

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

**Assemblymember Fran Pavley, Chair**

**WEDNESDAY, MAY 1, 2002**  
**STATE CAPITOL, ROOM 127**  
**8:00 AM**

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**CONSENT CALENDAR**

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## CONSENT CALENDAR

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### 3125: CALIFORNIA TAHOE CONSERVANCY

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

#### COMMENTS:

The Governor's 2002-03 budget proposes \$20.44 million (Proposition 12) and \$152,000 (Lake Tahoe Conservancy Account) in expenditures for acquisition, development, public access and programmatic costs.

### 3825: SAN GABRIEL AND LOWER LOS ANGELES RIVERS AND MOUNTAINS CONSERVANCY

The San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy was established in 1999 to acquire and manage public lands in the main San Gabriel Basin, the San Gabriel River and its tributaries, the Lower Los Angeles River and its tributaries, and the San Gabriel mountains, and to provide open space, low-impact recreational and educational uses, water conservation, watershed improvement, and wildlife and habitat restoration and protection.

#### COMMENTS:

The Governor's 2002-03 budget proposes \$265,000 (Environmental License Plate Fund-ELPF) for support of the Conservancy's activities.

### 3830: SAN JOAQUIN RIVER CONSERVANCY

The San Joaquin River Conservancy was established in 1992 for the purpose of acquiring and managing public lands within the San Joaquin River Parkway. The Parkway consists of approximately 5,900 acres on both sides of the San Joaquin River between the Friant Dam and the Highway 99 crossing.

#### COMMENTS:

The Governor's 2002-03 budget proposes \$253,000 (ELPF) for support of the Conservancy's activities.

### **3850: COACHELLA VALLEY MOUNTAINS CONSERVANCY**

The Coachella Valley Mountains Conservancy was established in 1990 to acquire and hold, in perpetual open space, mountainous lands surrounding the Coachella Valley and natural community conservation lands within the Coachella Valley, and to provide for the protection of wildlife resources on, and the public's enjoyment of those lands.

#### **COMMENTS:**

The Governor's 2002-03 budget proposes \$274,000 (ELPF, Coachella Valley Mountains Conservancy, and reimbursements)) for support of the Conservancy's activities.

### **3340 CALIFORNIA CONSERVATION CORPS**

The California Conservation Corps (CCC) assists federal, state and local agencies, and nonprofit entities in conserving and improving California's natural resources while providing employment, training, and educational opportunities for young men and women.

The CCC provides more than three million hours of conservation work each year. In addition to tree planting, stream clearance, trail building, park development, landscaping, energy conservation, forest improvements, plant nursery operations, and wildlife habitat restoration, the CCC responds to emergencies caused by fires, floods, earthquakes, and other natural disasters. The annualized corpsmember population for 2002-03 is estimated to be 2,150, of which approximately 200 are corpsmembers supervised by local nonprofit conservation corps.

#### **Issue 1: Administration Proposed General Fund Reductions**

The Governor's proposed 2002-03 budget includes \$6.65 million in General Fund reductions to the Corps' budget. This reduction includes \$5.3 million from the Weatherization and Energy Efficient Rehabilitation (WEER) Program, \$790,000 associated with the reduction of corps personnel by 60, and \$543,000 associated with the discontinuation of 4 pilot programs.

#### **BACKGROUND:**

The CCC believes that activities associated with the WEER Program, through which corpsmembers retrofit homes and building with energy efficient technology (windows, lighting, photovoltaic equipment, etc.), can be shifted to reimbursements from other energy-related programs.

**COMMENTS:**

The Corps has proposed these General fund reductions in areas that best sustain basic programs and activities. While reducing the current level of service provided, the reductions proposed by the CCC will impact the Corps' activities the least.

**Issue 2: Proposition 12 - Resource Conservation Projects**

The Governor's proposed 2002-03 budget includes \$3.5 million (Proposition 12) for CCC activities and grants to local conservation corps for resource conservation projects.

**BACKGROUND:**

Proposition 12, the Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Bond Act of 2000, provided \$15 million to the CCC and local conservation corps for these activities. This proposal reflects year three of a five-year plan for these expenditures.

## **3480 DEPARTMENT OF CONSERVATION**

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The Department of Conservation protects public health and safety, ensures environmental quality, and supports the State's long-term viability in the use of California's resources. The department provides policy direction, education, regulation and dissemination of information concerning agricultural and open space lands and soils; beverage container recycling; geology and seismology; and mineral, geothermal and petroleum resources.

### **Issue 1: Administration Proposed General Fund Reductions**

The Governor's proposed 2002-03 budget includes \$2,113 million (General Fund) in reductions to support (\$617,000) and local assistance (\$1.5 million) activities.

#### **COMMENTS:**

The Department was able to shift the \$1.5 million in local assistance activities to Proposition 12 funds allocated for grants and conservation easements, thereby preventing the loss of services.

## Issue 2: Additional Budget Change Proposals

The Governor's budget includes 5 additional proposals relating to the Department of Conservation's budget. These include:

1. \$925,000 (General Fund) to permit the Department to act as the Lead Agency in the review of California Environmental Quality Act (CEQA) documents in Kern County. These funds are reimbursed annually from fees assessed on the regulated industries for whom these reviews are performed.
2. \$5.0 million (Proposition 12) in grants for the conservation of agricultural lands through the California Farmland Conservancy Program.
3. \$1.8 million (CA Beverage Container Recycling Fund) to conduct a cost survey required by the California Beverage Container Recycling and Litter Reduction Act.
4. \$702,000 (CA Beverage Container Recycling Fund) to convert nine limited-term positions to permanent positions.
5. \$104,000 (Soil Conservation Fund) to fund a one-year detailed assessment of activities categorized as "other land" on farmland maps.

### COMMENTS:

These proposals are consistent with the responsibilities and duties of the Department and support activities relating to several programs.

## Issue 3: Abandoned Mine Mapping

The Governor's 2002-03 budget proposes \$250,000 (Surface Mining and Reclamation Account) for the Department's continuing efforts to map and identify abandoned mines. Over the past 6 six years the Department has spent \$2 million to map abandoned mines. The Department has identified approximately 1,000 mines, and estimates there are 40,000 abandoned mines.

Senate Bill 666 (Sher), Chapter 713, Statutes of 2000, authorizes the Department to establish an abandoned mine reclamation program. There are no proposals for abandoned mine remediation efforts in the budget-year.

**BACKGROUND:**

Last year the Legislature approved \$200,000 (General Fund) for abandoned mine remediation, however the item was vetoed from the budget act. The Governor states in his veto message that it is premature to begin remediation efforts until the department completes its inventory of abandoned mines. Additionally, the department and the Department of Finance indicate the Administration's reluctance to pursue remediation efforts due to the lack of resources to begin cleanup efforts across the state.

**COMMENTS:**

The Department has no specific estimate as to the total years and staff time required to fully identify and assess all abandoned mines statewide, but cites that it could take more than a decade at current funding levels.

The State has provided no funding for the clean-up or other remediation of these mines once they have been identified. The actual costs are difficult to project as costs for remediating physical hazards and the clean-up of chemical hazards vary so greatly.

The Subcommittee may wish to consider the necessity of continuing the funding for the mapping of abandoned mines and the assessment of physical and chemical hazards of the mines with no clear intent of effort to actually provide any remediation of said hazards.

**Issue 4: Beverage Container Recycling Fund Loan to General Fund**

The budget proposes a \$218 million loan to the General Fund from the Beverage Container Recycling Fund. The BCRF is projected to have a fund balance of \$25 million, a reduction of \$165.7 million from the current-year. The Administration has proposed budget bill language to repay the loan with interest.



## **3680 DEPARTMENT OF BOATING & WATERWAYS**

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The Department of Boating and Waterways is authorized by statute to (1) plan and develop boating facilities on waterways throughout California and (2) protect the public's right to safe boating by providing financial aid to local law enforcement agencies. In addition, the Department has responsibility for boating safety and education, licensing of yacht and shipbrokers, aquatic weed control in the Sacramento-San Joaquin Delta, and beach erosion control along California's coast.

### **Issue 1: Grant and Loan and Local Assistance Programs**

1. **Small Craft Harbor Loans.** The Governor's budget requests \$19.3 million (Harbors and Watercraft Revolving Fund) for nine high priority projects. Historically, the Department has issued loans to cities, counties and other local agencies for the planning, design, and construction costs of small craft harbors.
2. **Recreational Marina Loan Program.** The Governor's budget requests \$3.75 million (Harbors and Watercraft Revolving Fund) for grants to private marina owners for the development, expansion and improvement of boating facilities.
3. **Launching Facility Grants.** The Governor's budget requests \$16.7 million (Harbors and Watercraft Revolving Fund) in grants for launching facilities.
4. **Beach Erosion Control Program.** \$5.7 million (Harbors and Watercraft Revolving Fund) to match the local and federal share of cost (\$5.7 million local, \$19.0 million federal) for beach erosion control projects.
5. **Storm Damage Local Assistance.** \$800,000 (Harbors and Watercraft Revolving Fund) for the State's share (75% of total costs) of project costs to repair and provide additional protection for coastal access and infrastructure at Seal Beach.

## Issue 2: Additional Budget Change Proposals

The Governor's 2002-03 budget proposes several additional augmentations relating to the Department of Conservation's budget. These include:

1. \$1.8 million (Harbors and Watercraft Revolving Fund) for continued environmental monitoring relating to the Water Hyacinth and Egeria densa Control Programs.
2. \$750,000 (Abandoned Watercraft Abatement Fund) for administration costs associated with the Abandoned Watercraft Abatement Program.
3. \$500,000 (federal funds) redirection from local assistance activities to the Department's support budget. No additional cost.
4. \$1.1 million (federal funds) on a permanent basis to establish baseline funding for the federal Boating Infrastructure Grant Program.
5. \$50,000 (federal funds) redirection from the Department's support budget to local assistance to provide training to Boating Safety and Enforcement Officers.

### COMMENTS:

These proposals are consistent with the responsibilities and programmatic activities of the Department of Boating and Waterways.

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

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The California Department of Food and Agriculture (CDFA) has, as its primary objectives to: Serve the diverse citizens of California by maintaining an abundant, affordable, safe, and nutritious food supply; Provide leadership, innovation and oversight in the production and marketing of agricultural products; Prevent or eradicate animal diseases and exotic and invasive species harmful to people, commerce, and the environment; Develop and enforce weights and measures standards for all types of products in California and at all levels of commerce; and Support a network of fairs and expositions in the state for their societal and economic service values.

### **Issue 1: Medfly Preventative Release Program**

The Governor's budget proposes \$9.2 million from the General Fund and 138 positions to provide funding for Mediterranean Fruit Fly (medfly) control on an ongoing basis.

#### **BACKGROUND:**

The department began efforts to control the impact of the medfly on California's agricultural industry in 1975. Since 1980, the state has spent around \$140 million from the General Fund to support this effort, with a similar amount provided by the federal government. The department has used aerial and ground spraying, and sterile medfly releases to fight the pest.

The current Preventative Release Program (PRP) began in 1996 and involves raising sterile medflies and releasing them throughout a 2,100 square mile area of the Los Angeles Basin. Total program costs are \$18 million annually, shared equally between the state and the federal government.

The Legislature approved this as a five-year program with a June 30, 2001 sunset date. The *2001-02 Budget Act* extended the program for an additional year.

The LAO recommends the State's cost be shared by industries that benefit from the program. They are recommending the enactment of legislation to develop an assessment program that will equitably distribute half the cost of the PRP across those industries that most benefit from the absence of the medfly.

**COMMENTS:**

During the 2001-02 budget hearings, the Legislature expressed concern over the General Fund obligation for the program and directed the department, through supplemental report language, to provide information detailing how the funding source for the PRP could be shifted in whole, or in part from the General Fund to the Agriculture Fund. ***This report, due January 10, 2002, is to include various funding options for the Legislature to consider. This report has not yet been received by the Legislature.***

This program's \$9,156,000 General Fund budget consists of \$4.5 million in operating expenses and equipment and \$4.6 million in salary costs. This proposal seeks to extend the Medfly program for a second year beyond the original 5-year program.

**Issue 2: NFACT Program**

This proposal requests \$130,000 (General Fund) in permanent expenditure authority to support the NFACT (New Mexico, Florida, Arizona, California, Texas) Program. The proposal would allow the department to coordinate efforts with four other states in order to influence national agricultural policy.

**BACKGROUND:**

In February 1999, CDFA, in conjunction with the agriculture departments in the other states in the coalition, established a coalition to influence national agricultural policy in specific areas of concern to the five states. This coalition was established at a meeting of the National Association of State Departments of Agriculture (NASDA) and to date the coalition has been scheduling meetings to coincide with NASDA meetings to save on travel and other costs. Since 1999, CDFA has funded coalition-related activities from its base budget.

**COMMENTS:**

The LAO, in its Analysis of the 2002-03 Budget Bill, cites that that the requested augmentation is not warranted. This is because the department has resources in its base budget to participate in a number of multi-state groups to influence national agricultural policy. On an annual basis, it is up to the department to assess the priority of the various policy areas and allocate funding to participate in these meetings and conferences accordingly.

**Issue 3: General Fund Reductions**

The Governor's 2002-03 budget includes three proposals for the reduction of General Fund expenditures.

- \$419,400 General Fund reduction to various Plant Health and Pest Prevention Services.
- \$240,000 General Fund reduction to measurement and compliance programs.
- \$100,000 General Fund reduction to the Administrative Services Division.

**COMMENTS:**

These proposals seek to reduce the General Fund demand on the Departments budget. While affecting various program in the Department, these reductions are necessary to deal with the current fiscal conditions.

#### **Issue 4: Additional Departmental Proposals**

- \$460,472 for the reestablishment of abolished positions.
- \$253,000 in reimbursement authority for CALFED program.
- \$562,500 (\$374,000 General Fund) one-time relocation costs associated with the headquarters relocation.
- \$225,000 expenditure authority for financial compliance audits.
- \$700,000 (federal funds) to participate in the federal Microbiological Data Program.
- Transfer of authority for equine inspection to the Livestock Identification program.

#### **COMMENTS:**

The remaining proposals are consistent with the Departments responsibilities and overall mission.

#### **Issue 5: Pierce's Disease Program**

The budget includes \$18.8 million from the Pierce's Disease Management Account (PDMA) for support of the Pierce's Disease Control Program. Of this amount, \$8 million will be supported by the General Fund and \$4.9 million by federal funds. The remaining \$5.9 million will come from anticipated contributions from the wine and grape industry.

#### **BACKGROUND:**

In August 1999, an outbreak of Pierce's Disease, a bacteria that infects several plant species and can be particularly devastating to grape vines, was confirmed in the Temecula area in southern Riverside County. It was determined that the cause for the spread of the disease was due to a nonnative insect--the Glassy-Winged Sharpshooter. In response to the potential harm this disease poses to the wine grape industry, the Legislature has appropriated \$25 million to combat the spread of the disease through 2001-02. In addition, the federal government has provided about \$19.7 million and the wine industry has contributed about \$7.2 million. Thus, through 2001-02 \$52 million has been committed to this program.

**COMMENTS:**

According to a review by the LAO, the projected program expenditure level would leave the PDMA a reserve of \$1.6 million at the end of 2002-03, about the same amount estimated to be in the account at the end of the current year and 2000-01.

The LAO believes that the budget-year request of \$8 million from the General Fund be could reduced by drawing down this \$1.6 million reserve and recommend the amount of General Fund transfer into the PDMA support for the program be reduced by \$1.5 million, leaving a reserve of \$100,000.

**Issue 6: "Buy California" Program**

This program received \$5.0 million in the 2001-02 Budget Act. According to the Administration, this program would create a partnership between government and industry to promote consumption of California-grown agricultural products to California consumers, benefiting both public health and the state's economy.

**COMMENTS:**

In its document, *Options for Addressing the State's Fiscal Problem: 2002-03*, the LAO has indicated in that, should the Legislature desire to capture additional General Fund savings the \$5.0 million GF for this program could be realized.

The Administration has provided a request, in a March 29, 2002 finance letter (to be heard after May Revise), a request for more than \$18.5 million in federal expenditures for the Buy California program in the Budget Year and as much as \$36 million in total federal expenditures for these marketing activities.

Due to the realization of these federal funds, the Subcommittee may wish to consider reducing the State's General Fund expenditures for this program in the Budget Year.

## Issue 7: Red Imported Fire Ant Program

In its document, *Options for Addressing the State's Fiscal Problem: 2002-03*, the LAO has identified possible General Fund savings in this program if the Legislature sees the need to achieve additional savings. The Governor's proposed 2002-03 Budget includes approximately \$8.7 million (General Fund) for efforts to control and eradicate the Red Imported Fire Ant.

### BACKGROUND:

Though common in the Southeast, Red Imported Fire Ants have only recently appeared in California, Arizona and New Mexico. The California infestations were discovered in 1998, when Nevada officials notified CDFA that nursery products shipped from an Orange County commercial nursery to Las Vegas contained Red Imported Fire Ants. The discovery triggered a massive survey of Southern California. Red Imported Fire Ant colonies have now been found in five Southern California counties: Los Angeles, Orange, Riverside, San Bernardino and San Diego, isolated agricultural areas of Kern, Fresno, Madera and Stanislaus counties, as well as the most recent find in Sacramento County.

### COMMENTS:

According to the LAO, the red imported fire ant is a nuisance pest but does not threaten any California agricultural industry. Under the program, CDFA mainly contracts with county agricultural commissioners to detect and eradicate the ants. Currently, the program is limited to a small number of counties in the state. The LAO notes that, because the ants do not pose a risk to the state's agriculture, the counties should decide whether the program is worth continuing and if they conclude that it is a priority, they should fund the program.