

Resources Agency
DEPARTMENT OF FISH AND GAME

Item 3600 from the General
Fund and various special
funds

Budget p. R 81

Requested 1983-84	\$57,521,000
Estimated 1982-83.....	55,886,000
Actual 1981-82	50,856,000
Requested increase (excluding amount for salary increases) \$1,635,000 (+2.9 percent)	
Total recommended reduction	260,000
Recommendation pending	\$1,000,000

1983-84 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
3600-001-001—Nongame Species and Environmen- tal Protection programs		General	\$3,548,000
3600-001-140—Nongame Species and Environmen- tal Protection programs		California Environmental Li- cense Plate	3,688,000
3600-001-200—Department of Fish and Game, Pri- mary support		Fish and Game Preservation	48,387,000
3600-001-890—Various programs		Federal Trust	(10,201,000)
3600-001-940—Salmon Restoration Projects		Renewable Resources In- vestment	1,898,000
Total			\$57,521,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. License Fees and Commercial Fishing Taxes. Recommend department report during budget hearings on the amount of additional revenue anticipated from statutory and administrative increases in special license and permit fees, and commercial fishing tax rates scheduled for 1983-84. 589
2. *Automotive Equipment. Reduce Item 3600-001-200 by \$260,000.* Recommend deletion of one-time funding provided in the current year for replacement of automotive equipment which has been improperly included in 1983-84 baseline budget. 591
3. Habitat Improvement Projects. Withhold recommendation on \$1 million in Item 3600-001-200 and further recommend that department report, prior to budget hearings, on which wildlife habitat improvement projects it plans to undertake during 1983-84. 592
4. *Shift Salmon Restoration Grants. Reduce Item 3600-001-* 592

940 by \$900,000 and increase Item 3600-001-200 by the same amount. Recommend source of support for salmon improvement grant projects be shifted from the Renewable Resources Investment Fund to Fish and Game Preservation Fund because program should be financed by the commercial salmon fishing industry.

5. Lower Sherman Island. Recommend adoption of supplemental report language directing the department to terminate use of the Lower Sherman Island Wildlife Area for 43 recreational homesites as soon as the existing five-year lease expires because these homesites (1) constitute an inappropriate use of state property for private purposes, and (2) pose a threat to public health and water quality in the delta. 595
6. Lake Earl WLA. Recommend that (1) supplemental report language be adopted directing the department to (a) assume management control of the Lake Earl Wildlife Area (WLA) in Del Norte County and provide for more public access to that area, and (b) lease grazing rights on competitive bid basis as required by the State Administrative Manual, and (2) Resources Agency report, at the time of budget hearings, on how public access to and use of the property can be improved. 596
7. Butte Valley WLA. Recommend Legislature adopt supplemental language directing department to require competitive bidding for grazing and farming rights in the Butte Valley Wildlife Area in Siskiyou County, as required by the State Administrative Manual. 598
8. Hidden Valley and Tulloch Reservoir. Recommend that the Legislature adopt supplemental report language directing the department to (a) seek invalidation of its leases with Riverside County and Tuolumne County for operation and maintenance of DFG properties at Hidden Valley WLA and Tulloch Reservoir, respectively, and (b) sell both properties as surplus because the lands are poorly managed and are providing no apparent benefits to the public. 599
9. Executive Aircraft Use. Recommend adoption of supplemental report language (a) limiting use of aircraft for executive transportation and (b) requiring the department secure full reimbursement for all uses of its aircraft by other state agencies. 601

GENERAL PROGRAM STATEMENT

The Department of Fish and Game administers programs and enforces laws pertaining to the fish and wildlife resources of the state.

The State Constitution establishes the Fish and Game Commission, which is composed of five members appointed by the Governor. The commission sets policies to guide the department in its activities, and regulates the taking of fish and game under a delegation of authority from the Legislature pursuant to the Constitution. Although the Legislature has granted authority to the commission to regulate the sport taking of fish and game, it has generally reserved for itself the authority to regulate the commercial taking of fish and game.

The department has 1,572 personnel-years authorized for the current year.

DEPARTMENT OF FISH AND GAME—Continued**ANALYSIS AND RECOMMENDATIONS**

The budget proposes appropriations of \$57,521,000 from various funds for support of the Department of Fish and Game in 1983–84. This is \$1,635,000, or 2.9 percent, more than estimated current-year expenditures. This increase will grow by the amount of any salary or staff benefit increases approved for the budget year.

The department estimates that it will spend \$73,838,000 from all sources for support programs in 1983–84. This reflects an increase of \$1,133,000, or 2 percent, over estimated current-year expenditures from all sources. Total expenditures proposed in the budget year are financed from the following sources:

1. Fish and Game Preservation Fund (Item 3600-001-200)	\$48,387,000
2. General Fund (Item 3600-001-001)	3,548,000
3. California Environmental License Plate Fund (Item 3600-001-140)	3,688,000
4. Renewable Resources Investment Fund (Item 3600-001-940)	1,898,000
5. Chapter 1104/79	153,000
6. Federal Trust Fund	10,201,000
7. Reimbursements	5,963,000
Total	\$78,838,000

Significant Budget Changes

Table 1 summarizes the department's budget, by funding source, and identifies significant program changes proposed for 1983–84. These changes are discussed in detail below:

Workload and Administrative Adjustments. The department's budget request includes an increase of \$170,000 from the Fish and Game Preservation Fund for legal services provided by the Attorney General. This amount is provided to support increased workload on a one-time basis, and is in addition to \$288,000 already in the baseline budget for legal services. Other adjustments financed from the Fish and Game Preservation Fund include (1) \$90,000 for replacement of a vehicle used to transport hatchery-reared fish for planting streams and lakes, (2) \$85,000 to administer the limited entry program for commercial salmon fishing, as required by Ch 1336/82, and (3) a \$50,000 increase to partially replace the loss of \$116,000 in federal funds for research activities relating to the sea otter. During the current year, this research is financed with \$75,000 in Fish and Game Preservation Fund support and \$166,000 in federal funds. For the budget year, only \$125,000 in state funds will be available for this work.

The \$150,000 decrease from the Energy and Resources Fund reflects completion of a one-time project to provide additional habitat for marine sport and commercial fisheries in Southern California through construction of an artificial offshore reef.

Federal funds are expected to decrease by a total of \$338,000, due to the elimination of support from the Bureau of Reclamation for studies and planning activities focused on the potential impact of proposed water conveyance facilities on the San Francisco Bay and Sacramento-San Joaquin delta. The department indicates federal support for these study projects is being terminated because the voters disapproved the Peripheral Canal at the June 1982 Primary Election. Some work on these projects,

Table 1
Department of Fish and Game Proposed Changes by Funding Source
(in thousands)

	<i>Fish and Game Preser- vation Fund</i>	<i>General Fund</i>	<i>Energy and Resources Fund</i>	<i>Other^a Funds</i>	<i>Federal Funds</i>	<i>Reim- burse- ments</i>	<i>Totals</i>
1982-83 Base Budget (Revised)	\$43,006	\$4,584	\$4,780	\$3,541	\$10,922	\$5,872	\$72,705
1. Workload and administrative adjust- ments							
a. Attorney General services	170						170
b. Fish hauling vehicle	90						90
c. Salmon limited entry program (Ch 1336/82)	85						85
d. Sea otter studies	50				-166		-116
e. Employee housing rent and utili- ties						-126	-126
f. Fish and game airplane rental					-9		-9
g. Artificial reef construction			-150				-150
h. San Francisco Bay plan and delta studies					-338	282	-56
i. Pacific Fishery Management Coun- cil projects						-207	-207
j. LNG terminal, pre-design survey ..						-184	-184
k. Laboratory certification program (SWRCB)						-153	-153
2. Significant Program Changes							
a. Aircraft replacement (2)	1,441						1,441
b. Mad River and Trinity River Hatcheries operations	143						143
c. Habitat improvement, DFG and federal lands	1,000		-1,900				-900
d. Salmon habitat improvement (CCC)			-2,000	998			-1,002
e. Abalone enhancement project	200		-200				-
f. Nongame species protection (gen- eral)		-1,251		1,251			-
g. Chaparral management contract (CDF)						153	153
h. San Jacinto WLA mitigation (DWR)						103	103
3. Merit salary adjustments, price in- creases, and miscellaneous minor changes	2,202	215	-530	-51	-217	232	1,851
Total Changes 1983-84	\$5,381	-\$1,036	-\$4,780	\$2,198	-\$721	\$91	\$1,133
Total Proposed 1983-84 Budget	\$48,387	\$3,548	-	\$5,739	\$10,201	\$5,963	\$73,838

^a Includes California Environmental License Plate Fund and Renewable Resources Investment Fund.

however, will continue in the budget year, financed by a \$282,000 increase in reimbursements from the Department of Water Resources.

The \$207,000 decrease in reimbursements from the Pacific Fishery Management Council (PFMC) is due to completion of several limited-term projects by the department during the current year. The reduction of

DEPARTMENT OF FISH AND GAME—Continued

\$184,000 in reimbursements reflects completion of a pre-design marine survey at the site of the proposed Point Conception LNG terminal for LNG Terminal Associates. Laboratory certification work carried out by the department for the State Water Resources Control Board (SWRCB) is also being discontinued in the budget year and accounts for the loss of \$153,000 in reimbursements.

Significant Program Changes. This category of changes includes new spending proposals, major budget reductions, and funding shifts. In contrast to the budgets for the last two fiscal years (1981-82 and 1982-83), there are no new initiatives or projects proposed for financing in the budget year from the General Fund, the Energy and Resources Fund (ERF), or the Environmental License Plate Fund (ELPF). Some of the spending increases identified in Table 1 actually reflect shifts in support for some ongoing projects from ERF to the Fish and Game Preservation Fund (FGPF) and other special funds. The more significant of these changes are:

1. An increase of \$1,441,000 from the FGPF to replace (a) the department's twin-engine Beechcraft transport used for aerial fish planting operations and executive transportation purposes (\$1.3 million), and (b) an existing single-engine Cessna used for game warden patrol and wildlife management activities (\$141,000).

2. An increase of \$143,000 from the FGPF to increase production of salmon at the Mad River hatchery and Trinity River hatchery spawning channel. The money is for additional fish food and utility expenses.

3. An increase of \$1 million from the FGPF for allocation between (a) 18 habitat improvement and development projects at existing state wildlife areas and ecological reserves and (b) an unknown number of additional wildlife habitat projects on national forest lands administered by the U.S. Forest Service. The \$1 million replaces \$1.9 million provided in the current year from the Energy and Resources Fund for 12 projects on state wildlife areas (\$900,000) and 53 national forest projects (\$1 million).

4. An increase of \$998,000 from the Renewable Resources Investment Fund (RRIF) for salmon and steelhead stream clearance projects performed by the California Conservation Corps (CCC). This money replaces \$2 million from the Energy and Resources Fund provided in the current year for similar projects by CCC (\$1 million), plus spawning gravel replenishment and other projects engineered by the Department of Water Resources (DWR) on the Sacramento and Feather Rivers (\$1 million). No funding is provided to continue similar DWR projects in 1983-84.

5. An increase of \$200,000 from the FGPF for continued enhancement of the abalone fishery in Southern California. This increase reflects a shift in support for this work from the Energy and Resources Fund which provided a similar amount (\$200,000) during 1982-83.

6. An increase of \$1,251,000 in Environmental License Plate Fund expenditures and a corresponding decrease in General Fund expenditures for nongame species management and research work. No change in the level of effort for 1983-84 is reflected in this funding shift.

7. An increase of \$153,000 in reimbursements from the Department of Forestry (CDF) to provide consultant and professional services to CDF's Chaparral Management Program. The reimbursements will pay for biologist positions to assist in the planning and evaluation of prescribed burning projects that include wildlife habitat enhancement.

8. Additional reimbursements of \$103,000 from the Department of Water Resources to finance management and development of the recently established San Jacinto Wildlife Area. This southern California property was acquired by the Department of Fish and Game with State Water Project funds to mitigate the loss of wildlife habitat from construction of the southern portion of the California Aqueduct during the 1960s.

Budget Changes by Funding Sources

General Fund expenditures for support of nongame and environmental protection activities total \$3,548,000, or nearly 23 percent less than estimated 1982-83 expenditures from this source. This is due to (1) the shift of responsibility for funding \$1,251,000 in non-game work to the ELPF and (2) a \$78,000 increase to offset the effects of inflation on the programs and activities that will continue to be supported from the General Fund.

For 1983-84, the department proposes no appropriations from the Energy and Resources fund (ERF). This is due to (1) completion of several one-time projects and (2) proposed shifts in the source of support for continuing activities to the FGPF and the RRIF. The combination of these changes results in a \$4.78 million decrease in ERF expenditures.

Total spending from RRIF is proposed at \$2,051,000 in 1983-84, compared to \$1,219,000 in the current year. For the budget year, an appropriation of \$1,898,000 is requested from this funding source. This includes (1) \$998,000 for CCC stream clearance work and (2) \$900,000 for grants to nonprofit organizations and political subdivisions for other salmon and steelhead rehabilitation projects authorized under Ch 344/81. Another \$153,000 will be spent from a prior year appropriation for administration of CCC stream clearance work and grant projects.

Status of Fish and Game Preservation Fund

Several factors will significantly affect the fiscal condition of the Fish and Game Preservation Fund in 1983-84.

1. As in recent years, FGPF revenues will increase due to annual license fee increases authorized pursuant to Ch 855/78. This legislation permits the department to administratively adjust fees for 15 categories of sport hunting and fishing licenses and permits, based on an inflation factor calculated by the Department of Finance.

The new schedule of license and permit fees effective for 1983 and adopted pursuant to these procedures is shown in Table 2. The new schedule of fees reflects increases of from 5 to 8 percent above the 1982 levels. The cost of the typical resident fishing license, including inland water, trout and salmon stamps, increases to \$13.50 for 1983, compared to \$12.50 last year. This is an increase of 8 percent. The cost of the typical fishing license has now increased 35 percent since 1978, when a license cost \$10.

The new schedule of license and permit fees is expected to generate (1) \$1,176,000 in additional revenue during the last half of the current fiscal year (January 1, 1983-June 30, 1983) and (2) \$2,590,000 in additional revenue during the budget year. Budget year revenues will also increase during the third and fourth quarters (January 1, 1984-June 30, 1984), depending on the amount of any new license fee increases adopted for 1984.

2. Pursuant to Ch 184/82, licensed commercial salmon fishermen in 1983 will have to purchase a special commercial salmon stamp for \$135. The special stamp is required in addition to a \$30 permit established by Ch 1486/82. Chapter 1486 also limits the number of persons that may participate in the commercial salmon fishery.

DEPARTMENT OF FISH AND GAME—Continued

Table 2
Department of Fish and Game
Licenses Subject to Indexing Under Chapter 855

License Category	1978 Base	Fee Schedule		Percent Increase Over 1978 Base
		1982	1983	
Resident Fishing	\$5.00	\$6.25	\$6.75	35.0%
Nonresident Fishing	20.00	24.75	26.50	32.5
Nonresident Fishing (10-day)	8.00	10.00	10.50	31.3
Pacific Ocean (3-day)	4.00	5.00	5.25	31.3
Inland Water Stamp	2.00	2.50	2.75	37.5
Trout and Salmon Stamp	3.00	3.75	4.00	33.3
Field Trials Permit	5.00	6.25	6.75	35.0
Resident Hunting	10.00	12.50	13.75	32.5
Junior Hunting (Resident)	2.00	2.50	2.75	37.5
Nonresident Hunting	35.00	43.50	46.50	32.9
Special Nonresident	5.00	6.25	6.75	35.0
Resident Deer Tag (one deer)	3.00	3.75	4.00	33.3
Nonresident Deer Tag (one deer)	25.00	31.00	33.25	33.0
Resident Deer Tag (two deer)	5.00	10.00	10.75	115.0
Nonresident Deer Tag (two deer)	35.00	74.50	79.75	128.0

The special salmon stamp established by Ch 184/82 was increased for 1983 pursuant to a formula which authorizes fee increases in \$10 increments, up to a maximum of \$215, for every 250,000 pounds of salmon landed by the industry in the previous year above a base of 6 million pounds. The fee increase from \$55 to \$125 will result in additional revenues of \$573,000 to the Fish and Game Preservation Fund during 1983-84. Current-year revenues were also increased by \$450,120 because Ch 184/82 took effect in the spring of 1982. As a consequence of the \$125 increase in the cost of the commercial salmon stamp since 1981, the Fish and Game Preservation Fund will collect \$1,023,000 more in revenues during the budget year than it collected in 1981-82.

3. Ch 1534/82 significantly increases license fees for commercial trapping. The basic resident license was increased from \$10 to \$25 per year, effective January 1, 1983. In addition, Chapter 1534 provides for this license fee to be raised to \$35, beginning July 1, 1983. This legislation also increased (1) the junior commercial trapping license fee from \$5 to \$15 per year and (2) the nonresident license from \$25 to \$200. Based on the numbers of commercial trappers licensed in 1981 (the last year that complete data is available), there should be an increase in Fish and Game Preservation Fund revenues of between \$73,000 and \$89,000 in the budget year.

On July 1, 1982, the Fish and Game Preservation Fund had an accumulated surplus of \$7,431,000. The budget estimates that the fund will have a surplus of \$5,851,000 on July 1, 1983 and \$5,215,000 on July 1, 1984. These estimates, however, do not make allowances for (1) any budget-year salary increases for state employees or (2) any additional increases in license fees which may become effective on January 1, 1984. In addition, approximately \$3 million must be retained as a reserve for cash flow purposes.

1983 Increase in Special License Fees and Commercial Tax Rates Pending

We recommend that the department report during budget hearings on the amount of additional Fish and Game Preservation Fund revenue anticipated from statutory and administrative increases in (1) special license (and permit) fees and (2) commercial fishing tax rates scheduled for 1983-84.

The department is authorized by Ch 855/78 to increase fees each year for 16 individual licenses and permits. An additional 34 categories of licenses and permits, including commercial fishing tax rates, may only be revised by the enactment of legislation.

Table 3 identifies the 34 categories of licenses and permits, along with (1) the current fee for each category and (2) the year in which the fee was last increased. Except for 1982 increases in (1) the commercial salmon fishing stamp and permit, (2) the mariculture permit, and (3) trapping licenses, most of the fees were last revised in 1977-78 or earlier. Comparing Table 3 with Table 2 gives some indication of the increases in license fees charged on sport fishing and hunting, relative to the fees for indication of the special permits and commercial fishing licenses.

Table 3

Department of Fish and Game License and Permit Fees Established by Statute

<i>License Category</i>	<i>Existing Fee</i>	<i>Date of Last Fee Increase</i>
Commercial Fisherman	\$40	1978
Commercial Salmon Stamp	135	1982
Commercial Salmon Permit	30	1982
Boat Registration	125	1978
Commercial Passenger Fish Boat	40	1978
Fish Breeder	30	1980
Fish Broker and Importer	125	1978
Fish Canner	190	1978
Fish Importer	5	1957
Kelp License	15	1978
Live Fresh Water Bait	25	1977
Aquaculture	50	1982
Oyster	30	1980
Lobster Permit	125	1978
Abalone-Crew Member	100	1976
Abalone-Diver	200	1976
Wholesale Fish Dealer	65	1978
Commercial Hunting Club	100	1977
Falconry License	25	1977
Duck Stamp	5	1977
Antelope Permit	35	1977
Private Pheasant Club (under 500 acres)	75	1967
Private Pheasant Club (over 500 acres)	100	1967
Migratory Bird Feeding	25	1957
Migratory Bird Shooting	50	1977
Scientific Collector	10	1977
Scientific Collector-Student	5	1977
Resident Hunting and Fishing Guide	25	1974
Nonresident Hunting and Fishing Guide	100	1974
Resident Trapping	25-30	1982
Nonresident Trapping	200	1982
Junior Trapping	15	1982
Fur Buyer	50	1979
Fur Agent	25	1979
Dredge Permit	5	1975
Dredge Permit (inspection required)	75	1975

DEPARTMENT OF FISH AND GAME—Continued

Commercial Revenues Not Keeping Pace With Expenditures. Table 4 shows that total expenditures for commercial fishing programs and activities have been exceeding revenues from commercial fishermen since 1979–80. We use 1979–80 as the basis for comparison because that was the year in which most commercial fishing license fees and tax rates were last adjusted.

Based on department expenditure and revenue projections for 1983–84, we estimate that total expenditures for commercial fishing programs have increased \$4,261,000, or 75 percent, since 1979–80, while total revenues from commercial fishing licenses, permits and taxes have increased by only \$837,000, or 18 percent, over the same period. The cumulative difference is \$3,424,000. Some of the increases in expenditures were due to new or expanded activities financed from (1) other funding sources such as the Energy and Resources Fund and the Renewable Resources Investment Fund, (2) federal funds and reimbursements, and (3) surplus revenues carried over from prior years. Much of the growth in license fee revenues that has occurred is due to Ch 184/82 and Ch 1486/82 which substantially raised the fees for commercial salmon permits and stamps. The revenue generated by these fees, however, is not generally available to finance ongoing program costs for commercial fishing management and law enforcement activities.

Table 4
Department of Fish and Game
Comparison of Expenditures and Revenues for Commercial Fishing Programs
(in thousands)

	<i>Actual</i> <i>1979–80</i>	<i>Actual</i> <i>1981–82</i>	<i>Estimated</i> <i>1982–83</i>	<i>Proposed</i> <i>1983–84</i>	<i>Percent</i> <i>Change</i> <i>From</i> <i>1979–80</i>
<i>Expenditures</i>					
1. All commercial fishing programs	\$5,644	\$8,657	\$10,970	\$9,905	75.5%
<i>Revenues from Fees & Taxes</i>					
1. Commercial fishing licenses and permits.....	2,305	2,242	3,274	3,291	42.7
2. Commercial fishing taxes	2,329	2,242	2,180	2,180	–6.4
Total Revenues	<u>\$4,634</u>	<u>\$4,484</u>	<u>\$5,454</u>	<u>\$5,471</u>	18%
<i>Difference Between Revenues and Expenditures^a</i>	–\$1,010	–\$4,173	–\$5,516	–\$4,434	

^a Difference financed from (1) outside appropriations such as the Energy and Resources Fund and the Renewable Resources Investment Fund, (2) federal funds and reimbursements, and (3) surplus revenues carried over from prior years.

Trends in Other Programs. The department has not specifically proposed any major spending increases in 1983–84 to regulate (1) private pheasant and commercial hunting clubs, (2) hunting and fishing guides, (3) collection of wildlife for scientific purposes, or (4) stream dredging. Our analysis, however, indicates that the department's ongoing costs for these activities have also increased since license fees were last raised.

Department Response. Last year we recommended that legislation be enacted increasing various categories of license and permit fees, including

commercial fishing tax rates, to compensate for the effect of inflation on department costs for commercial fishing-related activities. During hearings on the budget, the department opposed our recommendation. It stated that (1) Fish and Game Preservation Fund revenues would adequately finance all of its programs through 1982-83 and (2) license fee and tax rates would not have to be raised until 1983-84. As a consequence, no major revision to statutorily-established license fees and taxes was proposed by the department or enacted by the Legislature during 1982.

Estimated revenues to the Fish and Game Preservation Fund for 1983-84 are adequate for the department's proposed budget. This is because sport hunting and fishing license adjustments authorized pursuant to Ch 855/78 are paying the increased costs, including programs benefiting the commercial fishing industry. Thus, the solvency of the fund, under existing law, depends primarily on sportsmen continuing to subsidize commercial fishing programs. As previously noted, the increases in these license fees put into effect by the department for 1983 average 5 to 8 percent.

The department assured the Legislature last year during budget hearings that a comprehensive revision of statutory license fees and commercial tax rates would be sought in 1983. Anticipated revenue increases from such changes, however, are not reflected in the budget. As a result, it appears that the department intends to continue raising fees paid by sportsmen in order to finance the added costs of commercial fishing programs.

We recommend that the Legislature request the department to explain (1) its position regarding the source of funds for commercial fishing programs, (2) its rationale for continuing to have sportsmen subsidize commercial fishing programs through their license fees, and (3) its plans, if any, to bring the revenues from commercial fishing licenses in line with expenditures for commercial fishing programs.

Automotive Equipment Overbudgeted

We recommend a reduction of \$260,000 from Item 3600-001-200 to delete a one-time augmentation provided in the current year for replacement of automotive equipment.

For 1983-84, the Department of Fish and Game has requested a total of \$3,878,000 (all funding sources) for purchase and replacement of equipment and automobiles. This reflects an increase of \$1,801,000, or 87 percent, over estimated equipment expenditures of \$3,077,000 for the current year. Most of this increase is due to (1) the \$1,441,000 requested for replacement of two aircraft and (2) \$90,000 proposed for purchase of a fish hauling vehicle. Both of these increases are financed from the Fish and Game Preservation Fund.

Last year, the department was provided a one-time augmentation of \$260,000, also from the Fish and Game Preservation Fund, for special replacement of vehicles. Our review of the department's budget proposal indicates that the 1983-84 baseline budget has not been reduced to delete last year's one-time augmentation. No justification for extending the one-time funds into the budget year has been provided by the department.

Accordingly, we recommend that the \$260,000 be deleted from Item 3600-001-200. This will leave a total of \$3,618,000 (all sources) for equipment and automotive purchases in the budget year.

DEPARTMENT OF FISH AND GAME—Continued**Habitat Improvement Projects Not Identified**

We withhold recommendation on the \$1 million increase requested from the Fish and Game Preservation Fund and recommend that the department report, prior to budget hearings, on which habitat improvement projects it proposes to undertake during 1983-84.

Current Year Projects. Last year the Legislature provided \$1.9 million from the Energy and Resources Fund for (a) 12 habitat improvement projects on state-owned wildlife areas, (b) 53 habitat improvement projects on national forest lands administered by the U.S. Forest Service, and (c) 15 projects on public lands administered by the Bureau of Land Management (BLM).

The work on the 12 state wildlife areas included construction of levees and water control structures for waterfowl, prescribed burning for deer habitat, fencing, road construction, installation of pumps, and checkdams. Projects on Forest Service and BLM lands consisted of habitat improvement for anadromous fisheries, installation of guzzlers for game birds, meadow and wetlands restoration work, and prescribed burns for deer and big game habitat improvement.

Budget Year Projects Uncertain. The budget proposes to discontinue Energy and Resources Fund support for habitat improvement projects in 1983-84. Instead, the budget proposes a \$1 million increase in FGPF expenditures for this purpose.

Initially, the department had identified 18 new projects on state-owned lands and 60 new projects on Forest Service and BLM property for financing in the budget year. The cost of these projects, however, is approximately \$2 million—double the amount requested in the budget.

At the time this *Analysis* was prepared, the department had not yet identified the projects that it intended to finance with the \$1 million from the Fish and Game Preservation Fund. Accordingly, we recommend that DFG identify, prior to budget hearings, the projects proposed for funding in the budget year, so that the Legislature may establish the need for the requested funding.

Use Industry Funding For Salmon Restoration Grants

We recommend that:

- (1) *Funds to finance salmon improvement projects be derived from the Fish and Game Preservation Fund, rather than the Renewable Resources Investment Fund, because those directly benefiting—the commercial salmon fishing industry—should finance the grants. (Reduce Item 3600-001-940 by \$900,000 and increase Item 3600-001-200 by the same amount),*
- (2) *The savings to the Renewable Resources Investment Fund be transferred to the General Fund in order to give the Legislature more fiscal flexibility (add control section transferring \$900,000 from the Renewable Resources Investment Fund to the General Fund).*

The budget proposes an appropriation of \$1,898,000 from the Renewable Resources Investment Fund (RRIF) to (1) provide an additional \$900,000 for grants to nonprofit groups and political subdivisions for salmon rehabilitation projects and (2) finance a \$998,000 contract with the California Conservation Corps (CCC) for continuation of salmon spawning barrier removal work on the north coast streams. As noted above, CCC stream clearance work in the current year is financed with approximately \$1

million from the Energy and Resources Fund.

Chapter 334, Statutes of 1981. Grants to nonprofit groups for north coast salmon rehabilitation projects were first awarded by the Department of Fish and Game pursuant to authority contained in Ch 344/81, using \$925,000 appropriated in the 1981 Budget Act from the Renewable Resources Investment Fund. An additional \$900,000 from this same source was appropriated in the 1982 Budget Act.

These funds have been allocated to various groups and organizations by the Department of Fish and Game. The money has been used for projects such as stream clearance (similar to work performed by the CCC), and operation of small rearing ponds and hatchery facilities. Details on the projects to be funded in 1983-84 are not currently available from the department because grants generally are not awarded and contracts executed until after the Budget Act is signed.

No Expenditure Plan for Salmon Stamp Revenue. As noted above, the Legislature has authorized increases in the fee for a commercial salmon stamp, up to a maximum of \$215. Expenditure of salmon stamp revenue is subject to the recommendations of a commercial Salmon Trollers Advisory Committee established by Ch 1336/82.

Based on 1982 salmon landings, the department has increased the special salmon stamp fee to \$135, effective January 1983. This is expected to generate an additional \$450,120 in Fish and Game Preservation Fund revenues in the current fiscal year, and \$1,023,000 during 1983-84. Although the increase in salmon stamps revenues is reflected in the department's budget for 1983-84, at the time this *Analysis* was prepared the DFG had not identified or proposed any specific programs or projects to be funded from this money.

Shift Funding for Grant Project Proposals. Because (1) the budget does not specifically propose a use for the money generated by the \$135 salmon stamp and (2) the department has not yet selected Ch 344/81 grant projects to be awarded in the budget year, we recommend that the cost for salmon restoration project grants to nonprofit groups and political subdivisions be shifted to the Fish and Game Preservation Fund. This is desirable for three reasons:

1. It would permit the commercial Salmon Trollers Advisory Committee to review the merits of individual grant proposals for salmon rehabilitation projects.
2. It would shift the cost for this work to those who most directly benefit from it—the commercial salmon fishing industry.
3. It would result in a \$900,000 savings to the Renewable Resources Investment Fund (RRIF), which could be transferred to the General Fund in order to give the Legislature greater flexibility in funding high-priority state programs and activities during the budget year.

We further recommend that the \$900,000 savings to the Renewable Resources Investment Fund (RRIF) be transferred to the General Fund. The RRIF was initially funded in 1979 with a transfer of \$10 million from the General Fund, and currently receives 30 percent of state revenues from federal geothermal leases that otherwise would go to the General Fund. The \$900,000 transfer could be considered a partial repayment of the \$10 million originally provided by the General Fund to get the Renewable Resources and Investment Fund started. We recommend therefore that the Legislature add the following control section:

"The sum of \$900,000 is hereby appropriated from the Renewable Resources Investment Fund to the Controller for transfer to the unap-

DEPARTMENT OF FISH AND GAME—Continued

propriated surplus in the General Fund.”

Review of Leased Properties Administered by DFG

The Department of Fish and Game currently owns 186 separate properties totaling 236,000 acres statewide. These include (1) 33 designated wildlife areas, (2) 25 ecological reserves and plant reserves, (3) 55 other properties providing habitat to wildlife, bighorn sheep, wild trout fisheries, rare and endangered species, and (4) 58 sites providing public access to lakes, streams, and coastal areas. These properties range in size from the 43,605-acre Tehama Wildlife Area in Tehama County to the Vallejo Fishing Pier in Solano County, which is less than one acre.

Fourteen of the department's 186 properties, including six managed by local agencies, have various commercial leases for uses such as livestock grazing and farming. In addition, there are five leases for operation of public services concessions, including boat launching ramps, snack bars, bait and tackle shops, and grocery stores. Lease information covering all properties is summarized in Table 5.

Table 5
Department of Fish and Game
State Wildlife Areas
and Other Properties with Leases for Commercial Use

Property	Acres Owned	Lease	
		Type	Acres
1. Butte Valley WLA ^a (Siskiyou County)	13,200	Grazing/agriculture	6,500
2. Fannon Reservoir (El Dorado County)	122	Public services/conces- sions.....	122
3. Hidden Valley WLA ^b (Riverside County) ..	1,267	Agriculture	227
4. Lake Earl WLA (Del Norte County)	2,219	Grazing	1,969
5. Lower Sherman Island (Sacramento County)	3,100	Recreational homes.....	43
6. Mojave River ^c (San Bernardino County)	801	Grazing/public serv- ices.....	homesites 160
7. Pacifica Public Fishing Pier (San Mateo County)	7.5	Public services/conces- sion	650 sq. ft.
8. San Jacinto WLA (Riverside County)	3,962	Agriculture	1,300
9. San Luis Reservoir	6,136	Grazing	900
10. Slinkard/Little Antelope WLA (Mono County)	10,800	Grazing	9,600
11. Spenceville WLA (Yuba/Nevada County) ..	11,212	Grazing	8,970
12. Tehama WLA (Tehama County)	43,605	Grazing	34,758
13. Tullock Reservoir (Tuolumne County)	95	Trailer park/public services concession	95
14. Vallejo Public Fishing Pier (Solano County)	0.19	Public services/conces- sion	600 sq. ft.

^a Wildlife Area.

^b Also known as the Santa Ana River Regional Park.

^c Also known as Mojave Narrows Regional Park.

Lease Review and Field Evaluation. In the fall of 1982, we reviewed the administration of leased DFG properties. Field evaluations and meetings with state and local government personnel responsible for managing

lease operations were conducted. Lease documents, financial statements, and bidding procedures also were reviewed.

Generally, we found that lease operations are being managed effectively in conformance with the primary purposes for which the property was acquired. In five instances, however, we determined that (1) state and local management of state property is inadequate and detrimental to the purposes which state ownership of the property is intended to serve, (2) leases have been awarded without competitive bidding, (3) lease activities constitute the primary use of the property, resulting in state lands being utilized essentially for private purposes, and (4) continued ownership of some department holdings may no longer be appropriate. A discussion of our findings and recommendations with regard to these problems is provided below.

Lower Sherman Island Wildlife Area

We recommend that the Legislature adopt supplemental report language directing the department to terminate occupancy of 43 recreational homesites at the Lower Sherman Island Wildlife Area as soon as the existing five-year lease expires in 1986, because these homesites constitute (1) an inappropriate use of state property for private purposes, and (2) a threat to public health and water quality in the delta.

Lower Sherman Island Wildlife Area (WLA) is a 3,100-acre partially flooded island in the delta located in southwest Sacramento County where the Sacramento and San Joaquin Rivers join. The wildlife area itself is undeveloped and overgrown with native marsh vegetation. The department currently administers the island for waterfowl habitat, and authorizes hunting on the island during the duck season. The DFG currently administers leases for 43 recreational homesites located along the southern levee of the island. Each site rents for \$275 per year. Because no domestic water supply or utilities are available, the tenants must generate their own electricity and transport their own drinking water and fuel by boat.

Lease History. Most of the cabins were constructed illegally by private individuals between 1920 and 1944, after the Department of Finance acquired the property, but before it authorized the island to be operated by the DFG as a public shooting area. A few, however, were constructed between 1958 and 1966 after DFG assumed control of the property. In the interim, many of the structures have evolved from temporary shelters to substantial cabins.

In 1966, the cabin owners were granted firm, transferable leaseholds by the DFG for an initial term of five years (at \$40 per year rent), with an option for one additional five-year extension, pursuant to Ch 1502/67. The department intended to eventually remove the structures from the island after providing the cabin owners with sufficient time to amortize their investments.

After the initial 10-year lease had expired, the department chose not to order the cabins removed. Instead, it granted year-to-year leases that continued through 1981.

During this 15-year period, all but 6 of the original 36 tenants sold or transferred their cabins and leases to new owners. In 1979, one lease reportedly sold for \$15,000. The last 6 lease transfers occurred in 1981. Since then, the DFG has banned further lease sales.

In 1981-82, the department negotiated new five-year leases with the existing tenants, and increased the annual rent from \$125 to \$275. In executing the new leases, the department informed the cabin owners that

DEPARTMENT OF FISH AND GAME—Continued

it intended to offer one more five-year extension, but that by 1991 all structures would have to be removed or ownership of them would be transferred to the state.

Findings. In our view, the continued private use of these cabins is inappropriate and undesirable. We can find no instance where a comparable state wildlife area or other DFG property is allowed to be used for similar private purposes. Furthermore, we are advised by the Central Valley Regional Water Quality Control Board that the discharge of raw sewage and waste water from these cabins is in violation of state water pollution control laws and is considered a serious health hazard by the Sacramento County Health Department. The health department has proposed that the problem be corrected through the installation of septic tanks and leach lines. However, it is not clear whether placement of septic tanks so close to fresh water would be permitted under state water quality standards, or what action the department intends to take to achieve compliance with existing health and water quality standards.

Recommendations. Without legislative action, it is likely that the existing 43 cabin lessees will be permitted to continue their exclusive use of state property (at a cost of only \$275 per year) and discharge raw sewage and wastes through—and possibly beyond—1991. In order to terminate the inappropriate use of this property and remove the hazards to health and water quality, we recommend that the department be directed to seek removal of these structures as soon as the existing lease expires in 1986. Specifically, we recommend that the Legislature adopt the following supplemental report language:

“All of the existing cabins and other fixtures currently being leased on Lower Sherman Island Wildlife Area shall be removed upon termination of the existing leases in 1986.”

Private Use of State Property at Lake Earl Wildlife Area

We recommend that:

1. *The Legislature adopt supplemental report language directing the department to (a) assume direct management control over the Lake Earl Wildlife Area in Del Norte County and provide for more public access to this area and (b) lease grazing rights or other private agricultural uses of this area on a competitive bid basis, as required by the State Administrative Manual.*

2. *The Resources Agency report during budget hearings on the administration's plans to improve public access to state-owned property at Lake Earl.*

Background. The Lake Earl Wildlife Area, which is owned by the Department of Fish and Game, consists of 2,219 acres of coastal dunes, brackish and freshwater marsh, and pasture lands north of Crescent City. The Department of Parks and Recreation (DPR) owns approximately 4,700 acres in contiguous parcels extending northward along the coast to the mouth of the Smith River.

The DFG's acquisitions at Lake Earl were made between 1979 and 1982, at a total cost of \$2,258,291. This property was purchased because of the waterfowl habitat provided by the lake and surrounding marshland area. The DPR lands were acquired in 1979, at a total cost of approximately \$5.4 million, for their beach, scenic, recreational, and camping values. The two state ownerships constitute an integrated area for public use.

Management of Lake Earl. Currently, no developed public access or facilities are available on either DFG or DPR lands at Lake Earl. Access presently is limited to county dirt roads reaching from Lake Earl Drive on the east side of the lake. There are no developed parking areas or boat launching facilities available at these points of access. Access to lands southwest of Lake Earl is blocked by a locked gate at Old Mill Road.

Until recently, DFG had no permanent staff assigned to the Lake Earl WLA. One position, however, is budgeted for this purpose in the current year and was recently filled.

Lease Activities. The Department of General Services, Real Estate Services Division, currently is administering a grazing lease covering a total of 3,583 acres of DFG and DPR property. This includes 1,969 acres of DFG land, the barn and corral at McLaughlin Ranch, plus additional buildings located elsewhere on the property. The DFG believes cattle grazing enhances the habitat for Aleutian geese, and helps maintain a pasturelike character for the lands.

General Services is leasing the property to a local resident who has conducted cattle grazing operations at Lake Earl for many years under a similar lease arrangement with the previous private owner. The state grazing lease was negotiated by General Services, and was not subject to competitive bidding. Under the lease, which expired in August 1981, is currently being extended on a month-to-month basis. The yearly rental rate is \$33,820.

The Department of Fish and Game indicates that it intends to allow a new agreement to be negotiated by General Services with the existing lessee for an additional four-year term without competitive bidding.

Recommendations. Under the interim land-use plan prepared jointly last year for Lake Earl by the DFG and the DPR, no development of recreation facilities or public access improvements is contemplated for the next 5 to 10 years. Other than \$40,000 budgeted in the current year for vegetation treatment, levees and water control structures, no expenditures are proposed by the DFG in the near future.

Without provision of additional public access, the major use of the area (other than by migratory waterfowl) will, by necessity, be limited to a private cattle-ranching operation conducted by the same family that leased the property prior to state acquisition. In our view, this is an inappropriate use of public property for a private purpose, particularly given the fact that the grazing lease was awarded without competitive bidding.

In our analysis of the property management activities of the Department of Parks and Recreation, we recommend that General Services transfer control of the DPR's property at Lake Earl to the department. This will permit more emphasis on public use of the entire area. Now that DFG has finally assigned staff to its holdings at Lake Earl, we recommend that DFG also assume direct control of the property and that (1) provision be made for more public access and (2) the expired grazing contract be subject to competitive bidding as required by Section 1391 of the State Administrative Manual (SAM). Specifically, we recommend that the Legislature adopt the following supplemental report language:

"Effective July 1983, the department shall assume direct control of the Lake Earl Wildlife Area (WLA) for all matters pertaining to property management and use, including lease activities. The department shall require that any new lease be competitively bid as required by Section 1391 of the State Administrative Manual and assure that public access is increased."

DEPARTMENT OF FISH AND GAME—Continued

The Resources Agency has prepared an interim plan on the future management of the Parks and Fish and Game properties. In view of this plan, we also recommend that the Resources Agency report, during budget hearings, on the provisions being made to improve public access and use of the property at Lake Earl.

Private Use of Butte Valley Wildlife Area

We recommend that the Legislature adopt supplemental report language directing the department to require competitive bidding for grazing and farming rights at the Butte Valley Wildlife Area (WLA) in Siskiyou County, as required by the State Administrative Manual.

The 13,200-acre Butte Valley Wildlife Area is located in eastern Siskiyou County, north of Mount Shasta and approximately 10 miles south of the Oregon border. The major physical feature of the area is Meiss Lake, which has no natural outlet and serves as a sump for runoff from the surrounding mountains and return flows from adjacent agricultural lands. The Meiss Lake property was acquired by the Wildlife Conservation Board during 1981, at a cost of \$3.9 million. Prior to state acquisition, the Butte Valley property had been managed for cattle ranching and farming purposes.

Management of Area. To enhance this area's use for waterfowl nesting and marsh habitat, the department proposes to construct additional ditches and levees to flood fields currently used for grazing and farming. The DFG also proposes to eventually construct a dike across Meiss Lake to provide for additional storage of approximately 14,500 acre-feet of water in the north end of the lake. New wells may also be developed to irrigate the remaining farming areas.

The department's long-term management objectives provide for some form of lease ranching operation to continue at Butte Valley. Eventually, grazing will be limited to approximately 800 acres of irrigated meadows. Grazing is considered beneficial because it keeps vegetation in a condition that provides forage for Canadian geese. Much of the existing farmland is to be retained and planted with cereal grains, with one-third left standing after harvest for wildlife under a sharecropping arrangement.

Lease Activities. Prior to state acquisition, the Meiss Lake property had been continually used for 15 years for lease cattle grazing and farming operations. Because of the tenants' familiarity with the property, DFG entered into a short-term lease to permit continuation of the existing ranch operation on 9,500 acres through December 31, 1982, at an annual rental of \$10,000. Use of the ranch buildings and residence was reserved for the DFG area manager. The lease, however, was not subject to competitive bidding.

At the time this *Analysis* was prepared, the department was in the process of developing a revised three-year lease to complement DFG's management of the area for wildlife and waterfowl habitat. It is not clear, however, whether the department intends to renegotiate or extend its contract with the existing tenants, or put a new lease out to competitive bidding.

Recommendation. To ensure that the publicly owned land at Butte Valley WLA is not used primarily for a private purpose, we recommend that DFG be directed to develop a new lease proposal which will be subject to competitive bidding, as required by the State Administrative

Manual. The supplemental report language is:

"The department shall require that any new lease proposals at Butte Valley Wildlife Area be competitively bid as required by Section 1391 of the State Administrative Manual (SAM)."

County Operated Properties at Hidden Valley WLA and Tulloch Reservoir

We recommend that the Legislature adopt supplemental report language directing the department to (1) seek invalidation of its leases with county government for operation of the Hidden Valley Wildlife Area (WLA) and Tulloch Reservoir properties, and (2) sell both state properties as surplus, because these lands are poorly managed, and are providing no apparent benefits to the public.

Background. Hidden Valley Wildlife area (WLA) in Riverside County consists of 1,267 acres of flood plain and riparian habitat along the Santa Ana River. The property was purchased during the 1970s by the Wildlife Conservation Board (WCB), at a total cost of approximately \$2 million. Prior to state acquisition, the area was used by a duck club which had constructed irrigation canals and duck ponds to provide waterfowl habitat. WCB purchased the area to preserve habitat for wildlife, and provide public fishing and associated recreational access.

At Tulloch Reservoir in Tuolumne County, the WCB spent about \$125,000 in 1958 and 1959 to purchase 95 acres of shoreline and adjacent property, plus construct a boat launching ramp, parking area, restroom facilities, and access road, and to provide electrical power service. The property originally was acquired and developed to provide public access for fishing and other recreational purposes. The reservoir is located on the Stanislaus River, downstream from New Melones Dam. The reservoir is operated by the Oakdale and South San Joaquin Irrigation Districts.

Local government management of the Department of Fish and Game's Hidden Valley WLA and Tulloch Reservoir boat launching facility has led to commercial use of both state-owned properties which originally were purchased to provide public access and recreation.

County Management. Pursuant to authority contained in Section 1350 of the Fish and Game Code, the Department of Fish and Game has entered into long-term leases with local government for operation and maintenance of both Hidden Valley WLA and the Tulloch Reservoir properties.

Hidden Valley WLA currently is being managed by the Riverside County Parks Department, under a 50-year lease that runs through the year 2024. The Tulloch Reservoir property is being managed by Tuolumne County, under a 40-year lease that runs through the year 2000. Both leases allow the counties to retain all revenues generated from public use fees, concessions contracts, and grazing operations, provided that the money is used solely for repayment of any county capital improvements, operations and maintenance costs.

Hidden Valley Farming Lease History. Shortly after assuming management control of Hidden Valley in 1975, Riverside County prepared a general development plan for the property. However, improvements, such as paved parking, picnic areas, restrooms, or a developed trail system, have not been constructed by the county. Public access to the area is poor. Visitors must use a dirt road to reach the property, and the turn-off from the highway to this road has no sign indicating that the road leads to either the Santa Ana River Regional Park or a state wildlife area. As a result, it is truly a "hidden" valley.

DEPARTMENT OF FISH AND GAME—Continued

Instead of developing the property for public recreation, the county has leased 227 acres for agricultural purposes—primarily the raising of cereal crops such as barley. The lease initially was executed in 1976 for a term of three years, but was subsequently extended through June 1982. The lessee pays the county \$11,000 per year.

Since the lease expired last year, the tenant is operating on a month-to-month basis. Riverside County indicates that it is attempting to negotiate another extension of the lease, and that there are no plans to bid the lease. The terms of the proposed lease extension are unknown.

Tulloch Reservoir Concession Lease History. Shortly after entering into its 40-year lease agreement with the state, Tuolumne County awarded a 30-year concessions contract to a private individual, authorizing construction and operation of a restaurant, boat rental facilities, general store, campground, trailer park, and picnic area at Tulloch Reservoir. Under the terms of this contract, the concessionaire is required to pay the county a minimum of \$1,500 per year for the first three years, plus 1 percent of gross sales under \$15,000 and 2 percent of gross over \$15,000. The concessionaire also is permitted to retain 90 percent of all day-use fees collected. Although the terms of the lease agreement were to have been renegotiated after three years to adjust the rental rate to fair market value, Tuolumne County has never required that this be done.

The concessionaire has constructed a small restaurant and store which sells bait and tackle, groceries, and beer and wine on both an on- and off-sale basis. Fifty camp sites have been developed, plus 19 cabana campsites near the water's edge for trailers and motorhomes. The concessionaire also has constructed 75 trailer pads, which are rented for between \$550 and \$700 per year. Sixty-two of the 75 spaces currently are occupied, some of which appear to be utilized as year-round residences. As a consequence, the proposed public recreation and access area has been converted primarily into a commercial resort.

Tuolumne County indicates that between 1970 and 1980, the concessionaire reported total revenues of \$1.18 million. Over approximately the same period (1971–72 to 1981–82), the county's share of these revenues, plus 10 percent of day-use fees, amounted to \$24,536. In 1981, the concessionaire reported gross revenues of \$163,332, while the county shows that \$1,676 (1 percent of revenues) was received in lease payments. This equates to a monthly rental of approximately \$140 for use of property which generates average monthly revenues of \$13,778 to the concessionaire.

Findings. The Hidden Valley WLA currently is in a state of serious disrepair and neglect, due to poor management by Riverside County. While the farming operation appears to be thriving, the duck ponds and marshland areas of the property (1) show evidence of not having been irrigated for several years, and (2) are overgrown with alders, bamboo and weeds. The lessee has diverted part of the flow from the Santa Ana River, and is utilizing diesel pumps and canals to irrigate his fields, some of which are located off the premises. No attempt is being made to use this water to maintain waterfowl habitat.

Hiking and equestrian trails through the area are primarily dust-laden service roads for the farmland irrigation system, and appear to be used more by dirt bikes than hikers and horseback riders. There is no evidence of other public recreation use.

In summary, Riverside County appears to have made no real attempt to maintain the Hidden Valley WLA for either waterfowl habitat or public recreation purposes.

Although the Tulloch Reservoir concessions operations is modest compared to other private resorts and some state Department of Parks and Recreation concession lease activities, it represents the most extensive commercial use of Department of Fish and Game property that we have encountered. The commercial lease is unusual for two reasons. First, it extends total control of the state's property and facilities to a private concessionaire. Second, the lease is unique in its longevity (30 years) and generosity (99 percent of gross revenues retained by the concessionaire).

Recommendations. Given the serious state of disrepair and poor county management of Hidden Valley WLA, and the fact that the predominate use of the property is for private farming, we see no basis for keeping the property in state ownership any longer.

With respect to Tulloch Reservoir, the state has financed land acquisition, constructed access roads, and developed boat launching facilities which provide the basis for a successful small business venture. Because Tuolumne County has not managed the state's property in such a way as to benefit the public, and because of the extensively commercial nature of the concessionaire's operations, we can see no basis for keeping this property in DFG's ownership any longer.

For these reasons, we believe that the Legislature should direct the department to (1) seek invalidation of its leases with the two county governments for operation of the Hidden Valley WLA and Tulloch Reservoir properties, and (2) put both areas up for sale as surplus to the state's needs. This would allow the public to recover all or part of its investments in these properties, and allow the DFG to purchase property elsewhere which is better suited for wildlife or waterfowl purposes. Specifically, we recommend that the following supplemental report language be adopted:

"The department shall (1) seek invalidation of its operating agreements with the counties of Riverside and Tuolumne for management of the Hidden Valley Wildlife Area and Tulloch Reservoir properties, and (2) sell both areas as surplus to the state's needs."

Excessive Use of State-Owned Aircraft for Executive Transportation

We recommend adoption of supplemental language (1) prohibiting the use of Fish and Game aircraft to transport department executives to destinations within a two-hour driving distance or well-served by commercial airlines and (2) requiring that the department secure full reimbursement for all uses of its aircraft by other state agencies.

Sacramento Aircraft Operations. The Department of Fish and Game (DFG) currently operates two aircraft from the Sacramento Executive Airport: (1) a twin-engine 7-passenger Beechcraft 18 transport and (2) a single-engine 4-passenger Cessna 185. The Beechcraft is used primarily for aerial planting of trout in high mountain lakes from May through September. When the airplane is not being used for this purpose, the fish planting tanks are removed and seven seats are installed, making the aircraft available for transporting DFG executives and staff from other state agencies. The Cessna 185 is used for patrol purposes by DFG wardens and wildlife management activities, as well as for executive transportation.

The department estimates that it is spending \$242,373 in the current fiscal year for aircraft operations in Sacramento, including hangar rental, maintenance, fuel, and the salaries and wages of three full-time warden pilots. These costs are expected to increase to \$248,496 in 1983-84.

DFG also operates other single-engine aircraft out of Redding, Long Beach, and Fresno.

DEPARTMENT OF FISH AND GAME—Continued

Replacement Aircraft Sought. Due to age and cumulative flight time (over 10,000 hours of use each), the department is requesting \$1,414,000 from the Fish and Game Preservation Fund to replace both of the Sacramento-based aircraft. DFG proposes to use (1) \$1.3 million of the request to purchase a used, late-model twin-engine Beechcraft 200 and modify the aircraft for fish planting and (2) \$141,000 for a new Cessna 185. Both of the currently owned aircraft will be traded in or sold.

Executive Transportation Use. In reviewing the department's budget proposal, we requested information from DFG concerning current and past use of its aircraft. In response, the department allowed us to review internal records (primarily extracted from pilot flight logs), showing the dates, destinations, purposes, passengers, and flight times covering the use of both the Beechcraft 18 and Cessna 185 since 1980. In reviewing these records, we found numerous instances in which the Beechcraft was used for executive transportation to areas of the state that (1) are within two hours' driving distance or (2) are well served by commercial airlines. We found that the department frequently spent hundreds of dollars to transport one or two executives to destinations such as Eureka, Redding, Bishop, Monterey, Long Beach, and the Los Angeles area. This cost is based on the department's estimate of \$350 per hour for use of the Beechcraft by other state agencies. In contrast, one-way commercial air fares to most of these destinations is less than \$100. This practice does not appear to be consistent with Control Section 27.10 (1982 Budget Act) which directs reduction in travel expenditures by state departments.

DFG has made significant use of its aircraft for out-of-state travel. Depending on the number of DFG executives flown, use of the Beechcraft in this manner may have been less expensive than purchasing individual airline tickets to the out-of-state destinations. This would also be true of some in-state flights if the aircraft was filled to capacity.

We also identified instances since 1980 in which the department's aircraft were made available to the Resources Agency, other state departments and persons without apparent charge for the costs incurred by the department. It is likely that these costs were improperly charged to DFG programs, such as inland or anadromous fisheries. In most instances, however, the department has billed other state agencies for the chartered use of the aircraft for non-DFG business.

State Policy Unclear. As we noted in our analysis of the budget for the Department of Forestry (Item 3540), the State Administrative Manual (SAM) does not provide adequate guidance concerning the use of state-owned aircraft. The only limitation on aircraft use is contained in Section 747 of SAM, which pertains to rental or lease of *private* airplanes by state agencies.

The Department of Fish and Game's internal policy governing use of its own aircraft is not clear. Generally, use of Sacramento-based aircraft is supervised by the Director's office. The department allows use of these airplanes by other state agencies or the federal government (with DFG pilots) on a fully-reimbursed basis, provided the aircraft are not needed for DFG purposes. We are not aware, however, of DFG policy specifying authorized uses of the aircraft for its own executive transportation purposes.

Recommended Action. In our view, the department's proposal to replace its two Sacramento-based aircraft appears warranted, due to the

advanced age and amount of accumulated flight time on the airframes. It is possible, however, that past unnecessary use of these airplanes for executive transportation is a contributing factor in the number of flight hours logged. Obviously, any unnecessary use would increase DFG's costs because maintenance inspections and engine overhauls would have to be conducted more frequently.

We recommend approval of the \$1,441,000 requested to replace the two aircraft. We believe, however, that the department needs to (1) reduce or eliminate use of its aircraft for executive transportation purposes, particularly to destinations within short driving distances or those that are well-served by commercial airlines, and (2) adopt a consistent policy requiring reimbursement for the cost of all air transportation provided to employees of other state agencies and departments. We, therefore, recommend that the Legislature adopt the following supplemental report language:

"1. The Department of Fish and Game shall not utilize leased or state-owned aircraft for transportation of its executives to destinations (a) within a two-hour or less driving distance or (b) well served by commercial airlines. All use of aircraft by other state agencies or departments shall be billed by the department at full cost, including the expense of any pilot services provided. Aircraft use by other personnel within the department shall be charged to the appropriate program or activity.

2. The department shall report to the Joint Legislative Budget Committee by October 1, 1983, on the measures it has taken to (1) reduce aircraft use for executive transportation purposes, (2) secure reimbursement for all use of DFG-owned aircraft by other state agencies and departments, and (c) ensure that these aircraft are not used to transport individuals on personal or nonstate business."

DEPARTMENT OF FISH AND GAME—CAPITAL OUTLAY

Item 3600-301 from the Fish and
Game Preservation Fund

Budget p. R 94

Requested 1983-84	\$1,134,000
Recommended approval	519,000
Recommended reduction	360,000
Recommendation pending	\$255,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. *Hot Creek Hatchery. Reduce Item 3600-301-200(a) by \$87,000.* Recommend reduction to reflect latest estimate of funds necessary to complete working drawings. Further recommend that the Budget Bill be amended to indicate that the funds are provided for additional working drawings for the Hot Creek modernization. 604
2. *Mojave River Water Sterilization System. Reduce Item 3600-301-200(b) by \$185,000.* Recommend deletion of proposed funds because the department indicates the amount is not adequate to accomplish proposed work. 605

DEPARTMENT OF FISH AND GAME—CAPITAL OUTLAY—Continued

3. Project Planning. Withhold recommendation on Item 3600-301-200(c), pending report by the department on funds available in Fish and Game Preservation Fund for future capital outlay projects. 606
4. *Minor Capital Outlay. Reduce Item 3600-301-200(d) by \$88,000.* Recommend (1) reductions to three projects which are overdesigned and (2) deletion of two energy projects with minimal or unsubstantiated energy savings. 606
5. Nimbus Hatchery Modernization. Withhold recommendation on Item 3600-301-200(e), working drawings, pending (1) report by department on ability of Fish and Game Preservation Fund to finance future construction of project, and (2) receipt of revised cost estimate. 607

ANALYSIS AND RECOMMENDATIONS

The budget requests \$1,134,000 from the Fish and Game Preservation Fund for three major capital outlay projects, 16 minor projects, and project planning for the Department of Fish and Game. Table 1 summarizes the department's capital outlay funding request for 1983-84 and our recommendations on each project.

Table 1
Department of Fish and Game
1983-84 Capital Outlay Program
Item 3600-301-200
(in thousands)

<i>Project</i>	<i>Location</i>	<i>Phase^a</i>	<i>Budget Bill Amount</i>	<i>Analyst's Proposal</i>	<i>Estimated Future Cost^b</i>
Replacement of ponds.....	Hot Creek Hatchery	w	\$114	\$27	\$2,806
Water sterilization system.....	Mojave River Hatchery	c	185	—	555
Project planning	Various	p	40	pending	—
Minor capital outlay	Various	pwc	580	492	—
Hatchery modernization	Nimbus Fish Hatchery	w	215	pending	7,419 ^c
Totals			\$1,134	\$519	\$10,780

^a Phase symbols indicate: p = preliminary plans, w = working drawings, c = construction.

^b Department's estimate.

^c Based on OSA estimate of 9/11/81 indexed the 1983-84 price levels.

Hot Creek Hatchery

We recommend that (1) Item 3600-301-200(a) be reduced by \$87,000 to reflect the latest estimate of funds necessary to do the work, and (2) the Budget Bill be amended to indicate that the funds are provided for additional working drawings for the Hot Creek modernization.

The budget requests \$114,000 under Item 3600-301-200(a) for working drawings for replacement of ponds at Hot Creek Hatchery. Information provided by the department indicates that the proposed project includes construction of 40 new concrete ponds and a new hatchery building, and demolition of 36 dirt ponds and two hatchery buildings.

Last year, the department requested, and the Legislature appropriated, \$100,000 for working drawings for Phase I of the Hot Creek Hatchery modernization. Phase I included construction and equipment for 40 new ponds, and demolition of the dirt ponds. At that time, the department indicated that funding would be requested in the future to replace two deteriorating hatchery buildings with one new building (Phase II of the project). The department indicated that the two phases were independent of one another, and should be considered as separate projects.

Contrary to what is stated in the budget and the Budget Bill, the current proposal includes funding for *both* the ponds (Phase I) *and* the hatchery building (Phase II). The requested funds would be used to incorporate the new hatchery building into the Phase I working drawings which are partially completed.

The work proposed under both Phase I and Phase II of the Hot Creek project is justified, and working drawings for the entire project should proceed. Furthermore, it is desirable that these two phases be combined, because bidding the two projects under a single contract should result in some savings to the state. Consequently, we recommend that the Legislature provide sufficient funding to complete working drawings for the Hot Creek modernization.

The latest OSA estimate indicates that only \$27,000 is needed to complete working drawings for the combined project, rather than the \$114,000 proposed in the budget. Therefore, we recommend a reduction to Item 3600-301-200(a) of \$87,000. We further recommend that the Budget Bill be amended to indicate that the funds are provided (1) for additional working drawings and (2) for the Hot Creek modernization, rather than for replacement of ponds.

Mojave River Water Sterilization System

We recommend deletion of Item 3600-301-200(b), water sterilization system, Mojave River Hatchery, because the amount requested is not adequate to accomplish the proposed work, for a reduction of \$185,000.

Item 3600-301-200(b) provides \$185,000 to install a water sterilization system at the Mojave River Hatchery. The department currently spends over \$200,000 annually on pumping costs to provide water for the hatchery. The department estimates that these pumping costs could be reduced by approximately \$135,000 if the water recirculation system at the hatchery were used for this purpose. This system, however, is not in operation because of bacteriological and protozoan diseases (including enteric red-mouth) associated with the use of recirculated water. The proposed sterilization system would be installed to treat the recirculated water, thereby reducing significantly the need to provide fresh water.

Inaccurate Cost Estimate. The department's proposal calls for installation of four ultraviolet water sterilization units. The amount included in the budget (\$185,000), however, is based on a vendor's estimate for *one* unit. Consequently, the total cost of this project could exceed \$740,000. A firmer estimate of the cost is not available because budget schematics and a cost estimate have not been prepared for the project.

Because the budget amount is not sufficient to accomplish the proposed work and the department does not have an accurate estimate of the full cost for this project, we recommend that the proposed funds be deleted, for a reduction of \$185,000.

DEPARTMENT OF FISH AND GAME—CAPITAL OUTLAY—Continued**Project Planning**

We withhold recommendation on Item 3600-301-200(c), project planning, pending receipt of information on the ability of the Fish and Game Preservation Fund to finance future capital outlay projects.

Item 3600-301-200(c) proposes a blanket appropriation of \$40,000 from the Fish and Game Preservation Fund for project planning. These funds would be allocated to the Office of State Architect to develop schematic budget packages for the 1984-85 capital outlay proposals. Funds for this purpose traditionally have been provided each year for allocation for projects approved by the Department of Finance. The proposed amount would provide plans for projects costing about \$2.7 million to construct.

In our discussion of the Nimbus modernization project under Item 3600-301-200(e) we point out possible problems with funding future capital outlay projects from the Fish and Game Preservation Fund (FGPF), given current revenue assumptions. Given the cost of FGPF projects already in progress, it is not clear that financing for an additional \$2.7 million in projects will be available in the near future. Consequently, we withhold recommendation on this item until the department resolves the revenue issue.

Minor Capital Outlay

We recommend (1) reductions to three minor projects which are over-designed and (2) deletion of two energy projects with minimal or unsubstantiated energy savings, for a savings of \$88,000.

The budget includes \$583,000 under Item 3600-301-200(d) for 16 minor capital outlay projects for the Department of Fish and Game. The proposed funds would be used for minor improvements at various hatchery facilities. Table 2 summarizes the department's request by category. Those projects for which we have recommended reduction or deletion are discussed individually below.

Table 2
Department of Fish and Game
Minor Capital Projects by Category
(in thousands)

<i>Category</i>	<i>Budget Bill Amount</i>	<i>Analyst's Proposal</i>
Residence improvements	\$174	\$160
Energy projects	24	12
Fish production enhancement	144	144
Wildlife enhancement	50	50
Hatchery security	39	39
Vehicle storage/maintenance areas	149	87
Totals	\$580	\$492

Garage and Maintenance Building—Mt. Whitney Hatchery. The minor projects item includes \$130,000 to provide a 2,500 square foot garage to house three fish planting trucks at Mt. Whitney Hatchery. The proposal includes space for three trucks, a vehicle lubrication and wash area, restrooms with shower stall, tire service center and a workshop area large enough to accommodate a truck. Our analysis indicates that the necessary

storage and service area for three trucks of the size indicated should not exceed 1,500 square feet. Assuming that the structure will be a pre-fabricated metal type building, and allowing a sufficient amount for equipment, we estimate that the structure should not cost more than \$68,000. Consequently, we recommend a reduction of \$62,000 for this project.

Car Garages—Hot Creek Hatchery. The budget includes \$12,500 to construct two garages for residences at the Hot Creek Hatchery. These residences, which were built in 1980 and 1981, do not have garages. The department indicates that the occupants of the residences share a small two-car garage which is also needed for storage. We recommend that funds for one of the garages (\$6,000) be deleted. Our visit to the Hot Creek Hatchery indicates that the existing garage is sufficient to serve one of the houses. While there is some cracking in the concrete slab of the garage, the overall condition of the garage does not indicate that it needs to be replaced at this time. Consequently, we recommend deletion of \$6,000 for one garage.

Laundry Room—Los Banos Wildlife Area. The budget includes \$10,000 to construct a new laundry room for the residence at the Los Banos Wildlife Area. Information provided by the department indicates that the laundry room will be an extension to the back bedroom of the residence. The proposed addition, however, would provide 200 square feet of space for the laundry room at a cost of \$50 per square foot. Our analysis indicates that 100 square feet should be more than sufficient for this function, and that the department should be able to construct this space for about \$20 per square foot, for a total cost of \$2,000. Consequently, we recommend deletion of \$8,000 for this project.

Energy Projects With Unsubstantiated or Minimal Energy Savings. A total of \$12,000 is provided under the minor capital outlay item for two energy projects that either lack an energy analysis or have a payback period exceeding the amount of time which the Legislature usually funds. Specifically, \$7,000 is being requested for energy saving modifications to four residences at Iron Gate Hatchery. The discounted payback associated with this project exceeds seven years, and the simple payback exceeds 10 years. Also, \$5,000 is being proposed for thermal windows and insulation for two residences at Trinity River Hatchery. The department indicates that increasing energy costs justify this project. However, no anticipated energy savings are identified in the proposal. Consequently, we recommend deletion of \$12,000 for these two projects.

Nimbus Hatchery Modernization

We withhold recommendation on Item 3600-301-200(e), working drawings, Nimbus Hatchery modernization, pending (1) the receipt of a report from the department on the ability of the Fish and Game Preservation Fund to finance the future construction of the project, and (2) the receipt of a revised cost estimate for the project.

The budget includes \$215,000 under Item 3600-301-200(e) for the preparation of working drawings to modernize the Nimbus Fish Hatchery. The department's proposal includes the demolition of existing earth rearing ponds, holding and nursery ponds and spawning facilities. New holding and gathering ponds, 66 concrete rearing ponds, a spawning building and an equipment and storage building would be constructed. The project also includes related piping and site development work.

To date, a total of \$163,000 has been spent on the preparation of preliminary plans for the project. This includes \$45,000 from the Renewable

DEPARTMENT OF FISH AND GAME—CAPITAL OUTLAY—Continued

Resources Investment Fund and \$118,000 from the Energy and Resources Fund. The department originally intended to request funding to complete this project from the Energy and Resources Fund. The Governor's Budget, however, proposes to fund this project from the Fish and Game Preservation Fund.

We withhold recommendation because (1) it is not clear that the Fish and Game Preservation Fund will be able to finance the future construction of the project, and (2) a revised cost estimate on the project has not been completed.

Fish and Game Preservation Fund. After allowing for ongoing departmental operations and an adequate reserve for economic uncertainties, there are limited funds available in the Fish and Game Preservation Fund for capital outlay and other one-time expenditures. Over the past four years, capital outlay appropriations from the Fish and Game Preservation Fund have ranged from \$2 million to \$3.5 million dollars. The Nimbus project alone, however, would require an expenditure of \$7.4 million for construction. In addition, the department has identified a second phase of the project which is estimated to cost \$2.8 million. It is not clear if there will be sufficient funds in the Fish and Game Preservation Fund to finance the completion of the Nimbus project. This is reinforced by the fact that in the budget year, the department indicates that it is deferring construction on the Hot Creek pond replacement project because of limited funds and higher departmental priorities.

During hearings on the 1982 Budget Bill, the department assured the Legislature that a comprehensive revision to existing statutory license fees and commercial tax rates would be sought in 1983. Projected revenue increases from these sources, however, are not reflected in the budget. The issue of revenue projections for the Fish and Game Preservation Fund is discussed further as part of our analysis of the department's support budget (Item 3600).

Until the department clarifies the availability of revenue to the Fish and Game Preservation Fund and addresses the ability of the fund to cover the construction cost of this project, no additional funds should be spent on the preparation of plans. Consequently, we withhold recommendation on this item.

Cost Estimates. A revised cost estimate has not been prepared for this project. An estimate based on completed preliminary plans was prepared by the OSA in March 1982. This document, however, has not been updated to the 1983-84 price levels. Consequently, we have no basis for judging the adequacy of the funding proposed to complete working drawings.

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

Item 3640 from the Wildlife
Restoration Fund

Budget p. R 96

Requested 1983-84	\$1,783,000
Estimated 1982-83	Not Comparable
Actual 1981-82	Not Comparable
Requested support increase (excluding amount for salary increases) \$84,000 (+19.4 percent)	
Total recommended reduction	\$1,265,000

1983-84 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
3640-001-447—Support		Wildlife Restoration	\$518,000
3640-101-447—Local Assistance		Wildlife Restoration	1,265,000
Total			\$1,783,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. *Pier Development. Reduce Item 3640-101-447 by \$1,265,000.* Recommend reduction to delete funds for pier development and restoration work due to lack of supportive information concerning these projects.

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GENERAL PROGRAM STATEMENT

The Wildlife Conservation Board (WCB) was created in 1947. It acquires property to protect and preserve wildlife and provide fishing, hunting, and recreational access facilities.

The board is composed of the Director of Fish and Game, the Chairman of the Fish and Game Commission, and the Director of Finance. In addition, three members of the Senate and three members of the Assembly serve in an advisory capacity. The board has nine authorized positions in the current year.

The board's activities are financed through appropriations from the Wildlife Restoration Fund, which receives annually \$750,000 in horse race license revenue that would otherwise go to the General Fund. The Wildlife Restoration Fund also receives revenues from surplus money investments plus reimbursements for those projects that are eligible for support from the federal Land and Water Conservation Fund. In prior years, the board has also received funds from:

1. The Nejedly-Hart State, Urban, and Coastal Bond Act of 1976.
2. The Department of Water Resources, for State Water Project mitigation by acquisition of wildlife habitat.
3. Budget Act appropriations to the Department of Fish and Game from the Environmental License Plate Fund and Energy and Resources Fund specifically for acquisition of ecological reserves and habitat for rare and endangered species.

The board has 9 staff positions authorized in the current year.

WILDLIFE CONSERVATION BOARD—Continued**ANALYSIS AND RECOMMENDATIONS**

The budget proposes an appropriation of \$518,000 from the Wildlife Restoration Fund (Item 3640-001-447) for WCB staff and operating expenses in 1983–84. This is an increase of \$84,000, or 19 percent, above estimated current-year expenditures. The increase will be even larger to the extent that any salary or staff benefit increases are approved for the budget year.

The budget, for the first time, requests funds from the Wildlife Restoration Fund for local assistance. This request, which amounts to \$1,265,000, is scheduled in the Budget Bill (along with other capital outlay projects financed from the Wildlife Conservation Fund) because of Ch 1284/78 (Government Code Section 13340), which abolishes most continuing appropriations, effective July 1, 1983.

Much of the increase budgeted for support of the WCB is for higher pro rata expenses (\$44,000). Another \$24,000 is proposed for an associate land agent (0.5 personnel-years) that is currently funded by the Department of Water Resources (DWR) to perform acquisition work for the San Jacinto Wildlife Area mitigation project. The WCB indicates that in 1983–84, this partial position will be utilized for full-time acquisition and development projects financed from the Wildlife Restoration Fund. The remaining \$16,000 of the requested increase is for the increased cost of merit salary adjustments, staff benefits, and general operating expenses.

Information on Pier Projects Not Available

We recommend a reduction of \$1,265,000 in Item 3640-101-147 to delete state funding proposed for the Oceanside, Pismo Beach, and Santa Monica pier renovation projects, due to the absence of any information on (1) the extent of disrepair at these facilities, (2) project scope and design, (3) repair cost estimates, and (4) the potential availability of private funding to finance this renovation work on a shared cost basis.

The \$1,265,000 requested for local assistance would be used to finance pier renovation and development projects at Oceanside (\$500,000), at Pismo Beach (\$500,000), and at the City of Santa Monica (\$235,000). In the past, the WCB has financed pier development projects on a 50/50 shared cost basis with local governments.

No information is available on any of these three pier facilities. Lacking information justifying the project and substantiating the proposed scope and funding level, we are unable to recommend that these funds be approved. Consequently, we recommend that the \$1,265,000 requested in the budget be deleted.

In the event the Legislature wishes to consider funding for these projects, we believe it is imperative that it first receive an evaluation of the potential for obtaining private funding to cover part of the costs of the proposed renovation work that would benefit restaurants and other commercial enterprises located on the Santa Monica Pier. To the extent these businesses benefit significantly from the pier renovation, it may be appropriate to require that they cover part of the project's cost. This would reduce the amount of state funds required to complete the project.

WILDLIFE CONSERVATION BOARD—CAPITAL OUTLAY

Item 3640-301 from the Wildlife
Restoration Fund

Budget p. R 98

Requested 1983-84	\$2,678,000
Recommended approval	2,428,000
Recommended reduction	\$ 250,000

ANALYSIS AND RECOMMENDATIONS**Wildlife Restoration Program**

We recommend that Item 3640-301-447 (d), miscellaneous projects, be deleted because the board has sufficient flexibility to deal with unforeseen problems, and does not need a specific contingency appropriation, for a savings of \$250,000.

The budget proposes \$2,678,000 from the Wildlife Restoration Fund for acquisition and development projects for the Wildlife Conservation Board. Prior to the budget year, these funds were continuously appropriated to the board for the purposes of the Wildlife Conservation Law of 1947.

The expenditures proposed for the budget year can be divided into the four categories described below. Our analysis indicates, however, that the amounts which appear in the Budget Bill and which are discussed below do not match the project descriptions which appear in the Governor's Budget. The Department of Finance should explain this discrepancy.

Project Planning. The budget provides \$15,000 under Item 3640-301-447 (a) for project planning, including project evaluation, preliminary land acquisition costs and engineering studies. We recommend approval.

Land Acquisitions. The budget proposes \$1,310,000 under Item 3640-301-447 (b) for land acquisition which would expand existing wildlife areas, preserve coastal and inland riparian habitats, and upland habitat. The board has identified 14 parcels of land in 16 counties for possible acquisition in 1983-84.

The board indicates that \$1,110,000 of the proposed funds will probably be used to acquire the following four parcels:

- Arroya de la Cruz, San Luis Obispo County (250 acres)
- Sacramento River Area, Butte, Colusa, Glenn and Tehama Counties (300 acres)
- Lake Earl/Talawa, Del Norte County (50 acres)
- Mendota Wildlife Area, Fresno County (150 acres)

The board also plans to maintain a reserve of \$200,000 for opportunity purchases. We recommend approval of the acquisition funds.

Development Projects. The board indicates that the \$1,103,000 proposed under Item 3640-301-447 (c) will be used for 14 projects to improve public access to and use of coastal waters, rivers, streams, bays, lakes and reservoirs. The proposed projects range in cost from \$3,000 to \$140,000, and would provide for pier construction, fish habitat enhancement, access roads, parking and sanitary facilities, public safety projects, and trail development. We recommend approval.

Miscellaneous Projects. Item 3640-301-447 (d) provides \$250,000 as a contingency reserve for miscellaneous, unidentified problems which may

WILDLIFE CONSERVATION BOARD—CAPITAL OUTLAY—Continued

arise in the budget year, and for projects that may be undertaken with local agencies.

The Budget Bill contains language which permits the board to shift funds between categories under Item 3640-301-447, provided 30 days' prior notification has been given to the Chairperson of the Joint Legislative Budget Committee by the Department of Finance. Furthermore, the board has the flexibility to shift funds within a category without having to give prior notification. These provisions would seem to allow the board sufficient flexibility to deal with unforeseen problems and opportunities. For this reason, a separate contingency appropriation should not be needed, and we recommend deletion of the \$250,000 requested for miscellaneous projects.

WILDLIFE CONSERVATION BOARD—REAPPROPRIATION

Item 3640-490 from the State,
Urban, and Coastal Park Fund

Budget p. R 98

ANALYSIS AND RECOMMENDATIONS

We recommend deletion of Item 3640-490.

Item 3640-490 proposes reappropriation, until June 30, 1984, of the following nine Wildlife Conservation Board projects funded from the State, Urban, and Coastal Park Fund:

- (1) Item 510(a), Budget Act of 1978—Coastal wetlands, acquisition; provided, these funds may also be used for development.
- (2) Item 510(c), Budget Act of 1978—Interior wetlands a riparian habitat, acquisition; provided, these funds may also be used for development.
- (3) Item 3640-301-742(a), Budget Act of 1982—Development, Lake Earl.
- (4) Item 3640-301-742(b), Budget Act of 1982—Development, Grisley Island.
- (5) Item 3640-301-742(c), Budget Act of 1982—Development, Hill Slough.
- (6) Item 3640-301-742(d), Budget Act of 1982—Development, Petaluma Marsh.
- (7) Item 3640-301-742(e), Budget Act of 1982—Development, Bair Island.
- (8) Item 3640-301-742(f), Budget Act of 1982—Development, Toy Property.
- (9) Item 3640-301-742(g), Budget Act of 1982—Development, Elkhorn Slough Estuarine Sanctuary.

The funds for acquisition and development under categories (1) and (2) were reappropriated by both the 1981 Budget Act and the 1982 Budget Act for periods of one year. The 1982 Budget Act limited the reappropriated amount to \$3,254,000. The remaining projects were funded for the first time in 1982-83.

The budget shows all of these funds as being spent by the end of the current year. Consequently, no reappropriation should be needed, and we recommend that the item be deleted.

Resources Agency
DEPARTMENT OF BOATING AND WATERWAYS

Item 3680 from the General

Fund and special funds

Budget p. R 99

Requested 1983-84	\$27,283,000
Estimated 1982-83	22,383,000
Actual 1981-82	21,517,000
Requested increase (excluding amount for salary increases) \$4,900,000 (+21.9 percent)	
Total recommended transfer to the Department of Parks and Recreation	\$2,000,000
Recommendation pending	\$475,000

1983-84 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
3680-001-001—Support		General	\$258,000
3680-001-516—Support		Harbors and Watercraft Revolving	3,012,000
3680-101-190—Local Assistance, Beach Erosion Control		Resources Account, Energy and Resources	3,484,000
3680-101-516—Local Assistance, Boating Facilities		Harbors and Watercraft Revolving	20,529,000
Total			\$27,283,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONSAnalysis
page

1. *Reduce Item 3680-101-516(b) by \$2,000,000.* Recommend (a) reduction of \$2,000,000 in Item 3680-101-516(b) by deferring until 1984-85 that amount of the loan proposed for the South Beach Small Craft Harbor Project in San Francisco and (b) transfer of \$2,000,000 to the Department of Parks and Recreation to finance costs that are charged improperly to the General Fund. 616
2. *Buhne Point Beach Erosion Control.* Recommend adoption of supplemental report language directing the department to coordinate the Buhne Point Beach Erosion Control Project with adjacent work to be undertaken by the Pacific Gas and Electric Company, in order to provide for an integrated project. 618
3. *Bolinas Beach Erosion Control.* Withhold recommendation on Item 3680-101-190(d). Recommend that the department report, at the time of budget hearings, on the appropriate amount of local public agency participation in covering the costs of the Bolinas Beach Erosion Control Project, and that Item 3680-101-190 be reduced accordingly. 619

GENERAL PROGRAM STATEMENT

The Department of Boating and Waterways (1) constructs boating facilities for the state park system and State Water Project reservoirs, (2) makes loans to public and private marina operators to finance the develop-

DEPARTMENT OF BOATING AND WATERWAYS—Continued

ment of small craft harbors and marinas, (3) makes grants to local agencies for boat launching facilities, boating safety, and law enforcement, (4) coordinates boating education programs, and (5) coordinates the work of other state and local agencies and the U.S. Corps of Engineers in implementing the state's beach erosion control program.

Chapter 263, Statutes of 1982, designated the department as the lead state agency to cooperate with the U.S. Corps of Engineers and other agencies in controlling water hyacinth in the Sacramento-San Joaquin Delta and the Suisun Marsh.

The department has 63.4 authorized positions.

ANALYSIS AND RECOMMENDATIONS

The budget proposes appropriations of \$27,283,000 from the General Fund and special funds for Department of Boating and Waterways support and local assistance in 1983–84. This is an increase of \$4,900,000, or 22 percent, over estimated current-year expenditures. This increase will be even larger if any salary or staff benefit increases are approved for the budget year.

The size of the proposed increase in department expenditures is due, in part, to a major increase in expenditures from the Energy and Resources Fund for beach erosion control projects. It also reflects the fact that the revenues received by the department's main funding source, the Harbors and Watercraft Revolving Fund, are dedicated by statute primarily to departmental purposes. The department's expenditures, therefore, tend to rise in step with increases in the available resources of the fund.

Table 1 summarizes the proposed 1983–84 budget changes, by fund.

Table 1
Department of Boating and Waterways
Proposed Budget Changes
1983–84
(in thousands)

	<i>General Fund</i>	<i>Harbors and Watercraft Revolving Fund</i>	<i>Energy and Resources Fund</i>	<i>Other Funds</i>	<i>Totals</i>
1982–83 Base Budget (Revised)	\$247 ^a	\$21,501	\$585	\$65 ^{b,c}	\$22,398
A. Changes in loan and grant programs					
1. Loans for marina development					
(a) To public agencies	—	797	—	—	797
(b) To private operators	—	–200	—	—	–200
2. Grants to local governments					
(a) For boat launching facilities.....	—	794	—	—	794
(b) For boating safety and law enforcement.....	—	439	—	—	439
(c) For beach erosion control.....	—	—	2,899	–50 ^b	2,849
B. Miscellaneous adjustments.....	11	210	—	—	221
Total 1983–84 Changes	\$11	\$2,040	\$2,899	–50 ^b	\$4,900
1983–84 Proposed Budget	\$258	\$23,541	\$3,484	\$15 ^c	\$27,298

^a The total estimated expenditure for 1982–83 does not reflect the 2 percent unallotment directed by Executive Order D-1-83.

^b Consists of \$50,000 from the Environmental License Plate Fund.

^c Consists of \$15,000 in reimbursements.

The major program changes shown in Table 1 include (1) an increase of \$2,899,000 for beach erosion control projects, to be funded from the Energy and Resources Fund, (2) a net increase of \$597,000 in loans for public and private marina development, to be funded from the Harbors and Watercraft Revolving Fund, and (3) an increase of \$1,233,000 in grants to local governments for boat launching facilities and boating safety, also proposed for funding from the Harbors and Watercraft Revolving Fund.

Total revenues to the department in 1983-84 are estimated at \$22,058,000. The principal sources of these revenues are (1) \$10,800,000 from boater gasoline taxes, which is allocated to the department from the Motor Vehicle Fuel Account, (2) \$4,116,000 from boat registration fees, (3) \$2,900,000 in interest from the Surplus Money Investment Fund, and (4) \$3,512,000 in interest and principal repayments from prior loans.

Fund Balances In Excess of Needs

The budget projects a June 30, 1984, accumulated surplus of \$145,000 in the Harbors and Watercraft Revolving Fund. In past years, the department has consistently underestimated the surpluses in the fund at the end of each fiscal year. For example, the budget for 1981-82 projected a June 30, 1982, accumulated surplus of \$296,476. A year later, the surplus was estimated to be \$6,130,000. The actual surplus at the end of 1981-82 was \$9,554,000. Estimated and actual surpluses for recent years are shown in Table 2.

Table 2
Harbors and Watercraft Revolving Fund
Estimated and Actual End-of-Year Surpluses

	<i>Budgeted Surplus</i>	<i>Current-Year Estimated Surplus</i>	<i>Actual Year-End Surplus</i>
1979-80.....	\$1,224,000	\$4,739,000	\$9,550,000
1980-81.....	51,000	5,690,000	9,357,000
1981-82.....	296,000	6,130,000	9,554,000
1982-83.....	1,009,000	4,936,000	—
1983-84.....	145,000	—	—

Based on past experience, we anticipate that ending balances for 1982-83 and 1983-84 will be much higher than the amounts shown in the Governor's Budget. We believe the department consistently understates the year-end surplus because (1) it is overly conservative in estimating receipts and transfers to the fund, (2) it has failed to make allowances for the reversion of previous appropriations, and (3) on occasion it has requested more money for a project than it needs for a given fiscal year. The department's practice of requesting more funds for some projects than the amounts needed tends to obscure the actual amount of money available in the Harbors and Watercraft Revolving Fund for allocation by the Legislature.

The budget for 1983-84 contains an example of the department's propensity to request more money than it needs. Although the budget requests \$6,500,000 for a loan in support of a marina project in San Francisco, the amount of cash needed by the project in the budget year should be substantially less than this amount. In this *Analysis*, we recommend that a portion of these funds be used to reduce demands on the General Fund.

DEPARTMENT OF BOATING AND WATERWAYS—Continued**Loans for Public Marinas and Harbor Development**

The budget requests \$20,529,000 from the Harbors and Watercraft Revolving Fund (Item 3680-101-516) for grants and loans in support of various local boating projects, as well as for local boating safety and enforcement programs. This is an increase of \$1,830,000, or 9.9 percent, over estimated current-year expenditures.

The requested amount is proposed to be allocated as follows: (1) \$13,297,000 for small craft harbor loans, (2) \$4,077,000 for launching facility grants, and (3) \$3,155,000 as state assistance for boating safety and law enforcement programs.

Small Craft Harbor Loans. As shown in Table 3, the budget proposes \$13,097,000 in loans to fund five marina and harbor development projects which are being undertaken by local agencies, \$100,000 for statewide planning, and \$100,000 for emergency storm repairs. Environmental impact statements for the projects have been completed, and in each case approval has been secured from the appropriate state agencies.

Table 3
Small Craft Harbor Loans
1983-84

<i>Project</i>	<i>Status</i>	<i>Amount</i>
1. Oyster Point Marina, South San Francisco	Improvements	\$497,000
2. Santa Cruz Harbor, Santa Cruz	Final Phase	700,000
3. South Beach, San Francisco	New	6,500,000
4. Spud Point, Bodega Bay	Final Phase	1,400,000
5. Cabrillo Beach Marina, Port of Los Angeles	Final Phase	4,000,000
6. Unspecified Planning	—	100,000
7. Emergency Storm Repairs	—	100,000
Total		\$13,297,000

Delete Excess Funds from South Beach Marina Project

We recommend a reduction of \$2,000,000 in Item 3680-101-516(b) requested for a loan to the South Beach Marina Project in San Francisco, because the project will not require the full amount proposed for 1983-84. We further recommend the \$2,000,000 be transferred to the budget of the Department of Parks and Recreation and that General Fund support budgeted for the department be reduced by that amount.

The budget requests \$6,500,000 for the South Beach Marina project in 1983-84 and proposes that an additional \$1,500,000 be allocated for the project in 1984-85.

Our analysis indicates that the cash needs of the project will almost certainly be less than \$4,500,000 in 1983-84. Accordingly, we recommend that the appropriation be reduced from \$6,500,000 to \$4,500,000. This amount will more nearly match the funding of the project with the schedule of loan disbursements.

The recommended funding level would allow the proposed project to proceed on schedule. The balance of the funding needed to complete the project, \$3,500,000, could be deferred until 1984-85. It also would allow the Legislature to appropriate an additional \$2,000,000 from the Harbors and Watercraft Revolving Fund to the Department of Parks and Recreation to properly fund costs incurred by the department in providing for boat-

ing use in state park units. Such an appropriation would permit the Legislature to save a like amount of General Fund money. Further discussion of this recommendation appears on page 645 of the *Analysis*.

Grants for Launching Facilities Development. The budget proposes \$4,077,000 in grants to local government for construction of boat launching ramps, restrooms, and parking areas. All of the necessary environmental documentation for the projects has been completed. The specific projects to be funded are shown in Table 4. Our review indicates that the projects and amounts requested for them are justified.

Table 4
Launching Facility Grants
1983-84

<i>Project</i>	<i>Status</i>	<i>Amount</i>
1. Alameda.....	New Facility	\$125,000
2. Basso Bridge.....	New Facility	75,000
3. Big Bear Lake, East	New Facility	470,000
4. Butte City	New Facility	200,000
5. Cachuma Lake.....	Improvements	400,000
6. Dos Reis.....	New Facility	100,000
7. Elizabeth Lake.....	Improvements	244,000
8. Floating Restrooms (statewide)	New Facility	150,000
9. Hartley Lake	Improvements	143,000
10. Hirz Bay, Shasta Lake	Improvements	320,000
11. Ice House Reservoir	Improvements	70,000
12. Lake Alpine	New Facility	133,000
13. Lake Piru	Improvements	472,000
14. Launching Facility Repairs (statewide)	Improvements	100,000
15. Salton City	Improvements	80,000
16. Skinner Lake	New Facility	400,000
17. Tomales Bay, Miller Park	Improvements	160,000
18. Tower Park Marina	New Facility	400,000
19. Union Valley.....	Improvements	35,000
Total		<u>\$4,077,000</u>

Grants for Boating Law Enforcement. The department requests \$3,155,000 to provide grants for local boating safety and enforcement programs in 30 jurisdictions where nonresidents use boats extensively. This is an increase of \$439,000, or 16 percent, over estimated current-year expenditures.

The amounts of the grants are calculated on the basis of a formula set forth in the Harbors and Navigation Code (Section 663.7). Actual payments are based on expenditure claims filed by localities with the department on a quarterly basis. The grants are consistent with applicable law, and we recommend that funding for them be approved.

Beach Erosion Control

The objective of the Beach Erosion Control program is to mitigate coastal erosion and to develop shoreline protection measures. The program involves cooperative efforts with federal, state, and local agencies in connection with both research and erosion control projects.

Staff for the Beach Erosion Control program is supported from the General Fund (Item 3680-001-001). For 1983-84, the department requests \$258,000 for staff support, an increase of \$11,000, or 4.5 percent, above estimated current-year expenditures. Our analysis indicates that the

DEPARTMENT OF BOATING AND WATERWAYS—Continued

proposed amount is appropriate.

The budget also proposes an appropriation of \$3,484,000 from the Resources Account in the Energy and Resources Fund (Item 3680-101-190) to fund four beach erosion control projects, which are discussed below.

Imperial Beach Project. The budget requests funding for the fourth stage of a major ongoing beach stabilization project in southern San Diego County. Specifically, it proposes \$1,225,000 to cover the state's share of project costs in 1983-84. The U.S. Corps of Engineers will provide \$3,250,000 and the City of Imperial Beach will contribute another \$1,225,000. The project consists of constructing a submerged breakwater parallel to the shore and extending an existing groin for sand retention. We recommend approval of the amount proposed which is needed if the state is to participate in the federal project as provided by state law.

Surfside-Sunset Beach Project. The budget proposes \$1,289,000 to cover the department's share of the costs from this major ongoing sand replenishment project in Orange County. An additional \$689,000 is requested from the Resources Account in the Energy and Resources Fund in the Department of Parks and Recreation's budget. The U.S. Corps of Engineers will provide \$5,418,000 and Orange County will contribute \$599,700 toward the project in the budget year. The project consists of the placement of 1.5 million cubic yards of sand at Surfside-Sunset Beach. The subsequent littoral transport of sand is expected to nourish downcoast beaches, including Bolsa Chica and Huntington State Beaches, for approximately five years. We recommend approval of the amount proposed for participation in this federal project.

Buhne Point Project

We recommend adoption of supplemental report language directing the department to coordinate the Buhne Point Erosion Control Project with adjacent work to be undertaken by the Pacific Gas and Electric Company, in order to provide for an integrated project.

The budget proposes \$495,000 to cover the state's share of costs from this shore protection project near the entrance to Humboldt Bay in Humboldt County. The county will contribute \$155,000 to the project. The project involves the construction of two groins and the reshaping of the existing rock revetment along the shore near Buhne Point. The completed project will provide protection from damaging wave action to public roads and utilities serving the King Salmon Harbor community. The proposed groins will also effectively eliminate shoaling that periodically blocks the channel entrance to King Salmon Harbor and the cooling water intake for an adjacent power plant owned by the Pacific Gas and Electric Company.

The department informs us that Pacific Gas and Electric plans to spend \$535,000 for additional erosion mitigation work in the vicinity of its plant. However, it is not clear from the information provided to what extent the company's planned activities and the work proposed by the department are related and will be coordinated. To assure that these activities are integrated properly, we recommend adoption of the following supplemental report language:

"The department shall coordinate the Buhne Point Erosion Control Project with adjacent erosion control work by the Pacific Gas and Electric Company in order to provide for an integrated project."

Bolinas Beach Project

We withhold recommendation on Item 3680-101-190(d), Bolinas Erosion Control Project. We recommend that the department report, at the time of budget hearings, on the appropriate amount of local public agency participation in financing the costs of the Bolinas Erosion Control Project, and that Item 3680-101-190 be reduced accordingly.

The budget proposes \$475,000 as the state's share of a shore protection project to be undertaken in the vicinity of Bolinas in Marin County. The Bolinas Cliff and Beach Association, a group of private property owners, will contribute \$158,000 to the project.

The project involves the reconstruction of a storm-damaged groin and replacement of a damaged bulkhead wall along the base of the bluffs east of Duxbury Point. The completed project will protect private homes, public roads, and utilities near the head of the bluffs.

The proposed project makes no allowance for financial participation by a local public agency. Such participation is customary in projects of this type and appears to be appropriate for this project.

DEPARTMENT OF BOATING AND WATERWAYS—CAPITAL OUTLAY

Item 3680-301 from special funds

Budget p. R 106

Requested 1983-84	\$994,000
Recommend approval	994,000

ANALYSIS AND RECOMMENDATIONS

The budget proposes two appropriations totaling \$994,000 for Department of Boating and Waterways capital outlay projects in 1983-84. Financing for these projects would be derived from two special funds.

Item 3680-301-516—Harbors and Watercraft Revolving Fund	\$509,000
(a) Project planning	20,000
(b) Minor capital outlay	489,000

We recommend approval.

Schedules (a) and (b) finance planning work and minor capital outlay projects (boarding floats, launching ramps, and miscellaneous improvements) proposed by the Department of Boating and Waterways for funding from the Harbors and Watercraft Revolving Fund. Projects are proposed at (1) Bidwell River State Park, (2) Brannan Island, (3) Lake Tahoe, (4) Folsom Lake, (5) Millerton Lake, (6) Lake Elsinore, and (7) Noyo Harbor, and for unspecified emergency boat ramp repairs or extensions. These projects meet criteria established for minor capital outlay funding, and our analysis indicates they are reasonable in scope and cost.

Item 3680-301-742—State, Urban, and Coastal Park Bond Fund.....	\$485,000
(a) Project planning	20,000
(b) Minor capital outlay	465,000

We recommend approval.

This item finances planning work and minor capital outlay projects

DEPARTMENT OF BOATING AND WATERWAYS—CAPITAL OUTLAY—Continued

(boarding floats, launching ramps, and miscellaneous improvements) proposed by the Department of Boating and Waterways for funding from the State, Urban, and Coastal Park Bond Fund. Projects are proposed at (1) Castaic Lake, (2) Davis Lake, (3) Lake Oroville, and (4) Perris Lake, and for unspecified emergency boat ramp repairs and extensions. The proposed projects meet criteria established for minor capital outlay funding and appear to be reasonable in scope and cost.

**Resources Agency
CALIFORNIA COASTAL COMMISSION**

Item 3720 from the General Fund and special funds Budget p. R 107

Requested 1983-84	\$6,315,000
Estimated 1982-83.....	7,094,000
Actual 1981-82	6,668,000
Requested decrease (excluding amount for salary increases) —\$779,000 (—11.0 percent)	
Total recommended reduction	80,000
Recommendation pending	\$622,000

1983-84 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
3720-001-001—Support		General	\$5,763,000
3720-001-140—Support		Environmental License Plate	272,000
3720-101-001—Local Assistance		General	280,000
3720-111-001—Legislative Mandates		General	(400,000)
3720-001-890—Support		Federal Trust	(31,000)
Total			\$6,315,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Coastal Policy and Energy Planning Activities. Withhold recommendation on (a) \$442,000 requested in Item 3720-001-001 for the Statewide Planning and Support Studies element and (b) the transfer of coastal energy planning responsibility to the Office of Planning and Research (OPR), pending receipt of additional information. Recommend that the administration and the commission, prior to budget hearings, specify which coastal policy and energy planning functions will be: (a) performed by OPR, (b) retained by the commission, and (c) eliminated. Further recommend that the administration and the commission, prior to budget hearings, explain what effect, if any, a reassignment of planning responsibilities will have on the commission's ability to discharge its lawful duties.
2. *Coastal Resource Information Center. Reduce Item 3720-*

624

625

001-140 by \$80,000. Recommend deletion of funds because the commission advised the Legislature that the costs of establishing the center could be absorbed within existing resources.

3. Local Assistance and Legislative Mandates. Withhold recommendation on \$180,000 in Item 3720-101-001 for local coastal programs (LCP) development grants to local governments, pending clarification by the commission of how much will be needed to fund local governments' coastal-related costs in 1983-84. Recommend that the commission and the Department of Finance report to the Legislature on the need to continue two separate appropriations for LCP costs mandated by the state. 626

GENERAL PROGRAM STATEMENT

The California Coastal Commission administers the state's coastal management program pursuant to the 1976 Coastal Act, as amended. The two principal elements of this program involve the preparation of local coastal programs (LCPs) and the regulation of development in the 67 local jurisdictions in the coastal zone.

In addition, the Coastal Commission is the designated state coastal management agency for the purpose of administering the federal Coastal Zone Management Act within the state. Under this federal law, the commission administers the Coastal Energy Impact Program (CEIP), and exercises authority over some federal activities that otherwise would not be subject to state control.

The commission has 15 members, consisting of 6 public members, 6 elected local officials, and 3 ex-officio members representing state agencies. The commission is headquartered in San Francisco, and has five district offices located in key coastal areas. The commission has authorization for 171 personnel-years in the current year.

ANALYSIS AND RECOMMENDATIONS

The budget proposes total General Fund expenditures of \$6,043,000 in support of the California Coastal Commission in 1983-84. This is \$893,000, or 13 percent, less than estimated expenditures in the current year. The proposed level of expenditures, however, makes no allowance for the cost of any increase in salary or staff benefits that may be approved for the budget year. Nor do estimated expenditures in the current year reflect the 2 percent unallotment directed by Executive Order D-1-83.

The General Fund request for 1983-84 includes \$280,000 for local assistance and \$5,763,000 for state operations.

The budget requests \$272,000 from the California Environmental License Plate Fund, which is \$114,000, or 72 percent, above estimated current-year expenditures from the fund.

Total expenditures, including expenditures from federal funds and reimbursements, are expected to be \$6,386,000 in 1983-84, which is \$3,032,000, or 32 percent, less than estimated total expenditures in the current year. The major reason for the reduction in total expenditures is the anticipated loss of \$2,253,000 in federal funds during 1983-84.

CALIFORNIA COASTAL COMMISSION—Continued

Table 1
California Coastal Commission
Major Program Changes by Fund
(dollars in thousands)

	<i>General Fund</i>	<i>Environ- mental License Plate Fund</i>	<i>Federal Funds</i>	<i>Reimburse- ments</i>	<i>Totals</i>
1982-83 Base Budget (Revised)	\$6,936	\$158	\$2,284	\$40	\$9,418 ^a
A. Program Changes					
1. Coastal development regulation	—	—	-258	—	-258
2. Local coastal program preparation and implementation	—	—	-799	—	-799
3. Loss of federal OCZM funds	—	—	-383	—	-383
4. San Francisco Bay Conservation and Development Commission grant (Item 3820)	—	—	-311	—	-311
5. Coastal access program	—	34	—	—	34
6. Loss of federal CEIP funds	—	—	-502	—	-502
B. Workload Changes					
1. Statewide policy planning trans- ferred to OPR	-426	—	—	—	-426
2. Ch 1470/82 implementation	—	80	—	—	80
3. Elimination of legal positions	-194	—	—	—	-194
4. Coastal energy planning transferred to OPR	-150	—	—	—	-150
C. Administrative Changes					
1. Shift of legislative mandates	-400	—	—	—	-400
2. Baseline and miscellaneous changes	277	—	—	—	277
Totals, 1983-84 Budget Changes..	-\$893	\$114	-\$2,253	—	-\$3,032
Totals, 1983-84 Proposed Budget	\$6,043	\$272	\$31	\$40	\$6,386

^a Estimated expenditures in 1982-83 do not reflect the 2 percent unallotment directed by Executive Order D-1-83.

Program Changes

Table 1 summarizes the significant program changes proposed in the budget for 1983-84. Some of the more important of these changes are as follows:

Loss of Office of Coastal Zone Management (OCZM) Funds. The budget reflects the loss of \$1,751,000 (20 personnel-years) in OCZM funds due to the termination of federal financial assistance under the Coastal Zone Management Act. The commission has used OCZM funding primarily to assist local governments in completing their LCPs. In the current year, \$720,000 of OCZM funds were provided to local governments for this purpose.

OCZM funds are also being used in the current year (1) to help defray the costs of regulating coastal development prior to LCP certification (\$258,000), (2) to provide staff assistance to local governments in meeting their Coastal Act responsibilities (\$79,000), (3) to perform planning and support studies on issues affecting more than one local government and which are necessary to the commission's LCP and regulatory work (\$383,000) and (4) to partially fund the coastal regulatory and management activities of the San Francisco Bay Conservation and Development Commission (\$311,000).

Loss of Coastal Energy Impact Program Funds. The budget reflects the loss of all but \$31,000 in Coastal Energy Impact Program (CEIP) funds, a reduction of \$502,000 from the estimated 1982-83 level. The CEIP is being terminated by the federal government. In the past, the commission has provided CEIP funding to other state agencies and local governments to support planning in connection with coastal energy development, mitigate adverse impacts from such development, and finance facilities and services required as a result of exploration and development on the federal Outer Continental Shelf. The \$31,000 proposed for the budget year will be used to phase out the program.

Energy and Policy Planning. The budget proposes the removal of all coastal policy and energy planning functions currently performed by the commission. This results in a \$426,000 General Fund reduction (11.7 personnel-years) in the Statewide Planning and Support Studies element, and a \$150,000 General Fund (7 personnel-years) reduction in the Coastal Energy Planning and Regulation element. These planning activities have been assigned to and are to be absorbed within the budget of the Governor's Office of Planning and Research (OPR).

Shift of Legislative Mandates. The Coastal Act provides for the reimbursement of mandated local costs that are directly related to the planning and implementation of LCPs. Prior Budget Acts have appropriated \$400,000 from the General Fund directly to the commission for this purpose. The 1983-84 budget for the commission does not include funds to reimburse local governments for these costs. Instead, the budget requests that the funds be provided in a separate state-mandated local program appropriation.

Other Changes. The budget includes \$80,000 from the California Environmental License Plate Fund to establish a coastal resource information center and finance the preparation of a guide to coastal resources, pursuant to Ch 1470/82. In addition, three attorney and 1.5 clerical support positions are proposed for elimination from the Statewide Planning and Support Studies element, resulting in a \$194,000 General Fund reduction.

These changes reflect, in part, *planned* scaling-down of the Coastal Commission's permit and regulatory activities and, in part, *policy decisions* made by the new administration. The long-term strategy of the commission has been to cutback on its expenditures and staffing as more local governments complete their LCPs. This strategy was first implemented in 1981-82, and is continuing in the current year. Based on the commission's projections of LCP completions in 1983-84 and a 1978 Department of Finance study of the commission's staffing needs, we estimate that the permit and LCP workload of the commission should decline sufficiently to offset the loss of federal OCZM funds formerly expended for such activities, thereby avoiding the need for a compensating increase in General Fund support during 1983-84.

The reassignment of coastal policy and energy planning activities to the Office of Planning and Research (OPR) reflects a policy decision on the part of the new administration that coastal land use and offshore energy development planning are more appropriately performed by OPR. This proposed shifting of responsibilities is discussed in more detail below. Similarly, the elimination of three attorney positions reflects the administration's decision to place greater emphasis on the provision of legal services on a centralized basis through the state Attorney General's office, rather than by attorneys in line agencies.

CALIFORNIA COASTAL COMMISSION—Continued**Coastal Policy and Energy Planning Responsibilities**

We defer recommendation on (1) \$442,000 requested in Item 3720-001-001 for the Statewide Planning and Support Studies element and (2) the proposed transfer of coastal energy planning responsibility to OPR. We further recommend that the administration and the commission report to the Legislature, prior to budget hearings, on precisely which coastal policy and energy planning activities will be (a) retained by the commission, (b) assumed by OPR, and (c) eliminated entirely, and what effect any changes from current practice will have on the commission's ability to fulfill its statutory obligations.

The assignment of coastal policy planning and energy planning activities to OPR represents a policy decision on the part of the new administration that planning for regional and statewide coastal land use and offshore energy development are more appropriately the responsibility of OPR. This proposal entails the elimination of \$426,000 (11.7 personnel-years) in General Fund support for the Statewide Planning and Support Studies element and \$150,000 (1 personnel-year) for the Energy Planning and Regulation element.

The Statewide Planning and Support Studies element provides background studies and technical support to the commission's LCP and permit units, and is responsible for supporting the development of commission policy on issues affecting more than one local government. In addition, this element performs the port, public works, state university, and energy facilities planning activities specifically assigned to the commission by the Coastal Act.

The proposed budget does not specify which of these responsibilities are to be assumed by OPR and which would be retained by the commission.

The Energy Planning and Regulation element has been involved in three major activities: (1) the implementation of special Coastal Act provisions relating to the siting and operation of refineries, electric power generating plants, marine terminals, oil and gas drilling, and other energy facilities in the coastal zone, (2) the exercise of the commission's "consistency review" authority for exploration and development activities on the federal Outer Continental Shelf (OCS) to determine whether the proposed actions comply with California Coastal Management program requirements, and (3) the development of policy statements regarding vessel traffic safety, air quality, oil spill containment and cleanup, conflicts with commercial fishing, marina resources protection, and cumulative impacts. These studies guide the commission in its consideration of policies and development proposals offshore and on the federal OCS.

The budget would eliminate the Energy Planning and Regulation element entirely, transferring responsibility for these activities to OPR. This proposal reflects the administration's concern that planning for increased offshore and OCS development requires closer coordination with the other state environmental planning efforts that are conducted or coordinated by OPR.

In general, our analysis indicates that more coordination between these activities is needed. It appears, however, that the proposed transfer would also result in the commission, which is an independent regulatory body, being dependent on the OPR (over which it exercises no control) for the staff resources needed to carry out its statutory obligations relating to the

siting and operation of coastal-dependent energy facilities.

Furthermore, the commission asserts that the shift of staff support for the commission's consistency review authority from the commission to the OPR could result in the decertification of the California Coastal Management program by the U.S. Department of Commerce, causing the loss of consistency review authority. It is this authority which allows the commission to require exploration and development on the OCS to comply with the coastal regulations developed by the commission for offshore exploration and development.

There is some precedent for the proposal that the OPR assume responsibility for the development and coordination of offshore and OCS development policies. The OPR formerly functioned as the state's lead agency for developing offshore oil and gas policies, and as the coordinator of state OCS policies. In addition, the Legislature may wish to give guidance to the commission on how much the commission should extend the OCS consistency provisions of federal law to provide for state input on matters such as navigation, which are essentially federal responsibilities.

Because it is not clear what the effect of transferring coastal policy and energy planning activities from the commission to OPR would be given the information provided in the budget proposals to date, we are unable to offer a recommendation on either the \$442,000 requested in Item 3720-001-001 for funding of the Statewide Planning and Support Studies element or the proposed elimination of the Energy Planning and Regulation element. Accordingly, we withhold recommendation on these proposals.

To assure that the Legislature has the information it needs to consider these proposals, we recommend that the administration and the commission report, prior to budget hearings, on (1) precisely which coastal policy and energy planning activities will be retained by the commission, which will be assumed by OPR, and which will be eliminated, and (2) what impact any changes from current practice will have on the commission's ability to execute its statutory responsibilities.

Coastal Resource Information Center

We recommend deletion of \$80,000 requested in Item 3720-001-140 for a coastal resource information center, because the commission advised the Legislature when it was considering legislation authorizing the center that it could absorb any additional costs and that no appropriation would be needed.

Chapter 1470, Statutes of 1982, directed the commission to establish a coastal resource information center and to publish an educational guide to coastal resources. The budget requests \$80,000 from the California Environmental License Plate Fund and 2.0 personnel-years for this purpose. The information center is supposed to utilize a computerized information system to index pertinent studies and data on coastal resources, provide a referral service for ongoing studies, and serve as a data source for policy decisions. The resource guide is to be made available to the public at a reasonable cost and in a format that ensures its usefulness.

Early versions of Ch 1470/82 contained an appropriation of \$24,800 from the Environmental License Plate Fund, divided equally between the information center and the resource guide. The appropriation was to be reimbursed with funds raised through the sale of the resource guide and reports. The Legislature, however, deleted the \$24,800 *when the commission indicated that the requirements imposed by the legislation could be fulfilled with existing staff.*

CALIFORNIA COASTAL COMMISSION—Continued

Thus, the commission's request for \$80,000 and 2.0 personnel-years runs counter to stipulations made by the commission when the bill was being considered. On this basis, we recommend that the \$80,000 and 2.0 personnel years be deleted.

Local Assistance and Legislative Mandates

We defer recommendation on \$180,000 requested in Item 3720-101-001 for LCP development grants to local governments, pending clarification by the commission of how much will be needed to fund local governments' coastal-related costs in 1983-84. We recommend that the commission and the Department of Finance review and advise the Legislature on the need to continue two separate appropriations for LCP costs.

The Coastal Act requires cities and counties to prepare LCPs for those portions of their jurisdictions within the coastal zone. In past years, most of the costs incurred by local governments in preparing LCPs were funded with federal grants provided by the Office of Coastal Zone Management (OCZM), supplemented with state funds equal to 25 percent of the OCZM grant. The commission currently is operating under an OCZM grant extending from January 1981 through June 30, 1984. Because the grant is continuing, the state is able to carry over any unexpended federal funds from one state fiscal year to another.

To date, \$4.25 million in federal and state funds have been appropriated for LCP grants, including \$900,000 in the current year. This amount consists of \$720,000 in OCZM funds and \$180,000 in state funds. An additional \$100,000 was appropriated from the General Fund in the current year to implement local ordinances in jurisdictions that have assumed the permit authority following certification of the land use portion of their LCPs, as provided by Ch 1173/81.

Of the \$4.25 million appropriated to date, \$2.2 million had been awarded to local governments as of June 30, 1982. The commission estimates that current-year awards will total \$1.3 million, leaving an appropriated but undisbursed balance of \$750,000 at the end of this fiscal year. The budget requests \$180,000 from the General Fund for 1983-84, bringing the total funding proposed for LCP subventions in the budget year to \$930,000, compared with the estimated \$1.3 million in the current year.

Local governments also may claim reimbursement from the state for mandated LCP preparation and implementation costs that are not covered by the LCP grants. These claims for mandated costs are reviewed by commission staff and recommendations for reimbursement are made by the executive director to the State Controller. Appropriations of \$400,000 were made from the General Fund in both 1981-82 and 1982-83 to cover these costs. An identical amount is proposed for 1983-84 in Item 9680. According to the commission, however, last year's funding level of \$400,000 was not adequate, and a deficiency appropriation of \$30,000 will be requested in the next deficiency appropriation bill.

No new federal funds will be available in 1983-84, due to termination of the OCZM grants program. Furthermore, under federal law, none of the remaining OCZM funds may be expended for LCP development after January 1, 1984, although the funds may be used for LCP implementation. Therefore, all direct LCP preparation costs incurred by local governments in the last half of 1983-84 will have to be funded entirely by the state, either through grants or as mandated costs.

Information from the commission indicates that only 44 of the 120 LCP segments will be completed by the end of the current fiscal year and that a minimum of 57 of the 120 segments will not be completed by the January 1984 deadline, including those for the City of Los Angeles, Los Angeles County, Orange County, the City of San Diego, San Diego County, Santa Monica, the City of Monterey, and Monterey County. Thus, these programs will have to be completed with state funds.

Given the absence of any new federal funding, the limitation on the use of any remaining OCZM funds for LCP preparation after January 1, 1984, and the \$30,000 deficiency in last year's budget, we doubt that the \$180,000 requested for LCP development grants in Item 3720-101-001 together with the \$400,000 requested for legislative mandates in Item 9680, will be sufficient to cover all reimbursable costs incurred for LCP preparation in the budget year. Therefore, we recommend that, prior to budget hearings, the commission clarify the adequacy of local assistance funding requested in the budget. We further recommend that the commission and the Department of Finance advise the Legislature whether the budget should continue to include two appropriations for coastal-related costs, one in Item 3720-101-001 and the other in Item 9680, rather than just one.

Resources Agency STATE COASTAL CONSERVANCY

Item 3760 from the Parklands

Fund	Budget p. R 114
Requested 1983-84	\$1,365,000
Estimated 1982-83	1,779,000
Actual 1981-82	1,432,000
Requested decrease (excluding amount for salary increases) \$414,000 (-23.3 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

Chapter 1441, Statutes of 1976, established the State Coastal Conservancy in the Resources Agency. The activities of the conservancy are unique and without precedent in state government.

The conservancy is authorized to acquire land, undertake projects, and award grants for the purposes of: (1) preserving agricultural land and significant coastal resources, (2) consolidating subdivided land, (3) restoring wetlands, marshes, and other natural resources, (4) developing a system of public accessways, and (5) improving coastal urban land uses, such as waterfronts. In general, the projects must conform to California Coastal Act policies and must be approved by both the conservancy governing board and the Coastal Commission.

The conservancy's geographic jurisdiction coincides with the coastal zone boundaries of the California Coastal Commission, except that the conservancy's jurisdiction also extends to the San Francisco Bay and the Suisun Marsh.

The conservancy governing board consists of the Chairperson of the Coastal Commission, the Secretary of the Resources Agency, the Director

STATE COASTAL CONSERVANCY—Continued

of Finance, and four public members. The conservancy's headquarters is located in Oakland.

In the current year, the conservancy has 39 authorized personnel-years.

ANALYSIS AND RECOMMENDATIONS*We recommend approval.*

The budget proposes an appropriation of \$1,365,000 from the Parklands Fund of 1980 for support of the State Coastal Conservancy in 1983-84. The proposed amount represents a decrease of \$414,000, or 23 percent, below estimated current-year support expenditures. Proposed expenditures will increase by the amount of any salary or staff benefit increase approved for the budget year.

Staff support is proposed at 24 personnel-years in 1983-84, a decrease of 15 personnel-years from the current level.

The proposed expenditure and personnel-year decreases reflect (1) the expiration of \$350,000 in annual funding authority provided by the Parklands Bond Act for administrative costs associated with Bond Act programs and (2) the depletion of \$108,000 in one-time funds provided by Ch 130/81 for the same purpose.

Conservancy Funding History

Since its first year of operation in 1977-78, the conservancy has received more than \$48,000,000 from various funding sources for support, local assistance, and capital outlay. These sources include:

1. *Park Bond Act of 1976.* The State, Urban, and Coastal Park Bond Act of 1976 allocated \$10,000,000 for appropriation and deposit in the State Coastal Conservancy (fund) which the Act established. This allocation has been fully expended by the conservancy for support and capital outlay purposes.
2. *Parklands Bond Act of 1980.* The Parklands Bond Act of 1980 contained \$40,000,000, primarily for the Coastal Conservancy, to be allocated according to the following schedule: (a) \$30,000,000 for grants to be administered by the conservancy for implementation of local coastal programs, for projects in the San Francisco Bay and for projects in the Santa Monica Mountains zone, and (b) \$10,000,000 for any purposes set forth in Division 21 of the Public Resources Code, the conservancy's governing statute.

From the \$30,000,000 in (a), the conservancy has received two local assistance appropriations, as follows: \$15,000,000 in the Budget Act of 1981 and \$9,100,000 in the Budget Act of 1982. A total of \$900,000 from (a) has been appropriated for support to provide for the costs of grant administration. Of the remaining amount, \$4,000,000 was appropriated directly to the Santa Monica Mountains Conservancy and \$1,000,000 was appropriated to the Coastal Conservancy for capital outlay projects in the Santa Monica Mountains zone.

From the \$10,000,000 provided in the Bond Act for Division 21 purposes, \$7,000,000 was appropriated for capital outlay in the Budget Act of 1981 (in addition to the \$1,000,000 already mentioned for Santa Monica Mountains projects). Nearly all of the remaining \$3,000,000 has either been appropriated for support or is proposed to be appropriated by this item for support in the budget year.

Altogether, the conservancy has received \$34,624,000 from the 1980

Bond Act for support, local assistance and capital outlay. With the 1983-84 request, nearly all of the \$36,000,000 allocated to the conservancy from the Bond Act will have been appropriated.

3. *State Coastal Conservancy (Fund)*. The conservancy's governing statute provides that all proceeds from conservancy projects shall be deposited in the State Coastal Conservancy (fund) and are available for appropriation to the conservancy for its purposes. An estimated total of \$1,995,000 in project revenues was deposited in the fund in 1981-82. Revenues in the form of project repayments are estimated to be \$464,000 and \$858,000 in the current and budget years, respectively.

Expenditures from the State Coastal Conservancy (fund) are estimated to be \$647,000 in 1982-83. The entire amount is for capital outlay. No expenditures are proposed from the fund in the budget year, resulting in a projected balance on June 30, 1984, of \$2,081,000.

Local Assistance and Capital Outlay Project Workload

The conservancy has emphasized its unique activities and has sought (and been given by the Legislature) unusual flexibility with respect to the use of its local assistance and capital outlay funds. This flexibility has taken the form of lump sum appropriations, the absence of project identification or scheduling in Budget Acts, and authorizations to expend money for both grants and capital outlay projects from the same appropriations.

In our *Analysis of the 1981-82 Budget Bill*, we noted that the conservancy's request for support, grants, and capital outlay funding from the 1980 Parklands Bond Act was based on the total amount of funds made available by the Bond Act, rather than on a realistic schedule of project activities and annual grant disbursements. Furthermore, the staffing request was not justified by workload data, nor could it be related to grant or capital outlay levels of expenditure.

The conservancy has received a total of \$32,100,000 from the 1980 Parklands Bond Act for local assistance and capital outlay. From this amount, \$11,850,000 had been encumbered or disbursed as of January 1, 1983. Our analysis indicates that an additional \$6,000,000 probably will be encumbered by the end of the current year, leaving approximately \$14,250,000 for local assistance and capital outlay, or less than one-half of the amounts originally appropriated for the 1980 Parklands Bond Act programs. Thus, much of the Bond Act workload has now been completed.

The staffing reduction proposed for 1983-84 is no more adequately justified than the increases of the past years. On the basis that the proposed reduced level is approximately proportional to the diminishing amount of bond funds available for expenditure, we concur with the reduced staffing level.

STATE COASTAL CONSERVANCY—REAPPROPRIATION

Item 3760-490 from the Parklands Fund

Budget p. R 114

ANALYSIS AND RECOMMENDATIONS

The conservancy requests three reappropriations from the Parklands Fund as follows:

1. Item 376-101-721, Budget Act of 1981. For local assistance.
2. Item 376-301-721, Budget Act of 1981. For capital outlay.
3. Item 3760-101-721, Budget Act of 1982. For local assistance.

Legislature Needs Better Information on Conservancy Grants

We recommend that the Legislature adopt supplemental report language directing the conservancy to report quarterly to the Legislature on grant contracts entered into by the conservancy.

The conservancy began the current year with a local assistance appropriation of \$9,100,000 and reappropriations from the Parklands Fund of \$10,086,000 available for local assistance and \$6,914,000 available for capital outlay. Of these amounts, the conservancy encumbered \$5,850,000 during the first half of 1982-83. Our analysis indicates that perhaps \$12,000,000 will be encumbered during the 1982-83 fiscal year as a whole, leaving approximately \$14,250,000 in Parklands monies to be reappropriated for local assistance and capital outlay in 1983-84.

It should be noted that the language in Item 3760-490 that reappropriates Item 376-301-721 for capital outlay does not authorize the use of these funds for grants, as did the language of the original appropriation in the Budget Act of 1981. Therefore, the conservancy will no longer be able to use its capital outlay funds for grants.

Most of the conservancy's 1980 Bond grants will have been encumbered or disbursed by the end of the budget year. We believe that the conservancy has reached a point where some reporting on its grants is appropriate. More detailed information on conservancy grants will help the Legislature relate future conservancy staffing levels to the conservancy's remaining workload, and help the Legislature monitor the progress achieved by the conservancy in its grant programs. Accordingly, we recommend adoption of the following language in the supplemental report:

"The conservancy shall provide to the Legislature, on a quarterly basis beginning October 1, 1983, a report on grant contracts entered into by the conservancy. The report shall include: (1) amounts encumbered and disbursed, (2) funding sources and appropriations for each grant, (3) repayment amounts, if any, received during the quarter and (4) a schedule of expected repayments in the budget year."

Resources Agency
DEPARTMENT OF PARKS AND RECREATION

Item 3790 from the General
Fund and various funds

Budget p. R 118

Requested 1983-84	\$101,556,000
Estimated 1982-83.....	131,676,000
Actual 1981-82	175,299,000
Requested decrease (excluding amount for salary increases) \$30,120,000 (-23.0 percent)	
Total recommended reduction	\$8,115,000

1983-84 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
3790-001-001—Support		General	\$55,364,000
3790-001-263—Support		Off-Highway Vehicle	3,638,000
3790-001-392—Support		State Parks and Recreation	30,301,000
3790-001-516—Support		Harbors and Watercraft, Re- volving	359,000
3790-011-062—Maintenance of Park Roads		Highway Users Tax Account, Transportation Tax	(1,500,000)
3790-101-190—Local Assistance Grants		Resources Account, Energy and Resources	7,000,000
3790-101-721—Local Assistance Grants		1980 Parklands, Bond	3,954,000
3790-101-733—Local Assistance Grants		1974 State Beach, Park, Rec- reation and Historical Facili- ties Bond	179,000
3790-101-742—Local Assistance Grants		1976 Urban and Coastal Bond	761,000
Federal Funds			
3790-001-890—Support		Federal Trust	(\$1,916,000)
3790-101-890—Local Assistance Grants		Federal Trust	(343,000)
			<u>\$101,556,000</u>

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Appropriated Revenues. Recommend the department report to the fiscal committees, prior to budget hearings, on the matching of state park revenues and expenditures in 1982-83 and 1983-84. 636
2. Off-Highway Vehicle Program. Recommend department submit to fiscal committees, by March 14, 1983, its plan and cost estimates for (a) establishing the new Off-Highway Motor Vehicle Recreation Commission and (b) operating the State Vehicular Recreation Area and Trail System. 639
3. *State Park Planning Programs. Reduce Item 3790-001-001 by \$730,000 and Item 3790-001-392 by \$378,000.* Delete \$1,108,000 and 24 personnel-years to reflect a major reduction in planning workload. Further recommend that the Legislature enact legislation to simplify and reduce costs of department's statewide state park and general planning processes. 639

DEPARTMENT OF PARKS AND RECREATION—Continued

4. *Interpretive Development. Reduce Item 3790-001-001 by \$102,000, Item 3790-001-392 by \$310,000, and reimbursements by \$40,000. Delete \$452,000 and 10.0 personnel-years because workload is declining and sufficient justification for proposed staffing has not been provided.* 641
5. *State Park Properties Managed by Department of General Services. Recommend department explain, prior to budget hearings, why it has not complied with Ch 752/82, which requires that (a) all properties acquired for state park system and presently managed by Department of General Services to be transferred to the department, (b) the department provide the Legislature with reasons why any properties acquired for the state park system should be managed by General Services, and (c) the department request funds to cover property management costs for properties to be transferred from General Services. Further that the department submit to fiscal committees, by March 14, 1983, a detailed listing of those properties it proposes to manage and those properties which it believes should continue to be managed by the Department of General Services. Further recommend that management services provided by the Department of General Services, where needed, be provided on a reimbursable basis through interagency agreement. Further recommend that department provide the fiscal committees, by March 14, 1983, with a list of surplus properties currently managed by Department of General Services which it does not wish to have transferred to the state park system.* 642
6. *Increased Operating Requirements. Recommend department report to the fiscal committees, prior to budget hearings, on how it can handle increased operating and maintenance requirements imposed on its existing field staff by completion of funded capital outlay projects.* 644
7. *Equipment Purchases. Reduce Item 3790-001-001 by \$500,000. Delete funds requested for equipment purchases because the department has not substantiated its request for this equipment.* 645
8. *State Park Reservoirs and Lakes. Reduce Item 3790-001-001 by \$2,000,000 and augment Item 3790-001-516 by an equal amount. Transfer funding responsibility for programs serving boaters at state park reservoirs and lakes to the Harbors and Water Craft Revolving Fund, to eliminate the General Fund subsidy for these programs.* 645
9. *Nonprofit Corporations. Reduce Item 3790-001-001 by \$401,000 and augment Item 3790-001-392 by an equal amount. Recommend that the Legislature (a) adopt Budget Bill language directing the department to amend Asilomar and Columbia City Hotel concession contracts to provide for a 6½ percent rental rate, and (b) reflect the increased rental payments to State Parks and Recreation Fund in the budget.* 647
10. *Concession Contracts and Operating Agreements. Recommend department submit to fiscal committees, by* 649

March 14, 1983, project description of and financial information on each new and amended concession contract, operating lease, and operating agreement proposed in 1983-84.

11. Local Assistance Grants Program. Reduce reimbursements by \$225,000 and Item 3790-101-721 by \$150,000 and Item 3790-001-890 by \$150,000. Delete \$525,000 and 15 personnel-years to reflect substantial decline in workload in administration of local assistance grants. 649
12. *Urban Fishing Grants.* Reduce Item 3790-101-190 by \$2,000,000. Delete funding because the department has not justified third year of funding for urban fishing grant program. 651
13. *Staff Counsel.* Augment Item 3790-001-001 by \$78,000. 652
Restore one staff counsel and one clerical assistance position deleted in the budget, because these positions are justified on a workload basis.
14. *Facility Operation Costs.* Reduce Item 3790-001-001 by \$3,774,000. Reduce funding because department has not justified a 61 percent increase since 1981-82 in facility operation costs. 652
15. *Printing Costs.* Reduce Item 3790-001-001 by \$399,000. 653
Reduce funding because a sharp increase in printing costs has not been justified.
16. Transfer of Savings to General Fund. Recommend savings from our recommendation on Item 3790-101-190—\$2,000,000 be transferred from the Resources Account in the Energy and Resources Fund to the General Fund. 653

GENERAL PROGRAM STATEMENT

The Department of Parks and Recreation is responsible for acquiring, developing, preserving, interpreting, and managing the use of the outstanding natural, cultural, and recreational resources in the state park system. New programs and projects are undertaken with the advice or approval of: (1) the nine-member California State Park and Recreation Commission and (2) the new seven-member Off-Highway Vehicle Recreation Commission which was created by Ch 944 (AB 2397). The new commission is responsible for establishing general policies for the guidance of the department in the planning, development, operation, and administration of the State Vehicular Recreation Area and Trail System.

In addition, the department administers state and federal grants to cities, counties, and special districts that are intended to help provide parks and open space areas throughout the state. In recent years, emphasis has been given to acquisition and development of local and regional parks in urban areas.

The state parks system consists of 266 units, including 34 units administered by local and regional park agencies. These units contain approximately 1.1 million acres with over 240 miles of ocean and bay frontage and 675 miles of lake, reservoir, and river frontage. During 1983-84, up to 74 million visitations are anticipated at state parks and beaches operated by the department. In the same period, up to 44 million visitations are anticipated at state parks and beaches operated by local and regional park agencies.

DEPARTMENT OF PARKS AND RECREATION—Continued**ANALYSIS AND RECOMMENDATIONS**

The Budget Bill proposes nine appropriations totaling \$101,556,000 from the General Fund and various other funding sources for support of the Department of Parks and Recreation and for local assistance grants in 1983–84. This is a decrease of \$30,120,000, or 23 percent, below estimated current-year costs. This reduction, however, makes no allowance for any salary or staff benefit increases which may be approved by the Legislature for the budget year.

Total program expenditures, including expenditures from the Federal Trust Fund and reimbursements, are estimated to be \$111,543,000 in the budget year. This is a decrease of \$36,632,000, or 25 percent, from estimated total expenditures in the current year. (In calculating the change from estimated expenditures in 1982–83, we have made no allowance for the 2 percent unallotment or the freeze on certain contracts and purchases directed by Executive Order D-1-83.)

Major Program Changes

The major changes in the department's 1983–84 budget are shown in Table 1. These changes include:

- A \$20,531,000, or 76 percent, reduction in local assistance grants, primarily those financed from bond funds. The actual reduction, however, will not be this large because there probably will be a carry-over of unexpended funds from the current year to the budget year.
- A \$10,938,000, or 99 percent, reduction in OHV grants to local agencies.
- A \$1,000,000 reduction in grants for urban fishing projects (tideland oil revenues).
- A \$22,712,000 funding shift for certain program costs from the General Fund to the State Parks and Recreation Fund (which derives its funds primarily from state park system revenues). This funding shift results in no net change in the department's program or General Fund costs.

Changes in Policy and Emphasis

New Operational Requirements are Unbudgeted. The department's proposed budget for 1983–84 represents a major departure from the policies reflected in prior year budgets. The 1983–84 budget proposes no increases in field operation staff to handle additional workload in the state park system. There will, however, be an increase in workload as a result of (1) a statutory mandate that up to 85,000 acres of property acquired for the state park system, which presently are managed by the Department of General Services, be transferred to the state park system by July 1, 1983, and (2) the completion of capital outlay acquisition and development projects included in the department's \$173 million backlog. The transfer of properties to the state park system and the completion of capital outlay projects now in the pipeline are discussed in greater detail, later in this *Analysis*.

The extent to which the department will be able to absorb the additional workload without an increase in staff is not clear. In our judgement it will have to curtail services throughout the state park system, shorten operating hours, and close some park units in order to free-up the resources needed to meet its new operational requirements.

Table 1
Department of Parks and Recreation
Proposed Program Changes by Funding Source
(in thousands)

	<i>General</i>	<i>Environ- mental License</i>	<i>Energy and Resources</i>	<i>Off-Highway Vehicle</i>	<i>State Parks and Recreation</i>	<i>Harbors and Water- craft Revolving</i>	<i>1964, 1974, 1976 and 1980 Park Bond Funds</i>	<i>Reim- burse- ments</i>	<i>Federal Trust Fund</i>	<i>Totals</i>
1983-84 Base Budget (Revised)	\$76,591	\$800	\$8,000	\$14,576	\$7,589	\$345	\$23,775	\$13,214	\$3,285	\$148,175 ^a
1. Workload and Program Changes										
a. Statewide parks and recreation planning— redistribution of funding	-122	—	—	—	23	—	—	-11	103	-7
b. Development of the state parks system										
(1) Resources Exhibit at Los Angeles Museum of Science and Industry	—	-245	—	—	—	—	—	—	—	—
(2) Reduced workload	-811	-20	—	—	—	47	—	—	—	-784
(3) Reduction in reimbursements	—	—	—	—	—	—	—	-2,524	—	-2,524
c. State park system operations										
(1) Redistribution of funding	-18,675	—	—	—	—	22,600	14	-2,120	-425	1,394
(2) Deletion of Youth Conservation Corps	-244	—	—	—	—	—	—	—	-990	-1,234
d. Off-highway motor vehicle registration— reduce local assistance grants	—	—	—	-10,938	—	—	—	—	—	-10,938
e. Resource preservation										
(1) Redistribution of funding	-251	—	—	—	42	—	—	—	268	59
(2) Reduction in reimbursements	—	—	—	—	—	—	—	842	—	-842
f. Assistance to public and private recreational agencies										
(1) Reduce Roberti-Z'berg grant programs	-1,124	—	—	—	—	—	—	—	—	-1,124
(2) Reduce local assistance grant program bond funds and various funds	—	-555	—	—	—	—	-18,881	11	18	-19,407
(3) Reduce urban fishing grants	—	—	-1,000	—	—	—	—	—	—	-1,000
Totals, 1983-84 Budget Changes	-\$21,227	-\$800	-\$1,000	-\$10,938	\$22,712	\$14	-\$18,881	-\$5,486	-\$1,026	-\$36,632
Totals, 1983-84 Proposed Budget	\$55,364	—	\$7,000	\$3,638	\$30,301	\$359	\$4,894	\$7,728	\$2,259	\$111,543

^a The total estimated base budget expenditure for 1983-84 does not reflect the 2 percent unallotment in the 1982-83 budget directed by Executive Order D-1-83.

DEPARTMENT OF PARKS AND RECREATION—Continued

Emphasis on Development Rather than Acquisition Projects. The department's various bond funds, the primary source of funding for capital outlay projects, essentially will be fully appropriated in the budget year. As a consequence, the capital outlay budget proposes funding for only a limited number of acquisition and development projects. Instead, the department, during the budget year, will emphasize development projects for: (1) new campgrounds, (2) the generation of revenue, and (3) the completion of multistage projects.

Park Bond Debt Service Adds to General Fund Costs. The department indicates that costs to the General Fund for interest on and redemption of the general obligation bonds issued to fund the department's capital outlay and local assistance grant programs since 1964 will be \$73 million in 1983–84. Thus, the total General Fund cost of operating the department and its programs in the budget year is \$128,364,000.

The sale of \$75 million of park bonds during the next two-to-three years will result in further increases in the annual debt service cost to the General Fund for departmental programs.

Moratorium on Park Bond Sales May Exhaust Cash for Capital Outlay by July 1, 1983. In December 1982, the State Treasurer indicated that he would not make further sales of general obligation bonds until the Legislature and the Governor had taken the steps necessary to eliminate the General Fund deficit in the current year's budget. According to the departmental staff, the department's present cash balance of \$57.3 million (raised from prior bond sales) will be exhausted by July 1, 1983 if the present rate of spending continues and the moratorium is not removed so that additional bonds can be sold. Consequently, the department's programs proposed for 1983–84 in the budget may be underfunded.

Changes in Appropriation of State Park System Revenues

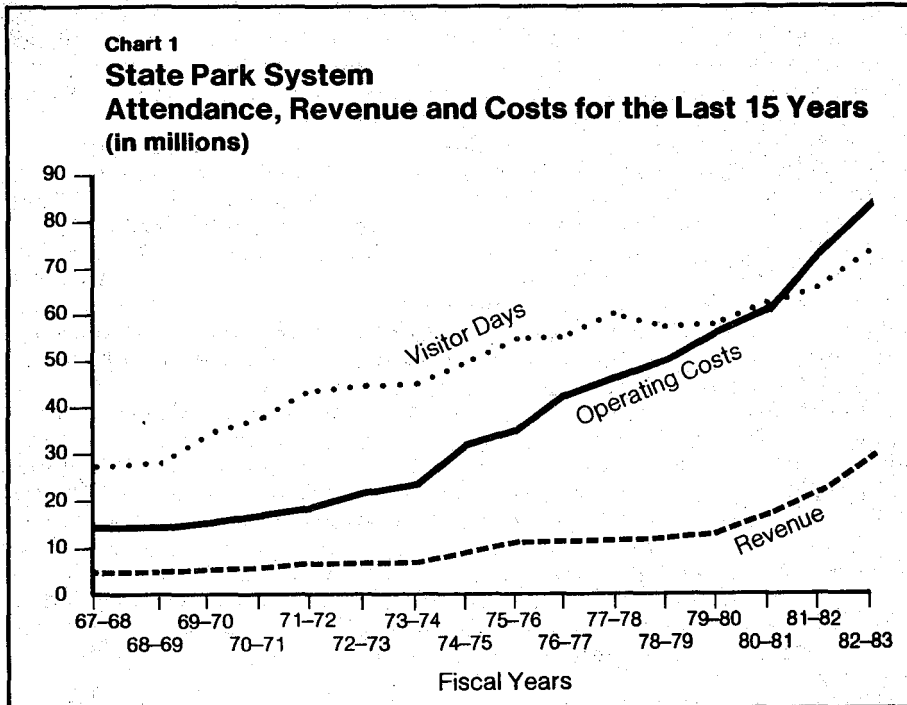
We recommend that the department report to the fiscal committees, prior to budget hearings, on the status of expenditures from appropriated revenues in 1982–83 and on the prospects of matching revenues and expenditures in 1983–84.

In the current and budget years, the department is making basic changes in the way state park system revenues are handled. These changes are designed to provide an incentive to the department to maximize its operating revenues, and to reverse a decline in the extent to which park operations are supported through operating revenues.

Decline in Ratio of State Park System Revenues to Costs. During the past 15 years, annual state park system attendance has increased from 28 million visitor days to about 70 million visitor days. This represents an increase of 150 percent. During the same period, state park revenues (user fees and concession rents) have increased from \$5.1 million to \$21.5 million—an increase of 322 percent—while state park system operating, maintenance, and resource preservation costs have increased from \$11 million to \$84 million, an increase of 640 percent. Chart 1 shows state park system attendance, revenue and operating costs, by year, since 1967–68.

As Chart 1 shows, the department has suffered a significant decline in the ratio of operating revenues to operating costs. In 1967–68, the department recovered 46 percent of state park operation and maintenance costs from fees and concessions revenues. By 1981–82, the revenue-to-cost ratio had dropped to 29 percent.

The department is now proposing to reverse this trend. Specifically, it plans to increase revenues to cover 37 percent of its operating, maintenance and resource preservation costs.



Appropriated Revenues. In the 1982-83 budget, the Governor proposed and the Legislature approved a 5 percent cut (\$3,750,000) in the department's baseline budget. The Legislature imposed an additional 5 percent reduction (\$3,500,000) on the department's General Fund appropriation.

In order to minimize the impact of these reductions on state park operations, last year the Legislature appropriated \$9,034,000 to the department in additional state park system revenues. These funds were used to add 78 new field positions for patrol of new acquisitions, and for operations and maintenance of new park facilities. The Legislature also approved a \$6 million loan to the department from the State Parks and Recreation Fund, using tidelands oil revenues, to help the department overcome any cash flow problem that might arise before the increased revenues could be collected.

Because the loan had the effect of overappropriating the State Parks and Recreation Fund, the Legislature also directed the department to identify and defer sufficient capital outlay projects to free up the balances needed to finance the loan. On September 15, 1982, the department reported to the Legislature that the development projects at *Seccombe Lake State Urban Recreation Area* and the *Fresno Agricultural Museum* would be deferred in order to free up the cash needed for the loan.

In order to realize the additional \$9,034,000 appropriated from the State Parks and Recreation Fund in the current year, the department must

DEPARTMENT OF PARKS AND RECREATION—Continued

increase the revenues it earns from concessionaires and visitors to the state park system from \$20,830,000 to \$29,864,000. This amounts to a 43 percent increase in only one fiscal year. To help generate the additional revenues, the department has: (1) established entrance fee collections where heretofore no fee was paid and extended collection hours, (2) secured higher rental revenues from new concession contracts, and (3) increased certain camping fees and the annual day use pass.

The department's revenue goal appears to be optimistic. This is particularly so, given that (1) the department had difficulty raising park revenues by 52 percent during the past *three* years, (2) concession rentals are difficult to change in the short run because they are limited by long-term contracts, and (3) the state of the economy is discouraging some expenditures on recreation by the public.

It is too early for us to determine what the actual revenue collections will be during the current year. The department reports that during the first five months of the fiscal year, revenues were \$300,000 less than the revenue target. If this shortfall is an indicator of the revenues that will be collected during the remaining months of the fiscal year, a shortfall in the range of \$600,000 to \$1,000,000 may occur. The department plans to make an equivalent reduction in operating expenses if such a shortfall occurs.

Appropriation of All State Park Revenues in 1983-84. The budget proposes to discontinue the "appropriated revenue" funding mechanism in 1983-84. Instead, the budget proposes that all state park system revenues be deposited in the State Parks and Recreation Fund, and that all of these revenues be appropriated to the department for its support programs. This will require a change in existing law which transfers only the first \$7 million of state parks system revenues to the State Parks and Recreation Fund.

The appropriation of all state parks system revenues to the department would reduce the department's General Fund appropriation by the amount of the revenues transferred from the General Fund to the State Parks and Recreation Fund. As a result, there will be no net impact on the General Fund.

In effect, the General Fund appropriation will be set equal to the amount of money authorized for expenditures that cannot be secured from revenues. Thus, it will provide a better measure of the amount needed from the General Fund to subsidize the operation of the park system.

In 1983-84, the department estimates that \$30,301,000, in state park system revenues will be available for operations, and that the amount of General Fund assistance needed will be \$55,364,010.

As in 1982-83, the department will have a problem in the budget year if it does not realize its revenue target. If the revenue goal is not met, the department will be forced to reduce its expenditures. Given the potential shortfall in operating revenues during the current year, it is possible that the department will not realize its 1983-84 revenue goal. In view of the possible shortfalls in state park revenues in 1982-83 which will force cut-backs in state park expenditures and public services, we recommend that the department report to the fiscal committees on the status of expenditures from appropriated revenues in 1982-83 and its prospects for matching revenues and expenditures in 1983-84.

Off-Highway Vehicle Program

We recommend that the department submit to the fiscal committees, by March 14, 1983, its plan and cost estimates for: (1) establishing the new Off-Highway Motor Vehicle Recreation Commission and (2) operating and maintaining the State Vehicular Recreation Area and Trails System.

Chapter 944, Statutes of 1982 (AB 2397), transferred the assets and duties of the Office of Off-Highway Vehicle Recreation in the Department of Parks and Recreation to the newly created Off-Highway Motor Vehicle Recreation Commission and Division of Off-Highway Motor Vehicle Recreation in the department. Among other things, the act:

1. Transferred all state vehicular recreation areas and trails acquired with off-highway vehicle (OHV) funds from the state park system to the State Vehicular Recreation Area and Trails System.

2. Provided that the planning, acquisition, development, construction, and operation of lands in the system shall be performed by the division, rather than by the department.

3. Provided that up to 50 percent of the money deposited in the OHV fund may be available for grants to local agencies for OHV recreation projects.

4. Made 1982-83 appropriations for the OHV program available to the new division and commission for the last six months of the current fiscal year.

The state park system now includes five vehicular recreation areas. These areas are Pismo Dunes State Vehicular Recreation Area, Anza Borrego Desert State Park, Hungry Valley State Vehicular Recreation Area, Carnegie State Vehicular Recreation Area, and Hollister Hills State Vehicular Recreation Area. The total cost of administering, operating, and maintaining these areas, and of managing other activities of the OHV program in the current year is about \$3.6 million. The department is also administering a local assistance program in the current year amounting to about \$11 million.

Program Plan and Funding Requirements Not Available. In November, 1982, the Department of Parks and Recreation formed a task force to make detailed plans for organizing the new commission and for operating and maintaining the State Vehicular Recreation Area and Trails System. At the time this *Analysis* was prepared, the task force had not completed its report. The budget does not provide for the implementation of the new program in 1983-84. In order that the funding needs for this new program can be established by the Legislature, the department should submit its program plan and funding requirements to the fiscal committees prior to budget hearings.

Planning Processes Have Become Too Complicated and Costly

We recommend a reduction of \$730,000 and 16 personnel-years in Item 3790-001-001 and \$378,000 and 8 personnel-years in Item 3790-001-392 to reflect a major reduction in planning workload and a sharp decline in funding for the implementation of new capital outlay projects.

We further recommend enactment of legislation that will simplify and reduce the cost of the statewide, state park system, and general (park unit) planning processes of the Department of Parks and Recreation, because these processes have become overly complicated and costly.

The budget proposes total expenditures of \$4,401,000 and 95 personnel-years to support the department's planning program in the budget year.

DEPARTMENT OF PARKS AND RECREATION—Continued

These funds would be used to support (1) the statewide planning program, (2) the state park system planning program, (3) the general planning program for state park units, and (4) the preparation of capital outlay budget proposals. These programs are distributed across three divisions within the department—the planning division (\$1,172,000 and 29 personnel-years), the design and construction division (\$2,430,439 and 51 personnel-years), and the acquisition division (\$798,214 and 15 personnel-years). Essentially, the planning division is responsible for long-range planning and the acquisition division, and the design and development division are responsible for general planning of individual park units and preparation of budget proposals.

Legislature Directed Department to Implement an Ongoing State Park System Planning Process. In 1976, the Legislature recognized that the Department of Parks and Recreation lacked an adequate planning capability to meet the demands imposed by the 1974 and 1976 Park Bond Acts. Accordingly, it directed the department to develop planning policies and methodologies, and to organize and implement ongoing state park system planning processes.

The Legislature also provided statutory guidance on the planning elements that were to be included in resource inventories, management plans, and general plans for individual park units. In addition, it mandated that, with certain exceptions, public hearings were to be conducted for all general plans before funds for capital outlay development projects could be budgeted.

In subsequent years, the Legislature provided funds for additional planning positions and a statewide needs analysis study. In addition, the legislature in the 1978 Budget Act directed the department to submit an updated state park system plan on a biennial basis, with the first plan due on September 1, 1979.

The Department Has Improved Its Planning Processes. The department has made significant improvements in its basic planning capabilities: it has completed the statewide needs analysis, updated the California Outdoor Recreation Resources Plan (CORRP), updated the State Park System Plan (SPSP), accelerated the completion of general development plans for park units, and published a large number of single-purpose studies and plans.

More Projects are Being Planned Than Can Be Funded. Currently, the department's planning efforts assume that a substantial amount of funding will be available in future years to support a large number of capital outlay projects. This assumption, however, is not realistic. All of the department's bond funds essentially will be appropriated for specific projects by the end of the budget year. At the same time, the budget proposes to reduce the allocation of tideland oil revenues for state park capital outlay projects by \$4 million from the current-year funding level. Furthermore, allocations to California from the federal Land and Water Conservation Fund have been reduced substantially during the past few years.

As a consequence, the total level of funding for new major capital outlay projects has been reduced from about \$103 million in 1982-83 to about \$37 million in 1983-84. This represents a decline in funding of 66 percent in one year.

Planning Programs are Overbudgeted. Despite the sharp decline in

funding for capital outlay projects, the department has not made a corresponding downward adjustment in its planning programs. Instead, the department proposes to continue its current level of planning effort so that it can develop plans for projects to be funded by enactment of a major new park bond issue in 1984. The department is also proceeding on the assumption that substantial tidelands oil revenues will be allotted in future years to capital outlay projects in the state park system.

It is not clear that the department's optimism is well-founded. Until it becomes apparent that significant additional revenues will be available for funding additional capital outlay projects, we can only conclude that the department's planning programs are seriously overbudgeted and that a reduction in staffing is warranted.

The department's staffing needs cannot be determined with precision because the department has not developed workload standards for its planning programs. Based on our analysis, however, we believe that the following reductions in planning staff can be made without jeopardizing the department's ability to prepare essential long-range plans, general plans for park units, and budget proposals for capital outlay projects:

1. Statewide and state park system planning programs	reduce by	\$361,000	and	9 personnel-years
2. General planning program for park units.....	reduce by	\$192,000	and	4 personnel-years
3. Capital outlay budget proposals program	reduce by	\$555,000	and	11 personnel-years
Total recommended reduction		\$1,108,000	and	24 personnel-years (25 percent)

Need for Legislation. Much of the complexity in the department's planning processes is the result of statutory provisions that guide the department's planning activities and, in some cases, mandate that certain stringent and time-consuming steps be taken as part of the process. Some of the requirements in existing law warrant legislative review and modification. Accordingly, we recommend that legislation be enacted to simplify and streamline the department's planning processes so as to make them less complicated, more effective, and less costly.

Excessive Staffing for Interpretive Development Program

We recommend a reduction of \$102,000 and 2.4 personnel-years in Item 3790-001-001, \$310,000 and 7.1 personnel-years in Item 3790-001-392 and \$40,500 and 0.5 personnel-years in reimbursements, because the staffing proposed for the Interpretive Development program is not justified on a workload basis.

The budget proposes \$1,810,000 and 41.5 personnel-years for the Office of Interpretive Services in 1983-84. This office is responsible for conducting research as necessary for the interpretation of natural, historic, and recreational resources throughout the state park system. The office is also responsible for designing and developing exhibits, museums, programs, tours, and publications needed to enhance the public's experiences within the state park system. The exhibits at the California State Railroad Museum and the Anza-Borrego Desert Visitor Center serve as the best examples of interpretive work accomplished by the office.

Given the sharp decrease in funding for new capital outlay projects in 1982-83, we requested information from the department on the interpretive projects which it proposed to undertake in the budget year. At the time this *Analysis* was prepared, the department had not provided us with this workload data.

DEPARTMENT OF PARKS AND RECREATION—Continued

Our analysis indicates that 31.5 personnel-years should be adequate for the interpretive program in 1983–84, and accordingly we recommend a reduction of \$450,000 and 10.0 personnel-years. Admittedly, this reduction is somewhat arbitrary, and may require that some low priority work be deferred or reduced in scope to accommodate the reduction in staff. Nevertheless, given the reduction in funding for new capital outlay projects, we believe a 25 percent reduction in the interpretive development program is reasonable.

We will review this recommendation when workload data becomes available, and advise the Legislature in the event changes in the recommended staffing level are warranted.

State Park Lands Managed by the Department of General Services

We recommend that the Department of Parks and Recreation explain, prior to budget hearings, why it has not complied with the provisions of Ch. 752/82 which requires: (1) the transfer to the Department of Parks and Recreation, by July 1, 1983, of all completed acquisitions made for the state park system and presently under the management of the Department of General Services; (2) the department to provide the Legislature with recommendations regarding which, if any, property acquisitions made for the state park system and presently under the management of the Department of General Services should continue to be managed by the department; and (3) the department to request sufficient funds to cover the property management costs associated with the properties to be transferred to the Department of Parks and Recreation.

We further recommend that the department provide to the fiscal subcommittees, by March 14, 1983, a detailed listing of (1) the properties it proposes to manage and the properties which it believes should continue to be managed by the Department of General Services, and (2) the estimated costs of operating and maintaining these properties.

We further recommend that where property management services are needed from the Department of General Services, these services be obtained on a reimbursable basis through an interagency agreement.

We further recommend that the department provide the fiscal committees with a list of any surplus properties currently managed by the Department of General Services that the department does not wish to have transferred to the state park system.

Chapter 752, Statutes of 1982 (SB 734), provides that all real property acquired by the state for the state parks system prior to April 1 of each year shall be transferred to the Department of Parks and Recreation by July 1 of each year unless exceptions to this requirement are authorized by the Legislature in the annual Budget Act.

Under previous provisions of the Property Acquisition Law, the Department of General Services had jurisdiction over all properties acquired for the state parks system until the Director of General Services determined that transfer of the property was "in the best interests of the state." The department's costs in managing the properties are funded from rents and other revenues derived from the property. These funds are deposited in the Property Acquisition Law Account, a special account in the General Fund, and are continuously appropriated to the Department of General Services for its property management purposes.

Under the provisions of Ch 1284/78, the continuous appropriation of funds in the Property Acquisition Law Account expires at the end of the current year. Consequently, the Department of General Services will have to secure funds to cover its continuing property management costs through the annual Budget Act, beginning in 1983-84.

State Park Lands Costing \$175 Million are Not Open to Public Use.

In recent years, a large inventory of properties acquired for the state park system has accumulated under the jurisdiction of the Department of General Services. This inventory, at present, consists of approximately 85,000 acres of land that was acquired at a cost exceeding \$175 million. For the most part, these properties are not open to recreational use, even though some were acquired as early as 1968. Many are under residential, commercial, or agricultural leases that produce over \$1.2 million in annual revenues. These revenues are expected to increase by over \$700,000, beginning January 1, 1984, when a new master lease is executed for 294 mobile homes at Crystal Cove State Park.

Examples of State Park Properties Managed by General Services. The following properties illustrate the variety and significance of state park lands currently under General Services management:

1. ***Crystal Cove State Park***—2,792 acres of beach and coastal canyons in southern Orange County. The property was acquired at a cost of \$36.4 million.

2. ***Candlestick Point State Recreation Area***—63 acres in the southeast corner of San Francisco, acquired in stages since 1974 at a cost of \$5.3 million.

3. ***Henry W. Coe State Park***—34,800 acres, known as the Gill-Mustang Ranch, located across the inner coast range of Santa Clara and Stanislaus Counties. The property was acquired for \$7.4 million as a major addition to the existing Henry W. Coe State Park.

4. ***Ahjumawi Lava Springs State Park***—5,890 acres in the northeast corner of Shasta County. The property, acquired in 1975 for \$850,000, appears on road maps as a state park although there is no public access and the entire park has been under General Services' jurisdiction for nearly eight years. At present, state park rangers must obtain permission from a neighboring private landowner in order to gain access to the park.

5. ***Lakes Earl and Talawa***—4,200 acres of coastal dunes, brackish and freshwater marshes, and pasture lands located north of Crescent City. The lands were acquired in 1979 at a cost of \$5.4 million. The state park lands are intermingled with approximately 1,700 additional acres acquired for the Department of Fish and Game.

6. ***Wilder Ranch State Park***—4,645 acres on the coast north of Santa Cruz that have been acquired in stages since 1974, at a cost of \$9.5 million.

Property Management Cost Estimates. The Department of General Services has provided a preliminary estimate of the costs it incurs in managing state park lands. This preliminary estimate indicates that its property management costs in 1983-84 will be approximately \$1,200,000. We have not had the opportunity to determine the validity of this estimate. It appears, however, that the ongoing costs to administer the leases should be substantially less than this amount, because significant portions of the costs are of a one-time nature, such as the costs of demolition, site clearing, structural repairs, and relocation of tenants. Some of the one-time costs can either be reduced or deferred into future years. For example, the estimate shows a carry-over into 1983-84 of approximately \$280,000 in relocation, demolition, and structural repair work at Candlestick

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Point and at Wilder Ranch which was initiated in the current year at the request of the Department of Parks and Recreation.

Department has not Conformed with Statutory Requirements. The Department of Parks and Recreation has not provided in the budget for its management of these properties, as required by Ch 752/82, nor has it informed the Legislature of any properties which it believes should remain under the management of the Department of General Services.

We recommend that the Department of Parks and Recreation explain, prior to budget hearings, why it has not complied with the provisions of Ch 752/82. We further recommend that the department provide to the fiscal subcommittees, by March 14, 1983, the detailed listing of the properties it proposes to manage and the properties for which it recommends continued management by the Department of General Services, as required by Ch 752/82. This list should provide detailed estimates of the cost to operate and maintain each property.

Management Services Provided by the Department of General Services Should be Provided on a Reimbursable Basis. In some situations, continued management by the Department of General Services of properties acquired for the state parks system is appropriate. For example, commercial leases at Candlestick State Recreation Area can be administered more effectively by the Department of General Services. Where management services from the Department of General Services are required, however, we recommend that they be obtained on a reimbursable basis through an interagency agreement.

Identification of Surplus Properties Needed. The inventory of property managed by General Services includes many properties that represent excellent additions to the state park system. There are, however, some properties in the inventory whose value to the state park system, or as state-owned land, is questionable. Such properties should be considered for designation as surplus lands and authorized for sale or exchange.

Accordingly we recommend that the department provide the fiscal committees, by March 14, 1983, with a list of potential surplus properties in this inventory and its recommendations for disposing of these properties.

Completion of Funded Capital Outlay Projects Will Increase Operation Requirements

We recommend that the department report to the fiscal committees, prior to budget hearings, on how it can handle the increased operating and maintenance requirements imposed on its existing field staff by the completion of the existing backlog of funded capital outlay projects without experiencing a serious deterioration of public services in the state park system.

Since 1971, the department has spent in excess of \$940 million to acquire land and construct new facilities for the state park system. Funding for these projects has been provided primarily from the 1964, 1970, 1974, 1976, and 1980 Park Bond Acts. Monies from the General Fund, tideland oil revenues, and the Federal Trust Fund have also been used for this purpose. As of December 15, 1982, the department had a backlog of uncompleted capital outlay acquisition and development projects amounting to about \$173 million (\$108 million acquisition and \$65 million development).

The department has demonstrated that it is capable of completing about \$40 million of acquisition projects and up to \$25 million of development projects each year. It, therefore, appears that the department will take in excess of two years to complete the current backlog of acquisition and development projects, even if no funding is provided for additional projects.

Completion of these projects will impose substantial ongoing operating and maintenance requirements on the department beginning in 1983-84. The department estimates that the additional costs to operate and maintain completed projects will be about \$6.6 million and require 192 additional personnel-years starting in 1983-84. Our analysis indicates, however, that the department's estimates of these costs is too low, and that costs will be substantially higher once these projects are completed.

In view the department's failure to request additional resources to cover this increase in workload, we recommend the department explain to the fiscal committees how it can handle the increased operating and maintenance requirements without an increase in staff and without a serious deterioration of public services in the state park system.

Equipment Request Not Justified

We recommend a reduction of \$500,000 in Item 3790-001-001, because the department has not substantiated its need for the equipment to be purchased with these funds.

The budget includes \$1,693,000 for acquisition and replacement of equipment during 1983-84. This represents a \$500,000, or 42 percent, increase over actual expenditures in 1981-82.

The department has not justified the proposed level of equipment purchases for the budget year. Lacking such justification, we cannot recommend an amount greater than the amount actually spent in 1981-82. This should be sufficient to meet the department's minimum needs.

Savings of General Fund Expenditure at State Park Lakes and Reservoirs

We recommend a reduction of \$2,000,000 in Item 3790-001-001 and a corresponding augmentation to Item 3790-001-516, in order to shift the cost of programs serving boaters at state park reservoirs and lakes from the General Fund to the Harbors and Watercraft Revolving Fund.

The budget proposes an appropriation of \$359,000 from the Harbors and Watercraft Revolving Fund (Item 3790-001-516) to the Department. The proposed amount is derived pursuant to a formula contained in Section 663.7 of the Harbors and Navigation Code, and is intended to finance the costs of boating safety and enforcement on waters in the state park system which are under the jurisdiction of the department. The statute provides that all fees collected by the department from boaters using boating facilities at state park units shall be paid into the Harbors and Watercraft Revolving Fund. These payments are estimated to be \$550,000 in the budget year. The \$359,000 represents the return of part of these boating fees to the department for use in connection with boating safety and enforcement activities. Similar payments are made to sheriffs for boating safety and law enforcement.

The Harbors and Watercraft Revolving Fund receives its revenues principally from five sources: (1) boater gasoline taxes, (2) boat registration fees, (3) interest and principal repayments from prior loans from the fund, (4) interest from the Surplus Money Investment Fund, and (5) boating fees collected at state park units.

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Expenditures from the fund are made primarily to support the programs of the Department of Boating and Waterways. These programs provide: (1) loans to public and private marina operators for the development of small craft harbors and marinas, (2) grants to local agencies for boat launching facilities, boating safety, and law enforcement, and (3) construction financing for boating facilities serving the state park system.

The Department of Parks and Recreation operates boating facilities at a number of lakes, reservoirs, and waterways in units of the state park system. In addition, the department provides substantial services exclusively for boaters that are not customarily available in popular boating areas such as the Delta, Sacramento River, or San Francisco Bay. These services include specially landscaped parking areas, restrooms, operation and maintenance of boat-in areas, floating restrooms, and cleanup of floating debris.

We have identified eight areas in the state park system where significant operation and maintenance costs are incurred by the department in order to provide for boating activities. Table 2 lists these areas and the operating expenditures associated with each one in 1981–82. The table also lists boating fees and park system revenues collected at each area in 1981–82. (The boating use fees are paid to the Harbors and Watercraft Revolving Fund, while the other fees and revenues are deposited in the General Fund.)

Table 2
Fees and Revenues Collected from Boating Users
Major Units of the Department of Parks and Recreation

<i>State Park Unit</i>	<i>Total Operating Expenditures</i>	<i>Percentage of Boater Use</i>	<i>General Fund Revenues^a</i>	<i>Boating Use Fees^b</i>
Clear Lake SP	\$429,704	40%	\$94,092	\$2,961
Brannan Island SRA	298,534	30	114,255	12,021
Folsom Lake SRA	1,647,951	25	703,636	121,256
San Luis Reservoir SRA	1,457,844	27	252,118	22,744
Lake Oroville SRA	1,741,936	75	260,545	37,009
Lake Perris SRA, Lake Elsinore SRA	2,989,902	20	1,039,277	124,868
Millerton Lake SRA	696,543	50	223,083	71,379
Silverwood Lake	1,215,037	20	361,152	51,969
Totals	\$10,477,451		\$3,048,158	\$444,207

^a Paid to the General Fund and the State Parks and Recreation Fund.

^b Paid to the Harbors and Watercraft Revolving Fund.

General Fund Subsidy to Boaters. As shown in Table 2, operating expenditures in 1981–82 at the eight areas totaled \$10,477,451, or 16 percent of the operating expenditures for all park units in the system. Revenues collected at the areas for deposit in the General Fund and the State Parks and Recreation Fund totaled \$3,048,158. The difference between these expenditures and revenues—\$7,429,293—represents, to some extent, a General Fund subsidy for boaters.

A considerable portion of the \$7,429,293 is attributable to boating-related expenditures at the park units, such as the maintenance of boat-in campgrounds and floating restrooms, and the operation and maintenance

of launching ramps. In addition, other costs incurred at these eight units, such as the staffing of entrance stations and the patrol and maintenance of day-use areas, can be attributed, in part, to boating.

The percentage of total operating costs attributable to boating use varies substantially from one area to another, depending on such factors as an area's proximity to metropolitan regions and the relative extent of nonboating activities at the park unit. We surveyed park managers at the units listed in Table 2 and secured their estimates of boating-related costs; these estimates range from approximately 20 percent of total costs at Lake Perris, where there is significant nonboating use, to as much as 75 percent at Lake Oroville, where visitation and use is predominantly boating-oriented. Viewing the eight areas as a whole, we estimate that on the average one-third, or approximately \$3.5 million, of the operating expenditures at these areas are related to boating activities.

The General Fund currently pays 70 percent, or approximately \$2,450,000, of these boater-related costs. Deducting the \$359,000 transferred from the Harbors and Watercraft Revolving Fund from the \$2,450,000, we estimate that the net cost to the General Fund of these boater services is approximately \$2,000,000.

In our judgment, it would be more appropriate for the costs that can be attributed to boater-related services to be financed from the Harbors and Watercraft Revolving Fund. The Harbors and Watercraft Revolving Fund is supported by boating taxes and fees that are imposed for the purpose of providing for the boating needs of the public; accordingly, we recommend an augmentation of \$2,000,000 to the appropriation from the Harbors and Watercraft Revolving Fund to the department and a corresponding reduction of \$2,000,000 in the department's appropriation from the General Fund. This would eliminate General Fund financing for boater-related costs. A related recommendation regarding the ability of the Harbors and Watercraft Revolving Fund and the Department of Boating and Waterways to provide increased funding for state park lakes and reservoirs appear on page 616 of this *Analysis*.

Nonprofit Corporations Should Pay Rent for Use of State Properties

We recommend that the Legislature (1) adopt supplemental report language directing the department to amend its concession contracts with the Asilomar Nonprofit Corporation and the Columbia City Hotel Nonprofit Corporation to require rental payments equal to at least 6½ percent of gross sales receipts for the use of state-owned properties, and (2) reduce Item 3790-001-001 by \$401,000, and increase Item 3790-001-392 by \$401,000 to reflect these additional revenues and reduce the amount required from the General Fund.

In prior *Analyses*, we have pointed out that the department contracts with two major nonprofit corporations to manage state park lands and facilities. These nonprofit corporations—*Asilomar Nonprofit Corporation* and the *Columbia City Hotel Nonprofit Corporation*—generate in excess of \$6.6 million in combined revenues annually; the corporations, however, pay no rent to the department for the state-owned land and facilities used to generate this revenue. Moreover, they pay no income or property taxes, because they are *state nonprofit corporations* that are organized as agents of the department.

The *Asilomar Nonprofit Corporation* develops, manages, operates, and maintains conference facilities at the Asilomar State Conference Grounds on the tip of Monterey Peninsula. The property was first acquired by the

DEPARTMENT OF PARKS AND RECREATION—Continued

department in 1953. Since 1969, it has been managed by a board of directors appointed by the department, pursuant to a concession agreement between the department and the corporation. The conference facilities provide quality sleeping, dining, and meeting-room accommodations that are essentially commercial in nature. In accordance with the concession agreement, the entire cost of operating Asilomar and constructing any capital improvements is financed from Asilomar's revenues. Asilomar reimburses the department approximately \$75,000 annually for security patrol of the conference facilities by state park rangers.

In 1981–82, Asilomar had revenues of \$5,885,000, from which it paid operation and maintenance costs of \$4,531,000, leaving a net revenue of \$1,354,000 (23 percent). Since 1968, Asilomar has expended approximately \$9.3 million of accumulated revenues for capital improvements. In 1980–81 a second expansion program was undertaken that will add \$9 million in new facilities by 1986. The expansion will bring Asilomar's total capital investment to more than \$18 million.

The *Columbia City Hotel Nonprofit Corporation* develops, operates, and maintains the city hotel in the historic town of Columbia. The corporation is also supervised by a department-appointed board of directors.

The corporation operates under a concession agreement with the department. Under this agreement, the state has no financial obligations for developing and operating the city hotel, and all operating costs must be financed from revenues. During the corporation's fiscal year ending September 30, 1982, the city hotel had gross sales of \$805,000. From this revenue, it realized a net revenue of \$21,000, or 3 percent of gross sales. The corporation, however, has accumulated a surplus of \$197,000 from its operations.

Both Asilomar and the City Hotel's operating and capital improvement budgets are approved by the Department of Parks and Recreation. The concessionaire's revenues and expenditures are not shown in the Governor's Budget and are not reviewed by the Legislature.

Collection of Rent Will Permit Reduction in General Fund Appropriation. In view of the serious problems faced by the Legislature in balancing the General Fund budget, we recommend that the Legislature adopt the following supplemental report language directing the department to amend its contracts with Asilomar and the City Hotel to require that the concessionnaires make rental payments to the department that are equal to at least 6½ percent of gross sales.

"Nonprofit Corporations. The department shall amend its concession contracts with the Asilomar Operating Nonprofit Corporation and the Columbia City Hotel Nonprofit Corporation to require rental payments to the department equal to at least 6½ percent of gross sales receipts in return for their use of state-owned properties."

The proposed rental rate would be consistent with rental rates paid by other concessionnaires for the use of state-owned lands and facilities in the state park system. Our analysis indicates that the 6½ percent rental rate would produce at least \$435,000 of rental revenues annually. Accordingly, we recommend that the amount appropriated from the State Parks and Recreational Fund to the department to cover its field operations costs be increased by \$435,000 and that the department's General Fund appropriation be reduced by the same amount.

New and Renegotiated Concessions Projects and Operating Agreements Not Included in the Budget Request

We recommend that the department submit to the fiscal committees, by March 14, 1983, complete project descriptions and financial evaluations for each of the new and amended concession contracts, operating leases and operating agreements proposed for 1983-84.

Public Resources Code Section 5080.20 and Section 8.10 of the 1982 Budget Act require legislative review and approval of new and amended concession contracts, operating leases, and operating agreements involving a total private investment or estimated gross sales in excess of \$100,000. The Legislature reviews and approves these contracts, leases, and agreements as part of the annual budget process.

At the time this *Analysis* was prepared, the department's had not provided us with any information on new or amended contracts and agreements proposed for the budget year. So that the Legislature will have sufficient time to evaluate these proposals, the department should submit complete descriptions and financial evaluations for each proposed concession project, operating lease, and operating agreement to the fiscal committees by March 14, 1983.

Diminishing Workload for Local Assistance Grants Programs

We recommend reductions of \$225,000 in reimbursements, \$150,000 in Item 3790-101-721 and \$150,000 in Item 3790-001-890 to reflect the substantial reduction in workload for the department's local assistance grant programs.

Since the passage of the 1974 Park Bond Act, the department has made local assistance grants amounting to \$594 million to local and regional park agencies throughout the state. These grants are primarily for acquisition and development of new local park units.

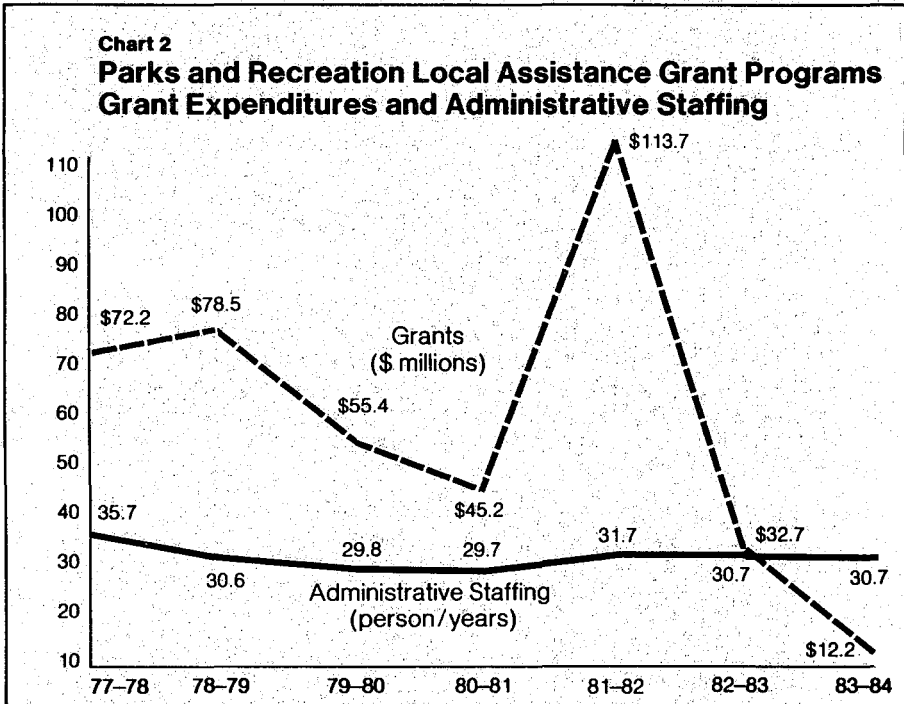
The department's grant programs peaked in 1981-82, at a level of \$113.7 million. Subsequently, grant appropriations have declined to an estimated level of \$12.2 million in 1983-84. The grants proposed for the budget year essentially reflect completion of the state's bond-funded grant programs. Grants funded from the Resources Account in the Energy and Resources Fund are proposed for continuation, but the level of funding probably will be reduced significantly.

Chart 2 compares grant expenditures and administrative staffing for the grant programs.

Despite the steep decline in the grant program and associated workload, the department is proposing to continue in the budget year the same level of staffing for administration of grants—30.7 personnel-years—authorized for the current year. According to the department, all of this staff is needed to service the 3,118 active grants which were previously funded. It has not, however, provided justification for its close monitoring and servicing of all grants awarded in past years.

In view of the 90 percent reduction in the amount of dollars disbursed for grants during the past two years, and the lack of justification for staff requested to monitor prior-year grants, we recommend a 50 percent reduction in administrative support for this program. This recommended reduction is, by necessity, somewhat arbitrary because the department has not developed workload or performance standards for grants administration. In our opinion, however, 15 personnel-years will be adequate to

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handle the reduced level of bond act grants, Roberti-Z'berg Urban Park Grants, urban fishing grants, and federal grants. The administration of in-progress grants can be entrusted to the local agencies, themselves, with the department occasionally sampling these projects to verify conformance with state law and grant contract provisions.

Roberti-Z'Berg Urban Park Grants Program

Chapter 174, Statutes of 1976, established the Roberti-Z'Berg Urban, Open-space, and Recreation Grants Program. The primary focus of this program is to provide state assistance in meeting urgent park and recreation needs in heavily populated and economically disadvantaged areas. This program provides grants to local governments and regional park districts, primarily for acquisition and development of park recreation, and open-space areas, and secondarily for operation and maintenance of facilities constructed with the grants. The state provides up to 75 percent of total project costs, with the applicant supplying the remaining 25 percent. Beginning in 1982-83, the 25 percent local match can be waived under certain circumstances in connection with acquisition projects.

Since 1976, the Legislature has appropriated a total of \$120 million to the department for the Roberti-Z'berg program. The budget proposes an additional \$5 million for grants from the Resources Account, Energy and Resources Fund.

Priority Should be Given to Grant Projects that Make Savings in Energy, Water, and Operation and Maintenance Costs. Local agencies have a critical need to save energy and water and to reduce operation and maintenance costs, because of local funding shortages. If the Legislature wants

to provide funding for grant projects which utilize proven methods for (1) conservation of energy and water and (2) more effective or less costly park operations and maintenance activities, it should consider giving priority to such projects in the budget bill. This would be consistent with programs presently managed by the Energy Commission, The Department of Water Resources, and the Office of Planning and Research which encourage savings in energy and water and operating costs on a statewide basis.

Urban Fishing Grants

We recommend deletion of \$2 million in Item 3790-101-190 requested for urban fishing grant projects because the department has not justified the third year of funding for this program.

A total of \$9 million was appropriated from the Resources Account, Energy and Resources Fund, by the 1981 and 1982 Budget Acts for urban fishing projects. These projects are authorized by Ch 128/82 (SB 708). The budget requests \$2 million more from the Energy Account, Energy and Resources Fund, in 1983-84, for the third year of the program.

Under this program, designated lakes and reservoirs in heavily populated urban areas are being rejuvenated and stocked with fish to provide recreational fishing and supplemental food to the economically disadvantaged and elderly.

The \$6 million appropriated in the 1981 Budget Act has been used to finance agreements with local agencies for the following urban fishing projects:

- Lake Merritt, City of Oakland—\$700,000. Completion of the first stage of this project is anticipated in September 1983. It appears, however, that an additional \$940,000 will be needed to complete the project.
- Fairmont Park, Lake Evans, City of Riverside—\$1,400,000. The construction phase of the first stage of this project should be completed by the fall of 1983. The city now estimates that it may cost up to \$3.2 million to complete the project. The city is seeking an additional \$500,000 in the current year.
- Echo Park Lake, City of Los Angeles—\$900,000. The city is anticipating completion of the first phase of this project in the summer of 1983.
- Lincoln Park Lake, City of Los Angeles—\$1,100,000. Completion of this project is scheduled for the summer of 1983.
- Harbor Park Lake, City of Los Angeles—\$1,900,000. No money has been granted to the city for this project. The schedule for the project is uncertain.

In the 1982 Budget Act, \$3 million was appropriated for the following urban fishing projects:

- Presley Urban Fishing Program Act—\$1,250,000, unscheduled.
- Urban Fishing Project, City of San Jose, Lake Cunningham—\$1,000,000.
- Presley Urban Fishing Program Act, City of San Bernardino, Seccombe Lake—\$750,000.

At the time this *Analysis* was prepared, only the \$1,000,000 for Lake Cunningham had been encumbered pursuant to a contract. The remaining funds appropriated in 1982-83 for the Presley Urban Fishing Program Act and Lake Seccombe were still unencumbered. Approximately 17 projects, which are estimated to cost \$7,000,000, are competing for the unscheduled \$1,250,000.

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At the present time, the construction of four projects is underway, the initial stage is expected to be completed by the fall of 1983. None of the four projects, however, has advanced to the point where the feasibility of the urban fishing lakes has been demonstrated. In addition, the cost of the Lake Merritt and the Lake Evans projects has more than doubled, and the final cost of the other projects is yet to be determined. Moreover, although problems of siltation and water quality have been identified at most of the projects, no solutions have been developed as yet.

Given these problems and the fact that the additional \$2 million proposed for 1983-84 has not been designated for specific projects, we do not believe the department has justified the third year of funding for this program. We, therefore, recommend deletion of funds requested for this program and that additional funding be deferred until the feasibility of the construction and operation of urban fishing lakes has been demonstrated.

Workload Justifies Restoration of Staff Counsel Position

We recommend augmentation of \$78,000 and 1.5 personnel years in Item 3790-001-001 to restore 1 staff counsel and 0.5 personnel-years of clerical assistance because these positions are justified on a workload basis.

In an effort to centralize the provision of legal services in the Attorney General's office, the budget proposes that 1 staff counsel position and 0.5 personnel-years of legal services and related expenses be deleted. (Similar reductions are proposed for other line departments.) In the current year, the department has authorization for 2 staff counsel positions and 1.0 personnel-year of legal services.

Our analysis indicates that the staff counsel position cannot be deleted without having a detrimental effect on the department's programs. The department's dependence on its legal staff has increased steadily in recent years. Legal advice and assistance is needed on a daily basis to:

- Draft interagency agreements, park unit operating agreements between the department and local agencies, and concession agreements between the department and private parties.
- Handle personal injury claims filed by state park system visitors. Preliminary fact-finding for these cases is performed by departmental attorneys, even though a deputy attorney general represents the department at the trial.
- Draft new legislation sponsored by the department.
- Draft and negotiate road easements, conservation easements, and scenic easements.
- Assist on property acquisitions and on claims brought by contractors who are working on construction projects.
- Provide legal counsel to the Director and staff on various management matters.

We believe there is sufficient workload in these areas to justify the existing level of legal staffing. Accordingly, we recommend an augmentation of \$78,000 for 1 staff counsel position and for 0.5 personnel-years of legal services.

Facility Operation Costs Have Risen Excessively

We recommend a reduction of \$3,774,000 in Item 3790-001-001 because the department has not justified the proposed 61 percent increase in facility operation costs above the 1981-82 level.

The department is proposing \$9,957,000 for facility operations in 1983-84. This is 61 percent more than the \$6,183,000 actually expended in 1981-82.

These funds are used for leasing and maintenance of privately owned commercial space and the maintenance of state-owned facilities. The cost of utilities is not included in facility operation costs. Much of the cost increase is attributable to the department's relocation of some of its area offices from low cost state-owned facilities located on state park lands to high-cost commercial space in office buildings and industrial parks. For the most part, these relocations have taken place without justification having been provided to the Legislature.

The following area office relocations illustrate the increased costs that result from using commercial rather than state-owned space:

- **Ventura**—The area office was relocated in November 1981 from a state-owned building at San Buenaventura State Beach to a commercial office building in downtown Ventura. The new location has 2,209 square feet of space leased at \$28,000 per year.
- **Santa Monica Mountains**—The area office was relocated in April 1982 from a state-owned building at Leo Carrillo State Beach to a commercial office and garage complex at Newberry Park. The new location has 3,315 square feet of space leased at \$43,560 per year.

We have requested information from the department to justify the sharp increase in facility operation costs. At the time this *Analysis* was prepared, the information had not been provided. Lacking justification for the proposed increase in facility operation costs, we recommend a reduction of \$3,774,000 and approval in the reduced amount of \$6,183,000. The recommended amount is sufficient to fund the actual level of expenditure in 1981-82. If further information justifying an increase in facility operation costs becomes available prior to budget hearings, we will advise the fiscal committees of any change that is warranted in our recommendation.

Printing Costs Are Excessive

We recommend a reduction of \$399,000 in Item 3790-001-001 because the increase in printing costs has not been substantiated.

The budget requests \$878,000 to cover estimated printing costs in 1983-84. This is 83 percent more than the \$479,000 actually spent for printing in 1981-82. We have requested the department to substantiate the need for such an increase. At the time this *Analysis* was prepared, however, no information was available from the department. We, therefore, recommend a reduction of \$399,000 in the amount appropriated for printing and approval in the reduced amount of \$479,000. This would be sufficient to fund the actual level of expenditures for printing in 1981-82. In view of the major reduction in long-range planning workload and capital outlay projects in the budget year, we believe this level of funding should be sufficient.

We recommend that the savings resulting from our recommendation on Item 3790-101-190—\$2,000,000—be transferred from the Resources Account, Energy and Resources Fund to the General Fund in order to increase the Legislature's flexibility in meeting high-priority needs statewide.

We recommend a reduction of \$2,000,000 in the Department of Parks and Recreation's Urban Fishing Program from tideland oil funds. Approval of this reduction would leave an unappropriated balance of tide-

DEPARTMENT OF PARKS AND RECREATION—Continued

land oil revenues in the Resources Account, Energy and Resources Fund which would be available only to finance programs and projects of a specific nature.

Leaving unappropriated funds in special purpose accounts limits the Legislature's options in allocating funds to meet high-priority needs. So that the Legislature may have additional flexibility in meeting these needs, we recommend that the savings resulting from approval of our recommendation be transferred to the General Fund.

DEPARTMENT OF PARKS AND RECREATION—CAPITAL OUTLAY

Item 3790-301-190 from the Resources Account in the Energy and Resources Fund

Budget p. R 135

Requested 1983-84	\$1,324,000
Recommended approval	689,000
Recommended reduction	635,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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(b) *Minor capital outlay—dune and bluff erosion. Delete \$635,000.* The project should be included in the department's support budget rather than as a minor capital outlay project and sufficient justification has not been provided.

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ANALYSIS AND RECOMMENDATIONS

(a) **Bolsa Chica and Huntington State Beaches—sand replenishment** **\$689,000**

We recommend approval.

The budget proposes \$689,000 to pay the department's share of the costs for this major federal beach erosion control project in Orange County. An additional \$1,289,000 in state funds is requested from the Resources Account, Energy and Resources Fund, by the Department of Boating and Waterways, in order to pay the remainder of the state's share. The U.S. Corps of Engineers and Orange County will provide \$5,418,000 and \$599,700, respectively, toward the cost of this project in the budget year. The amount of state funding proposed is consistent with state law governing participation in federal beach erosion control projects.

The project consists of the placement of 1.5 million cubic yards of sand at Surfside-Sunset Beach. The subsequent littoral transport of sand is expected to replenish sand on beaches downcoast, including Bolsa Chica and Huntington State Beaches, for approximately five years. We recommend approval of the amount proposed as the state's share of this federal project.

(b) Minor capital outlay—dune and bluff stabilization..... \$635,000

We recommend deletion of funding for this project because (1) it should be included in the department's support budget, rather than as a minor capital outlay project, and (2) the department has not provided sufficient justification for the request.

The department is requesting \$635,000 for coastal dune and bluff stabilization projects at 20 park units. The projects will rely largely on volunteer and day labor to reseed eroded dune and bluff areas, and to reroute foot trails to minimize future adverse impacts. The department's cost estimate of \$682,050, for these projects, exceeds the amount requested in the budget by \$47,650. This will require a downscoping of the proposed work.

In its budget request for 1982-83, the department proposed \$2,258,000 for resource preservation projects, including dune and bluff erosion control projects, throughout the state park system. This represented an increase of \$679,000, or 43 percent, above the estimated level of expenditures in 1981-82. The increase was to be funded with \$733,000 from the Resources Account in the Energy and Resources Fund.

The Legislature deleted the \$733,000 increase because the department had not provided sufficient information on the projects to be undertaken, how the work would be accomplished, and the approximate costs of the projects.

We recommend deletion of the \$635,000 requested for this project in 1983-84 because (1) these are resource preservation projects which normally are funded in the department's support budget, not as minor capital outlay projects, and (2) the department has again failed to provide sufficient information on the projects to be undertaken, how the work would be accomplished and the approximate costs of the projects.

Supplemental Report Language

For purposes of project definition and control, we recommend that supplemental report language be adopted at the time of budget hearings which describes the scope of each of the capital outlay projects approved under this item.

DEPARTMENT OF PARKS AND RECREATION—CAPITAL OUTLAY

Item 3790-301-263 from the Off-
Highway Vehicle Fund

Budget p. R 135

Requested 1983-84	\$50,000
Recommended approval	50,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The department is requesting \$50,000 to pay the costs incurred by the Real Estate Services Division, Department of General Services to provide pre-budget surveys and appraisals of proposed OHV acquisitions.

DEPARTMENT OF PARKS AND RECREATION—CAPITAL OUTLAY

Item 3790-301-392 from the
State Parks and Recreation
Fund

Budget p. R 135

Requested 1983-84	\$10,757,000
Recommended approval	9,268,500
Recommended reduction	854,500
Recommended augmentation	373,000
Net recommended approval	9,641,500
Recommendation pending	634,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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- (a) *Chino Hills—acquisition. Augment by \$373,000.* The augmentation is needed to bring the appropriation up to the figure in the appraisal. 657
- (b) *Columbia State Historic Park—D. O. Mills, Reimbursement. Delete \$97,000.* No justification has been presented for the reimbursement 658
- (c) *Empire Mine State Historic Park—Mine Shaft Access and Interpretation. Reduce by \$67,000.* Remove funding for elevator in mine shaft because of high cost and low revenues. 658
- (d) *Hearst San Simeon State Historic Monument—Continuing Rehabilitation. Reduce by \$238,000.* The reduction will limit the work to the current year level of expenditure. 659
- (f) *Indio Hills Palms—Acquisition.* Recommend Budget Bill language limiting encumbrance of funds until federal lands are transferred to the department and a 25-year operating contract is signed with Riverside County. 659
- (g) *Mokelumne River Project—Acquisition. Delete \$200,000.* The Wildlife Restoration Fund is a more appropriate source of funding. 660
- (h) *San Onofre State Beach—Reimbursement. Delete \$112,000.* No justification has been presented for the reimbursement. 661
- (j) *Preliminary Planning. Reduce by \$40,500.* This reduction will balance this source of funding with a recommendation in the support budget that recognizes a reduction in workload. 661
- (l) *Statewide Prebudget Apraisal. Reduce by \$100,000.* A shortage in acquisition funding will limit the number of appraisals needed. 661
- (m) *Minor Projects.* Withhold recommendation because the \$634,000 requested is substantially below prior requests and does not appear to be sufficient. 662

ANALYSIS AND RECOMMENDATIONS**(a) Chino Hills Project—Acquisition\$6,500,000**

We recommend augmentation by \$373,000 and approval in the increased amount of \$6,873,000 because of an increase in the appraisal.

The department is requesting \$6,500,000 for phase 4 of this multi-phase project to acquire lands for a large urban park in Southern California. Phase 4 will provide for acquisition of the following parcels:

Parcel Number	Owner	Acres	Comments
7228	Bryant	415	To exercise option previously purchased.
7229	Galstian	1,286	To exercise option previously purchased.
Total		1,701	

The Chino Hills area includes about 50,000 acres of open-space lands located in the four adjacent corners of Los Angeles, Orange, San Bernardino, and Riverside Counties. Approximately 9.2 million people live within a 40-mile radius of the park. The oak and walnut studded Chino Hills are covered with natural grasses and chaparral and are cut by winding canyons. The Chino Hills have numerous habitat areas. Developed water supplies consist of a few low-capacity wells.

Currently the lands are used primarily for grazing. Some power transmission lines traverse the area. The western portion of the property has several small inholdings for oil extraction operations. The property is bordered on the west by the Carbon Canyon Regional Park and on the south by the Yorba and Featherly Regional Parks.

Since 1980, the Legislature has appropriated \$33,901,000 from various funding sources (ERF, SPRF, 1974 Bond and 1980 Bond) for the Chino Hills park project, which is planned to ultimately include 10,850 acres at an estimated total cost of \$54.6 million. The various phases of the project, and the cost of each, are shown in Table 1.

Table 1
Chino Hills Acquisition Project
Status, January 18, 1983

Phase	Status	Acres	Cost or Estimated Cost
1 and 2	Parcels acquired	2,829	\$11,644,000
1 and 3	Parcels in escrow	3,134	17,020,000
3	1982-83 parcels to be acquired	1,540	9,020,000
4	1983-84 parcels to be acquired	1,701	6,873,000
5	1984-84 parcels to be acquired	276	2,550,000
6	Potential future acquisitions	1,370	7,525,000
Totals		10,850	\$54,632,000

Our analysis indicates that the proposed phase 4 acquisitions will be logical additions to the project. The amount requested, however, is not sufficient to fund the acquisition. Accordingly, we recommend an augmentation of \$373,000 and approval of the project in the increased amount of \$6,873,000 in order to reflect the value contained in the state's appraisal and the department's estimate of related administrative costs.

DEPARTMENT OF PARKS AND RECREATION—CAPITAL OUTLAY—Continued**(b) Columbia State Historic Park—D.O. Mills, Reimbursement of the Architectural Revolving Fund \$97,000**

We recommend deletion of \$97,000 requested to reimburse the Architectural Revolving Fund because the department has not justified the need for this reimbursement.

The department is requesting \$97,000 to reimburse the Architectural Revolving Fund for an overexpenditure of the D.O. Mills Building restoration project in Columbia State Historic Park.

We requested information from the department to justify this reimbursement. At the time this *Analysis* was prepared, the department had not responded to our request. Therefore, we recommend deletion of the amount requested.

(c) Empire Mine State Historic Park—Working Drawings and Construction of Mine Shaft Access and Interpretation \$205,000

We recommend a reduction of \$67,000 to delete working drawings for the elevator shaft and approval in the reduced amount of \$138,000 because the proposed elevator is too expensive and revenues will be too low.

This request is for \$205,000 to prepare working drawings for the excavation and construction of a 90-foot vertical elevator shaft with a ventilation system, a connecting tunnel between the vertical shaft and the existing inclined shaft and a viewing platform at the 90-foot level. The project also includes the construction of a security enclosure and safety barrier, and the construction of a flight of stairs and a platform at the upper level.

Empire Mine State Historic Park is located on the western slopes of the North-Central Sierra Nevada. It is about 50 miles north-east of Sacramento and is adjacent to the city of Grass Valley. This mine was one of the largest hardrock goldmines in the Sierras. In recent years, the department has restored several of the buildings at the mine, as well as the "Bourne Mansion" which was the home of the mine owner at the site. According to the department, the proposed elevator shaft would give visitors a better understanding of the actual working conditions experienced by the hardrock miners.

The department estimates that the project will result in operation and maintenance costs of \$167,000 and revenues of \$140,000, yearly. This would result in a net operation loss of \$27,000. The department's revenue estimate is based on the assumption that 37,300 persons will pay an average fee of \$3.75 (\$5.00 for adults and \$2.50 for children) to use the elevator each year.

Our analysis indicates that the department's cost estimate is probably valid, but its revenue estimate is high. The park currently has only 45,000 visitors yearly. It is unreasonable to expect that over 80 percent of the visitors would pay the extra fee to use the elevator. A more reasonable assumption would be that a smaller percentage of the visitors would use the elevator.

In view of the high construction costs, the high net operating and maintenance costs, and the likelihood that revenues will fall well short of these costs, we recommend a reduction of \$67,000 to delete funds requested to cover the cost of the working drawings for the elevator shaft.

Our analysis indicates that there is a need to remove safety hazards at the upper level. Accordingly, we recommend approval of \$138,000 for

construction of the security enclosure, safety barrier and replacement of the stairs in the inclined shaft so that the public can safely walk into the mine entrance.

(d) Hearst San Simeon State Historic Monument

Continuing Rehabilitation \$708,000

We recommend a reduction of \$238,000 and approval in the reduced amount of \$470,000 because the department has not justified a major increase in this ongoing rehabilitation project.

This request for \$708,000 is to continue a program of building stabilization and repairs at Hearst Castle. Specifically, this request provides for (1) restoration and waterproofing of building exteriors, (2) installation of new electrical wiring and components including smoke detectors and lighting fixtures, (3) repair of walks and terraces, (4) exterior and interior painting, (5) restoration of the "B House", (6) structural stabilization of the "C Terrace", and (7) restoration of the roman pool.

Our analysis indicates that the \$708,000 requested for this project exceeds the amount requested in the current year by \$238,000, or 51 percent. Lacking justification from the department for the large increase in ongoing maintenance and repair work at Hearst Castle, we recommend a reduction of \$238,000 in the department's request and approval in the reduced amount of \$470,000. This would fund the project at the same level as in the current year.

(e) Hearst San Simeon State Historic Monument—Road Repair \$676,000

We recommend approval.

The department is requesting \$676,000 for Phase 3 of a multi-phased project to repair the road into Hearst Castle. The Budget Act of 1981 appropriated \$650,000 for Phase 1, and the Budget Act of 1982 appropriated \$1,156,000 for Phase 2.

This project is needed because the number of buses which take tour groups up to the castle has increased over the years. The added traffic, coupled with poor drainage and road slipouts, has caused severe deterioration of the road in many places. A program of routine repairs has been underway for several years, but this work cannot correct the major problems.

Based on a study of necessary road repairs by Caltrans and the State Architect's cost estimate of September 29, 1982, we recommend approval.

(f) Indio Hills Palms—Acquisition..... \$975,000

We recommend that language be added to the Budget Bill prohibiting the encumbrance of funds appropriated for this project unless and until: (1) the ownership of federal lands within the project boundaries is transferred to the department and (2) an operating agreement is executed with the County of Riverside for the county to operate and maintain the project for a minimum of 25 years at no additional cost to the state.

The department is requesting \$975,000 for Phase 2 of a two-phased acquisition project at Indio Hills Palms in Riverside County. Indio Hills Palms consists of undeveloped desert mountain lands on which three natural palm oases are located. The Budget Act of 1982 appropriated \$705,000 for Phase 1 to acquire 1,737 acres which are owned by the county.

Riverside County owns an additional 2,209 acres which are contiguous to the project. The Bureau of Land Management (BLM) also owns 2,160

DEPARTMENT OF PARKS AND RECREATION—CAPITAL OUTLAY—Continued

acres within the boundaries of the project.

At the time the Phase 1 appropriation was approved by the Legislature, there was an understanding that the lands owned by BLM would be transferred to state ownership and that the county would operate and maintain the project at no added cost to the state. The Phase 1 appropriation included Budget Act language requiring that an agreement be consummated with the County of Riverside for the county to operate and maintain the project at no additional cost to the state.

At the time this *Analysis* was prepared the department and the county were having difficulties negotiating the operating agreement because the county insists that the term of the agreement be no longer than five years. As an added problem, negotiations with BLM to transfer ownership of the federal properties to the state have not begun.

Our analysis indicates that the project has merit and that Phase 2 should be funded. We recommend, however, that the Legislature adopt the following Budget Bill language so as to clearly require that the federal lands be transferred to state ownership and that the project be operated and maintained over the long-term by the county, rather than by the state:

"No state funds appropriated in category (f) of this item for the acquisition of Indio Hills Palms shall be encumbered unless and until (1) the ownership of federal lands within the project boundaries is transferred to the state, and (2) an agreement is entered into with the County of Riverside for the county to operate and maintain the project for a minimum of 25 years at no additional cost to the state."

(g) Mokelumne River Project—Acquisition..... \$200,000

We recommend deletion of the \$200,000 requested for this project on the basis that the Wildlife Conservation Board has funds which could more appropriately be used for this project.

The department is requesting \$200,000 to acquire 31 acres, immediately upstream from the location where the State Highway 49 bridge crosses the Mokelumne River. The town of Jackson is approximately four miles to the north on Highway 49.

The department's justification for acquisition is to preserve the three-mile "electra white water run" for recreational rafting. The subject property is the downstream river access and takeout point for rafting on the river. The upstream entry is at the Pacific Gas and Electric Company's Electra Power Plant. The stream traverses lands administered by the U.S. Bureau of Land Management until it enters the privately-owned lands proposed for acquisition. The U.S. Bureau of Land Management has indicated that it would operate and maintain the project if the state would acquire the 31 acres at the bridge.

Because this stretch of the Mokelumne River could benefit from improved access for both fishing and rafting, and because the BLM will operate the project, it qualifies for acquisition by the Wildlife Conservation Board. The project should not be funded by the Department of Parks and Recreation, because it is not of sufficient statewide significance to be added to the state park system.

As a consequence, we recommend that the project be authorized for funding, using the appropriation to the Wildlife Conservation Board from the Wildlife Restoration Fund in Item 3640-301-447.

**(h) San Onofre State Beach—Initial Development,
Reimbursement of the Architectural Revolving Fund \$112,000**

We recommend deletion of the \$112,000 requested to reimburse the Architectural Revolving Fund because the department has not justified the reimbursement.

The department is requesting \$112,000 to reimburse the Architectural Revolving Fund for an overexpenditure on development at San Onofre State Beach in San Diego County.

We requested that the department provide information justifying the reimbursement. At the time this *Analysis* was prepared, however, the department had not responded to our request. Therefore, we recommend deletion of the full amount requested.

(i) Statewide Opportunity Purchases \$250,000

We recommend approval.

On occasion, small properties which are contiguous to state park units become available to the state. In order to take advantage of such opportunities and to prevent incompatible development of the properties, the Legislature normally provides the department with an appropriation which permits proceeding quickly with opportunity purchases. We recommend approval of this request.

(j) Preliminary Planning \$100,000

We recommend a reduction of \$40,500 and approval in the reduced amount of \$59,500 because the full request is not needed.

This request is for \$100,000 which will be transferred to the department's support budget (Item 3790-001-001) for preliminary planning of capital outlay acquisition and development projects that are financed from the State Parks and Recreation Fund.

In view of the major reduction in funding from the State Parks and Recreation Fund for state park system capital outlay projects in the budget year and a corresponding reduction in planning workload, we recommend a proportional reduction of \$40,500 in reimbursements from this item to the support budget.

(k) State Acquisition Costs \$150,000

We recommend approval.

This request is for \$150,000 which will be used to reimburse the Real Estate Services Division, Department of General Services for a variety of costs associated with the planning of new acquisitions and the processing of state funded acquisition projects and private gifts of property to the state. For the most part, the projects are funded by the State Parks and Recreation Fund.

(l) Statewide Prebudget Appraisal \$150,000

We recommend a reduction of \$100,000 and approval in the reduced amount of \$50,000 because major funding for capital outlay projects is not likely to be available in 1984-85.

This request is for \$150,000 for prebudget planning, property descriptions, and appraisals for acquisition projects that will be proposed for funding from the State Parks and Recreation Fund in the 1984-85 budget. The appraisals are performed by the Division of Real Estate Services in the Department of General Services.

DEPARTMENT OF PARKS AND RECREATION—CAPITAL OUTLAY—Continued

Our analysis indicates that the department's request can be reduced by \$100,000 because major funding for state park capital outlay projects from tideland oil revenues is not likely to be available in 1984-85.

(m) Minor Projects \$634,000

We withhold recommendation on this request, and instead suggest that the department explain, prior to budget hearings, why a substantial reduction in the customary level of minor capital outlay funding is being proposed.

The department is requesting \$634,000 from the State Parks and Recreation fund for minor capital outlay projects throughout the state park system. This represents a reduction of \$1,066,000, or 63 percent, from the level of expenditures for minor capital outlay projects in the current year, and a reduction of \$1,500,000, or 71 percent, from the level of expenditures in 1981-82.

Minor capital outlay projects (\$150,000 or less) provide for:

- (1) Replacement of expendable items such as park furniture and chemical toilets,
- (2) Repairs to water, electrical, and sewer systems,
- (3) Erosion control, boundary fencing, and resource protection,
- (4) Minor restoration of historic structures, and
- (5) Construction of lifeguard towers, bridges, minor shop buildings and small restroom facilities.

Our analysis indicates that the department may have seriously under-budgeted its minor capital outlay program in 1983-84. The proposed level of funding will prevent the department from carrying out needed replacement of wornout facilities at heavily used park units, such as San Clemente State Beach, where the replacement of inadequate trailer hook-up facilities is needed, and Calaveras Big Trees State Park, where the replacement of a storm-damaged foot bridge is needed to provide public access to the south grove of giant sequoias.

Because this money finances essential major repairs and replacements as well as the construction of small projects at reasonable costs, we recommend that the department explain to the fiscal committees, prior to budget hearings, why a substantial reduction is being proposed in the amount requested for minor capital outlay.

Supplemental Language

For purposes of project definition and control, we recommend that supplemental language be adopted at the time of budget hearings which describes the scope of each of the capital outlay projects approved under this item.

DEPARTMENT OF PARKS AND RECREATION—CAPITAL OUTLAY

Item 3790-301-721 from the
Parklands Fund of 1980

Budget p. R 135

Requested 1983-84	\$18,783,000
Recommended approval	8,163,000
Recommended reduction	2,505,000
Net recommended approval	8,363,000
Recommendation pending	\$8,115,000

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| (a) Angel Island State Park—development. Withhold recommendation on \$1,845,000 for this project pending completion of cost estimate. | 664 |
| (b) Columbia State Historic Park—development. Recommend approval of \$1,328,000 for this project and addition of Budget Bill language prohibiting encumbrance of funds for the project until an operating agreement is entered into for operation of the Fallon Theatre at no cost to the state. Recommend department report status of project to the fiscal committees prior to budget hearings. | 664 |
| (c) <i>Fort Ross State Historic Park—acquisition. Delete \$200,000 for this project.</i> The property owner is an unwilling seller and the appraisal has not been completed. | 665 |
| (d) Millerton Lake State Recreation Area—development. Withhold recommendation pending review to determine whether money from the Harbors and Watercraft Revolving Fund can be used to pay for facilities which serve boaters. | 665 |
| (e) Old Town San Diego State Historic Park—development. Withhold recommendation for \$1,400,000 for this project pending rescoping of the project and justification for state financing of improvements normally provided by concessionaires. | 666 |
| (g) <i>Regional Indian Museum Displays—development. Delete \$1,049,000.</i> The sites have not been justified and an interpretive plan has not been provided. | 667 |
| (h) San Diego Coast Beaches—development. Withhold recommendation pending rescoping of the project. | 668 |
| (i) <i>San Pasqual Battlefield State Historic Park—development. Delete \$856,000.</i> An interpretive plan has not been provided. | 668 |
| (k) Sinkyone Wilderness State Park—development. Recommend addition of Budget Bill language prohibiting encumbrance of funds for this project until the Bureau of Narcotic Enforcement certifies that the Sinkyone Wilderness is safe for public use. | 669 |
| (l) Exposition Park—Multi-Cultural Center State Recreation Area—development. Withhold recommendation. Recommend the administration report to the Legislature on | 670 |

DEPARTMENT OF PARKS AND RECREATION—CAPITAL OUTLAY—Continued

the construction progress, costs and jurisdictional responsibilities for this project and report thereon before more funding is provided.

- (m) **Minor Projects.** Recommend approval of \$712,000 for these projects with \$212,000 for handicapped retrofit; \$100,000 (instead of \$200,000) for enroute camping; \$200,000 for environmental camping; and \$200,000 (instead of \$300,000) for retrofit of visitor services. Recommend adoption of supplemental language requiring acceleration of the environmental camping program. 671

ANALYSIS AND RECOMMENDATIONS

- (a) **Angel Island State Park—Restoration and Construct Day-Use Facilities.....\$1,845,000**

We withhold recommendation on this project, pending completion of the State Architect's cost estimate.

The department is requesting \$1,845,000 for restoration of historic buildings and construction of new day use and campground facilities at the east and north garrisons and at Ayala Cove on Angel Island State Park in San Francisco Bay. In the current year, \$150,000 was appropriated for working drawings for this project. The total cost is estimated to be approximately \$2 million.

Specifically, the project includes:

(1) Restoration of several historic structures for use as ranger residences, interpretive purposes or concession operations.

(2) Construction of landscaping, irrigation, water lines, and walkways, and

(3) Construction of a picnic area and a group campground. The State Architect has not completed a final cost estimate on the project, and there is some question regarding the final scope of the restoration work to be accomplished. Accordingly, we withhold recommendation on this project.

- (b) **Columbia State Historic Park—Restoration and Construction of Fallon Hotel and Theater (Phase 4)\$1,328,000**

We recommend approval and that language be added to the Budget Bill prohibiting the encumbrance of funds for the project until an agreement has been entered into that provides for operation and maintenance of the Fallon Theater at no cost to the state for a minimum of 10 years.

We further recommend that, prior to budget hearings, the department submit a report to the fiscal committees on the amount of work already accomplished, the current status of the project, and an estimate of the total cost to complete the project.

The department is requesting \$1,328,000 for Phase 4 of a multi-phase project to restore the historic Fallon Hotel and Theater in Columbia State Historic Park. The Legislature has made appropriations totaling \$2,186,000 for the first three phases of this project. The project originally was estimated to cost \$3.5 million.

Columbia State Historic Park is located in Tuolumne County, approximately five miles north of the City of Sonoma. When restoration work was first started in 1980, the Fallon Hotel and Theater had deteriorated and were structurally unsafe. The roofs had caved in, and rain water was

destroying the interior of the buildings. The historic complex includes a two-story theater and basement, a two-story hotel with barroom and a saloon building addition which serves as the entry for the theater. Plans for this complex provide for a house museum of the gold rush era, an active summer theater, and a concession-operated hotel.

According to the department, the Phase 4 work will complete the restoration of the theater. Restoration of the hotel, however, has been halted in order to make sufficient funds available to complete the theater. At the time this *Analysis* was prepared, an estimate of the amount needed to complete the hotel was not available.

The department is uncertain whether either the University of the Pacific or the Columbia Junior College is willing to operate and maintain the theater at no cost to the state. We understand that these entities are hesitant to enter into such an agreement because of the potential high cost of operating the heating, ventilation, and air conditioning systems and the theater lighting system.

The restoration of the theater should be completed and we recommend approval of the requested amount. In order to ensure that the project does not result in additional state costs for operating the facilities, as originally intended, we recommend that the following language be added:

“None of the funds appropriated in category (b) of this item for restoration of the Fallon Hotel and Theater (Phase 4) shall be encumbered unless and until the department has entered into an agreement providing for the operation and maintenance of the theater over a minimum period of 10 years at no cost to the state.”

(c) Fort Ross State Historic Park—Acquisition \$200,000

We recommend deletion of funding for this project because (1) the property owner is an unwilling seller and (2) the department has not completed an appraisal of the project as required by law.

The department is requesting \$200,000 to acquire approximately 100 acres of land bordering on Fort Ross State Historic Park. The acquisition is intended to protect the viewshed to the north of the park, and to provide a potential site for a future administration and residential area for park personnel.

The department is also proposing to exchange 42 acres of state-owned property at the northeast corner of the park, as a means of reducing the cost of the acquisition. The amount requested by the department, however, provides for acquisition of the entire property without reflecting the savings from the proposed exchange.

We recommend that funding for this project be deleted because the owner of the property is not a willing seller, and the property's potential value to the state does not justify the high costs that would have to be incurred in acquiring the property through condemnation. This property is located along a ridge, and is marginal to the protection of the Fort Ross viewshed. Furthermore, the department has not submitted an approved appraisal for the property, as required by law.

(d) Millerton Lake State Recreation Area—Working Drawings and Construct Day-Use Facilities \$1,923,000

We withhold recommendation on this project, pending a review by the department to determine whether money from the Harbors and Watercraft Revolving Fund can be substituted for 1980 Parks Bond funds to pay the costs of facilities that will directly serve boaters.

DEPARTMENT OF PARKS AND RECREATION—CAPITAL OUTLAY—Continued

The department is requesting \$1,923,000 for working drawings and construction of new administration and day-use facilities at Millerton Lake State Recreation Area. This park unit is approximately 18 miles northeast of the City of Fresno.

Millerton Lake is the most popular water recreation area in Fresno and Madera Counties, with attendance exceeding 750,000 visitors per year. The lake's south shore area, where most of the proposed improvements will be located, receives the greatest concentration of visitors.

The project consists of developing new access roads, road widening, new parking areas, new comfort stations, a new area administration complex, modification of the existing entrance kiosk, picnic areas, landscaping and utilities. These facilities will replace structures built in the mid-1950s by the National Park Service.

Our analysis indicates that the planned replacement of obsolete and worn-out facilities on the south shore of the lake is needed. However, the use of proceeds from the sale of park bonds to finance the construction of certain facilities that primarily benefit boaters is not justified. The department should investigate the possibility of using monies from the Harbors and Watercraft Revolving Fund to finance the construction of these facilities.

In addition, the department should investigate alternatives for reducing the cost of the park unit administration building. The department's cost estimate indicates that this 2,000 square foot building and parking lot will cost approximately \$220,000 plus the cost of associated utilities. This is about \$100 per square foot. Our analysis indicates that a custom framed structure could be built for approximately \$60 per square foot, and a prefabricated structure could be put in place with all amenities for \$40 per square foot. The department should also review its design for the construction of two 300-series comfort stations which are estimated to cost \$175,000.

**(e) Old Town San Diego State Historic Park—Construct
Rose-Robinson Building, Franklin/Colorado House,
Alvarado Family Property and Alvarado Lucia House\$1,400,000**

We withhold recommendation on this project pending (1) a rescoping of the project and (2) the receipt of information justifying the provision of state financing for leasehold improvements which normally are provided by concessionaires.

This request of \$1,400,000 is for Phase 3 of a multi-phase project to reconstruct several historic buildings in Old Town San Diego State Historic Park. These buildings will be used primarily by concessionaires for shops and restaurants. Previous appropriations for this multi-phased project amount to \$1,858,800. The total estimated project cost is \$3,253,800.

Phase 3 consists of the reconstruction of:

- (1) Two concrete block and adobe veneer structures known as the Alvarado Lucia House and the Rose-Robinson building,
- (2) A light framed wood building known as the Alvarado Family Property, and
- (3) Two multi-storied light-frame buildings known as the Franklin House and the Colorado House.

All of these buildings are circa 1850.

The project includes installation of elevators, mechanical duct work, plumbing, electrical, and kitchen equipment for future concessionaires.

Special electrical and plumbing fixtures and architectural hardware and mill work are also included for historic authenticity. In addition, the project includes research and archaeological studies, interpretive exhibits, furniture items, perimeter fencing, and pedestrian control gates.

The Rose-Robinson House, Alvarado Lucia House, and Franklin House will, according to the plans, provide completely equipped kitchens and a bakery for use by the concessionaires. We question state financing of this equipment which is normally provided by concessionaires as either leasehold improvements or as business equipment. Furthermore, the State Architect's cost estimate of \$2,577,000 is not consistent with the budget request of \$1,400,000. As a consequence, the project will have to be down-scoped to match the budget request.

Accordingly, we withhold recommendation on this project, pending (1) a rescoping of the project and (2) receipt of information justifying the provision of state financing for certain lease improvements which normally are provided by concessionaires.

(f) Statewide Preliminary Planning \$100,000
We recommend approval.

These funds will be transferred to the department's support budget (Item 3790-001-001) for preliminary planning of any projects remaining to be financed from the 1980 Parklands Bond Fund.

(g) Regional Indian Museums Displays—Planning and Development \$1,049,000

We recommend deletion of the \$1,049,000 requested for this project because the department has not justified the sites chosen or provided an interpretive plan for the regional Indian museums.

The department is requesting \$1,727,000 (\$1,049,000 under Item 3790-301-721—1980 Parklands Bond Fund and \$678,000—1970 Park Bond Fund) for the Phase I of a multi-phase project to make improvements to three existing Indian museums. The department contemplates the eventual development of an additional 10 Indian museums and cultural sites throughout the state parks system.

Specifically, Phase I will provide for improvements to three existing Indian museums and conversion of an existing structure to a fourth museum, as follows:

Lake Perris State Recreation Area. This project includes refurbishment of the existing Department of Water Resources' visitors center by installation of: new floor coverings, security systems, entrance lighting, landscaping, and trails. Interpretation will be provided by exhibits and audiovisual presentations.

Antelope Valley Indian Museum. This project includes rehabilitation of a portion of the existing structure by providing for: floor ventilation, installation of insulation, new roofing, security systems, heating, ventilation and air conditioning, and installation of handicap access features. Interpretive exhibits and audiovisual equipment will also be installed.

Indian Grinding Rock State Historic Park. This project includes modifications to the existing structure, the lighting system, and the security system. Floor coverings, and wall dividers will also be installed. In addition, the project includes interpretive exhibits and audiovisual equipment.

State Indian Museum, Sutter's Fort State Historic Park. This project includes: rehabilitation of the electrical systems and the heating, ventila-

DEPARTMENT OF PARKS AND RECREATION—CAPITAL OUTLAY—Continued

tion and air conditioning systems, installation of new carpet, insulation, and interior furnishing. Interpretive exhibits will also be included in the project.

We recommend deletion of all funds requested for these projects because (1) the department has not justified its site selections for the regional indian museums, (2) it has not provided an interpretive plan to ensure the quality of the museums and (3) the funding requested from the 1970 Bond Act is not legally available for this project. We also note that the Phase 1 projects, when completed will be expensive to operate and maintain, requiring about \$265,000 from the General Fund each year. At the present time, the department is having difficulties financing the operations of its *existing* facilities.

(h) San Diego Coast State Beaches—Working Drawings and Construction of Day-Use Parking and Rehabilitation.....\$1,994,000

We withhold recommendation on this project, pending its rescoping.

The department is requesting \$1,994,000 for the rehabilitation and construction of three day-use parking lots at Cardiff and Moonlight State Beaches in the San Diego coast area.

Our analysis indicates that rehabilitation and new construction projects are needed at these two heavily used beach units in order to provide for the needs and conveniences of the public. However, the State Architect's cost estimate for the project indicates that \$2,676,000 is needed. This exceeds the amount requested in the budget by \$682,000. As a consequence, we withhold recommendation on the project, and suggest instead that, prior to budget hearings, the department provide the fiscal committees with revised project plans and cost estimates.

(i) San Pasqual Battle Field State Historic Park—Construct Interpretive Center \$856,000

We recommend deletion of the \$856,000 requested for this project because an interpretive plan has not been provided by the department.

The department is requesting \$856,000 for construction of a one-story visitor interpretive center, including parking for 32 cars and three buses. Working drawings have been completed with \$48,500 donated by the California State Parks Foundation. A previous appropriation of \$150,000 has been made for the project. Total costs for the project are estimated to be \$1,054,000.

San Pasqual Battle Field is located approximately seven miles south of Escondido in San Diego County. The park is the site of the battle of San Pasqual fought between a U.S. Army unit commanded by Colonel Steven W. Kearny and a group of native Californians commanded by Captain Andreas Pico, on December 5 and 6, 1846. The proposed center would provide for interpretive exhibits and audiovisual presentations of the battle.

We recommend deletion of all funding requested for this project because the department has not provided an interpretive plan for the project. Such a plan is needed to ensure that quality exhibits and audiovisual presentations are provided in the visitor center. We also note that the center will be expensive to operate and maintain, requiring about \$155,000 (3.6 personnel years) of General Fund expenditures each year following completion of construction. At the present time, the department is having

difficulty funding the operation of its *existing* park units.

(j) San Simeon State Beach—Working Drawings and Construct Day-Use, Campground, and Sewer Hookup\$2,914,000

We recommend approval.

The department is requesting \$2,914,000 for Phase 2 of a two-phase development project for (1) rehabilitation of the existing 134 unit campground, (2) construction of a new coastal day-use area, and (3) construction of a 100-unit interim campground which will be used during the rehabilitation of the existing campground. The facilities at San Simeon State Beach are heavily used for overnight camping, primarily by visitors to Hearst Castle which is seven miles up coast.

Specifically, the Phase 2 project would provide for the rehabilitation of the existing 130-unit campground, including the construction of two comfort stations and four combination dressing-room-shower and restroom buildings. It would also provide for construction of a new coastal day-use area with access road and parking and a 100-unit interim campground. In addition, the project would include access roads, a concrete bridge, two trailer sanitation stations, a 150-seat campfire center and a foot bridge. Previous appropriations for this project amount to \$1,595,000. The total estimated cost of the project is \$4,221,000.

We recommend that funding for the project be approved. The existing campground is old and worn out, and is critically in need of rehabilitation and expansion. In addition, the new day-use area will provide permanent and maintainable facilities for coastal beach access. The planned project appears to be reasonable in scope and cost.

(k) Sinkyone Wilderness State Park—Trail Camps and Trail Construction \$112,000

We recommend that language be added to the Budget Bill prohibiting encumbrance of any funds until the Bureau of Narcotic Enforcement certifies that the Sinkyone Wilderness, the trail corridor and adjacent parklands are safe for public use.

The budget requests \$112,000 to develop a 15-mile hiking trail and three hike-in and trail camps on 1,400 acres of coastal redwood lands which the department is leasing from the Georgia Pacific Company. The trail connects Usal Creek on the Mendocino Coast to the Sinkyone Wilderness State Park. The lease agreement with the Georgia Pacific Company requires the department to complete trail construction within five years from the date of the agreement and prior to allowing any public use of the area. According to the department, completion of the facilities within this time period necessitates the appropriation of funds in 1983-84.

Construction of the trail will include culverts for erosion control, foot bridges for crossing gullies, safety railing along narrow ledges and cribbing to provide sufficient trail on steep slopes. Trailhead facilities, including a parking area and compost toilets, will be constructed at the south end along Usal Creek. Trail camps will be provided at Jackass Creek, Little Jackass Creek and Anderson Gulch. Due to the limited amount of funding for this project, the department intends to use volunteer labor and the California Conservation Corps to help complete it.

We recommend that funding for the project be approved because (1) this trail will provide the only public access to a currently inaccessible 15-mile section of coastline and (2) the planned project appears to be reasonable in scope and cost.

DEPARTMENT OF PARKS AND RECREATION—CAPITAL OUTLAY—Continued

In our analysis of Item 0540, which provides funding for the Secretary of Resources, we discuss and make recommendations regarding the problems that field personnel in the Resources Agency are having due to the illegal cultivation of marijuana in the north coast area. These problems appear to extend into the the Sinkyone Wilderness State Park.

Some growers in this area are armed, and constitute a hazard to state employees and the general public. In recent years warning shots have been fired at park rangers who patrol beyond well traveled roads, and conflicts between growers and raiders have resulted in several killings. The proposed trail facilities would serve to bring more members of the public into this area. In order to assure reasonable safety for the public, we recommend that the project not be constructed until the Bureau of Narcotic Enforcement certifies that the Sinkyone Wilderness, the trail corridor and adjacent parklands are safe for public use.

(f) Exposition Park—Multi-Cultural Center State Recreation Area—Working Drawings and Partial Construction of Parking Lot, Multi-Cultural Center and Interpretation \$953,000

We withhold recommendation on this project and recommend that the administration report to the Legislature on the construction progress, costs, and jurisdictional responsibilities for this project and report thereon before more funding is provided.

The department is requesting \$953,000 for Phase 2 of a two-phase project to construct the Multi-Cultural Center State Recreation Area in Los Angeles Exposition Park. Prior appropriations for this project amount to \$4,605,000. The total cost of the project is estimated to be \$5,958,000.

The purpose of the multi-cultural center is to provide a place where the peoples of California have opportunities to participate in interpretive programs which stress the diverse origins, rich heritages, and future potentials of the state. The focus of the park will be (1) to present an historic scenario of the native American and other arriving cultures in California, (2) to exhibit arts, crafts and living activities of the diverse cultures of the state, (3) to host and facilitate a variety of cultural celebrations, and (4) to direct visitors to other museums, parks and residential areas of cultural significance in California.

Specifically, Phase 2 will provide for (1) construction and finishing of exhibits begun in Phase 1, (2) an audio visual program and equipment for the theater funded in Phase 1, (3) the commissioning of a major work of art for the entrance area, (4) landscaping and protection of existing trees, and (5) working drawings for 179 new parking spaces, an access road, lighting, and refurbishment of an existing parking lot.

Funds for construction of the parking facilities and road will be requested in Phase 3, which is to be included in the department's request for 1984-85.

Our analysis indicates that the \$6 million requested for development appears to be high, while the estimate of ongoing operation and maintenance costs—\$165,000 (19 personnel years)—appears to be very low. We believe the department should review these estimates. In addition, we suggest that the department review the possibility of having the adjacent Museum of Science and Industry, rather than the Department of Parks and Recreation operate the facility when it is completed.

We recommend that, prior to budget hearings, the department provide

the Legislature with a report (1) reviewing the progress of construction to date, and indicating whether the project can be completed in time for the Olympics, (2) justifying the estimates of development, operating and maintenance costs, and (3) discussing the costs and benefits of assigning responsibilities for operating and maintaining this project to the Museum of Science and Industry. We withhold recommendation on the project, pending receipt of this information.

(m) Minor Projects \$912,000

We recommend deletion of \$200,000 requested for minor projects to eliminate funding that exceeds project requirements or has not been justified.

We further recommend adoption of supplemental report language directing the department to accelerate the environmental camping program.

The department is requesting \$912,000 for the following minor projects:

(1) Handicapped retrofit	\$212,000
(2) Enroute camping	200,000
(3) Environmental camping	200,000
(4) Retrofit visitor services facilities.....	300,000
Total.....	\$912,000

Handicapped Projects. The budget requests \$212,000 for Phase 3 of a four-year program designed to increase the accessibility of 64 park units to the physically handicapped. Phase 3 calls for the retrofitting of facilities at 16 park units in 1983-84. The modifications will include installation of ramps, paved walks, and handrails. Curbs will be cut, doors widened, and the height of fixtures, telephones, drinking fountains, lavatories and mirrors will be adjusted. We recommend approval of these projects.

Enroute Camping Projects. This project provides \$200,000 for minor improvements in the budget year to day-use parking areas at 13 park units to permit enroute camping by self-contained recreational vehicles. This is Phase 2 of a two-phase program intended to provide a needed service at relatively low cost, while at the same time increasing state park revenues.

We believe the program has considerable merit. We recommend, however, that funding for the project be limited to \$100,000, in order to make the budget request consistent with the department's cost estimates for this phase of the project.

Environmental Camping. The department requests \$200,000 to construct 94 primitive campsites in outstanding scenic and natural areas of the state park system during 1983-84. Locations in 56 park units are under consideration for these campsites. This work is the final phase of a four-phase program under which 500 campsites at 48 park units have already been funded.

At the time this *Analysis* was prepared, 383 of the 500 campsites had yet to be built. Construction has been delayed at many parks because of storm damage. In addition, some park units have had difficulty recruiting the volunteer labor that the program relies upon for campsite construction. Finally, construction delays have occurred at some units because the program has not received sufficient emphasis from the department.

The environmental camping program opens outstanding areas of the state park system to public use at relatively low cost. Many park visitors prefer the simplicity and privacy of the campsites to the more extensively developed campgrounds that are the predominant type of camping available in the state park system.

DEPARTMENT OF PARKS AND RECREATION—CAPITAL OUTLAY—Continued

We believe the program has substantial merit and deserves more emphasis within the department. The construction of campsites could be accelerated by hiring seasonal day labor crews, where necessary. Accordingly, we recommend the adoption of the following supplemental report language:

"The Department of Parks and Recreation shall give priority to environmental camping programs and accelerate implementation of the program by hiring seasonal day labor as necessary."

Retrofit Visitors Services Facilities. The department requests \$300,000 in the budget for modifications at park facilities that will increase the collection of fees. This is the first phase of a 3-phase program. There are three parts to the 1983-84 request, as follows:

(1) \$100,000 to install fee collection devices (iron rangers) at 15 park units. These devices allow for collection of fees without the presence of park personnel.

(2) \$100,000 for a pilot program involving the installation of cash registers at the State Railroad Museum capable of collecting attendance and revenue data. The department hopes that the equipment will improve the data used as the basis for decision-making. If successful, similar equipment would be installed at other units.

(3) \$100,000 for facility modifications at four state park system areas. The modifications include the installation of manned contact stations and entrance road modifications at the Wrights Beach and Goat Rock units of the Sonoma Coast State Beaches.

We believe the requests embodied in (1) and (3) above are justified. However, the department has not justified the proposed data collection program, and the cost of the equipment to be purchased is very high. Accordingly, we recommend deletion of the \$100,000 requested for (2), above, and approval in the reduced amount of \$200,000.

(n) Design and Construction Planning.....\$3,197,000

We recommend approval.

These funds will be transferred to the department's support budget (Item 3790-001-001) to fund the staff working on design and construction planning of development projects that are financed from the 1980 Parklands Bond Fund.

Supplemental Language

For purposes of project definition and control, we recommend that supplemental language be adopted at the time of budget hearings which describes the scope of each of the capital outlay projects approved under this item.

DEPARTMENT OF PARKS AND RECREATION—CAPITAL OUTLAY

Item 3790-301-728 from the Rec-
reational and Fish and Wild-
life Enhancement Fund

Budget p. R 135

Requested 1983-84	\$694,000
Recommended approval	16,000
Recommended reduction	678,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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- (b) *Regional Indian Museums Displays—Acquisition and Development. Delete \$678,000.* No interpretive plan is available and use of funds from this source is illegal. 673

ANALYSIS AND RECOMMENDATIONS

- (a) **Design and Construction Planning..... \$16,000**
We recommend approval.

The funds requested in this sub-item will be transferred to the department's support budget (Item 3790-001-001) for preliminary planning and project management of capital outlay acquisition and development projects which are financed from the Recreation and Fish and Wildlife Enhancement Fund.

- (b) **Regional Indian Museums Displays—acquisition and development \$678,000**

We recommend deletion of \$678,000 because (1) no interpretive plan is available for the museum exhibits, and (2) use of funds from this source for such projects is not legal.

The department is requesting \$1,727,000 (\$1,049,000 under Item 3790-301-721—1980 Parklands Bond Fund and \$678,000 under Item 3790-301-728—1970 Park Bond Fund) for Phase 1 of a multi-phase project to make improvements to three existing Indian museums and cultural sites in the state parks system. Specifically, Phase 1 will provide for improvements to three existing Indian museums and conversion of an existing structure to a fourth museum.

Under Item 3790-301-721, we recommend deletion of funding for this project because there is no plan for the exhibits. The structures should not be modified until it is clear that exhibit material of high quality is available for display in the museums, and that the exhibits are planned. In addition, we recommend deletion of funding under this item because use of funds from the Recreation and Fish and Wildlife Enhancement Fund for development of Indian museums is not legal under the bond act. State Park expenditures from this fund are limited to development of *recreational* facilities at State Water Project reservoirs and aqueducts. Accordingly, we recommend deletion of the full amount requested.

**DEPARTMENT OF PARKS AND RECREATION—CAPITAL
OUTLAY**

Item 3790-301-732 from the
State Beach, Park, Recreation-
al and Historical Facilities
Bond Fund of 1964.

Budget p. R 135

Requested 1983-84	\$10,000
Estimated approval.....	10,000

ANALYSIS AND RECOMMENDATIONS

(a) Design and Construction Planning..... \$10,000
We recommend approval.

The funds requested in this item will be transferred to the department's support budget (Item 3790-001-001) for design and construction planning of capital outlay development projects which are financed from the 1964 Park Bond Fund.

**DEPARTMENT OF PARKS AND RECREATION—CAPITAL
OUTLAY**

Item 3790-301-742 from the
State, Urban, and Coastal
Park Bond Fund

Budget p. R135

Requested 1983-84	\$7,200,000
Recommended approval	362,000
Recommendation pending	6,838,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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(b) Huntington State Beach—Development. Withhold recommendation pending completion of a revised cost estimate.

674

ANALYSIS AND RECOMMENDATIONS

(a) Project Planning and Design..... \$362,000
We recommend approval.

The amount requested in this sub-item will be transferred to the department's support budget (Item 3790-001-001) for project planning and design of capital outlay development projects which are financed from the 1976 Park Bond Fund.

(b) Huntington State Beach—Reconstruction, Phase 2\$6,838,000
We withhold recommendation on this project, pending completion of a revised cost estimate.

The department is requesting \$6,838,000 for Phase 2 of a two-phase

construction project to replace old, inadequate beach and parking facilities at Huntington State Beach in Orange County. The total cost of the project is estimated to be about \$13.3 million. Appropriations totaling \$523,590 were made in the 1977 and 1978 Budget Acts to prepare working drawings for the Phase 1 of the project. An appropriation of \$6,500,000 was made in the 1982 Budget Act for Phase 1 construction.

Phase 2 of the project would include:

- Replacement of 600 parking spaces with 1,300 spaces.
- Replacement of six comfort and dressing room stations.
- Replacement of four concession buildings with two new buildings.
- Development of over one mile of landscaping and irrigation.

Much of this work is needed, and has been delayed too long because of disagreements between the department and the City of Huntington Beach. Revised cost estimates for the project, however, have not been completed. Until the cost estimates are available, we cannot determine the amount of construction money needed. Accordingly, we withhold recommendation on this project, pending the receipt of the cost estimates.

Supplemental Language

For purposes of project definition and control, we recommend that supplemental language be adopted at the time of budget hearings, which describes the scope of each of the capital outlay projects approved under this item.

State Park System, Capital Outlay Projects by Descriptive Category

In *The Budget for 1983-84: Perspectives and Issues*, we identify a number of problems that the Legislature will confront in attempting to provide for high-priority state needs within available revenues. To aid the Legislature in establishing and funding its priorities, we have divided those Department of Parks and Recreation capital outlay projects which our analysis indicates warrant funding, into the following seven descriptive categories:

1. Reduce the state's legal liability—includes projects to correct life threatening security/code deficiencies and to meet contractual obligations.
2. Maintain the current level of service—includes projects which if not undertaken will lead to reductions in revenue and/or services.
3. Improve state programs by eliminating program deficiencies.
4. Increase the level of service provided by state programs.
5. Increase the cost efficiency of state operations—includes energy conservation projects and projects to replace lease space which have a payback period of less than five years.
6. Increase the cost efficiency of state operations—includes energy conservation projects and projects to replace lease space which have a payback period of greater than five years.
7. Other projects—includes noncritical but desirable projects which fit none of the other categories, such as projects to improve buildings to meet current code requirements (other than those addressing life-threatening conditions), utility/site development improvements and general improvement of physical facilities.

Individual projects have been assigned to categories based on the intent and scope of each project. These assignments do not reflect the priority that individual projects should be given by the Legislature.

DEPARTMENT OF PARKS AND RECREATION—CAPITAL OUTLAY—Continued

<i>Category/Item/Park Unit/Project Title</i>	<i>Analyst's Proposal^a</i>	<i>Estimated Future Cost</i>
1. 3790-301-392		
(c) Empire Mine SHP—construct safety barriers at mine entrance	\$138 ^c	—
(e) Hearst Simeon SHM—road repair	676 ^c	500
Subtotal	\$814	\$500
2. 3790-301-190		
(a) Bolsa Chica and Huntington State Beaches—sand replenishment	\$689 ^c	—
3790-301-392		
(d) Hearst San Simeon SHP—continuing rehabilitation	470 ^c	\$470
Subtotal	\$1,159	470
4. 3790-301-391		
(a) Chino Hills project—acquisition	\$6,872 ^a	\$10,000 ^a
3790-301-721		
(b) Columbia State Historic Park—restoration and construction of Fal-		
lon Hotel and Theatre	1,328 ^c	—
(j) San Simeon State Beach—day-use, campground and sewer hook-up	2,914 ^{w, c}	—
(k) Sinkyone Wilderness State Park—trail camps and trail construction	112 ^c	—
(m) Minor projects	912 ^c	—
Subtotal	\$12,139	\$10,000
7. 3790-301-392		
(f) Indio Hills Palms project—acquisition	\$975 ^a	—
(i) Statewide opportunity purchases	250 ^a	—
(j) Preliminary planning	60 ^p	—
(k) Statewide acquisition costs	150 ^p	—
(l) Statewide prebudget appraisals	50 ^p	—
3790-301-721		
(f) Preliminary planning	100 ^p	—
(n) Design and construction planning	3,197 ^p	—
3790-301-742		
(a) Project planning and design	362 ^p	—
Subtotal	\$5,144	—
Totals	\$19,256	\$10,970

^a Phase symbols indicate: a = acquisition; c = construction; p = planning and w = working drawings.

DEPARTMENT OF PARKS AND RECREATION—REVERSIONS

Item 3790-495 to General Fund
and various special funds

ANALYSIS AND RECOMMENDATIONS

We withhold recommendation on these proposed reversions, pending receipt of additional information from the department.

This item proposes that funds for 98 capital outlay acquisition and development and local assistance grant projects be reverted to various funding sources.

We withhold recommendation on these reversions, pending the receipt of additional information on the proposed reversions.

SANTA MONICA MOUNTAINS CONSERVANCY

Item 3810 from the General
Fund

Budget p. R 149

Requested 1983-84	\$303,000
Estimated 1982-83	307,000
Actual 1981-82	294,000
Requested decrease (excluding amount for salary increases) \$4,000 (-1.3 percent)	
Total recommended reduction	None
Recommendation pending	\$303,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Recommend that the conservancy provide to the Legislature, by March 14, 1983, information documenting the availability of \$149,000 in reimbursements proposed for expenditure in 1983-84. Pending receipt of this information, we withhold recommendation on the proposed expenditures. 678
2. Recommend that the conservancy report to the Legislature, by March 14, 1983, on the status of its capital outlay projects and the staffing needs for its remaining project workload. Withhold recommendation on project staffing requirements, pending receipt of additional information. 679

GENERAL PROGRAM STATEMENT

Chapter 1087, Statutes of 1979, established the Santa Monica Mountains Conservancy and assigned to it the responsibility for implementing the land acquisition program in the Santa Monica Mountains that was prepared by its predecessor, the Santa Monica Mountains Comprehensive Planning Commission. Under existing law, the Santa Monica Mountains Conservancy will go out of existence on July 1, 1986.

The conservancy is authorized to purchase lands and provide grants to state and local agencies to further the purposes of the federal Santa Monica National Recreation Area and the state Santa Monica Mountains Com-

SANTA MONICA MOUNTAINS CONSERVANCY—Continued

prehensive Plan. It may promote the objectives of these programs by (1) acquiring and consolidating subdivided land, (2) creating buffer zones surrounding federal and state park sites, and (3) restoring natural resource areas in a manner similar to the State Coastal Conservancy. The conservancy has a governing board of seven voting members.

The conservancy, located in Los Angeles, has 10.5 authorized personnel-years in the current year.

ANALYSIS AND RECOMMENDATIONS

The Budget requests an appropriation of \$303,000 from the General Fund for support of the Santa Monica Mountains Conservancy in 1983–84. This is \$4,000, or 1.3 percent, less than estimated current-year expenditures. The request, however, makes no allowance for the cost of any salary or staff benefit increase that may be approved for the budget year.

Total support expenditures, including expenditures from reimbursements, are estimated at \$452,000, which is a decrease of \$134,000, or 23 percent, below estimated current-year expenditures. The budget states that reimbursements from current- and prior-year capital outlay appropriations for project planning and design activities are estimated to decline from \$239,000 in the current year to \$149,000 in 1983–84 as the result of project completions.

The conservancy's budget for 1983–84 is, in major respects, inaccurate and internally inconsistent. As such, this budget does not provide information necessary to identify the projects that are to be carried out by the conservancy in 1983–84 or to determine the staffing needs associated with these projects.

Proposed Reimbursements Not Available

We recommend that the conservancy provide to the Legislature, by March 14, 1983, information documenting the availability for expenditure in 1983–84 of \$149,000 in proposed reimbursements. We withhold recommendation on the conservancy's reimbursement-funded expenditures, pending the receipt of this information.

Since 1981–82, the conservancy has received two capital outlay appropriations which included funds for project planning and design, as follows:

1. Item 381-301-721, Budget Act of 1981—This item appropriated \$4,000,000 to the conservancy from the Parklands Fund (Parklands Bond Act of 1980), and included \$313,965 for project planning and design.
2. Item 3810-301-190, Budget Act of 1982—This item appropriated \$5,092,000 to the conservancy from the Resources Account, Energy and Resources Fund, and included \$242,000 for project planning and design.

The budget shows that actual expenditures by the conservancy in 1981–82 for project planning and design amounted to \$181,000. The support budget, however, reflects the expenditure of only \$145,000 in reimbursements, leaving \$36,000 unaccounted for. Project planning and design expenditures in 1982–83 are estimated to total \$371,000, including \$132,000 from the Parklands Fund and \$239,000 from the Energy and Resources Fund. Again expenditures from reimbursements of only \$239,000 are shown in the support budget, leaving \$132,000 unaccounted for. In both instances, the amounts should be the same.

The budget anticipates that the conservancy will receive reimbursements during the budget year amounting to \$149,000 from "current- and

prior-year Capital Outlay appropriations." The budget, however, does not provide for any new capital outlay expenditures in 1983-84. Furthermore, Section 2 of both the 1981 Budget Act and the 1982 Budget Act limits the availability of capital outlay funds for planning expenditures to one year, and the Budget Act of 1982 did not reappropriate unencumbered capital outlay funds provided by Item 381-301-721 in the previous year. As a consequence, the unencumbered balance of project planning monies in that item is not available for expenditure in the current year, contrary to what the budget shows.

From the information contained in the budget document, we can identify \$132,000 in project planning funds provided by the capital outlay item in the Budget Act of 1981 (Parklands Fund) that are likely to be unencumbered by June 30, 1983. The budget, however, does not request the reappropriation of any capital outlay funds to the conservancy in the 1983 Budget Bill. Since no reappropriation is requested, the unencumbered funds will not be available for expenditure in 1983-84. Thus, the source of the additional \$149,000 in proposed reimbursements is not clear.

At the time this *Analysis* was prepared, the conservancy was not able to document the availability of the reimbursements proposed for expenditure in 1983-84. We withhold recommendation on the expenditure of these funds, and suggest that the conservancy clarify the source of funds to finance these expenditures.

Remaining Capital Outlay Workload

We recommend that the conservancy report to the Legislature, by March 14, 1983, on the status of its capital outlay projects and on staffing needs related to the remaining project workload. Pending receipt of this information, we withhold recommendation on project staffing requirements.

Since its creation in 1979, the conservancy has received a total of \$10,088,000 in capital outlay funds, primarily for land acquisition and local assistance grants. (The conservancy has been able to make grants from capital outlay funds, due to the unusual flexibility that it has sought and received.) Through 1981-82, the conservancy expended a total of \$591,000 in capital outlay funds, including \$181,000 for project planning and design activities. The budget follows the traditional pattern of showing the remaining capital outlay funds, totaling \$9,497,000, as being expended in the current year.

The budget raises serious questions about the proposed staffing level for the conservancy. The number of personnel-years is proposed to decline by only one position, to 9.5 personnel-years, in 1983-84. We recognize that some of the projects for which funds will be expended during the current year will still require a degree of staff attention in 1983-84. The staffing level, however, appears to be excessive relative to the conservancy's project workload as set forth in the budget.

At the time this *Analysis* was prepared, considerable uncertainty existed as to the status of the conservancy's capital outlay projects that have already been funded. For example, the conservancy is seeking urgency legislation in the First Extraordinary Session to reappropriate approximately \$4.1 million in capital outlay funds for the purpose of a grant to the City of Los Angeles to acquire 133 acres at Runyon Canyon. The Runyon Canyon project originally was presented to the Legislature and funded as part of the conservancy's "revolving fund" land acquisition program. The conservancy applies the term "revolving fund project" to the acquisition

SANTA MONICA MOUNTAINS CONSERVANCY—Continued

of properties that it expects eventually to sell for revised development purposes, consistent with the Santa Monica Mountains plan. The sale of the Runyon Canyon property originally was expected to return most of the conservancy's investment, making the funds available for further conservancy projects. The conversion of the Runyon Canyon project to a local assistance grant to the City of Los Angeles would mean that most of the conservancy's remaining funds would be tied up with the City of Los Angeles for an unknown period. The implications of this major policy change on the conservancy's workload has not been addressed.

The conservancy has not provided workload data that would allow us to determine its staffing requirements. Given this and the uncertainty surrounding the status of its capital outlay projects, we withhold recommendation on the conservancy's proposed budget. We recommend that the conservancy provide to the Legislature, by March 14, 1983, updated information on the status of its capital outlay projects and the additional information that the Legislature will need in order to determine the level of staffing required in 1983-84.

In summary, the conservancy's remaining project workload needs to be identified before an appropriate level of support expenditures for 1983-84 can be established. This information will also permit a determination of what portion of the conservancy's support expenditures should be financed from the General Fund, and what portion should be financed by reimbursements received from the conservancy's prior capital outlay appropriations.

Resources Agency

SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

Item 3820 from the General

Fund	Budget p. R 151
Requested 1983-84	\$920,000
Estimated 1982-83	971,000
Actual 1981-82	878,000
Requested decrease (excluding amount for salary increases) \$51,000 (-5.2 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The San Francisco Bay Conservation and Development Commission (BCDC) was created by the Legislature in 1965. The commission consists of 27 members representing citizens of the Bay Area and all levels of government. The BCDC is charged with implementing and updating the San Francisco Bay Plan and the Suisun Marsh Protection Plan.

In addition, the BCDC has authority over:

1. All filling and dredging activities on the San Francisco Bay, including San Pablo and Suisun Bays, specified sloughs, creeks, and tributaries;
2. Changes in use of salt ponds and other "managed wetlands" adjacent to the bay; and

3. Significant changes in land use within a 100-foot strip inland from the bay.

The BCDC, which is located in San Francisco, has 24 personnel-years in the current year.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget proposes an appropriation of \$920,000 from the General Fund for support of commission activities in 1983-84. This is a decrease of \$51,000, or 5.2 percent, below estimated current-year expenditures. This amount will increase by the amount of any additional staff benefit increase approved for the budget year.

Included in estimated expenditures for the current year is a one-time expense of \$28,000 paid from the General Fund to reimburse Solano County for state-mandated costs incurred in preparing the county's Local Protection program. This program was mandated by the Suisun Marsh Preservation Act, Ch 1155/77. The ongoing costs to the county of implementing the Local Protection program are to be reimbursed from an appropriation to the Department of Fish and Game, pursuant to Ch 1571/82.

If adjustment is made for the one-time \$28,000 cost, the \$920,000 General Fund request for state operations in 1983-84 represents a \$23,000, or 2.4 percent, decrease below estimated current-year General Fund expenditures. This \$23,000 decrease is the net result of (1) a decrease of \$68,000 due to the elimination of one attorney position, one-half of one clerical position and related operating expenses, (2) a \$29,000 increase in other personal services and operating expenses and equipment, and (3) a proposed General Fund augmentation of \$16,000 to compensate for the loss of federal reimbursements. We believe these increases are warranted.

Total expenditures for state operations from all sources, including federal reimbursements is expected to be \$1,127,000, in 1983-84, which is \$39,000, or 3.3 percent, less than estimated current-year expenditures. This amount consists of the \$920,000 General Fund request plus \$207,000 in federal funds. The federal funds consist of (1) a \$160,000 planning grant from the Office of Coastal Zone Management and (2) a \$47,000 grant under the Coastal Energy Impact program for energy-related work.

Resources Agency
DEPARTMENT OF WATER RESOURCES

Item 3860 from the General
 Fund and various funds

Budget p. R 153

Requested 1983-84	\$24,643,000
Estimated 1982-83	28,520,000
Actual 1981-82	27,756,000
Requested decrease (excluding amount for salary increases) \$3,877,000 (-13.6 percent)	
Total recommended reduction	\$260,000

1983-84 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
3860-001-001—Support		General	\$19,885,000
3860-001-140—Agriculture Pilot Project		Environmental License Plate	842,000
3860-001-190—Support, Delta Levees		Resources Account, Energy and Resources	130,000
3860-001-890—Federal Support		Federal Trust	(420,000)
3860-001-940—Water Conservation		Renewable Resources In- vestment	402,000
Total, Support			\$21,259,000
3860-101-001—Local Assistance, Flood Control Sub- ventions		General	2,000,000
3860-101-190—Local Assistance, Delta Levees		Resources Account, Energy and Resources	1,384,000
Total, Support and Local Assistance			\$24,643,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Legal Services. Recommend department report, prior to budget hearings, on the impact of the proposed \$462,000 reduction in legal services. 687
2. Unallocated Reduction. Recommend department report, prior to budget hearings, on the impact of the \$1 million unallocated General Fund reduction. 688
3. *Conservation Education. Reduce Item 3860-001-001 by \$145,000.* Recommend elimination of support for conservation education, because (1) most of the proposed activities can be financed from other sources, and (2) the remaining activities can be deferred. 689
4. *Technology Transfer. Reduce Item 3860-001-001 by \$115,000.* Recommend support for agricultural technology transfer be reduced, because the program reaches a small audience and the department has other means for achieving the program's objectives. 690
5. Desalination Project. Recommend department report, prior to budget hearings, on the availability of funds for the reverse osmosis desalination demonstration project. 691
6. Flood Control Subventions. Recommend department re- 692

port, prior to budget hearings, on plans to reduce the estimated \$17 million backlog of local agency claims for reimbursement under the flood control subvention program.

GENERAL PROGRAM STATEMENT

The Department of Water Resources (DWR) is responsible for (1) planning for the protection and management of California's water resources, (2) implementation of the State Water Resources Development System, including the State Water Project, (3) public safety and the prevention of damage through flood control operations, supervision of dams, and safe drinking water projects, and (4) furnishing technical services to other agencies.

The department's headquarters is in Sacramento. District offices are in Red Bluff, Fresno, Sacramento, and Los Angeles. The operation and maintenance of the State Water Project is carried out through department field offices. The department has 2,929 authorized personnel-years in the current year.

The California Water Commission, consisting of nine members appointed by the Governor and confirmed by the Senate, serves in an advisory capacity to the department and the director.

The Reclamation Board, which is within the department, consists of seven members appointed by the Governor. The board has various specific responsibilities for the construction, maintenance, and protection of flood control levees within the Sacramento and San Joaquin River valleys.

ANALYSIS AND RECOMMENDATIONS

The budget proposes six appropriations totaling \$24,643,000 from various funds for the support and local assistance programs of the Department of Water Resources in 1983-84. This is \$3,877,000, or almost 14 percent, below estimated current-year expenditures. The proposed reduction, however, makes no allowance for the amount of any salary or benefit increases that may be approved for the budget year.

The budget proposes total expenditures by the department of \$859,901,000 in 1983-84, an increase of \$297,283,000, or almost 53 percent over the current-year level. This amount includes support, local assistance, and capital outlay. Of the total, \$32,527,000, or 3.8 percent, is proposed for appropriation in the Budget Bill.

A total of \$21,885,000 is requested from the General Fund, a net increase of \$4,000 above estimated current-year expenditures. (In calculating the change from estimated expenditures in 1982-83, we have made no allowance for the 2 percent unallotment directed by Executive Order D-1-83.)

Our analysis indicates a number of shortcomings in the preparation of the budget by the administration. These include (1) inadequate information on reductions in legal services and planning activities, (2) uncertain funding for the reverse osmosis desalination project, (3) inadequate support for the flood control subventions program and (4) inadequate information on the status of the California Water Fund. Each of these are discussed separately, later in our analysis of the DWR budget.

Significant Budget Changes

Table 1 summarizes total expenditures proposed for 1983-84, and details significant program changes from the 1982-83 levels by fund. The most significant General Fund change is a \$1 million reduction in support for planning and studies. An additional decrease of \$69,000 is proposed as the

DEPARTMENT OF WATER RESOURCES—Continued

Table 1
Department of Water Resources
Proposed Budget Adjustments
(in thousands)

	General Fund	Special Account for Capital Outlay	Environ- mental License Plate Fund	Energy and Resources Fund	Renewable Resources Investment Fund	California Water Fund	Safe Drinking Water Bond Fund	State, Urban and Coastal Park Fund	State Water Project Funds	Federal Funds	Reim- burse- ments	Totals
1982-83 Base Budget (Revised)	\$21,881	\$500	\$470	\$6,462	\$678	\$19,849	\$25,964	\$4,298	\$475,292	\$647	\$6,577	\$562,618
A. Workload and Administrative Adjust- ments												
1. Restoration of employee retirement contributions	501	—	—	—	—	—	—	—	—	—	—	501
2. Increase in pro rata charges	138	—	2	21	2	3	7	—	726	6	36	941
3. Bond Service and Administration....	—	—	—	—	—	—	—	—	268,164	—	—	268,164
4. Power Purchases	—	—	—	—	—	—	—	—	53,400	—	—	53,400
5. One-time 1982-83 Expenditures	—	—	-470	-4,153	-278	—	—	-4,298	-23,566	—	—	-32,765
6. Fund transfer for CIMIS project	—	—	840	-816	—	—	—	—	—	—	—	24
7. Miscellaneous adjustments	434	—	—	—	—	-4,705	70	—	27,710	-233	-1,546	21,730
B. Significant Program Changes												
1. Sacramento River Bank Protection	—	-500	—	1,820	—	—	—	—	—	—	—	1,320
2. Elimination of tideland oil revenues	—	—	—	—	—	-14,710	—	—	—	—	—	-14,710
3. Reduction in legal staff	-69	—	—	—	—	—	—	—	-393	—	—	-462
4. Reduction in planning and studies..	-1,000	—	—	—	—	—	—	—	—	—	—	-1,000
5. Snow data telemetry and repair of Knights Landing outfall gates	—	140	—	—	—	—	—	—	—	—	—	140
Totals, 1983-84 Budget Changes	\$4	-\$360	\$372	-\$3,128	-\$276	-\$19,412	77	-\$4,298	\$326,041	-\$227	-\$1,510	\$297,283
Totals, 1983-84 Proposed Budget	\$21,885	\$140	\$842	\$3,334	\$402	\$437	\$26,041	—	\$801,333	\$420	\$5,067	\$859,901

* Estimated expenditures for 1982-83 do not reflect the 2 percent allotment directed by Executive Order D-1-83

General Fund portion of a \$462,000 reduction in legal services. These reductions are offset by administrative and workload adjustments, including \$501,000 to restore funding for retirement contributions by the department on behalf of its employees that were paid in the current year from surpluses in the Public Employees' Retirement System, \$138,000 for an increase in pro rata charges, and \$434,000 for miscellaneous adjustments.

As Table 1 shows, the primary changes in the department's budget are as follows:

1. Increases:

- \$372,000 from the Environmental License Plate Fund for third-year funding of the California Irrigation Management Information System (\$840,000). This increase is partially offset by the termination of funding for a low-energy water reclamation project in San Diego (-\$470,000).
- \$326,041,000 from State Water Project funds, primarily for increases in bond service and administration (\$268,164,000) and power and transmission contracts (\$53,400,000).

2. Decreases:

- \$360,000 from the Special Account for Capital Outlay, reflecting a shift in funding for the Sacramento River Bank Protection program (\$500,000) to the Energy and Resources Fund. This decrease is partially offset by increases for snow data telemetry and repair of outfall gates at Knights Landing (\$140,000).
- \$3,128,000 from the Energy and Resources Fund reflecting the completion of one-time expenditures in 1982-83 (\$4,153,000). These expenditures were primarily for the Heber Binary Geothermal Project and acquisition of riparian habitat along the Sacramento River. The decrease is partially offset by \$1,820,000 proposed for the Sacramento River Bank Protection Project.
- \$19,412,000 from the California Water Fund, due to the proposed elimination of the statutory appropriation of tidelands oil and gas revenues to that fund.
- \$4,298,000 from the State, Urban, and Coastal Park Bond Fund, reflecting the completion of one-time capital outlay expenditures in the current year.

Transfer of \$80 Million. The Burns-Porter Act, which authorized the State Water Resources Development System, established four priorities for the expenditure of revenues derived from the system. Under the act, revenues are authorized for the following purposes and in the following order:

1. The payment of the reasonable costs of the annual maintenance and operation of the system and replacement of parts;
2. The annual payment of the principal and interest on bonds issued pursuant to the act;
3. Transfer to the California Water Fund (CWF) as reimbursement for funds utilized for construction of the system (A separate section of the act continuously appropriates monies in the CWF to the department *except* that the Legislature may appropriate for any lawful purpose any unexpended money in the CWF or any money accruing to the fund during the fiscal year); and
4. Any surplus revenues not required for the first three priorities are to

DEPARTMENT OF WATER RESOURCES—Continued

be available for expenditure by the department for further construction of the system.

Prior to 1982–83, system revenues had never been sufficient to allow the department to reach the third priority—transfer to the CWF. In November 1981, the department estimated in its *Bulletin 132-81* that revenues in calendar 1982 would be sufficient to reach the third priority. The bulletin estimated that \$55 million would be available for transfer to the CWF in calendar 1982, and that an additional \$162 million would be available in calendar 1983.

Based on the provisions of the Burns-Porter Act, the Legislature added Control Section 19.85 to the 1982 Budget Act transferring \$80 million of the priority three revenues from the CWF to the General Fund during fiscal 1982–83. Effective October 22, 1982, the department authorized the transfer of \$52 million from the CWF to the General Fund. The department also agreed to a temporary loan of \$10 million from the CWF to the General Fund. The availability of the remaining \$28 million needed to achieve the \$80 million target had not been established at the time our *Analysis* was prepared.

The department's revised estimates of priority three revenues published in *Bulletin 132-82*, indicates that (1) a total of \$57.9 million will be available for transfer to the CWF in calendar 1983 in addition to the \$80 million already transferred by the 1982 Budget Act and (2) \$55 million will be available for transfer in calendar 1984. No further transfers beyond the \$80 million are proposed in the Governor's Budget for 1983–84.

Control Section 19.85 of the 1982 Budget Act also requires the Director of Finance to review all expenditures proposed for the State Water Resources Development System in 1982–83, and propose a process for approval and allocation of the funds necessary to meet the statutory priorities. The Director is to submit the proposed process to the Legislature and make recommendations for implementing it by February 15, 1983. The report had not been submitted at the time this *Analysis* was completed.

Proposed Transfer of Tidelands Oil Revenues. Under Section 6217 of the Public Resources Code, DWR is allocated \$30 million annually from tideland oil and gas revenues. Of this total, \$5 million is to reimburse the State Water Project for the state's share of capital costs associated with recreation, fish and wildlife enhancement, and \$25 million is for the construction of facilities within the State Water Project. Such facilities include Suisun Marsh mitigation facilities and the Los Banos reverse osmosis desalination plant. In addition, these funds provide the State Water Project with flexibility in financing the initial costs of major construction projects, such as the Reid-Gardner power plant, until funding from revenue bonds becomes available.

The 1982 Budget Act provides for a significant reduction in the allocation of tideland oil and gas revenues to the department. The act reduced the amount allocated to DWR from \$30 million to \$14,710,000. According to the department, \$10 million of this amount is being reserved for a loan to the General Fund, and most of the remainder is being expended on the construction of the Los Banos desalter.

The 1983–84 budget proposes to eliminate the allocation of tideland oil revenues to DWR. Instead, the \$30 million allocated to the department by Section 6217 would be used to increase the ability of other funds receiving tidelands oil revenue to support projects and activities. (A discussion of

the proposed allocation of tidelands revenue is presented in *The 1983-84 Budget: Perspectives and Issues* which accompanies this *Analysis*.)

The impact of eliminating the department's allocation from the tideland oil revenues is difficult to assess. The only specific activities which the department had planned to fund with tidelands oil revenues are the reverse osmosis desalination demonstration project (\$2.3 million) and the state's share of State Water Project capital costs allocated to recreation, fish and wildlife enhancement (\$5 million). The department is unable to specify how the remaining (\$22.7 million) would be expended. The ultimate impact of the proposed reduction will depend on the extent to which the department is able to reallocate expenditures and revenues among the various State Water Project funds.

Legal Services Reduction

We recommend that, prior to budget hearings, the board report to the fiscal committees on the impact of the proposed \$462,000 reduction in legal services. We withhold recommendation on the proposed reduction, pending receipt of this information.

The 1982 Budget Act authorizes 17 attorney positions and 10 related clerical positions to provide legal services to the department. The budget proposes to eliminate 6 of the attorney positions and 3 of the clerical positions, for a 35 percent reduction in authorized attorney positions and a 30 percent reduction in related clerical staff. The proposed elimination of these positions would result in a total savings of \$462,000, including \$69,000 to the General Fund and \$393,000 to State Water Project funds.

Currently, the services provided by the legal staff include workload specific to the programs administered by the department, as well as general legal activities. For example, the department presently is involved in a major energy development program. This includes participating in the construction of a coal-fired power plant, constructing geothermal power plants and small hydroelectric facilities, as well as contracting for the purchase, sale, and exchange of power and required electrical interconnection and transmission services. These activities involve contracts which require program-specific day-to-day legal expertise. Department attorneys also provide legal services for the regular operation and maintenance of the State Water Project, including services related to routine and emergency repairs, maintenance of water rights, and a variety of tort and contract claims. In addition, the department is one of the few state agencies authorized by law to appear in court with the approval of the Attorney General (Water Code Section 127).

No detail is available on the impact of the proposed reduction in legal staff. Consequently, we are unable to assess adequately the consequences of these reductions on the department's activities. Some of the general legal services performed by the department's staff probably could be reduced or transferred to the Attorney General without significant adverse impact on the department's activities. This may not be the case, however, with respect to reductions that affect program-specific workload.

Consequently, we recommend that, prior to budget hearings, the department report to the fiscal committees on the impact of the proposed \$462,000 reduction in legal services. The report should include (1) a detailed statement of existing workload, (2) the proposed allocation of the reduction, by program, and (3) the specific activities to be reduced, eliminated, or deferred as a result of the reduction. We withhold recommenda-

DEPARTMENT OF WATER RESOURCES—Continued

tion on the proposed reduction, pending the receipt of this information.

Unallocated Reduction

We recommend that, prior to budget hearings, the department report to the fiscal committees on the impact of the \$1 million unallocated General Fund reduction. We withhold recommendation on the proposed reduction pending the receipt of this information.

The budget reflects a \$1,000,000 unallocated reduction to the department's General Fund baseline budget for 1983-84. According to the budget, the reduction is to be taken from Program 10, Continuing Formulation of the California Water Plan. This program includes a number of activities and studies related to water management planning, development of new sources of water, water conservation and data collection. A listing of the activities and the proposed 1983-84 baseline level (prior to the reduction) appears in Table 2.

Table 2
Continuing Formulation of the California Water Plan
Activities Subject to Unallocated Reductions
(in thousands)

<i>Activity</i>	<i>1983-84 Baseline</i>
Statewide planning	\$1,647
Northern California Water Management	614
San Joaquin Valley Ground Water Study	320
Central California Water Management	287
Southern California Water Management	155
Quality of Water Supplies	575
Review of Reports	597
Reclamation of Water Supplies	534
Office of Water Conservation	985
Water Quality and Quantity Measurements	2,899
Cooperative Snow Survey	545
Land Resources and Use	542
Agricultural and Urban Water Use	458
Total	\$10,158

The \$1 million reduction represents a 9.8 percent decrease in this program. Certain of the activities shown in Table 2, however, would be exempt from the reduction. These include studies affecting flood forecasting and control, safety of dams, snow surveys, San Francisco Bay-San Joaquin Delta Environmental Protection and State Water Project Supplies. As a result, the average reduction in the other activities will be significantly larger than 9.8 percent. At the time this *Analysis* was prepared, the department had not identified how the \$1 million reduction was to be allocated. We recommend that, prior to budget hearings, the department report to the fiscal committees on the allocation of the \$1 million reduction. The report should identify the activities to be reduced and the amount of the reduction, and should discuss whether the reduction constitutes deferral or elimination of previously supported activities, and the impact of the reduction.

Conservation Education

We recommend that Item 3860-001-001 be reduced by \$145,000 to eliminate General Fund support for conservation education because (1) some of the proposed activities can be financed from existing funds, and (2) other activities can be deferred without adverse consequences.

The department has been involved with local school districts in conservation education for several years. Funding for this activity has come from a variety of sources, including the Environmental License Plate Fund, Clean Water Bond funds, and the Renewable Resources Investment Fund (RRIF).

The 1982 Budget Act contains no direct appropriation for conservation education. The department, however, redirected \$110,000 of the \$400,000 appropriated from the RRIF for the distribution of water conservation kits to support water conservation education. According to the department, the education program in the current year will again focus on areas designated for kit distribution.

The 1983-84 budget proposes \$145,000 from the General Fund for three conservation education activities. The activities, and the proposed funding level for each, are displayed in Table 3.

Table 3
Water Conservation Education
Proposed General Fund Support

In-School Technical Assistance.....	\$75,000
Upper Elementary Curriculum Materials.....	50,000
Evaluation of Program and Material Effectiveness	20,000
Total	\$145,000

Our analysis indicates that the proposed expenditure is not justified for the following reasons:

1. **Funding for in-School Technical Assistance can be Derived from Other Sources.** In-school technical assistance is essentially the same activity that the department financed in the current year by redirecting RRIF funds. It would appear that the same source of funding could be used in 1983-84. The department is budgeted to receive \$402,000 from RRIF (Item 3860-001-940) for kit distribution in 1983-84. The in-school technical assistance will again be focused on areas designated for kit distribution. If the department considers conservation education to be a significant priority, it can again redirect funds to that purpose.

2. **Funding upper Elementary Curriculum Materials is Incomplete and Can Be Deferred.** The department proposes to develop a conservation education curriculum for distribution to upper elementary grades. The total cost of this program is \$100,000, with \$50,000 coming from the General Fund and \$50,000 obtained through reimbursements from the Departments of Forestry, Fish and Game, Conservation, and the Air Resources Board. The project is to be coordinated with the Department of Education. Based on the information now available, it appears that the participating agencies have not budgeted funds for the project; consequently, there is not enough funds in the budget to develop and complete the materials. Furthermore, this is a new project which could be deferred with no adverse impact.

3. **Evaluation of Program and Material Effectiveness Can Be Deferred.** The department proposes \$20,000 for an outside consultant to

DEPARTMENT OF WATER RESOURCES—Continued

evaluate the effectiveness of the department's in-school water conservation activities. These activities have been evaluated regularly, most recently in 1981-82. The budget-year proposal could be deferred with no significant impact on program effectiveness.

For these three reasons, we recommend that Item 3860-001-001 be reduced by \$145,000 to eliminate General Fund support for conservation education.

Technology Transfer

We recommend that funding for the agricultural technology transfer program (Item 3860-001-001) be reduced by \$115,000, because (1) the program does not reach a large audience and (2) the department has other alternatives for accomplishing the goals of this program.

The budget proposes approximately \$1.7 million from various funds for agricultural water conservation and planning activities in 1983-84. The primary expenditures proposed under this program are (1) \$842,000 from the Environmental License Plate Fund for third-year costs of the California Irrigation Management Information System (CIMIS) and (2) \$361,000 from the Clean Water Bond Fund for four mobile laboratories to provide on-farm irrigation system evaluations.

Also included in the budget is \$165,000 from the General Fund for "technology transfer." According to the department, these funds will be used to "conduct conferences, workshops, and field trips to secure agricultural, professional, and farmer input to programs and disseminate results of agricultural research and demonstration projects; participate in review committees, and respond to public inquiries." The department also envisions the publication and distribution of informational pamphlets, brochures, and other materials, as part of this program.

As part of our review of the proposed expenditure, we requested a detailed work plan for 1983-84. The department indicated that a work plan would not be developed until May 1983, although it advised us that the plan probably would call for activities similar to those funded in the current year.

Although a technology transfer program may have some merit, our analysis indicates that the proposed funding level is not justified because (1) the current-year program does not reach a large user group and (2) the department has alternative means available for promoting technology transfer.

Limited Distribution. According to the department, \$165,000 will be spent in the current year to publish 5 brochures, distribute 1 slide show, and make 15 presentations to agricultural groups around the state. Among these 15 groups are nonagricultural groups, such as DWR's executive staff and the Water Commission. An additional presentation was made to the Board of Food and Agriculture in Sacramento. Five of the remaining 12 are scheduled at workshops of the California Association of Resource Conservation Districts (CARCD). These groups are not likely to have a significant impact on actual agricultural water use in the field.

Existing Alternatives. The department has a number of alternatives for gathering and disseminating information on technology that can be used to accomplish the objectives of this program. The department has long-standing contacts with the University of California Cooperative Extension which works directly with the agriculture community. The de-

partment already is proposing \$1.2 million in 1983-84 for two programs, CIMIS and mobile labs, that will also directly involve the agriculture community. In addition, the Office of Water Conservation, which would have responsibility for this program, will receive \$115,000 in the budget year for various public information activities. Included is \$60,000 for exhibits and informational materials. The work plan for these activities has not been set for 1983-84, and could include agricultural technology transfer.

For these reasons, we conclude that funding for technology transfer is overbudgeted, and recommend that Item 3860-001-001 be reduced by \$115,000 to eliminate direct support for conferences, field trips, and workshops. The remaining \$50,000 will provide adequate support to coordinate the efforts of DWR's existing staff, the University of California, and other agencies to ensure that agricultural water conservation technology is disseminated to the users.

Desalination Project—Funding Clarification Required

We recommend that, prior to budget hearings, the department report to the fiscal committees on the availability of funds for the reverse osmosis desalination demonstration project.

The budget proposal to eliminate the \$25 million statutory transfer of tideland oil revenues to the California Water Fund during 1983-84 presents a potential funding problem for the department's reverse osmosis desalination demonstration project. This project, located in Los Banos, is being developed and tested as one means of reclaiming salty agricultural wastewaters in the San Joaquin Valley. The increasing volume of agricultural wastewater poses a serious disposal problem in that region.

Since 1980-81, the department has expended almost \$9.4 million on the planning, design, and construction of the demonstration project. Initial funding for the project was provided by a 1981 Budget Act appropriation from the Energy and Resources Fund. In December 1981, the funding source was changed to tideland oil revenues deposited in the California Water Fund. The facility is scheduled to begin operation in May 1983, with the demonstration phase to be completed in 1985-86.

The budget indicates that the plant's operating costs of \$2,287,000 in 1983-84 are to be financed from unspecified State Water Project funds. According to the department, the project cannot be financed with the proceeds from revenue bond sales, nor does it qualify as a charge that is reimbursable by the water contractors. It is possible that third-priority revenues in the CWF could be used to operate the plant, but the availability of funds for this purpose may not be known until January 1984, when the accounts for calendar 1983 are closed. Thus, funding for the project remains uncertain.

The disposal and/or reclamation of agricultural wastewater in the San Joaquin Valley has been an issue of significant legislative concern for several decades. The state has made a substantial investment in the Los Banos desalination facility. Our analysis indicates that this investment may be jeopardized, due to the lack of funds needed to operate the project. Consequently, we recommend that, prior to budget hearings, the department report to the fiscal committees and the Joint Legislative Budget Committee on the availability of funds for the operating costs of the reverse osmosis desalination project.

DEPARTMENT OF WATER RESOURCES—Continued**Flood Control Subvention—Insufficient Funds to Reimburse Local Agencies**

We recommend that, prior to budget hearings, the department report to the fiscal committees and the Joint Legislative Budget Committee on plans to reduce the estimated \$17 million backlog of local agency claims for reimbursement under the flood control subvention program.

The federal government, through the Corps of Engineers, conducts a nationwide program for the construction of flood control levee and channel projects. Congress requires local interests to participate financially in these projects by paying the costs of rights-of-way and utility relocations. Prior to 1973, California reimbursed the local interests for all of these costs. Since 1973, these costs have been shared between the state and local agencies, as provided by Ch 893/73.

The state's share of local flood control is provided through a subvention program paid from the General Fund. In recent years, the department has been unable to provide timely repayment of local claims for two reasons—lack of audit support and lack of funds.

1. **Lack of Audit Support.** The subvention program provides for two types of payment claims—claims for advances and claims for reimbursements. Claims for advances, such as deposits with a court under an Order of Possession, are paid directly upon claim by the local agency. Claims for reimbursement are paid only after the claim has been audited by the State Controller's Office.

Because of higher priority needs, the Controller's Office suspended its audits for the subvention program between July 1981 and December 1982. Consequently, no claims for reimbursement were paid during that period.

Beginning in December 1982, the Controller's Office began to audit subvention claims under a revised procedure designed to expedite the process. The success of the effort should be known by February 1983. If the procedure works, the Controller's Office estimates that the audit backlog can be eliminated by the end of the current year.

2. **Lack of Funds.** Over the past four years, the amounts appropriated to cover local claims has not been sufficient, and a substantial backlog has developed. The department indicates that \$6.1 million of unpaid claims was carried into the current year. The backlog is expected to increase to \$12.5 million by June 30, 1983. The department estimates that an additional \$6.5 million will be added to the backlog in 1983–84, bringing the total of outstanding claims to \$19 million on June 30, 1984.

The budget proposes an appropriation of only \$2 million from the General Fund for flood control subventions in 1983–84, an amount equal to the appropriation for the current year. Thus, assuming the timely completion of audits, the subventions program will be underfunded by approximately \$17 million at the end of 1983–84.

The budget appears to recognize the underfunding by acknowledging that the requested amount may be revised when the results of the State Controller's revised audit procedures are known. Consequently, we recommend that, prior to budget hearings, the department report to the fiscal committees on plans to reduce the backlog of local agency claims for reimbursement. The report should include the results of the Controller's revised audit procedure and any revision proposed in the 1983–84 budget.

The budget also includes \$198,000 for processing flood control claims in 1983–84. If the amount appropriated for local subventions is not increased

in the budget year, the Legislature may wish to reduce the amount provided for administrative support, since there is no point in paying staff to process claims for which no funds are available.

DEPARTMENT OF WATER RESOURCES—CAPITAL OUTLAY

Items 3860-301-036 from the
General Fund, Special Ac-
count for Capital Outlay

Budget p. R 175

Requested 1983-84	\$140,000
Recommended approval	140,000

ANALYSIS AND RECOMMENDATIONS

The budget proposes \$140,000 from the Special Account for Capital Outlay to fund two projects for the Department of Water Resources.

Snow Data Telemetry Sensors

We recommend approval of Item 3860-301-036(a).

The budget includes \$65,000 under Item 3860-301-036(a) to install six sensors for collecting information on the level of snowfall. This project is the final phase of a five-phase program to install a statewide network of automatic snow sensors. The state is participating in the conversion of 30 data collection sites from land-based microwave communications to Geostationary Environmental Satellites (GOES) communications. Other cooperating agencies (utility districts, flood control districts, and other water related entities) will participate in funding an additional 92 telemetry sites to be included in the statewide system.

The information provided by this system will assist the department in controlling stream flows and reservoir storage. We recommend that the proposed funding be approved.

Knights Landing Outfall Gates

We recommend approval of Item 3860-301-044(b).

Item 3860-301-036(b) proposes \$75,000 to restore and improve the Knights Landing outfall gates. The proposed amount includes \$65,000 for construction and \$10,000 for architectural and engineering costs.

The present system is operated by an automatic control system which raises four gates in tandem. The department indicates that because all four gates must be raised at the same time, they can be opened only a small amount when water flow releases are low. This frequently allows debris to get caught in the gates and prevent them from closing, increasing operating costs unnecessarily. The proposed system would allow one gate to be raised at a time, creating a larger opening through which debris can flow freely.

The funds would also be used to install stainless steel bulkhead supports, steel plates, and a bulkhead gate. The department indicates that the existing metal work has been badly corroded by the agricultural return waters of the Colusa drain.

The project is justified and we recommend approval.

DEPARTMENT OF WATER RESOURCES—CAPITAL OUTLAY—Continued**Projects by Descriptive Category**

In *The Budget for 1983-84: Perspectives and Issues*, we identify a number of problems that the Legislature will confront in attempting to provide for high-priority state needs within available revenues. To aid the Legislature in establishing and funding its priorities, we have divided those capital outlay projects which our analysis indicates warrant funding into the following seven descriptive categories:

1. Reduce the state's legal liability—includes projects to correct life-threatening security/code deficiencies and to meet contractual obligations.
2. Maintain the current level of service—includes projects which if not undertaken will lead to reductions in revenue and/or services.
3. Improve state programs by eliminating program deficiencies.
4. Increase the level of service provided by state programs.
5. Increase the cost efficiency of state operations—includes energy conservation projects and projects to replace lease space which have a payback period of less than five years.
6. Increase the cost efficiency of state operations—includes energy conservation projects and projects to replace lease space which have a payback period of greater than five years.
7. Other projects—includes noncritical but desirable projects which fit none of the other categories, such as projects to improve buildings to meet current code requirements (other than those addressing life-threatening conditions), utility/site development improvements and general improvement of physical facilities.

Individual projects have been assigned to categories based on the intent and scope of each project. These assignments do not reflect the priority that individual projects should be given by the Legislature.

The snow data telemetry sensors (\$65,000) are in category four. The Knights Landing outfall gates (\$75,000) fall under category seven.

DEPARTMENT OF WATER RESOURCES—CAPITAL OUTLAY

Item 3860-301-144 from the California Water Fund

Budget p. R 156

Requested 1983-84	\$437,000
Recommendation	Delete Item from Budget Bill

ANALYSIS AND RECOMMENDATIONS**Appropriation from the California Water Fund**

We recommend deletion of Item 3860-301-144, because appropriation from the California Water Fund to the Department of Water Resources is not necessary under existing law.

The Burns-Porter Act, which authorized the State Water Resources Development System (SWRDS), continuously appropriates all monies in the California Water Fund (CWF) to the department for expenditure on the system. Nevertheless the budget, pursuant to Ch 1284/78, contains a

direct appropriation (Item 3860-301-144) of amounts in the California Water Fund to the department. Ch 1284/78 provides for the termination of all continuous appropriations effective July 1, 1983, other than those specifically exempted by statute (Control Sections 30.04 and 30.08 of the 1983-84 Budget Bill would provide these exemptions).

Discussions with the Departments of Finance and Water Resources indicate that the department's continuous appropriation from the CWF will not be terminated, because Ch 1284/78 does not apply to the provisions of the Burns-Porter Act. Therefore, the proposed direct appropriation of funds in the CWF is not necessary.

Consequently, we recommend that Item 3860-301-144 be eliminated from the Budget Bill. Approval of this recommendation would have no impact on the total budget of the department, nor would it affect the existing authority of the Legislature to appropriate funds from the CWF.

Fund Condition. The budget indicates that only \$437,000 will be available to the department from the California Water Fund in 1983-84. This assumes that only \$179,000 will be carried over from the current year and that no priority-three revenues will be available for deposit in the CWF. Both assumptions are questionable. For example, the department has set aside \$10 million in the current year as a loan to the General Fund. If the \$10 million is not expended in the current year or is repaid by the General Fund by June 30, 1984, it will be available for expenditure in 1983-84. In addition, as previously discussed, State Water Project fiscal documents (*Bulletin 132-82*) indicate that priority-three revenues will be available for transfer to the CWF in 1983-84. Accordingly, we suggest that fund condition statement for the California Water Fund be revised to reflect the latest available estimates.

DEPARTMENT OF WATER RESOURCES—CAPITAL OUTLAY

Item 3860-301-190 from the Resources Account, Energy and Resources Fund

Budget p. R 161

Requested 1983-84	\$1,820,000
Recommended approval	400,000
Recommended reduction	975,000
Net recommended approval	400,000
Recommendation pending	445,000

ANALYSIS AND RECOMMENDATIONS

Sacramento River Bank Protection Project

We recommend a reduction of \$975,000 requested for mitigation of Phase I costs associated with the Sacramento River Bank Protection project because matching federal funds are not available. We withhold recommendation on \$445,000 requested for future construction work, pending clarification of federal fund availability and the state's participation in future construction.

The Sacramento River Bank Protection Project was authorized in 1960 to protect the existing levee system of the Sacramento River Flood Control Project. The project provides for the construction of bank erosion

DEPARTMENT OF WATER RESOURCES—CAPITAL OUTLAY—Continued

control works and the setback of levees along the Sacramento River from Collinsville upstream to the vicinity of Chico.

The U.S. Corps of Engineers provides two-thirds of the funding for the project, with the balance coming from nonfederal sources. The costs of operating and maintaining the completed works are a nonfederal responsibility.

The state Reclamation Board, within the Department of Water Resources, is the nonfederal participant in constructing the project. Its participation primarily takes the form of acquiring lands, easements, and rights-of-way, and relocating utilities.

The budget proposes \$1,820,000 from the Energy and Resources Fund for the Sacramento River Bank Protection Project in 1983-84. The total includes \$975,000 for mitigation of environmental losses during Phase I of the project, \$400,000 to reimburse the Corps of Engineers for construction work already completed in the current year and \$445,000 for construction work in 1983-84.

Our analysis indicates that there are two major problems with the proposed level of funding.

Freeze on Future Work. The Sacramento River Bank Protection Project has proceeded in two separate phases. Phase I, completed in 1974, provided 430,000 lineal feet of bank protection and levee setbacks. It did not, however, provide for mitigation of environmental losses due to construction. Phase II, currently under construction, provides for an additional 405,000 lineal feet of bank protection *and* includes authorization to mitigate environmental losses associated with Phase II construction.

The Resources Agency, the Reclamation Board, the U.S. Corps of Engineers have been negotiating for a number of years to obtain federal funding for mitigation work associated with Phase I. In 1972, the Secretary of Resources limited state participation in Phase II to 82,000 lineal feet unless the federal government agreed to pay its share of mitigation costs for Phase I. When construction approached 82,000 lineal feet in 1974, the limit was increased to 182,000 lineal feet and has remained there. According to the Reclamation Board, that limit was reached during the current year.

Staff from both the department and the Corps of Engineers indicate that federal funds for Phase I mitigation will not be forthcoming in 1983-84. At the time our analysis was prepared, the incoming Resources Secretary had not revised the agency's position on the freeze.

Level of Federal Support. Because the federal budget had not been introduced at the time this analysis was prepared, the level of federal construction in 1983-84 is uncertain. Due to the existing limitation of 182,000 lineal feet, it is possible that no funds will be appropriated for Phase II work in 1983-84.

In recognition of these problems, we make the following recommendations:

- a. **Delete \$975,000 for Phase I mitigation.** The federal government has been unwilling to reauthorize and revise the Phase I project and has clearly indicated that it will not finance Phase I mitigation costs. Because this is a federal project the state will not proceed without federal reauthorization and support. Therefore, we recommend that state funding for these projects be eliminated, and that Item 3860-301-190 be reduced by \$975,000.
- b. **Approve \$400,000 for completed work.** This money is owed to the Corps of Engineers for work completed during the current year. We recommend approval.

- c. **Defer action on \$445,000 for future work.** The budget assumes that the issue of Phase I mitigation will be resolved, and that work on Phase II will proceed in the budget year. This has not occurred. Given the uncertainties regarding the limitation on state participation and the prospective level of federal funding to be made available for 1983-84, we withhold recommendation on \$445,000 in Item 3860-301-180. Final resolution of this issue will have implications for the \$125,000 budgeted in Item 3860-001-001 primarily for right-of-way acquisition for the Sacramento River Bank Protection Project. If the capital outlay funds are removed, the state operations money should be reduced accordingly.
- d. **Defer action on Budget Bill Language.** Item 3860-301-190 includes control language making the encumbrance of \$975,000 for Phase I mitigation costs and \$445,000 for future construction contingent on the availability of federal funds for Phase I mitigation. This language will require revision if the Secretary of the Resources Agency revises the existing limitation and permits work beyond 182,000 lineal feet even if no federal funds are received for Phase I mitigation.

Resources Agency

STATE WATER RESOURCES CONTROL BOARD

Item 3940 from the General
Fund and Hazardous Waste
Control Account

Budget p. R 177

Requested 1983-84	\$14,418,000
Estimated 1982-83	14,112,000
Actual 1981-82	15,808,000
Requested increase (excluding amount for salary increases) \$306,000 (+2.2 percent)	
Total recommended reduction	315,000
Recommendation pending	\$338,000

1983-84 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
3940-001-001—Support		General	\$14,080,000
3940-001-014—Hazardous Waste Site Closure		Hazardous Waste Control	338,000
		General, Account	
3490-101-890—Federal Support		Federal Trust	(11,683,000)
Total			\$14,418,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
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1. Legal Services Reduction. Recommend board report, prior to budget hearings, on the impact of the proposed \$356,000 reduction in legal services. 701
2. Loss of Federal Funds. Recommend board report, prior to April 1, 1983, on the revised estimate of federal support to be available in 1983-84. 702

STATE WATER RESOURCES CONTROL BOARD—Continued

3. *Pretreatment Program. Reduce Item 3940-001-001 by \$160,000.* Recommend elimination of support for pretreatment program because of reduced workload. 703
4. *Waste Discharge Fees.* Recommend reduction of \$434,000 in reimbursements to Item 3940-001-001 to reflect a revised estimate of waste discharge fee revenue based on actual experience. 704
5. *Training Program. Reduce Item 3940-001-001 by \$155,000.* Recommend reduction to reflect proposed increases in operator training fees, and thereby correct for overbudgeting. 704
6. *Water Rights Fees.* Recommend that legislation be enacted to increase water rights application and permit fees to partially offset increased processing costs. 705
7. *Water Rights Applications for Small Hydroelectric Facilities.* Recommend that, prior to budget hearings, the board report on the expedited processing of water rights applications for small hydroelectric facilities as required by Ch 1482/82. 706
8. *Resources Conservation and Recovery Act.* Defer recommendation on \$339,329 in reimbursements under Item 3940-001-001 for activities pursuant to the federal Resource Conservation and Recovery Act (RCRA), pending completion of contract negotiations between the Department of Health Services and the board. 706
9. *Hazardous Waste Site Closure and Maintenance.* Defer recommendation on \$338,000 proposed in Item 3940-001-014, pending receipt of additional information on the hazardous waste site closure and maintenance activities required by Ch 90/82. 707

GENERAL PROGRAM STATEMENT

The State Water Resources Control Board has two major responsibilities: the control of water quality and the administration of water rights. The board is composed of five full-time members who are appointed by the Governor to serve staggered four-year terms. Nine regional water quality control boards establish wastewater discharge requirements and carry out water pollution control programs in accordance with the policies of the state board.

The state board carries out its water pollution control responsibilities by establishing wastewater discharge policies and by administering state and federal grants to local governments for the construction of wastewater treatment facilities. Water rights responsibilities involve issuing permits and licenses to applicants who desire to appropriate water from streams, rivers, and lakes.

The board has 721.9 personnel-years authorized in the current year.

ANALYSIS AND RECOMMENDATIONS

The budget proposes two state appropriations totaling \$14,418,000 for support of the State Water Resources Control Board in 1983-84, consisting of \$14,080,000 from the General Fund and \$338,000 from the Hazardous Waste Control Account. This is an increase of \$306,000, or 2.2 percent, over the estimated current-year expenditures. This, however, makes no allow-

ances for the cost of any salary or staff benefit increases that may be approved for the budget year.

The board proposes total expenditures of \$110,040,000 from all sources in 1983-84, an increase of \$3,144,000, or 2.9 percent, above estimated expenditures in the current year. Excluding state matching funds for wastewater treatment facilities construction, which are scheduled to increase by \$5,000,000, total expenditures by the board in 1983-84 represent a decrease of \$1,856,000, or 5.0 percent below the current-year level. (Estimated expenditures for 1982-83 do not reflect the 2 percent unallotment directed by Executive Order D-1-83.)

Proposed Budget Changes

Table 1 summarizes the proposed changes in the board's budget, by funding source. These changes include:

1. Increases:
 - a. \$764,000 (\$393,000 General Fund and \$371,000 federal funds) to restore funding for retirement contributions on behalf of board employees that were paid in 1982-83 on a one-time basis from funds of the Public Employees' Retirement System.
 - b. \$5,000,000 (Clean Water Bond Fund) for additional state funds to match federal wastewater treatment facility grants.
 - c. \$822,000 (various funds) for miscellaneous adjustments, including increases to reflect the impact of inflation on the prices that the board must pay and merit salary adjustments.
 - d. \$127,000 (reimbursements) for the wastewater treatment plant operator training program, reflecting increases in operator fees.
2. Decreases:
 - a. \$341,000 (varous funds) due to completion of one-time activities in the current year, including relocating an office (\$173,000) and completion of a rice herbicides project (\$168,000).
 - b. \$2,865,000 (federal funds) due to a reduction in several federal grants.
 - c. \$356,000 (various funds) reflecting the reduction of 7.5 personnel-years in the board's legal unit.

In addition, \$338,000 proposed to support the board's activities associated with hazardous waste site closure will be provided in 1983-84 by a direct appropriation from the hazardous waste control account, rather than through reimbursements from the Department of Health Services as in the current year.

Status of Clean Water Bond Fund

Title II of the federal Clean Water Act provides federal grants equal to 75 percent of the cost of constructing local sewage treatment plants. The remaining 25 percent of project costs generally are divided equally between the state and local agencies. Since 1970, the voters have approved a total of \$857 million in general obligation bonds to finance the state's share of these projects.

The budget estimates that as of June 30, 1984, approximately \$77.9 million will remain available for allocation to new construction projects. According to the board, this should be sufficient to continue the program through 1984-85. The board indicates, however, that this assumes continuation of the state match at 12.5 percent. Under federal law, the federal

STATE WATER RESOURCES CONTROL BOARD—Continued

Table 1
State Water Resources Control Board
Proposed Budget Adjustments
(in thousands)

	<i>General Fund</i>	<i>Hazardous Waste Control Account</i>	<i>State Clean Water Bond Fund</i>	<i>State Water Quality Control Fund</i>	<i>Energy and Resources Fund</i>	<i>Federal Funds</i>	<i>Reim- bursements</i>	<i>Totals</i>
1982-83 Base Budget (Revised)	\$13,656	—	\$76,311	\$707	168	\$14,123	\$1,931	\$106,896 ^a
A. Workload and administrative adjustments								
1. Restoration of employer retirement contributions	393	—	—	—	—	371	—	764
2. One-time 1982-83 expenditures	-77	—	-19	—	-168	-77	—	-341
3. Hazardous waste site closure—change to direct appropriation	—	338	—	—	—	—	-345	-7
4. Reduction in various federal funds	—	—	—	—	—	-2,865	—	-2,865
5. Wastewater facilities construction	—	—	5,000	—	—	—	—	5,000
6. Miscellaneous adjustments (including price increases and merit salary adjustments)	254	—	202	53	—	283	30	822
B. Significant program changes								
1. Reduction in legal services	-146	—	-38	—	—	-152	-20	-356
2. Increase in operator training	—	—	—	—	—	—	127	127
Totals, 1983-84 Budget Changes	<u>\$424</u>	<u>\$338</u>	<u>\$5,145</u>	<u>\$53</u>	<u>-\$168</u>	<u>-\$2,440</u>	<u>-\$208</u>	<u>\$3,144</u>
Totals, 1983-84 Proposed Budget	<u>\$14,080</u>	<u>\$338</u>	<u>\$81,456</u>	<u>\$760</u>	<u>—</u>	<u>\$11,683</u>	<u>\$1,723</u>	<u>\$110,040</u>

^a Estimated expenditures for 1982-83 do not reflect the 2 percent unallotment directed by Executive Order D-1-83

match will decrease from 75 percent to 55 percent, effective October 1984. Neither the board nor the Legislature have determined how the 45 percent nonfederal portion will be split between the state and local agencies.

The General Fund is responsible for paying the debt service (principal and interest) on the bonds issued to finance local sewage treatment plants. The Treasurer's Office indicates that General Fund payments for Clean Water Bond Fund debt service in 1983-84 will total approximately \$73 million. These payments are not included in the budget totals for the board.

Legal Services Reduction

We recommend that, prior to budget hearings, the board report to the fiscal committee on the impact of the proposed \$356,000 reduction in legal services.

The 1982 Budget Act authorizes 16 legal positions and 4.3 related clerical positions for legal services. An additional 3 positions have been administratively reclassified from technical positions to attorneys, but these reclassifications have not been approved by the Department of Finance.

The budget proposes to eliminate 5 attorney positions and 2.5 related clerical positions, for a 31 percent reduction in authorized attorney positions and a 56 percent reduction in related clerical staff. A decision on the reclassification of the 3 technical positions has not been made. The elimination of these positions would result in a total savings of \$356,000, including \$146,000 to the General Fund, \$38,000 to the Clean Water Bond Fund, \$152,000 in federal funds, and \$20,000 in reimbursements.

Currently, the services provided by the legal staff involve workload specific to the programs administered by the board. For example, the board has specific quasi-judicial responsibilities in the area of both water quality and water rights. Legal services are needed on a regular basis by both the nine regional boards and the state board to adequately develop and enforce cleanup and abatement orders and cease and desist orders when there is no compliance with waste discharge requirements. The water rights process requires legal staff for hearings in which applications to appropriate water are protested. In addition, legal services are required to efficiently administer the Clean Water Grants Program which, over the years, has allocated \$3.8 billion in grants for the construction of waste water treatment facilities.

The effect of the proposed reduction in legal staff has not been determined. Consequently, we are unable to adequately assess the impact of the reductions on the board's activities. It is possible that certain of the legal services now provided could be reduced or transferred to the Attorney General without significant adverse impact on the board's programs. This, however, may not be the case with respect to the legal services that would be curtailed by this nearly one-third reduction in legal staff. We do not have sufficient information to indicate that the entire reduction could be absorbed.

Consequently, we recommend that, prior to budget hearings, the board report to the fiscal committees on the impact of the proposed \$356,000 reduction in legal services. The report should include (1) a detailed statement of existing workload, (2) the proposed allocation of the reduction by program, (3) the activities to be reduced, eliminated, or deferred as a result of the reduction, and (4) the status of the three positions proposed for reclassification. We withhold recommendation on the proposed reduction, pending receipt of this information.

STATE WATER RESOURCES CONTROL BOARD—Continued**Loss of Federal Funds**

We recommend that, prior to April 1, 1983, the State Water Resources Control Board submit to the fiscal committees revised estimates of federal support for 1982-83 and 1983-84.

The board's state operations budget funds two programs, water quality and water rights. Of the two, water quality is the larger, absorbing over 85 percent of the board's support budget. The board's water quality activities are financed from the General Fund, the State Clean Water Bond Fund, and a variety of federal funds.

In recent years, the level of federal funds for water quality activities has been declining. For example, in 1978-79 federal funds accounted for 47 percent of the board's total support expenditure for water quality. Federal funding is expected to decrease to 41 percent in the current year and 40 percent in 1983-84. The most recent federal reductions are shown in Table 2, which indicates the amounts of federal funds, by source, appropriated by the 1982 Budget Act and the amount proposed to be appropriated in the 1983-84 Budget Bill.

Table 2
State Water Resources Control Board
Federal Support for Water Quality Program
(in thousands)

<i>Federal Program</i>	<i>1982 Budget Act</i>	<i>1983-84 Budget Bill</i>	<i>Amount of Change</i>	<i>Percent Change</i>
Water Quality Regulation (Section 106)	\$3,626	\$3,194	-\$432	-11.9%
Water Quality Planning (Section 208)	644	106	-538	-83.5
Water Quality Planning (Section 205j)	—	221	221	n/a
Construction Management Assistance Grant (Section 205g)	8,325	6,577	-1,748	-21.0
Underground Water Source Protection	308	260	-48	-15.6
National Urban Runoff Program	231	24	-207	-89.6
Intergovernmental Personnel Act	1,238	1,155	-83	-6.6
Minority Business Enterprises	375	298	-77	-20.5
Unallocated Reduction in Legal Services	—	-152	-152	n/a
Total	\$14,747	\$11,683	-\$3,064	-20.8%

n/a—not applicable

As Table 2 indicates, the 1982 Budget Act assumed that during 1983-84, the board would receive \$14.7 million of federal funds for state operations involving water quality activities. The budget for 1983-84 includes only \$11.7 million—\$3 million, or 21 percent, less than the amount anticipated in the current year by the 1983 Budget Act. Estimates of funding under all federal programs other than Section 205j have been reduced. These reductions are largely responsible for the 57 personnel-year reduction in the board's staffing (from 750 to 693) and the \$1.2 million reduction in contract services (from \$4.9 million to \$3.7 million) reflected in the budget for 1983-84.

The reduction in federal funds has also forced a redirection of state money among the board's programs. For example, due to a reduction in water quality regulation funds (Section 106), the board redirected \$760,-

000 in construction management assistance grant funds from the administration of wastewater treatment grants to the regulation of wastewater discharge orders.

Federal funds pay for a significant part of the board's water quality work. Moreover, estimates of federal support can change markedly over a relatively short period of time. Consequently, it is important that the Legislature have the most recent data available on federal funding levels when it reviews the board's budget.

Most of the estimates of federal funds reflected in the budget were prepared in October 1982, prior to determination of current-year federal funding levels and prior to introduction of the 1983-84 federal budget. Some of these estimates have already been revised. For example board staff indicate that water quality regulation funds (Section 106) for 1983-84 may be only \$1.4 million, rather than the \$3.2 million reflected in the budget. On the other hand, additional federal support for operator training beyond the budgeted level may be available to the board in 1983-84. In view of the uncertainties surrounding this key source of support for the board's programs, we recommend that the board, prior to budget hearings, report to the fiscal committees on the status of federal funding for 1982-83 and for 1983-84. The report should include, but not be limited to, a revised estimate of federal funds, by funding source, and the program impact of the revisions.

Reduced Wastewater Pretreatment Workload

We recommend that Item 3940-001-001 be reduced by \$160,000 (3.0 personnel-years) to eliminate support of the pretreatment program in recognition of reduced workload.

The 1983-84 budget proposes \$160,000 in General Fund support (3.0 personnel-years) to continue the board's pretreatment program at the current-year level. The pretreatment program is part of a nationwide effort to control and treat potentially toxic industrial wastes at the source, and thereby prevent the entry of the industrial pollutants into publicly owned treatment plants. Entry of some of these pollutants into wastewater treatment plants can damage or interfere with treatment processes.

Regulations for the program have been developed and published by the U.S. Environmental Protection Agency (EPA). The ultimate responsibility for program implementation, however, lies with local wastewater treatment agencies.

The board's role under the program has been to assist the local agencies with the development and review of local programs to ensure compliance with state and federal water quality standards. According to board staff, most of the agencies will have adopted programs by the end of 1982-83, and only a minor amount of workload will be carried over into the budget year.

The state's participation in the pretreatment program was not intended to and should not require the commitment of resources on a permanent basis. Moreover, our analysis indicates that the workload expected to be carried into 1983-84 can be managed by regional board staffs, which are responsible for working with the local agencies. Consequently, we see no need to continue funding for the three positions assigned to the pretreatment program, and recommend that Item 3940-001-001 be reduced by \$160,000 to reflect the reduced state workload.

STATE WATER RESOURCES CONTROL BOARD—Continued**Waste Discharge Fees Overbudgeted**

We recommend reduction of \$434,000 in reimbursements to Item 3940-001-001 to reflect a lower estimate of waste discharge fee revenue based on actual experience.

Under existing law, any person discharging, or proposing to discharge, wastewaters which could affect the quality of the receiving waters of the state, must file a report of discharge with the appropriate regional water quality control board. The board thereafter sets requirements for treatment of the wastewater. Each report must be accompanied by a filing fee. Effective April 1982, the board implemented a new fee structure as authorized by Ch 656/80, and increased the maximum filing fee from \$1,000 to \$10,000.

The increase in fee revenue was projected to be \$884,000 in 1982-83, or \$709,000 more than the amount actually received in 1980-81 under the old fee schedule. Because revenues from waste discharge fees are budgeted as reimbursements and reduce General Fund support requirements, the fee increase permitted a General Fund reduction of an equal amount.

The board's projections of fee revenue in the 1983-84 budget appear to be grossly overstated for both the current year and the budget year. Based on actual filings during the first six months of 1982-83, current-year revenues are estimated at \$375,000-\$509,000, or 58 percent, less than the amount budgeted. The board has no explanation for the difference, but suggests that the slowdown in construction and reluctance to pay the higher fees may be responsible for the shortfall.

The budget estimates that fee revenues in 1983-84 will also be \$884,000. Based on experience during the current year, this is too high. Consequently, we recommend that reimbursements to Item 3940-001-001 from discharge fee revenues be reduced to \$450,000, a decrease of \$434,000 from the budgeted amount. This would still allow for a 20 percent increase in fee revenue over the amount projected for the current-year level, an amount which should be sufficient to accommodate additional filing resulting from increased construction. If the board's current-year experience changes significantly, we will advise the Legislature of any further revision that may be warranted.

Overbudgeting

We recommend a General Fund reduction of \$155,000 to Item 3940-001-001 to correct for overbudgeting.

The board maintains a facility in San Marcos, California, to provide updated training to the operators of publicly owned treatment works. The training is necessary because of the increasingly complex technology of wastewater treatment plants.

Through the current year, program costs have been shared between the General Fund and fees paid by operators receiving the training. In 1982-83, the total program cost is budgeted at \$255,000, with \$155,000 provided from the General Fund and \$100,000 coming from operator fees.

The budget proposes to revise the funding for this program significantly by (1) reducing total program cost to \$227,000, a reduction of \$38,000, (2) eliminating all General Fund support for the program, and (3) making the program entirely self-sufficient through an increase in operator training fees.

Typically, when fees are increased without any increase in expenditures, the amount requested from the General Fund is reduced accordingly. This was done in the 1980 Budget Act, when operator certification fees were increased, and again in the 1982 Budget Act, when waste discharge fees were increased.

The 1983-84 budget does not provide for a General Fund reduction to reflect the increased operator training fee. Instead, the budget proposes that the \$155,000 from the General Fund be retained and used for other unidentified programs. No budget change proposal has been submitted to justify such a redirection, nor could board staff provide an explanation of how this money would be used or why it is needed.

We recommend that Item 3940-001-001 be reduced by \$155,000 in recognition of the additional revenue from the fee increase, for a General Fund savings of that amount.

Program staff indicate that the budget document is in error, because it does not show that the operator training program will be financed from a combination of increased fees and unidentified federal funds, rather than increased fees alone. The board should propose the appropriate technical adjustments (which would have no effect on the General Fund) and the budget bill should be revised accordingly.

Water Rights Fees Should be Increased

We recommend that legislation be enacted to increase water rights application and permit fees to partially offset increased processing costs. The minimum fee should be increased to at least \$20, and the rate schedule should at least be doubled.

Persons who wish to divert surface water, or water in subterranean streams, in California must make an application to the board for a permit and license to appropriate the water. The board must then determine whether unappropriated water is available, taking into account the amounts of remaining flow needed for beneficial uses which are in the public interest. The board notifies the public of each permit application. When an application is the subject of a protest, the board conducts hearings before taking action. An environmental impact report, a negative declaration, or a notice of exemption must be filed for each application. The board may attach conditions to a permit, and may require that the applicant beneficially use the full amount of the appropriation within a specified period.

The budget proposes \$2.7 million in 1983-84 for 51.3 personnel-years to support the board's costs of reviewing and acting on water rights applications. Historically, the cost of this process has been shared between the General Fund and those receiving the direct benefit from the process—the water rights applicant. Existing law requires a minimum fee of \$10 to file an application and a variable rate fee schedule that is based on the amount of water to be diverted. The rate is \$4 per cubic foot per second (CFS), up to 100 CFS diverted, and then declines to a rate of 25 cents per CFS for diversions of 2,000 CFS and above.

The minimum fee and fee schedule for water rights applicants were last increased in 1969. While fees have remained constant, board costs for processing water rights applications have more than tripled, from \$800,000 in 1969-70 to approximately \$2.7 million in 1983-84. The \$1.9 million increase has been absorbed by the General Fund.

The board estimates that fees will provide \$44,000 in 1983-84, or 1.6 percent of program costs. It would be appropriate to raise the fee to help

STATE WATER RESOURCES CONTROL BOARD—Continued

pay the increased costs of processing applications. Accordingly, we recommend that legislation be enacted increasing the minimum fee at least to \$20, and at least doubling the fee schedule. Any increase in fee revenue should result in an equal General Fund reduction.

Water Rights Applications for Small Hydroelectric Facilities Are Delayed

We recommend that, prior to budget hearings, the board report to the fiscal committees on its plans for expediting the processing of water rights applications for small hydroelectric facilities, as required by Ch 1482/82.

Under existing law, the board is required to consider and act on all applications for permits to appropriate water. Processing of these applications has not always occurred on a timely basis, and there is often a substantial backlog of applications pending. The board indicates that it takes an average of two years to completely process an application.

During the 1982 Session, the Legislature enacted Ch 1482 (AB 2440) to provide expedited processing of water rights applications for small hydroelectric facilities (up to five megawatts for a new facility and 30 megawatts for a retrofit). Specifically, the measure requires the board to process applications for small hydroelectric facilities within one year of receipt of a complete application and an instream beneficial use assessment. The processing period may be continued for an additional year under specified circumstances.

Requiring expedited action on these applications without providing any additional staffing would result in further deferral of other water rights applications. Consequently, Chapter 1482 authorized the board to collect a fee from small hydroelectric applicants to cover the costs incurred by both the board and the Department of Fish and Game.

Chapter 1482, an urgency statute, became effective September 27, 1982. Since that time, the board has been attempting to develop emergency regulations to implement the program. At the time the budget was submitted, a number of issues remained unresolved, including the support level necessary to implement the program. Consequently, the budget does not reflect any increased staff or related resources to implement the program in either 1982-83 or 1983-84. The necessary workload information needed to determine the funding level was still not available at the time this *Analysis* was completed.

The Legislature considered the expediting of water rights applications for small hydroelectric facilities to have a high priority. The program should be defined and the budget amended to provide the necessary resources to comply with the requirements of Chapter 1482. Consequently, we recommend that, prior to budget hearings, the board report to the fiscal committees on the implementation of Ch 1482/82. The report should include, but not be limited to (1) the estimated number of applications for small hydroelectric facilities to be processed in 1982-83, 1983-84, and 1984-85, (2) the additional staff needed by both the board and the Department of Fish and Game to process the applications, (3) the estimated annual cost to each agency, and (4) the fee required to cover the costs.

Resources Conservation and Recovery Act

We withhold recommendation on \$339,329 in reimbursements under Item 3940-001-001 for activities to be undertaken pursuant to the federal Resource Conservation and Recovery Act (RCRA), pending completion

of contract negotiations between the Department of Health Services and the State Water Resources Control Board.

The budget for the board's toxics program, includes \$339,329 (6.0 personnel-years) in reimbursements from the Department of Health Services (DHS) to finance the board's activities pursuant to the federal Resource Conservation and Recovery Act (RCRA). The DHS is the lead agency in this effort to develop a comprehensive hazardous materials program in California.

The 1982 Budget Act included \$288,000 for the board to use in implementing the RCRA program early in 1982-83. Implementation has been delayed, however, due to problems at both the state and federal levels. At the time this *Analysis* was written, DHS and the board were negotiating a contract covering both the current and budget years. Both agencies anticipate that the final amount to be reimbursed by DHS will be resolved prior to budget hearings.

We withhold recommendation on \$339,329 in reimbursements under Item 3940-001-001, pending completion of contract negotiations on the RCRA program.

Hazardous Waste Site Closure and Maintenance

We recommend that the board and the Department of Health Services explain why a detailed, joint work plan for the hazardous waste site closure and maintenance program has not been prepared. We withhold recommendation on the \$338,000 proposed in Item 3940-001-014 for site closure and maintenance activities pending receipt of additional information.

The proper closure and maintenance of hazardous waste sites has been a matter of continuing legislative concern. In 1978, the Legislature enacted Chapter 784 (SB 1130) which assigned responsibilities for the proper closure and subsequent maintenance of hazardous waste disposal sites to both the State Water Resources Control Board and the owners or operators of those sites. This program, however, was never fully implemented, even though \$300,000 was appropriated from the General Fund to the board for program administration.

Chapter 90, Statutes of 1982 (SB 95) repealed the provisions of Chapter 784 and significantly revised the responsibilities for hazardous waste site closure and maintenance. Chapter 90 assigned primary administrative responsibility to the Department of Health Services (DHS), and transferred a portion of the board's workload to DHS. The act also provided that the board's remaining workload, primarily the review of site closure plans, was to be financed by reimbursement from the Department of Health Services' Hazardous Waste Control Account in the General Fund. As a result of the enactment of Chapter 90, the board's General Fund appropriation for 1982-83 was reduced by \$300,000, and reimbursements, which were to be provided by DHS, were increased by \$288,000. The DHS budget, however, included only \$50,000 for the board in 1982-83.

Chapter 90, an urgency statute, became effective on March 2, 1982. At the time this *Analysis* was written, eleven months later, the provisions of the act still had not been implemented. No funds had been provided by the department to the board, and no detailed joint workplan had been developed. The budget appropriates \$338,000 from the Hazardous Waste Control Account in the General Fund to support the board's proposed site closure and maintenance activities in 1983-84 (Ch. 496/82 authorized a direct appropriation to the board, rather than reimbursement from DHS).

STATE WATER RESOURCES CONTROL BOARD—Continued

We recognize that hazardous waste control is a high priority of the legislature. Nevertheless, we are unable to recommend approval of the board's request for site closure and maintenance activities for the following reasons.

- **Uncertain implementation.** The board's request assumes full-year implementation of the hazardous waste site closure and maintenance program. Based on the board's experience to date, full-year implementation is unlikely.
- **Uncertain Workload.** The board's review of site closure plans is dependent on DHS issuing hazardous site permits. DHS's schedule for issuing these permits has not been established.
- **Fund Condition.** The Hazardous Waste Control Account faces a potential deficit in 1983-84 (see discussion under Department of Health Services). If such a deficit materializes, the board may not receive as much money from the fund as it now anticipates.

For these reasons, we withhold recommendation on the \$338,000 requested for site closure, pending receipt of additional information on the hazardous waste site closure and maintenance program.

We recommend that the board and the Department of Health Services explain why a joint work program has not been developed for the site closure and maintenance activities required by Chapter 90. The workplan should include (1) the date of implementation, (2) the number and types of plans to be reviewed, (3) the scope of work to be performed by each agency (4) justification for the expenditures and staffing levels proposed in the budget and (5) clarification of funding priorities for the Hazardous Waste Control Account.

Health and Welfare Agency**STATE COUNCIL ON DEVELOPMENTAL DISABILITIES AND
AREA BOARDS ON DEVELOPMENTAL DISABILITIES**

Item 4100 from the Federal
Trust Fund and Item 4110
from reimbursements

Budget p. HW 1

Requested 1983-84	\$3,212,000
Estimated 1982-83.....	3,587,000
Actual 1981-82	3,630,000
Requested decrease (excluding amount for salary increases) \$375,000 (-10.5 percent)	
Total recommended reduction	None

1983-84 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
4100-001-890—State Council on Developmental Disabilities		Federal Trust	\$3,212,000
—Support			(724,000)
—Community Program Development			(955,000)
—Allocation to Area Boards			(1,537,000)
—Reimbursements			(-4,000)
4110-001-001—Area Boards on Developmental Disabilities		Reimbursements	—