

AGENDA
ASSEMBLY BUDGET SUBCOMMITTEE NO. 3
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

ASSEMBLYMEMBER FRAN PAVLEY, CHAIR

WEDNESDAY, MARCH 20, 2002
STATE CAPITOL, ROOM 127
8:00 A.M.

LAO's Overview Report: **Page 3**
**Resources Agency, its Constituent Boards,
Departments, Commissions and Conservancies**

Proposition 40: **Page 5**
**The California Clean Water, Clean Air, Safe Neighborhood
Parks, and Coastal Protection Act of 2002:**
Proposals and Implementation Issues

TEMS TO BE HEARD

<u>ITEM</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
0540	SECRETARY FOR RESOURCES	6
Issue 1	General Fund Reductions - State Operations, Local Assistance and Sea Grant Program	6
Issue 2	Reappropriation Language - Propositions 12 and 13	6
Issue 3	Special Fund Reductions - CALFED Programs	7
Issue 4	California Legacy Project - LAO recommendations	7
3110	SPECIAL RESOURCES PROGRAM	8
Issue 1	Tahoe Regional Planning Authority - Tahoe Environmental Improvement Program	8

CONSENT CALENDAR

<u>ITEM</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
3460	COLORADO RIVER BOARD OF CALIFORNIA	9
3720	CALIFORNIA COASTAL COMMISSION	9
3780	NATIVE AMERICAN HERITAGE COMMISSION	10
3820	SAN FRANCISCO BAY CONSERVATION & DEVELOPMENT COMMISSION	10
3840	DELTA PROTECTION COMMISSION	10

LAO OVERVIEW REPORT: RESOURCES AGENCY

Resources Budget Summary				
Department	Estimated 01-02	Proposed 02-03	Change (dollars)	Change (percentage)
Resources Secretary				
General Fund	\$15.4	\$3.6	-\$11.8	-76.6%
Other funds	211.8	165.0	-46.8	-22.1
Totals	\$227.2	\$168.6	-\$58.6	-25.8%
Conservation				
General Fund	\$22.0	\$21.8	-\$0.2	-0.9%
Recycling funds	494.8	481.3	-13.5	-2.7
Other funds	31.3	26.4	-4.9	-15.7
Totals	\$548.1	\$529.5	-\$18.6	-3.4%
Forestry and Fire Protection				
General Fund	\$494.0	\$312.3	-\$181.7	-36.8%
Forest Resources Fund	12.6	14.8	2.2	17.5
Other funds	195.5	223.9	28.4	14.5
Totals	\$702.1	\$551.0	-\$151.1	-21.5%
Fish and Game				
General Fund	\$70.6	\$56.8	-\$13.8	-19.5%
Fish and Game Fund	91.8	89.1	-2.7	-2.9
Environmental License	16.6	16.7	0.1	0.6
Other funds	98.1	94.4	-3.7	-3.8
Totals	\$277.1	\$257.0	-\$20.1	-7.3%
Parks and Recreation				
General Fund	\$255.6	\$112.4	-\$143.2	-56.0%
Parks and Recreation Fund	57.3	72.0	14.7	25.7
Off-Highway Vehicle Fund	67.2	44.2	-23.0	-34.2
Other funds	1,084.3	145.9	-938.4	-86.5
Totals	\$1,464.4	\$374.5	-\$1,089.9	-74.4%
Water Resources				
General Fund	\$209.1	\$114.7	-\$94.4	-45.1%
State Water Project funds	753.7	759.8	6.1	0.8
Electric Power Fund	7,657.2	5,155.3	-2,501.9	-32.7
Other funds	462.3	421.8	-40.5	-8.8
Totals	\$9,082.3	\$6,451.6	-\$2,630.7	-29.0%

Expenditures for resources and environmental protection programs from the General Fund, various special funds, and bond funds are proposed to total \$3.7 billion in 2002-03, which is 3.7 percent of all state-funded expenditures proposed for 2002-03. This level is a decrease of about \$2.7 billion, or 43 percent, below estimated expenditures for the current year.

The proposed reduction in state-funded expenditures of about \$2.7 billion for resources and environmental protection programs largely reflects a \$1.8 billion decrease in bond fund expenditures for park and water projects. While there have been a number of bond measures in prior years that provide funds for resources-related purposes, these funds have been substantially drawn down. Specifically, of the \$7.6 billion of resources-related general obligation bonds approved by the voters since 1980, about \$6.4 billion will have been spent or committed to specific projects as of the end of 2001-02.

Resources Programs Proposed Major Changes for 2002-03	
Resources Secretary	
+	\$10 million from Proposition 40 for CALFED river parkway projects
-	\$15.2 million (Proposition 204) for CALFED ecosystem restoration
-	\$38 million in Proposition 12 funded park projects
Forestry and Fire Protection	
-	\$55 million base funding for emergency fire suppression
Fish and Game	
-	\$2.1 million for project review under the California Environmental Quality Act
Parks and Recreation	
-	\$907.4 million in Proposition 12 funded park projects
Water Resources	
+	\$51.5 million from Proposition 40 for various CALFED activities
+	\$14.2 million (Proposition 13) for CALFED conveyance program
-	\$2.5 billion for energy purchases on behalf of investor-owned utilities
-	\$19.7 million in General Fund CALFED activities

**PROPOSITION 40: THE CALIFORNIA CLEAN WATER,
CLEAN AIR, SAFE NEIGHBORHOOD PARKS, AND
COASTAL PROTECTION ACT OF 2002**

Proposition 40 (the California Clean Water, Safe Neighborhood Parks, Clean Air, and Coastal Protection Act of 2002), passed by the voter of California in March, provides \$2.6 billion to conserve natural resources (land, air, and water), acquire and improve state and local parks, and preserve historical and cultural resources.

The Governor's 2002-03 budget proposes approximately \$119 million in expenditures from Proposition 40 across various resource departments. Most of the funding (\$101.1 million) is to support the CALFED Bay-Delta program.

<u>Proposition 40 Bond Fund Allocations</u>	<u>Amount</u>
<u>Land, Air, and Water Conservation</u>	\$1,275.0
• Acquisition, development, and restoration projects.	\$745.0
• Water quality protection and restoration activities.	300.0
• Agricultural and grazing lands preservation.	75.0
• Urban river parkways and streams.	75.0
• Grants for reducing air emissions from diesel-fueled equipment operating within state and local parks	50.0
• Resource protection and restoration through the California Conservation Corps.	20.0
• Urban forestry programs.	10.0
 <u>Parks and Recreation</u>	 \$1,057.5
• Urban parks and recreational facilities acquisition and development.	\$460.0
• Regional and local park acquisitions and development (funds distributed based on population).	372.5
• State park improvements and acquisitions.	225.0
 <u>Historical and Cultural Resources Preservation</u>	 \$267.5
Acquisition, development, and preservation of culturally and/or historically significant properties, structures, and artifacts.	
 Total	 \$2,600.0

0540 OFFICE OF THE SECRETARY FOR RESOURCES

The Resources Agency, through its various departments, boards, commissions, and conservancies, administers programs that conserve, preserve, restore and enhance the rich and diverse natural resources of California. The Resources Agency consists of 25 departments, commissions, and conservancies.

In addition, the secretary administers the Sea Grant Program, the Open Space Subvention Program, the California Environmental Quality Act, the San Joaquin River Management Program, the Environmental Enhancement and Mitigation Demonstration Program, and the Coastal Resources and Energy Assistance Programs.

ISSUE 1: GENERAL FUND REDUCTIONS: STATE OPERATIONS, LOCAL ASSISTANCE AND SEA GRANT PROGRAM

The Governor's January budget proposal requests General Fund reductions totaling \$4.0 million. These reductions include \$111,000 to State Operations, \$3.2 million in Local Assistance, and \$700,000 to the Sea Grant Program.

BACKGROUND:

The \$111,000 General Fund reduction to the State Operations component of the Agency budget is in the form of a reduction to various contracts. The \$3.2 million General Fund reduction to Local Assistance is to grants through the Coastal County and City Offshore Energy Assistance Program. The \$700,000 General Fund reduction to the Sea Grant Program would reduce programmatic matching funds to federal dollars available for research activities.

ISSUE 2: REAPPROPRIATION LANGUAGE

This proposal has no fiscal impact, it simply provides for the reappropriation of funds included in prior years' budget acts from the 2000 Park Bond and Water Bond.

BACKGROUND:

A total of \$44.8 million (\$41.4 million Prop. 12, \$3.4 million Prop. 13) was appropriated in the 2000-01 and the 2001-02 Budget Acts that were not given 3-year expenditure authority, a practice that is common for capital outlay funds.

ISSUE 3: SPECIAL FUND REDUCTIONS: CALFED

This proposal requests the reduction of \$15.2 million (bond funds) in expenditure to the Ecosystem Restoration Program within the CALFED Bay-Delta Program. According to the Administration, the purpose for this reduction is to ensure sufficient future year funding.

COMMENTS:

The CALFED Bay-Delta Program is a cooperative effort not only between California and the federal government, but also between 10 state departments, agencies, boards, conservancies and commissions. All CALFED-related proposals will be heard together at this Subcommittee's April 17, 2002 hearing.

ISSUE 4: CALIFORNIA LEGACY PROJECT

The LAO recommends that funding for the California Legacy Project be reduced from \$2.0 million (General Fund) to \$.5 million (General Fund). The LAO cites federal funds from the United States Fish and Wildlife Service (USFWS) that could be available for similar activities as are undertaken by the California Legacy Project.

BACKGROUND:

The 1999-00 Budget Act provided \$250,000 for the Secretary to develop a habitat blueprint. The Legislature specified two goals for the habitat blueprint:

- To assess the state's natural resources and a plan to guide acquisition and habitat restoration efforts.
- To establish a long-term set of funding and policy priorities for future investment in resources protection and habitat acquisition and preservation.

In 2000, the Secretary officially named the "habitat blueprint" the California Continuing Resources Investment Strategy Project. In both 2000-01 and 2001-02, \$2 million from the General Fund was appropriated for the project. In 2001, the Secretary renamed the project the California Legacy Project.

The budget requests \$1.9 million (General Fund) for the California Legacy Project in 2002-03. The majority of the funding (\$1.8 million) is for contracts and operating expenses. There are two positions authorized for the project.

3110 SPECIAL RESOURCES PROGRAM

ISSUE 1: TAHOE REGIONAL PLANNING AGENCY

The Governor's proposed budget requests a reduction of \$313,000 (General Fund) to the Tahoe Regional Planning Agency.

BACKGROUND:

The Lake Tahoe region has experienced environmental degradation for the past 100 years, most notably in the lake's water clarity and the health of the basin's forest lands. The lake's water clarity has become the primary measure of the basin's environmental health. The lake's water clarity has steadily declined over the past several decades.

To counter this degradation, the Tahoe Environmental Improvement Program (EIP) was established in 1997. The Tahoe EIP is a 20-year capital improvement program involving multiple state, federal, local, academic, and private entities. In 1997, the state signed memoranda of agreement with the federal government, Nevada, the Washoe Tribe, and the Tahoe Regional Planning Agency (TRPA) committing to implement and fund the Tahoe EIP.

COMMENTS:

The LAO has completed an extensive analysis of the EIP in its *Analysis of the 2002-03 Budget Bill*. The Subcommittee should ask the Lao to present on its issues, which include the recommendation for greater Legislative oversight and policy hearings, as well as the recommendation that TRPA be directed to:

- Provide a summary of the major activities planned for the program in the budget year, including project specifics and time lines.
- Explicitly set out the policy choices made and the funding priorities inherent in the budget proposal.
- Provide a status report on EIP's programs to date and inform the Legislature on the results and implementation of TRPA's recent evaluation of environmental standard attainment in the region.
- Provide a status report on the development of outcome-oriented performance measures to enable legislative review of Tahoe EIP's effectiveness in meeting environmental goals.

Additionally, the LAO recommends that the Legislature adopt the following supplemental report language (SRL):

In order for the Legislature to better evaluate budget proposals for the Tahoe Environmental Improvement Program (EIP), it is the intent of the Legislature that the Governor's budget display include an informational item that contains all Tahoe EIP expenditures of all state agencies implementing the program. This display should be included in the budget for the 2003-04 and future budget years.

CONSENT CALENDAR

3460: COLORADO RIVER BOARD OF CALIFORNIA

The Colorado River Board protects California's rights and interests in the water and power resources of the Colorado River system. The board works with the other Colorado River Basin states, federal agencies, Congress, and the courts. Activities include analyses of the engineering, legal and economic matters concerning the Colorado River resources of the seven basin states (Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming) and the 1944 U.S.-Mexico Water Treaty obligation to deliver Colorado River water to Mexico. The board also collaborates with other California agencies, primarily the Departments of Water Resources and Fish and Game and the State Water Resources Control Board.

3720: CALIFORNIA COASTAL COMMISSION

The California Coastal Commission manages California's coastal resources. The Coastal Act of 1976 established policies with which "coastal zone" conservation and development decisions must comply. The "coastal zone" extends three miles seaward and generally about two miles inland. In particularly important and generally undeveloped areas where there can be a considerable impact on the coastline from inland development, the coastal zone extends as much as twelve miles inland. In developed urban areas, the coastal zone extends considerably less than 1,000 yards inland. The commission's jurisdiction does not extend into or around San Francisco Bay, where development is regulated by the San Francisco Bay Conservation and Development Commission.

The Coastal Act addresses public access to the coast, coastal recreation, the marine environment, coastal land resources, and coastal development of various types, including energy facilities and other industrial development. Each local government within the coastal zone is required to prepare a local coastal plan (LCP) which is submitted to the commission for review and certification. Until the LCP is certified, virtually all development within the coastal zone requires a coastal permit from the commission and a local permit from the city or county in which the development would be located. After certification of an LCP, the commission's regulatory authority over most types of development is delegated to the local government, subject to limited appeal to the commission. An alternative process is available to local government to assume authority for regulating most coastal development upon the certification of the land use plan portion of its LCP. Under this option, all local decisions on coastal development permits are subject to appeal to the commission.

The Coastal Commission is also the designated State coastal management agency for the purpose of administering the federal Coastal Zone Management Act in California. Under federal law, California receives financial assistance to develop and implement the federally approved California Coastal Management Program. The Federal Coastal Act gives the commission authority over federal activities otherwise not subject to State control.

3780: NATIVE AMERICAN HERITAGE COMMISSION

The Native American Heritage Commission preserves and protects California Native American cultures. The Commission's powers and duties include: identifying and cataloging geographic sites of importance to Native Americans; helping Native Americans obtain access to these sites when necessary; protecting Native American burial and sacred sites; and ensuring that remains are treated appropriately when burial sites are discovered.

3820: SAN FRANCISCO BAY CONSERVATION & DEVELOPMENT COMMISSION

The San Francisco Bay Conservation and Development Commission (BCDC) is a regional planning agency responsible for protecting the bay and its shoreline. The Commission maintains the Bay Plan to serve as a guide for the conservation of the San Francisco Bay and the development of its shoreline; issues or denies permits for filling or dredging in the Bay; approves any change in the use of salt ponds, property within 100 feet of the Bay, or other "managed wetlands" adjacent to the Bay; and implements the Suisun Marsh Preservation Act of 1977.

The Commission is the designated agency for the Bay segment of the coastal zone for purposes of the federal Coastal Zone Management Act. Under this federal law, the commission develops and implements the federally approved coastal management program for the Bay and exercises authority over federal activities otherwise not subject to State control. Partial reimbursement is derived from federal grants received by the California Coastal Commission.

3840: DELTA PROTECTION COMMISSION

The Delta Protection Commission was created in 1992 (Chapter 898, statutes of 1992) and made permanent in 1998 (Chapter 584, statutes of 1998) to provide a regional approach to protecting the Sacramento-San Joaquin Delta's resources through comprehensive regional land use planning implemented by local governments through local land use planning procedures and enforcement. The Commission, comprised of 13 local and 6 state government officials, prepared and adopted a "comprehensive long-term resources management plan" for land uses within the Sacramento-San Joaquin Delta.