and is responsible for about 90 percent of the department's expenditures. Almost all of the division's effort is directed toward fire protection services for the privately owned wildlands of the state. The Division of Soil Conservation provides services for soil conservation districts; the Division of Mines and Geology develops and presents geologic information about the terrain and mineral resources of the state; and the Division of Oil and Gas regulates oil and gas drilling operations, publishes data about the industry's production and regulates drilling of geothermal energy wells.

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

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

The General Fund appropriations of \$35,620,459 requested in this and following items compare to estimated General Fund expenditures of \$36,875,232 in the current year. The apparent decrease is due to \$1,315,000 in unbudgeted Emergency Fund expenditures during the current year for fire suppression activities. If the budget for next year is placed on the same basis as the current year, there will be a very slight increase in expenditures of \$60,227 or 0.1 percent. The Division of Oil and Gas is supported from special funds and is requesting appropriations of \$1,212,458. The total departmental appropriation request for support from all funds is \$37,481,678.

The proposed budget contains no new programs. During the current year, a special Lake Tahoe project was started. This project concentrates certain joint efforts of the operating divisions on resource problems of the Lake Tahoe basin. This project will continue in 1968-69.

Table 1

Department of Conservation—Support Expenditures

<i>Source of Funding</i>	<i>1964-65</i>	<i>1965-66</i>	<i>1966-67</i>	<i>1967-68 *</i>	<i>1968-69 *</i>
General Fund (Includes emergency fire suppression allocations as shown in parentheses)-----	\$31,870,080 (1,745,273)	\$33,908,919 (1,457,674)	\$36,121,843 (1,702,841)	\$36,875,232 (1,515,000)	\$35,620,459 (200,000)
Petroleum and Gas Fund -----	918,386	943,571	988,911	1,096,124	1,099,951
Subsidence Abatement Fund -----	90,863	96,153	102,103	111,577	112,507
Federal Funds (Clarke-McNary Act)-----	1,115,000	1,076,080	1,038,520	1,044,164	1,008,761
Total expenditures as shown in Governor's Budget--	\$33,994,329	\$36,024,723	\$38,251,377	\$39,127,097	\$37,841,678
Other expenditures—reimbursed -----	6,305,917	7,416,853	8,201,033	8,432,957	8,285,400
Total budgeted expenditures -----	\$40,300,246	\$43,441,576	\$46,452,410	\$47,560,054	\$46,127,078
Schedule C funds † -----	1,788,198	2,099,209	2,378,359	2,240,000	2,240,000
Total expenditures -----	\$42,088,444	\$45,540,785	\$48,830,769	\$49,800,054	\$48,367,078

* Estimated.

† Local expenditures for local fire control services performed by the state.

Department of Conservation—Continued

The reductions made during the current year for the closure of some conservation camp facilities and the decrease in the number of cook positions, equipment operators and lookouts are continued in the budget year. The budget indicates that 31 additional positions will be abolished July 1, 1968, for a savings of \$213,000. These positions are not identified in the budget. The reduction of \$213,000 in the budget year is included in salary savings. These proposed additional salary savings beyond what is normally estimated for the department include the following amounts allocated by divisions supported from the General Fund.

Staff to the director -----	\$7,455
Division of Mines and Geology -----	5,588
Division of Soil Conservation -----	3,621
Division of Forestry -----	196,386
Total -----	\$213,000

The department has prepared program budget statements for its own use. The amounts of program expenditures are estimates since the department does not have a cost accounting system. The programs are as follows:

Soil Conservation Development and Management
 Geology and Minerals
 Forest, Range and Watershed Management
 Fire Protection
 Conservation Camps
 Oil and Gas
 Administration

The following analysis is based on the program descriptions provided by the department.

ANALYSIS AND RECOMMENDATIONS

Soil Conservation Development and Management

The objective of the Soil Conservation Development and Management Programs are to create and maintain a statewide program of soil and water conservation. To achieve this objective, the Division of Soil Conservation provides guidance and assistance to local government through its soil conservation operations program and the watershed planning program. The division has 48 authorized positions to carry out its programs and is budgeted at \$747,643 during 1968-69, an amount almost identical to estimated expenditures for 1967-68.

The objective of the soil conservation operations program is to assist in the formation, organization and operations of soil conservation districts. This program also includes the investigation of requests and assistance in the preparation of applications for state grants to soil conservation districts. Section 9063.1 of the Public Resources Code gives the Soil Conservation Commission broad latitude in granting state funds for soil conservation projects which the commission considers necessary for the welfare of the people of the state. The 1967-68 budget included financing for four grants totaling \$23,000. There are

Department of Conservation—Continued

no funds included in the 1968-69 budget for grants to soil conservation districts.

The salaries and wages supplement for the Division of Soil Conservation includes 12 soil conservationist positions. One of the positions is assigned to Sacramento headquarters for the specific purpose of providing supervision of the grant-in-aid program and some assistance in the supervising of the field soil conservationist positions. With no funds included in the budget for the grant-in-aid program, there is no need for a position in Sacramento to administer the activity. The department should include this position among the 31 to be abolished July 1, 1968.

The watershed planning program provides assistance to local agencies through preliminary investigations and studies to demonstrate engineering feasibility and economic justification for small watershed projects financed with federal funds under Public Law 566, the Watershed Protection and Flood Prevention Act. This work is done by both the division and by the U.S. Soil Conservation Service. The purpose of the state activity is to speed up the preparation of plans and obtain more federal money. The watershed projects are constructed with a combination of federal, state and local funds. The division's expenditures in the watershed planning program are approximately \$400,000 annually.

The annual appropriation of \$32,230 for the Pleasanton Plant Material Center was eliminated from the Governor's 1967-68 Budget. The center is operated by the U.S. Soil Conservation Service to test plants and develop new grasses and ground covers. There are no funds included in the 1968-69 budget for the center.

Geology and Minerals

The programs carried out by the Division of Mines and Geology include geologic hazards, basic geology, mineral resources and information and educational services. The division has 74 authorized positions and the budget includes \$1,198,513 for the division's support.

The objective of the geologic hazards program is to assure public safety from geologic hazards which include landslides and earthquakes. The division staff make inspections on the ground, collate data, and prepare special geologic maps and interpretive reports. Urban mapping projects are in progress in San Diego, Orange, Los Angeles, Ventura, Contra Costa, Monterey, San Luis Obispo, San Benito, San Bernardino and Marin Counties and in the Lake Tahoe area. Division expenditures for the program are approximately \$268,000. The Public Resources Code authorizes the geologic hazards investigations to be done on a cost-sharing or cooperative funding basis. The budget identifies only reimbursements of \$12,000 from Los Angeles County and \$10,000 from San Diego County.

We recommend that the Legislature direct the department to convert all current geologic hazards investigations where possible to a basis of matching funds or services with local agencies and to enter into new geologic hazards investigations only on a basis of matching funds or services.

Department of Conservation—Continued

The objective of the basic geology program is to provide an understanding of the geologic framework of the state, the properties of crustal materials, and the geologic processes responsible for the distribution and configuration of the rock units. Activities include geologic observations and plotting in the field, laboratory analytical and identification work on field samples, preliminary drafting of maps, review of existing geologic information of data useful for the current project and the preparation of text, maps, diagrams and other illustrations for publication. The state geologic map on the scale of 1:250,000 is to be completed in 1968-69. The division expends about \$305,000 in the basic geology program.

The objectives of the mineral resources program are to conduct investigations and maintain and publish an inventory of pertinent information about mineral resources of the state, make a continuing review of legislation and proposed land withdrawals affecting the mineral industry, and collect information on mining and mineral beneficiation methods in the state's mineral industry. The division estimates expenditures of about \$174,000 in the mineral resources program.

The objective of the information and educational services program is to provide geologic information to all who need it through the publication of geologic data and the performing of various information services. Section 2202 of the Public Resources Code requires the state geologist to maintain offices, a museum, library and laboratory in San Francisco. The division publishes the monthly magazine, "Mineral Information Service", for over 13,000 paid subscribers, and publishes the results of division projects. The department estimates expenditures of \$258,000 for this program and the budget indicates revenues during 1966-67 of \$82,866 to the General Fund from the sale of various division publications and maps.

The Governor's Budget includes \$20,983 for the relocation of the division's headquarters from San Francisco to Sacramento.

Forest, Range and Watershed Management

The Division of Forestry carries on substantial programs to promote the development and use of California's forest, range and watershed land. Expenditures for these programs in the budget year are estimated at \$1,074,317. The budget indicates 1966-67 revenues to the General Fund of \$74,612 from state nursery sales and \$703,571 from the sale of forest products from the state forests. The programs include pest protection, reforestation and forest nurseries, wildland soil and watershed management, brushland range advisory services, forest practices regulation, forest advisory services, and state forest management.

The objective of the forest pest protection program is to detect insect and disease epidemics and control the epidemics in cooperation with landowners and to perform research related to control of forest pests. According to the division, the forest losses due to pests exceed fire losses by tenfold. Program expenditures are estimated at \$241,000.

The objective of the reforestation and forest nurseries program is to reforest denuded and nonproductive private forest land and conduct

Department of Conservation—Continued

studies and research to enable successful and economical reforestation of lands in California. The long-range objective of the three state nurseries is the production of seven million forest tree seedlings annually. Present production is 3.2 million seedlings. The estimated costs of the program are \$112,000.

Included in the wildland soil and watershed management program are the surveys of soils and vegetation on the wildlands of the state, emergency revegetation activities in burned critical watersheds and cooperation with the federal government in watershed research. Estimated expenditures are \$173,000.

The objective of the brushland range advisory service is to regulate the use of fire and to demonstrate the safe and effective methods of brush conversion on the private range lands of the state. The division provides advisory services to applicants for control-burn permits. Division personnel inspect areas to be burned and suggest precautions which would prevent damage to the property of others. To the extent that manpower and equipment of the division are available, standby fire protection is provided for control-burns. Program expenditures are approximately \$138,000.

The Division of Forestry administers the Forest Practices Act which requires the management of forests and timberlands so as to maintain continuous production of forest products. The division licenses the timber operators and attempts to inspect each timber operator at least twice a year. About 50 percent of the forest practices inspections are made by eight foresters and the balance by other field personnel such as assistant rangers and patrolmen. The program expenditures are estimated at \$111,000.

The Division of Forestry operates eight state forests totaling 70,238 acres. The four largest forests are actively managed to demonstrate the feasibility of making forest lands fully productive and also provide for scenic, wildlife and recreational values. The staffs at the state forests conduct timber sales and carry on experiments in reforestation, stand improvement, harvesting methods and watershed protection. Estimated expenditures for the state forests are \$184,000, which includes in-lieu taxes. During the current year the state, from a bequest, received title to 2,261 acres of land near the Mexican border in San Diego County.

The objective of the forest advisory services program is to advise and assist approximately 30,000 owners of relatively small acreages of private timber land, who control about 43 percent of the private forest land in California, to obtain better management of their lands and to perform related research. About 1,800 owners are assisted each year. Through this program the division provides such technical services as outlining a plan for forest management, sample marking and measurement of trees and forest products, timber sale practices and marketing and assistance in seeding, planting and thinning. Program expenditures for the budget year are estimated to be \$115,000.

Department of Conservation—Continued

Fire Protection Program

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

There are approximately 100 million acres in the State of California and the board has classified 38 million acres as state responsibility lands. The division directly protects from fire 28 million acres and pays the U.S. Forest Service by contract for the protection of 5.2 million acres. It also pays the five counties of Los Angeles, Santa Barbara, Ventura, Kern and Marin to protect 4.2 million acres. The division spends about \$27 million in carrying out this responsibility. In addition, the division protects about 6 million acres of local responsibility lands in 26 counties which have fire protection agreements with the Division of Forestry to expend approximately \$7,800,000 annually in local funds.

The fire protection program includes fire prevention, fire control on state responsibility lands and local government fire protection.

Fire Prevention

The objective of the fire prevention program is to reduce the occurrence rate of man-caused forest fires. The program includes activities to educate the public about dangers caused by uncontrolled fire and fire prevention laws. Other activities are fire law enforcement to investigate the cause of each fire, prosecute violators of state fire laws and recover public funds spent to suppress fires. In 1966-67, \$208,786 in revenues to the General Fund were received from fire cost reimbursement. The fire prevention engineering activities include making inspections to reduce or abate such fire hazards as fuel accumulations along public roads, utility and railroad rights-of-way and around structures. About 50 percent of the fire prevention activities involve inspections for hazard reduction. The division also participates in a fire prevention research program in cooperation with the Pacific Southwest Forest and Range Experiment Station.

During the current year the division completed staffing the 16 positions authorized for the pilot fire prevention program in Butte County. The staffing at the Butte Ranger Unit is on a level commensurate with full implementation of the division's fire prevention program for that ranger unit and is intended to provide an opportunity to evaluate the effectiveness of the division's full fire prevention program.

The division's evaluation report on 28 forest fire stations requested by the Senate Finance Committee last year indicates, as part of the justification to continue the stations, that substantial fire prevention activity is performed by fire control personnel assigned to these stations. This activity appears to be much greater than previously indicated by the division. It appears to be such a significant effort that the

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division should be able to measure it before requesting any further funds for fire prevention.

Fire Control on State Responsibility Lands

The objectives of the fire control program on state responsibility lands are to discover and control all fires as quickly as possible, with control achieved in most cases by the initial attack forces and by 10 a.m. of the day following discovery, and to cooperate with other fire protection agencies through mutual assistance agreements and protection contracts to obtain maximum efficiency in the overall protection program. The division's fire control organization has an ability to mobilize rapidly because of its considerable depth in staffing and geographic dispersion. The direct costs of fire control on state responsibility lands are estimated to be \$26,107,150 in the budget year.

The Division of Forestry's statewide organization is divided into six field districts and 31 ranger units. There are 232 forest fire stations located in these ranger units and about 80 lookouts. These facilities require an extensive communication system. The Division of Forestry contracts for the use of light aircraft for observation purposes and air tankers for the dropping of fire retardants. In addition to its permanent fire control employees the division hires about 1,900 seasonal employees, most of them firefighters utilized for initial ground attack.

Although the Division of Forestry does not include the use of, nor allocate any costs of conservation camp inmates and wards to the fire control program, the efforts of the inmates and wards are important fire control factors. About 2,700 conservation camp inmates and wards provide a reservoir of manpower for campaign fires. In addition to firefighting, these conservation camp crews provide the maintenance of much of the Division of Forestry's suppression and presuppression facilities. These facilities include fire roads, bridges, telephone lines and lookout stations.

Air Attack

The Division of Forestry contracts with private air tanker operators to assure the availability of tankers at specific locations and to pay for their flight time on fires. During the current year the division has contracted for the assignment of aircraft at 13 air bases in the state. As we indicated in our Analysis of the Budget Bill last year, the expenditures for the air attack program have grown rapidly in recent years and are approaching \$2 million annually. About one-third of this amount is financed through the support budget and the balance comes from the use of the Emergency Fund.

In the past we have discussed on several occasions with the Division of Forestry its use of an excessive number of air bases in the northern Sacramento Valley. The division contracts for the use of two air tankers at Redding, one air tanker at Red Bluff and one air tanker at Oroville. The U.S. Forest Service contracts for a tanker at Redding and an air tanker at a fourth location, Willows. Thus, in a very limited area the two agencies contract for the use of air tankers at four air bases.

Department of Conservation—Continued

In the division's January 1968 report on the air attack program in response to Senate Resolution No. 307 of the 1967 session, the division policy for the location of aircraft is stated as follows: "Aircraft should be located at available and adequate bases for Division of Forestry convenience and fire control objectives." Another policy stated in the report is that "Use of aircraft should be closely coordinated and integrated with cooperating agencies, primarily the U.S. Forest Service, in order that duplication be minimized, and to avoid competition for the services of a common pool of aircraft."

Each time the division operates air tankers from an air base, there are expenses for standby and flight-time of the aircraft, the flight-time for observation aircraft to go along with the air tanker, the support of the foreman positions to manage the air base and act as drop coordinator and for foremen and firefighters who may be used from time to time at the air base for the loading of aircraft and the mixing of retardants. Because of these increased costs the division should make sure that the aircraft are assigned to strategic locations based on flight-times to target areas and the values to be protected by the aircraft. The operation of the division tankers from all three locations at Redding, Red Bluff and Oroville, are not needed because of the short distances between these locations and the subsequent overlapping of flight areas. The overlapping is increased with the Forest Service operation from Willows.

The division has indicated its preference, if it were necessary, to consolidate the Red Bluff and Oroville bases at Chico. Presumably the Forest Service would move its air tanker base from Willows to Chico. With these moves, the two agencies would operate from two bases instead of four and thereby eliminate duplication and overlapping of flight areas. The consolidation of air bases by the division has not taken place because of internal jurisdictional problems.

The air base at Red Bluff can be closed for a savings of \$43,853 in the air attack program. This saving may be realized from the following sources:

\$12,361—for division support personnel to man the air base.

4,512—in rental for observation aircraft.

26,980—for air tanker rental.

We recommend that \$43,853 be deleted from the air attack program for the support of the Red Bluff air base and that the Legislature direct the Division of Forestry to move the Oroville air base to Chico and to encourage the U.S. Forest Service to move its Willows base to Chico.

Forest Fire Stations

In the Analysis of the 1967-68 Budget Bill, we indicated the fire control record over a three-year period for 28 different forest fire stations which had relatively few crew runs during that period. In order to bring the problem of the fire stations before the Legislature for policy consideration and to secure from the Division of Forestry an evaluation of the need to continue these stations, we recommended that

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funds be deleted from the budget for the support of these stations. The Legislature did not accept that recommendation. The Senate, however, requested an evaluation by the Division of Forestry of the 28 stations. The division has complied with that request.

The division's evaluation includes a discussion of the values protected by the forest fire stations, the traveltime required from the stations to the values protected, the extent of availability of air tankers, the location of the nearest conservation camp crews and justification for specific crew size. The report emphasizes the need for the fire stations and provides little in the way of suggestions for alternative methods of fire protection services at these locations. Just as this report emphasizes the importance of ground crews, the division's report in response to Senate Resolution No. 307 on the air attack program emphasizes the importance of the air attack program. We suggest that in at least one location the ground and air programs be considered jointly to provide more economical protection.

Among the most conspicuous of the 26 stations for weakness of justification is the La Panza Forest Fire Station located in eastern San Luis Obispo County about 25 miles east of Santa Margarita. The division has classified La Panza as a No. 3 station which provides for the assignment of 10 men and 2 firetrucks. Annual costs to support the station are \$58,080.

The station has a very large first attack responsibility of 415,656 acres, one of the largest if not the largest initial attack area of any station in the entire state. However, only about 43,000 acres or 10 percent of the initial attack responsibility area can be reached by ground crews within 30 minutes, which is the division's planned attack time for its fire control stations. Almost 300,000 acres, or 71 percent of the first attack area is more than one hour's traveltime from the station. Even with two trucks assigned at the station the fire control records for the division indicate very few crew runs from the station and only three first attacks on fires in its responsibility area in the last five years.

One of the firetrucks assigned to La Panza is moved during the middle of August each year to Cambria on the San Luis Obispo County coast. The move is made due to a reduction in fire hazards in the La Panza area during the late summer and fall and an increase in fire dangers on the coast. The Cambria Station is also one of the 28 stations which has relatively few crew runs for its responsibility area.

The report on the air attack program made in response to Senate Resolution No. 307 states, "through the use of air attack, initial attack times to remote area fires have been reduced and initial attack effectiveness increased, as air tankers are able to respond rapidly and apply chemical fire retardants to fires starting in remote areas and arrest their spread until helicopters can ferry manpower to the scene and firetrucks, bulldozers, and conservation camp crews can arrive by ground transportation."

According to the Division of Forestry, aircraft responding to fires within the initial attack zone of the La Panza Forest Fire Station would be dispatched from Paso Robles, a distance of 30 miles with traveltime of 19 minutes. Additional planes could be dispatched from the airbase

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at Porterville, a distance of 80 miles and traveltime of 40 minutes. Consequently, the initial attack zone of the La Panza Station is within 19 minutes traveltime of air tankers in contrast to only 10 percent of the initial attack zone which lies within one-half hour traveltime of ground crews.

On the basis that the division has provided no clear justification for the present level of staffing and assignment of two trucks at La Panza, the station can be reclassified from a No. 3 station to a No. 1 station. The latter classification would provide for the assignment of five men and one truck at the station with annual support costs of \$36,830, which is \$21,250 less than current costs. The division's equipment budget could then also be reduced by \$14,400 through reassignment of the extra truck now assigned to La Panza.

We recommend the reclassification of the La Panza Station for a savings of \$35,650.

Local Governments Fire Protection Program

The objective of the local government fire protection program is to provide a unified fire protection service mutually advantageous to state and local governments. It is claimed to be fully reimbursable to the state.

Section 4142 of the Public Resources Code provides that "the State Forester may, with the approval of the Department of General Services, enter into a cooperative agreement upon such terms and under such conditions as he deems wise, for the purpose of preventing and suppressing forest fires or other fires in any lands within any county, city, or district which makes an appropriation for such purpose." In 26 counties the boards of supervisors contract with the State Forester to have the Division of Forestry provide some degree of local responsibility fire control service. The local agencies reimburse the division for this service. The 1968-69 budget indicates that 607 state employees will be engaged in providing this local fire protection service. Approximately \$7,800,000 in local funds will be expended by the division in this program, an amount approximately one-fourth of that appropriated to the division by the state for state responsibility fire control services.

In our analysis of the Budget Bill for 1967-68 we recommended that the Division of Forestry cease performing local fire protection services in Fresno County. The Legislature did not accept that recommendation and, instead, the Senate passed Senate Resolution No. 159 which requested the Legislative Analyst to study all aspects of the cooperative fire control agreements executed between the Division of Forestry and local agencies. That study has been completed and a report made to the Senate. The title of the report dated January 19, 1968, is "Cooperative Fire Control Agreements Between the State Division of Forestry and Local Agencies." The report defines various problem areas which it recommends be studied by the Legislature for establishment of policy.

Conservation Camp Program

The conservation camp program has a dual objective. The first is rehabilitating and training the inmates of the Department of Correc-

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tions and the wards of the Youth Authority. The other objective is performing important conservation work and providing an emergency capability for the Division of Forestry. At the present time there are 29 adult conservation camps and 4 youth conservation camps. The total population of these camps is about 2,700. The typical camp houses 80 inmates and provides kitchen and warehousing facilities. A staff of 11 Division of Forestry personnel and 6 Department of Corrections or Department of the Youth Authority personnel supervise the work and rehabilitation. During the current year three conservation camps, three mobile camps and three youth spike camps were closed in accordance with the administration's program for reduced expenditures and two new conservation camps were activated.

In the budget year, the Division of Forestry will continue to operate the Oak Glen Job Corps Conservation Center which the federal government finances under the Economic Opportunity Act. The budget indicates the federal government will reimburse the state \$960,069 for the camp operation in 1968-69.

During calendar year 1966, the conservation camps provided 854,175 man-days of effort in various conservation activities. The percentage of time which the inmates and wards spent on various activities is as follows:

<i>Activity</i>	<i>Percent of total</i>
Forest fire suppression.....	12.4
Camp services and tool maintenance.....	23.1
Hazard reduction, fire break construction and maintenance.....	24.6
Truck trail construction and maintenance.....	7.2
Forestry utilities systems, maintenance and development.....	11.5
In-camp projects.....	7.7
Nursery work, planting and forest demonstration.....	1.7
Forest insect and disease control.....	.8
Miscellaneous conservation work.....	1.3
Public campground and recreational development.....	5.0
Game and fish habitat improvement.....	2.5
Other miscellaneous, including training, rescues.....	2.2

Oil and Gas

The Division of Oil and Gas carries out programs for the regulation of oil, gas and geothermal operations and subsidence abatement. The division is a special fund agency supported by charges on operators of producing oil, gas and geothermal wells through the Petroleum and Gas Fund and the Subsidence Abatement Fund. The appropriations to the division for 1968-69 total \$1,212,458, an amount almost identical to the current year, and finance 86 authorized positions. Funds for the support of the Division of Oil and Gas are appropriated in Items 205, 206 and 207.

The objectives of the division's programs are to prevent waste and damage to underground oil and gas deposits and geothermal energy wells and the contamination of fresh water sources penetrated by oil and gas wells. The division supervises the drilling, operation, maintenance and abandonment of all oil and gas wells. Chapter 1483, Statutes of 1965, requires the division to regulate the drilling, operation and abandonment of geothermal energy wells. Since this act was passed,

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new drilling operations for geothermal wells have taken place in Sonoma County.

The objective of the subsidence abatement program is to prevent further damage to property and danger to life, health and safety through land subsidence in oilfields. The division supervises the repressuring operations for the abatement of land subsidence in the Wilmington area.

Coordinated Lake Tahoe Project

During the current year the department has begun a special project utilizing selected staff from the operating divisions on assignments to reduce special land use and environmental problems of the Lake Tahoe Basin. The objectives of the project are to evaluate and update the department's current efforts and responsibilities in the Lake Tahoe region, accelerate technical assistance to local government and identification within the department of the operating divisions capable of assisting local government on resource and environmental problems. There are no funds specifically budgeted for this project.

The project will provide assistance to the California Tahoe Regional Planning Agency in the preparation of land use, conservation and public services elements of the regional comprehensive plan. The activities identified in the project are watershed planning, geologic hazards and mineral resources, forest pest protection, forest advisory services, re-evaluation of the forest fire protection on state responsibility lands within the basin and evaluation of the feasibility of establishing a conservation camp in the Lake Tahoe area. A tentative terminal date for the project is set for 1969 to coincide with the requirements of the California Tahoe Regional Planning Agency. Long-term programs in the basin will continue in the operating divisions of the department.

We believe the department should emphasize this type of project.

Administration

The objective of the administration program is to provide executive direction and overhead service to the operating programs. The program budget statement identifies \$3,441,775 as estimated administrative expenditures by all divisions and the Staff to the Director compared to \$46,297,367 in estimated total expenditures by the department. The department does not have a cost accounting system so the indicated program expenditures are estimates.

We continue to be concerned with the considerable amount of overhead required for the department. The reduction made by the administration in the department's budget during the current year has been largely for field positions of the Division of Forestry and some unfilled positions in the Division of Forestry's district offices. In the meantime, the expenses for the Sacramento headquarters for the Division of Forestry and the department's Staff to the Director have not declined. In fact, there has been a tendency for expenses of administration to increase. For example, the Staff to the Director formerly provided administrative services to the Water Quality Control Board and was reimbursed \$28,820 by the board for these services. During the current year the Water Quality Control Board has been consolidated into the

Department of Conservation—Continued

Water Resources Control Board and has established three positions to perform its own administrative services. The board's budget now provides no reimbursement to the Department of Conservation. The only proposed reduction in the Staff to the Director budget is \$7,455 in additional salary savings beyond that normally estimated.

Also, as a result of the department's efforts in program budgeting and the establishment of a time reporting system, the budget includes \$30,000 for data processing of time reports. This amount is not financed from any savings but is in addition to expenditures for the regular accounting system. It is, furthermore, another indication of increasing state costs for dual budgeting and accounting systems because of the failure of the Department of Finance to provide guidance and leadership in revising state administrative practices.

The Governor's Budget includes expenditures for the Staff to the Director and for administration of the Division of Forestry as follows:

Staff to the Director -----	\$948,092
Division of Forestry, Sacramento Administration -----	2,195,374 *
Division of Forestry District Headquarters -----	3,009,896
Total -----	\$6,153,362

* Does not include \$633,851 for radio maintenance.

The above figures indicate that the department has expenditures, most of which are overhead in character, of about \$6 million before a truck is dispatched to a fire. There is considerable work needed to utilize administrative staff more effectively, to reduce costs for administrative overhead and eliminate layering of supervision.

Since the Staff to the Director is no longer performing the administrative services for the Water Quality Control Board, we recommend that \$28,820, the amount of the former reimbursement, be deleted from the budget.

Budget Item Language

Item 204 of the Budget Bill which is the General Fund support for the Department of Conservation, authorizes the Director of Finance, pursuant to requests made by the Department of Conservation, to transfer during the 1968-69 fiscal year funds appropriated in Item 204 to Item 343 or 344, the capital outlay appropriations for the Department of Conservation. The language requires that the transferred funds shall be expended to meet the same program objectives for which appropriated. The same language appears in the two capital outlay appropriation items.

This language would enable the Department of Conservation, with the approval of the Director of Finance, to expend support funds, for example, of the Division of Forestry to build fire stations, air tanker bases, heliports or any other purpose providing, in their opinion, the objectives of the expenditures were the same as the original appropriation. For another example, the department could use capital outlay funds to support additional air attack operations.

The Department of Conservation has access to the Governor's Emergency Fund and in prior years has used that fund to carry out in-

Department of Conservation—Continued

creased levels of service through additional air attack expenditures. This proposed language could conceivably provide a method of additional expenditures of emergency funds for capital outlay purposes if the department finds itself short in fire control funds due to transfers of support funds to capital outlay.

We cannot recommend including the language in the Budget Bill and recommend its deletion. If the Department of Conservation wishes to make changes in the fire control system which might involve capital outlay expenditures, the department should present its budget proposals to the Legislature along with information and data to justify the proposal.

We recommend the additional language in Item 204 of the Budget Bill be deleted.

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

ITEM 205 of the Budget Bill

Budget page 865

**FOR SUPPORT OF DIVISION OF OIL AND GAS
FROM THE PETROLEUM AND GAS FUND**

Amount requested	\$1,096,951
Estimated to be expended in 1967-68 fiscal year	1,096,124

Increase (.07 percent)	\$827
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TOTAL RECOMMENDED REDUCTION	None
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ANALYSIS AND RECOMMENDATIONS

The description of the programs performed by the Division of Oil and Gas is included in the discussion of Item 204 under the support for the Department of Conservation. This item is for the support of the Division of Oil and Gas from the Petroleum and Gas Fund with services to be provided at the same level as the current year.

We recommend approval of the item as budgeted.

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

ITEM 206 of the Budget Bill

Budget page 865

**FOR SUPPORT OF DIVISION OF OIL AND GAS FROM
THE PETROLEUM AND GAS FUND—GEOTHERMAL
ENERGY ACCOUNT**

Amount requested	\$3,000
Estimated to be expended in 1967-68 fiscal year	None

TOTAL RECOMMENDED REDUCTION	None
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ANALYSIS AND RECOMMENDATIONS

Statutes of 1965, Chapter 1483, placed in the Division of Oil and Gas the responsibility for regulating the drilling and abandonment of geothermal energy wells. Section 3724(d) of the Public Resources Code requires a fee to be filed with the division for the drilling of new wells. At the present time that fee is \$500. Since the above statutes were en-

Conservation**Items 207-208****Division of Oil and Gas—Continued**

acted \$7,500 has been received from fees and deposited to the credit of the geothermal energy account. The Controller has indicated that an appropriation is required to expend any of the funds received for the drilling of geothermal wells.

This appropriation would make \$3,000 available to the Division of Oil and Gas to carry out its inspections of geothermal wells.

We recommend approval as budgeted.

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

ITEM 207 of the Budget Bill

Budget page 866

**FOR SUPPORT OF DIVISION OF OIL AND GAS FROM
THE SUBSIDENCE ABATEMENT FUND**

Amount requested -----	\$112,507
Estimated to be expended in 1967-68 fiscal year -----	111,577

Increase (0.8 percent) -----	\$980
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TOTAL RECOMMENDED REDUCTION -----	None
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ANALYSIS AND RECOMMENDATIONS

The subsidence abatement operations are described in the analysis of Item 204, the support of the Department of Conservation, under the oil and gas program. These activities are supported by an annual assessment on oil and gas producers. The program objective is to arrest the subsidence of land above and adjacent to oil and gas wells. The work is centered in the Wilmington subsidence area.

We recommend approval as budgeted.

**Department of Conservation
DIVISION OF FORESTRY**

ITEM 208 of the Budget Bill

Budget page 868

**FOR SUPPORT OF WATERSHED PROTECTION BY COOP-
ERATING COUNTIES FROM THE GENERAL FUND**

Amount requested -----	\$2,437,850
Estimated to be expended in 1967-68 fiscal year -----	2,439,553

Decrease -----	\$1,703
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TOTAL RECOMMENDED REDUCTION -----	None
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ANALYSIS AND RECOMMENDATIONS

Section 4129 of the Public Resources Code provides that the Board of Supervisors of any county shall have the power to assume the responsibility for fire prevention and suppression on state responsibility lands. Section 4132 of the Public Resources Code provides that when the county supervisors decide to furnish the fire suppression services on state responsibility areas, the state shall pay the counties for performing the fire suppression services. Marin, Kern, Santa Barbara, Ventura and Los Angeles Counties have elected to assume the state responsibility within their respective boundaries. The state has entered into a

Division of Forestry—Continued

contractual agreement with these five counties and reimburses them for the assumption of what is a basic state responsibility.

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

Kern	\$599,767
Los Angeles	955,250
Marin	196,997
Santa Barbara	334,515
Ventura	351,321
Total	\$2,437,850

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

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

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

We recommend approval as budgeted.

**Department of Conservation
DIVISION OF FORESTRY**

ITEM 209 of the Budget Bill

Budget page 868

**FOR SUPPORT OF PRIVATE LAND PROTECTION
BY UNITED STATES FOREST SERVICE
FROM THE GENERAL FUND**

Amount requested	\$1,465,797
Estimated to be expended in 1967-68 fiscal year	1,408,844
Increase (4 percent)	\$56,953

TOTAL RECOMMENDED REDUCTION None

ANALYSIS AND RECOMMENDATIONS

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

Conservation

Item 210

Division of Forestry—Continued

vides fire protection services for some portions of the national forests. This item is for the net cost of protection of state lands by the forest service after being offset by the cost of national forest land protected by the state. The 4 percent increase over current year estimated expenditures is due to salary increases voted by the Legislature at the last session.

We recommend approval as budgeted.

DEPARTMENT OF CONSERVATION

ITEM 210 of the Budget Bill

Budget page 868

FOR SUPPORT OF MISCELLANEOUS COOPERATIVE AND RESEARCH PROGRAMS FROM THE GENERAL FUND

Amount requested	\$329,626
Estimated to be expended in 1967-68 fiscal year	317,552
Increase (3.8 percent)	\$12,074

Increase to improve level of service	\$15,000
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TOTAL RECOMMENDED REDUCTION	None
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ANALYSIS AND RECOMMENDATIONS

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

White pine blister rust control	\$40,000
Wild land vegetation and soil mapping	131,391
Forest and fire research	140,985
Geological exploration in cooperation with U.S. Geological Survey	2,250
State geological map	15,000
Total	\$329,626

The appropriation for white pine blister rust control matches federal expenditures and provides technical supervision of conservation camp crews doing control work on private timberlands. The Board of Forestry has approved 147,527 acres of state and private land within zones of infection that justify treatment.

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

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

Funds eliminated from the current year budget are proposed to be restored for expenditure in 1968-69 to complete the last four sheets of the state geologic map on the scale of 1:250,000.

We recommend approval as budgeted.

DEPARTMENT OF FISH AND GAME

ITEM 211 of the Budget Bill

Budget page 872

FOR SUPPORT OF DEPARTMENT OF FISH AND GAME
FROM THE FISH AND GAME PRESERVATION FUND

Amount requested	\$13,486,200
Estimated to be expended in 1967-68 fiscal year	12,738,637
Increase (5.9 percent)	\$747,563
Increase to improve level of service	\$360,000

TOTAL RECOMMENDED REDUCTION..... None

Other Recommendations

Resolution of commercial fishery problems.

GENERAL PROGRAM STATEMENT

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

The department, headquartered in Sacramento, has approximately 1,250 employees located throughout the state. Field operations are supervised from the five regional offices located in Redding, Sacramento, Fresno, San Francisco and Los Angeles. The marine resources operations are conducted at the state fish laboratory at Terminal Island in San Pedro.

The department is a special fund agency financed through the Fish and Game Preservation Fund. It is supported by revenues from the sale of hunting and fishing licenses, court fines and commercial fish taxes, plus grants of federal funds and reimbursements from other agencies of government. About 20 percent of the support programs carried out by the department are financed by federal funds or reimbursements from other agencies of government such as the Department of Water Resources. The General Fund, in 1966-67, financed the state's share of the cooperative commercial fisheries research program. However, that source of funding was discontinued by the Legislature in 1967-68 and the proposed budget finances the state's share of the program directly from the Fish and Game Preservation Fund.

On June 30, 1967, the accumulated surplus in the Fish and Game Preservation Fund was \$9,300,943, the highest balance on record. The department has kept its support programs well within its revenues and has not had to increase hunting and fishing license fees since 1957. The department has begun to utilize some of its surplus for the replacement of capital equipment. The estimated expenditures of \$2,886,828 in the current year for capital outlays include \$1,575,000 for the replacement of a research vessel, the *N. B. Scofield*, and the replacement

Department of Fish and Game—Continued

of radio equipment. The 1968-69 capital outlay budget of \$649,000 includes the replacement of two ocean patrol vessels.

In addition to the expenditure of Fish and Game Preservation Fund money for capital outlay, the department also receives General Fund assistance for capital outlay needs through the \$5 million provided in the 1964 Recreation Bond Act for the Wildlife Conservation Board. Most of this \$5 million is being spent to modernize existing or build additional hatcheries for the department. These General Fund expenditures help to preserve the Fish and Game Fund surplus.

The surplus in the Fish and Game Preservation Fund at the end of the 1968-69 fiscal year is estimated to be \$6,606,467, an amount about equal to half of the department's annual support costs. In addition to this fund surplus, the department will have available, at the end of the 1968-69 fiscal year, about \$2 million in allocated but unexpended federal funds under the Pittman-Robertson and the Dingell-Johnson programs. Thus, from all sources, the department will have available about \$8,600,000 at the end of the budget year. The amount of the estimated accumulated surplus depends on the accuracy of the projected revenues from fishing and hunting license fees. In each year since 1962-63 the actual revenues have exceeded the amounts originally budgeted. In three of those years the excess was over \$800,000 per year.

The proposed budget shows department support programs totaling \$17,800,850. Of that amount, \$14,298,925 will come from the Fish and Game Preservation Fund and the department requests appropriations for that amount through this and following items of the budget bill. Included in the budget are 54.1 new positions and the abolition of 17.7 positions. The new positions include 7.8 positions in the salmon and steelhead program to man the Mad River Hatchery, 7.2 positions for added workload in law enforcement, 6.7 positions in the Commercial Fisheries Research and Development program and a chief of field operations in departmental administration. Most of the positions abolished have been financed by the Department of Water Resources and represent a reduction and phasing out of planning efforts on such projects as the Delta Fish and Wildlife Protection Study.

In the current year, the department deferred some equipment expenditures and carried out some reduction in temporary help positions as part of the administration's economy program. The proposed budget restores the financing of temporary help to the previous level and also includes funding for most of the equipment items deferred last year.

The Resources Agency Library was transferred January 1, 1968 from the Department of Conservation to the Department of Fish and Game. The funding of about \$180,000 for the library operations is included in this budget together with reimbursements from the other departments in the agency for library services performed.

The department has prepared both an official organization and an informational program budget which are printed in the Governor's

Department of Fish and Game—Continued

Budget. This analysis is based on the program budget. The programs are:

- Enforcement of Laws and Regulations
- Inland Fisheries Preservation and Enhancement
- Wildlife Preservation and Enhancement
- Marine Resources Preservation and Enhancement
- Water Projects and Water Quality Review
- Administration

ANALYSIS AND RECOMMENDATIONS

Enforcement of Laws and Regulations

The enforcement of laws and regulations includes the four programs of protection and use regulation of fish and wildlife, licensing, hunter safety and conservation education. Expenditures for the programs total \$5,659,725. The objectives are to insure that the provisions of the Fish and Game Code and hunting and fishing regulations are enforced within an "acceptable degree of compliance" so that wildlife resources are managed for sustained yield and for the optimum utilization and enjoyment by all people of the state, to sell licenses and collect the revenue which provides most of the financial support for the state's fish and game programs, to reduce hunting casualties, and to inform the public about the fish and wildlife resources of the state.

The department has a staff of 220 fish and game wardens who patrol to prevent violations of the Fish and Game Code, issue warnings and citations, check licenses of hunters and fishermen and assist in the presentation of court cases. There are about two million fishing licenses purchased in California each year and over 700,000 hunting licenses. During 1966-67, wardens arrested 16,424 persons for fish and game law violations. About two-thirds of those arrested were for fishing without a license and about one-fifth of the arrests was for possession of a loaded rifle or shotgun in a vehicle.

In the most satisfactory study of the subject to date, the department has developed recreational fishing and hunting man-days-use as the basis of the wardens' workload and the basis of an assignment of a warden to a particular area or zone of the state. The proposed budget includes funds for five additional warden positions on the basis of workload. The positions will be assigned to four different regions.

Most of the hunting and fishing licenses are sold through about 3,600 private firms called "license agents" located throughout the state. These agents sell the licenses, retain a commission and remit the balance to the department. The cost of the license management program is estimated at \$315,388. When added to the \$453,000 commission to be retained by the agents, the total estimated cost of selling licenses is \$768,388 or about 5½ percent of the total estimated revenue of \$13,725,000 from licenses, permits and tag sales.

In the hunter safety program, the department recruits and trains over 3,000 volunteer instructors who teach young people under 18 the safe handling of firearms. It is estimated that in the budget year over 37,000 youths will receive instruction in firearms safety.

Department of Fish and Game—Continued

Finally, the department proposes to spend approximately \$445,000 in the conservation education program for public information about the use and protection of fish and wildlife resources of the state.

Inland Fisheries Preservation and Enhancement

The objective of inland fisheries preservation and enhancement is to provide a diversified fishing activity for the anglers in the state's interior waters while insuring the perpetuation of the state's fishery resource. Annual expenditures for this program are \$3,524,533. The inland fisheries program includes management of trout, warm water game fish, striped bass, sturgeon and shad, Salton Sea fishery, plus activities to increase and regulate natural fishery habitat and control fish disease.

Trout are California's most popular sport fish and the department spends almost \$2,800,000 annually for this species. There are more fishermen than California's natural fisheries can support and the department operates 12 trout hatcheries to produce fish to meet the recreational demand. Hatchery trout provide over 50 percent of the trout caught. In 1966-67, the hatcheries produced 15 million fingerling and 7,250,000 catchable trout. The production proposed for 1968-69 includes 34 million fingerlings and 9 million catchables. The Kern River Hatchery will be back in operation and the American River Hatchery will be completed during the budget year.

In the warm water game fish program, the department operates the Central Valley Hatchery at Elk Grove. During 1966-67, the department introduced a second group of white bass into Nacimiento Reservoir in San Luis Obispo County. During the budget year the Central Valley Hatchery will produce about 500,000 channel catfish fingerling and a few thousand fish of other species. Studies on changes in reservoir productivity will be concentrated on the Merle Collins Reservoir in Yuba County and at Folsom Lake.

Water manipulations in the delta may have serious effects on the striped bass population. During the budget year the department will initiate a project to determine the size of the striped bass population. The budget includes funding for the additional four positions required to carry out this work.

The fishery in the Salton Sea is endangered by increasing salinity. In 1966-67 the department began studies to insure the continuation of the sport fishery and this study will require five years or longer to complete. So far research has attempted to determine the salinity tolerances of various fishes. During the budget year the harvest and mortality rate for certain species will be investigated as well as the spawning requirements, growth rates and food habits of game fishes.

Most of the activities of the department to increase or regulate natural fishery habitat include chemical reclamation of lakes and streams, construction and maintenance of dams to control streamflow and lake level, forage fish introductions and stream clearance activities. In 1966-67, eight lakes with a surface area of over 2,000 acres and seven miles of stream were chemically treated to remove rough fish.

Department of Fish and Game—Continued

Log jams were removed from 15 streams which improved and opened 75 miles of stream to spawning trout and salmon. This activity was performed under departmental supervision by inmate labor financed by the Wildlife Conservation Board. In the budget year the department plans to treat chemically about 12 lakes and 60 miles of stream to remove rough fish and to remove log jams on about 50 miles of coastal streams. Also the department will complete the study of the effects of artificial destratification of lakes.

Wildlife Preservation and Enhancement

The Department of Fish and Game proposes to expend \$3,080,398 in 1968-69 for programs in the preservation and enhancement of wildlife. The objectives of these programs are to perpetuate and conserve wildlife, maintain optimum breeding stock of wildlife species and to obtain an optimum harvest of those game species that have an open hunting season. The program includes wildlife habitat, wildlife disease control, pesticides, waterfowl, big game, upland game, conducting public hunting, commercial and private hunting clubs, and special wildlife investigations.

The objective of the wildlife habitat program is to preserve and increase natural habitat for the wildlife populations. Most of the work is performed on approximately 100,000 acres of waterfowl areas and winter deer ranges on lands owned by the department. The work consists of brush manipulation, access roads, marsh management and planting of crops. In the budget year these programs will be continued and in addition more emphasis will be placed on the preservation of riparian habitat and programs to encourage private landowners to maintain wildlife habitat. The budget includes funds to finance four new positions to man the Spenceville Wildlife Area in Yuba County and additional lands acquired for the Mendota Waterfowl Management Area in Fresno County. These two acquisitions were financed by the 1964 Recreation Bond Act funds made available to the Wildlife Conservation Board.

The objectives of wildlife disease control are to determine the cause of wildlife losses due to diseases, to prevent the introduction of diseases into the wildlife and to provide information on wildlife diseases as they relate to public health, the agricultural industry and the general condition of the state's wildlife. In the budget year it is anticipated that increased work on botulism and fowl cholera will be needed.

The objective of the pesticides program is to protect fish and wildlife from the adverse effects of pesticide chemicals used in agriculture. The department carries on research and surveillance programs to identify and abate pesticide problems.

The department spends almost \$500,000 annually in the waterfowl program to maintain and improve wetland habitat. Most of the habitat management is carried out on the department's seven waterfowl management areas. At these areas both natural and cultivated waterfowl food plants are grown, levees, ponds and roads are developed and maintained and noxious vegetation is controlled. During 1966-67, al-

Department of Fish and Game—Continued

most 85,000 hunters used the department's waterfowl management areas, which was an increase of 25 percent over the prior year.

The department spends almost \$500,000 annually for its big game programs including deer. The 39 wildlife unit managers within the state gather field data on herd composition, hunter kill, disease and range conditions and make recommendations for seasons and special hunts. During 1966-67, the department held 42 special deer hunts and two depredation hunts and anticipates 50 special deer hunts in 1967-68. For the budget year, the department proposes to add a new wildlife manager III position to concentrate on range and habitat manipulations with the goal of habitat improvement. A startling fact is that whereas 70,000 buck deer are killed each year by hunters, the department estimates that between 20,000 and 25,000 deer annually are killed by automobiles on highways. One of the activities for the proposed new position would be to investigate methods of reducing the number of deer killed on roads.

The objectives of the upland game program are to maintain and enhance the upland game species including those that are not yet in sufficient numbers to permit hunting. The department spends about \$465,000 annually to achieve these objectives. The department rears pheasants at the Vacaville Game Farm and purchases about 20,000 pheasants by competitive bid for release in southern California.

The objective of the public hunting program is to increase the opportunities for public hunting. The department conducts public hunting on 11 state managed wildlife areas, 6 national wildlife refuges and 5 cooperative pheasant hunting areas and on leased areas totaling over 200,000 acres. The department spends about \$315,000 in this program.

The department estimates expenditures of about \$40,000 annually to control wildlife damage to crops and other property through special depredation hunts or the issuance of depredation permits.

There are over 200 licensed pheasant clubs, 1,000 private and 35 commercial waterfowl hunting clubs. The department monitors the programs carried out by these clubs and makes recommendations about the clubs' hunting regulations to the Fish and Game Commission.

In the budget year, the department proposes to start a new program in wildlife investigations with the objective to maintain, in addition to game species, other species of wildlife for their esthetic, scientific and commercial values. The investigations under this program will include an assessment of the problems and needs of special species and establish work priorities, the conducting of shore bird, condor, raptor and depredator surveys and the inventory of bays, estuaries, tidal marsh zones and rookeries. The department proposes to spend \$50,800 on this program during the budget year and the budget includes four new positions for the activity.

Marine Resources Preservation and Enhancement

For many years the Department of Fish and Game has financed extensive programs involving marine fish. The proposed expenditures for marine resources programs in the budget year are \$4,063,884. About

Department of Fish and Game—Continued

\$2,700,000 of these expenditures will come from the Fish and Game Preservation Fund and approximately \$1,300,000 from federal funds or other reimbursements to the department such as those from the Department of Water Resources to operate the Feather River Hatchery. In recent years the competition between the sportsman and the commercial fisherman for use of the marine fishery resource has become keen. Management of the resources is complicated by the fact that many of the marine species are utilized by other nations and by other states. What California can accomplish, then, in relation to these marine species, is largely proportional to the cooperation from other nations and states. Adding to the complications in managing the resources is the international economic condition of the commercial fishing industry.

The marine resources programs include management of salmon and steelhead, tuna, pelagic fisheries, bottomfish, shellfish, marine sport fish, conducting special investigations and collecting vital statistics. The objective of these programs is to determine the amount of fishery resource and its present condition and utilization and to manage the resource for maximum yield and preservation. The salmon and steelhead program is the major source of expenditure of funds in the marine resources program. Proposed expenditures in the budget year are approximately \$1,640,000. The components of the program include the production of salmon at four salmon and steelhead hatcheries, management, research and research analysis. The capital outlay budget includes funds to construct the Mad River Hatchery in Humboldt County. The hatchery will be financed with a combination of funds from the Anadromous Fish Act and the Wildlife Conservation Board's share of the 1964 Recreation Bond Act moneys. Thus the state's General Fund will assist in this program. The budget includes the staffing of 7.8 positions for the Mad River Hatchery, effective April 1969.

Tuna supports a \$40 million fishing industry for California, by far the largest industry in the marine resources field. The department spends approximately \$175,000 annually on the tuna program with research emphasis on albacore, bluefin and bonita and conducts research cruises to gather data on the magnitudes and environments of migrations and to conduct exploratory fishing.

The department expends about \$600,000 annually on pelagic fisheries to monitor fishing effort, determine the amounts landed of certain species and conduct seas surveys off the coast of California and Baja California.

The department spends approximately \$245,000 annually in the bottomfish program for such activities as migration and mortality data accumulation, sampling of trawl landings, data analysis and determining a means of storing and retrieving biological data.

Through the shellfish program, the department conducts surveys on crab, shrimp, abalone and oysters. During the budget year the department will expand the shellfish laboratory operations using mostly federal funds under the Commercial Fisheries Research and Development Program. Estimated expenditures for the shellfish program are \$593,000.

Department of Fish and Game—Continued

The objectives of the biostatistics program are to collect, process and disseminate data about marine fisheries catch and to provide statistical and computational assistance to the research projects of the department. The department spends about \$340,000 annually to perform this service.

In the Budget Act of 1967, \$1,575,000 was appropriated in capital outlay for the department to replace its research vessel, the *N.B. Scofield*. As of the time of this writing, the department has some reservations about proceeding with the replacement. These reservations stem mostly from the imbalance between revenues to and expenditures from the Fish and Game Preservation Fund involving ocean commercial fishing. The Department of Fish and Game estimates that it is spending about \$1,475,000 more annually on commercial fishery programs than it is receiving in revenue. The department is now carrying on discussions with representatives of the commercial fishing industry to seek an improvement in the balance between revenue and expenditures for commercial fishing programs.

The imbalance between revenues and expenditures appears to be more symptomatic of the problem than the cause of the problem. Two years ago when the department proposed to initiate replacement of the research vessel, the *N. B. Scofield*, we exchanged correspondence with the department in an effort to clarify the need for and the role of the vessel. Some clarification resulted, but the basic role and priority of work on commercial fisheries problems which the department should be doing remained obscure.

In the intervening time several events have occurred which have helped to define the problem. Foremost of these is experience with the federal Commercial Fisheries Research Act (Bartlett Act) which provides additional funding to assist commercial fisheries research. This act, by adding another program to those already existing in the field of commercial fisheries tended to dramatize the confusion resulting from too many programs and too many agencies involved in research. Out of this confusion some clarification is developing.

It is becoming clearer that California has not defined and fixed the responsibility for meeting commercial fisheries problems. The Department of Fish and Game has traditionally budgeted its marine research program much the same as discussed in this section of our analysis. To this has now been added the work under the federal Commercial Fisheries Research Act. In addition the academic institutions of the state and the federal government have various research programs and are active in commercial fisheries problems. Finally, the Marine Research Committee has a program of uncertain scope and objectives. It has been attempting for two years to develop a new approach to its research work but without success.

Last session the Legislature appropriated the Marine Research Committee's funds to finance the state's share of the federal Commercial Fisheries Research program which is performed by the Department of Fish and Game. The Marine Research Committee objected to this appropriation and refused to provide funds to finance all the work. In its

Department of Fish and Game—Continued

budget for next year the committee has returned to its former role of financing various minor projects which lack any clear objective.

It would appear that the Marine Research Committee has declined to exercise the role of leadership which it might have developed if the committee had chosen to play the key role in guiding and financing the commercial fisheries research program. The committee protested that since its funds were derived from a tax on only five species, it should not spend its money on work not related to these species. While this may be reasonable, it means that the Marine Research Committee can never be the leader and effective coordinator of research oriented around the needs of the commercial fisheries industry as a whole and particularly with respect to the development of fishing techniques and markets for presently unused species. This is the case even though the committee is established to reflect the interests of the commercial fishing industry.

The substantial funding now available for commercial fisheries research is largely devoted to academically oriented work which emphasizes continuing collection and analysis of data on food patterns, growth factors, fish populations and other matters of special interest to the fishery biologists. While there is no doubt that this type of information is necessary and frequently critical in determining the feasibility of developing fisheries using new species or in determining how to maintain a sustained fishery, it does not cover all of the commercial fisheries problems.

The problems of the fishermen and the industry appear to include different but equally important matters which are receiving virtually no attention in California. They involve development of markets, economic analysis of potentials for utilizing species now underharvested and improved fish processing and marketing technologies. The industry itself seems to lack definition of its needs and problems. There seems to be no effort underway to develop definitions of these and other problems and to initiate programs which will solve them. Instead, the emphasis is primarily on more expenditures for academically oriented biological research.

Many of the recent events, including the discussions on the *N. B. Scofield*, indicate a growing awareness among all interests that more effective action is needed. Because the Marine Research Committee has declined to offer effective leadership due to its funding sources, the Department of Fish and Game is the only agent left except the federal government to seek an improved approach to the commercial fisheries research problem.

It is recommended that the Legislature direct the Department of Fish and Game to participate with the industry in developing clearly defined statements of the problems confronting the industry and that the department then take the leadership in reorienting the state's activities to solve these problems on a priority basis. This may require some shift in emphasis and objectives in the department's own programs as well as employment of personnel with the broadened skills.

Department of Fish and Game—Continued**Water Projects and Water Quality Review**

The objectives of the water projects and water quality review program are to protect and augment the fish and wildlife resources and their habitat and to determine the effectiveness of and justification for fish and wildlife features that are a part of construction projects affecting the fish and wildlife habitat. The department proposes to spend \$1,472,310 in these programs with about two-thirds of the funding from the Fish and Game Preservation Fund and about one-third from reimbursements with the major portion derived from the Department of Water Resources.

The department carries out basic water quality research related to fish, wildlife or aquatic environment, performs on-site investigations of existing pollution problems, makes field and laboratory investigations on specific water quality problems and furnishes data on water quality problems for the regional water pollution control boards. The department reviews and makes recommendations on applications filed with the State Water Rights Board for permits to appropriate water, on applications with the state Department of Water Resources to construct or modify dams, on water projects to be constructed by federal agencies, on projects of the Federal Power Commission, on state water projects and on highway construction and Davis-Grunsky projects.

The Department of Water Resources is responsible for the preservation and appropriate enhancement of fish and wildlife at the State Water Project and contracts or cooperates with the Department of Fish and Game in planning for fish and wildlife at other water projects. In most cases the Department of Water Resources contracts with the Department of Fish and Game for technical personnel to assist it. The budget includes a net reduction of 13 positions financed by the Department of Water Resources. Some of the reduction in programs occurs in the contractual services for state water development planning but most of the reduction or phasing out of work is in the Delta Fish and Wildlife Protection Study, which the Department of Fish and Game is performing with financing from the Department of Water Resources. Under an original five-year contract the peripheral canal was recommended as the best concept to protect and enhance fish and wildlife. A second agreement between the two departments extended this study until 1971 with the objective of providing detailed design and operating criteria for the peripheral canal which would permit water export and at the same time give protection to fish and wildlife. The proposed budget indicates some reduction in fund allocations for this study from a level of about \$327,000 to about \$254,000. Eight fewer personnel will be assigned to the study.

Administration

The program budget for the department itemizes \$1,689,117 in administration costs which are prorated to the programs on the basis of the ratio of the cost of each program to the total cost of the department's programs. Administration costs include the Fish and Game Commission, departmental and regional administration and planning, fiscal, personnel and engineering services. The costs also include office services

Department of Fish and Game—Continued

and supplies, pro rata charges and the Sacramento headquarters rent. The budget proposes a new position, chief of field operations, for the Sacramento headquarters. We agree that the director and the deputy director need assistance in supervising the regional managers and the many staff specialists in Sacramento.

It may be noted that the way the department has shown various operating costs separately from the personnel costs is in our opinion preferable to showing a mixture of these costs as is done in other program budgets.

We recommend approval as budgeted.

Department of Fish and Game

PROGRAMS IN COOPERATION WITH THE FEDERAL GOVERNMENT

ITEM 212 of the Budget Bill

Budget page 887

FOR SUPPORT OF GAME AND FISH PROGRAMS IN COOPERATION WITH THE FEDERAL GOVERNMENT FROM THE FISH AND GAME PRESERVATION FUND

Amount requested	\$1,939,200
Estimated to be expended in 1967-68 fiscal year	1,718,600
Increase (12.8 percent)	\$220,600
Increase to improve level of service	\$149,000

TOTAL RECOMMENDED REDUCTION	None
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ANALYSIS AND RECOMMENDATIONS

These programs of cooperative fish and wildlife management projects are based on federal legislation, the Pittman-Robertson and the Dingell-Johnson Acts. This item consists of \$1,454,400 in federal funds and \$484,800 in Fish and Game Preservation Funds.

The purpose of the Pittman-Robertson program is to assist the states in wildlife restoration projects. The funds for the program are collected through an excise tax at the manufacturer's level on sporting arms and ammunition. Federal funds finance 75 percent of the cost of approved projects. The department utilizes these funds to finance the operations of six waterfowl management areas and performs special studies concerning waterfowl, upland and big game, game habitat and pesticides. Approximately 80 permanent positions and 230 man-months of fish and game seasonal aid positions are utilized in this cooperative federal program.

In recent years, California has been apportioned more Pittman-Robertson funds than the state has spent. The difference between apportionment and expenditures has been increasing rapidly and it is estimated that at the end of the budget year the department will have \$1,500,000 of allocated but unused federal moneys available for this program. The state's apportionment for any fiscal year, under the federal regulations, is available for expenditure in that state until the close of the succeeding fiscal year. Consequently, California has not lost any of the federal funds. However, if the total federal appropriation continues to increase as it has in recent years, California will have

Programs in Cooperation With the Federal Government—Continued

to expand its Pittman-Robertson program further or lose some federal funds. The budget includes \$1,005,525 in federal funds and \$335,175 in Fish and Game Preservation Funds to carry out a total of \$1,340,700 in cooperative wildlife management programs in the budget year.

The Dingell-Johnson program is to assist the states in fish restoration and management projects. The revenues for the program are derived from manufacturers' excise taxes on sport fishing tackle. The federal government finances up to 75 percent of the approved projects.

During the current year the state has assigned 30 permanent positions, mostly fishery or marine biologist, and 14.8 temporary positions to projects carried on with Dingell-Johnson funds. The department utilizes these funds mostly for research and habitat improvement projects and has tried to allocate the funds over a period of time on the basis of 25 percent for ocean projects and 75 percent for inland projects. This ratio is the estimated proportion of marine sport fishing license buyers to the inland fishing license buyers.

At the end of the budget year, the department will have almost \$500,000 in allocated but unexpended Dingell-Johnson funds available to it.

The amount budgeted for cooperative fisheries programs is \$598,500. Of that amount \$149,625 will come from the Fish and Game Preservation Fund and \$448,875 from federal funds.

The discussion of the programs funded by this item is included in the analysis of Item 211, the support of the Department of Fish and Game. Because the department has not been spending its full allocation of federal funds, it is appropriate to increase the expenditure level of this item by the \$220,000 proposed for next year.

We recommend approval.

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

ITEM 213 of the Budget Bill

Budget page 899

**FOR SUPPORT OF PACIFIC MARINE FISHERIES COMMISSION
FROM THE FISH AND GAME PRESERVATION FUND**

Amount requested	\$13,300
Estimated to be expended in 1967-68 fiscal year	13,300
Increase	None

TOTAL RECOMMENDED REDUCTION	None
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ANALYSIS AND RECOMMENDATIONS

The Pacific Marine Fisheries Commission was established by an interstate compact in 1947 to promote better utilization of fisheries and to develop a joint program of protection and prevention of physical waste of the ocean fisheries which are of mutual concern to the states of California, Oregon and Washington. Congress amended the compact in 1962 to permit entry of Alaska or Hawaii or any state having rivers tributary to the Pacific Ocean. In 1964, Idaho joined the compact.

The commission is headquartered in Portland, Oregon, and the staff consists of an executive director and a secretary along with temporary

Pacific Marine Fisheries Commission—Continued

help. Funds for the support of the commission come from the member states and are determined in proportion to the primary market value of the products of their fisheries, provided that no state shall pay less than \$2,000 per year. The 1965 funding was as follows:

California -----	\$26,600
Oregon -----	3,800
Idaho -----	2,000
Washington -----	10,500
Total -----	\$42,900

Last year in our analysis we pointed out that most of the expenditures of the commission go to finance the staff in Portland and for travel expenses to hold the annual meeting. There are benefits to be derived in meeting with neighboring states and discussing problems of mutual concern but the value to California of a staffed organization requiring disproportionate financing from California compared to each of the other states is debatable in view of limited accomplishments.

The purpose of the organization is to promote fisheries of "mutual concern" to the member states but the funding for the commission is on the basis of fish landings in the states. The tuna landings in southern California are of little interest to the commission and are the main reason for the heavy contribution by the State of California. The funding of the commission should be based on fisheries of "mutual concern" consistent with the purpose of the organization.

In the analysis of the 1967 Budget Bill, we recommended that the appropriation to support California's share of commission expenses be deleted. The Legislature accepted that recommendation and, on the basis that six months' notice for withdrawal from the compact would be required, appropriated one-half the funds requested for California's share of the commission, \$13,300.

Later it was discovered that Section 14002 of the Fish and Game Code provides that participation by California in the compact shall continue until the Legislature otherwise provides by law. Notice of intention to withdraw from the compact must be executed and transmitted by the Governor after the Legislature provides by law to discontinue participation.

Notice to initiate California's withdrawal was not forwarded to the commission because the Legislature did not provide for statutory withdrawal. Instead California commission representatives were able to secure approval at the commission's 1967 meeting in Oregon of a resolution for a proposed change in the membership contribution formula.

The proposed formula revision would provide for 80 percent of the annual budget to be shared equally by the member states having a significant commercial fishery with not less than 5 percent of the annual budget to be contributed by a member state having no significant commercial fishery. The balance of the annual budget would be shared by those member states with a significant commercial fishery in proportion to the primary market value of the products of their fisheries. On this

Fish and Game

Item 214

Pacific Marine Fisheries Commission—Continued

basis the contribution of the present member states toward a \$45,000 budget would be as follows:

California	\$16,400
Washington	13,600
Oregon	12,700
Idaho	2,300
Total	\$45,000

The other states in the compact have biennial legislative sessions. The revised formula would not be effective until the 1969-70 fiscal year, provided the legislatures of the other states approved the revised funding.

This appropriation item continues the reduced level of support for the commission as budgeted by the Legislature at the last session. We understand this amount has provided for retention of the staff but has curtailed other expenditures of the commission. On this basis the current year level of \$13,300 could be continued as the administration has requested until the new formula is accepted or rejected.

We recommend approval.

Department of Fish and Game

PROGRAMS IN COOPERATION WITH THE FEDERAL GOVERNMENT

ITEM 214 of the Budget Bill

Budget page 884

FOR SUPPORT OF COMMERCIAL FISHERIES RESEARCH AND DEVELOPMENT FROM THE FISH AND GAME PRESERVATION FUND

Amount requested	\$120,425
Estimated to be expended in 1967-68 fiscal year	77,400

Increase (55 percent) 43,025

Increase to improve level of service \$39,000

TOTAL RECOMMENDED REDUCTION None

ANALYSIS AND RECOMMENDATIONS

The Commercial Fisheries Research and Development Act of 1964 (PL 88-309) is to provide financial aid to the states for research and development of their commercial fisheries. Congress has authorized a \$5 million expenditure for each year until 1970 to carry out the purposes of the act. The federal government may finance up to 75 percent of approved projects and the states must finance the balance. Programs costing \$490,100 in total expenditures are budgeted for 1968-69 with the expenditure made through the Fish and Game Preservation Fund. Of that amount, \$369,675 will be federal funds and \$120,425 will be the state's share financed from the Fish and Game Preservation Fund.

The programs to be carried out include the Fisheries Resources Sea Survey, Food Habit Study, Shellfish Laboratory Operations, Shellfish and Bottom Fish Data and some port samplings. Most of the expenditure increase of \$171,875, including federal and state funds, is involved

Programs in Cooperation With the Federal Government—Continued

in the Shellfish Laboratory Operations. The objective of this program is to see if the artificial propagation of shellfish is biologically and economically possible in California as it has been in some other parts of the world. Most of the increased expenditures are required to equip the laboratory and to finance two additional permanent positions.

The Statement of Reconciliation with Appropriations indicates that in the year 1966-67, \$92,000 was appropriated as the state's share for the Cooperative Commercial Fisheries Program. This was the second year the program was in operation. Of the \$92,000 appropriated by the state, \$50,092 was unexpended. According to the department the delay in program execution compared to the original budget estimates occurred in the food habit study and the sea survey. In both cases the delay was due to turnover in personnel or the lack of adequate personnel to carry out the projects in the beginning stages of the program.

In the 1967-68 Budget Bill, the administration proposed that the General Fund finance the state's portion of the commercial fisheries research program. On our recommendation the Legislature revised the funding of the state's portion to provide instead that funds deposited to the credit of the Marine Research Committee in the Fish and Game Preservation Fund would finance the state's share of the program. This action was in accordance with Section 729 of the Fish and Game Code which states that the purpose of the Marine Research Committee is to finance research in the development of commercial fisheries in the Pacific Ocean. The Marine Research Committee has the statutory authority to control the expenditure of funds appropriated to it and elected to disapprove several of the projects financed by the appropriation. As a result the committee financed only \$49,900 of the \$74,599 in commercial fisheries research work approved by the Legislature. The remainder of the expenditure was financed by the Department of Fish and Game.

This year the Governor's Budget no longer proposes to finance the work from the General Fund. Instead this item finances the state's portion of the Commercial Fisheries Research Program from the Fish and Game Preservation Fund. Because the Marine Research Committee is unwilling to finance the work and is unable to develop a program of its own, we do not recommend that it continue to finance the commercial fishery research program next year, but recommend financing from the Fish and Game Preservation Fund.

We recommend approval.

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

ITEM 215 of the Budget Bill

Budget page 901

**FOR SUPPORT OF MARINE RESEARCH COMMITTEE
FROM THE FISH AND GAME PRESERVATION FUND**

Amount requested	\$194,200
Estimated to be expended in 1967-68 fiscal year	72,090
Increase (169 percent)	\$122,110
Increase to improve level of service	\$172,010

TOTAL RECOMMENDED REDUCTION **\$194,200**

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget Page</i>	<i>Line</i>
Delete appropriation	\$194,200	902	9

ANALYSIS AND RECOMMENDATIONS

The Marine Research Committee consists of nine members appointed by the Governor. Most of the members represent the commercial fishing industry. As provided in Section 8046 of the Fish and Game Code, support for the committee comes from a privilege tax of 5 cents for each 100 pounds of sardines, pacific and jack mackerel, squid, herring and anchovies taken by commercial fishermen. The privilege tax expires on December 31, 1969.

Section 729 of the Fish and Game Code states that the purpose of the Marine Research Committee is to finance "... research in the development of commercial fisheries of the Pacific Ocean and of marine products susceptible to being made available to the people of California." The committee enters into contracts with such agencies as the California Academy of Sciences, Scripps's Institute of Oceanography and the Department of Fish and Game to carry on research activities.

The committee requests an appropriation of \$194,200 for the 1968-69 budget, an increase of 169 percent over estimated expenditures for the current year. The budget is unrealistic in terms of past revenue to the committee and the current economic condition of the anchovy fishery which is the commission's major source of increased revenue. In recent years the committee has presented a budget including a lump sum for unallocated contracts. In the proposed 1968-69 budget the committee itemizes substantial proposed projects to be carried out by various institutions. These projects include comprehensive monthly surveys of the Pacific Ocean off California and Baja California by the United States Fish and Wildlife Service to obtain distribution and abundance estimates of hake and jack mackerel, the collection of data relative to the oceanographic features influencing pelagic fishes by the Hopkins Marine Station, and a tagging and genetics program to study the migratory behavior and population structure of jack mackerels by the Department of Fish and Game. The programs would be initiated, subject to availability of revenue, on a priority basis which is not specified.

In prior years, we have indicated that the budget request for the Marine Research Committee lacks firm objectives in the research pro-

Marine Research Committee—Continued

gram. Also, the committee has been unable to resolve its differences as to the hiring of a full time coordinator for the projects carried out by the committee and has been without a coordinator for over two years.

In 1967, the Legislature, on our recommendation, provided for the Marine Research Committee to finance the state's share, amounting to \$74,599, of the cooperative commercial fisheries research and development program. This manner of funding is in line with the objective of the committee which is to finance research in the development of commercial fisheries of the Pacific Ocean. The committee exercised its prerogative as specified in Section 729 of the Fish and Game Code and did not approve expenditure of all the funds appropriated by the Legislature for the specified projects. The committee approved only \$49,900 and the Department of Fish and Game made up the balance of the state's portion of the Commercial Fisheries Research Program from the Fish and Game Preservation Fund. By this action the committee lost an opportunity to exercise leadership in the establishment of cooperative commercial fisheries research programs. More discussion of commercial fisheries research is contained under the marine research program of the Department of Fish and Game.

In view of the lack of firm research objectives on the part of the Marine Research Committee and its failure to resolve long standing problems, we recommend that this item be deleted and the Marine Research Committee be abolished.

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

ITEM 216 of the Budget Bill

Budget page 933

**FOR SUPPORT OF WILDLIFE CONSERVATION BOARD
FROM THE WILDLIFE RESTORATION FUND**

Amount requested	\$101,002
Estimated to be expended in 1967-68 fiscal year	101,294
Decrease (0.3 percent)	\$292

TOTAL RECOMMENDED REDUCTION None

GENERAL PROGRAM STATEMENT

The Wildlife Conservation Board, established in 1947, consists of the President of the Fish and Game Commission, the Director of the Department of Fish and Game, and the Director of Finance. Three Members of the Senate and three Members of the Assembly act as an advisory group and an interim investigating committee. The board has a staff of six. The board's function is to acquire and restore areas to sustain wildlife and provide recreation.

As authorized in Section 19632 of the Business and Professions Code, the board's program is supported from the annual diversion of \$750,000 of horserace license revenues to the Wildlife Restoration Fund from money which would otherwise go to the General Fund. Projects authorized and constructed by the board from these funds are not subject to Budget Bill appropriation although we have recommended this ap-

Wildlife Conservation Board—Continued

propriation in past analyses. This item only appropriates funds for the support of the board's staff from the Wildlife Restoration Fund.

ANALYSIS AND RECOMMENDATIONS

As of April, 1967, the Wildlife Conservation Board had allocated over \$21 million for angling access projects, which includes launching ramps and piers, for game habitat development and improvement projects, for fish hatchery construction and stocking and for game habitat development and hunting access. Most of the money expended by the Wildlife Conservation Board, which is nominally General Fund money, has gone for the direct benefit of hunters and fishermen. The Department of Fish and Game also operates its own programs to benefit the sportsmen using their license fees. General Fund support for the Wildlife Conservation Board is an exception to the principle of special fund financing as applied to the department.

In addition to the \$750,000 continuing appropriation, the board has received financial support for its program from the Recreation Bond Act of 1964, which included \$5 million to finance board projects. Also, funds from two federal programs have been made available to the Wildlife Conservation Board. These moneys stem from Public Law 88-578, the Land and Water Conservation Act, and Public Law 89-304, the Anadromous Fish Act. Funds from these two federal programs are not subject to legislative appropriation except when the funds match moneys to be spent from the Recreation Bond Fund. During the current year, the Wildlife Conservation Board will receive an allocation of \$433,500 from the Land and Water Conservation Act funds and \$595,000 from the federal government under the Anadromous Fish Act.

In the analysis of the budget bill for each of the two preceding years, we have recommended that the Legislature repeal the statutes providing for the \$750,000 annual continuing appropriation to the Wildlife Conservation Board and that the board be financed from its allocation of moneys under the Recreation Bond Act of 1964 and such federal money as may be available. The Legislature has not accepted that recommendation.

This appropriation item is for the administrative costs of the board and maintains the existing level of service.

We recommend approval.

DEPARTMENT OF HARBORS AND WATERCRAFT

ITEM 217 of the Budget Bill

Budget page 934

FOR SUPPORT OF THE DEPARTMENT OF HARBORS AND WATERCRAFT FROM THE GENERAL FUND

Amount requested	\$5,202
Estimated to be expended in 1967-68 fiscal year	5,202
Increase	None
TOTAL RECOMMENDED REDUCTION	None

Item 218**Harbors and Watercraft****Department of Harbors and Watercraft—Continued****ANALYSIS AND RECOMMENDATIONS**

This item provides General Fund support for the department's review of applications for federal navigation permits. The request is for support from the General Fund because the activity is of general benefit to other state programs.

We recommend approval of the item as budgeted.

DEPARTMENT OF HARBORS AND WATERCRAFT**ITEM 218 of the Budget Bill****Budget page 934****FOR SUPPORT OF DEPARTMENT OF HARBORS AND
WATERCRAFT FROM THE HARBORS AND
WATERCRAFT REVOLVING FUND**

Amount requested	\$1,044,266
Estimated to be expended in 1967-68 fiscal year	924,057
Increase (12.9 percent)	\$120,209

TOTAL RECOMMENDED REDUCTION----- **None****GENERAL PROGRAM STATEMENT**

The Department of Harbors and Watercraft administers several programs of grants and loans for boating facilities development and carries out a boating safety and control program. The policies for the department, which includes about 75 employees, are set by the Harbors and Watercraft Commission. The commission consists of seven members appointed by the Governor. The department's programs are supported by the annual transfer of \$4 million from the Motor Vehicle Fuel Fund to the Harbors and Watercraft Revolving Fund and the revenues from boat registration fees. The money from the Motor Vehicle Fuel Fund is derived from boat fuel taxes. Estimated revenues from boat registration fees for 1968-69 are \$1,480,000.

The department was formerly the Division of Small Craft Harbors within the Department of Parks and Recreation. Pursuant to Chapter 61, Statutes of 1966, First Extraordinary Session, the Department of Harbors and Watercraft was created within the Resources Agency and the former division was abolished. The statutory responsibilities of the department appear in Division 1 of the Harbors and Navigation Code and in the California Administrative Code.

This item provides the department's support appropriation of \$1,-044,266 from the Harbors and Watercraft Revolving Fund.

Item 217 provides the general fund support of \$5,202 for the state's review of navigation permits referred to it by the U.S. Army Corps of Engineers. Funds for the boating facilities development program are appropriated in the Local Assistance Section, Items 298 and 299. The budget proposes that the Harbors and Watercraft Revolving Fund repay the California Water Fund for two small loans made from the latter fund. This repayment is discussed in Item 301.

The department has prepared a program budget for informational purposes and this analysis is based on the program descriptions which it provided. The two programs are Boating Facilities Development and Boating Safety and Control.

**Department of Harbors and Watercraft—Continued
ANALYSIS AND RECOMMENDATIONS****Boating Facilities Development**

The objective of the Boating Facilities Development Program is to develop and improve the waterways and boating facilities throughout the state. The department administers loans and grants to assist local agencies in the construction of small craft harbors and facilities. Local agencies submit applications for state assistance which the department reviews to determine feasibility. The elements of the program include harbor development loans, launching facility grants, planning loans and special studies and investigations.

For the first time, the department requests a capital outlay appropriation to finance project planning for harbor development by the state. Prior to this time, the department's activities have been in the form of loans or grants to local agencies who in turn carry out development projects. Capital outlay Item 357 proposes funds to investigate harbors of refuge in Coxo Bay, Santa Barbara County, and in the Fort Bragg area of Mendocino County.

The department's estimated costs for the support of the development program are approximately \$305,000 which finances 18.5 positions. The budget includes the reduction of two authorized positions, an engineering aide II and a clerical position based upon a workload review. The workload for the boating facilities development program is reflected in the projects contained in the local assistance section of the budget. There the department requests \$444,500 for four launching ramp grants, \$3,875,000 for harbor construction and improvement projects at Santa Cruz and Ventura and \$650,000 for a federal-state assistance harbor project at Bodega Bay to finance the nonrevenue producing features including breakwaters.

Boating Safety Control

The objective of the Boating Safety and Control program is to protect the lives and property of persons engaged in boating activities and encourage uniformity in boating laws. The program is estimated to cost approximately \$760,000 in the budget year, an increase of about \$150,000 over the current year. This increase is caused by the 3-year boat registration renewal function, which commences January 1, 1969. The budget includes funding for eight temporary clerical positions limited to June 30, 1969 and about \$105,000 in added operating expenses to carry out the registration renewal function.

Through the regulation program, the department develops and recommends regulations on registration, equipment and operation of vessels which the Harbors and Watercraft Commission adopts. The department reviews and makes recommendations on local boating ordinances to encourage uniformity and encourages the development of a uniform state system of waterway markers. The department also licenses the operators of "for-hire" vessels which carry passengers and maintains a file of boating violators. During calendar year 1967, the department registered 22 operators of "for-hire" vessels. It has a total of 304 operators currently registered.

Department of Harbors and Watercraft—Continued

Senate Resolution No. 98 (Way) of the 1967 session requests a study by the department to determine the use by residents of each county of the boating waters of the state and to suggest a formula for distribution of funds that may be made available to aid in improving local boating law enforcement. The department will report study results during the 1968 session.

The boat registration program requires the largest expenditure of all the department's support programs. The department processes various transactions for boat registration including original registrations, renewals, transfers and duplicates. During the 1967 calendar year the department processed 34,461 original registrations, 8,780 renewals, 64,551 transfers and 20,558 duplicate registrations for a total of 128,350 transactions. From January 1, 1966, the beginning of the current 3-year registration period, through the end of December 31, 1967, the department has registered a total of 374,875 boats. The department's registration file indicates cumulative registration data on 420,900 boats. These figures would indicate that there are approximately 45,000 vessels in the state which have not been registered with the department since January 1, 1966.

The department has approximately 400 outlets throughout the state to assist in the registration program. These are mostly dealers in boats and boating equipment. These agents provide the registration service to the department without charge.

The department utilizes its file of all registered boats to provide a 24-hour, seven-day-week boat identification service for law enforcement and search and rescue agencies.

The Legislature in 1965 levied a sales tax on the sale of boats between individuals. The Board of Equalization reimburses the Department of Harbors and Watercraft for two clerical positions utilized by the department in the occasional sales tax program performing services for the board.

The objective of the boating safety, research and education program is to reduce the number of boating accidents and promote safety on the state's waterways. Enforcement of boating regulations on the waterways of the state is largely a local responsibility. The division concentrates on education through various boating organizations, the distribution of enormous amounts of safety leaflets and pamphlets, the collection of accident reports, some surveys of hazardous conditions on boating waters and dissemination of information through radio, TV and news releases. The following table indicates the boating accidents statistics as reported by the department for each of the past five calendar years.

California Boating—Accident Statistics

	1963	1964	1965	1966	1967
Number of accidents -----	505	554	444	540	526
Number of fatalities -----	84	91	109	88	87
Number of injuries -----	224	270	129	208	160

The budget includes financing for two additional permanent, clerical positions for the Boating Safety and Control Program. One position is

Department of Harbors and Watercraft—Continued

required as a result of 1967 legislation which requires boat dealers to apply to the department for temporary certificates of number for vessels to be held by the dealer for the purpose of resale in the course of his business. The other position is for the increased year-round workload for registration activities.

Departmental administrative costs are estimated at approximately \$150,000 and are prorated to the two programs of the department. With the exception of six positions the administrative services are provided by contract with the Department of Parks and Recreation to provide fiscal, personnel and general office services. The contract with the Department of Parks and Recreation is for \$48,000 in the budget year.

We recommend approval of the department's budget as submitted.

DEPARTMENT OF PARKS AND RECREATION

ITEM 219 of the Budget Bill

Budget page 937

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

Amount requested	\$15,947,150
Estimated to be expended in 1967-68 fiscal year	15,457,712

Increase (3.2 percent)	\$489,438
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TOTAL RECOMMENDED REDUCTION	Pending
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Summary of Recommended Reductions

	Amount	Budget Page	Line
Review operating expense item for cost of utilities at the Squaw Valley State Recreation Area	Pending	946	53

GENERAL PROGRAM STATEMENT

The Department of Parks and Recreation plans, acquires, develops and operates state outdoor recreation areas and facilities and performs statewide recreation planning.

The department and its commissions were reorganized in November 1967 pursuant to legislative authorization established by Chapter 1179, Statutes of 1967. This legislation abolished the two statutory divisions of the department, the Division of Beaches and Parks and the Division of Recreation, and transferred their respective duties to the department and empowered the director to reorganize the department. Prior to the effective date of Chapter 1179, each of the two statutory divisions had a separate policy committee. These two committees have been consolidated into a new State Park and Recreation Commission which will be responsible for establishing overall policy guidance for the department.

The department had a peculiar organization structure prior to the reorganization in that one of the department's statutory divisions had a total of nine authorized positions while the other had over 1,400 positions. Since the recent reorganization the department now has six divisions. The main program activities are carried out by the Planning and Development Division, the Operations Division and the Administrative Services Division. More specialized services are performed by the Concessions Division, the Resource Management and Protection

Department of Parks and Recreation—Continued

Division and the Information and Interpretation Division. The reorganization more clearly fixes responsibility and provides coordination of department activities particularly in the park planning and development work of the department.

ANALYSIS AND RECOMMENDATIONS

The Governor's Budget proposes a \$15,947,150 level of support expenditures. This is a \$489,438 or 3.2 percent increase over the estimated support expenditures for the current year. The department is proposing 48.3 new positions for the budget year. Most, or 37.6, of these will be employed in the Division of Operations for park operation and maintenance. The Administrative Services Division is requesting 8.7 new positions. Except for half a man-year, all of the new positions in the latter division will be reimbursed either by the federal government under the Land and Water Conservation Program or the Department of Harbors and Watercraft for its triennial boat registration.

We have examined the proposed positions for the Operations Division and find that the requested positions are reasonably related to staffing requirements for new units of the State Park System. In several cases the state is assuming operation of park units owned by the state but heretofore operated by local agencies under agreements which will terminate in the near future. The division is also proposing three man-years of temporary help to implement a new campsite reservation system.

In our previous analysis we recommended that the department review its permanent staffing at state park units with the intention of replacing a limited number of permanent positions with seasonal positions as indicated by the seasonal variation in the use of state park facilities by the public. The department indicates that it is complying with this recommendation and during the current year the department has received approval from the Personnel Board for a seasonal park ranger classification. To date the department has transferred 10 ranger positions from a permanent to a seasonal classification. By seeking greater use of seasonal rangers, the department estimates that in the next two to three years perhaps as many as 100 permanent ranger positions may be filled by the seasonal classification.

The department inaugurated a deferred maintenance capital outlay program in fiscal year 1966. This is intended as a catch-up effort on particular maintenance problems in the state park system which go beyond the department's normal maintenance program. In 1966-67 \$902,577 was requested by the department and approved by the Legislature while additional expenditures of \$1 million a year were anticipated in both 1967-68 and 1968-69 in order to complete the deferred maintenance program. In the Governor's Budget last year the department requested only \$135,000 for deferred maintenance which was to be added to the approximately \$300,000 that remained unexpended from the previous year's capital outlay appropriation of \$902,577. Last year the Legislature, after considerable deliberation, appropriated \$600,000 for deferred maintenance and shifted deferred maintenance from the capital outlay to the support appropriation of the department.

Department of Parks and Recreation—Continued

This amount was reduced by the Governor's veto to the original budget request of \$135,000 which was retained in the department's support appropriation. With the \$300,000 remaining capital outlay appropriation from 1966-67 the department has \$435,000 available for deferred maintenance in the current year. The department has requested only \$135,000 for deferred maintenance during the budget year.

Recreation Planning

Last year this analysis was very critical of the lack of programming and workload data for the needed planning and development of the state park system. There was no basis even to approximate the staffing requirements for bond acquisition work, development planning for existing and new park system units and for improvement in planning techniques and the establishment of standards. Confusion was added by the administration's decision to revert prior appropriations for many development projects.

Since last session, the department has reorganized and greatly clarified the line supervisors' responsibilities for planning and development. The deferment or reversion of many development projects has afforded an opportunity for the department to get a fresh and more current start on its planning and development workload.

Of cardinal importance is the fact that for the first time the department has prepared workload data to support its planning and development staffing request. Equally important, this data is based on what appears to be a realistic appraisal of the modest amount of funds available in the next several years for park system development.

The department's evaluation of its planning and development capability confirms our past views that it was not capable of simultaneously attempting to do all the needed work to provide sound planning and management for statewide recreation and development of the state park system. Time is not now available for the department to follow the normal sequence of events, that is, to complete the statewide recreation plan, develop the state park plan, prepare master plans for each park unit and finally prepare the development plan to support a capital outlay appropriation. The department must do all of these simultaneously and adjust one to the other as it proceeds. This is difficult and some deficiencies and errors can be expected to occur.

We find that the department has now started to prepare statewide recreation and park plans, to establish development standards, to prepare master plans on each project before seeking development funds, to prepare timely development plans for budget purposes and overall to provide more park development with the limited funds available. The department is far from having achieved its goals as evidenced by our comments on the lack of preliminary plans and specifications for its capital outlay program this year. Moreover, the department must proceed rapidly and positively or it will fall behind the pressures for development and revert to the recent pattern of unmanaged and inadequately programmed park development budgets.

We believe the department has accurately evaluated most of its problems and is seeking to solve them in order to provide the type of park

Department of Parks and Recreation—Continued

system development that everyone in California desires. The following paragraphs cover the most important recommendation we can offer to expedite and improve the development program in line with the obvious desires of the Legislature.

After having measured its capacity to prepare master plans and development plans on a priority basis for units of the park system which will be included in the capital outlay budget for 1968-69 and 1969-70, the department concluded that it did not now have the personnel to handle the peak workload properly and as quickly as needed. Faced with this fact, it has budgeted for a crash program to get the work done. In order to finance this program the department proposes to use money from the Recreation Bond Act of 1964 to finance existing positions which will be working on the master plans and development plans for lands acquired with bond money. In order to supplement this existing staff, to secure quick results and provide a manageable effort, the department proposes to spend an additional \$287,000 in bond funds for outside consultants and contract services to secure the manpower capacity it needs on a short-term basis to get the job done. We believe this is a sound approach but that it does not go far enough.

It is recommended that the Legislature direct the department to use part of the \$287,000 to secure consultants in subject areas where it has exhibited past deficiencies in quality and lack of certain specialized skills. Among the problem areas where additional skills and special assistance are needed, the following can be enumerated: (1) Preparation of a realistic method (if possible) to measure demand for development of park system units, (2) establishing a fee system related to demand and standard development designs, (3) determining the extent and manner in which a fee system can be used to justify amounts of capital outlay for individual park units and park system development, (4) determining the timing of development of park units and the location of park units to be developed and (5) developing an economic basis to integrate both state and concessionaire development into one compatible park unit. A detailed discussion of the more important aspects of these five points follows.

The department's planning program is carried out by the Planning and Development Division and consists of four major stages which proceed from the general to the specific. The first stage is statewide recreation planning which encompasses all recreation needs in the state and all agencies supplying recreation both public and private. The second stage is the preparation of the state park system plan which establishes the role of the state and identifies the park system units needed to fulfill that role. The third stage consists of the preparation of individual park unit master plans which will be used to guide the development of each park. Finally, development planning provides the engineering and architectural planning and construction guidance for budgeting and constructing a project up to the time it becomes operational. The following analysis will briefly discuss these different phases of planning activity in relation to particular problem areas associated with them.

The department's statewide recreation planning has focused on quan-

Department of Parks and Recreation—Continued

titative attempts to measure future outdoor recreation "requirements." These requirements, projected to the year 1980, are the difference or deficiency between projected recreation "demand" compared to existing and proposed future recreation facilities. To date the department has issued monographs on several of the state's main metropolitan areas which detail the recreation requirements of these areas. This data system is known as the Park and Recreation Information System (PARIS).

There are several serious weaknesses in the PARIS approach if it is to be used for statewide planning. Perhaps the most serious weakness is that too much attention is given to "requirements." The study's methodology purports to show recreation "demands" but what is actually used is not economic demand as this concept is properly known among economists but rather demand for recreation facilities at zero or near zero prices. This special or restricted use of the term "demand" gives a greater recreation demand than if prices are used as represented by entrance fees or service fees. Entrance or service fees are charged for the state park system and the effect has always been recognized as discouraging some attendance. In fact the latest park system fee increase in June of 1967 was associated with a 20-percent decrease in attendance at state park units for the summer months of 1967 compared to the previous summer. Price-demand relationships of this type are not considered in the PARIS requirements approach when arriving at estimated demand for recreation facilities.

Even in cases where no user charges are imposed, it must still be recognized that the provision of recreation facilities will involve substantial costs which must be borne by the general taxpayer. To speak of recreation demand without regard to the costs of satisfying this demand is also unrealistic because the state is faced with an acute problem in financing development of the park system.

Another deficiency is that the PARIS approach gives a false appearance of precision in forecasting. Forecasts of anything as complex as recreation "demand" are likely to be subject to considerable forecasting errors. Yet PARIS is used to provide estimates to decimal point accuracy.

There is a practical difficulty in the PARIS approach and that is that the abundance of statistics has so far not proven very useful as a planning tool. In part this is due to the fact that the department's statewide planning has not established clear guidelines for the division of responsibility between the different recreation supplying agencies at the federal, state and local levels. Responsibility to provide service must be established if recreation demands are to be met while considering the financial ability of the various public agencies to satisfy them.

In this context the department must define its role and the role of the state park system and delineate areas of basic responsibility. Fixing responsibility between state and local agencies will continue to remain an acute problem as suggested by the problems of past sessions in deciding whether the state should acquire the Santa Monica Mountains project. An even more difficult problem will arise in deciding how to

Department of Parks and Recreation—Continued

develop it. The drafting of criteria and developing relevant data which will provide some objective basis for distinguishing statewide interest from predominantly local interest would assist in narrowing the areas of disagreement over state and local responsibility. The director of the department, as the state official who allocates matching federal Land and Water Conservation Funds, should be guided by statewide recreation planning in assessing the state and local competition for these funds. At present the director is simply allocating these moneys on the basis of a compromise formula with state and local agencies each receiving 45 percent and the balance being held in reserve.

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

In the past we have recommended that park service fees be established so as to relate these fees to the costs of facilities provided park users. We base this recommendation on the grounds that the park system can and should provide a variety of types of facilities. Service charges to users for above standard facilities should properly reflect the added costs of providing these facilities and services. Therefore, consideration of appropriate fee schedules should be an integral part of capital outlay planning in park master planning and development studies. The budget justification for design specifications and increased costs which exceed a minimum standard design should rest on a showing of greater self-support through an increase in fees collected.

We have also recommended in the past that the department draft a set of minimum development standards with the view that parks designed on these standards would be tied to the base fees for use of the park system. The department has prepared a report which provides minimum design specifications and the department is seeking to comply with the substance of our recommendations. Further work in this area is required for which the department could employ some outside assistance in providing a more objective basis for establishing such standards.

Park fees have been increased twice in the last two years. These increases have generally been across-the-board increases and have been based on the overall objective of increasing revenues to offset a greater proportion of park operating expenses. The most recent increase came in June of 1967 and the stated objective of this increase was the achievement of a 50-percent support level.

The fee increases that took effect in June of 1966 were similarly aimed at a 50-percent target. It is interesting to note that fee revenues

Department of Parks and Recreation—Continued

were 46 percent of park operating costs in fiscal 1966-67. This compares to 45 percent in 1964-65 and 46 percent in 1965-66 in which years the old lower level fees applied. The explanation for the disappointing results of fee increases in terms of the stated objective of these increases, namely an increase in park fees proportionate to increases in direct operating expenses, is to be found in the fact that attendance at state parks has decreased as a result of fee increases so that the net result was only a small increase in park revenues. This is dramatically illustrated in the current year when park fees were again increased. When we compare figures on park service fees and park attendance for the summer months of 1966 with the summer months of 1967, we find that park attendance fell off by 20 percent in 1967 after the new fees went into effect. A department task force issued a report on "fees and charges" in June of 1966 which stated that the estimated revenue from park fee increases "... do not take into account such economic factors as what effect an increase in fees will have on attendance. . . ." It would seem incumbent on any future task force to take such economic factors into consideration when proposing any changes in fee charges since these economic factors cannot be assumed away as experience has testified.

As was pointed out earlier, the omission of price-demand relationships is also a serious weakness in the department's statewide planning effort (PARIS). A more realistic appraisal of recreation demand, perhaps based on some limited experimental fee charges in some of the state park units, should be used in studying both the department's actual fee policy and in its statewide recreation planning. The results of such investigations may suggest a more realistic system of fee charges that could be selectively applied to individual parks rather than continuing uniform charges for the different park classifications.

The department has instituted a differential pricing system during the current year by establishing a reduced off-season rate for most units of the state park system with the expectation that this would encourage attendance during the off-season period. In addition to this the department has established a reservation system which is intended to help relieve the turn-away problem during the peak summer use period particularly at the more popular parks.

Squaw Valley State Recreation Area

Last session the Legislature approved Chapter 1251 which authorized the Director of Parks and Recreation to dispose of the state's interest in Squaw Valley subject to approval of the disposition transactions by the Legislature. The Governor's Budget shows the Squaw Valley operations separately in order that the current items of expenditure may be clearly identified since they are a matter of interest in the disposition effort.

Pursuant to the authorization to dispose of the property, the department has been active in analyzing alternatives and securing current appraisals of the properties involved. The Capital Outlay Item No. --- contains funds for the department to undertake a land exchange transaction with the U.S. Forest Service in order to secure fee title to the

Department of Parks and Recreation—Continued

ski lands now under control of the state under a Forest Service permit. Under the discussion of that item we are not recommending approval of the transaction at this time due to lack of justification.

In the past year we have inquired of the department several times whether any savings had accrued because of the capital investment in the new compressors which provide the ice for skating in Blyth Arena. To date the department has not secured any changes in rate schedules for the power purchased to operate the compressors and the expenditures of utilities are budgeted next year at the same level as past years.

It is recommended that the department review the rates for power purchased for Blyth Arena and advise the Legislature of any possible savings at the time of its budget hearings.

In other respects we recommend approval of the item as budgeted.

DEPARTMENT OF WATER RESOURCES

ITEM 220 of the Budget Bill

Budget page 948

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

Amount requested	\$10,519,768
Estimated to be expended in 1967-68 fiscal year	10,548,430
Decrease (0.3 percent)	\$28,662
Increase to improve level of service.....	None
TOTAL RECOMMENDED REDUCTION.....	\$179,100

Summary of Recommended Reductions

	Amount	Budget	
		Page	Line
1. Eliminate Vegetative Water Use Study	\$164,100	956	24
2. Reduce Graphic Services (overhead cost reduction \$100,000)	15,000	977	66

Summary of Recommended Studies

- 1. Department of Water Resources and Water Resources Control Board should study the problems of computing the amount of unappropriated water.

GENERAL PROGRAM STATEMENT

The Department of Water Resources is responsible for the planning, design, construction and operation of the State Water Project. It also carries on an extensive water resources planning and investigation program, collects data pertaining to water resources development and use, administers a variety of statutory functions related to water, and allocates local assistance funds for flood control, watershed protection and beach erosion control.

This year and next year are an important transition period for the department. Estimated expenditures for the State Water Project reach \$378 million in the current year and peak at \$415 million next year. Thereafter they decline to \$381 million in 1969-70 with a rapid succession of reductions in expenditure level each year until the construction of the initial features of the project is essentially completed by 1972.

Subordinate to the peaking and decline in water project total expenditure levels are even greater variations in expenditure level among

Department of Water Resources—Continued

the programs which collectively represent the construction of the State Water Project. State Water Project planning and investigations work drops almost \$1.4 million next year. The design function which is \$1 million less in the current year than the past year drops more than 50 percent next year, going from \$14.6 to \$6.3 million. Right-of-way acquisition drops nearly \$1 million, while construction supervision remains relatively constant. However, even in the case of construction supervision the area of work will shift from Oroville and the delta to the aqueduct and pumping plants south of Fresno County.

The State Water Project operations and maintenance work will continue to build up. The department will have full scale operations and maintenance activities at Oroville, in the delta and at San Luis next year. The current and budget years represent a period of major shift from design and construction of the State Water Project to its operation and maintenance. Simply stated, the upper half of the project will be in operation and the lower half will be under construction with the design and land acquisition work beginning to phase out.

These transitions present unusual and severe administrative problems for the department. When coupled with the need to achieve more economy in departmental expenditures and the shortage of construction funds to complete the initial State Water Project features in 1972, it can be seen that the department's General Fund budget for next year is cast on a background of much more important fiscal problems involving the State Water Project.

However, the General Fund or support portion of the department's budget has still received much management attention. It has dropped slightly from \$10,579,000 last year to \$10,504,000 in the current year. A further slight drop to \$10,466,000 is budgeted for next fiscal year. The actual savings are greater for next year than might appear from the above figures because they include \$300,000 in savings which have already been identified and deducted in the current year. This gradual reduction reflects greater management effort to achieve economies plus a diminution in high priority planning and investigation work.

Water Program Emphasis

The past 10 years have represented a period of great expansion in water resources activity in California for all levels of government. The State Water Project has been planned and its construction has reached a peak. Meanwhile, much planning has been done by the department on future projects to replenish the Delta Pool of the State Water Project and augment its capacity a decade or two in the future. The state has devoted approximately \$2.8 billion of its fiscal resources to the construction of the State Water Project and will not soon have such a large sum available for further construction. In fact, it is confronted with problems in financing the completion of the features now designed and being constructed.

The Metropolitan Water District of Southern California and the Kern County Water Agency, the two largest State Water Project contractors, are having difficulties financing their distribution facilities to receive state water. The local water agencies serving much of the

Department of Water Resources—Continued

San Francisco Bay region have recently completed major expansions. The Davis-Grunsky loan and grant program and departmental assistance in planning have stimulated and aided many local irrigation agencies to undertake major expansions. Finally, the federal government has greatly expanded its service areas into the San Luis Division and the west side of the Sacramento Valley. It is now initiating construction on the Auburn-Folsom Project and an aqueduct system along the eastern side of the San Joaquin Valley. While federal programs have a built-in momentum and will no doubt be continued at significant levels in the future, they are currently undergoing serious financial shortages due to increased military expenditures.

If only because much of the state and local bonding capacity has been used up in recent construction efforts, the California water agencies are now giving evidence of passing into a period of repayment of bonded obligations and utilization of the newly produced water supplies. The current trend in the department's support budget is toward study and evaluation of more efficient use and better management of water resources, reclamation of waste waters, solution of water quality problems, integration of surface and ground water supplies, etc. This trend has been gradual in developing, as the department's budget has reflected a reduced emphasis on planning surface storage and diversion projects and placed greater emphasis on water resources utilization and management.

For this and other reasons, the new program format used this year in presenting the department's budget much more clearly and accurately presents the emphasis and direction of departmental support activities. Two new program categories entitled Protection of Water Resources, and Control of Floods and Prevention of Damage reflect this revised emphasis. In addition, the more traditional aspects of hydrologic data collection, water use and planning activities are more clearly presented than in recent years.

Another important change in the department's budget this year is that General Fund and water project financed work are clearly separated. The former under support programs and the latter under capital outlay programs. As a result, there is no longer any appreciable mixed funding of programs.

Water Project Funding

Last year this analysis commented on the then incipient problems of inadequate funding to complete construction of the State Water Project. Since then, the problems have materialized and have been the subject of extensive consideration by the administration and the Legislature. Legislation has been introduced this session to provide short-term additional project financing by (1) removing the bond offset provisions of the Burns-Porter Act for a period of two years, thereby increasing currently available project construction financing by \$22,000,000 and (2) by increasing in 1970-71 the annual allocation of Long Beach tidelands oil and gas revenues for project purposes from the present level of \$11 million per year to \$25 million per year. If this allocation is continued for an extended number of years, it could re-

Department of Water Resources—Continued

move the need for additional water project financing in future years to complete the construction of the project in 1990.

Any increase in Long Beach revenues devoted to the State Water Project would have to be based on the receipt of more Long Beach revenues in the years 1970 and 1971 than shown in the most recent forecast (see analysis of State Lands Division). In addition, any increase in water project tidelands revenues would result in a corresponding reduction of the tidelands money now being reserved for higher education building construction. The recent reduced estimates of future tidelands revenue raises some doubts about the ability of that source to finance the originally contemplated amount of higher education capital outlay. A further reduction of money for that purpose by increasing water project tidelands allocations might eliminate tidelands oil revenues as a significant source of financing for higher education capital outlay and require a bond issue for that purpose.

Although the administration has chosen the diversion of Long Beach oil revenues to the water project as its method of securing at least \$64 million of additional short-term financing (consisting of \$22 million in offset funds and at least three annual extra allocations of \$14 million in Long Beach money) there are also other sources of funding available to the department. Work is under way to make as much as \$20 million now in the California Water Fund, which is currently encumbered for other purposes, available for water project construction. In addition the department is actively exploring the possibilities of selling power generated in the southern California power drops or contracting for outside parties to finance or construct these power drop features. The success of these endeavors could provide additional project financing either in lieu of the \$64 million discussed above or as an additional increment of longer term financing. The department's present construction schedule is discussed later under the construction program category.

The current high interest rates of the money market have resulted in higher water bond interest rates. The last sale of water bonds was at 4.68 percent interest. This sale brought the cumulative project interest rate up to 3.853 percent. One or two more bond issues at this interest rate will bring the cumulative project interest rate above the 4-percent rate used in original project estimates and repayment studies. An interest rate above 4 percent could result in increased costs for water to the water service contractors compared to their original estimates for the interest component of debt service. However, future bond sales at less than 4-percent interest rate could cause the cumulative project interest rate to decrease again, but as the total of bonds sold increases with each sale, the effect of each bond sale on the project interest rate decreases. Another factor increasing the cost of water to contractors is the increased total project construction costs. However, the major reduction in project pumping power costs based on power purchase contracts already executed should compensate for the recent increased cost factors.

Department of Water Resources—Continued

Late in November the department executed the Oroville power sales contract. This contract will clear the way for issuing approximately \$250 million in revenue bonds to finance the power features at Oroville. These revenue bonds, which are issued under the authority contained in the Central Valley Project Act, will implement the modified financing plan which was extensively discussed by the Legislature in 1963. The department has scheduled these bonds as part of the overall water project financing since 1963. They do not, therefore, augment the total project funding. The Governor's Budget now schedules the sale of approximately half these bonds in the latter half of the current fiscal year with the remainder scheduled for sale in the first part of the next fiscal year. The sale of the revenue bonds will temporarily relieve the state of the necessity to sell so many general obligation bonds during this calendar year by substituting revenue bonds for obligation bonds. This will provide a more diversified and desirable bond marketing program for the state, particularly now that the water project construction schedules would otherwise require a peaking in water bond sales.

ANALYSIS AND RECOMMENDATIONS

The budget of the Department of Water Resources is one of the major budgets that contain program and policy revisions which have contributed to reduced expenditure levels. The revised programs and policies will be noted in greater detail under the analysis of each program category.

Even though the department has succeeded in reducing many expenditures, there remain even more opportunities for savings and reductions. This has been partially recognized by the department. It has reduced by a lump sum adjustment of approximately \$3 million the expenditures for water project construction supervision and for water project operations and maintenance. Both of these we have noted in the past could stand significant reductions. However, the details of these reductions have not been worked out and included in the individual programs. Therefore, the full impact of the proposed reductions cannot be assessed. We understand that the department may have the details of the reduction on a program basis available at the time of budget hearings.

Water Resources Evaluation

The Water Resources Evaluation program category covers the long-term collection of historical water resources oriented data. Included in this category are the surface and ground water measurement programs, water quality measurements of the state's basic water resources and certain investigations intended to supplement or increase the water supplies of California.

The category was reduced approximately \$320,000 in the current year compared to last year. The budget year increases the program approximately \$130,000 to a level of \$2,789,290. The increase is largely due to increased operating costs, some reduction in reimbursements and a change in budget format. No significant change in program level is involved except for the Cooperative Watershed Management Research

Department of Water Resources—Continued

program. This program, which finances research in cooperation with the U.S. Forest Service and the University of California on management of watersheds for water production, was substantially reduced in the modified budget from \$120,000 last year to \$41,000 in the current year. The program is scheduled for further reduction to \$18,000 in the budget year and may be discontinued in 1969-70.

Water Use and Demand

The Water Use and Demand Program category includes the department's work to measure the use of water in California and to prepare data from which forecasts of future water use for planning purposes can be made. After allowance is made for the change in program format, there is an overall reduction in the category from \$448,000 in the current year to \$418,000 in the budget year. This reduction is primarily due to the elimination of further work in the budget year on the Westside Crop Adaptability Study. This study was reduced from \$50,139 in 1966-67 to \$30,800 by the modified budget and will be dropped next year. In past years this analysis has recommended dropping the work because it essentially benefited land owners along the west side of the San Joaquin Valley by assisting them to determine the best crops to grow in newly irrigated areas.

Vegetative Water Use

The vegetative water use program is a continuing effort to collect and analyze data which will establish the amount of water used by those plants which make up the major irrigated farm crops in California. The data show the monthly and annual use of water by plants (called unit water use or amount of water used by an acre of a given crop). This value can be multiplied by the number of acres of the crop forecast to be planted in future years in order to estimate future water use.

In past years this analysis has been critical of the vegetative water use program and has cited it as an example of excessive and costly collection of data in an effort to achieve a degree of forecasting accuracy which is not warranted because of the other major unpredictable variables in forecasting future water use. Last year we recommended elimination of the entire program but withheld the recommendation after the department made some reduction in the program as part of its modified budget and because of other reductions the department made which approximated the maximum rate of program reduction the department could absorb without creating more disruption than benefits.

Last year we also noted that the publication of Bulletin No. 113-2, which was to present the latest research results on the vegetative water use program, had been delayed approximately a year. That bulletin has now been published and we have reviewed it. The contents of the bulletin tend to confirm the conclusions of the first bulletin published in 1963 and refine the water use data from an annual to a monthly basis. For this refined information approximately \$700,000 was spent.

Department of Water Resources—Continued

Available expenditure data for the vegetative water use program are shown below by fiscal year:

<i>Fiscal Year</i>	
1968-69	\$164,100
1967-68	157,900
1966-67	160,945
1965-66	151,796
1964-65	208,750
1963-64	176,599
1962-63	151,167
1961-62	278,280
1960-61	No recorded expenditure
1959-60	217,873
1954-59	No information

The total of the above expenditures through the current year is \$1,503,110.

The measurement of plant water use involves growing plants in a large metal tub placed in a field where the same crop is grown under good farming practices. The use of a tub permits measuring the soil moisture content and the amount of percolation to ground water in order to arrive at the net amount of water used by the plant.

Such a research type experiment is not necessarily a valid indication of the amounts of water that would be used under a variety of actual farming conditions or future changes in cropping and farm management patterns. Therefore, the department proposes to extend the work to measure the actual values in a large field in order to test the validity of its research work. However, there is presently no known technique to measure a large field and the costs would be high.

Under these circumstances the department has evaluated the accomplishments from the expenditures of approximately \$1,500,000 for past vegetative water use studies by comparing the results of these studies with the unit water use values used in Bulletin No. 2 which was published in 1955. This comparison shows that Bulletin No. 2 values are underestimated by 15 percent and 17 percent, respectively, for the years 1960 and 2015. However, this is only comparing one estimate with another estimate because neither set of figures is subject to field verification.

In summary the department has spent \$1,500,000 to refine estimates of vegetative water use which are not presently subject to verification by application to actual field conditions. It has not shown what would be accomplished by greater refinement or collection of more data. The department proposes to continue more of the past measurements in additional areas and under different circumstances while seeking to develop verification techniques for field conditions. It is recommended that the Vegetative Water Use Program be terminated and that \$164,100 be removed from the budget.

Planning for Water Development

The category entitled Planning for Water Development includes the traditional planning investigations of the department, ground water investigations, and miscellaneous activities related to long- and short-

Department of Water Resources—Continued

completed by designating a project or an immediate use for the water. The concept is to reserve the basic and important unused water resources of the state for development in conformance with the California Water Plan. The actual decisions on the release of the filings to an agency proposing to use the water for a project are made by the State Water Resources Control Board (formerly the Water Rights Board).

The department is merely an agency which represents future and presently unidentified water users in reserving water for their use in accordance with the California Water Plan. Along with the preparation of state filings, the department has traditionally prepared data and testified at hearings of the State Water Resources Control Board on the relationship of the applicant's project to the California Water Plan. It has also provided any planning information and data on unappropriated water the department has gathered in its investigations and data collection activities.

In last year's budget the above work was retitled "Water Rights Management," and this year it is further retitled "Water Rights Investigations." The budgeted amount is \$46,000. Along with this title change has come a changed emphasis in the work being done. Specifically, the department proposes to undertake a statewide water rights study showing the amounts and seasons when unappropriated water occurs and to modify existing water rights studies to include future water development projects and the yet to be established water quality control requirements for the Sacramento-San Joaquin Delta.

This new emphasis impinges on the functions of the State Water Resources Control Board in two ways. First, it is the responsibility of the board to relate water quality and quantity in the delta under its regulatory and permit-granting powers. If the board needs technical assistance from the department, it can ask for such assistance. Second, although the determination of availability of unappropriated water is valuable planning information, as the department discovered when it constructed one project without establishing the availability of unappropriated water, it is a function that is exclusively given by law to the Water Resources Control Board and the courts under statute law and the Constitution. The Water Code explicitly requires hearings and procedural protection for existing holders of water rights.

In any specific planning investigation the department may make computations of the availability of unappropriated water for purposes of the planning work underway. This is different from seeking to establish the availability of unappropriated water for the guidance of other planners, use by the Coordinated Statewide Planning Program, or for possible future use by the Water Resources Control Board in its hearings. The value and reliability of the department's calculations made under such circumstances is impossible to determine, but it would seem that a reliance on the department's judgment could lead proponents of a future project into difficulties if the department has erred. There is no way to know whether the department has erred

Department of Water Resources—Continued

until an application has been processed by the State Water Resources Control Board or a court adjudication undertaken.

Unquestionably, the information the department seeks to secure is useful and could be very valuable. However, it can be secured only on an informational basis, such as the department proposes, in which case it has no legal standing, or by a proceeding which approaches mandatory adjudication. Such adjudication has been declared objectionable in the past by water users in California. One point is clear. To be most useful, the information should be a joint effort of the department and the State Water Resources Control Board.

It is recommended that the Legislature direct the Department of Water Resources and the Water Resources Control Board to explore the problem of computing amounts of unappropriated water and to report back to the Legislature next session on a recommended joint program.

Control of Floods and Prevention of Damage

This program category includes the department's work on beach erosion, flood control, supervision of safety of dams and related programs to protect the public or prevent damage. The category increased in expenditures approximately \$500,000 from the last year to the current year and increases approximately \$80,000 in the budget year. The two programs which contain the minor increases next year are the Administration of Flood Control Funds and the Supervision of Safety of Dams. Total estimated expenditures for next year for this category are \$3,536,241.

The Governor's Budget has been prepared on the basis of an increase in fees to realize an additional \$300,000 in revenues for the Supervision of Safety of Dams. The increase in fees would make the function approximately 40 percent self-supporting.

Geodimeter Fault Monitoring

Our analyses of the past two budgets have included a discussion of the earthquake and geologic hazards work of the department. The purpose of these discussions was to point out the high level of expenditure of water project funds on work that was no longer needed for the project and to note that certain portions of the work might more properly be placed in the Division of Mines and Geology of the Department of Conservation.

The Geodimeter Fault Monitoring Program provides the funds for a staff of six specially trained personnel, their geodimeters or light ray measuring equipment, and four vehicles. This crew makes precise measurements of approximately 120 stations along that portion of the San Andreas fault adjacent to the San Joaquin Valley and extending to Palm Springs, in order to measure minute shifts of the earth's surface along the fault line. The analysis of these shifts indicates the accumulation of stresses along the San Andreas fault which have been determined to give some advance indication of potential future adjustments to relieve the stress. These adjustments are earthquakes and their

Department of Water Resources—Continued

timing and severity are thought to be related to the amount of stress which accumulates along the fault lines.

Last session the Department of Water Resources deleted water project funding for the geodimeter fault monitoring program. The Legislature augmented the department's budget by \$131,200 of General Fund money to finance the work during the current year. The Governor's Budget eliminates any further funding for the work next year. Under present circumstances, the work will terminate on June 30, 1968.

Two years ago when we first questioned this work by the Department of Water Resources, we also pointed out the need for the Resources Agency to prepare a study and program recommendations based on the views of authorities in the field of earthquake and geologic hazards which would indicate the scope and justification for any state program. The Resources Agency Administrator appointed a special committee to work on the problem but no recommendations have been received by the Legislature.

Last session when the Department of Water Resources proposed dropping the Geodimeter Fault Monitoring Program, there was no sound basis to evaluate its significance to the state and the need to continue it. Presumably this was one of the reasons the Legislature provided General Fund financing for the current year, that is, to provide an opportunity for further assessment of the program.

In preparing its budget for next year, the Department of Water Resources reviewed all its earthquake and geologic hazards work and made additional reductions. It reduced the entire effort to one consolidated program budgeted at \$329,066 and financed from water project funds. This can be compared to \$1,030,090 proposed in the original Governor's Budget last year.

Last session we also stated that the Geodimeter Fault Monitoring Program might more properly be placed in the Division of Mines and Geology and that on a priority basis the Department of Conservation might be able to make funding available for the work. When the Department of Water Resources recently determined that it could not justify continued water project or General Fund financing for the geodimeter work, the Department of Conservation assessed its priorities and concluded that it could not assimilate the work. Therefore, the program is unfunded in the Governor's Budget and the work will terminate.

This office does not have the technical capacity to evaluate the desirability of continuing the Geodimeter Fault Monitoring Program. In the past it has only recommended a change in funding and possible change in the organizational assignment of the work. This is the reason we also recommended a Resources Agency study to provide technical answers to the problems of continuing or eliminating the work. In the current situation in which the Legislature lacks an adequate technical basis to determine the future of the program, we have reviewed such information as is available in an effort to evaluate continuation of the program.

Our evaluation has uncovered no clear basis for continuation of the work. This is because (1) the minimum size field crew of six specially

Department of Water Resources—Continued

trained men which is required for the work is a relatively fixed cost that is sufficiently large to preclude major reduction in the scope or cost of the work unless provision is made to use these positions on other work in order to achieve year-around efficient manpower utilization, (2) the most effective use of the program as a forecasting tool for earthquakes would require a considerably expanded effort, rather than a reduced effort, (3) increasing smog conditions are interfering with the operation of the present measuring equipment and more expensive and complex new equipment may be needed in several years, and (4) there is no basis to conclude that the work will directly lead to improved building codes in California which might be an important justification for continuing the work. We do not believe that the sole objective of predicting the location and timing of earthquakes is a compelling reason for continuing the program because it is not clear how the advance knowledge of an impending earthquake could be constructively used without creating great and probably unnecessary disruption of public and private activities by providing advance notice of earthquakes which actually are minor or do not occur according to forecasts.

In spite of the above reasons for not continuing the work, it is still a fact that California is one of the most seismically active areas of the earth and that earthquake activity in California could cause loss of life and property that would make wildland fires, floods and other catastrophes small by comparison. The hazards and uncertainties are presently unmeasurable. For this reason we have never recommended elimination of the Geodimeter Fault Monitoring Program. Although the administration has now made such a decision, the Legislature has not.

Lacking a sound basis to make a recommendation and being aware that the present program has shortcomings and faces future technical difficulties, we are calling the attention of the Legislature to the current situation without making any recommendation. Although a minimum level program has only limited merit, it may assist the Legislature by indicating the cost of retaining some state activity in geodimeter fault monitoring. Accordingly we have asked the department to prepare a minimum level program for the consideration of the Legislature if it is interested. This program would cost \$78,700 without overhead charges. Details are available from the department or this office.

Services to Other Agencies

The program category entitled Services to Other Agencies includes a variety of programs which are performed in most instances for other agencies, the cost of which are reimbursed by the agency receiving the work. Several programs in this category also provide work or money for other agencies which is not reimbursed. The entire category has an increase of approximately \$40,000 and is budgeted at \$596,220 next year.

The Watermaster Service is budgeted the same as in past years except for a slight increase of \$14,000. The state is still paying a portion of the costs for departmental overhead which would normally be assigned to the local beneficiaries.

Department of Water Resources—Continued**Technical Services**

The Technical Services program category includes a variety of laboratory and special technical services of which the largest is subsurface (geologic) explorations. Funds for these service functions are included in the individual programs which require the service, except for certain purchases for equipment pool operations which are repaid by rental rates.

General Management

The General Management program category covers the overhead costs of the department as a whole. In general, these costs are not directly related to any specific activity or program but are funded by a series of charges to each work order as a percentage of the salaries and wages charged to the work order. This provides a pool of funds which is used to pay the department's overhead or general management costs. Included in the general management category are costs of the director's office and associated staffs as well as departmental administrative costs.

In addition to the general management category which shows in the budget, there are several other levels of overhead costs which are not set out in the budget. These are the costs of supervisors and their staffs at the division, branch, section and district office levels. In each instance these charges are spread over the various programs based on the salaries and wages of the personnel working on programs supervised by these positions.

The General Management program category increases approximately \$150,000 to a new high of \$5,150,985 next year. Although the department has made determined efforts to curtail expenditures in several areas, changes in method of budgeting, some additional justified costs and some excessive costs account for the increase and part of the continuing high level of overhead expenditure. However, the budget as presented to the Legislature does not include some of the department's efforts to achieve a reduction in overhead costs. Foremost among these are the department's proposed reorganizations. These reorganization moves are of interest to the Legislature not only because they may save water project funds but because they may also reduce or revise General Fund costs for the budget year.

The department has made the decision to reduce the San Francisco District Office to a branch office of the Sacramento District Office. This will reduce the charges for overhead to certain programs. Currently the department is also studying reorganization changes in the central office. In the past we have recommended consolidation of the Program Control Office and the Budget Office and a somewhat similar consolidation of the Services and Management Staff with the Statewide Planning Office. These changes which the department is now studying would also reduce certain overhead costs. A third organization change which we strongly suggested last year involves the decision to organize a Division of Operations to operate and maintain the State Water Project.

Although the above desirable organization changes will be largely implemented at the beginning of the budget year, they are not reflected in the expenditures for that year. This is because the details had not been developed in time to be included in the budget. Because of the

Department of Water Resources—Continued

complexities of the department's overhead budgeting procedures, it is not possible for us to make any realistic estimate of the impact of any possible changes on the total funding requirements of the department. If we could make any realistic or reasonable estimate of the General Fund savings attributable to departmental reorganization at this time, we would recommend an appropriate revision in the department's General Fund appropriation. However, we expect that substantial sums can be saved with most of the benefits accruing to the water project. The department is now preparing the details of its reorganization moves and may have this information available at the time of budget hearings. As information on the reorganization becomes available, we will review it with the intent of advising the Legislature whether any significant revisions in the department's General Fund budget are warranted.

Graphic Services

Last year our analysis discussed the high cost of graphic services activities. This is a departmental overhead program which is charged against all line programs of the department in the same way that departmental overhead is handled. The work includes photographic services, reproduction and mimeograph services, and graphic design and certain drafting services. Our review of expenditures last year showed a high level of expenditure which was partly due to performing many activities of a low priority nature verging on personal assignments, plus certain work unrelated to the department's statutory functions.

The department's budget for next fiscal year shows no reduction in the budgeted expenditure level for this program. A check of current year expenditures shows that there has actually been a reduction in the level of activity which is not reflected in the budget. The current level of activity is at least \$100,000 less than the amount shown for the current and budget years.

It is recommended that the Graphic Services program be reduced by at least \$100,000 in the budget year and the current year. Since this is an overhead program, this reduction would have to be distributed by the department to water project and General Fund programs. There should be a savings in the General Fund appropriation of approximately \$15,000 which the department will have to identify more precisely.

State Water Project Planning and Investigation

This is a new program category which includes all State Water Project planning expenditures that are financed by project funds. The category decreases from \$4,500,227 in the current year to \$3,321,756 in the budget year. This reduction has been made in part by eliminating major portions of the earthquake and geologic hazards work, a reduction of about \$300,000 in the Upper Eel River Planning, a reduction of about \$175,000 in the Delta Fish and Wildlife Protection Study, a reduction of about \$110,000 in Planning for the Delta Water Facilities and a reduction of about \$350,000 in the San Joaquin Drainage Investigation.

Department of Water Resources—Continued

In addition, planning for land acquisition for recreation at the State Water Project has been reduced from \$111,900 in the current year to \$35,000 in the budget year because this type of planning is terminating with the completion of project land acquisition. In general the reductions in this program category are in agreement with several criticisms contained in our previous analyses of excessive spending by the department on this type of planning.

State Water Project Operations

The category entitled State Water Project Operations includes all programs which provide for the management, planning, engineering and field crews that operate and maintain the completed features or prepare for operation and maintenance of features soon to be completed. All expenditures are financed from water project construction funds or operating revenues. Total program expenditures increase next year to \$14,660,050 compared to \$12,237,512 in the current year. The cost of power purchases amounting to \$8,362,000 are shown in a separate category entitled Power Purchases.

The department has applied an "unallocated workload adjustment" to this program category and reduced it by \$1,086,789 next fiscal year. This results in an authorized expenditure of \$13,573,261 compared to the \$14,660,050 in program expenditures prior to the unallocated adjustments. Presumably the details of this reduction will be available to the Legislature sometime during the session.

State Water Project Construction

The remaining program categories cover the costs for design, right-of-way, construction supervision and contract construction for the State Water Project. The program categories previously discussed in this analysis, even though financed in some instances from water project funds, have been mixed with General Fund programs in past budgets and have been partially reviewed by the appropriation committees for information purposes. The remaining water project programs have not usually been reviewed by the Legislature and are not given further discussion here except for several matters which have been the subject of recent legislative interest.

The department's construction supervision costs have been adjusted downward by \$2,502,841 in the next fiscal year. This unallocated adjustment has been handled the same as the adjustment in the State Water Project Operation category.

This analysis was already discussed under the heading of Water Project Funding, the proposals of the administration to provide an additional \$64 million in water project construction funding. With this funding the department has indicated that it could proceed with the design and/or construction of certain project features which it had proposed for deferment because of lack of funds. At present the department has a design, construction and land acquisition schedule which defers expenditures on certain project features until the financ-

Department of Water Resources—Continued

ing of these project features is assured. These features and the extent of their current deferment are as follows:

1. Abbey Bridge Dam—design to be completed but no land acquisition or construction scheduled.
2. Dixie Refuge Dam—all work deferred.
3. North Bay Aqueduct—complete sufficient design to identify critical rights-of-way. No acquisition planned.
4. Cottonwood Powerplant—deferred, energy dissipators to be installed.
5. Buttes Dam—complete feasibility study, design and construction scheduled between 1973 and 1978.
6. Pearblossom Pumping Plant—two pumps deferred.
7. Devil Canyon Powerplant—continue design and acquisition of right-of-way and study bypass plans. No construction scheduled.
8. Aqueduct, Devil Canyon to Perris—construction to proceed on original schedule.
9. Perris Reservoir—design continued, construction deferred.
10. Aqueduct, Oso Pumping Plant to Pyramid Powerplant—design and right-of-way acquisition continued. Bypass studies proceeding, construction deferred.
11. Pyramid Powerplant—design and right-of-way acquisition continued. Construction deferred.
12. Coastal Branch—all work deferred until 1975 or until counties involved request work to proceed as provided in water service contracts.
13. Peripheral Canal—preliminary design and alternative studies to continue. Status of project to be reconsidered in 1969.
14. San Joaquin Drainage Facilities—all work except studies deferred.
15. Upper Eel Development—presently scheduled work to continue.
16. San Luis Canal Augmentation—deferred.

With the above deferments the department believes it can proceed with construction of the State Water Project in a manner that will deliver water from the East Branch Aqueduct in 1972 and meet all contractual commitments if the additional \$64 million in funding proposed by the administration is available. Additional financing after 1972 will be required to complete the deferred units and increase aqueduct capacity during the period 1972–1990.

Operation and Maintenance (Davis-Dolwig Act)

In past years minor expenditures have been included in the support budget of the department to pay for the portion of the operation and maintenance costs of Frenchman, Antelope and Grizzley Projects which have been allocated to recreation and fish and wildlife enhancement and which are properly a General Fund responsibility under the Davis-Dolwig Act. In the preparation of the budget for next year a similar item has been included for certain costs incurred in operation and maintenance of the California Aqueduct. This amount has been arbitrarily estimated to be \$500,000. It reimburses certain expenditures financed

Department of Water Resources—Continued

from project funds in past years which may be General Fund obligations and pays estimated costs in the budget year.

Under current law the obligation of the General Fund to pay the above costs is clear and the Governor's Budget should show the costs. The amount to be shown, however, is a difficult problem. The Legislature has made no final cost allocation for the Upper Feather River Projects and has not considered cost allocations for the aqueduct. In addition, the Resources Agency is currently in the process of reviewing and deciding the extent it will propose to add recreation and fish and wildlife features to the aqueduct. Finally, the department's latest cost allocation report, Bulletin 153-68 has not yet been released. As a consequence the \$500,000 figure is an approximation of the amount due the water project from the General Fund.

It is not possible at this time to determine the amount which we would recommend be included in the Budget Bill. In addition, until the Legislature has finally determined and approved the cost allocations to recreation and fish and wildlife enhancement pursuant to the Davis-Dolwig Act and Chapter 27, Statutes of 1966, any funds provided at this time should be conditioned by language which makes the amounts of the payment subject to redetermination upon final cost allocation action by the Legislature.

The \$500,000 appropriation is contained in the Capital Outlay section of the budget under Item 363. Under the discussion of that item a recommendation is made for approval of the appropriation with the exact amount subject to legislative redetermination when more information is available. This discussion is included under the department's support item because the appropriation will in the future normally be a support appropriation. (It should be noted that the \$500,000 is for annual operation and maintenance costs of water project features, a portion of which features serve recreation and fish and wildlife enhancement. This cost will recur each year in future budgets and rise as high as \$1,500,000 per year. This cost is not for any portion of the capital costs allocated to recreation and fish and wildlife enhancement pursuant to Chapter 27, Statutes of 1966 from the \$5 million in Long Beach tidelands oil revenues.)

In other respects approval of the item is recommended.

RECLAMATION BOARD

ITEM 221 of the Budget Bill

Budget page 1007

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

Amount reimbursed in Budget Bill _____ \$1,316,301

**RECOMMENDED REDUCTION FROM TOTAL
REIMBURSEMENTS**

Pending

GENERAL PROGRAM STATEMENT

The Reclamation Board was created in 1911 with the regional responsibility of controlling the floodwaters of the Sacramento and San

Reclamation Board—Continued

Joaquin River systems. In 1957 the Legislature placed the board within the newly created Department of Water Resources but authorized it to retain its independent power, responsibilities and jurisdiction. The board is now a part of the Resources Agency. It consists of seven members appointed by the Governor.

The major activities of the board are the acquisition of lands, easements and rights-of-way necessary for the construction of U.S. Corps of Engineers flood control projects and the design or relocation of roads, bridges and utilities required by construction of the projects. The board also assumes certain maintenance obligations which it passes on to local agencies and issues permits for encroachment on river channels within the board's jurisdiction.

ANALYSIS AND RECOMMENDATIONS

The board's proposed support budget, reflecting an expenditure of \$1,316,301, has been prepared as a total reimbursement from capital outlay flood control funds. However, because the board's workload is primarily a reflection of the activity of the Army Corps of Engineers, expenditures by the board are to a large extent dependent on the projects budgeted at the federal level. Due to the very recently indicated reduction in federal expenditures for flood control activity, the Governor's Budget is expected to be revised shortly to correspond with federal reductions when those reductions become known. Analysis of this item will be deferred until such time as the revision is made in the Governor's Budget.

COLORADO RIVER BOARD

ITEM 222 of the Budget Bill

Budget page 1009

**FOR SUPPORT OF THE COLORADO RIVER BOARD
FROM THE GENERAL FUND**

Amount requested	\$271,177
Estimated to be expended in 1967-68 fiscal year	265,455
Increase (2.2 percent)	\$5,722

TOTAL RECOMMENDED REDUCTION	None
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GENERAL PROGRAM STATEMENT

The Colorado River Board is responsible under Part 5 of Division 6 of the Water Code for protecting the rights of six local water districts in southern California to the use of Colorado River water. The board, composed of a representative from each of these six local agencies, employs a staff of 17 positions.

ANALYSIS AND RECOMMENDATIONS

The basic responsibilities of the board include representation of California's interests in technical and policy conferences both intrastate and interstate; conference, negotiation and collaboration with departments of the federal government; and in legislative, court and commission proceedings. The board coordinates its activities with those of the Resources Agency, Department of Water Resources, Water Re-

Colorado River Board—Continued

sources Control Board, the Attorney General's staff, and other states in seeking a common understanding and resolution of the problems inherent in the development of the water and power resources of the Colorado River.

The proposed budget year expenditures are \$271,177, an increase of 2.2 percent over the current year. Because the extent and direction of many of the activities of the board are determined in considerable degree by events and actions outside the control of California and therefore cannot be fully anticipated, it is impossible to classify in detail the future workload program. However, the proposed expenditure for the budget year is in keeping with past budget requirements and reflects the higher costs of maintaining the present level of services.

Approval of this item is recommended.

STATE WATER RESOURCES CONTROL BOARD

ITEM 223 of the Budget Bill

Budget page 1014

FOR SUPPORT OF THE STATE WATER RESOURCES
CONTROL BOARD FROM THE GENERAL FUND

Amount requested	\$2,466,309
Estimated to be expended in 1967-68 fiscal year	2,439,309

Increase (1.1 percent)	\$27,000

TOTAL RECOMMENDED REDUCTION	None
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Summary of Recommended Reductions

Eliminate four assistant sanitary engineers	Budget	
in the amount of \$38,952 and reduce salary	Page	Line
savings correspondingly	1017	22

GENERAL PROGRAM STATEMENT

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

The State Water Resources Control Board and each of the nine regional water quality control boards are designated in the Water Code as the state agencies with primary responsibility for the coordination and control of water pollution and water quality. The organization is composed of two functional divisions, the Division of Water Rights and

State Water Resources Control Board—Continued

the Division of Water Quality Control plus administrative and legal units. This new organization provides both flexibility and an opportunity to achieve certain operating economies.

ANALYSIS AND RECOMMENDATIONS

For the 1968-69 fiscal year, the budget reflects a General Fund support expenditure of \$2,466,309. This compares to an estimated expenditure of \$2,439,309 for the current year, or an increase of 1.1 percent in the budget year. In addition, the budgeted figures exclude an additional expenditure of \$294,200 in both the current and budget years which is financed from federal funds.

Included in the budget are 8.5 new positions at a cost of \$78,485. Three of these positions are financed by reduced reimbursements made to the Department of Conservation. However, through an administrative adjustment involving abolishing one authorized position and estimated salary savings for 22 positions, the position total reflects a net reduction in authorized staff, i.e., 171.5 positions in the current year vs. 165 positions in the budget year.

The estimated salary savings figure of 22 positions, with an associated salary savings of \$151,000 has been used as a means to balance the budget. In effect, the board is foregoing services of 12.3 percent of total authorized positions or approximately 7.7 percent of the cost of all salaries and wages to remain within the department's existing appropriation level.

Further, within the water quality activity, four new positions classified as assistant sanitary engineers are proposed to be established. These new positions will be distributed among four of the regional water quality control boards. One regional board to which one of the four proposed new positions will be assigned already has a vacant position in the same classification which will have to be held vacant to meet salary savings. In the final analysis, the board will have to maintain substantially its current level of service and staffing or reduce it in order to meet its salary savings. The board's request for the four new positions should be deleted and the positions not authorized until adequate funding is available. The \$38,952 budgeted for the four new positions should be used to reduce salary savings. This change will provide the funds to maintain the present staff of the board.

We recommend that the four proposed assistant sanitary engineer positions be deleted for a reduction of \$38,952 and the money used to reduce salary savings.

STATE WATER RESOURCES CONTROL BOARD

ITEM 224 of the Budget Bill

Budget page 1019

FOR SUPPORT OF THE SAN FRANCISCO BAY-DELTA WATER QUALITY STUDY FROM THE GENERAL FUND

Amount requested	\$455,000
Estimated to be expended in 1967-68 fiscal year	1,325,429
Decrease (66 percent)	\$870,429

TOTAL RECOMMENDED REDUCTION	None
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State Water Resources Control Board—Continued
GENERAL PROGRAM STATEMENT

In July 1965, the Legislature passed and the Governor approved Chapter 1351, known as the Water Pollution Control Law of 1965. This act provides for a three-year study leading to a comprehensive master plan for control of water pollution and water quality in the San Francisco Bay and Sacramento-San Joaquin Delta areas. The study includes a plan for the collection, reclamation, treatment and disposal of waste and drainage water discharged in and to waters of the San Francisco Bay-Delta area.

ANALYSIS AND RECOMMENDATION

The Bay-Delta study is to be submitted to the Legislature on or before the fifth legislative day of the 1969 Regular Session. Therefore, in addition to the support needed to assemble the final report, the proposed budget will contain sufficient support to allow all of the authorized positions to be funded for the balance of the 1968-69 fiscal year while the Legislature is examining the study. Total expenditures will equal \$455,000 during the budget year and although this figure is considerably higher than the originally estimated expenditure for the 1968-69 fiscal year as set out in the study plan published in 1966, total expenditures during all three fiscal years for the study will equal less than a 1-percent increase over the original estimated total cost of \$2,814,000.

We recommend approval of this item.

GOOSE LAKE COMPACT COMMISSION

ITEM 225 of the Budget Bill

Budget page 1020

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

Amount requested	\$2,000
Estimated to be expended in 1967-68 fiscal year	None

TOTAL RECOMMENDED REDUCTION	None
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GENERAL PROGRAM STATEMENT

The California Goose Lake Compact Commission was created by Chapter 1389, Statutes of 1961, to negotiate an interstate compact with a similar Oregon commission to control the water resources of the Goose Lake Basin. The compact's objective was to protect water use and distribution.

The two commissions agreed on a draft compact in 1962. The Legislatures of Oregon (Oregon Laws 1963, Chapter 473) and California (Statutes of 1963, Chapter 1059) ratified the agreement.

Prior to the submission of the compact to the two legislatures for approval, it was referred to the federal government for comment. The U.S. Department of Justice asked for the addition of an article recognizing and protecting all federal rights and powers in the basin. California did not object. However, Oregon has not agreed to the amendment.

Goose Lake Compact Commission—Continued

The California commission consists of the Director of Water Resources, the Director of Fish and Game, and three appointees of the Governor. The latter members are individuals residing in Modoc County.

ANALYSIS AND RECOMMENDATIONS

The objective of the California commission during the budget year is to assist in resolving the difficulty between Oregon and the federal government so that federal consent legislation can be enacted. However, while the California commission may be helpful in solving this five-year impasse, the essentials of the agreement between the two states are complete and have been ratified by them. The commissions are supported through biennial appropriations.

We recommend approval of the item.

CALIFORNIA ADVISORY COMMITTEE

ITEM 226 of the Budget Bill

Budget page 1020

FOR SUPPORT OF THE CALIFORNIA ADVISORY COMMITTEE
FROM THE GENERAL FUND

Amount requested	\$6,000
Estimated to be expended in 1967-68 fiscal year	6,075

Decrease (1.2 percent)	\$75
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TOTAL RECOMMENDED REDUCTION	None
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GENERAL PROGRAM STATEMENT

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

ANALYSIS AND RECOMMENDATIONS

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

Approval of the item is recommended.

CALIFORNIA ADVISORY COMMISSION ON MARINE AND COASTAL RESOURCES

ITEM 227 of the Budget Bill

Budget page 1021

FOR SUPPORT OF THE CALIFORNIA ADVISORY COMMISSION
ON MARINE AND COASTAL RESOURCES
FROM THE GENERAL FUND

Amount requested	\$60,000
Estimated to be expended in 1967-68 fiscal year	35,000

Increase (71.4 percent)	\$25,000
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TOTAL RECOMMENDED REDUCTION	None
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California Advisory Commission—Continued
ANALYSIS AND RECOMMENDATIONS

This 36-member commission was established by Chapter 1642, Statutes of 1967, to develop state policy on marine and coastal resources and to maintain a comprehensive plan for the conservation and development of these resources. The commission will review the California Comprehensive Ocean Area Plan and may recommend additions or changes in this plan. The commission has employed one consultant and clerical staff to assist its efforts. Chapter 1642 requires the commission to submit a special report to the Governor and the 1969 Regular Session of the Legislature which sets forth the public interest in the coastline of California along with recommended legislation defining and protecting such public interest.

The budget request for the commission is \$60,000 for 1968-69 which is intended to maintain the current program of the commission. Chapter 1642 appropriated \$35,000 for the support of the commission and an additional \$25,000 was made available from the current budget of the Department of Finance, Office of Planning. The commission superseded the Governor's Advisory Commission on Ocean Resources which was budgeted through the Office of Planning and received its budgeted funds in the current year.

We recommend approval as budgeted.

CALIFORNIA-NEVADA INTERSTATE COMPACT COMMISSION

ITEM 228 of the Budget Bill

Budget page 1023

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

Amount requested	\$27,000
Estimated to be expended in 1967-68 fiscal year	13,434
Increase (101 percent)	\$13,566

TOTAL RECOMMENDED REDUCTION	None
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GENERAL PROGRAM STATEMENT

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

ANALYSIS AND RECOMMENDATIONS

The proposed budget year expenditure is \$27,000, an increase in excess of 100 percent over the current year. The estimated current year expenditure was reduced compared to prior years because it was anticipated that the compact negotiations were being concluded. However, several problems arose which are requiring additional meetings and revision of the draft language. During the budget year, the commission will attempt to complete the compact for submission to the Legislature

Item 229**San Francisco Bay Conservation
and Development Commission**

California-Nevada Interstate Compact Commission—Continued

for approval. To accomplish this, the commission expects to increase the frequency of meetings and to provide for increased staff services through a contract with the Department of Water Resources.

We recommend approval of the item.

SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION
ITEM 229 of the Budget Bill Budget page 1024

**FOR SUPPORT OF THE SAN FRANCISCO BAY CONSER-
VATION AND DEVELOPMENT COMMISSION
FROM THE GENERAL FUND**

Amount requested	\$221,892
Estimated to be expended in 1967-68 fiscal year	234,244

Decrease (5.3 percent)	\$12,352
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TOTAL RECOMMENDED REDUCTION	None
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GENERAL PROGRAM STATEMENT

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

ANALYSIS AND RECOMMENDATIONS

The commission carries out its activities through a full time staff of 11 positions, the employment of special consultants as required, and through cooperative endeavors with other governmental, private and regional bodies. General policies are established by the commission and carried out by the executive director and staff through two primary operating programs: (1) planning, which supports the study and plan preparation objectives, and (2) permits, which support the objective of preserving the present shoreline of the bay during the planning process.

During fiscal year 1968-69, the commission's proposed expenditure level equals \$221,892, a decrease of 5.3 percent from the current year. The commission is required to present its final report and plan to the Legislature in January 1969. Thus, preparation of the plan itself constitutes the major part of the program workload for the second half of 1967-68 and for 1968-69. The workload for the balance of the budget year will involve continued administration of the permit system