

# AGENDA ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 ON RESOURCES

**ASSEMBLYMEMBER VIRGINIA STROM-MARTIN, CHAIR**

**WEDNESDAY, APRIL 14, 1999  
STATE CAPITOL, ROOM 127  
8:00 A.M.**

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## 3110 SPECIAL RESOURCES PROGRAMS

The Special Resources Programs include the Tahoe Regional Planning Agency (TRPA) and the Sea Grant Program. The TRPA was established by a congressionally approved compact between California and Nevada to provide coordinated planning and enforceable regulations that preserve and enhance the environment and resources of the Lake Tahoe Basin. The Sea Grant Program provides assistance to the University of California and University of Southern California for selected projects under the federal Sea Grant Program. The State's Sea Grant Program encourages research and education in the fields of marine resources and technology.

	1997-98	1998-99	1999-00
Tahoe Regional Planning Agency	\$1,602	\$2,287	\$2,806
Sea Grant Program	430	430	430
<b>Total</b>	<b>\$2,032</b>	<b>\$2,718</b>	<b>\$3,236</b>

### ISSUE 1: TAHOE REGIONAL PLANNING AGENCY - LITIGATION SUPPORT

The Governor's budget includes baseline \$200,000 for TRPA's legal costs, an increase of \$100,000. In addition, a Section 27 deficiency request seeks \$338,836 in one-time funding to address the significant legal costs accumulating in the current year.

#### COMMENTS:

As is the case in the current year, the budgeted amount for TRPA's legal costs in the budget year may exceed the estimate for normal workload. Should this occur, TRPA should have the opportunity to acquire the assistance of outside counsel for pending cases.

The following language was adopted in the Senate to address this issue. The language provides TRPA with up to \$250,000 should the agency again experience extraordinary needs.

Item 3110-101-0001

Provisions:

1. (a) It is the intent of the Legislature that, in the event the Tahoe Regional Planning Agency incurs, or anticipates incurring, costs for legal services during the budget year in excess of those provided for in this item, the Department of Finance shall treat any request from the Tahoe Regional Planning Agency for additional funds of up to \$250,000 to cover those costs as either a contingency or an emergency within the meaning of Provision 2 of Item 9840-001-0001 and shall provide an expedited review of any such request.

(b) This provision shall be inoperative if the Director of Finance determines either (1) that there is insufficient expenditure authority remaining in Item 9840-001-0001, or, (2) that expenditure of the appropriation made in Item 9840-001-0001 to cover extraordinary legal-services costs of the Tahoe Regional Planning Agency is not in the best interests of the state. The Director shall notify the chair of the Joint Legislative Budget Committee within 10 days of making either of these determinations.

## **3125 CALIFORNIA TAHOE CONSERVANCY**

The California Tahoe Conservancy acquires and manages land to protect the natural environment, protects public access and recreational facilities, and preserves wildlife habitat areas. The Conservancy also awards grants to other public agencies and nonprofit organizations for the purpose of its programs.

### Summary of Program Requirements

	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>
Tahoe Conservancy	\$5,479	\$10,547	\$8,033

### **ISSUE 1: REDUCED NEED OF GENERAL FUNDS**

The Governor's budget includes a total of \$16.7 million from the General Fund for the Conservancy's proposed capital outlay projects. Since the time the budget was crafted the balance in the Lake Tahoe Conservancy Account has been identified to be \$481,000. A prudent reserve for this account would be \$95,000. In addition the balance of the Lake Tahoe Acquisitions Fund is \$39,000, these are bond funds and should be available for expenditure in the budget year.

The Department of Finance recommends that the available special funds be used in place of the proposed General Funds.

### **COMMENTS:**

As a result of the increased revenues in the Lake Tahoe Conservancy Account and the Lake Tahoe Acquisitions Fund, General Funds for capital outlay should be reduced by \$425,000.

**ISSUE 2: FINANCE LETTER – REAPPROPRIATION FOR TWO SOIL EROSION PROJECTS**

The Department of Finance has submitted a finance letter requesting a reappropriation of \$400,000 that was originally provided by Item 3125-101-164 of the Budget Act of 1994.

The reappropriation is for two soil erosion projects, one was delayed due to acquisition negotiations and the other has been delayed to allow for coordination with a nearby highway project.

**COMMENTS:**

The projects were originally funded out of the Outer Continental Shelf Land Act Section 8 (g) Revenue fund. This fund was abolished in the 1995-96 budget year and all expenditure authorities were transferred to the General Fund.

## 3720 CALIFORNIA COASTAL COMMISSION

The Commission manages California's coastal resources through implementation of the Coastal Act of 1976. The commission is also designated as the state coastal management agency for the purposes of administering the federal Coastal Zone Management Act. The Commission is comprised of 12 voting and four non-voting members.

### Summary of Program Requirements

	1997-98	1998-99	1999-00
Coastal Management Program	9.502	10.970	11.734
Coastal Energy Program	.514	.516	.517
<b>Total</b>	<b>10.56</b>	<b>11.954</b>	<b>12.716</b>

### ISSUE 1: BUDGET AUGMENTATION: INCREASED STAFFING

The Governor's budget proposes to fund ongoing workload needs related to reviewing coastal permits, working with local governments to complete their conservation plans, and enforcement of the Coastal Act. Most of this augmentation was included in the 1998-99 budget by the Legislature but was vetoed. The proposed augmentation include:

- \$257,000 General Fund to provide technical assistance (water planner, biologist, geologist) to the Commission's Regulatory, Planning and Energy Programs.
- \$160,000 General Fund to develop and implement LCPs, updates expired LCPs and complete regional cumulative impact assessments.
- \$128,000 General Fund to help enforce coastal development regulations, reduce the backlog of enforcement cases and accelerate the processing of coastal development permits.
- \$80,000 General Fund to assist with the GIS and mapping elements of local coastal programs and boundary determinations.
- \$356,000 General Fund to reestablish the Commission's North Coast Area Office.
- \$260,000 state operations and \$130,000 local assistance for promotion of the Adopt-a-Beach and Coastal Clean up Day activities and to provide grants to local governments and non-profit organizations for coastal and marine environmental education programs.

### COMMENTS:

This augmentation is consistent with past actions of the Legislature and would restore the commission's technical capabilities that have been reduced in the 1980's and 1990's.

## **3940 STATE WATER RESOURCES CONTROL BOARD**

The State Water Resources Control Board (SWRCB), in conjunction with nine semi-autonomous 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 Governor's proposed budget includes a total of \$457 million, a decrease of \$34 million from current year funding.

### Summary of Program Requirements – Reflects Restructuring (Dollars in Thousands)

	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>
Water Quality	\$438,778	\$481,413	\$456,014
Water Rights	8,014	9,592	10,507
Administration	13,338	13,480	14,210
Distributed Administration	-13,338	-13,480	-14,210
<b>Total</b>	<b>\$446,792</b>	<b>\$491,005</b>	<b>\$456,521</b>

### **ISSUE 1: TOTAL MAXIMUM DAILY LOADS (TMDLs)**

The Governor's budget includes an increase of \$6 million in federal funds and 30 positions for the first year of a five-year program be added to the current level of \$9 million spent for non-point source pollution programs.

#### **BACKGROUND:**

Under the federal Clean Water Act, the State Water Resources Control Board is required to identify those waters for which prescribed effluent limitations are not stringent enough to implement water quality standards and to establish total maximum daily pollution loads for certain pollutants for those waters subject to the approval of the federal government. There are approximately 470 water bodies in California that have poor water quality as a result of 1380 identified pollutants. The majority of these water bodies are in 40 key watersheds that have been targeted by the Regional Boards as their top priorities for action to improve water quality.

Much of the impairment is caused by polluted runoff from non-point sources. The Regional Boards have traditionally focused on the point sources of pollution (e.g. factories, sewage treatment plants, storm water) rather than non-point sources that are the result of many land use activities that are difficult to regulate or treat. Less than 7 percent of the SWRCB's resources are directed to addressing non-point sources. The Board's existing non-point source program is limited to a relatively small federally funded grant program for local restoration, remediation and education projects; limited review of timber harvest plans; and review and certification of dredge and fill projects.

The Board proposes a five-year effort that is aimed at 50 priority watershed through creation of an integrated water quality control effort to restore and protect impaired and polluted water bodies based on significant local participation to identify and implement collaborative, cost effective solutions. The Board proposes that this process will begin with monitoring and assessment of conditions and problems in a watershed followed by the establishment of numeric targets in specific water bodies to prevent the impairments and continuing pollution. This will be followed by development and implementation of action plans with participation of local stakeholders. More monitoring will be done to determine the effectiveness of the actions and whether there are still impairments that have not been addressed.

The Board recognizes that its current monitoring and assessment capabilities are limited and focused on specific protection or remediation projects. This has lead to fragmentation of the monitoring efforts and resulted in gaps in needed information and a lack of integrated analysis. The BCP outlines the specific goals for water quality monitoring and assessment and the development of load allocations.

The Board understands that proposed total of \$15 million is not adequate to address the 50 TMDLs necessary to forestall further lawsuits and to abate the continuing pollution threatening the safety of the state's waters.

<b>COMMENTS:</b>
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For several years the Legislature has tried to increase funding for non-point source pollution prevention and cleanup activities. This proposal is a limited first step. However, both industry and environmental-public health groups are concerned that the requirements of the program are not sufficiently set out to achieve improved water quality; will layer new regulations over old rather than seeking a true watershed water quality improvement effort; and fail to provide the funding level necessary to do the job.

In its analysis this year the Legislative Analyst Office (LAO) raised significant concerns about enforcement of the law, deficiencies in the needs analysis, and lack of adequate program funding. It makes the point that the total cost for improving nonpoint source water pollution is unknown.

At the prehearing the Board was asked to provide information on the specifics and costs of this program over the proposed five years and what water bodies are scheduled to have TMDLs completed in the budget year. The Board did not provide a five-year work plan or cost estimate. They did respond that each of the nine Regional Water Quality Control Boards has committed to completing two TMDLs in the Budget year and that an additional set of TMDLs is being negotiated with the federal EPA for completion by April.

The following is the list of watersheds/waterbodies for which regional Boards have committed to complete TMDLs in the Budget year:

<u>Region</u>	<u>Watershed/waterbody</u>	<u>Pollutant</u>
1	Redwood Creek	Sediment

	Garcia Creek	Sediment
2	San Francisco Bay San Francisco Bay	Invasive Species* Mercury*
3	San Lorenzo River San Luis Obispo Creek	Nitrogen Nitrogen
4	Upper San Gabriel River Santa Clara River	Trash Chloride
5	Salt Slough Grasslands Channels	Selenium Selenium
6	Heavenly Valley Creek Indian Creek Reservoir	Sediment Nutrients
7	Imperial Valley Drains New River	Silt Bacteria
8	Newport Bay Newport Bay	Sediment Nutrients
9	Rainbow Creek Chollas Creek	Nutrients Toxicity

\*Due to the size of the water body and the complexity of the work will take more than one year

Developing solutions to improve the state's water quality is a high priority and any new program to make significant investments in improving the water quality should have clear standards for evaluation of the program's progress and use of state resources. The Board's proposal raises key questions the Legislature should have answers to before approving the first year funding for this program. They include:

- 1) What are the estimates for the ongoing operation of the program including monitoring and local incentives?  
What is the cost estimate for the each of the 18 TMDLs scheduled for development in the next year?
- 2) What is the assurance that these programs will be integrated into existing water quality regulatory programs to avoid duplication and result in the best investment in water quality?  
What process will be used to establish the guidelines for an integrated watershed-monitoring program throughout the state? Issues that need to be addressed include the protocols for data collection and analysis for the monitoring programs, minimum data requirements and evaluation criteria to list and delist waterbodies, minimum data requirements and scientifically reliable methodologies to be used to establish TMDLs

- 3) What are the criteria that the Board is using to give priority to watershed and pollutant selection? Should the Legislature set benchmarks at the beginning of this new effort to determine effectiveness, adequacy of funding level, and the out-year success of the program?
- 4) What criteria should the legislature use to annually evaluate the success of the program including the adequacy of funding?

Included in the LAO's analysis is the recommendation of a couple sets of Supplemental Report Language. First, the LAO recommends the following SRL to ensure the Legislature has information to better evaluate the Board's compliance assurance and enforcement expenditures.

The State Water Resources Control Board, as part of its 2000-01 and future years' budget requests, shall provide the Legislature with information on its compliance assurance and enforcement expenditures in the core regulatory water quality program (NPDES, Chapter 15, Non-Chapter 15, and Stormwater programs), as proposed for the budget year and for the preceding two fiscal years. The information should provide sufficient detail of the proposed expenditures to demonstrate and justify the board's proposed funding priorities for the core regulatory program and to show how the proposed expenditures serve to meet the state's water quality objectives in a cost-effective manner.

Second, the LAO recommends the following SRL directing the Board to develop meaningful performance measures that are directly tied to water quality objectives.

The State Water Resources Control Board shall develop performance measures for its core regulatory water quality program (NPDES, Chapter 15, Non-Chapter 15, and Stormwater programs) that relate directly to water quality outcomes, pursuant to the requirement of Chapter 418, Statutes of 1993 (SB 1082, Calderon) for performance measures. The board shall report to the Legislature on these measures in a preliminary report by April 1, 2000 and in a final report by January 1, 2001.

## **8570 DEPARTMENT OF FOOD AND AGRICULTURE**

The Department of Food and Agriculture (DFA): (1) serves the citizens of California and protect the consumer by maintaining a viable food system which assures delivery of an abundant supply of wholesome food; (2) provides leadership in the development of policy on issues important to California food and agriculture; (3) develops policy and provide assistance in areas such as marketing and exporting; (4) prevents or eradicates intrusions of harmful plant and animal pests and diseases; (5) develops and enforces weights and measures standards for all levels of commerce; and (6) provides support to district, county and citrus fairs in areas of planning, budgets, exhibits, vocational education, events, construction and maintenance.

The Governor's proposed budget includes \$201 million for support of the DFA, a \$1 million increase from current year funding.

### Summary of Program Requirements (In Thousands)

	<b>1997-98</b>	<b>1998-99</b>	<b>1999-00</b>
Agricultural Plant and Animal Health; Pest Prevention; and Food Safety Services	\$85,490	\$94,723	\$94,815
Marketing; Commodities and Agricultural Services	49,711	55,624	54,157
Assistance to Fairs and County Agricultural Activities	53,407	49,586	50,889
Administration	9,188	9,808	10,138
Distributed Administration	-8,743	-9,358	-9,032
<b>Total</b>	<b>\$189,053</b>	<b>\$200,383</b>	<b>\$200,967</b>

### **ISSUE 1: FINANCE LETTER – VETERINARY DIAGNOSTIC LABORATORY FEE STRUCTURE**

The Department of Finance has submitted a finance letter requesting a decrease of \$93,000 (General Fund) to reflect the additional cost recovery of fees charged by the Veterinary Diagnostic Laboratory.

This finance letter conforms with the recommendation of the Legislative Analyst's Office (LAO) in their analysis of the Governor's proposed budget.

#### **COMMENTS:**

As originally proposed, the DFA would only recover approximately 80 percent of costs tests conducted by the department that primarily benefit agricultural producers.

**ISSUE 2: FINANCE LETTER – HEADQUARTERS’ RELOCATION COSTS**

The Department of Finance has submitted a finance letter requesting an increase of \$84,000 (\$65,000 – General Fund) for relocation costs resulting from the renovation of 1220 N Street Building.

These costs were originally funded with Lease Revenue Bonds in the Governor’s proposed budget for the Department of General Services. It was subsequently determined, however, that Lease Revenue Bonds could not fund these costs.

**COMMENTS:**

The background information provided for the finance letter indicates the DFA will be relocating in February, 2000 in order to vacate the building in time for the renovation construction to begin in May.

The LAO indicates that it is very likely that the DFA will not need to relocate until after July 1, 2000 and therefore the finance letter should not be approved.

**ISSUE 3: YERMO AGRICULTURAL INSPECTION STATION**

The Governor's proposed budget includes \$411 million for acquisition and preliminary plans for an agricultural inspection station at Yermo, San Bernardino County. The total cost of the project is estimated to be \$8.2 million.

The Legislative Analyst's Office (LAO) recommends deferring funding for preliminary plans (\$281,000) until 2000-01 since working drawings are not scheduled to start until the 2001-02 budget year.

**COMMENTS:**

Under the LAO's recommendation, acquisition would occur in 1999-00, preliminary plans would be done in 2000-01, and working drawings would begin in 2001-02.

The LAO also recommends that the involvement of the Department of General Services (DGS) be clarified, since the current schedule includes \$200,000 for DGS despite all substantive planning, engineering and construction management work will be done by Caltrans.

**ISSUE 3: FINANCE LETTER –TRUCKEE AGRICULTURAL INSPECTION STATION  
RELOCATION CONSTRUCTION DEFERRAL**

The Department of Finance has submitted a finance letter requesting the deletion of \$6.5 million budgeted for the construction phase of the Truckee Agricultural Inspection Station relocation.

The project schedule does not call for construction to begin until the 2001-02 budget year.

**COMMENTS:**

The Legislative Analyst's Office had recommended that the funding not be approved for the construction phase because the preliminary plans for the project have not yet been completed.