

# RESOURCES



2000-01 Analysis



# MAJOR ISSUES

## *Resources*

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### **Watershed Assessment: A Good Idea, But Will Not Achieve Goals**

- Watershed assessments could be useful for improving regulatory and habitat restoration efforts. However, we find that the proposed assessment of North Coast watersheds will not achieve these goals. We withhold recommendation pending a report from the Resources Secretary (see page B-32).



### **CALFED: Who Will Be Accountable for Major Decisions?**

- The CALFED Bay-Delta Program will soon shift from planning to making major policy and expenditure decisions about specific projects. We recommend the enactment of legislation to provide a formal organizational structure with clear lines of accountability to the Legislature for these impending decisions (see page B-48).



### **Unified Hazardous Material Regulatory Program Can Be More Effective**

- Problems in the locally implemented “CUPA” program include inconsistent statewide implementation, inadequate service levels in parts of the state, and inadequate state efforts to hold CUPAs accountable for their fee levels. We recommend the enactment of legislation requiring state oversight agencies to make program improvements (see page B-55).



### **Budget Increases for Expanded Recycling Program Not Justified**

- The Department of Conservation proposes major staffing increases to implement the recently expanded Beverage Container Recycling Program. We believe that the

department's workload estimates are based on unrealistic assumptions, and that the magnitude of the proposed augmentation is not warranted (see page B-73).



### **Coastal Salmon Restoration Proposal Lacks Details**

- Details are lacking on how anticipated federal funds for salmon restoration will be spent and workload to administer these funds is unsubstantiated. We recommend restricting the availability of funding until a statute is enacted defining the program and a staffing estimate is provided to the Legislature (see page B-84).



### **Coastal Commission Insufficiently Addressing Statutory Duties**

- The California Coastal Commission is not adequately carrying out its statutory responsibilities. We make several recommendations for improving the commission's ability to fulfill its responsibilities more effectively (see page B-93).



### **Water Storage Studies Need Legislative Oversight**

- The Department of Water Resources' water storage studies program has been subject to little legislative direction. The department plans to embark on detailed studies of specific project sites in the budget year. We recommend that *project-specific* storage studies be scheduled in the budget act in order to enhance legislative oversight (see page B-105).



### **Policy Issues Unresolved For School Bus Replacement Proposal**

- Many issues surrounding the Governor's \$50 million proposal to replace older school buses are unresolved. These issues ought to be defined statutorily prior to funding. Until then, we recommend deletion of funding in the budget (see page B-109).



### **Disregard for Legislative Directive Problematic**

- Most resources and environmental protection departments have not complied with legislative direction for program and expenditure information, making it difficult for the Legislature to exercise oversight and evaluate the budget (see page B-27).

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# OVERVIEW

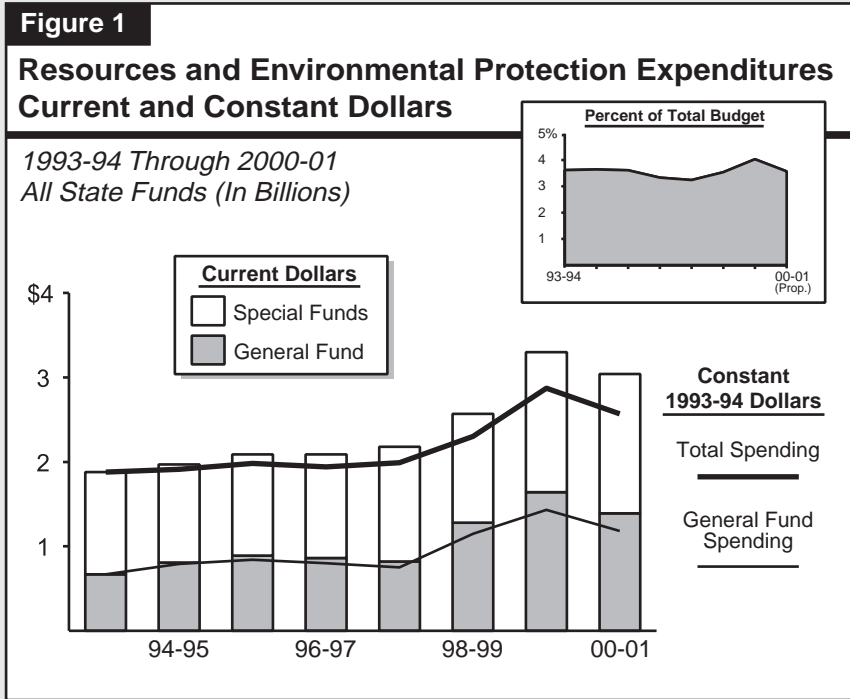
## Resources

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**The budget proposes moderately lower state expenditures for resources and environmental protection programs in 2000-01 compared to the estimated current-year level. The reduction primarily reflects the elimination of many one-time expenditures, including state park deferred maintenance, and state and local park capital improvements.**

Expenditures for resources and environmental protection programs from the General Fund and various special funds are proposed to total \$3 billion in 2000-01, which is 3.6 percent of all state-funded expenditures proposed for 2000-01. This level is a decrease of about \$270 million, or 8.2 percent, below estimated expenditures for the current year. Of the total state funding for resources and environmental protection programs, the budget proposes that 54 percent (\$1.6 billion) come from special funds, including the Environmental License Plate Fund, Fish and Game Preservation Fund, Natural Resources Infrastructure Fund, funds generated by beverage container recycling deposits and fees, and an “insurance fund” for the cleanup of leaking underground storage tanks. The General Fund will support the remaining 46 percent of these expenditures.

Figure 1 (see next page) shows that state expenditures for resources and environmental protection programs increased by about \$1.2 billion since 1993-94, representing an average annual increase of 7.1 percent. The increase includes about \$720 million in General Fund expenditures and the remainder in special fund expenditures. When adjusted for inflation, these expenditures increased at an average annual rate of 4.6 percent. General Fund expenditures increased at an average annual rate of about 11 percent over this period. When adjusted for inflation, General Fund expenditures increased at an average annual rate of 8.4 percent. The increase in General Fund expenditures is mainly the result of improved state fiscal condition in recent years. Through the early 1990s, due to the state’s fiscal condition, General Fund expenditures for resources and environmental protection programs were greatly curtailed. Since 1998-99, with improvement of the state’s fiscal condition, the trend was reversed and General Fund support for these programs has significantly increased.



## SPENDING BY MAJOR PROGRAM

Figure 2 shows spending for major *resources* programs—that is, those programs within the jurisdiction of the Secretary for Resources.

Figure 3 (see page 10) shows similar information for major *environmental protection* programs—those programs within the jurisdiction of the Secretary for Environmental Protection and the California Environmental Protection Agency.

**Spending for Resources Programs.** Figure 2 shows that the General Fund provides a relatively small proportion of total expenditures for resources programs, except in the case of the California Department of Forestry and Fire Protection (CDFFP) and the Department of Parks and Recreation (DPR). For 2000-01, the budget proposes that 74 percent (\$442 million) of CDFFP’s expenditures come from the General Fund. For DPR, the General Fund will constitute about one-third (\$82.9 million) of the department’s expenditures in 2000-01.



**Figure 2****Resources Budget Summary  
Selected Funding Sources***1998-99 Through 2000-01  
(Dollars in Millions)*

Department	Actual 1998-99	Estimated 1999-00	Proposed 2000-01	Change From 1999-00	
				Amount	Percent
<b>Conservation</b>					
General Fund	\$15.7	\$28.6	\$26.1	-\$2.5	-0.9%
Recycling funds	363.0	415.7	460.7	45.0	10.8
Other funds	16.6	27.2	19.9	-7.3	-26.8
<b>Totals</b>	<b>\$395.3</b>	<b>\$471.5</b>	<b>\$506.7</b>	<b>\$35.2</b>	<b>7.5%</b>
<b>Forestry and Fire Protection</b>					
General Fund	\$348.4	\$463.1	\$442.0	-\$21.1	-4.5%
Forest Resources Fund	6.6	18.1	19.3	1.2	6.6
Other funds	119.7	179.6	134.9	-44.7	-24.9
<b>Totals</b>	<b>\$474.7</b>	<b>\$660.8</b>	<b>\$596.2</b>	<b>-\$64.6</b>	<b>-9.8%</b>
<b>Fish and Game</b>					
General Fund	\$29.3	\$37.0	\$37.7	\$0.7	1.9%
Fish and Game Fund	72.0	82.4	79.9	-2.5	-3.0
Oil Spill Prevention Fund	17.1	16.2	16.3	0.1	0.6
Environmental License Plate Fund	11.5	15.5	15.3	-0.2	-1.3
Other funds	67.8	72.0	80.5	8.5	11.8
<b>Totals</b>	<b>\$197.7</b>	<b>\$223.1</b>	<b>\$229.7</b>	<b>\$6.6</b>	<b>2.9%</b>
<b>Parks and Recreation</b>					
General Fund	\$119.7	\$329.9	\$82.9	-\$247.0	-74.9%
Parks and Recreation Fund	80.0	82.1	83.0	0.9	1.1
Off-Highway Vehicle Fund	27.7	55.0	42.3	-12.7	-23.1
Other funds	39.4	72.3	42.5	-29.8	-41.2
<b>Totals</b>	<b>\$266.8</b>	<b>\$539.3</b>	<b>\$250.7</b>	<b>-\$288.6</b>	<b>-53.5%</b>
<b>Water Resources</b>					
General Fund	\$167.6	\$151.5	\$177.4	\$25.9	17.1%
State Water Project funds	639.1	716.8	730.6	13.8	1.9
Other funds	22.3	134.9	122.7	-12.2	-7.4
<b>Totals</b>	<b>\$829.0</b>	<b>\$1,003.2</b>	<b>\$1,030.7</b>	<b>\$27.5</b>	<b>2.7%</b>

**Figure 3****Environmental Protection Budget Summary  
Selected Funding Sources***1998-99 Through 2000-01  
(Dollars in Millions)*

Department/Board	Actual 1998-99	Estimated 1999-00	Proposed 2000-01	Change From 1999-00	
				Amount	Percent
<b>Air Resources</b>					
General Fund	\$50.4	\$30.0	\$79.5	\$49.5	165.0%
Motor Vehicle Account	58.0	60.5	65.9	5.4	8.9
Other funds	34.9	50.6	41.8	-8.8	-17.4
<b>Totals</b>	<b>\$143.3</b>	<b>\$141.1</b>	<b>\$187.2</b>	<b>\$46.1</b>	<b>32.7%</b>
<b>Waste Management</b>					
Integrated Waste Account	\$32.2	\$39.7	\$42.3	\$2.6	6.5%
Used Oil Recycling Fund	21.6	52.3	29.3	-23.0	-44.0
Other funds	16.1	34.6	26.9	-7.7	-22.2
<b>Totals</b>	<b>\$69.9</b>	<b>\$126.6</b>	<b>\$98.5</b>	<b>-\$28.1</b>	<b>-22.2%</b>
<b>Pesticide Regulation</b>					
General Fund	\$17.2	\$14.3	\$15.5	\$1.2	8.4%
Pesticide Regulation Fund	30.9	34.6	38.6	4.0	11.6
Other funds	5.1	6.4	5.2	-1.2	-18.7
<b>Totals</b>	<b>\$53.2</b>	<b>\$55.3</b>	<b>\$59.3</b>	<b>\$4.0</b>	<b>7.2%</b>
<b>Water Resources Control</b>					
General Fund	\$41.6	\$58.2	\$73.1	\$14.9	25.6%
Underground Storage Tank	184.4	221.0	241.4	20.4	9.2
Waste Discharge Fund	14.1	14.9	15.4	0.5	3.3
Other funds	278.3	223.2	212.7	-10.5	-4.7
<b>Totals</b>	<b>\$518.4</b>	<b>\$517.3</b>	<b>\$542.6</b>	<b>\$25.3</b>	<b>4.9%</b>
<b>Toxic Substances Control</b>					
General Fund	\$32.9	\$40.5	\$49.2	\$8.7	21.5%
Hazardous Waste Control	24.7	33.5	35.1	1.6	4.8
Toxic Substances Control	27.4	36.8	29.3	-7.5	-20.4
Other funds	30.0	25.4	36.1	10.7	42.1
<b>Totals</b>	<b>\$115.0</b>	<b>\$136.2</b>	<b>\$149.7</b>	<b>\$13.5</b>	<b>9.9%</b>
<b>Environmental Health Hazard Assessment</b>					
General Fund	\$6.1	\$9.6	\$12.8	\$3.2	33.3%
Other funds	3.2	4.3	4.3	—	—
<b>Totals</b>	<b>\$9.3</b>	<b>\$13.9</b>	<b>\$17.1</b>	<b>\$3.2</b>	<b>23.0%</b>

Figure 2 also shows that for 2000-01, the budget proposes a reduction in both DPR and CDFFP expenditures. Specifically, the budget proposes a significant reduction in DPR expenditures of \$288.6 million, or 54 percent less than the current-year estimated expenditure level. The reduction includes (1) a drop of about \$150 million in departmental support, mainly due to the elimination of one-time expenditures for parks deferred maintenance; (2) about \$79 million less for local park development; and (3) about \$59 million less in state park capital improvements. For CDFFP, the budget proposes 9.8 percent less in expenditures for 2000-01, compared to the estimated current-year level. The reduction reflects the extraordinarily high level of expenditures (\$92 million) for emergency fire suppression in the current year.

For both the Department of Fish and Game (DFG) and the Department of Water Resources (DWR), the budget proposes relatively small changes in total departmental expenditures in 2000-01. For the Department of Conservation (DOC), the budget proposes increases of about \$35.2 million, mainly to implement an expanded Beverage Container Recycling Program.

***Spending for Environmental Protection Programs.*** As Figure 3 shows, the budget proposes increases in most of the major environmental protection programs. In particular, the expenditure level for the Air Resources Board (ARB) is proposed to increase significantly by about 33 percent, compared to the current-year expenditure level. The increase is mainly due to a proposed \$50 million increase in General Fund expenditures to replace high polluting school buses. For the Office of Environmental Health Hazard Assessment (OEHHA), the budget proposes a 23 percent increase over the estimated current-year level. The increase, mainly to address children's health issues, will be funded from the General Fund.

The budget also proposes sizeable increases in General Fund expenditures for the State Water Resources Control Board (SWRCB) and the Department of Toxic Substances Control (DTSC). In the case of SWRCB, increases over current-year expenditures totaling about \$15 million from the General Fund are proposed mainly to monitor and assess water quality, remediate impaired water bodies, address groundwater quality issues, and increase enforcement. For DTSC, the budget proposes an additional \$8.7 million in General Fund support, an increase of about 22 percent over the current-year level. The increase reflects mainly a shift to the General Fund from various special fund sources, including the Hazardous Waste Control and the Toxic Substance Control Accounts, to support the department. The budget also includes increases in reimbursements for DTSC to oversee hazardous material removal and remedial actions at school sites.

The budget proposes to reduce expenditures of the Integrated Waste Management Board by about 22 percent in 2000-01. The reduction primarily reflects a decrease in local assistance grants for used oil recycling.

## MAJOR BUDGET CHANGES

Figures 4 and 5 (see pages 13 and 14) present the major budget changes in resources and environmental protection programs, respectively.

**Resources Programs.** As Figure 4 shows, the budget proposes increases totaling \$8.2 million spread among various departments to assess watersheds in the North Coast and to support local watershed protection efforts. These activities will be carried out by DOC, DFG, and CDFFP.

For DOC, the budget also proposes an increase of \$45 million in refund payments and departmental costs to administer an expanded Beverage Container Recycling program.

For CDFFP, the budget proposes to augment funding for emergency fire suppression by \$35 million. This will bring total available funding to \$55 million, a level more in line with actual expenditure experience. In addition, the budget proposes an increase of \$2.4 million to improve state forests.

For DFG, the budget proposes an increase of \$3.4 million for additional staff mainly to (1) administer grants to protect and restore salmon and steelhead trout habitat and (2) implement salmon restoration projects in coordination with the CALFED Bay-Delta Program. This is in addition to the \$2 million proposed for the department to assess North Coast watersheds, as indicated above.

For DPR, the budget proposes an increase of \$3 million for ongoing, routine maintenance for state parks. The budget does not propose any funds for deferred maintenance because the department will be continuing to expend the \$157 million provided in the current year. The budget also proposes significantly less expenditures in 2000-01 for state and local park development. This reduction reflects the elimination of one-time expenditures for capital improvements on state and local parks.

For DWR, the budget proposes \$20 million from the General Fund to study water storage alternatives. The budget also includes \$24 million in federal funds to support the CALFED Bay-Delta Program.

**Figure 4**

## Resources Programs Proposed Major Changes for 2000-01

<b>Conservation</b>	<b>Requested: \$506.7 million</b>
	<b>Increase: \$35.2 million (+7.5%)</b>

- + \$45 million for expanded beverage container recycling program
- + \$4.9 million for North Coast watershed assessment and to support local watershed protection

<b>Forestry and Fire Protection</b>	<b>Requested: \$596.2 million</b>
	<b>Decrease: \$64.6 million (-9.8%)</b>

- + \$35 million for emergency fire funding
- + \$2.4 million for improvements of state forests
- + \$1.3 million for North Coast watershed assessment

<b>Fish and Game</b>	<b>Requested: \$229.7 million</b>
	<b>Increase: \$6.6 million (+2.9%)</b>

- + \$3.4 million for salmon and steelhead habitat restoration
- + \$2 million for North Coast watershed assessment

<b>Parks and Recreation</b>	<b>Requested: \$250.7 million</b>
	<b>Decrease: \$288.6 million (-53.5%)</b>

- + \$3 million for routine maintenance of state parks
- 
- \$157 million in one-time deferred maintenance expenditures
  - \$138 million in state and local park improvements

<b>Water Resources</b>	<b>Requested: \$1,030.7 million</b>
	<b>Increase: \$27.5 million (+2.7%)</b>

- + \$20 million to study water storage alternatives
- + \$24 million for CALFED Bay-Delta program
- + \$10 million for water management and transfer programs

**Figure 5**

## Environmental Protection Programs Proposed Major Changes for 2000-01

<b>Air Resources Board</b>	<b>Requested: \$187.2 million</b>
	<b>Increase: \$46 million (+32.7%)</b>

- + \$50 million to replace high-polluting older school buses
- + \$5.2 million to demonstrate fuel cell transit buses
- + \$4 million to review health impacts of toxic air pollutants
- + \$1.9 million to address children's health issues

<b>Water Resources Control Board</b>	<b>Requested: \$542.6 million</b>
	<b>Increase: \$25.3 million (+4.9%)</b>

- + \$53 million to tank owners for tank cleanup
- + \$7.1 million to reduce permit backlogs and increase inspections
- + \$6.8 million for ambient water quality monitoring

<b>Toxic Substances Control</b>	<b>Requested: \$149.7 million</b>
	<b>Increase: \$13.4 million (+9.9%)</b>

- + \$3.3 million to assess and oversee cleanup of contamination at school sites
- + \$2.9 million for enforcement

<b>Environmental Health Hazard Assessment</b>	<b>Requested: \$17.1 million</b>
	<b>Increase: \$3.2 million (+23%)</b>

- + \$1.5 million to address children's health issues

**Environmental Protection Programs.** Regarding these programs, Figure 5 shows that the budget proposes various increases to address children's health issues and to increase enforcement activities. Specifically, the budget proposes (1) \$50 million to the ARB for a grant program to replace older school buses to reduce children's exposure to toxic pollution; (2) \$3.3 million for DTSC to assess and oversee the cleanup of con-

taminated school sites; and (3) a total of \$3.5 million for ARB and OEHHA to address other children's health issues. For enforcement, the budget proposes an increase of \$2.9 million in DTSC for civil and criminal enforcement.

For SWRCB, the budget proposes to continue a one-time expenditure in the current year of \$7.1 million to reduce permit backlogs and increase inspections. Additionally, the budget proposes an increase of \$6.8 million for ambient water quality monitoring. This increases the funding devoted to this activity from about \$2.8 million to \$9.6 million—an increase of over 200 percent. Finally, Figure 5 shows a \$53 million one-time increase in SWRCB's baseline expenditure authority to reimburse tank owners for the cost of cleaning up underground storage tanks. Since the current-year budget also includes a one-time increase for this purpose, the budget-year expenditure would only be about \$20 million higher than in the current year.





# CROSSCUTTING ISSUES

## *Resources*

### FUND CONDITIONS FOR RESOURCES PROGRAMS

The state uses a variety of special and bond funds to support the departments, conservancies, boards, and programs that regulate and manage the state's natural resources. Of the \$2.3 billion in state-funded expenditures for resources programs proposed for 2000-01, about \$1.1 billion (46 percent) would be from special funds, and \$144 million (6 percent) from bond funds. The remainder would be from the General Fund.

In this section, we provide a status report on selected special funds and bond funds supporting these programs. In general, the use of these special and bond funds are specified in statute. Some funds can be used for a wide variety of programs and activities, while the use of other funds are more limited. For purposes of this review, we divided the funds into three categories: (1) resources special funds, (2) park-related bond funds, and (3) bond funds for water programs.

#### Resources Special Funds

***The budget proposes to spend most of the special funds projected to be available in 2000-01 for resources protection. If the Governor's spending proposals are approved, it will leave about \$29 million for legislative priorities. However, the use of most of these remaining funds are statutorily restricted to specific purposes.***

Figure 1 summarizes the total amount of funds available for expenditure in 2000-01 for selected special funds, the Governor's proposed expenditures from these funds, and the balances available after the Governor's proposed expenditures. Approval of the Governor's spending proposals would leave limited funds available for legislative priorities. This is especially the case because the Legislature may wish to retain some of the projected reserves in the accounts to meet contingencies such as revenue shortfalls or unanticipated expenditures. However, this would reduce the amounts of funds available for appropriation by the Legislature in 2000-01. Furthermore, most of the remaining funds can only be used for specific purposes, as required by statute. For instance, about \$11.1 million of the projected balance in the Fish and Game Preservation Fund is dedicated statutorily and can only be used for activities related to certain species. As a result, the Legislature's flexibility in expending these funds for resources projects is limited.

**Figure 1**

### Selected Special Funds Resources Programs

1999-00 and 2000-01  
(In Millions)

Special Funds	1999-00 Expenditures	2000-01		
		Resources	Expenditures	Balance
Salmon and Steelhead Trout Restoration Account	—	\$8.1	\$8.0	\$0.1
Marine Life and Reserve Management Account	—	2.2	2.2	—
State Parks System Deferred Maintenance Account	—	10.0	—	10.0
Natural Resources Infrastructure Fund	\$1.2	4.5 <sup>a</sup>	2.9	1.6
Environmental License Plate Fund	32.9	28.2	26.9	1.3
Public Resources Account	20.4	21.1	20.4	0.7
Habitat Conservation Fund	34.5	33.2	30.4	2.8
Fish and Game Preservation Fund				
Dedicated Accounts	14.9	25.8	14.7	11.1
Nondedicated	67.5	66.3	65.2	1.1
State Parks and Recreation Fund	82.1	83.3	83.0	0.3

<sup>a</sup> Net of transfer of \$20.1 million to the Habitat Conservation Fund.

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Below we discuss in greater detail the funds shown in Figure 1.

**Resources Trust Fund.** The Resources Trust Fund (RTF) was created by Chapter 293, Statutes of 1997 (SB 271, Thompson). Funds in RTF are to be allocated to preserve and protect the natural and recreational resources of the state. The RTF is funded from the tidelands revenues remaining after specified amounts are deposited into the General Fund and the California Housing Trust Fund. (Please see the *Analysis of the 1998-99 Budget Bill*, page B-17 for a graphic representation of the distribution of tidelands revenues.)

Chapter 293 split the trust fund into two separate accounts: the Salmon and Steelhead Trout Restoration Account (SSTRA) and the Natural Resources Infrastructure Fund (NRIF). Chapter 293 also required that the first \$8 million from RTF be deposited into SSTRA to be appropriated to the Department of Fish and Game (DFG) for the recovery of salmon and steelhead trout. Of the \$8 million, at least 87.5 percent (\$7 million) must be allocated as project grants through DFG's fisheries management grant program. The grants are to be awarded for activities that improve fish habitat in coastal water utilized by salmon and anadromous trout, and are to emphasize the development of coordinated watershed improvement activities. The remaining 12.5 percent may be used for project administration costs incurred by DFG.

Chapter 326, Statutes of 1998 (AB 2784, Strom-Martin) created two additional accounts within RTF. These two accounts have higher funding priority than NRIF. First, Chapter 326 created the Marine Life and Marine Reserve Management Account (MLMRMA) and allocated \$2.2 million annually through 2005-06, from RTF to the account for expenditure, upon appropriation, by DFG for marine life management. Second, Chapter 326 created the State Parks System Deferred Maintenance Account (SPSDMA) within RTF and allocated \$10 million annually through 2005-06, from RTF to the account for expenditure, upon appropriation, by the Department of Parks and Recreation for deferred maintenance expenses.

The remaining RTF money will be deposited in NRIF for preserving and protecting natural and recreational resources. Chapter 293 identified four priorities for the use of NRIF. These priorities are: environmental review and monitoring by DFG, Natural Community Conservation Plan (NCCP) acquisitions, Habitat Conservation Fund (HCF) funding requirements, and expenditure for nonpoint source pollution control programs. Funds not appropriated to these priorities will be spent on natural and recreational resources.

With the recent increase in oil prices, tidelands oil revenues to the state are projected to total about \$60 million in 2000-01. As a result, the budget projects that SSTRA, MLMRMA and SPDMA would receive their respective statutory allocations in 2000-01, and NRIF would receive about \$24.7 million. The budget further proposes to transfer \$20.1 million of

NRIF money to the HCF in order to meet the funding requirement of Proposition 117. After this transfer, the budget projects \$4.5 million in resources remaining in NRIF, as shown in Figure 1.

***Environmental License Plate Fund (ELPF)***. The ELPF derives its funding from the sale of personalized motor vehicle license plates by the Department of Motor Vehicles. Funds from ELPF can be used for the following purposes:

- Control and abatement of air pollution.
- Acquisition, preservation, and restoration of natural areas and ecological reserves.
- Environmental education.
- Protection of nongame species and threatened and endangered plants and animals.
- Protection, enhancement, and restoration of fish and wildlife habitat, and related water quality.
- Purchase of real property, consisting of sensitive natural areas, for the state, local, or regional park systems.
- Reduction of the effect of soil erosion and discharge of sediments into the water of the Lake Tahoe region.

The budget proposes expenditures totaling \$26.9 million from ELPF, a decrease of about \$6 million (18 percent) below estimated current-year spending. The decrease is the result of local assistance and capital outlay expenditures being delayed from 1998-99 to 1999-00, inflating the amount of current-year expenditures. About \$20.8 million (78 percent) of total proposed ELPF expenditures in 2000-01 would be for departmental support purposes, including \$15.3 million for support of DFG. The remaining \$6 million (22 percent) would be for local assistance and capital outlay expenditures, mainly by the California Tahoe Conservancy.

The proposed ELPF expenditures will leave a balance of \$1.3 million at the end of 2000-01.

***Public Resources Account, Cigarette and Tobacco Products Surtax Fund (PRA)***. The PRA receives 5 percent of the Cigarette and Tobacco Products Surtax Fund (C&T Fund) revenues. Generally, PRA funds must be used in equal amounts for (1) park and recreation programs at the state or local level and (2) habitat programs and projects.

The budget projects \$21.1 million in PRA resources in 2000-01 and proposes expenditures from PRA for the various departments totaling \$20.4 million—essentially the same as the estimated current-year expen-

diture level. All proposed expenditures would be for departmental support purposes. About 62 percent (\$12.7 million) of the proposed expenditures would be used to support the Department of Parks and Recreation (DPR), and 25 percent (\$5.1 million) would support the operations of DFG.

The budget proposes a reserve of \$668,000 in PRA at the end of 2000-01.

**Habitat Conservation Fund (HCF).** The HCF was created by Proposition 117, the California Wildlife Protection Act of 1990. The proposition requires that the fund receive annual revenues of \$30 million primarily for wildlife habitat acquisitions and improvements. To provide this funding level, Proposition 117 requires transfers of (1) 10 percent of funds from the Unallocated Account, C&T Fund, and (2) additional funds from the General Fund in order to provide a total of \$30 million. Proposition 117 allows the Legislature to substitute for the General Fund the transfer of other appropriate funds.

For 2000-01, the budget proposes to transfer \$9.9 million from the Unallocated Account, C&T Fund, and \$20.1 million in NRIF money to HCF. These transfers, together with carryover balances, would fund proposed expenditures of \$30.4 million, leaving a balance of \$2.8 million at the end of the budget year.

**Fish and Game Preservation Fund (FGPF).** The FGPF derives most of its revenues from fishing and hunting licenses, tags and permits. Money in FGPF is used to support DFG activities to protect and preserve fish and wildlife, including the acquisition and construction of projects for these purposes. Certain revenues in the fund are restricted (or dedicated) to be used for specific purposes or species. For instance, revenues from hunting or fishing stamps for particular species can be used only for activities related to the protection of those species. The costs of commercial fishing programs are to be paid solely out of revenues from commercial fishing taxes and license fees.

For 2000-01, the budget proposes total FGPF expenditures of \$80 million, almost entirely for the support of DFG. This amount is \$2.6 million (or 3.2 percent) less than estimated current-year expenditures. Of the amount, \$65.2 million is proposed to be spent from nondedicated funds and the remaining \$14.7 million from dedicated revenues.

With the proposed expenditures, the budget projects a reserve of \$12.2 million in FGPF for 2000-01, of which only \$1.1 million is expected to be in nondedicated funds.

**State Parks and Recreation Fund (SPRF).** The SPRF is the main special fund source that supports DPR. The fund generates most of its revenues from state beach and park service fees. For 2000-01, the budget projects SPRF resources of \$83.3 million. About two-third of these re-

sources (\$54.3 million) would be from beach and park fees. The budget proposes to use \$83 million for the support of the Department of Parks and Recreation, leaving a balance of about \$280,000 by year end.

## Park-Related Bonds

***There are virtually no park bond funds available from previously adopted bond measures.***

***If adopted by voters, Proposition 12, on the March 2000 ballot, would provide \$2.1 billion in new bond funds for natural resource protection and for state and local park purposes.***

Park development projects and land acquisitions have traditionally been funded by various bonds passed by the voters. The availability of bond funds has contributed to the Legislature's flexibility in funding its priorities in past years. This is because the Legislature has been able to free up funds in ELPF and PRA by using bond funds to the greatest extent possible to fund various projects.

The budget proposes \$4.1 million in total bond funds available from prior bond measures for coastal land and access projects in 2000-01. No bond-funded expenditures are proposed for state or local park development purposes. Essentially all park bond funds have been depleted.

***Bond Measure on March 2000 Ballot.*** Proposition 12 (the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act) on the March 2000 ballot, if adopted, would provide \$2.1 billion for the acquisition, development and protection of recreational, cultural, and natural areas. As shown in Figure 2, about \$940 million of the bond funds would be granted to local or nonprofit agencies for local recreational, cultural, and natural areas. The remaining \$1.16 billion would be used by the state for similar types of areas of statewide significance.

## Water Bonds

***The budget proposes expenditures of about \$209 million from various water bonds for water quality, water supply, and ecosystem restoration projects. There are no bond funds available in the budget year for (1) the state's unmet share of costs for federally authorized, local flood control projects and (2) state matching funds for federal safe drinking water loans and grants. The state's share of funds for these programs, however, will be provided from the General Fund as follows: \$15.4 million to match federal safe drinking water funds and \$44 million for flood control subventions.***

**Figure 2**

### Safe Neighborhood Parks, Clean Water, Clean Air, And Coastal Protection Act Use of Bond Funds

(In Millions)

#### State Projects

• Buy, improve, or renovate recreational areas	\$525.0
• Acquire and preserve natural areas	355.0
• Acquire and preserve fish and wildlife habitat	277.5
• Pay California Conservation Corps for work on projects funded by this act	2.5
Subtotal	\$1,160.0
Grants to local governments and nonprofit organizations	\$940.0
<b>Total</b>	<b>\$2,100.0</b>

As Figure 3 (see next page) shows, the budget proposes expenditures totaling \$209 million in 2000-01 from various water bonds for (1) safe drinking water; (2) water supply, including water conservation, water recycling, and groundwater recharge; (3) wastewater treatment and other water quality projects; and (4) Bay-Delta improvements, including fish and wildlife restoration and delta levee rehabilitation. This is an increase of \$18.7 million, or about 10 percent, above estimated current-year expenditures from bonds for these purposes. About 80 percent of the proposed expenditures are from Proposition 204 bond funds. Proposition 204—the Safe, Clean, Reliable Water Supply Act of 1996—provided \$995 million for various water-related purposes, including habitat restoration in the Bay-Delta, wastewater treatment, water recycling and conservation, and local flood control and prevention.

**Safe Drinking Water.** The budget projects total expenditures of \$11.7 million in 2000-01, leaving a balance of \$42.9 million at the end of 2000-01. There are pending grant applications that would spend much of this balance in future years.

Over the next five years, about \$415 million in federal loans and grants will be available to public water systems in the state for upgrades to meet safe drinking water standards if matched by a 20 percent state contribution. However, the state is not authorized to use existing safe drinking water bond funds as the match for these federal funds. Given this limitation, the administration is proposing a state match of \$15.4 million from

the General Fund in order to draw down \$77.1 million of federal funds in 2000-01. Our review finds that an additional \$87.6 million of federal funds would be available in 2000-01 if the state were to provide an additional \$17.5 million in matching funds. We discuss this issue in greater detail in our write-up under Item 4260, the Department of Health Services.

**Figure 3****Selected Water Bond Funds<sup>a</sup>**

2000-01  
(In Millions)

	Resources	Expenditures	Balances
<b>Safe drinking water</b>			
1986 California Safe Drinking Water Fund	\$25.3	\$3.8	\$21.5
1988 California Safe Drinking Water Fund	29.3	7.9	21.4
Subtotals	(\$54.6)	(\$11.7)	(\$42.9)
<b>Water supply/water recycling</b>			
1986 Water Conservation and Water Quality Fund	\$16.7	\$14.8	\$1.9
1988 Clean Water and Water Reclamation Fund	1.5	1.2	0.3
1988 Water Conservation Fund	21.7	9.1	12.6
Safe, Clean, Reliable Water Supply Fund <sup>b</sup>	86.3	50.7	35.6
Subtotals	(\$126.2)	(\$75.8)	(\$50.4)
<b>Wastewater treatment/water quality</b>			
1984 State Clean Water Fund	\$25.3	\$6.9	\$18.4
Safe, Clean, Reliable Water Supply Fund <sup>b</sup>	100.0	37.2	62.8
Subtotals	(\$125.3)	(\$44.1)	(\$81.2)
<b>Bay-Delta improvements</b>			
Safe, Clean, Reliable Water Supply Fund <sup>b</sup>	\$437.5	\$77.4	\$360.1
<b>Flood control and prevention</b>			
Safe, Clean, Reliable Water Supply Fund <sup>b</sup>	— <sup>c</sup>	—	—
<b>Totals</b>	<b>\$743.6</b>	<b>\$209.0</b>	<b>\$534.6</b>

<sup>a</sup> Based on Governor's budget.

<sup>b</sup> Proposition 204.

<sup>c</sup> Funds in Proposition 204 sub-account depleted at end of 1997-98.

**Water Supply and Water Recycling.** The budget projects total expenditures of \$75.8 million, including \$50.7 million from Proposition 204 funds, for water supply and recycling projects. This leaves a balance of \$50.4 million, mainly for new projects.



**Wastewater Treatment and Other Water Quality Projects.** The budget proposes \$44.1 million in expenditures to fund wastewater treatment, agricultural drainage treatment, seawater intrusion control, and other water quality projects in 2000-01. This leaves a balance of \$81.2 million. Pending grant and loan applications for wastewater treatment projects would spend much of this balance in future years.

**Bay-Delta Improvements.** Proposition 204 bond funds provide a total of \$583 million for projects specifically related to the Bay-Delta, mainly for ecosystem restoration. The budget proposes expenditures of \$77.4 million in 2000-01, leaving a balance of \$360.1 million. Of the proposed expenditure, \$51.5 million is contingent upon federal and state approval of environmental impact reports being developed by the "CALFED" Bay-Delta Program. Such approval is expected this summer.

**Flood Control and Prevention.** The costs of federally authorized, locally sponsored flood control projects are shared by the federal government (50 to 75 percent), state government (17.5 to 35 percent), and local government (7.5 to 15 percent). Due to the state's budget condition in recent years, however, the state has been unable to pay its full share of costs for these projects. Proposition 204 provided \$60 million to pay some of the arrearages owing to local agencies; however, these funds were depleted by the end of 1997-98.

According to the Department of Water Resources (DWR), the unpaid amount on the state's share of costs will be about \$102.9 million at the end of 1999-00, after the expenditure of \$45 million provided for this purpose in the current-year budget. The budget provides no additional funding for local flood control subventions beyond the \$44 million appropriated for this purpose for each of 2000-01 and 2001-02 by Chapter 326, Statutes of 1998 (AB 2784, Strom-Martin). The DWR projects the arrearages to stand at \$127.3 million at the end of the budget year. According to DWR, the lack of state funds (to pay for the state share) has caused construction to stop on a number of flood control projects.

## Water Bond Measure on March Ballot

***A \$1.97 billion water bond measure is on the March 2000 ballot. Under the measure, funds would be available for safe drinking water, flood control, Bay-Delta restoration, watershed protection, and various water quality and supply projects.***

Despite past expenditures of bonds, there remain significant water-related funding demands. For example, according to the U.S. EPA, upgrading the state's local public water systems to meet current and anticipated federal regulations will cost \$18 billion. There are also significant

funding demands in other areas such as flood control, watershed protection, water quality, and water supply.

A \$1.97 billion water bond measure on the March 2000 ballot would address a number of these needs. Under this measure, funds are provided for the following purposes:

- **Water Supply Reliability—\$630 million.** This amount would be available for groundwater storage and various other projects, largely in the Bay-Delta or in areas served by delta water, to improve water quality, water supply, fish migration, and water levels.
  - **Watershed Protection—\$468 million.** This amount would be available for riparian habitat restoration, coastal salmon habitat protection, development and implementation of local watershed management plans, and other watershed protection projects.
  - **Clean Water and Water Recycling—\$355 million.** These bond funds would be for “nonpoint source” pollution control, wastewater treatment, water recycling, and seawater intrusion control.
  - **Flood Protection—\$292 million.** These bond funds would be for various state and local flood control projects, in some cases involving land restoration or acquisition and fish and wildlife improvements. Of the funding for flood protection, \$45 million is available to pay down the local flood control subvention arrearages.
  - **Water Conservation—\$155 million.** This amount would be for the repair of water delivery systems, groundwater recharge, and other agricultural and urban water conservation projects.
  - **Safe Drinking Water Facilities—\$70 million.** These bond funds would be for public water system capital improvements.
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## LEGISLATIVE OVERSIGHT

### Departments Disregard Legislative Directive

***Departments within the Resources and Environmental Protection Agencies have generally disregarded legislative directive to provide program and expenditure information. The lack of information hinders the Legislature's oversight of state programs. We recommend that the Legislature withhold action on the budgets of the Secretaries for Resources and Environmental Protection (Cal-EPA) pending submittal of previously requested supplemental reports by the agencies and their constituent departments and boards.***

***We further recommend that where a required supplemental report would provide supporting information for particular budget proposals, those proposals be denied absent the required report.***

***Additionally, we recommend that instead of adopting supplemental language directing departments to provide information at a future time, the Legislature disapprove any funding requests for which the departments fail to sufficiently respond during the budget hearing process to the Legislature's concerns.***

In the *Supplemental Report of the 1999 Budget Act*, the Legislature directed various departments within the Resources and Environmental Protection Agencies to report on a number of their programs and activities. The Legislature's purpose in requesting these reports was to exercise legislative oversight by holding the departments accountable for their use of funds and staff in achieving statutory objectives and goals. Many of these reports were required to be submitted by early January 2000 in order to provide the Legislature with pertinent information as it reviews the 2000-01 budget. Figure 1 (see next page) lists the departments, reports, and their due dates, as well as the status of those reports.

**Figure 1**

## Resources and Environmental Protection Departments 1999-00 Supplemental Report Requirements Status<sup>a</sup>

	Due Date	Status
<b>Resource Secretary</b>		
• Long-term funding	1/10/2000	Received
• Santa Monica Bay	1/10/2000	Not received
<b>Cal-EPA Secretary</b>		
• Environmental justice	9/1/99	Not received
• Agency structure	1/10/2000	Not received
• Agency funding review	1/10/2000	Not received
• Santa Monica Bay	1/10/2000	Not received
• Scientific peer review	Quarterly	Not received
• Enforcement	1/10/2000	Not received
<b>Colorado River Board</b>	Quarterly	Received
<b>Conservation</b>	10/1/1999	Received
<b>Fish and Game</b>		
• NCCP	1/10/2000	Not received
• Species mitigation	1/10/2000	Not received
• AB 3158 fees	11/1/1999	Not received
<b>Coastal Commission</b>	1/10/2000	Received
<b>Parks and Recreation</b>		
• Staffing	9/1/1999	Not received
• Routine maintenance	1/10/2000	Not received
• Deferred maintenance	1/10/2000	Not received
<b>Bay Conservation and Development Commission</b>	1/10/2000	Received
<b>Air Resources Board</b>		
• Economic analysis	10/1/1999	Not received
• PM 2.5	10/1/1999	Not received
<b>California Integrated Waste Management Board</b>		
• IWMA implementation	1/10/2000	Not received
• Tire remediation	9/1/1999	Received
<b>Pesticide Regulation</b>		
• Performance measure	1/1/2000	Not received
<b>State Water Resources Control Board</b>		
• Water quality monitoring	1/10/2000	Not received
• Water discharge inspections	1/10/2000	Not received
• MTBE contamination	10/1/1999	Not received

**Continued**

	Due Date	Status
<b>Department of Toxic Substances Control</b>		
• Oil refineries inspection	1/10/2000	Not received
• Toxic exposure at schools	1/10/2000	Not received
• Vacancy rates	10/1/1999	Not received
<b>Office of Emergency Health Hazard Assessment</b>		
• Public health goals	1/10/2000	Not received
• Public health goals	10/1/1999	Not received

<sup>a</sup> As of January 31, 2000.

***Reasons for Information Requirement and Nature of Information to Be Submitted.*** In reviewing the 1999-00 budget for resources and environmental protection programs, the Legislature expressed concerns over the adequacy of funding for a number of programs. It also was concerned with the level of activities being carried out under these programs. In particular, the Legislature was concerned that environmental protection laws and requirements were not being fully enforced. As a result, the Legislature adopted numerous supplemental report requirements directing departments to report on the funding levels, statutory requirements, and workload of a number of programs.

For example, the Secretary for Cal-EPA is required to report on the funding provided for environmental protection programs to ensure that those activities posing the greatest environmental and public health risks are given priority for funding. The State Water Resources Control Board is directed to report on the watershed and coastal resources where ambient surface water quality monitoring has been conducted, provide a plan for a program to monitor ambient surface water quality and groundwater quality, and identify how the 2000-01 Governor's budget proposal addresses that plan.

Similarly, the Department of Fish and Game is directed to report on the funding and staffing level needed to implement a program to monitor species for which the department has statutory management responsibilities and to mitigate adverse impact on these species. The Department of Parks and Recreation is directed to report on the total funding necessary to cover the costs of regularly scheduled, routine maintenance of its properties and facilities.

***Departments Generally Disregard Legislative Directive; Legislature's Program Oversight Reduced.*** As Figure 1 shows, at the time this analysis

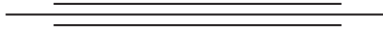
was prepared, most of the required reports had not been submitted. The failure to meet the reporting requirements shows a general disregard of legislative directive on the part of the administration. Additionally, the lack of information hinders the Legislature's ability to evaluate the departments' budget needs, assess their performance, and hold the departments accountable for their performance.

**Reports Submitted Do Not Respond to Directive.** In the few instances where reports were submitted, we found that they often are not responsive to the directive and provide little useful information sought by the Legislature. For instance, the Resources Agency was directed to provide an estimate of the funding needed by the agency and its constituent departments to comply with statutory requirements, and make recommendations on funding adjustments. While the report was submitted on time, the report did not address the issues raised, and provided little useful information to assist the Legislature.

**Analyst Recommendations.** It is important that the Legislature have a means of obtaining information it deems necessary to make policy and budget decisions. In view of the general lack of regard for legislative directive to provide information in these program areas, we recommend the Legislature do the following:

- **Withhold action on the budgets of the Secretaries for Resources and Environmental Protection until the reports due from the agencies and their constituent departments and boards are submitted to the Legislature as required by previously adopted supplemental report language.**
- **Disapprove any funding proposals in the 2000-01 budget where a required supplemental report would have provided information for the evaluation of the proposal.** For instance, the 2000-01 budget includes an augmentation request for the State Water Resources Control Board to conduct ambient water quality monitoring. The budget also proposes an increase of \$3 million for DPR to augment its routine maintenance funding. However, supplemental reports due on these programs have not been submitted. Without the information, it would be difficult for the Legislature to assess whether these proposals are warranted, and whether the proposed activities meet legislative priorities.
- **Disapprove funding for questionable requests lacking adequate justification instead of adopting supplemental report language.** In recent years, the Legislature has adopted supplemental report requirements in order to allow departments to proceed with proposed expenditures and activities even though the effectiveness of these proposals are questionable. In doing so, the Legislature

assumes that the information to be provided in the subsequent report would enable the Legislature to better assess the merits of the administration's programs and efforts. Because experience shows that the departments are not inclined to comply with the reporting requirements, we recommend that rather than adopting supplemental language directing such reports, the Legislature disapprove any expenditure requests that it finds not adequately justified or questionable in terms of their effectiveness to achieve statutory goals and priorities. Doing so may induce the departments to be more responsive and provide useful information that enables the Legislature to exercise its oversight role more effectively.



## WATERSHED ASSESSMENT INITIATIVE

### A Good Idea, But Will Not Achieve Goals

***The budget requests \$6.9 million and 56 personnel-years (PYs) for various resources departments to conduct an assessment of watersheds on the North Coast. We believe a watershed assessment could provide valuable information necessary for the improvement of regulatory and habitat restoration efforts in the region. However, our review shows that the proposal will not achieve the goals of an effective watershed assessment because the data collection design is flawed and the proposal is inadequately linked to improvements in the regulation and the restoration of degraded habitat. We withhold recommendation on the request pending receipt from the Resources Secretary of a report on (1) how data collection efforts will be coordinated and how the resulting data will be disseminated, and (2) how the watershed assessment will be used to improve the regulation and restoration efforts on the North Coast.***

***Background.*** Salmon and steelhead species continue to decline on the North Coast. As a result, the protection of their habitat remains a pressing concern. In order to protect the species and their habitat, the state currently relies on a combination of regulatory measures, such as the regulation of timber harvesting activities, and restoration efforts such as removing barriers to fish passage. To be effective, both regulatory and restoration efforts ought to be based on scientific data and analysis. The objective of watershed assessment is to help improve regulatory and restoration efforts by using analysis of scientific data to guide regulatory policies and restoration decisions.

### Components of an Effective Watershed Assessment

The purpose of a watershed assessment is to compare historical and current habitat conditions and evaluate the extent to which changing habitat conditions have affected the population of particular species. For a watershed assessment to be most effective in achieving regulatory and restoration goals it should include three components:



- **Data Collection.** A watershed assessment is based upon two broad categories of data: (1) aquatic habitat conditions and the presence or absence of fish and (2) conditions on land such as landslides and vegetation. In order for the assessment to be credible, both need to be collected using consistent, scientifically sound methodologies.
- **Data Analysis.** Data on the watershed should be analyzed in order to draw conclusions about its condition, how the condition has changed over time, and how those changes affected the population of particular species.
- **Applications to Regulatory and Restoration Efforts.** The analysis of watershed data should result in specific recommendations for land use activities as well as provide specific information needed for restoration efforts.

A watershed assessment can be effectively conducted by various entities as long as a consistent methodology is used for the assessment effort. To the extent the state conducts the assessment of a number of watersheds, we think that developing recommendations for land use activities and restoration efforts is an appropriate role for the state. This is because the state can ensure that recommendations are developed in a consistent manner across watersheds.

## **Budget Proposes Multiyear North Coast Watershed Assessment**

The budget requests a total of \$6.9 million and 56 PYs for various resources departments to do watershed assessment on state and private lands on the North Coast. The budget proposes to compile existing data and collect a limited amount of new data on North Coast watersheds on a variety of factors, including geological conditions, aquatic habitat, land use, and vegetation. The data will be compiled by the various departments, and maps, geographic information systems, and reports will be produced for each watershed. A CD rom for each basin or major subbasin will also be developed which will capture a variety of information gathered for each watershed. These data will be available for landowners and other entities to use in the preparation of timber harvesting plans or in deciding what habitat restoration projects to undertake. However, the proposal indicates that the data analysis will not result in specific recommendations for land use activities such as timber harvesting or for restoration efforts.

According to the proposal, it will take six to seven years to complete all of the assessments. The administration has identified specific water-

sheds to be assessed for the first three years and plans to assess approximately 900,000 acres a year.

Responsibilities will be divided among the Departments of Conservation, Fish and Game (DFG), Forestry and Fire Protection, Water Resources, and the State Water Resources Control Board (SWRCB). Figure 1 lists the responsibilities of the various departments.

**Figure 1**

**Watershed Assessment Initiative  
Departmental Responsibilities**

- Department of Conservation:** \$2.6 million and 21 personnel-years (PYs)
  - Collect data related to landslides, slope stability, and instream sediment.
- Department of Fish and Game:** \$2 million and 21 PYS
  - Collect, compile and analyze data related to fish habitat.
  - Develop a web-based database.
- California Department of Forestry and Fire Protection:** \$1.3 million and 7 PYS
  - Compile vegetation, timber harvest, and land-use data.
  - Produce a CD Rom-based information system to cover each watershed.
- State Water Resources Control Board:** \$581,00 and 6 PYs
  - Gather existing water quality data, primarily from timber harvest plans.
  - Interpret relevance of data for the watershed assessment use.
- Department of Water Resources:** \$337,000 and 2 PYs
  - Install five gauges to collect stream flow data related to sediment.

**Proposal Will Not Achieve Goals of Watershed Assessment**

We find that an effective watershed assessment approach has the potential of improving regulatory and habitat restoration efforts in the North Coast region. Our review shows that the Governor’s proposal will provide a compilation of data that would be available to landowners and other entities to use. However, the proposal lacks the components of an *effective* watershed assessment, as discussed above. Specifically, we do not think the proposal will achieve the goals of improving regulatory and restoration efforts for two reasons: (1) the data collection design is flawed and (2) the finished assessments are inadequately linked to regulatory and restoration efforts.

## Concerns With Data Collection Approach

There are three reasons that lead us to believe that the data collection efforts will not result in adequate information for watershed assessments.

***The Proposal Will Not Provide Adequate Data on Aquatic Habitat and Fish to Guide Restoration Efforts.*** In the budget year, the state is proposing to spend about \$20 million on salmon and steelhead restoration. In order to target these funds effectively, biologists need to determine where restoration efforts can yield the greatest benefit to salmon and steelhead. Biologists evaluate sites using information on a number of factors such as: the amount of large woody debris in a stream, the temperature and depth of the water, the existence of conditions which may impede fish passage, and the presence or absence of fish and their health.

Our review shows that the proposed watershed assessment effort will not result in sufficient data on fish and aquatic habitat to be used to guide restoration efforts. Specifically, the proposal calls for DFG to obtain aquatic habitat and fish data by relying mainly on *existing* data, doing some field checking, and conducting only a limited amount of new data collection. Discussions with field biologists suggest that for selected watersheds, there are gaps in the existing data while some data need to be updated due to changes in data collection practices and changes in habitat conditions. In addition, there are very little data for some of the watersheds scheduled to be completed in the first year.

Given these gaps in the data, it is not clear how the department can collect a sufficient amount of fish and aquatic habitat data on all of the proposed watersheds by doing only a limited amount of new data collection.

***Value of Water Quality Data Is Questionable.*** The SWRCB's main role under the budget proposal is to compile water quality data gathered from its reviews of timber harvest plans (THPs) conducted over the last 20 years. The SWRCB will not do any field work to gather new water quality data.

We question the value of relying on past data for a number of reasons. First, SWRCB has not been staffed adequately in recent years to conduct thorough reviews of THPs. As a result, data compiled from prior THP reviews (1) may not provide all the pertinent information needed for a particular watershed and (2) will not be available for all areas that are part of the watershed assessment. Second, older data likely do not reflect current water quality conditions and requirements. Finally, because THPs focus only on timberlands, this data source will not provide any water quality information for nontimber lands.

***Insufficient Interagency Coordination.*** The proposed assessment would involve the work of multiple departments and thus efforts among departments must be coordinated throughout the process. Specifically, protocols for data collection should take into consideration the needs of different data users. For example, in collecting water temperature data, SWCRB may only need to know the average daily temperature, whereas fish biologists at DFG may need to know the temperature at different times of the day. Additionally, coordination among departments is essential in order to ensure data are collected using a consistent methodology so that they can be aggregated and used to produce valid analyses and conclusions.

Based on our discussions with departments, however, we find little evidence that the roles of the departments are coordinated relative to (1) collection of the data, (2) analysis of the data, and (3) distribution of the data to the public. Absent such coordination, we believe that the data collected would not enable rigorous analysis that would benefit regulatory and restoration decision-making.

## **Proposal Does Not Provide Strong Linkages Between Assessments and Regulatory or Restoration Efforts**

As indicated earlier, to be effective, watershed assessment should provide specific recommendations for land use activities and habitat restoration efforts.

***Specific Recommendations Based on Watershed Assessment Can Improve Regulatory Process.*** Developing specific recommendations for land use activities such as timber harvesting based on watershed assessments can help make the regulatory process more cost-efficient for landowners and provide better protection for habitat. Rather than relying on general rules governing timber practices that may not match the needs of a specific area, a watershed assessment can be used to provide specific recommendations based on the needs of a particular watershed. Examples include specific guidelines for the width of a stream protection zone and the density of trees retained in the stream protection zone.

In developing a timber harvest plan, a landowner could refer to the recommendations, including mitigation measures, and either adopt them or show why it was not necessary to do so. This would likely reduce the cost and time needed for the landowner to develop the THP. Similarly, regulatory agencies would be able to use the recommendations to more efficiently review the THP.

***Specific Recommendations Can Improve Restoration Process.*** Watershed assessments can help to improve restoration efforts by providing

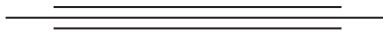
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information on where restoration work needs to be completed and by recommending which areas are the highest priority for restoration.

***Lack of Specific Recommendations Limits Effectiveness of Watershed Assessment.*** The administration indicated that its watershed assessment efforts will not include specific recommendations for regulatory or habitat restoration policies. Rather, the efforts will only provide broad, general guidelines for land use and restoration efforts. In our view, the lack of specific recommendations for regulatory purposes limits the effective use of the watershed assessment. This is because without specific recommendations, land use decisions would be made based on varying interpretations of the information from the watershed assessments. Similarly, (1) without providing information on specific sites that need restoration work and (2) a clear plan on how information related to restoration would be made available to the public or used by the department for restoration, the effectiveness of watershed assessment in achieving the goal of improving habitat restoration efforts is limited.

### **Recommendation: Legislature Should Take Steps To Ensure Assessments Achieve Desired Results**

Based on the findings discussed above, we believe the Governor's proposal does not adequately provide for the development of information necessary for protecting and improving wildlife habitat. To ensure that the watershed assessment would be used to improve regulatory and restoration efforts, we withhold recommendation on the request pending receipt of a report from the Resources Secretary to the Legislature prior to budget hearings on (1) how data collection efforts and dissemination will be coordinated, and (2) how the watershed analysis will be used to improve the regulation of land use within the affected watersheds and the restoration of degraded watersheds.



## LAND ACQUISITION FUNDING

### Administrative Funding Should Be Based on Anticipated Workload

***The budget proposes language for the Wildlife Conservation Board (WCB—Item 3640) and State Coastal Conservancy (SCC—Item 3760) that would allow those departments to use a portion of land acquisition and improvement funding for administrative costs. We believe the language would permit fund redirections that may not match actual workload. Accordingly, we recommend deletion of this language.***

The WCB and SCC are state departments which, among other things, administer programs to purchase, protect, and restore various types of natural lands. These programs typically involve such activities as putting together real estate transactions and administering grants to local governments and nonprofit organizations.

While the two departments have specified statutory duties and dedicated sources of revenue, the Governor and Legislature have at times provided them with additional funds, generally for the purpose of acquiring or improving land and habitat either through direct acquisition or through grants to local entities. Typically, these funds are not available for the departments' administrative costs.

***Departments Receive Additional \$83 Million in 1999-00.*** As a result of legislative augmentations in the 1999-00 budget, the two departments received a total of \$83 million in additional funds for land acquisition and capital outlay projects in the current year. Specifically, WCB's current-year budget was augmented by \$36.8 million above the amount originally proposed in the Governor's budget. The SCC's budget was augmented by \$46.3 million.

***Administrative Funds Sought.*** After receiving these augmentations, both departments subsequently requested additional support funding and position authority to accommodate the workload generated by the legislative augmentations. The WCB requested funding for three positions,

while SCC requested seven positions. The 2000-01 budget proposes to continue funding for these additional positions.

**Budget Bill Language Proposed.** In addition to continuing the new positions in 2000-01, the budget proposes budget bill language that would permit the two departments to redirect up to 1.5 percent of certain capital outlay and local assistance appropriations to administrative support. With specified exceptions the proposed language would apply to General Fund and many special fund appropriations.

The language is intended to ensure that the departments receive sufficient administrative support if funding for capital outlay or local assistance is augmented during the budget process above the amount initially requested by the Governor's budget.

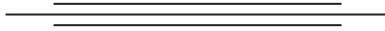
**Proposed Funding Mechanism Does Not Reflect Actual Costs.** The proposed language allows the same percentage (1.5 percent) of appropriated funds to be transferred to administrative costs, irrespective of the particular workload associated with the appropriation. We believe this could significantly overfund or underfund the departments, for two reasons:

- **Support Workload Not Always Proportional to Capital Outlay Appropriation.** In some cases, an appropriation may be provided to acquire a property that is relatively inexpensive but which involves complex negotiations and time-consuming staff work. Other appropriations, while large in amount, may be provided for the purchase of a specified parcel from a willing seller, or to be passed through to a nonprofit organization. In these instances, staff workload associated with the capital outlay appropriation could be much less. Thus, the cost of the workload may in some cases be well below 1.5 percent of the appropriation, and in other cases well above that threshold.
- **Workload Does Not Always Occur in Same Fiscal Year as Capital Outlay Appropriation.** The work associated with the acquisition of specific property can occur over a number of fiscal years. For example, the SCC asserts that it begins to develop some projects in response to external demands, even before funding to complete the project materializes. In addition, many projects may require post-implementation monitoring for years and even decades. Moreover, we note that some capital outlay appropriations are not necessarily encumbered in the budget year, thus further weakening the link between support funding (available only in budget year) and capital outlay spending (which may occur up to two years later).

**Appropriate Support Funding Should Be Built Into Budget.** For the budget year, the WCB proposes \$769,000 in support and \$71.4 million for capital outlay expenditures. We expect that the proposed support funding reflects the anticipated workload for the budget year. However, under the proposed budget bill language, our review shows that WCB could increase its support expenditures by another \$375,000 even when there is no increase to the capital outlay appropriation beyond what is already proposed in the budget.

We see no reason why the departments should be provided such flexibility. Accordingly, we recommend deletion of Item 3640-001-0447 (Provision 1) and Item 3760-001-0565 (Provision 2).

We recognize that to the extent capital outlay expenditures are increased legislatively, there would be additional workload. However, augmentations might only result in relatively minor, absorbable workload increases. In those cases where an augmentation would significantly increase the department's workload in the budget year, we recommend that the augmentation also include funding (and position authority, if necessary) for the necessary administrative support.





## CAL-EPA CROSS-AGENCY INITIATIVES

The budget proposes three initiatives that are designed to address environmental issues that cut across a number of the constituent boards and departments under the California Environmental Protection Agency (Cal-EPA). We discuss these three initiatives—relating to enforcement, children’s health, and the California/Mexico border, in the sections that follow, and raise several concerns with the proposals.

### Enforcement Initiative

***The budget proposes an increase of about \$6.1 million and 55 positions for enforcement activities to be carried out by various environmental protection departments. We find that this increase is justified on a workload basis. However, given significant current enforcement position vacancies in the California Integrated Waste Management Board, Department of Pesticide Regulation, Department of Toxic Substances Control, and State Water Resources Control Board, we recommend that these agencies report at budget hearings on their ability to fill the requested new positions.***

***Budget Proposal.*** As shown in Figure 1 (see next page), the budget proposes an increase of \$6.1 million and 55 positions in various environmental protection departments and boards for enforcement.

***Workload Justified.*** We find that the proposed increase for enforcement is justified on a workload basis. Specifically, the proposal would:

- Partially restore prior-year reductions in enforcement staffing in the Department of Toxic Substances Control (DTSC) made due to the state’s fiscal condition, by increasing the department’s staff for compliance inspections and civil and criminal investigations. The increase would address the concern that about 84 percent of DTSC’s pending enforcement cases have failed to meet the timeliness criteria prescribed by the U.S. Environmental Protection Agency.

**Figure 1****California Environmental Protection Agency  
Enforcement Initiative**2000-01  
(In Thousands)

Department	Activities	Expenditures (Various Funds)
Air Resources	• Cross-media enforcement training.	\$431
Integrated Waste Management	• Enforcement at closed, illegal, and abandoned solid waste sites.	1,257
Pesticide Regulation	• Evaluate enforcement database; increase investigations.	471
Water Resources Control	• Increase water rights and water quality enforcement actions.	1,091 <sup>a</sup>
Toxic Substances Control	• Increase inspections and criminal and civil enforcement actions.	2,883 <sup>b</sup>
<b>Total</b>		<b>\$6,133</b>

<sup>a</sup> In addition, the budget proposes \$3.8 million to continue a one-time increase in 1999-00 for waste discharge permit and stormwater inspections.

<sup>b</sup> In addition, the budget proposes an increase of \$2.5 million for other enforcement-related activities, including enforcement/cleanup at military sites and improvements to hazardous waste manifest tracking and laboratory infrastructure.

- Increase staffing at the California Integrated Waste Management Board (CIWMB) to locate, inspect, and take necessary enforcement actions at closed, abandoned, and illegal solid waste sites. There are over 2,600 of these sites statewide, and a majority of them remain to be assessed for their potential threat to public health and the environment.
- Increase water quality enforcement staffing in the State Water Resources Control Board (SWRCB). Recent improvements in data tracking and increases in inspections have identified many more cases than previously estimated where enforcement action is needed. Additionally, recent legislation now requires the board to take certain enforcement action in cases of serious or chronic water quality violations. For the water rights program, an increase in staffing will provide a more appropriate level of follow-up to water rights inspections that detect problems.

- Increase training offered by the Air Resources Board (ARB) to state and local agencies on cross-agency environmental issues. Past training has improved consistency statewide in environmental program implementation.
- Increase staffing in the Department of Pesticide Regulation (DPR) to improve its enforcement database and increase investigations.

**Current Enforcement Position Vacancies Raise Concern.** While we find that the requested funding for enforcement is justified, we are concerned about the departments' ability to fill the new positions given the high level of vacancies in enforcement positions in some departments. Specifically, as of December 1, 1999, we found that CIWMB, DPR, and DTSC each have vacancy rates of around 20 percent for enforcement positions. Since SWRCB does not currently track its enforcement positions, its vacancy rate for these positions is unclear. However, because a large number of positions recently added to its core regulatory program (which includes enforcement) remain unfilled, the enforcement position vacancy rate for SWRCB could be significant.

In order to assure the Legislature that the requested positions for enforcement can be filled, we recommend that CIWMB, DPR, DTSC, and SWRCB report at budget hearings on their plans, and their abilities, to hire all of the additional staff requested for the budget year.

## Children's Health Initiative

**The budget proposes an increase of about \$7.5 million and 58.5 positions for a number of departments to address various children's health issues. We recommend the deletion of \$1,843,000 and seven positions because the proposed activities for studying indoor air quality in portable classrooms and developing risk assessment guidelines lack statutory direction. Should the Legislature wish to provide funding for these activities, we recommend that the funding be put in legislation that guides the conduct of these activities. (Reduce Items 3900-001-0001 by \$900,000, 3980-001-0001 by \$843,000, and 4260-001-0001 by \$100,000.)**

**Budget Proposal.** As shown in Figure 2 (see next page), the budget proposes an increase of \$7.4 million and 57.5 positions in various environmental protection departments and boards, and \$100,000 and one position in the Department of Health Services, to address children's health issues.

Our review finds that the proposed expenditures fall into two categories: (1) those that expand existing programs or implement recently enacted legislation and (2) those that are for essentially new program activities and for which little statutory guidance exists.

**Figure 2**

## California Environmental Protection Agency Children's Health Initiative

2000-01  
(In Thousands)

Department	Activities	Expenditures (Various Funds)
Secretary for Environmental Protection	<ul style="list-style-type: none"> <li>Establish Children's Environmental Health Center.</li> </ul>	\$130
Air Resources <sup>a</sup>	<ul style="list-style-type: none"> <li>Evaluate adequacy of air quality standards and air monitoring network in protecting infants and children; review and revise toxic air contaminant control measures.</li> <li>Study indoor air quality in portable classrooms.</li> </ul>	1,010 900 <sup>b</sup>
Pesticide Regulation	<ul style="list-style-type: none"> <li>Expand integrated pest management program to school districts statewide.</li> </ul>	608
Toxic Substances Control	<ul style="list-style-type: none"> <li>Oversee assessment and cleanup of contamination at school sites.</li> </ul>	3,283
Environmental Health Hazard Assessment	<ul style="list-style-type: none"> <li>Develop guidelines for assessing (1) cancer risks to children from chemicals and (2) health risks to children at contaminated school sites.</li> <li>Evaluate adequacy of air quality standards in protecting infants and children; review and revise toxic air contaminant threshold exposure levels.</li> </ul>	843 647
Total		<b>\$7,421</b>

<sup>a</sup> In addition to these expenditures, budget proposes \$50 million for an Older School Bus Replacement Program.

<sup>b</sup> Does not include \$100,000 proposed for the Department of Health Services for this activity.

***Proposed Expenditures to Expand Existing Programs or Implement Recent Legislation.*** Of the proposed increase to address children's health issues, about \$5.7 million is either to expand existing programs or implement recently enacted legislation. We find that this part of the proposal is reasonable. Expenditures in this category include:

- **Assessment of Contamination and Oversight of Cleanups at Existing and Proposed School Sites.** The budget proposes an increase of about \$3.3 million (in reimbursements) and 32 positions for DTSC to (1) expand its current investigations and oversight of cleanups at existing contaminated school sites; and (2) review environmental assessments that are now required of *all* proposed school sites, pursuant to Chapter 1002, Statutes of 1999 (SB 162, Escutia) and Chapter 992, Statutes of 1999 (AB 387, Wildman). Because statute requires DTSC to be reimbursed by school districts for this work, DTSC will fill positions based on the reimbursable workload from school districts that actually develops in the budget year.
- **Review of Air Quality Standards and Toxic Air Contaminants.** The budget proposes a total increase of about \$1.7 million and 13.5 positions for ARB and the Office of Environmental Health Hazard Assessment (OEHHA) to determine whether existing air quality standards, air quality monitoring, and toxic air contaminant control measures adequately protect children and infants. These activities are mandated by Chapter 731, Statutes of 1999 (SB 25, Escutia). Chapter 731 provides a clear division of responsibilities between ARB and OEHHA, a time line for the review with specific milestones, and a clear statement as to how the review's findings are to be used in the regulatory process. Chapter 731 also requires the Secretary for Environmental Protection to establish a Children's Environmental Health Center to coordinate children's environmental health issues within Cal-EPA. The budget proposes \$130,000 and one position for this purpose.
- **Integrated Pest Management at Schools.** The budget proposes \$608,000 and five positions for DPR to expand its existing integrated pest management program for schools to include all school districts on a statewide basis. This program has been operated by DPR since 1993 and is designed to promote the use of reduced-risk pesticides and pesticide alternatives at schools.

**Proposed Expenditures for New Program Activities With Little Statutory Direction.** Of the proposed increase to address children's health issues, we find that about \$1.8 million and seven positions are for essentially new program activities and for which statute provides little direction on how and for what purpose the activities are to be conducted. Expenditures in this category include:

- \$900,000 and one position for ARB, and \$100,000 and one position for the Department of Health Services (DHS), to study indoor air quality in portable classrooms.

- \$843,000 and five positions for OEHHA to (1) evaluate the adequacy of current cancer risk assessment methodologies in protecting children, (2) develop guidance for assessing cancer risks to children, and (3) develop guidance for risk assessments at school sites.

While these proposed new activities may have merit, we think that legislative oversight would be improved if legislation explicitly authorized these activities and provided a clear statement of objectives and outcomes expected from conducting them. In fact, legislation was introduced this year, as in prior years, to provide direction for activities similar to those proposed in the Governor's initiative. Specifically, AB 1043 (Shelley), introduced this session, would require ARB and DHS jointly to review environmental health conditions in portable classrooms. Senate Bill 442 (Brulte), introduced in the 1997-98 session, would have required OEHHA to develop guidelines for use by Cal-EPA boards and departments in assessing the risks of toxic chemicals to "sensitive subgroups" of the general population, which presumably would include children.

If the Legislature wishes to fund these new program activities, we recommend putting funding in legislation that provides statutory authority and direction for conducting the activities. Accordingly, we recommend that \$1,843,000 and authority for the seven requested positions be deleted from the budget bill. We think that legislation authorizing these new program activities should, following the model of Chapter 731, clearly establish the responsibilities of the various state agencies involved, set a time line and performance milestones for completing activities, and provide clear direction for ultimate use of information generated by the activity.

### California/Mexico Border Initiative

***The budget proposes an increase of about \$2.8 million and 19.5 positions to address California-Mexico border environmental issues. We find that of this amount, \$427,000 and four positions have not been justified, and therefore recommend that this funding and position authority be deleted from the budget bill. (Reduce Items 3860-001-0001 by \$133,000, 3910-001-0001 by \$112,000, 3930-001-0106 by \$82,000, and 3980-001-0001 by \$100,000.)***

***Budget Proposal.*** As shown in Figure 3, the budget proposes an increase of about \$2.8 million and 19.5 positions in various environmental protection departments and the Department of Water Resources (DWR) to address California-Mexico border environmental issues.

**Figure 3**

### California Environmental Protection Agency California-Mexico Border Initiative

2000-01  
(In Thousands)

Department	Activities	Expenditures (Various Funds)
Secretary for Environmental Protection	• Policy coordination.	\$121
Water Resources Control	• Water quality monitoring; technical assistance for water pollution control projects in Mexico.	864
Toxic Substances Control	• Inspect and track hazardous waste shipments from Mexico; implement pollution prevention projects in Mexico.	689
Air Resources	• Expand existing heavy-duty vehicle inspection program at border.	674
Various <sup>a</sup>	• Technical assistance on border environmental issues.	427
Total		<b>\$2,775</b>

<sup>a</sup> Integrated Waste Management, Pesticide Regulation, Environmental Health Hazard Assessment, and Department of Water Resources.

**Value of Some of the Proposed Expenditures Not Clear.** Our review finds that many of the proposed expenditures under this initiative have been justified based on a detailed expenditure plan. Specifically, expenditures for the Secretary, ARB, SWRCB, and DTSC totaling \$2,348,000 (15 positions), for the purposes set out in Figure 3, have generally been justified. However, we find that expenditures totaling \$427,000—for a single position in each of CIWMB, DPR, OEHHA, and DWR—have not been justified. These four positions are to provide general technical assistance on border environmental issues to public agencies in California and Mexico and to businesses in Mexico. Without further details of how these positions would be used, the value added from these four positions is not clear. Accordingly, we recommend that the request for \$427,000 and the four positions for these four departments be denied.

## CALFED BAY-DELTA PROGRAM

### Legislative Oversight of CALFED Bay-Delta Program Is Essential

***It will become increasingly important for the Legislature to conduct effective oversight of the CALFED Bay-Delta Program as the program's focus will soon shift from planning to program implementation lasting 30 or more years. We recommend that legislation be enacted to establish an organizational structure that provides the necessary accountability to the Legislature for CALFED-related expenditures and policy decisions.***

***Problems in the Bay-Delta.*** The San Francisco Bay/Sacramento-San Joaquin Delta Estuary (the Bay-Delta) supplies much of the water used in the state for urban, agricultural, and environmental purposes. A number of interrelated water problems have developed in the Bay-Delta, including inadequate water quality, declining fish and wildlife populations, deteriorating levees, and uncertain water supplies.

***The Bay-Delta Accord.*** In December 1994, federal and state agencies that have regulatory and resource management responsibilities in the Bay-Delta signed the Bay-Delta Accord. Among other things, the accord provided for the creation of the CALFED Bay-Delta Program to develop a long-term solution to the Bay-Delta problems. Specifically, the objectives of the program are to provide good water quality for all uses, improve fish and wildlife habitat, reduce the gap between water supplies and projected demand, and reduce the risks associated with deteriorating levees.

***The CALFED Bay-Delta Program.*** Pursuant to the Bay-Delta Accord, the CALFED Bay-Delta Program was created in 1995 as a consortium of ten federal agencies and five state agencies—the Department of Water Resources (DWR), the Resources Agency, the California Environmental Protection Agency, the Department of Fish and Game, and the State Water Resources Control Board. The program is divided into three phases: problem identification, planning, and implementation. The state has signed an agreement with the federal government (currently extended through the end of 2000) setting out respective responsibilities for the program. The agreement provides for the program's planning and ad-



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ministrative costs to be split evenly between the state and federal government.

This past June, CALFED released the draft environmental impact review (EIR) document for its “preferred program alternative.” The preferred program alternative is a plan that provides a framework of broad actions and policies that will be used to guide decisions on specific projects over the long term. For example, the plan does not choose specific sites for new water storage. Rather, the plan provides for a process to identify storage projects that meet specified program goals. The plan consists of eight interrelated program areas. These are:

- Levee protection.
- Water quality.
- Ecosystem restoration.
- Water use efficiency.
- Water transfers.
- Watershed management.
- Water storage.
- Water conveyance.

Before the program implementation phase can begin, the EIR document for the preferred program alternative must be approved by state and federal environmental agencies. Approval is anticipated in June 2000. The CALFED expects the implementation phase to last 30 or more years.

**Current Organizational Structure.** The existing organizational structure of the CALFED Bay-Delta Program has evolved administratively, and has not been spelled out in state statute. Currently, the program is housed in DWR and has an Executive Director. The structure is loosely configured, and the lines of accountability among the program’s director and the heads of the various state agencies involved in the program are unclear. It is also not clear who is ultimately responsible for making decisions.

The staffing and funding arrangements for the program also have been complicated. In past years, staffing came mainly from employees loaned to DWR from a number of different federal, state, and local agencies or hired under DWR’s blanket authority for temporary help. The program was funded through 1997-98 by a combination of State Water Project revenues, bond funds, and federal funds, none of which was subject to appropriation in the annual budget act.

The Legislature appropriated funds and provided position authority specifically for the program for the first time in 1998-99 by appropriating \$6 million from the General Fund and approving 44 one-year limited term positions. For 1999-00, the Legislature appropriated \$8 million from the General Fund and provided the authority for 44 three-year limited-term positions and about eight temporary staff. Our review finds, however, that there are additional staff working in the program beyond the positions authorized by the Legislature. These staff include (1) 13 permanent DWR employees that have been redirected to the program, (2) about eight other state employees from a number of agencies under interagency agreements, and (3) nine federal employees (on temporary assignments to the program or under interagency agreements).

**Legislature's Past Concerns About Oversight of CALFED.** As discussed in our *Analysis of the 1999-00 Budget Bill* (please see page B-95), it has been difficult for the Legislature to oversee the CALFED Bay-Delta Program in past years. In part, this was because of the program's complicated staffing and funding arrangements discussed above. Additionally, this was because CALFED expenditures have not been separately identified or displayed in the Governor's budget. To improve the Legislature's oversight of the program, the Legislature last year adopted supplemental report language requiring that (1) the Governor's budget display the CALFED Bay-Delta Program as a program element and (2) the program be scheduled in the budget bill.

**Governor's Budget Displays Only Part of the Expenditure Story.** The Governor's 2000-01 budget includes the "CALFED Bay-Delta Program" as a program element (Program 15) under DWR. The budget shows \$42.3 million of proposed CALFED expenditures in 2000-01 under this element. Of this amount, \$20 million is for ecosystem restoration projects, \$12.3 million is for planning and operations, and \$10 million is for local water management and water transfer programs in areas served by Delta water.

The Program 15 display in the budget document, however, is limited to DWR's expenditures only. Our review shows that substantial additional CALFED-related state expenditures have been excluded from this budget display. As Figure 1 shows, the CALFED-related expenditures proposed for 2000-01 across state agencies actually total \$136.1 million.

Specifically, our review finds in addition to the amount displayed in the Governor's budget, another \$21.7 million of DWR expenditures would be appropriately characterized as CALFED expenditures. For example, it is not clear why Program 15 excludes \$20 million for water storage investigations but includes \$10 million for local water management and water transfer projects. The budget also proposes \$72.1 million in other state

departments related to CALFED. These expenditures include \$51.5 million to the Resources Agency for ecosystem restoration projects and \$15.9 million to the Department of Fish and Game for fish and wildlife habitat restoration improvements.

**Figure 1****CALFED Expenditures<sup>a</sup>**

2000-01  
(In Thousands)

<b>Department and Proposed Activities</b>	<b>Amount</b>
<b>Department of Water Resources—Program 15</b>	
Ecosystem restoration projects	\$20,000
Planning, program operations	12,258
Local water management and transfer programs in areas served by Delta water	10,000
Subtotal	<u>(\$42,258)</u>
<b>Department of Water Resources—Other CALFED Expenditures</b>	
Integrated storage investigations	\$20,000
Salmon habitat and river restoration projects on San Joaquin River tributaries	969
Technical assistance for agriculture water conservation	752
Subtotal	<u>(\$21,721)</u>
<b>Resources Agency</b>	
Ecosystem restoration projects	\$51,500
<b>Department of Fish and Game</b>	
Restoration planning, implementation, and monitoring for Central Valley fish and wildlife	\$15,899
Salmon and steelhead assessment and monitoring	1,313
Hydroelectric power project relicensing reviews	967
Subtotal	<u>(\$18,179)</u>
<b>State Water Resources Control Board</b>	
Technical program support	\$1,448
Agriculture drainage management in San Joaquin Valley	972
Subtotal	<u>(\$2,420)</u>
<b>Total CALFED Expenditures</b>	<b>\$136,078</b>

<sup>a</sup> Based on Governor's budget summary.

**Major Decisions, Major Expenditures in CALFED's Future.** While the program's focus in recent years has been on planning (although there has been some implementation of projects), this will soon change. After the EIR document for the broad program plan is approved, the focus of the program will shift to the implementation phase. During this phase, decisions will be made on specific projects (which will themselves be subject to the EIR process), and construction will begin on some of these projects. The decision-making process will involve setting and balancing expenditure priorities among the program's eight activity areas.

While a majority of the activity during the implementation phase is likely to involve capital projects, some activity will continue to be operational in nature, such as monitoring, planning, and feasibility study work. The CALFED estimates that costs for the first seven years of these implementation activities will total about \$5.2 billion. These costs could double over the projected 30-year term of the plan. The CALFED anticipates that funding would come from a variety of federal, state, and local sources.

Currently, CALFED is in the process of preparing a financing plan for the implementation phase at a very aggregate level (that is, without deciding on specific projects). It expects the plan to be finalized by the time the EIR document is approved this summer. This plan will assist the Legislature in evaluating legislative actions that may be needed over time to fund the program's implementation, including appropriating funds in the budget act and providing authority for new fees and bonds.

The approval of the environmental document will trigger substantial funds for CALFED projects from Proposition 204 bond funds and, if approved by the voters, the water bond on the March 2000 ballot. Specifically, \$390 million of Proposition 204 bond funds for ecosystem restoration projects in the Bay-Delta will become available for expenditure. In anticipation of the approval of the EIR document, the budget proposes \$51.5 million of these funds for allocation by the Resources Agency in the budget year. Additionally, the water bond on the March 2000 ballot (Proposition 13) would make available \$250 million to DWR for projects identified in the certified EIR document.

**Need for Organizational Structure That Holds Administration Accountable for CALFED Expenditures and Decisions.** As discussed above, the CALFED Bay-Delta Program will be faced with making a large number of major decisions in the coming years. Because the "preferred program alternative" is a plan at a very general level, decisions regarding the type, location, timing, and financing of specific projects will have to be made. A number of important policy decisions will also have to be made, both in terms of developing project criteria as well as setting expenditure priorities within and among the program's eight activity areas.

Because of the substantial state funding potentially at stake as well as the important decisions yet to be made, we think that it is essential that an organizational structure for the CALFED Bay-Delta Program be in place that has clear lines of accountability. While the current structure may have worked passably during the program's planning phase, we think that a more formalized structure is needed to oversee and coordinate the implementation phase of the program. This is necessary to hold the program accountable for CALFED-related decisions and expenditures, particularly in light of the fact that there will be much more substantial involvement of multiple state agencies outside of DWR during this phase.

The revised organizational structure could take many forms. For example, a new state oversight commission could be established, as proposed in AB 909 (Machado) introduced last session. Alternatively, an oversight unit within DWR could be retained, provided changes were made to clarify decision-making responsibilities and lines of accountability. Whatever form it takes, we think that the organizational structure should at a minimum include the following responsibilities for the entity overseeing CALFED program implementation:

- Ensuring coordination among the various agencies implementing the program.
- Setting expenditure priorities among the program's eight components, and informing the Legislature of these priorities on an annual basis.
- Establishing a work plan encompassing all CALFED-related activities, including program milestones. This work plan should be submitted annually to the Legislature.
- Providing greater accountability to the Legislature in the budget process. The new entity should be required to submit to the Legislature a budget for all proposed CALFED-related expenditures. Currently, no such budget is submitted. While CALFED staff have been working on a cross-agency budget for internal purposes, our review finds that such a document has yet to be finalized for *current-year* expenditures.

Therefore, in order to ensure that the administration is effectively held accountable for CALFED policy decisions and expenditures, we recommend the enactment of legislation that establishes an organizational structure that provides this accountability.

## Few Details on \$10 Million Proposal For Local Water Management Programs

***Few details have been provided with the budget proposal for \$10 million in state matching funds to be allocated by the Department of Water Resources to local public agencies for local water management and water transfer programs. We withhold recommendaiton on this proposal, pending receipt of a written work and expenditure plan that justifies the proposed expenditures.***

The budget proposes \$10 million from the General Fund, to match \$10 million of federal funds, for allocation to public water agencies served by Delta water. The only detail provided by the proposal is that the funds are for the purpose of “implementing water management programs and water transfer programs to mitigate water shortages and water quality impacts.” The proposal refers to a recent federal decision that certain amounts of water from the Central Valley Project be dedicated for fish, wildlife, and habitat restoration purposes as a basis for this proposal.

Our review finds that the \$10 million of federal funds referred to in the proposal are currently available to the state. These funds were part of a 1999 federal appropriation of \$60 million available for a broad range of activities related to Bay-Delta restoration. The funding is for activities “in accord with the CALFED Bay-Delta Program” and “consistent with plans approved by the Secretary of the Interior.” The federal funding can be used for various projects, including projects to improve water use efficiency, water storage, and water conveyance. According to CALFED staff, the basic purpose for the proposed expenditures has been approved by the Secretary of the Interior and a policy group consisting of the heads of all 15 federal and state agencies under the CALFED Bay-Delta Program.

While the request for \$10 million to match a like amount of federal funds may be reasonable, we think that it is premature for the Legislature to approve this amount without being provided with a plan that provides details of the basis for allocating funds to local agencies and the department’s priorities for the specific types of local projects to be funded. Accordingly, we withhold recommendation on this proposal, pending receipt of a written work and expenditure plan that provides sufficient detail to justify the expenditures.

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## STATE AGENCIES CAN DO MORE TO IMPROVE CUPA PROGRAM

*In 1993, the Legislature consolidated six hazardous waste and materials programs into one program to be administered by local Certified Unified Program Agencies (CUPAs) under state oversight. This consolidation was done in order to improve the overall effectiveness of these programs.*

*While the CUPA program has generally resulted in greater coordination among state agencies and less fragmentation in program implementation statewide, we find that state agencies overseeing the program have missed many opportunities to make the program more effective. In particular, we identify a number of actions that state agencies can take to make the program more consistent on a statewide basis and to ensure a minimally adequate level of program activity in each local jurisdiction.*

### Background

The state regulates the generation and management of hazardous materials and has various programs to prevent, and respond to, the accidental release of these substances. The Department of Toxic Substances Control (DTSC) is the main state agency regulating hazardous waste generation and management. The State Water Resources Control Board (SWRCB) regulates hazardous substance activities that impact water quality (such as underground storage tanks), and the Office of Emergency Services (OES) and the State Fire Marshal (SFM) have jurisdiction over hazardous material emergency response planning and prevention. Entities that are regulated under these programs range from small businesses such as dry cleaners and gas stations to large operations such as oil refineries.

Chapter 418, Statutes of 1993 (SB 1082, Calderon) required the Secretary for Environmental Protection (Secretary) to develop and implement, by January 1, 1996, a program to consolidate various of these hazardous waste and material programs. The consolidated program is to be administered by local agencies—known as Certified Unified Program Agencies

(CUPAs)—that are certified by the Secretary. While each county was required to *apply* to be certified as a CUPA by January 1, 1996, the Secretary may designate another local agency applicant to be a CUPA within a particular jurisdiction.

As shown in Figure 1, the CUPA program has six components, each overseen by a state regulatory agency. While the Secretary is responsible for overseeing the program as a whole, much of this responsibility has been delegated to DTSC.

***Pre-CUPA Program Was Fragmented and Inconsistent.*** Prior to the creation of the CUPA program, the six program components were implemented statewide by over 1,300 state and local agencies. As set out in Figure 1, the role of state versus local agencies in implementing these programs varied widely throughout the state. This was because although the state was responsible for implementing most of the program components, local agencies could be delegated or assume authority to implement these components. While local agencies in many jurisdictions assumed this authority (particularly agencies in the larger, urban counties that had the resources and technical expertise), other jurisdictions left it to the state to implement most of the programs.

This patchwork of state and local program implementation was further complicated by the fact that local program implementation was itself fragmented. In any given county, the program components assumed by local agencies were typically implemented by multiple local agencies. For example, in a single county, multiple fire departments, emergency services departments, and environmental health agencies could be involved in delivering some of the program components.

As a result of this fragmentation, program implementation was not efficient. For example, inefficiencies were reflected by the multiple fees, multiple permits, multiple inspections, and multiple reporting forms that could apply to a single regulated facility.

Additionally, program implementation was not consistent *among jurisdictions*. This was for two main reasons. First, the level of regulatory activity tended to vary depending on whether the state or a local agency was implementing a program component. For example, in areas where the state remained responsible for hazardous waste generator inspections, the state generally was conducting far fewer inspections than local agencies in other jurisdictions that had assumed this responsibility. Second, program implementation also varied depending on the technical expertise of local implementing agencies, and few mechanisms were in place to ensure that locally assumed responsibilities were consistently implemented on a statewide basis. State oversight of locally implemented pro-



grams was generally informal and rarely encompassed a comprehensive evaluation of local program performance.

Finally, program implementation was not consistent *among program components*. This reflected a lack of coordination among state agencies in adopting regulations and overseeing or implementing their respective programs. As a result, regulations were sometimes inconsistent, overlapping, or duplicative.

**Figure 1**

**CUPA Program Components**

Component	CUPA	Pre-CUPA
	State Oversight Agency <sup>a</sup>	State Versus Local Roles
Hazardous waste generators and on-site treatment operations (inspections, enforcement, permitting)	Department of Toxic Substances Control (DTSC)	Generator program: State responsibility, but about half of the counties had MOUs with DTSC to implement the program.  On-site treatment operations ("tiered permitting"): State responsibility.
Underground storage tanks (inspections, permitting)	State Water Resources Control Board	Mainly local implementation.
Aboveground storage tanks (spill prevention control and countermeasure plan assurance)	State Water Resources Control Board	State implementation, but many local jurisdictions assumed responsibility.
Acutely hazardous materials accident prevention (risk-based accidental release prevention plans)	Office of Emergency Services	State implementation, but many local jurisdictions assumed responsibility.
Hazardous materials emergency response planning and inventories ("Business Plans")	Office of Emergency Services	State implementation, but many local jurisdictions assumed responsibility.
Hazardous materials management plans and inventories (Uniform Fire Code)	State Fire Marshal	State implementation, but many local jurisdictions assumed responsibility.

<sup>a</sup> Oversight of program as a whole is the responsibility of the Secretary for Environmental Protection. This responsibility has been largely delegated to the Department of Toxic Substances Control.

<sup>b</sup> California Accidental Release Prevention Program (CalARP), formerly Risk Management Prevention Program.

**CUPA Program Goals Include Consolidation, Coordination, and Consistency.** Chapter 418 was intended to address the above problems that led to inefficiency and inconsistency in the pre-CUPA programs. Specifically, the program is designed to be locally implemented, with all six components to be implemented by a CUPA (or a participating agency under agreement with a CUPA) in a particular jurisdiction. A designated CUPA is required to consolidate permits, fees, inspection, and enforcement in implementing the program components. State agencies are required to coordinate their activities, with the state role being limited to:

- Adopting statewide standards, requirements, and regulations for program implementation.
- Periodically evaluating each CUPA's ability to carry out the program.

**Funding for the CUPA Program.** Chapter 418 required CUPAs to institute a single fee system and implement a "fee accountability" program. Under the single fee system, a regulated facility would pay one fee annually to the CUPA, instead of several fees to a number of local agencies. The fee accountability requirement is intended to ensure that the single fee is set at levels that cover necessary and reasonable program costs and to encourage more efficient and cost-effective operation of the program.

The oversight by three state agencies—SWRCB, OES, and SFM—is funded mainly by an annually set surcharge on the local fee. Oversight costs of DTSC are funded mainly from the Hazardous Waste Control Account, which generates its revenues from fees paid by persons that generate, transport, store, treat, or dispose of hazardous wastes. The budget proposes about \$3.6 million for state agencies to oversee the CUPA program in 2000-01.

## Program Has Improved, But Problems Remain

***While the Certified Unified Program Agency (CUPA) program has resulted in better coordination among state agencies and less fragmentation in program implementation, other program goals, such as consistency in statewide implementation, have not been fully realized by the state agencies overseeing the program.***

For purposes of this review, we surveyed a wide range of stakeholders of the CUPA program. These included state agencies, various CUPAs, regulated businesses and trade associations, rural county organizations, and environmental groups.

Our review finds that the creation of the CUPA program has resulted in a number of improvements in the regulation of hazardous waste and materials. At the local level, there is generally less fragmentation in pro-

gram implementation, which has resulted in a number of efficiencies. For instance, the standardization and consolidation of permit applications and various reporting forms have resulted in both time and money savings for the regulated community. Additionally, the relative accessibility of CUPAs as a *local* point of contact provides improved assistance to the regulated community in complying with various regulatory requirements.

At the state level, there is better coordination of state agencies in developing program requirements. For instance, instead of requiring CUPAs to report to the state on enforcement activities on a separate form for each of the six program components, the state agencies developed a consolidated form for this purpose.

However, our review finds that state agencies could do more to help the program achieve its goals. In the following sections, we discuss problems that remain with the implementation of the CUPA program, including:

- The lack of program implementation on a statewide basis.
- Inconsistency in program implementation among CUPAs.
- Lax enforcement of local fee accountability.
- Ineffectiveness in use of state resources to oversee the program.

We make recommendations on how to improve the program's implementation. Many of these recommendations involve statutory changes. For the most part, we recommend these statutory changes as a means to *require* that state agencies take specific action to improve the program that might not otherwise be taken.

## CUPA Program Not Being Implemented Statewide

***Currently, 15 counties are without a designated Certified Unified Program Agency (CUPA) and, in most of these counties, aspects of hazardous waste and material regulation are not being carried out by any state or local agency. We recommend enactment of legislation to provide for program implementation statewide by a date certain. We also recommend that the Secretary for Environmental Protection report to the fiscal and policy committees on actions it plans to take, and on any statutory changes that may be necessary, to ensure such statewide implementation.***

***Numerous Counties Are Without a CUPA.*** Under Chapter 418, the Secretary is responsible for designating CUPAs and ensuring that the CUPA program is being implemented throughout the state. To date, the Secretary has certified 69 CUPAs which, along with participating agencies, are implementing the program in 43 counties. In these counties, it appears that with

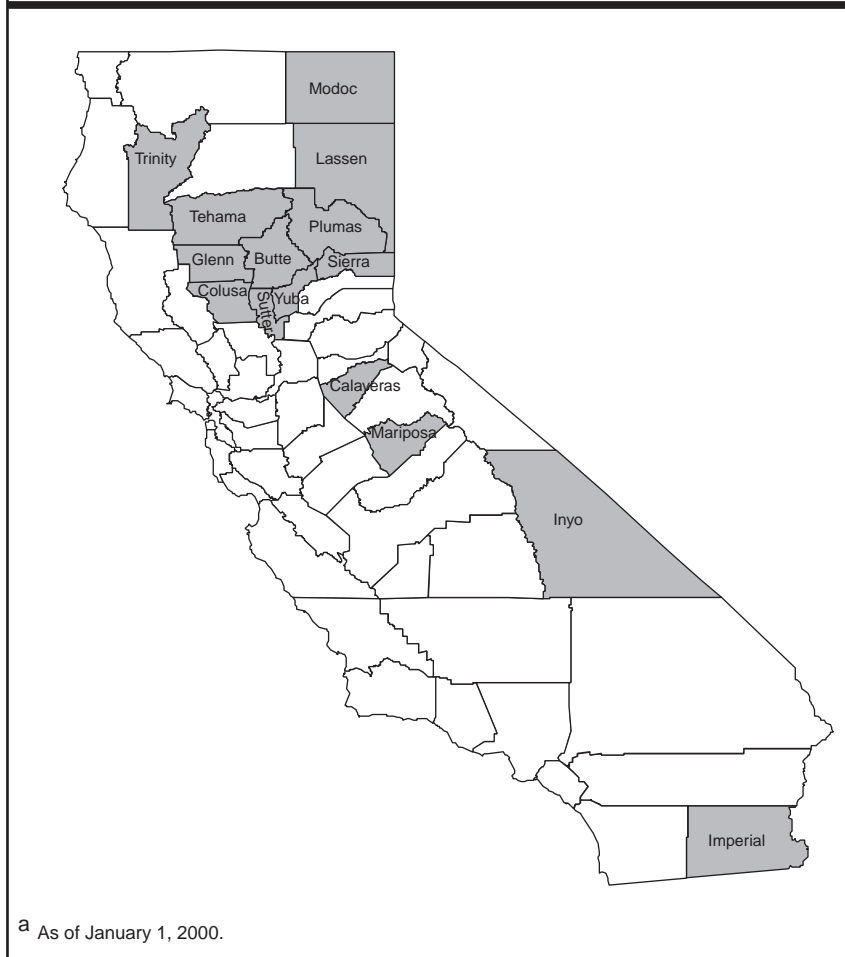
few exceptions (namely Yolo and Placer Counties), a program is in place to implement all six components of the CUPA program. Figure 2 shows the variety of local agencies that are certified as CUPAs.

<b>Figure 2</b>	
<b>CUPAs by Agency Type</b>	
<i>January 2000</i>	
<b>Agency Type</b>	<b>Number of Certified CUPAs</b>
County environmental/health agency	39
City fire department	20
County fire department	3
Other city agency	5
Other county agency	2
<b>Total</b>	<b>69</b>

However, as shown in Figure 3, 15 mainly rural counties currently do not have a CUPA. Some of the non-CUPA counties did not apply to be a CUPA on the basis that they were ill-equipped or could not afford to establish the administrative structure necessary to implement the CUPA program. This was because they had very small environmental health staffs (perhaps two to three people) and limited fee-raising capacity due to the relatively small universe of facilities that would be regulated under the program. Seven counties raising this “economy of scale” concern have proposed to form a multicounty joint powers authority to implement the program. Of the remaining non-CUPA counties, four have expressed interest in pursuing CUPA certification, and four have shown little or no interest in certification.

We find that in many of these 15 non-CUPA counties, various aspects of hazardous waste and materials regulation are either not being carried out by any state or local agency, or if carried out, are being done so at a very minimal level of activity. For example, none of these 15 counties has a local program to inspect any of the estimated 2,750 hazardous waste generators located in those counties and DTSC plans to inspect only 46 of these generators in the current year.

The lack of CUPA program implementation throughout the state has two major consequences. First, the level of environmental protection is inconsistent statewide. Specifically, the level of environmental protection afforded residents in non-CUPA counties most likely is less than in jurisdictions with a designated CUPA.

**Figure 3****Non-CUPA Counties<sup>a</sup>**

Second, the treatment of the regulated community is also inconsistent statewide. Businesses in counties where aspects of the CUPA program are not being carried out are subject to fewer regulatory requirements, a lower level of enforcement, and a lower fee burden than businesses in other jurisdictions that have a fully operational CUPA program. This potentially results in an unfair competitive advantage to businesses in non-CUPA counties over those located in CUPA counties.

***Recommend Date Certain for Full Statewide Implementation.*** More than four years have passed since applications for CUPA certification were

due to the Secretary. We believe that the Secretary can take additional steps to ensure that the CUPA program is implemented on a statewide basis as envisioned by the implementing legislation. Statewide implementation would (1) ensure that the state's residents, no matter where they live, receive a minimally adequate level of environmental protection and (2) provide consistent treatment of the regulated community.

Under current law, the Secretary is required to work cooperatively with local agencies in counties without a designated CUPA (as of January 1, 1997) in order to implement the CUPA program in that county and to designate CUPAs for that county. Statute does not provide a date certain for program implementation on a statewide basis or for the designation of CUPAs for every jurisdiction. To provide the necessary assurances to the Legislature that the Secretary will fulfill these responsibilities on a timely basis, we recommend the enactment of legislation that requires the Secretary, *by a date certain*, to have CUPAs in place to implement the program in every county.

We also recommend that the Secretary report to the fiscal and policy committees of the Legislature on actions it plans to take, and any statutory changes that may be necessary, to ensure that the program is implemented in every county. While we believe that the Secretary has the authority under existing law to implement the CUPA program statewide, we think that the Legislature could facilitate the Secretary's efforts in a couple of ways. First, while current law does not expressly prohibit regional agencies from becoming CUPAs, providing the Secretary with explicit authority to designate *regional* CUPAs (as opposed to county CUPAs) may further existing proposals to form multicounty, regional CUPAs. Second, in order to ensure that all aspects of the CUPA program are being implemented before CUPAs are designated in the non-CUPA counties, statute could be amended to provide state agencies with the authority to implement all program components in these counties in the interim and to assess a fee to cover their reasonable costs.

### **Program Implementation Can Be Made More Consistent**

***We find that state agencies overseeing the Certified Unified Program Agency (CUPA) program have failed to take actions to adequately ensure that program implementation is consistent statewide. We recommend the enactment of legislation to require: (1) the adoption of a statewide enforcement policy in regulations, (2) better tracking of violation and enforcement data to help CUPAs set enforcement priorities and improve state evaluations of CUPA performance, and (3) better coordination of training and evaluation activities.***

We find that the CUPA program's goal for greater consistency in program implementation statewide has not been fully realized, particularly with respect to enforcement. For instance, our review finds significant variance in the degree of follow-up by CUPAs after violations are initially discovered and informal enforcement action (such as issuing a notice of violation) is taken. We also find that state agencies can do much more to ensure that the enforcement activities of the CUPAs are conducted at an adequate level and consistently statewide. In the following sections, we discuss a number of actions that can be taken in this regard, including:

- Adopting statewide policies to guide enforcement activities of the CUPAs and requiring better tracking of violations and enforcement activity.
- Addressing training needs of CUPAs.
- Improving the CUPA evaluation process.

**Lack of Statewide Enforcement Policies.** The state has an interest in ensuring that a minimally adequate level of environmental protection is afforded its residents, regardless of where they live. In order to achieve this in locally implemented programs such as the CUPA program, we think that the state has a role in setting minimum standards for service levels throughout the state and providing guidance as to an acceptable range of program activity. Local implementing agencies should be given the discretion to exceed minimum standards and to choose appropriate measures to meet these standards based on broad program parameters provided by the state.

The level of environmental protection depends both on applicable standards and the level of enforcement of these standards. However, we find that relative to the six hazardous waste and material regulatory program components, the level of enforcement varies statewide, reflecting a general lack of state regulations and policies that guide CUPAs in their enforcement activities.

For example, in cases where statute is silent as to the frequency of inspections, it has been left to the discretion of the CUPAs to determine a minimum frequency of inspection. Even where statute provides for a certain frequency of inspections, state agencies have set few standards and provided little policy guidance regarding minimally adequate conduct for each inspection. Similarly, state agencies have provided few guidelines to CUPAs regarding the range of appropriate enforcement actions to be taken when violations are found. Specifically, there is no state policy explicitly setting a protocol for escalated enforcement in cases where prior, more informal enforcement actions have not proven effective. State guid-

ance is also lacking concerning the use of administrative enforcement tools—such as administrative penalties—that fall between informal enforcement (such as notices of violation) and the referral of civil and criminal cases to district attorneys.

***Inadequate Violation and Enforcement Data Tracking.*** The CUPAs are required to report to the state on violations and enforcement activity. Existing regulations require CUPAs to report annually on the total number of violations for each program component by broad categories, and the number of various types of enforcement actions taken. We find that the data as reported reveal little about the nature of the violations, what substances were involved, and the relative threat to the environment as a result of the violations. As a consequence, it is unclear whether the data can be used by the CUPAs or the state in setting regulatory priorities.

The reported data also reveal little, on a violation-by-violation basis, about the extent to which CUPAs follow up on violations and the resulting impact on compliance from enforcement actions taken. Accordingly, the data do not allow for an effective evaluation by the state of the consistency and adequacy of enforcement by the CUPAs.

***Recommend Enactment of Legislation to Ensure State Agencies Take Actions to Improve Consistency and Adequacy of Enforcement.*** We think that the state oversight agencies can take a number of actions to ensure that CUPA enforcement activity is consistent and minimally adequate statewide. These actions include:

- Adopting regulations that set out a statewide enforcement policy for each of the six program components. The policy should set standards for inspection frequency and the conduct of inspections, as well as establish an acceptable range of enforcement responses to particular types of violations. The policy should specifically provide for escalated enforcement when prior enforcement has not proven effective, and require follow-up of enforcement actions to ensure, rather than assume, compliance.
- Amending existing information and reporting regulations to require reporting on violations and enforcement activity of sufficient detail to assist state and local regulatory priority-setting and allow for an effective evaluation by the state of CUPA enforcement activities.

In order to provide the Legislature with the assurances that these actions will be taken in the future, we recommend that the Legislature enact legislation to accomplish the regulatory and reporting changes noted above.

***Training Needs Could Be Better Addressed.*** The level of technical expertise among CUPAs and in counties currently without a CUPA varies signifi-



cantly. This partially reflects the varying specialized training of staff among the CUPAs as building inspectors, firefighters, public health officers, among other reasons. Additionally, CUPAs that were implementing some of the program components prior to the CUPA program being established tend to have more technical expertise due to their prior experience.

While some training has been offered by the state oversight agencies, CUPAs have characterized this training as “hit or miss.” The CUPAs have expressed a need for more training in certain subjects, including the use of some of the enforcement tools and the hazardous material accident prevention component of the program. Additionally, some CUPAs have found it difficult to find the staff time and funds to travel to training sessions that are offered far outside their geographic area.

***Recommend Secretary Coordinate Training Activities.*** Providing technical training to local CUPA staff can effectively increase consistency state-wide in program implementation. We think that training would be more effectively provided by the state if training activities (currently offered by the various regulatory oversight agencies) were coordinated, and developed in consultation with the CUPAs to ensure that local priorities for training are addressed. To accomplish this, we recommend the enactment of legislation directing the Secretary to coordinate training activities provided by various state departments to the CUPAs. The Secretary should also be directed to assess the need to provide financial assistance to CUPAs that have difficulty in accessing training. Since technical guidance provided by state regulatory agencies to a particular CUPA may be of use to other CUPAs, we think it would be cost-effective if such guidance is made accessible to all CUPAs via the Internet.

***State Evaluation of CUPAs Needs Improvement.*** Chapter 418 requires the Secretary to perform periodic evaluations of the CUPAs to determine whether the CUPAs are adequately implementing the program. If the Secretary determines that a CUPA is failing to meet its statutory obligations, the Secretary may decertify the CUPA or alternatively require program improvements. Apart from these basic parameters, statute provides no further direction as to the conduct or frequency of these evaluations.

The Secretary has recently established an evaluation process involving triennial reviews of CUPAs. To date, evaluations of 35 CUPAs have been conducted, and about ten evaluation reports have been finalized. These evaluations have been conducted throughout the state by different groups of staff from DTSC, SWRCB, OES, and SFM. Generally, these staff have not had specialized training in performance evaluations.

Our review finds that the evaluation process relies heavily on information provided by the CUPAs and lacks an adequate “quality assurance/quality control” component by which the state can independently

determine the quality of the CUPAs' activities. For example, DTSC rarely (1) joins CUPAs on hazardous waste generator inspections, (2) conducts its own inspections independently of the CUPAs, or (3) reviews the CUPAs' inspection reports, in order to verify and evaluate the quality of the CUPA inspection activities. Additionally, according to some CUPAs that have been through the evaluation process, it appears that the different evaluation teams may be holding the CUPAs to different standards of performance, resulting in inconsistencies in evaluations across CUPAs.

***Recommend Enactment of Legislation to Improve Evaluation Process.*** An effective evaluation process can serve a useful purpose in ensuring consistency in CUPA program implementation. We find that the current evaluation process could be more effective by improved coordination and better training of the evaluators and by including an enhanced quality assurance/control component in the process. To ensure that these improvements are made, we recommend the enactment of legislation requiring the Secretary to coordinate evaluation staff in the various state oversight agencies. Evaluators should be cross-trained in various program components, as well as in performance evaluation, and required to conduct an appropriate level of quality assurance and control. This quality assurance/control should be conducted in accordance with the state-wide enforcement standards that we have recommended be adopted.

### **Lax Enforcement of Local Fee Accountability**

***We find that the Secretary for Environmental Protection has not adequately ensured that Certified Unified Program Agencies (CUPAs) justify their fee levels. We recommend that the Legislature adopt supplemental report language directing the Secretary to take various actions to hold CUPAs more accountable for their fees, and to enact legislation requiring CUPAs to prepare annual program budgets that identify the level of CUPA activities that would be carried out in justification of the fees charged for these activities.***

***CUPAs Are Required to Have a Fee Accountability Program.*** Chapter 418 requires each CUPA to implement a "fee accountability" program to justify fee levels, based on various factors, including the range of services provided and the types of businesses regulated. It was anticipated that a benefit from requiring CUPAs to establish fee accountability programs would be to encourage CUPAs to operate more cost-effectively and efficiently. A single local fee is to be set by CUPAs at a level sufficient to pay the necessary and reasonable costs of the local program. Chapter 418 also requires the Secretary to periodically evaluate the CUPAs to make sure that CUPAs are meeting all statutory requirements, including fee accountability.

**Local Fees Have Generally Increased.** Our review finds that local fees are generally the same or higher under the CUPA program compared to fees paid previously to local administering agencies. This is for two main reasons:

- CUPAs have assumed (to varying degrees) at least some responsibility for implementing an activity that was previously implemented by the state, thereby resulting in additional costs to the CUPAs.
- CUPAs are subject to more formalized and extensive local-to-state reporting than were local administering agencies prior to the CUPA program. These additional requirements have increased local administrative costs, offsetting some of the savings realized from the consolidation of program implementation.

**Local Fees Vary Widely.** Our review also finds that there is a wide range in the fees charged by different CUPAs to similar types of facilities. In fact, the regulated community has raised concern about this variation. For example, the hazardous waste generator fee component of the single local fee is capped at around \$1,000 in Los Angeles County, but is as high as \$68,000 in several CUPAs in the Bay Area. In fact, there appears to have been greater consistency in local generator fees prior to Chapter 418. This was because prior to the CUPA program, statute specified the fee charged by the state but also allowed that fee to be offset by any fees paid to local agencies that implemented a hazardous waste generator program. As the local fees were typically set at the same levels as the state fee, the state fee level in fact became the standardized total fee paid by generators.

The variation in fee levels among CUPAs is partially explained by the varying methodologies used by CUPAs to set fees. For example, some CUPAs base the generator fees on the number of employees of the regulated facility, while others base these fees on the volume of waste generated. Other variation in fees may be explained by varying levels of service among CUPAs, since, as mentioned above, the state has not set comprehensive standards for service levels in program areas such as enforcement. It is unclear, however, how much this factor contributes to the variation in fees.

**Inadequate Evaluation of Local Fees By Secretary.** Based on the evaluations of 35 CUPAs that have been conducted to date by state staff, we find that the Secretary has not adequately held CUPAs accountable for their fee levels. Specifically, evaluations have been limited mainly to an inquiry as to whether a CUPA's program expenditures are at least as great as the local CUPA fee revenues collected.

We do not think that a mere matching of revenues and expenditures is adequate. This is because doing so fails to address whether the fees are

justified by the level of service provided. As mentioned above, there is a statewide interest in ensuring a particular level of service from all CUPAs to ensure consistency in environmental protection throughout the state. We find that a number of improvements will have to be made, however, in order for the Secretary to effectively evaluate fees based on service levels. First, state standards for CUPA service levels will need to be adopted to provide much clearer expectations for minimum service levels. Second, we find that a number of CUPAs do not have a separate budget for the CUPA program. Without such a budget, it makes it difficult to assess whether the local fee is justified based on service levels and expenditures.

We think that an *effective* review of the CUPAs' fee accountability programs, as part of the evaluation process, allows the Secretary to determine whether the CUPA program is being implemented consistently and in a cost-effective manner. The Secretary can evaluate cost-effectiveness by reviewing the use of fees and the results from these expenditures. Consistency can be evaluated by considering the service levels supported by the fees, and the extent to which statewide minimum standards are being met by CUPAs.

***Recommend Adoption of Supplemental Report Language.*** In order to provide more effective enforcement of the fee accountability requirements in Chapter 418, we recommend that the Legislature adopt the following supplemental report language directing the Secretary to take various actions:

The Secretary for Environmental Protection shall: (a) develop statewide standards for service levels in the Certified Unified Program Agency (CUPA) program so as to allow for an effective evaluation of CUPA fee accountability; (b) conduct an in-depth evaluation of fees for a sample of CUPAs, representing a variety of fee levels and methodologies and including the high-fee jurisdictions in the Bay Area; and (c) report to the Legislature, by January 10, 2001, on the standards development, the findings from its in-depth fee evaluation, and actions which it plans to take or could take to ensure fee accountability, including any required statutory changes to implement those actions. The report should address the advantages and disadvantages of the state standardizing the fee methodology used by the CUPAs.

Based on the Secretary's report, the Legislature will be in the position to evaluate legislative changes that may be appropriate to enhance the accountability of CUPAs for their fees.

***Recommend CUPAs Prepare Annual Program Budgets.*** To facilitate the Secretary's evaluation of local fee accountability, we also recommend that the Legislature enact legislation requiring CUPAs to prepare annually a CUPA program budget that can be made available to the Secretary or other interested parties for their review.

## Legislature Needs Assurances That State Oversight Resources Are Used Effectively

**We recommend that the Legislature withhold approval of \$1,538,000 and 22 positions proposed for the Department of Toxic Substances Control to oversee the Certified Unified Program Agency (CUPA) program, pending receipt of an expenditure plan from the department that provides evidence that the requested resources will be used effectively to promote the program's goals.**

**Existing Resources Not Being Used As Effectively As Possible.** As shown in Figure 4, the budget proposes a total of \$3.6 million (about 40 positions) for state agencies to oversee the CUPA program in 2000-01. Of this amount, \$1,538,000 and 22 positions are for DTSC—the lead state agency overseeing the day-to-day operations of the CUPA program as a whole. As the lead state oversight agency, a primary responsibility of DTSC is to ensure that the CUPA program is meeting its statutory objectives.

**Figure 4**

### CUPA Program: State Oversight Expenditures

2000-01 (Proposed)  
(In Thousands)

<b>Department of Toxic Substances Control</b>	\$1,538
Hazardous Waste Control Account	(1,202)
General Fund	(204)
Reimbursements	(132)
<b>State Water Resources Control Board</b>	1,092
Unified Program Account <sup>a</sup>	(621)
Federal funds	(471)
<b>Office of Emergency Services</b>	676
Unified Program Account <sup>a</sup>	(581)
General Fund	(95)
<b>State Fire Marshal</b>	246
Unified Program Account <sup>a</sup>	(246)
<b>Total</b>	<b>\$3,552</b>

<sup>a</sup> State surcharge on local CUPA fees.

The DTSC positions are to carry out various functions, including rule-making, policy development, program evaluation, technical assistance, and general administrative activities such as fee collection and budgeting. However, our review has found that the current state oversight efforts have not been very effective. Consequently, we question whether DTSC is deploying its staff resources in an effective manner.

***Legislature Needs Assurances That Oversight Resources Will Be Used Effectively.*** In order that the Legislature can be assured that DTSC's oversight role is carried out effectively, we recommend that DTSC provide justification for its proposed positions in the form of a workload and expenditure plan that identifies the proposed work activities, the amount of resources to be devoted to these activities, as well as what DTSC expects to achieve in terms of oversight. To the extent that existing functions are necessary to effectively promote the program's goals, these should be maintained. However, the work plan should justify the amount of resources being used for these activities.

Accordingly, we recommend that the Legislature withhold approval of these resources (\$1,538,000 and 22 positions), pending receipt prior to budget hearings of a plan that delineates how these resources will be used effectively by the department to achieve the program's statutory objectives and address the oversight issues that we have discussed above. With such a plan, the Legislature will be able to determine the appropriate level of expenditures for the department's oversight responsibilities.

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# DEPARTMENTAL ISSUES

*Resources*

## SPECIAL RESOURCES PROGRAMS (3110)

### Sea Grant Program Seeks to More Than Double Funding

***The budget proposes to increase state funding for the California Sea Grant Program from \$430,000 to \$1.1 million (an increase of \$681,000). We recommend that the Legislature deny this augmentation because, without a mandated report which has not been provided, the Legislature is unable to determine the appropriate funding level for this program.***

***Background.*** The California Sea Grant Program leverages federal money to fund coastal and ocean research. The University of California and the University of Southern California administer the program. Research priorities are set by the Resources Agency Sea Grant Advisory Panel (RASGAP), which comprises representatives from the Resources Agency, relevant state departments, the Legislature, and affected marine industries. The RASGAP also monitors the research projects and annually submits research needs and priorities to the Legislature.

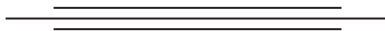
Over the past decade, annual state funding for the program has ranged between \$400,000 and \$500,000. Most of this money comes from the General Fund, and approximately \$100,000 per year has come from the Environmental License Plate Fund (ELPF). The ELPF funding is used for the program's administrative costs. The General Fund money leverages federal funding from the National Sea Grant College Program. According to the Resources Agency, the program currently receives about \$5 million in matching funds.

**State Grant Funds to Be Tripled.** The budget proposes to increase total program funding from \$430,000 to \$1.1 million. The proposal represents a tripling of the amount of General Fund money dedicated to grants, from \$319,000 to \$1 million, while administrative costs (funded from ELPF) will remain approximately the same as provided in recent years. While the Resources Agency notes that the buying power of dollars has eroded due to inflation over the past decades, it provides no justification for an increase of this magnitude at this particular time.

**Report Not Provided.** Chapter 293, Statutes of 1997 (SB 271, Thompson) required, among other provisions, that the Secretary for Resources submit, by January 1, 1998, a report on the Sea Grant program. The report was to (1) evaluate the program, (2) provide recommendations from the Secretary and other stakeholders concerning the benefits the program provides the state, and (3) recommend whether appropriations should be continued at similar levels.

The Secretary never submitted the required report. *Had* it been submitted, the Legislature would have had the opportunity to consider the need for changes to funding levels in light of relevant information such as the benefits provided to the general public, the interests of stakeholders, and a programmatic evaluation.

We believe that an augmentation of the proposed magnitude is tantamount to a substantive policy change. We further believe that, by passing Chapter 293, the Legislature expressed its intention to evaluate the funding level for the Sea Grant program using particular information. Since the Legislature did not receive this information, we believe the proposed augmentation is not warranted. Accordingly, we recommend that Item 3110-101-0001 be reduced by \$681,000.





## DEPARTMENT OF CONSERVATION (3480)

The Department of Conservation (DOC) is charged with the development and management of the state's land, energy, and mineral resources. The department manages programs in the areas of: geology, seismology, and mineral resources; oil, gas, and geothermal resources; agricultural and open-space land; and beverage container recycling.

The department proposes expenditures totaling \$506.7 million in 2000-01, which represents an increase of \$35.2 million, or 7.5 percent, above estimated current-year expenditures. About 91 percent of the department's proposed expenditures (\$460.7 million) represent costs associated with the Beverage Container Recycling Program.

### Major Expansion of Beverage Container Program Sought; Magnitude of Increase Not Justified

***The department requests an augmentation of \$5.6 million and 71 positions to accommodate its projected workload increases in the Beverage Container Recycling Program, which was recently expanded by legislation. We believe the department's estimates are too high, and that some proposed augmentations are premature. Accordingly, we recommend a reduction of \$2.1 million. (Reduce Item 3480-001-0133 by \$2.1 million.)***

**Background.** California's Beverage Container Recycling Program (BCRP) is one of the nation's most innovative—and complex—recycling programs. In essence, the state requires that consumers pay the functional equivalent of a deposit when they purchase certain containers of specified beverages (primarily soft drinks, beer, and certain juices). This money (2.5 cents for most containers) is returned when the container is brought to a certified recycling center. However, the actual collection, transfer, and use of these funds, as well as associated subsidies and fees, is considerably more complicated. (We described some of these other facets of the program in our *Analysis of the 1999-00 Budget Bill*, pp. B-45—B-57.)

The details of the BCRP’s requirements on manufacturers and recyclers have been statutorily changed every few years since the program began in 1986. The outward structure of the program encountered by consumers, however, has undergone far fewer modifications. This changed with Chapter 815, Statutes of 1999 (SB 332, Sher). The most notable change is the inclusion of many new types of beverages under the program, as shown in Figure 1.

<b>Figure 1</b>	
<b>Types of Beverages Subject to Beverage Container Recycling Program</b>	
<b>Prior to Chapter 815</b>	<b>Added by Chapter 815</b>
<ul style="list-style-type: none"> <li>• Beer and other malt beverages</li> <li>• Wine coolers</li> <li>• Spirit coolers</li> <li>• Carbonated mineral and soda waters</li> <li>• Other carbonated soft drinks</li> </ul>	<ul style="list-style-type: none"> <li>• Carbonated and noncarbonated waters</li> <li>• Noncarbonated soft drinks</li> <li>• Noncarbonated sport drinks</li> <li>• Certain noncarbonated fruit drinks</li> <li>• Certain carbonated fruit drinks</li> <li>• Coffee and tea drinks</li> </ul>

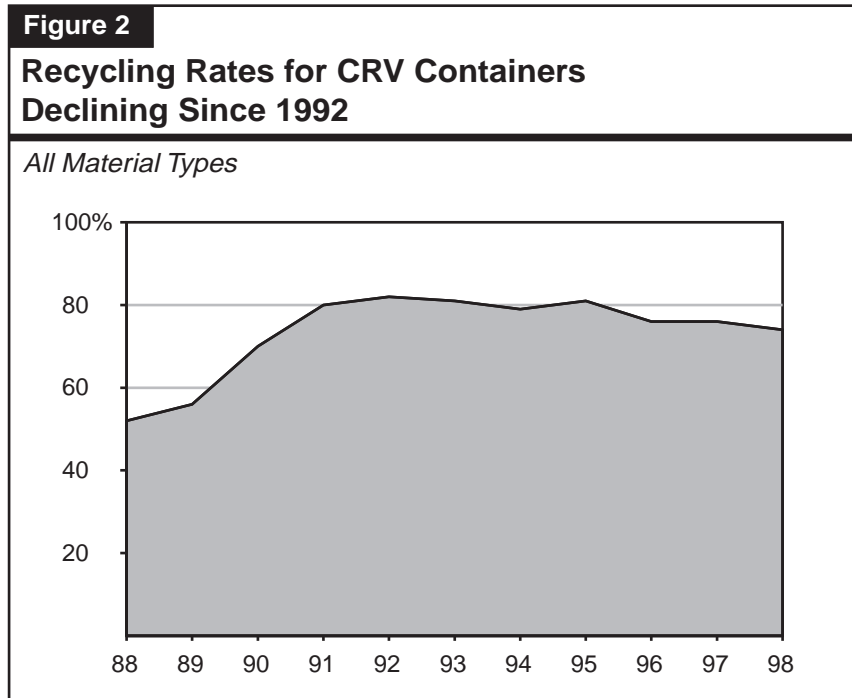
In addition, Chapter 815 made other significant changes to the way the program is administered. Major changes include:

- Reduction in the minimum amount of recycled glass that bottle manufacturers are required to use, so long as the manufacturer uses a particular type of low-grade material.
- Modification of the requirements on, and subsidies to, recyclers in rural areas and near supermarkets.
- Modification of the requirements on, and subsidies to, curbside recycling programs and rural recycling “dropoff zones.”
- Creation and expansion of several grant programs for litter cleanup and similar activities.
- Modification of calculations for various fees and subsidies.
- Addition of requirement that DOC conduct specified audits.

**Effect on Recycling Rates and Program Funding.** While Chapter 815 increases the *number* of beverages that fall under the program (DOC estimates a 15 percent increase), it is not designed to significantly increase the *proportion* of eligible containers that are recycled. In fact, we anti-

pate that the overall recycling rate for containers subject to the program will actually decrease in the first year. This is primarily because consumers may not realize that the new beverages carry California Redemption Value (CRV) and therefore can be redeemed, particularly since the new containers are exempt from CRV labeling requirements in the first year.

In addition, we note that beverage container recycling rates have been decreasing in recent years. As Figure 2 shows, the rate for all CRV containers has dropped from a high of 82 percent in 1992 to 74 percent in 1998. (While DOC has not yet calculated the 1999 rate, we expect it will be similar to 1998's rate.)



The department estimates consumers will pay \$420.2 million in CRV "deposits" in 2000-01. Because about a quarter of all eligible containers are not returned, over \$100 million is not returned to consumers as CRV, and is retained by the department. This revenue is used by DOC for a variety of purposes. Approximately \$20 million to \$30 million is used to support DOC's cost of administering the program. Additional amounts are allocated as grants for litter reduction programs, subsidies to certain types of recyclers and manufacturers, administrative payments to various program participants, and other purposes. Many of these expendi-

tures have increased as a result of Chapter 815. Still, the budget anticipates a fund balance of \$77.8 million at the end of 2000-01.

**The DOC's Proposal Is Based on Unrealistic Assumptions.** The department requests an augmentation of \$5.6 million and 71 positions to accommodate the programmatic changes made by Chapter 815. (Approximately 24 of the new positions would be limited-term.) This represents a 25 percent increase in the program's support budget, and a 39 percent increase in program staff. The department asserts an augmentation of this magnitude is needed to administer the program. However, we believe the proposal includes a number of unrealistic assumptions and unjustified expenses. For example:

- **Department Assumes All Increased Workload Was Encountered on the Day Chapter 815 Became Law.** While Chapter 815 became law on January 1, 2000, many of its provisions will not have their full impact for some time. For example, new recycling centers will take time to be established, consumers will only gradually become aware of the expanded range of CRV containers, and recyclers will require time to qualify for new incentive programs. Not only does this suggest that DOC will encounter workload increases incrementally, but it also suggests that the full effect of the program will not be known for some time.
- **Department Estimates Program Fraud "Could Be as High as \$40 Million," and Likely to Grow.** The department provides no justification for its estimate that, in effect, more than 10 percent of all payment claims are fraudulent. We note that the California Department of Justice estimates BCRP program fraud to be in the range of \$3 million to \$5 million. Compared with this figure, the department's proposal to spend \$8 million through its Audits and Legal/Enforcements divisions seems excessive.
- **Department Assumes Increase in Containers Will Require Increase in Retail Inspection Frequency.** Chapter 815 increases the proportion of containers on store shelves that are subject to the program. The department assumes that this will require more frequent inspections for compliance with signage and labeling requirements. While it might be possible that slightly *longer* inspections would be required to survey more shelf space, we do not believe that more *frequent* inspections would be required.
- **Department Proposal Overstaffs Statutory Functions.** Even using the department's own workload estimates, the proposed staffing levels appear unnecessarily high for many activities. For example, the department proposes to dedicate nine positions to investigate an estimated five complaints per month of predatory

pricing by recyclers. As another example, the department proposes staff and equipment to create new, computer-generated maps using Global Positioning Services (GPS) in order to establish the location of neighborhood dropoff centers.

**Departmental Expansion Should Be Reduced.** While we believe that the department will require additional resources to implement the provisions of Chapter 815, we believe the proposed magnitude of the augmentation is not justified. We believe it is based on unrealistic assumptions resulting in unreasonably high staffing levels. Moreover, we note that Chapter 815 requires a study, due December 1, 2000, to evaluate possible duplication and overlap between the activities of DOC's Division of Recycling and those of the California Waste Management Board. We believe it would be prudent to minimize the additional resources that are committed to the BCRP until this report is submitted, and the full impact of Chapter 815 can be better evaluated.

Until such an evaluation can occur, we believe it is reasonable that the budget of DOC's recycling division be increased by \$3.5 million above current-year levels. This represents a 15 percent increase, which matches the estimated 15 percent increase in containers subject to the program. While we recognize this is an imperfect measure of increased workload, we believe it to be the most appropriate indicator currently available. Additionally, we believe that it will provide the department with adequate staff to carry out its expanded responsibilities. Accordingly, we recommend that Item 3480-001-0133 be reduced by \$2,100,000.

### **Proposed Grant Program: Focus Too Narrow and Funding Too High**

***The budget proposes an increase of \$2.2 million to significantly expand an existing grant program to Resource Conservation Districts (RCDs). The proposed augmentation would be used primarily for the support of "watershed coordinators" within RCDs. We believe the purpose of the proposed grant is unnecessarily narrow. Moreover, we find that a large number of RCDs are not currently eligible to apply for grants. We therefore recommend that the Legislature deny the proposed augmentation. (Reduce Item 3480-001-0001 by \$234,000 and reduce Item 3480-101-0001 by \$2 million.)***

**Background.** Resource Conservation Districts (RCDs) are community-based governmental organizations that promote soil conservation, watershed management, and land capability enhancement on private lands. There are currently about 100 RCDs in the state. Many RCDs fund their activities by imposing an assessment on the affected landowners. Examples of typical RCD work include developing and administering water and soil conservation projects, providing technical assistance to landowners, and establishing standards for range and tillage practices.

State law authorizes DOC to make grants to RCDs for any work they are authorized to undertake. Since 1998-99, the department has had baseline funding of \$120,000 to make such grants.

**Department Seeks Augmentation for Specific Grant Program.** The department seeks an increase of \$2.2 million, including \$2 million in baseline funding for grants, and \$234,000 and two positions to administer the new grant program. While the current (\$120,000) grant funding can be used by RCDs for virtually any of their normal duties, the proposed grant money could be used only to establish a “watershed coordinator” within an RCD. It is not clear precisely what the role of these watershed coordinators would be, but the department suggests that they would serve as “contacts” that coordinate RCD activities with state and other entities. The department assumes that the \$2 million would fund 50 watershed coordinator positions at \$38,000 each.

**Grant Program Unnecessarily Narrow.** Chapter 994, Statutes of 1996 (SB 1268, Costa) authorized DOC to implement a grant program for RCDs. The legislation permits a broad range of activities to be covered by the grants, extending to “any work that [RCDs] are authorized to undertake, including, but not limited to, grants for watershed projects.” Accordingly, the current grant program has funded a large variety of activities.

The proposed grant program is drawn much more narrowly, aimed only at funding “watershed coordinators.” The department has not yet developed criteria for the new program. However, on the basis of information provided by the department, we believe the proposed grant program would do little to help fund the projects and technical assistance RCDs can provide within their jurisdictions. Instead, the program would only fund positions serving as liaisons between the RCD and other entities, primarily the state. We believe this is unnecessarily restrictive. While some RCDs are active and able to carry out many important functions, many others lack resources to have much impact. For this latter group, the addition of a watershed coordinator seems unnecessary, since there is little RCD activity to coordinate.

**Many RCDs Are Not Eligible for Grants.** Beginning January 1, 2000, Chapter 994 requires RCDs to meet a number of conditions in order to be eligible for grants. These requirements include the adoption of annual and long-range work plans, the convening of regular meetings according to certain open meeting requirements, and the securing of local support funding. Our review finds that fewer than 50 RCDs would be eligible to receive grants. Therefore, it is almost certain that the estimated 50 grants could not all be awarded.

**Recommend Legislature Deny Augmentation.** Based on our belief that the grant program is (1) unnecessarily narrow and (2) premised on an

unrealistically high participation rate, we recommend that the proposal be denied.

As an alternative, if the Legislature wishes to make additional grant money available to RCDs, it could augment the current program by a modest amount above the \$120,000 now available. However, we would recommend that any such increase be available for a broad range of activities by RCDs, and not merely to fund watershed coordinators. We believe it would be appropriate for the Legislature to express the intended use of any such funding in budget bill language.

## Digital Conversion of Maps Not Urgent

***The department proposes to spend \$337,000 from the General Fund to convert its collection of faultline reports to a digital format. We believe this is unnecessary. Instead, individual reports should be converted if and when they are needed. We therefore recommend deletion of this funding.***

In carrying out the Alquist-Prieto Earthquake Fault Zoning Act of 1972, DOC prepares fault evaluation reports (FERs), which detail the location and activity of certain earthquake faults. These reports, of which there are currently about 250, are used to direct the construction of new buildings away from hazardous faults. In addition, the act requires local governments to submit to DOC a copy of approved site-specific fault hazard reports, known as AP site reports. Developers prepare these reports, which document certain earthquake hazards, when they propose projects within fault zones defined by DOC. The DOC keeps these reports, which number about 4,500, on file for use by the public.

The department houses the FERs and AP site reports in its San Francisco regional office. Microfiche copies have been made for most of the FERs, and photocopies are maintained in DOC's Sacramento and Los Angeles offices. The department also makes photocopies of all reports available for purchase. The microfiche and photocopies are black-and-white, and thus do not reproduce color detail included on some of the maps. However, the department permits interested users to make color copies of maps off-site.

***Department Proposes to Digitize All Reports.*** The department proposes to hire an outside vendor to convert the reports to a digital format. This would create a color reproduction of the original documents, which could then be copied and sold to the public on CD-rom. The department argues that this would ensure the long-term preservation of the collection, and would make color copies available to the public at a reasonable cost.

***Comprehensive Conversion Unnecessary.*** We believe converting all 4,750 files to digital format is unnecessary, for three reasons.



First, it is unlikely that there will be requests to use all the reports. This is because these documents are up to 25 years old and of varying quality. The AP site reports in particular (which account for about 91 percent of the proposed conversion cost) were prepared by a variety of private firms, with varying skills and employing different approaches. In addition, many local zoning ordinances and various other planning documents have already incorporated information contained in many of these reports.

Second, black and white photocopies may be adequate for many requests. Much of the data contained in the reports (particularly the AP site reports) are not dependent on color reproduction. Moreover, black and white reproduction has apparently worked well for some 25 years. In addition, users are able to make color copies of documents off-site.

Third, long-term survival of the reports has already been partly addressed. Microfiche copies have already been made of most of the FERs. Further, all the AP site reports were submitted to local governments, which presumably have retained copies.

***Department Should Digitize Reports on As-Needed Basis.*** Because access to many of the reports may never again be requested, we believe the department should delay converting a report to digital format until it becomes necessary. For example, if the department receives a request for a photocopy of a worn original, conversion to digital format could be appropriate. The department acknowledges that it already has the equipment and expertise necessary for making digital conversions on a small scale.

Accordingly, we recommend that item 3480-001-0001 be reduced by \$337,000.

## **Augmentation for Abandoned Mine Inventory Should Await Report**

***The department requests \$153,000 and 2.1 positions to avoid a planned reduction in its effort to create an abandoned mine land inventory. We recommend that the request be denied because any proposal to alter this program should be considered in light of a report on the topic, which the Department of Conservation is required to submit to the Legislature by June 1, 2000.***

***Background.*** The 1997-98 Governor's Budget proposed a multiyear survey of abandoned mines in the state. The proposal provided DOC with an average of \$450,000 per year for three years. At the end of the third year (1999-00), the department was to submit a report to the Legis-



lature and Governor which provides an inventory of abandoned mines, including information on the magnitude, scope, and location of abandoned mines in the state, and which makes recommendations for future actions. Beginning in the fourth year (2000-01), the department's funding for the abandoned mines program would drop to \$250,000 per year.

The Legislature approved this proposal in the *1997-98 Budget Act*, and the department has received its three years of funding, as proposed. The report is due June 1, 2000.

**Department Seeks to Maintain Program Above Planned Levels.** The department asserts that its progress on the abandoned mines inventory is "slightly ahead of schedule." Nevertheless, it is requesting additional resources for two years. Specifically, the department requests an additional \$153,000 (above the \$250,000) and 2.1 positions for 2000-01 and indicates that it will propose an additional \$149,000 and 2.1 positions for 2001-02, in order to maintain its current level of staffing for its abandoned mines activities. (Without the additional funding and position authority, the program's staffing would drop from 4.6 positions to 2.5 positions in 2000-01, as originally envisioned.)

**Augmentation Is Premature.** We believe any augmentation of the program should be considered in light of the department's upcoming report, which according to the department "will provide detailed recommendations on the proposed direction and future of the program." The project was designed as a three-year study, at the end of which the Legislature and Governor would review and evaluate the results of the project. We believe this process should be observed. If the Legislature and Governor conclude that the study indicates a need for additional resources, then an augmentation could be made in the next budget cycle. Meanwhile, we note that, even without the proposed augmentation, the department will retain 2.5 positions and \$250,000 annually to continue the abandoned mines inventory.

Accordingly, we recommend that Item 3480-001-0001 be reduced by \$153,000.

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## DEPARTMENT OF FORESTRY AND FIRE PROTECTION (3540)

The California Department of Forestry and Fire Protection (CDFFP), under the policy direction of the Board of Forestry, provides fire protection services directly or through contracts for timberlands, rangelands, and brushlands owned privately or by state or local agencies. In addition, CDFFP (1) regulates timber harvesting on forestland owned privately or by the state, and (2) provides a variety of resource management services for owners of forestlands, rangelands, and brushlands.

The budget requests \$533.8 million for total departmental expenditures in 2000-01, a decrease of about \$90 million (or 15 percent) below estimated current-year expenditures. Most of this decrease reflects higher expenditures for fire suppression activities during the current year than estimated for the budget year.

The General Fund would provide the bulk of CDFFP's funding—\$379.5 million. The remaining funding would come from federal funds and reimbursements (\$128 million), the Forest Resources Improvement Fund (\$19.3 million), and various other state funds.

Major budget proposals include: (1) \$35 million to augment the fire emergency fund, (2) \$1.7 million for three information technology projects, (3) \$2.4 million for projects to improve the state forest system, and (4) \$1.3 million to conduct assessments of North Coast watersheds.

### Emergency Fire Suppression Budget More Realistic

***The budget requests \$55 million specifically for emergency fire suppression. This amount represents a more realistic projection of the likely costs of emergency firefighting in 2000-01 than that provided in previous years, and reduces the likelihood that the department will require a large deficiency appropriation for emergency fire suppression.***

The budget requests \$55 million for the department to suppress emergency wildfires in 2000-01. This is an increase of \$35 million above current-year funding. However, unlike prior practice, the budget does not propose authority for the Department of Finance to allocate money to the department from the Special Fund for Economic Uncertainties for emergency fire suppression should additional funds be needed during the budget year.

**Department Incurs High Annual Costs for Emergency Fire Suppression.** The CDFFP incurs emergency fire suppression costs when it responds to large wildland fires or keeps field staff and equipment at full strength during times of high fire activity. Although annual costs to suppress wildland fires fluctuate, they represent a significant demand on General Fund resources. From 1991-92 through 1999-2000, for example, the average annual cost of emergency fire suppression was about \$55 million. The state has experienced an exceptionally large number of fires and acreage destroyed in the current year. Estimated expenditures on emergency fire suppression in this year are estimated to total \$92 million, or about \$37 million more than the ten-year average.

**Past Budgets Consistently Underbudgeted for Emergency Fire Costs.** Funding provided in the budget act has often been inadequate in the past to meet the high costs of emergency fire suppression. In recent years, the budget act has allocated \$20 million to the department for these costs. In addition, the budget act has authorized the Department of Finance to allocate up to \$10 million from the Special Fund for Economic Uncertainties for emergency fire suppression. If \$30 million is inadequate, the department must then seek additional funding through a deficiency appropriation. Such deficiencies often cause the department to experience cash flow difficulties.

**Budget Proposal More in Line With Recent Costs.** The \$55 million requested for 2000-01 represents a more realistic projection of the costs of emergency fire suppression than in previous years. This level of funding reduces the likelihood that the department will require a large deficiency appropriation to fund emergency fire suppression, as in past years.



## DEPARTMENT OF FISH AND GAME (3600)

The Department of Fish and Game (DFG) administers programs and enforces laws pertaining to the fish, wildlife, and natural resources of the state. The Fish and Game Commission sets policies to guide the department in its activities and regulates fishing and hunting. The DFG currently manages about 850,000 acres including ecological reserves, wildlife management areas, hatcheries, and public access areas throughout the state.

The budget proposes total DFG expenditures of \$228 million from various sources. Of that amount, \$225.8 million is for support and \$2.5 million is for local assistance. The proposed 2000-01 budget is an overall increase of about \$6.6 million (3 percent) from the estimated current-year level.

Major budget proposals include: (1) \$18.2 million for planning, monitoring, and implementing salmon and habitat restoration projects related to the CALFED Bay Delta program; (2) \$2.7 million for support of the Natural Community Conservation Planning program; (3) \$2.1 million for administering anticipated federal funding for salmon restoration and assisting local watershed planning efforts; and (4) \$2 million for North Coast watershed assessments. (Please see the Crosscutting Issues section for a discussion of the North Coast watershed assessment proposal.)

### Coastal Salmon and Steelhead Restoration Proposal Lacks Details

***The budget proposal does not provide details on how the administration plans to spend anticipated federal money for salmon restoration. Without that information, it is not possible to substantiate the staff positions requested. We recommend the adoption of budget bill language to restrict the availability and use of \$1 million (General Fund) for these staff positions until (1) a statute is enacted authorizing and defining the program and specifying the use of the federal funds, and (2) a staffing estimate is provided to the Legislature which is based on the enacted program.***

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The budget requests \$1 million (General Fund) and 14 personnel-years to administer federal grants to improve salmon populations in 2000-01. The department expects to receive \$9 million in federal funds for these grants some time in early 2000.

***Intent of Legislature for Program Oversight Is Clear.*** Originally, the department expected to receive the federal funds much sooner and had requested authority to expend the funds in the current year. The Legislature, concerned with the lack of definition of the federal grant program, acted to ensure its involvement with the program by adopting budget bill language in the 1999-00 budget that requires a statute be enacted authorizing and defining the program and specifying the use of the federal funds before any federal money can be expended.

***Proposal Still Offers No Program Specifics; Legislature Cannot Assess Staff Workload.*** To date, the expected federal funds have not been received. The DFG now expects \$9 million to be available some time this spring and is requesting staff support to administer the federal grants in 2000-01. However, the budget does not provide any details on the grant program the proposed staff will be administering. For example, the budget does not provide details on the eligibility requirements for grants, the size of the grants, technical assistance to be provided to grantees, the environmental review process necessary to make the improvements, the extent of field inspections, or the level of contract monitoring.

The specific details of the program will determine, in large part, the level of staff support required to administer the federally funded grants. For example, the amount of monitoring, environmental review, field checking, and the number and type of grants will all affect staff requirements. Since the proposal does not provide any information on the extent to which these activities occur, the Legislature cannot assess the appropriate level of staffing.

***Integration of Federal Grant Program With Existing State-Funded Grant Program Unclear.*** The department also has not indicated how the federally funded activities for salmon restoration will be integrated with the existing fisheries restoration grant program. For instance, currently DFG carries out salmon restoration projects using state funds. In 2000-01, the budget proposes \$8 million from the Salmon and Steelhead Restoration Account for these projects. To the extent that the state and federally funded restoration programs are similar and can be integrated, potential cost efficiencies can be realized by using the same staff for many of the general tasks not related to specific contracts. For example, if the federally funded grant program is closely tied to the existing state grant program, then activities such as public outreach, assisting grant applicants, attending advisory meetings, attending interagency meetings, preparing

requests for proposals, and maintaining a database may all be done in conjunction with the existing state grant administration efforts.

***Workload Not Matched With Appropriate Position Classification.***

In addition to the above concerns, our review found the following problems with the proposal. First, the request for permanent positions is not justified. Specifically, the federal funds are expected to be available on a one-time basis. Without multiyear funding secured, permanent positions to administer a program that may only last one year are not justified.

Second, the budget proposes that associate biologists in the regions will complete many contract administration tasks, including the drafting of the contract, contacting applicants, processing requests for payments and amendments to contracts, and resolving contract disputes. Our discussions with biologists currently implementing the state-funded restoration program suggest that while involvement of biologists is essential for technical planning and review activities, many of the administrative tasks can be more appropriately assigned to nonscientific staff.

***Recommend Budget Bill Language Be Adopted.*** We recognize that federal funding is likely to be forthcoming in 2000, and that staff will be needed to administer the grant funds. However, as the Legislature has expressed its intent in the current-year budget, we think the Legislature should play a role in determining how the money is spent. For example, the Legislature can address areas such as the funding allocation process, the grant selection process, and establishing criteria to be used to determine priorities among projects. When the program is defined, DFG can then better estimate its staffing needs.

In order to make certain legislative priorities are considered and that the department is appropriately staffed to implement that program, we recommend the Legislature adopt the following budget bill language:

\$1 million shall be available for staff personnel only if the state receives federal funding for the Pacific Coastal Salmon Recovery Program. The \$1 million and the federal funds shall not be expended until (1) a statute is enacted authorizing and defining the program and specifying the use of the federal funds, and (2) the department has provided the Chair of the Joint Legislative Budget Committee and the chairs of the fiscal committees of each house with a workload and staffing estimate for administering the program.

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## CALIFORNIA COASTAL COMMISSION (3720)

The California Coastal Commission was created by the Coastal Act of 1976. In general, the act seeks to protect the state's natural and scenic resources along California's coast. It also delineated a "coastal zone" running the length of the California coast, extending seaward to the state's territorial limit of three miles, and extending inland a varying width from 1000 yards to a few miles. The commission's primary responsibility is to implement the act's provisions. It is also the state's planning and management agency for the coastal zone. The commission's jurisdiction does not include the San Francisco Bay Area, where development is regulated by the Bay Conservation and Development Commission.

The Coastal Commission has its headquarters in San Francisco and six regional offices throughout the coastal zone. The commission proposes expenditures totaling \$16.1 million in 2000-01. This represents an increase of \$2.7 million, or 20 percent, over estimated current-year expenditures. The increase will provide an additional 11.3 personnel-years (PYs), primarily for enforcement duties.

### Coastal Commission Focuses Resources On Coastal Development Permits

***State law requires that the commission perform a number of functions to carry out the objectives of the Coastal Act. Although the workload generated by the different tasks may change over time, the largest share of the commission's staff resources are devoted to the processing of coastal development permits.***

State law assigns to the commission a number of tasks which can be grouped into seven categories. Figure 1 (see next page) highlights the commission's duties and the number of staff positions allocated to each function. Several of these duties are discussed in greater detail below.

**Figure 1**

## California Coastal Commission Major Duties

**Land use planning** (approximately 57 positions devoted to this and development permitting, below)

- Review and certify local coastal programs (LCPs)
- Review and certify LCP amendments
- Conduct periodic reviews of adopted LCPs

**Development permitting** (approximately 57 positions devoted to this and land use planning, above)

- Issue coastal development permits in regions lacking certified LCPs
- Consider appeals of local government decisions on coastal permit applications

**Enforcement** (5 positions)

- Monitor coastal zone for violations of Coastal Act
- Take action against unpermitted activities and violations of coastal development permits

**Securing public access** (2 positions)

- Prepare and promote a coastal public access program
- Ensure that coastal development incorporates adequate public coastal access

**Education** (4 positions)

- Implement a public education program
- Coordinate volunteer efforts that foster public responsibility for ocean resources

**Energy management** (6 positions)

- Review and approve permits and monitor oil and gas projects in the coastal zone
- Participate in oil spill prevention and response programs

**Statewide planning, federal programs, water quality, legislative programs** (16 positions)

- Administer federal Coastal Zone Management Act and other federal laws relating to planning and zoning in coastal zone
- Certify specific local, state, and federal activities for conformance with Coastal Act
- Review permits for wastewater treatment works; work to promote quality of coastal waters

In addition to the positions identified in Figure 1, the commission has 12 statewide senior management positions, 10 lawyers and legal support staff, and 31 positions assigned to technical and administrative services. Overall, the commission has 143 authorized positions for 1999-00.



**Land Use Planning.** Land use planning in the coastal zone, as in the rest of the state, is the primary responsibility of local governments. However, the Coastal Act imposes a number of requirements on land use in the coastal zone. Most significantly, the act requires local governments to adopt Local Coastal Programs (LCPs) to govern development of land in their jurisdictions that lie within the coastal zone.

In preparing to develop LCPs, many local governments have chosen to divide their coastal zone territory into several segments. This is done when a local government's coastal jurisdiction encompasses several distinct regions with different land use issues. A separate LCP is developed for each coastal segment. There are currently 125 coastal segments within the 73 coastal cities and counties.

An LCP must contain (1) a land use plan and (2) zoning ordinances to implement the land use plan. In general, LCPs must be designed to ensure maximum public access to the coast, provide recreational facilities, protect the marine environment, and otherwise promote the goals and objectives of the Coastal Act.

The Coastal Commission reviews and certifies LCPs for conformity with the act. As originally passed, the act required all local governments in the coastal zone to have submitted LCPs to the commission by January 1, 1980. However, this deadline has been extended several times, and today some jurisdictions still have not submitted LCPs to the commission.

Local governments may amend their certified LCPs at any time. The commission is required to review these amendments within specified timeframes. In addition, statute requires the commission to review certified LCPs at least once every five years to assess whether the LCPs are being implemented in conformity with the Coastal Act and, if necessary, to make suggestions for corrective action.

**Development Permitting.** In general, the Coastal Act provides for the regulation of development in the coastal zone through the issuance of coastal development permits. As opposed to regular building permits, which enforce local code requirements and other building standards, coastal development permits are intended to ensure that construction in the coastal zone is consistent with the Coastal Act. For example, coastal development permits address such issues as public access to the coast, protection of watersheds, and maintaining coastal views. Coastal development permits are required in addition to any local building permits or other local requirements.

In jurisdictions without a certified LCP, coastal development permits are issued by the Coastal Commission. Once an LCP is certified, author-

ity to approve most coastal permits is transferred to the local government. However, a local government's decisions can be appealed to the commission.

Each year the commission processes about 1,000 to 1,400 coastal development permit applications. These applications make up the bulk of the commission's workload and utilize a significant portion of the commission's resources. Collectively, local governments in the coastal zone process a similar number, and about 40 to 70 of these are appealed to the commission.

**Enforcement.** The commission is responsible for the enforcement of the Coastal Act. Examples of violations of the act include encroachments onto public land, illegal signage, and unpermitted seawalls. In cases where a coastal development permit is lacking, the commission usually will inform the property owner of the need for a permit. This approach frequently can bring about cooperation, particularly in cases where the violation was unintentional. Where a property owner is unwilling to correct the violation, the commission may resort to more formal mechanisms such as issuing a cease and desist order. The commission uses these formal approaches only infrequently. If the commission finds that a violation is causing continuing resource damage, it can order the restoration of the site. Such orders are rare, however.

The commission is not authorized to impose fines or penalties for violations. However, it can initiate litigation against a violator, and the court can impose civil penalties up to \$30,000. A court can impose additional daily fines for as long as the violation persists, if it determines that the violator is acting intentionally and knowingly. Due to the commission's limited resources and its desire to minimize conflict, such litigation and fines are rare.

**Securing Public Access.** The commission ensures public access to the coast through its involvement with LCPs and development permits. It works to increase public access more directly by obtaining and developing "offers to dedicate" (OTDs). Offers to Dedicate are recorded legal commitments, made by property owners, to allow a public easement or right-of-way along or through their property. The commission may require an OTD as a condition for approving a coastal development permit.

Merely securing an OTD is not enough to provide public access, however, since the "offer" needs to be "accepted" by an appropriate entity (usually a local government or a nonprofit organization) willing to improve (if necessary) and maintain the easement. Sometimes improvements such as stairways or parking spaces need to be provided before an easement can be used by the public.

The commission does not accept OTDs itself. However, it identifies local governments or nonprofit organizations that are willing to do so. To facilitate the acceptance of OTDs by such groups, the commission conducts mapping efforts, researches titles, pursues the abatement of any identified encroachments, and otherwise works to prepare the OTDs for acceptance. The State Coastal Conservancy (SCC) works with the commission in identifying entities willing to accept OTDs.

**Education.** The commission carries out public education programs that promote the conservation and appropriate use of coastal resources. The two main public education efforts include the Adopt-A-Beach program and the annual Coastal Cleanup Day. These programs seek to involve school-age children and the general population in coastal stewardship activities and to raise awareness of coastal resources. The commission also has developed a "Save Our Seas" curriculum for schools and sponsors school assembly programs.

Education programs are funded largely out of proceeds from the sale of special Coastal Protection license plates. Such funding provides \$390,000 in the current year. Additional sources of funding include the General Fund and corporate sponsorships. The commission's education programs rely heavily on volunteers, as well as nonprofit and local governmental organizations which receive grants from the commission.

## Some Local Governments Not Fulfilling LCP Responsibilities

***Twenty-five out of 73 local governments lack certified Local Coastal Programs (LCPs) for at least a portion of the coastal zone under their jurisdiction. We recommend the Legislature ensure, for a reasonable period of time, the continued availability of state assistance, including grants, to help those local governments develop their LCPs. We further recommend that, after a reasonable period of time, the Legislature reactivate the state mandate that local governments develop certifiable LCPs.***

***Earlier LCP Deadlines Missed.*** Although the Coastal Act originally required that all local governments in the coastal zone have certified LCPs in place by 1981, 25 of the 73 local governments still lack certified LCPs for at least one of their coastal segments. In total, 37 of the 125 coastal segments lack certified LCPs. Those 37 segments make up about 13 percent of the geographic area of the coastal zone.

***Mandate Suspended as Cost-Saving Measure.*** In 1993-94, during a time of state fiscal constraints, the state suspended the LCP requirement in order to avoid paying reimbursements to local governments. While that mandate remains suspended in the current year, since 1997-98 the commission has provided grants to local governments to help them de-

velop their LCPs. The 2000-01 budget proposes to continue the grant program. This grant program, which makes available statewide \$500,000 each year, can also be used by local governments to update an existing LCP. Over the past three years the commission has awarded 25 grants, of which 12 are for new LCP development. While no new LCPs have yet been completed, the commission expects up to 16 new LCPs to be submitted within the next two years. However, the commission considers it likely that some of the submittals will not be certifiable.

Although some local governments are actively working to develop LCPs, several appear unwilling to do so. The commission estimates LCPs are unlikely to be developed for 20 coastal segments (lying within 15 local jurisdictions) unless there are "significant changes in state statute or commission activities."

A study commissioned by the Coastal Commission in the 1980s identified a variety of reasons for the lack of compliance with the LCP requirement, including financial limitations and political resistance. The suspension of the LCP mandate may exacerbate the financially-driven constraints on LCP adoption.

***LCPs Crucial to Coastal Act.*** Adoption and certification of LCPs is a central requirement of the Coastal Act and important for two main reasons. First, the LCP certification process helps to ensure that coastal communities develop sound, cohesive land use policies which are consistent with the Coastal Act. Second, local governments with certified LCPs are able to issue coastal development permits, thus relieving the commission of this task. The commission currently devotes the largest share of its staff resources to processing such permits, and these resources could be redirected to other important coastal protection activities such as statutorily required periodic reviews of LCPs. In addition, the issuance of coastal development permits by local governments is typically more convenient for property owners, as they do not have to contact two levels of government for permits. As a consequence, the likelihood that property owners will apply for coastal permits may increase, thereby increasing compliance with the Coastal Act.

***Mandate Should Be Reactivated.*** Accordingly, we recommend that the Legislature strengthen the state's ability to ensure that all coastal segments are covered by certified LCPs. Specifically, we recommend that the Legislature establish a new deadline for new applications for LCP development grants. One or two years would be an appropriate length of time for the deadline. During this period, local governments lacking certified LCPs should be encouraged to make use of the commission's grant program. At the end of the period, we believe the LCP mandate should be reactivated and no new grants be made. Instead, local governments would have to submit claims to the state for the reimbursable costs of LCP de-

velopment. Funds for the current grant program could then be used to pay mandate reimbursement claims. (We note that such claims averaged \$20,000 per local government during the last few years before the mandate was suspended.)

The Legislature may also want to enact legislation that increases incentives for LCP compliance. For example, penalties could be imposed on local governments that do not fulfill the reactivated mandate. Some coastal states, such as Oregon and Florida, have in the past placed moratoria on development permits or withheld certain state revenues from jurisdictions that fail to develop mandated development plans.

We believe the arrangement we propose would increase incentives for local governments to develop LCPs, and would strengthen the Coastal Act. It would allow willing local governments to utilize state funds to defray the cost of LCP development. At the same time, it would make clear the state's commitment to the LCP mandate and create consequences for local governments' failure to fulfill the mandate.

## Coastal Commission Not Fulfilling LCP Responsibilities

***The Coastal Commission is not conducting statutorily required periodic reviews of certified Local Coastal Programs (LCPs). We recommend that the Legislature adopt supplemental report language directing the commission to prepare a work plan to review LCPs. We also recommend the enactment of legislation to strengthen incentives for local governments to adopt the commission's recommended LCP amendments.***

As mentioned above, the commission is required statutorily to review each certified LCP at least once every five years. These reviews can identify provisions in LCPs which have become obsolete due to statutory changes, the cumulative impact of development, or improved understanding of ecosystems. In addition, the reviews provide an important oversight function: by periodically assessing the implementation of LCPs, the commission can monitor local governments' enforcement of the Coastal Act.

***Reviews Not a Priority for Commission.*** Historically, the commission has not conducted these required five-year reviews. In fact, the commission has completed only two reviews since 1977. Currently, reviews are past due for 85 of the 88 certified LCP segments.

The commission argues that it has lacked the resources to carry out all of its statutory responsibilities. Additionally, it asserts that, since its recommendations for LCP amendments are only advisory, its resources are best focused in other areas, such as the processing of coastal development permits.

**Work Plan Needed.** The recent addition of 13 PYs in the current year and a proposed 11 more PYs in the budget year provides new opportunities for the commission to address more of its statutory obligations, including reviews of certified LCPs.

We believe the commission should work to eliminate its backlog of mandatory reviews. We recommend that the Legislature adopt the following supplemental report language directing the commission to provide a work plan to eliminate its LCP review backlog over time, with a prioritization of coastal segments or regions to be reviewed first. For example, reviews of regions experiencing significant growth could take precedence over reviews of more stable regions. The commission's plan should also identify staffing needs to eliminate the backlog, taking into account staff that could be redirected to LCP review as they are freed from issuing coastal development permits when jurisdictions develop certified LCPs.

On or before January 10, 2001, the Coastal Commission shall provide to the Joint Legislative Budget Committee and the fiscal committees of both houses a work plan for eliminating its backlog of statutorily mandated Local Coastal Program (LCP) reviews. The work plan shall (1) list all LCPs with their date of certification; (2) group the LCPs into two or more ranks indicating their priority, based on their relative impact on the goals of the Coastal Act, for review by the commission; (3) estimate the staff time and other resources necessary for reviewing each group of LCPs; and (4) provide a timeline for the review of each group of LCPs, based on anticipated resources.

**Authority of Reviews Should Be Strengthened.** Increasing the number of LCP reviews completed by the commission will have limited effect if local governments do not adopt the recommendations resulting from those reviews. Thus, we recommend the enactment of legislation that increases the incentives for local governments to adopt the commission's recommendations resulting from LCP reviews. For example, failure to adopt certain types of recommended LCP amendments, such as those relating to public access and other critical goals of the Coastal Act, could result in decertification of a local government's LCP. In this way, local authority to approve coastal development permits would depend on its willingness to maintain an up-to-date LCP, which serves as the basis for review of such permits.

## Coastal Act Enforcement Is Inadequate

**We find that violations of the Coastal Act are common in parts of the coastal zone. We recommend approval of the commission's request for additional enforcement staff. We further recommend adoption of budget bill language restricting the use of the new staff to enforcement activities.**

In enacting the Coastal Act, the Legislature declared that “the Coastal Zone is a distinct and valuable natural resource of vital and enduring interest to all the people and exists as a delicately balanced ecosystem.” Yet our review, based on site visits and interviews with commission staff, has found that violations of the Coastal Act are common in certain developed regions of the coastal zone. Violations include development projects lacking valid coastal permits and activities inconsistent with LCPs. It is not unusual to encounter several violations, such as unpermitted seawalls or encroachments onto public property, along a few miles of developed beachfront. Such violations often block access to beaches, obstruct scenic views, degrade the marine environment, and otherwise prevent the public’s use and enjoyment of the coast.

Currently, the commission has five positions at its headquarters to perform enforcement activities statewide. (One of these positions is the program supervisor, and one is committed to the North Coast district.) With this level of staffing, the commission does not systematically monitor the coastal zone for potential violations of the Coastal Act. Rather, its investigations of potential violations are driven primarily by complaints it receives from the public. This approach tends to identify the most egregious and blatant violations. However, less obvious or physically isolated violations are considerably less likely to be discovered. Further, the complaint-driven approach only works to the extent that the public is educated about the provisions of the act.

In addition, we find that the lack of adequate staffing means that the commission is unable to follow through on the enforcement cases that do come to its attention. This has resulted in a backlog of about 400 enforcement cases currently awaiting commission action. Further, a reputation for slow enforcement reduces incentives to comply with the act. In summary, the problems we have identified with the commission’s haphazard enforcement activities undermine the effectiveness of the Coastal Act.

The 2000-01 budget proposes to address these problems by augmenting the commission’s enforcement staff by nine positions. This would allow one enforcement officer to be assigned to each of the commission’s six districts, with a second enforcement officer assigned to the South Central district (covering Santa Barbara, Ventura, and western Los Angeles Counties), which has the highest number of violations. An additional two enforcement positions would be assigned to the commission’s headquarters, as would a staff counsel. These new positions would bring the commission’s total enforcement staff to 14.

Our review shows that the commission’s request is warranted. Clearly there is a need for greater monitoring of the coastal zone and more reliable enforcement of the Coastal Act’s provisions. However, in the past



the commission has internally redirected enforcement staff to other priorities as a means to cope with budget and staffing reductions. For example, some enforcement staff time has been used to process coastal development permits. To ensure that enforcement staff are not redirected to other activities in 2000-01, we recommend that the Legislature adopt the following budget bill language:

Of the amount appropriated in this item, \$811,000 shall be available only for support of nine new positions for enforcement activities, including monitoring of the coastal zone for violations of the Coastal Act, and to act toward the correction of identified violations. It is the intent of the Legislature that none of this amount shall be used to support activities not directly related to enforcement of the Coastal Act.

### **Upcoming Expiration of Offers to Dedicate Threatens Public Access**

***Hundreds of Offers to Dedicate (OTDs) are due to expire during the next decade. A memorandum of understanding (MOU) between the commission and the Coastal Conservancy specifies respective responsibilities in ensuring that OTDs are accepted prior to expiration. We recommend that the Legislature adopt supplemental report language requiring the departments to provide it with an OTD work program, as outlined in the MOU.***

Fences, walls, buildings, and other commercial and residential development make many portions of the coast inaccessible to the public. Accepting OTDs and opening access to the public is one way of making the coast more accessible. In accepting an OTD, a local government, non-profit organization, or other appropriate agency formally commits to accept responsibility for maintaining the accessway.

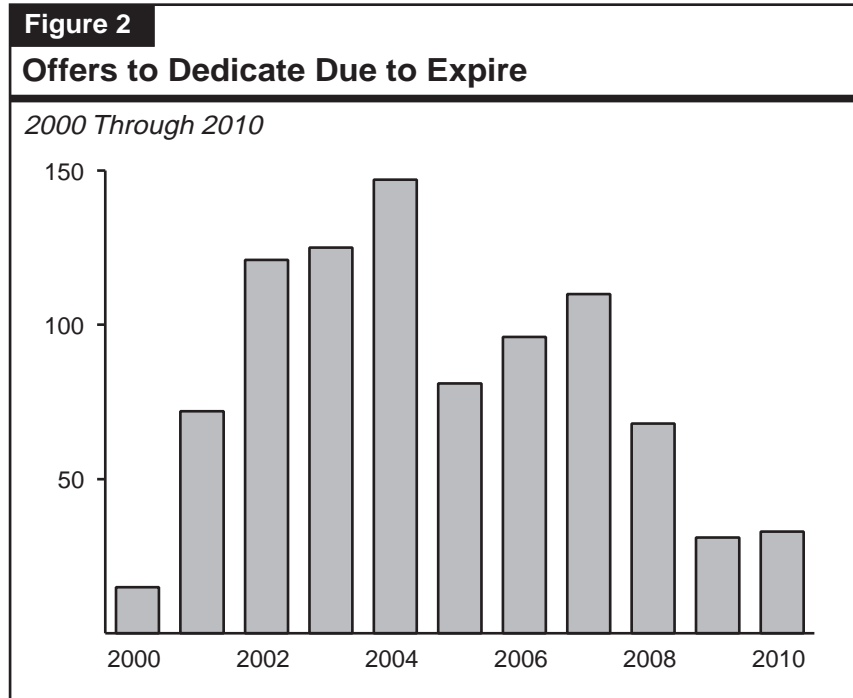
As noted above, the commission can require OTDs as a mitigation measure for approving coastal development permits. Typically, these OTDs expire after 21 years unless they are accepted by an appropriate entity. As shown in Figure 2, about 900 OTDs will expire over the next decade unless they are accepted.

The current inventory of unaccepted OTDs represents an important resource for coastal access that was secured with great effort by the commission to mitigate the effects of development. If they are allowed to expire, those mitigation measures will be lost, and securing substitute accessways would likely require the state to purchase easements at market rates. The cost of this could be prohibitive.

The Coastal Act requires both the Coastal Commission and the State Coastal Conservancy to work toward the opening and protection of pub-



lic accessways to the coast. Yet finding suitable entities to accept OTDs and open access to the public can be a difficult and time-consuming task. Operating and maintenance costs, as well as questions about liability, can make the acceptance of OTDs unattractive to local governments and non-profit organizations. The commission and conservancy offer technical assistance, grants, and other services to help mitigate those factors.



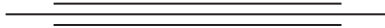
Because of concerns that the two departments' duties with respect to OTDs were not entirely clear, and that this may have been causing duplication of effort and lack of coordination, the *1999 Budget Act* requires the two agencies to enter into an MOU to clarify their respective roles in facilitating the acceptance of OTDs.

The MOU was signed in November 1999. It states that the two departments will develop annual work plans (by October) for their management of OTDs. These work plans, which are to include strategies for acceptance of OTDs, an evaluation of the commission's access inventory, and other components, would help the Legislature to monitor how the goals of the Coastal Act are being achieved. We therefore recommend that the Legislature adopt the following supplemental report language requiring that it be provided with the information in the work plan. Since

the departments have already committed to producing the work plan through their MOU, the supplemental report to the Legislature should not be difficult to produce.

On or before November 1, 2000, the commission and the State Coastal Conservancy shall provide the Joint Legislative Budget Committee and the fiscal committees of both houses with a work plan for the management of Offers to Dedicate (OTDs) as specified in their memorandum of understanding dated November 1999. The work plan shall:

- (a) Describe the strategy to be used by the two departments to achieve the acceptance of all OTDs that would otherwise expire within the next 36 months.
- (b) Evaluate OTDs and public access easements contained within the commission's Access Inventory to determine their suitability for actual public recreational use.
- (c) Describe a public outreach and education campaign which the two departments will aim at public agencies and nonprofit organizations able and willing to accept OTDs and open the easements for public use.



## DEPARTMENT OF PARKS AND RECREATION (3790)

The Department of Parks and Recreation (DPR) acquires, develops, preserves, interprets, and manages the natural, cultural, and recreational resources in the state park system and the off-highway vehicle trail system. In addition, the department administers state and federal grants to cities, counties, and special districts that help provide parks and open-space areas throughout the state.

The state park system consists of 264 units, including 39 units administered by local and regional agencies. The system contains approximately 1.3 million acres, which includes 3,000 miles of trails, 280 miles of coastline, 625 miles of lake and river frontage, and nearly 18,000 camp sites. Over 70 million visitors travel to state parks each year.

The budget proposes \$251 million in total expenditures for the department in 2000-01. This is an overall decrease of \$289 million (54 percent) below estimated current-year expenditures. The budget proposes about \$209 million in departmental support, about \$22 million in local assistance and \$20 million capital outlay expenditures. (Please also see the "Capital Outlay" chapter of this *Analysis*.)

The reduction of \$289 million includes a decrease of (1) \$150 million in support expenditures, (2) \$79 million in local assistance, and (3) about \$60 million in capital outlay expenditures. The \$150 million net decrease in support expenditures reflects mainly one-time funding of \$157 million in 1999-00 for deferred maintenance, while the \$79 million decrease in local assistance reflects mainly a decrease of \$62 million in General Fund expenditures for various local park projects.

Of the total proposed expenditures in 2000-01, about \$83 million (33 percent) will come from the General Fund; about \$83 million will come from the State Parks and Recreation Fund; and the remainder (\$85 million) from various other state funds, federal funds, and reimbursements.

## Update on Deferred Maintenance

***All of the \$30 million provided in 1998-99 for deferred maintenance has been expended. As regards the \$157 million provided in the current year, the department has set priorities for all the projects it will do over a three-year period. We recommend that the department report at budget hearings on whether it will use department staff or contract out for project management for the deferred maintenance program, and the anticipated costs of each option.***

As we discussed in our *1999-00 Analysis*, the department began to accumulate a backlog of deferred maintenance in the 1980s when fiscal constraints led to the underfunding of the ongoing maintenance needs of the department. (Please see page B-74 in the *1999-00 Analysis* for a more detailed discussion of the department's deferred maintenance.)

In 1998-99, the Legislature provided \$30 million to begin to address the department's deferred maintenance needs. For 1999-00, the Legislature provided \$157 million for deferred maintenance, including \$10 million for natural resources (such as erosion control projects), and \$10 million for cultural projects. The department has until 2001-02 to expend these funds. The department indicates that it plans to spend \$30 million in 1999-00, \$60 million in 2000-01, and \$67 million in 2001-02.

***1998-99 Funding Obligated.*** Our review shows that the department has used the 1998-99 funds (\$30 million) for a variety of projects. These projects vary from major projects, such as \$1.6 million for reroofing the Stanford Mansion in Sacramento to minor projects such as \$5,000 for repairing entrance signs. Our review also finds that while all the funds are obligated, some of the 352 projects funded with that money are still ongoing in the current year.

***The DPR Has Set Priorities and Identified Projects for Current-Year Funds.*** In order to be able to carry out an additional \$157 million in deferred maintenance projects beginning in the current year, the department first created a comprehensive inventory of all deferred maintenance by developing a database that captures critical data about these projects, including a description of the project, its priority and cost estimate. Districts were directed to prioritize the projects within their jurisdiction, based on criteria including: health and safety, protection of facilities and improvements, and fire and life safety.

District priority lists were then reviewed at headquarters by a management team that has expertise in contracting, maintenance, and knowledge of overall statewide needs for the department. The team, in turn, generated a statewide priority list of projects to guide the use of the appropriated funds.

**Project Management at Districts and Headquarters.** Based on the statewide list of projects, districts were assigned projects to be completed and were given an allocation of funds for each project. Districts have the discretion to decide how to complete the work. Project work can be done by departmental staff, contracted out, or completed by the California Conservation Corps. Day-to-day project management, except for certain projects, is done at the district level. Project status is tracked by headquarters on a quarterly basis.

In addition to setting priorities and identifying projects, the department is in the process of developing a plan to manage the deferred maintenance program statewide. The department is currently deciding whether to use state staff or contract out for a construction project management firm to manage the program. Because of the magnitude of the program, we believe having a dedicated project management team for the program—either by contracting out or by dedicating in-house staff to ensure timely completion of a project within allocated resources—is warranted. We recommend that the department advise the Legislature at budget hearings on whether it will use department staff or contract out for project management and the anticipated costs of each option.

## Department Needs Staffing Plan To Handle Deferred Maintenance Workload

***The department is not currently staffed to meet the increased workload related to deferred maintenance. Also the department may not be fully utilizing the California Conservation Corps (CCC) for deferred maintenance projects that match the CCC's available skills. We recommend that the department report to the Legislature in writing, prior to budget hearings, on its staffing plan, including a plan to use the CCC, for the deferred maintenance workload.***

***Department Has Hired Few Staff to Handle Additional Workload.*** Addressing the deferred maintenance workload requires staff time at all levels in the department including field personnel managing and working on the projects, as well as engineers, architects, and other support personnel in headquarters. However, the department has added only a limited number of staff to deal with the increased workload. Specifically, for 1998-99, the department hired 20 limited-term staff for the deferred maintenance workload. For 1999-00, the department requested and was provided 16 personnel-years for architectural and engineering tasks, eight of which are still vacant.

***Most Work Done by Existing Staff.*** Our review finds that over half of the 352 deferred maintenance projects (funded with the 1998-99 appropriation) have been done by existing staff, redirected from other responsibilities. To complete the remaining projects, the department has also

contracted out work (82 projects), used the Department of General Services (31 projects), employed the CCC (16 projects), and hired a small number of limited-term positions.

The department reports that when staff are redirected from routine maintenance work, that work is accomplished by other means. However, discussions with field staff suggest that staff are doing both routine and deferred maintenance work. Because the department's routine maintenance efforts are already understaffed (as discussed in the next section), we question whether staff can handle both the routine maintenance workload and the vastly increased deferred maintenance workload. While the overtasking of staff may be sustainable for the first round (\$30 million) of projects, we do not believe that this is a viable strategy as the department works to address \$157 million in deferred maintenance backlog over three years. Doing so could risk routine maintenance work falling behind, resulting in other deferred maintenance needs in the future.

***Existing Staff Not Adequate for Future Workload.*** Recognizing that staffing is an important factor for completing the deferred maintenance projects, the department has asked each district to identify its staffing needs to meet the deferred maintenance workload. However, at the time this analysis was prepared, the department had not decided how to address potential staffing needs.

Because the department's plan calls for a doubling of the amount of work to be accomplished in 2000-01 (\$60 million compared to \$30 million in 1998-99 and 1999-00) and further increasing the amount to \$67 million in 2001-02, it is essential that the department has the necessary staff to carry out this work. Accordingly, we recommend the department provide in writing, prior to budget hearings, a staffing plan that shows how it plans to accommodate the deferred maintenance workload.

***Department Needs to Devise Plan for Using CCC.*** Given the staffing challenge discussed above, the CCC provides an excellent option for accomplishing some of the deferred maintenance workload. Although CCC members are not appropriate to work on all types of projects, our preliminary review of the department's list of identified projects suggests that many projects involve work that is (1) a good match with the core skills, competencies, and mission of the CCC; and (2) within geographical proximity to CCC sites. However, of the 352 projects being completed with the 1998-99 funding, only 16 projects have utilized CCC's resources. Projects completed by CCC crews include: trail repairs, replacing fences, and repairing stairs, fencing, and campsites.

Given that (1) some of the deferred maintenance work provides a good work and training opportunity for the CCC crew members and (2) the department will need additional staff to accommodate the large

workload, we recommend that as part of its staffing plan to the Legislature, the department report on its plans for using the CCC.

## Ongoing Maintenance Needs More Substantiation

***The budget proposal for \$3 million for routine maintenance cannot be evaluated by the Legislature until the department provides an estimate of its total routine maintenance needs. We recommend that the request be denied absent the information on routine maintenance requested by the Legislature in supplemental report language contained in the 1999-00 budget.***

The deferred maintenance backlog is due, in large part, to inadequate funding levels for past routine maintenance. The department's ongoing park maintenance program has been funded at \$9 million annually for the last 16 years. This includes funding for all 3 categories of ongoing maintenance: (1) facility maintenance, (2) cultural resource maintenance, and (3) natural resource maintenance.

***Legislatively Directed Report Not Completed.*** In the *Supplemental Report of the 1999 Budget Act*, the Legislature directed the department to report by January 10, 2000 on the total funding necessary to cover the costs for routine maintenance by categories of maintenance work. This information is intended to provide a basis by which the Legislature can assess the adequacy of the department's maintenance funding level. However, the department failed to provide the information.

***Budget Proposes Increases for Routine Maintenance.*** The 2000-01 budget proposes to increase its base level funding for maintenance by \$3 million, a one-third increase. The proposal includes funding for all three types of maintenance and 36 new maintenance positions. However, the proposal lacks basic information needed by the Legislature to evaluate the proposal. Specifically, the proposal does not include any information called for in the supplemental report—information on overall routine maintenance needs for the department, and how much is needed for each of the three categories of maintenance.

***Recommend Denial of Proposal Absent Legislatively Required Information.*** Without the information the Legislature requested on routine maintenance, the Legislature cannot evaluate whether (1) the proposed amount of augmentation is appropriate and adequate to avoid future accumulation of deferred maintenance and (2) the department's proposed maintenance priorities meet the Legislature's priorities.

Absent that information, we recommend that the proposed augmentation be rejected.

## DEPARTMENT OF WATER RESOURCES (3860)

The Department of Water Resources (DWR) protects and manages California's water resources. In this capacity, the department implements the State Water Resources Development System, including the State Water Project (SWP). The department also maintains public safety and prevents damage through flood control operations, supervision of dams, and safe drinking water projects.

Currently, the department houses, and participates along with 14 other state and federal agencies, in the CALFED Bay-Delta Program. This program is developing a long-term solution to water supply reliability, water quality, flood control, and fish and wildlife problems in the San Francisco Bay/Sacramento-San Joaquin Delta Estuary (the "Bay-Delta"). (Please see discussion on the CALFED Bay-Delta Program in the Cross-cutting Issues section of this chapter.)

The budget proposes total expenditures of \$1.03 billion in 2000-01, an increase of \$27.6 million, or about 3 percent, from estimated current-year expenditures. Of the proposed total expenditures, \$731 million is for planning, construction, and operation of the SWP, financed with SWP funds (revenues from water contractors). The budget also includes (1) about \$58 million (bond funds) for loans and grants to local agencies for safe drinking water, water conservation, and water supply management and development; and (2) about \$171 million from the General Fund, mainly for water planning, flood control/management, and the lining of the All-American Canal (Imperial County).

Major budget proposals include (1) \$20 million to investigate the feasibility of water storage alternatives; and (2) \$42.3 million for the CALFED Bay-Delta Program, of which \$20 million is for ecosystem restoration projects, \$10 million for local water management projects, and the balance is for planning and administration.



## Water Storage Investigations: Need for Legislative Oversight

***The Department of Water Resources has revised its proposal to allocate \$20 million among seven types of water storage investigation activities. Projected costs in future years to complete these investigations total at least \$37.6 million. To improve legislative oversight, we recommend the adoption of budget bill language requiring that any expenditures proposed for project-specific feasibility studies be scheduled in the budget act.***

***Water Storage: Component of CALFED's "Bay-Delta" Solution.*** Planning for surface water and groundwater storage is an important component of CALFED's plan to address various water-related problems in the Bay-Delta. For example, water storage operations can be used to improve the reliability of water supplies, provide water to address environmental needs and improve water quality, and provide flood protection when operated in conjunction with flood control reservoirs.

Various federal and state laws direct how water storage investigations are conducted and their time schedule. For example, the federal Clean Water Act requires a proposed reservoir project to begin with an extensive evaluation of alternatives and that the "least environmentally damaging practicable alternative be selected." Resources agencies have established protocols for carrying out such investigations. For example, the federal government has established procedures for carrying out field surveys that can take several years to satisfy.

In 1997, DWR began a multiyear program to study water storage alternatives, focused entirely on potential offstream storage projects north of the Delta. (Offstream storage could include such things as pumping water from a river through a tunnel to a surface site offstream.) In 1999, the department expanded the focus of its investigations to include various types of storage alternatives on a statewide basis and consolidated its activities into a single program—the Integrated Storage Investigations Program.

Estimated expenditures for water storage investigations through the current year total \$21.4 million, including \$18.4 million from the General Fund and \$3 million of Proposition 204 bond funds. There is no funding for these investigations in DWR's base budget.

***The DWR Revised Budget Proposal.*** The budget proposes \$20 million from the General Fund (and 77 positions) for DWR's integrated storage investigations program in 2000-01. Based on our discussions with the department, we conclude that the department plans to allocate these funds among the program's seven components differently than its proposal before the Legislature. Figure 1 (see next page) shows the allocation of the \$20 million based on the department's revised proposal.

**Figure 1**

## Department of Water Resources Integrated Storage Investigations Program

2000-01  
(In Millions)

Program Component	Proposed Expenditures
North of Delta offstream storage	\$8.1
Surface and groundwater conjunctive use	4.8
In-Delta and south of Delta storage	3.0
Onstream storage enlargement	1.7
Fish barrier removal	1.5
Comprehensive storage strategy	0.6
Hydropower facilities operation	0.3
<b>Total</b>	<b>\$20.0</b>

Details of the proposed allocation of funds are as follows:

- North of the Delta Offstream Storage—\$8.1 Million.** To date, the state has expended \$15.6 million on this component. For 2000-01, the budget proposes to continue environmental, engineering, and economic studies to evaluate three specific sites north of the Bay-Delta for offstream storage—Sites Reservoir, Colusa Reservoir, and the Red Bank Project—and commence preparing a project-specific environmental impact review document for the project identified as most feasible. These three sites were among the 12 surface storage sites statewide deemed by CALFED to merit detailed investigation.
- Surface and Groundwater Conjunctive Use—\$4.8 Million.** For 2000-01, the budget proposes to continue a statewide feasibility study to determine the optimal role of “conjunctive use” as a water storage option, and to begin project-specific feasibility studies in up to six major groundwater basins. (Conjunctive use is the coordinated use and storage of groundwater and surface water supplies to increase water supply reliability.)
- In-Delta and South of Delta Storage—\$3 Million.** For 2000-01, the budget proposes to continue studies for a preliminary evaluation of a number of storage alternatives, including the use of Delta islands, enlargement of the Los Vaqueros Reservoir, three surface storage alternatives south of the Delta, and the Montgomery Reservoir as an offstream storage alternative in the Merced

River basin. This evaluation will determine whether any of these alternatives is promising enough to move forward to a more detailed feasibility review.

- **Onstream Storage Enlargement—\$1.7 Million.** The proposed expenditures are to provide the state share of costs for the U.S. Bureau of Reclamation's investigation of the engineering and economic feasibility and the environmental impacts of enlarging two onstream reservoirs—Shasta Lake and Millerton Lake (Friant Dam) near Fresno.
- **Fish Barrier Removal—\$1.5 Million.** The proposed expenditures are to conduct a study of the storage and ecosystem benefits, costs, and economic impacts of removing or modifying dams and other structures in Central Valley rivers and streams that have been identified as detrimental to fish migration. Projects will be selected based on their ability to provide multiple benefits at minimum costs.
- **Comprehensive Storage Strategy—\$600,000.** The proposed expenditures are for planning activities to develop an overall water storage strategy. This would include (1) balancing the seven components of the integrated storage investigations program and (2) determining the role of water storage among the several options available to address water supply reliability issues.
- **Hydropower Facilities Operation—\$300,000.** The proposed expenditures are to complete a preliminary investigation of the water supply benefits, costs, and impacts of operational changes to hydroelectric power facilities, including Lake Almanor (the largest hydropower facility in the state, located in Plumas County) and a number of smaller facilities. If these initial investigations indicate substantial potential benefits from operational changes to these facilities, project-specific studies would be conducted in future years at an unknown cost.

**Substantial Future-Year Costs to Complete the Investigations.** The DWR projects future-year costs of at least \$37.6 million from 2001-02 through 2004-05 to complete the water storage investigations. This would bring total expenditures for water storage investigations to \$79 million since 1997-98, if the budget-year and projected future-year expenditures were approved. These future costs would be largely for feasibility reports, environmental documentation, and various types of permits for *specific* projects identified as feasible in investigations conducted in prior years.

Of these projected future costs, \$18.6 million would be for a single north of the Delta offstream storage project, \$9.6 million for up to six con-

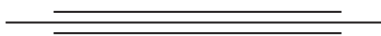
junctive use projects, and \$5.2 million for fish barrier removal projects. The balance would be to complete the investigations of enlarging Shasta and Millerton Lake reservoirs (\$2.6 million) and the comprehensive storage strategy (\$1.6 million). Future costs for in-Delta and south of the Delta storage and the hydropower facilities alternatives are unclear, pending the department's preliminary evaluation of these alternatives.

**Need for Legislative Oversight.** The department's integrated storage investigations program was established administratively and, therefore, has not been given statutory direction. As discussed above, the department projects substantial future costs to complete investigations begun in prior years. As the department has no expenditure authority in its baseline budget for these investigations, the Legislature will be called upon in future years to approve these additional expenditures. The Legislature may also be called upon to fund the construction costs of projects.

We think that water storage investigations have important policy implications for the Legislature. For example, in setting its expenditure priorities, the Legislature will need to balance the roles of water storage and other means, such as conservation, to address water supply problems. As the department's water storage investigations move from a more global level to *project-specific* environmental documentation, engineering design, and permitting, we think that it is increasingly important for the Legislature to have effective oversight of the program, including the department's choice of projects for project-specific review. While it appears that the department plans to move to the project-specific phase of some of its investigations in the budget year, the total amount of proposed expenditures for this activity is not certain.

**Recommend Adoption of Budget Bill Language.** The Legislature has retained oversight of project-specific feasibility studies in the department's other programs, such as flood control capital projects, by scheduling these studies in the budget bill. In order to provide similar oversight of this program, we recommend that the Legislature adopt the following budget bill language requiring that expenditures for any project-specific water storage feasibility studies be scheduled in the budget act:

Item 3860-001-0001. No amount appropriated in this item for Integrated Storage Investigations is available for expenditure on *project-specific* feasibility studies including, but not limited to, work on feasibility reports, environmental documentation, engineering design, and permitting, unless the specific projects have been scheduled in this act.



## AIR RESOURCES BOARD (3900)

The Air Resources Board (ARB), along with 35 local air pollution control and air quality management districts, protects the state's air quality. The local air districts regulate *stationary sources* of pollution and prepare local implementation plans to achieve compliance with federal and state standards. The ARB is responsible primarily for the regulation of *mobile sources* of pollution and for the review of local district programs and plans. The ARB also establishes air quality standards for certain pollutants, administers air pollution research studies, and identifies and controls toxic air pollutants.

The budget proposes \$187.2 million from various funds, primarily the Motor Vehicle Account and the General Fund, for support of ARB in 2000-01. This is an increase of about \$46 million, or 33 percent, from estimated 1999-00 expenditures. This increase reflects (1) \$50 million for grants to replace old, heavy-polluting school buses; (2) \$5 million to demonstrate hydrogen fuel cell transit buses; (3) \$4 million to evaluate the impact of toxic air contaminants on community health; and (4) \$1.9 million to address various children's health issues. The budget also reflects the elimination of a one-time expenditure in the current year of \$19 million for grants for the purchase of new, low-emission technology for heavy-duty engines.

### Many Issues Unresolved in School Bus Replacement Proposal

***We find that many policy issues connected with the Governor's proposal for the Air Resources Board to administer an Older School Bus Replacement Program are unresolved. Should the Legislature wish to fund this program, we recommend that funding be provided in legislation that establishes clear objectives for the program to guide the allocation of funds. Therefore, we recommend that the funding proposed for this program be deleted from the budget bill. (Reduce Item 3900-001-0001 by \$50 million.)***

***School Buses Are a Major Source of Pollution.*** Of the approximately 24,000 school buses operating in the state, about 97 percent have diesel en-

gines and about 1,900 are “pre-1977” buses—the year in which major federal safety standards for school buses took effect. Diesel school buses are a major source of “particulate matter” pollution that has been identified by ARB as a toxic air contaminant. A local air district study found that the emissions from an average diesel school bus on the road today are 430 times more toxic than the emissions from a new bus using compressed natural gas. Diesel emission standards for buses were made more stringent around 1990, thereby making post-1990 buses less polluting. Nevertheless, emissions from new diesel buses continue to emit significantly greater toxic pollutants than low-emission alternative fuel buses (for example, natural gas).

**Many Unresolved Issues With Proposal.** The budget proposes \$50 million from the General Fund for ARB to implement a new grant program—the Older School Bus Replacement Program. According to the budget, the intent of the program is to “exchange pre-1977 dirty school buses for safe and clean alternative fuel buses.” It is proposed that grant funds would first be apportioned by ARB to local air districts which would then distribute them to school districts.

Our review finds that, in spite of what appears to be a clear statement of the program’s intent, there are several policy and implementation issues that remain unresolved. These issues, which we discuss in the following sections, include determining:

- The program’s goals and the criteria for allocating the grants.
- Whether grants should be used to replace buses, retrofit existing buses, or both.
- Whether grants should be for pre-1977 buses only.
- Whether there should be a local match requirement.

**Program’s Overriding Goal Not Defined: Safe Buses, Clean Buses, or Both?** Our review finds that the administration has not determined the overriding goal of the new program. Since the program’s goal will determine the criteria to be used to allocate proposed funds, it is important that this goal be clear. Specifically, we find that the administration has not determined whether the program’s main goal is to achieve the maximum possible reduction in the amount of diesel particulate, or alternatively to “modernize” the school bus fleet in order to improve safety while achieving pollution reductions. Until the program’s overriding goal is determined, there will be no basis for ARB to establish the criteria and guidelines for allocating the grant funds.

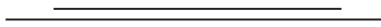
**Replace, Retrofit, or Both?** Setting the primary goal for the program as discussed above would also affect the extent to which the program focuses on bus replacement versus retrofits. According to ARB, the pro-

posed \$50 million would fund the full-cost *replacement* of about 340 older buses. Alternatively, the amount would fund the full cost of *retrofitting* about 10,000 existing buses. (A retrofit can reduce the toxic diesel emissions from a bus by as much as 90 percent.) If the goal of the program were to achieve the maximum reduction in diesel particulate statewide, it would be more cost-effective to use at least part of the funding for retrofits as opposed to only funding the replacement of buses.

***Pre-1977 Versus Post-1977 Buses.*** While ARB's written proposal calls for funds to be provided only for pre-1977 buses, the administration indicated at a recent public hearing that this issue has not been settled. This issue is relevant because it has direct implications for the emission reduction potential of the proposal. For instance, if the program were limited to pre-1977 buses, school districts such as Los Angeles Unified which have already replaced most of their pre-1977 buses would be largely excluded from the program. This would be the case even though the district (1) has a large diesel bus fleet with high annual vehicle miles driven and (2) is located in a region with some of the state's poorest air quality.

***Matching Requirement?*** Our review also finds that the administration has not determined whether the grants for school districts would require local matching funds. According to ARB, more research needs to be done on the ability of local school districts to provide matching funds for the grants. As with other issues, whether matching requirements should be set would depend on the program's overriding goals. To the extent that a local match is required, the proposed \$50 million would go further in terms of statewide pollution reduction because it would result in a large total (state and local) amount to replace or retrofit a larger number of buses. However, a matching requirement could result in poorer school districts, typically those with the oldest and dirtiest buses, not being able to participate in the program. This raises issues of fairness and could run counter to a program goal of school bus fleet modernization.

***Policy Issues Should Be Defined in Legislation.*** We think that it will be important for the Legislature to resolve the many policy issues related to this proposal prior to approving funding for the program. Without prejudice to the merits of this proposal, we recommend that the \$50 million for this program be deleted, and that the program and its funding be established in legislation, should the Legislature wish to proceed with the program. This would give the Legislature an opportunity to establish clear objectives for the program in order to guide the allocation of funds consistent with legislative priorities.





## CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD (3910)

The California Integrated Waste Management Board (CIWMB), in conjunction with local agencies, is responsible for promoting waste management practices aimed at reducing the amount of waste that is disposed in landfills. Cities and counties develop solid waste management plans—which must be approved by CIWMB—showing how 50 percent of solid waste will be diverted from landfills by the end of 2000. The CIWMB administers various programs which promote waste reduction and recycling, with particular programs for waste tire and used oil recycling. The board also regulates landfills through a permitting, inspection, and enforcement program that is mainly enforced by local enforcement agencies that are certified by the board. In addition, CIWMB oversees the cleanup of abandoned solid waste sites.

The budget proposes expenditures of \$98.5 million from various funds (primarily special funds) for support of CIWMB. This is a reduction of \$28.1 million, or 22 percent, from estimated 1999-00 expenditures. Major budget proposals include increases of (1) \$1.3 million for enforcement at closed, illegal, and abandoned waste sites; (2) \$745,000 for technical assistance to business; and (3) \$303,000 to assist state agencies in their recycling efforts. The net reduction reflects a decrease of \$25 million in used oil recycling grants due to lower resources in the California Used Oil Recycling Fund.

### **Legislatively Required Report Necessary to Evaluate Budget Request Not Provided**

***The California Integrated Waste Management Board should submit a required report on the implementation of the Integrated Waste Management Act prior to budget hearings, and discuss the report's findings and recommendations at budget hearings, to assist the Legislature in its evaluation of the board's budget proposal.***



**Legislature Required Report on Status of Integrated Waste Management Act Implementation.** This past session, the Legislature directed the board to report by January 10, 2000 on the status of the board's implementation of the Integrated Waste Management Act (Chapter 1095, Statutes of 1989 [AB 939, Sher]). The Legislature requested this report largely out of concern that about 25 percent of California's local jurisdictions were not on track to meet AB 939's mandate that 50 percent of waste be diverted from landfills by the year 2000. (According to the board, the state-wide diversion rate was about 34 percent at the end of 1998.) Because AB 939 charges the board with assisting localities achieve this diversion rate, the Legislature requested the board's report to include the statutory and budgetary actions necessary to ensure compliance with AB 939's provisions.

**Report Should Be Submitted Prior to Budget Hearings.** The board recently notified the Legislature that it will not be submitting its report until March 1, 2000. We think that it is important for the Legislature to have this report prior to budget hearings. This is because the report will provide up-to-date information on diversion rates, barriers faced by local jurisdictions in meeting diversion requirements, and on actions the board has taken and plans to take to increase diversion of waste from landfills. This information will assist the Legislature in evaluating whether the board's budget proposal adequately addresses the Legislature's objectives as found in AB 939. Therefore, we recommend that the board submit its report prior to budget hearings and discuss the report's findings and recommendations at budget hearings.

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## STATE WATER RESOURCES CONTROL BOARD (3940)

The State Water Resources Control Board (SWRCB), in conjunction with nine semiautonomous regional boards, regulates water quality in the state. The regional boards—which are funded by the state board and are under the state board’s oversight—implement water quality programs in accordance with policies, plans, and standards developed by the state board.

The board carries out its water quality responsibilities by (1) establishing wastewater discharge policies and standards; (2) implementing programs to ensure that the waters of the state are not contaminated by underground or aboveground tanks; and (3) administering state and federal loans and grants to local governments for the construction of wastewater treatment, water reclamation, and storm drainage facilities. Waste discharge permits are issued and enforced mainly by the regional boards, although the state board issues some permits and initiates enforcement action when deemed necessary.

The state board also administers water rights in the state. It does this by issuing and reviewing permits and licenses to applicants who wish to take water from the state’s streams, rivers, and lakes.

The budget proposes expenditures of \$542.6 million from various funds for support of SWRCB in 2000-01. This amount is an increase of \$25.3 million, or about 5 percent, over estimated current-year expenditures. Major budget proposals include (1) an increase of \$6.8 million for ambient water quality monitoring, (2) \$7.1 million to continue a one-time increase in the current year to reduce backlogs in permit updates and increase inspections, and (3) an increase of \$3 million to develop and implement plans to address water pollution in the most seriously impaired water bodies in the state. The budget also proposes a one-time increase of \$53 million in the board’s baseline expenditure authority to

reimburse tank owners for their costs of cleaning up leaking underground storage tanks. However, there was also a one-time increase for these payments in the current year. Recognizing this, the budget reflects only a net increase of about \$20 million in these expenditures over the current year.

## **Legislatively Required Report on Water Quality Monitoring Needed to Evaluate Budget Proposal**

***The State Water Resources Control Board has failed to submit a legislatively required report that would enable the Legislature to fully evaluate the proposed increase of \$6.8 million and 15 positions for ambient water quality monitoring. We therefore recommend disapproval of this proposal because in the absence of the information to be provided by the report, the Legislature is unable to determine the appropriate level of funding. (Reduce 3940-001-0001 by \$6.8 million.)***

***Ambient Water Quality Monitoring.*** Ambient water quality involves monitoring the quality of a water body as a whole, as opposed to monitoring waste discharges into water bodies at a particular location. This type of monitoring is important as it is the foundation for much of the board's work. For example, comprehensive and up-to-date ambient monitoring is fundamental to the board's planning, standard-setting, and permitting activities. Without such monitoring, the board cannot adequately evaluate whether existing water quality standards and programs are adequately protecting all of the beneficial uses of a water body.

***Legislature Expressed Concern About Monitoring.*** At budget hearings this past year, the Legislature expressed concern about the level of ambient water quality monitoring being conducted by the board. While ambient water quality monitoring was funded at a level of \$12 million in the 1980s (relying largely on bond funds that are now depleted), the funding level proposed in the *1999-00 Governor's Budget* had been reduced to about \$1.8 million. Furthermore, almost all of this \$1.8 million was for surface water quality monitoring. The lack of ambient water quality monitoring of groundwater was of legislative concern, particularly in light of evidence of MTBE-contaminated fuel leaking into groundwater supplies.

In order to enhance the board's ambient water quality monitoring activities, the Legislature approved an increase of \$4 million in the board's budget for 1999-00, of which \$2 million was for surface water quality monitoring and \$2 million was to begin monitoring groundwater basins on a rotating basis. The Governor later reduced this increase to \$1 million, split evenly between surface water and groundwater monitoring.

***Legislature Required Board to Prepare Plan for Comprehensive Monitoring Program.*** The increase for monitoring approved by the Legisla-

ture was not intended to address fully the board's monitoring needs, since further evaluation was required to assess these needs. In order to provide the Legislature with the information necessary to evaluate an appropriate funding level for the board's monitoring activities, the Legislature directed the board to submit a report by January 10, 2000 that (1) detailed the type, location, and results from ambient monitoring conducted over the past three years and (2) included a plan for implementing a *comprehensive* program for monitoring both ambient surface water quality and groundwater quality. In addition, the report was to discuss how the Governor's 2000-01 budget proposal fits within this plan.

***Budget Proposes Substantial Increase for Monitoring.*** The budget proposes an increase of \$6.8 million from the General Fund, and 15 positions, for SWRCB to conduct ambient water quality monitoring. This represents a substantial increase over estimated current-year expenditures (\$2.8 million) for ambient water quality monitoring, and would result in total annual expenditures for this activity of about \$9.6 million.

***Legislatively Required Report Not Submitted; Recommend Proposal Be Denied.*** The board has yet to submit the legislatively required report on monitoring due on January 10. The Legislature requested this report specifically to be able to evaluate the Governor's 2000-01 budget proposal in this activity area. While we think that there is a need for some level of additional funding for water quality monitoring, without the report the Legislature is unable to assess the extent to which the Governor's proposal moves the board toward implementing a comprehensive ambient water quality monitoring program—a fundamental objective of the Legislature in requesting the report.

Absent the report, we recommend that the requested \$6.8 million and 15 positions be denied.



## OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT (3980)

The Office of Environmental Health Hazard Assessment (OEHHA) identifies and quantifies the health risks of chemicals in the environment. It provides these assessments, along with its recommendations for pollutant standards and health and safety regulations, to the boards and departments in the California Environmental Protection Agency (Cal-EPA) and to other state and local agencies. The OEHHA also provides scientific support to environmental regulatory agencies.

The budget requests \$17.1 million for support of OEHHA in 2000-01. This is an increase of \$3.2 million, or 23 percent, above estimated current-year expenditures. Major budget proposals include funds to evaluate the health and environmental risks (1) faced by children (\$1.5 million) and (2) posed by motor vehicle fuel (\$803,000).

### **Administrative Expenditures Justified; Legislative Oversight Could Be Strengthened**

***Our review of the administrative budget of the Office of Environmental Health Hazard Assessment finds that the office's expenditures and staffing for administration are justified. However, the Legislature's oversight of the office's budget is made difficult by the lack of information about administration in the Governor's budget display. We recommend that the Legislature adopt supplemental report language directing that this information be provided in future years.***

***Analyst Directed to Review OEHHA's Administrative Expenditures.*** During budget hearings last year, the Legislature expressed concern about the relatively high proportion of OEHHA's budget that is for administration compared to other Cal-EPA departments. The Legislature directed the Legislative Analyst to review OEHHA's administrative budget as part

of its analysis of the Governor's 2000-01 budget proposal. Specifically, we were asked to evaluate (1) the appropriateness of the size of the office's administrative budget and (2) the impact of any redirection of resources to the office's administrative budget from other programs within the office.

**OEHHA's Administrative Budget Over Time.** The budget proposes \$2.6 million and 30 positions for OEHHA's director's office and administrative services division in 2000-01. In general, these administrative positions include staff dealing with budgets, accounting, personnel, and information technology.

As shown in Figure 1, the office's funding and staffing *levels* for administration have remained relatively stable over the past several years. However, the *proportion* of OEHHA's budget devoted to administration has declined in recent years. For example, in 1996-97, about 25 percent of OEHHA's expenditures and 20 percent of its staff positions were for administration. As proposed for the budget year, about 15 percent of the office's expenditures and 17 percent of its staff positions are for administration. This decline in proportion is because in recent years, the office's program activities have expanded due to new statutory responsibilities, while administrative expenditures and staffing have remained stable.

**Figure 1**

**Office of Environmental Health Hazard Assessment  
Administrative Expenditures and Positions**

*1995-96 Through 2000-01  
(Dollars in Millions)*

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01 <sup>a</sup>
<b>Expenditures</b>	\$2.4	\$2.4	\$2.3	\$2.2	\$2.4	\$2.6
Percentage of total budget	20%	25%	20%	23%	17%	15%
<b>Positions</b>						
Executive	11	11	12	11	13	13
Administrative	17	17	17	17	16	17
<b>Totals</b>	<b>28</b>	<b>28</b>	<b>29</b>	<b>28</b>	<b>29</b>	<b>30</b>
Percentage of total positions	20%	20%	21%	21%	20%	17%

<sup>a</sup> Governor's budget proposal.

**Administrative Staffing Levels Not High Relative to Similarly Sized Departments.** We compared OEHHA's administrative staffing levels with those of other state departments with similar total staffing levels. While it is reasonable to expect that departmental administrative budgets will vary somewhat depending on statutory missions and responsibilities, this comparison can at least suggest whether or not OEHHA's administrative budget is "out of line" with other departments. As shown in Figure 2, the proportion of OEHHA's total staffing that goes to administration is not higher than similarly sized departments and, in fact, is significantly lower in most cases.

**Figure 2**

### Administrative Staffing Levels of Similarly Sized Departments

1998-99

State Agency (Authorized Positions)	Administration			As Percentage of Total Positions
	Executive Office	Administrative	Total	
<b>Criminal Justice Planning</b> (147 positions)	5	49	54	36%
<b>Aging</b> (142 positions)	21	49	70	49
<b>Personnel Board</b> (176 positions)	17	38	55	31
<b>Community Services and Development</b> (158 positions)	9	45	54	34
<b>Teacher Credentialing</b> (181 positions)	4	25	29	16
<b>Environmental Health Hazard Assessment</b> (130 positions)	11	17	28	21

It is when OEHHA is compared to much larger departments that its administrative budget may appear to be relatively high. In this regard, all other Cal-EPA boards and departments are significantly larger in terms of total staffing than OEHHA. For example, with total current-year ex-

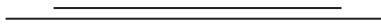
penditures of \$517 million and 1,586 positions, the State Water Resources Control Board's administrative expenditures and positions represent only about 3 percent and 12 percent, respectively, of the board's total expenditures and positions. These differences from OEHHA's situation mostly reflect the "economies of scale" in the administration of state departments.

**Office Has Provided Workload Justification for its Administrative Positions.** For 2000-01, the office proposes (1) 13 positions in its executive office, including five clerical staff and (2) 17 administrative staff positions, including an ombudsman to respond to public inquiries and set up public workshops about OEHHA programs. Based on workload justification provided by the office for the 30 positions, we find that the office's administrative budget is of an appropriate size in light of the overall size of the office (in terms of total staff and expenditures) and the office's statutory responsibilities.

**Redirection of Staff to Administration Has Not Had Major Impact on Technical Programs.** Our review also finds that over the past seven years, the office has redirected a total of 8.5 positions from technical programs to administration. Because the employees were redirected from five different program areas over a period of several years, it appears that there has not been a significant adverse impact on the technical programs from where these employees were redirected.

**Legislature's Oversight Could Be Enhanced by Changing Governor's Budget Display.** Unlike most other state departments, the current Governor's budget does not display the expenditures and positions for administration for OEHHA. We think that this makes it difficult for the Legislature to identify the office's administrative expenditures and positions, assess their appropriateness, and hold the office accountable. Accordingly, we recommend that the Legislature adopt the following supplemental report language to provide more detailed expenditure and staffing information in the budget display in future years:

In order for the Legislature to better evaluate the budget of the Office of Environmental Health Hazard Assessment, it is the intent of the Legislature that beginning with the 2001-02 budget, the Governor's budget display administration as a program element for the office.





# FINDINGS AND RECOMMENDATIONS

## *Resources*

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## Crosscutting Issues

### *Fund Conditions for Resources Programs*

- B-17     ■     **Resources Special Funds.** Approving the Governor’s spending proposal would leave about \$29 million in various special funds for legislative priorities in resource protection. The use of some of the funds may be statutorily restricted to specific uses.
- B-22     ■     **Park-Related Bonds.** There will be virtually no park bond funds available for park projects in 2000-01 from previously adopted bond measures. A \$2.1 billion bond measure on the March 2000 ballot, if adopted, would provide funds for the acquisition, development and protection of recreational, cultural and natural areas throughout the state.
- B-22     ■     **Water Bonds.** No bond funds are available in the budget year for (a) the state’s unmet share of costs for federally authorized, local flood control projects; and (b) state matching funds for federal safe drinking water loans and grants. The budget proposes alternative funding from the General Fund for these two purposes.
- B-25     ■     **Water Bond Measure on March 2000 Ballot.** A \$1.97 billion water bond measure on the March 2000 ballot would provide funds for safe drinking water, flood control, Bay-Delta restoration, watershed protection, and various water quality and supply projects.

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#### ***Legislative Oversight***

- B-27 ■ **Departments Disregard Legislative Directive.** Recommend the Legislature withhold action on the budgets of the Secretaries for Resources and Environmental Protection pending submittal of previously requested supplemental reports by the agencies and their constituent departments. Recommend denial of requests where a required report would have provided supporting information for the request. Further recommend that the Legislature disapprove questionable requests that lack adequate justification instead of adopting supplemental language requiring a future report.

#### ***Watershed Assessment Initiative***

- B-32 ■ **Watershed Initiative: A Good Idea, But Will Not Achieve Goals.** The budget requests \$6.9 million and 56 personnel-years for various resources departments for watershed assessment along the North Coast. Our review shows that the proposal will not achieve the goals of an effective watershed assessment. Withhold recommendation pending a report from the Resources Secretary on (1) how data collection efforts will be coordinated and how the resulting data will be disseminated, and (2) how the watershed assessment will be used to improve the regulation and restoration efforts on the North Coast.

#### ***Land Acquisition Funding***

- B-38 ■ **Administrative Funding Should Be Based on Anticipated Workload.** Recommend deletion of provisions allowing the Wildlife Conservation Board and State Coastal Conservancy to redirect a portion of certain appropriations to administrative costs.

#### ***Cal-EPA Cross-Agency Initiatives***

- B-41 ■ **Current Enforcement Position Vacancies Raise Concern.** Recommend that California Integrated Waste Management Board, Department of Pesticide Regulation, Department of Toxic Substances Control, and the State Water Resources

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Control Board report at budget hearings on their ability to hire the additional enforcement staff requested for the budget year.

- B-43 ■ **Children’s Health Initiative Requires Legislative Direction. Reduce Item 3900-001-0001 by \$900,000, Item 3980-001-0001 by \$843,000, and Item 4260-001-0001 by \$100,000.** Recommend reduction because funding to study indoor air quality in portable classrooms and to develop children’s health-related risk assessment guidelines should be put in legislation that provides direction on the conduct of these activities and how information generated by them is to be used.
- B-46 ■ **Some Expenditures for California-Mexico Border Initiative Not Justified. Reduce Item 3860-001-0001 by \$133,000, Item 3910-001-0001 by \$112,000, Item 3930-001-0106 by \$82,000, and Item 3980-001-0001 by \$100,000.** Recommend reduction of \$427,000 and four positions for California-Mexico border initiative because these expenditures have not been justified.

***CALFED Bay-Delta Program***

- B-48 ■ **Legislative Oversight of CALFED Bay-Delta Program Is Essential.** Recommend enactment of legislation to establish organizational structure to enhance accountability to Legislature for CALFED-related policy decisions and expenditures.
- B-54 ■ **Few Details on Proposal for Local Water Management Programs.** Withhold recommendation on \$10 million for local water management and water transfer programs, pending receipt of a detailed work and expenditure plan justifying the expenditures.

***State Agencies Can Do More to Improve CUPA Program***

- B-58 ■ **Program Implementation Has Improved, but Problems Remain.** Not all of the Certified Unified Program Agency (CUPA) program’s goals have been fully realized by the state agencies overseeing the program.
- B-59 ■ **The CUPA Program Not Implemented in Every County.** Recommend enactment of legislation requiring program implementation statewide by a date certain. Further

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recommend Secretary for Environmental Protection (Secretary) report to fiscal and policy committees on actions it plans to take and needed statutory changes to ensure statewide implementation.

- B-62 ■ **Program Implementation Inconsistent Statewide.** Recommend enactment of legislation providing for a statewide enforcement policy and better violation and enforcement data tracking. Further recommend enactment of legislation to require Secretary to coordinate evaluation and training activities.
- B-66 ■ **Lax Enforcement of Local Fee Accountability.** Recommend adoption of supplemental report language requiring Secretary to develop state standards for service levels, conduct an in-depth local fee evaluation, and report on actions it can take to ensure greater local fee accountability. Further recommend enactment if legislation requiring CUPAs to prepare annual program budgets identifying service levels that justify fees.
- B-69 ■ **Legislature Needs Assurance of Effective Use of State Oversight Resources.** Recommend Legislature withhold approval of resources proposed for the Department of Toxic Substances Control to oversee CUPA program, pending receipt prior to budget hearings of a workload and expenditure plan that assures Legislature that resources will be used effectively.

## Special Resources Programs

- B-71 ■ **Sea Grant Program Seeks to More Than Double Funding. Reduce Item 3110-101-0001 by \$681,000.** Recommend reduction because mandated report on programmatic funding was not provided.

## Department of Conservation

- B-73 ■ **Major Expansion of Beverage Container Program Sought. Reduce Item 3480-001-0133 by \$2.1 Million.** Recommend reduction because the department's augmentation request of

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\$5.6 million and 71 positions to accommodate its projected workload increases in the Beverage Container Recycling Program is unjustified.

- B-77     ■ **Proposed Grant Program Too Narrow. Reduce Item 3480-001-0001 by \$234,000 and Reduce Item 3480-101-0001 by \$2 Million.** Recommend reduction because grant program for Resource Conservation Districts is too narrowly focused and premised on unrealistically high participation rates.
  
- B-79     ■ **Digital Conversion of Maps Not Urgent. Reduce Item 3480-001-0001 by \$377,000.** Recommend reduction because conversion of faultline reports to a digital format should only be done if and when they are needed.
  
- B-80     ■ **Augmentation for Abandoned Mine Inventory Should Report. Reduce Item 3480-001-0001 by \$153,000.** Recommend reduction because any proposal to alter this program should be considered in light of a report inventory of abandoned mines, which the Department of Conservation is required to submit to the Legislature by June 1, 2000.

**Department of Forestry and Fire Protection**

- B-82     ■ **Emergency Fire Suppression Budget More Realistic.** The budget request of \$55 million represents a more realistic projection of the likely costs of emergency fire suppression in 2000-01 than that provided in previous years.

**Department of Fish and Game**

- B-84     ■ **Salmon and Steelhead Restoration Proposal Lacks Details.** Recommend adoption of budget bill language to restrict the availability of \$1 million (General Fund) until (1) a statute is enacted authorizing and defining the program and specifying the use of the federal funds and (2) a staffing estimate is provided to the Legislature.

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## California Coastal Commission

- B-87 ■ **Coastal Commission Focuses Resources on Coastal Development Permits.** Although the workload generated by the different tasks may change over time, the largest share of the commission's staff resources are devoted to the processing of coastal development permits.
- B-91 ■ **Some Local Governments Not Fulfilling Local Coastal Program (LCP) Responsibilities.** Twenty-five out of 73 local governments lack certified LCPs for at least a portion of the coastal zone under their jurisdiction. Recommend the Legislature enact legislation to reactivate the state mandate that local governments develop certifiable LCPs.
- B-93 ■ **Commission Not Fulfilling LCP Responsibilities.** The commission is not conducting statutorily-required periodic reviews of certified LCPs. Recommend the adoption of supplemental report language directing the commission to prepare a work plan to review LCPs. Also recommend that legislation be enacted to strengthen incentives for local governments to adopt the commission's recommended LCP amendments.
- B-94 ■ **Enforcement Is Inadequate.** Violations of the Coastal Act are common in parts of the coastal zone. Recommend approval of nine new enforcement positions, and adoption of budget bill language restricting new staff to enforcement activities.
- B-96 ■ **Upcoming Expiration of Offers to Dedicate (OTD) Threatens Public Access.** Hundreds of OTDs are due to expire during the next decade. Recommend supplemental report language that directs the commission and the State Coastal Conservancy to provide it with an OTD work program.

## Department of Parks and Recreation

- B-100 ■ **Deferred Maintenance Update.** Recommend the Department of Parks and Recreation report at budget hearings on whether it will use department staff or contract out for project

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management for the deferred maintenance program, and the anticipated cost of each option.

- B-101 ■ **Department Needs Staffing Plan for Deferred Maintenance.** Recommend the department report to the Legislature in writing, prior to budget hearings, on its staffing plan, including a plan to use the California Conservation Corps, for deferred maintenance.
- B-103 ■ **Ongoing Maintenance Needs More Substantiation. Reduce Item 3790-001-0001 by \$3 Million.** Recommend reduction because information on routine maintenance required by the Legislature was not submitted.

## Department of Water Resources

- B-105 ■ **Legislative Oversight Needed for Water Storage Investigation Program.** Recommend adoption of budget bill language requiring scheduling of project-specific feasibility studies in budget act to improve legislative oversight.

## Air Resources Board

- B-109 ■ **Unresolved Issues in School Bus Replacement Proposal. Reduce Item 3900-001-0001 by \$50 Million.** Recommend deletion of \$50 million for new Older School Bus Replacement Program because funding should be put in legislation that sets clear objectives for program and resolves a number of policy issues.

## California Integrated Waste Management Board

- B-112 ■ **Overdue Report Needed to Evaluate Budget.** Recommend that California Integrated Waste Management Board submit report on implementation of Integrated Waste Management Act prior to budget hearings.

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## State Water Resources Control Board

- B-115 ■ **Legislatively Required Report on Monitoring Not Submitted. Reduce Item 3940-001-0001 by \$6.8 Million.** Recommend disapproval of requested \$6.8 million and 15 positions for increased ambient water quality monitoring due to board's failure to submit legislatively required report that would enable Legislature to fully evaluate proposal.

## Office of Environmental Health Hazard Assessment

- B-117 ■ **Administrative Expenditures Justified, But Legislative Oversight of Administrative Budget Difficult.** Recommend adoption of supplemental report language to require Governor's budget display information on administrative expenditures and staffing levels in future years to improve legislative oversight.