

AGENDA
PART II
ASSEMBLY BUDGET SUBCOMMITTEE No. 3
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

Assemblymember Ira Ruskin, Chair
TUESDAY, MAY 22ND, 2007
STATE CAPITOL, ROOM 437
UPON CALL OF THE CHAIR

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0540 SECRETARY FOR RESOURCES AGENCY

ISSUE 1: PROPOSITION 84: SAN JOAQUIN RIVER RESTORATION

The Governor's budget is proposing to provide the first two years of a five year rollout of funds allocated in Proposition 84 specifically for restoration activities on the San Joaquin River: \$13.9 million in FY 2007/08 and \$15.9 million in FY 2008/09. These funds will be available for encumbrance or expenditure until June 30, 2010.

Background. Friant Dam is located on the San Joaquin River in Fresno County and is used to store water primarily for agriculture. In 1988, the Natural Resources Defense Council sued the federal Bureau of Reclamation (the operator of Friant Dam) and the Friant Water Users Association (FUWA), alleging that the operation of Friant Dam violated the state's Fish and Game Code with respect to historic fish populations in the river. In August 2006, the parties reached a settlement agreement, the goal of which is to "restore and maintain fish populations" in the San Joaquin River below Friant Dam. The settlement specifies actions that will be taken to restore the San Joaquin River over the next 20 years. Under the agreement, the federal government will provide funds to restore the river, while FUWA agreed to actions that will increase flows in the river. While the total cost of the restoration is unknown, early estimates indicate that the total cost could be over \$700 million over the next 20 years. The settlement agreement recognizes that Congressional action is necessary to authorize the federal funding contribution.

State's Role in the Restoration. Proposition 84, passed by the voters in November 2006, includes \$100 million allocated to the Secretary for Resources for the restoration of the San Joaquin River, for the purpose of implementing a court settlement to restore flows and the salmon population to the river. While the state is not a party to the lawsuit, the Department of Fish and Game (DFG), the Department of Water Resources (DWR), the Resources Agency, and the California Environmental Protection Agency have entered into a memorandum of understanding (MOU) with the settling parties regarding the state's role in the restoration. The MOU has been incorporated into the settlement agreement.

Pursuant to the MOU, the administration is proposing to spend \$100 million of Proposition 84 funds over the next five years on restoration activities. Proposition 84 funds are proposed for land and easement purchases, channel improvements, and research projects. Two specific priority areas identified by the administration are the creation of a bypass around Mendota Pool (which would prevent fish from passing through Mendota Dam) and isolating an existing gravel pit located along the San Joaquin River in Fresno (to prevent migrating salmon from becoming trapped in the gravel pit during high river flows).

LAO Comments. In their review of the 2007-08 budget, the LAO recommends that the Legislature delete funding for restoration activities in the budget year and await secure funding commitments from the responsible parties before committing state funds. Based on their review, the LAO concludes that the funding contribution from the responsible parties is subject to significant uncertainty. The settlement agreement, for example, provides that any party to the lawsuit can void the settlement if federal legislation to implement the settlement is

not enacted by December 31, 2006. While such federal legislation (authorizing \$250 million in appropriations) was introduced this past fall, it failed to pass. This brings into question whether either the federal government or the water users will meet their obligations under the settlement agreement. While such legislation may be forthcoming in the new session of Congress, the LAO recommends that the state wait until the required federal appropriations are made before appropriating state funds. If the state were to appropriate funds to begin the restoration process in advance of federal funding being secured, it may reduce the urgency for the federal government to provide funding as required in the settlement. For example, while the CALFED Bay-Delta program was intended to be an equal partnership among the state, the federal government, and local water users, the federal government has substantially lagged the state in its funding contribution, as the state has provided more than its share of costs.

STAFF RECOMMENDATION. Staff recommends that the Subcommittee approve the \$13,869,000 as one-time funding with budget bill language specifying that expenditures are for studies only, until the federal government contributes funds for the project. Staff recommends the following budget bill language:

The funds in this item may only be used consistent with the terms of the settlement agreement in NRDC v. Rodgers for the following: studies, monitoring and other planning and research costs; establishment, operation and other costs of the Technical Advisory Committee; and the establishment, operation and other costs of the Restoration Administrator."

ISSUE 2 PROPOSITION 84: REGIONAL CONSERVANCIES

State conservancies acquire and preserve land for the protection, enhancement, preservation, and restoration of sensitive landscapes, wildlife and habitat areas, and public recreation areas. In the 2007 5-year Infrastructure Plan, state conservancies and the Wildlife Conservation Board identify a total of \$1.5 billion in need for restoration and public access programs. Proposition 84 makes significant funding available for statewide conservancies with \$360.4 million being proposed for the 2007-08 budget. The two charts below show the 5-year need for state conservancies and the proposed 5-year spending plan for existing funds.

Funding Needs Reported by the State Conservancies and the WCB by Department 2007 California Five-Year Infrastructure Plan (Dollars in Thousands)

Department	07/08	08/09	09/10	10/11	11/12	Total
California Tahoe Conservancy	\$16,519	\$16,481	\$16,481	\$16,481	\$16,481	\$82,443
Wildlife Conservation Board	140,848	108,500	108,000	93,765	82,809	533,922
State Coastal Conservancy	130,737	116,749	79,470	31,725	18,265	376,946
Santa Monica Mtns Conservancy	17,013	12,010	12,010	12,010	12,010	12,010
San Gabriel/Lower LA River	25,000	30,000	30,000	30,000	30,000	145,000
San Joaquin River Conservancy	12,000	13,799	13,799	9,389	3,000	51,987
Baldwin Hills Conservancy	4,050	20,000	20,000	20,000	21,000	85,050

San Diego River Conservancy	2,745	41,100	20,600	0	0	64,445
Coachella Valley Mntns Conservancy	11,514	24,742	24,742	25,742	25,742	112,482
Total	\$360,426	\$383,381	\$325,102	\$239,112	\$209,307	\$1,517,328

**Proposed Funding for State Conservancies
(Dollars in Thousands)**

Department	07/08	08/09	09/10	10/11	11/12	Total
California Tahoe Conservancy	\$16,519	\$1,509	\$1,509	\$1,509	\$1,509	\$22,555
Wildlife Conservation Board	140,848	107,500	107,500	93,265	82,309	531,422
State Coastal Conservancy	130,737	116,749	79,470	31,725	18,265	376,946
Santa Monica Mntns Conservancy	17,013	17,010	11,310	5,950	10	51,293
San Gabriel/Lower LA River	25,000	8,000	6,000	4,100	3,618	46,718
San Joaquin River Conservancy	12,000	12,000	12,000	6023	2,000	44,023
Baldwin Hills Conservancy	4,050	4,050	4,050	1,000	1,000	14,150
San Diego River Conservancy	2,745	5,490	5,490	0	0	13,725
Coachella Valley Mntns Conservancy	11514	11514	11514	1000	1000	36542
Total	\$360,426	\$283,822	\$238,843	\$144,572	\$109,711	\$1,137,374

Staff Comments. Proposition 84 makes specific allocations to statewide conservancies for their public access, restoration and conservation programs. While all statewide conservancies share similar mandates, the process that conservancies use to plan for projects, and the criteria that is used to select projects is somewhat varied. While conservancies need flexibility to address unique features and opportunities in a region, staff has concerns that there is not enough coordination between conservancies so that successful planning strategies of one region can be replicated statewide.

Specifically, there is an interest of staff to consider which GIS mapping programs currently used by the state may be of most use to conservancies as a planning tool and how can those maps be coordinated to best achieve statewide resource conservation goals such as wildlife corridors and habitat linkages. Proposition 84 specifically provides that up to 10 percent of each allocation can be made available for planning activities relevant to bond programs. If conservancies are able to identify planning activities that may be useful on a statewide basis, the subcommittee may want to consider utilizing some of this funding to promote those activities.

STAFF RECOMMENDATION: 1) Reject \$923,000 (Proposition 84) for Tahoe Basin Interagency Fuels Reduction.

2) Reject \$2.9 million for San Diego River Mountains Conservancy.

3) Approve all direct allocations from Prop 84 for regional conservancies for one year as budgeted with related trailer bill language (This action would not include \$2.9 million proposed for San Diego Rivers and Mountains Conservancy out of the Urban Greening Section of Proposition 84, consistent with other proposals from this section)

4) In order for the Legislature to gain a better understanding of the on-going restoration efforts along the Los Angeles River, staff recommends the following Supplemental Report Language:

On or before January 10, 2008, the Santa Monica Mountains Conservancy and the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy shall submit to the Legislature (including budget and fiscal committees from both houses) on actions that both conservancies have undertaken to help protect and restore habitat along the Los Angeles River. The report shall include information on ways the two conservancies have collaborated on protection and restoration efforts, as well as a cost estimate for the next five years of projects the two conservancies intend to undertake.

5) **Approve Administration proposed trailer bill language to extend Baldwins Hill Conservancy Sunset by 10 years**

ISSUE 3: PROP 84/50 CALFED SCIENCE PROGRAM RESEARCH GRANTS

The Governor's budget is requesting a total \$10.6 million from Propositions 50 and 84 for CALFED Science Research Grants for Fiscal year 2007/2008. Funding made available by this proposal will be used by the California Bay Delta Authority (CBDA) within the Resources Agency to award grants for scientific research that serve highest priority needs of the CALFED Program. Priorities will be determined by a Topic Selection Panel consisting of high level stakeholders, agency managers and academics and submitted for public review.

Background. The CALFED Bay Delta program was formed in 1995 to improve planning and coordination among the 25 state and federal agencies with regulatory and management responsibilities in the San Francisco Bay/Sacramento-San Joaquin Delta. Prior to its formation, implementation of programs to protect and restore the bay-delta was hampered by disagreement among state and federal agencies resulting in the lack of action to protect the Bay-Delta.

In 2002, SB 1253 (Costa) created a new state agency in the Resources Agency—the California Bay-Delta Authority (CBDA)—to oversee the overall CALFED program, as well as to directly implement the CALFED science program. Additionally, SB 1253 assigned responsibility for implementing the program's other elements (such as water quality, ecosystem restoration, and water storage) among a number of other state agencies.

Independent reviews of CALFED found many problems. At the request of the Governor, four independent management, fiscal, and program reviews of CALFED were conducted in the summer and fall of 2005. These reviews were conducted by the Little Hoover Commission, the Department of Finance, and KPMG (a private consultancy firm). These reviews found common agreement that the then-current governance structure was not working well, state priorities for CALFED were not clear, and meaningful performance measures for the program were lacking.

The Legislature reorganized the CALFED governance structure in 2006, in an effort to clarify lines of accountability within the program and hold the program accountable for its performance. The reorganization included the transfer of all of California Bay-Delta Authority's positions (totaling 71) to the Secretary for Resources and five other CALFED implementing agencies.

Today, CALFED has arrived at several simultaneous policy making milestones that will determine the future for Delta Management:

End of Stage 1 Review. The Resources Agency will be involved in a CALFED program wide evaluation of ROD implementation efforts and the resulting overall health of the Delta;

The Delta Vision. By October 2008, the administration is developing an integrated and sustainable long-term vision for the Delta. As of February 2007, the Governor appointed the Delta Vision Blue Ribbon Commission that will work with CBDA and participating departments to develop Delta Vision policy recommendations.

The Bay Delta Conservation Plan. Several Bay Delta system water users are working cooperatively to explore preparation of one or more habitat Conservation Plans and natural Communities Conservation Plans for the Delta.

Staff Comments. The long-term goal of the Science Program of CALFED is to establish a body of knowledge relevant to CALFED actions and their implications. Under the direction of the Record of Decision (ROD), this body of knowledge generated by the Science Program is to be used as a tool to evaluate implementations and drive delta water policy decision making.

Due to crashing fish populations, significant seismic risks to infrastructure, water quality issues and the effects of climate change there is a growing opinion among parties engaged in the Delta that under current management practices the Delta are unsustainable. In order to evaluate current policies and a plan for the future, the state is involved three separate Delta policy evaluations and planning exercises: the End of Stage 1 review, the Delta Vision, and the Bay Delta Conservation Plan. All three activities being conducted simultaneously on different timelines will rely on science data generated from the CALFED program.

Staff recommends that because it is likely that the legislature will be conducting a CALFED program-wide evaluation in tandem with the completion of the Delta Vision it is not necessary to hold up this relatively small piece of the program. As such, staff recommends that this proposal approved as budgeted.

STAFF RECOMMENDATION: Approve as budgeted.

ISSUE 4: PROPOSITION 84: CALFED PROGRAM SUPPLEMENTAL ANALYSIS

The Governor's budget is requesting \$5 million in contracting funds and \$454,000 for 4 PYs from Proposition 84 to conduct a supplemental analysis of hydrological options for the Sacramento San Joaquin Delta. In the proposal, the Resources Agency makes the case that in order to maintain and improve the health of the Delta, the state will need to alter or supplement its current CALFED Program activities. In order to change the agreed plan of action under the ROD, it is required that the state conduct a supplemental programmatic analysis of potential new actions.

Staff Comments. The ROD allows CBDA to only consider "through-delta" water conveyance as the method to transport water from northern California to Southern California. If a hydrological transfer method that is not within the ROD is to be considered, the ROD requires that a supplementary analysis be conducted. The budget request presented by the Resources Agency would provide a supplemental analysis to take into consideration new options for supporting California water infrastructure.

In the proposal submitted by the Resources Agency, the CBDA will be taking initial steps to making significant policy shifts in how the state manages the Delta and statewide water conveyance. The funding and requested positions in this proposal are intended to integrate the different reviews that are occurring in parallel. Staff recommends that because it is likely that the legislature will be conducting a CALFED program-wide evaluation in tandem with the completion of the Delta Vision it is not necessary to hold up this relatively small piece of the program. As such, staff recommends that this proposal approved as budgeted.

STAFF RECOMMENDATION: Approve as budgeted

ISSUE 5: LAND ACQUISITIONS – BUFFER PROPERTIES

In last year's budget the subcommittee adopted the following trailer bill language that directed the Resources Agency to identify key buffer properties that are of ecological value that are surrounding lands such as military or national guard properties. The intent of the subcommittee's action was to encourage the state to identify and pursue conservation strategies to protect those lands from new development or other infrastructure encroachment.

Public Resources Code

12805.6 The Resources Agency shall identify for future conservation, key buffer properties adjacent to large ecologically valuable working landscapes that provide significant economic benefits to the state, such as active military or National Guard properties, whose future viability could be threatened by encroachment of incompatible land use activities. An acquisition of a land or conservation easement on property identified pursuant to this section shall occur with a willing seller

Staff Recommendation. Staff does not have a recommendation for this item but understands there may be will of the subcommittee to strengthen this language.

3310 - TAHOE REGIONAL PLANNING AGENCY

ISSUE 1: LEGAL BUDGET INCREASE

Background. Currently, the Tahoe Regional Planning Agency (TRPA) has a legal budget of \$450,000. The legal budget has been the same since 1999. TRPA's legal staff consists of two attorneys and a paralegal. This legal staff supports the 15 member Governing Board, over 90 agency staff, and conducts legal tasks related to planning, regulatory, and environmental improvement programs and responsibilities. The current compact between California and Nevada allows for planning enforcement only through court action.

New TRPA Activities. Over the next five years, TRPA will be developing a new Regional Plan, implementing new Shorezone regulations, preparing comprehensive agency code revisions, pursuing increased enforcement, and additional agency activities related to planning implementation.

Governor's Budget. The Governor's Budget includes no funds for this proposal.

Staff Analysis. With an increase in its legal budget, TRPA would be able to:

- Outsource compliance, enforcement, and legal services as the need arises, particularly when in-house staff capacity is over-extended.
- Address TRPA's strategic priority of improving Regional Plan compliance through improved enforcement.
- Compensate for inflationary cost increases over time of normal operating expenses, such as salary comparability and retention pay increases.

STAFF RECOMMENDATION. Staff recommends the Subcommittee approve \$100,000 General Fund for legal costs at the Tahoe Regional Planning Agency with the following budget bill language:

The funds appropriated in Schedule (1) shall only be used for enforcement of the Tahoe Regional Planning Agency regulations mitigating the adverse environmental effects of development near Lake Tahoe.

ISSUE 2: TAHOE TRANSPORTATION DISTRICT TRANSIT STAFF POSITION

Background. The Tahoe Regional Planning Agency (TRPA) was made the Metropolitan Planning Organization (MPO) for the Tahoe region in 1999. As the MPO, TRPA has responsibility over regional transportation planning, and access to federal and state funds for that purpose. TRPA conducts the regional transportation planning, while the local transportation district implements the plans.

Governor's Budget. The Governor's Budget includes no funds for this proposal.

Staff Comments. State and federal transportation funds are determined by a population-based formula. The Tahoe area has a population of 62,000 residents, and receives transportation funds based on that number of people, even though during the tourist-season the area can have a day population of 230,000 people. Due to this population formula, it is difficult for the local transportation district to access state and federal transit funds. However, the federal government has provided some funds for water-based transit infrastructure, but not for staff to implement the plan.

Staff thinks providing TRPA with one position to direct transportation planning implementation will assist the region in creating more integrated transportation. However, since the Tahoe region does have the ability to levy a local tax to support local transportation, the funding should be limited-term.

STAFF RECOMMENDATION. Staff recommends the Subcommittee approve \$100,000 General Fund for one two-year limited-term position for transit operation and systems development.

3340 – CALIFORNIA CONSERVATION CORPS

ISSUE 1: PROPOSITION 84 IMPLEMENTATION

Governor's Budget. The Governor's budget is proposing a total of \$1.52 million (Proposition 84) and three positions over six years, to implement, administer and ensure proper oversight of \$32.5 million in grant funds for non-profit local conservation corps and \$12.5 million identified for the California Conservation Corps (CCC) through Proposition 84.

Background. Proposition 84 specifies that \$45 million would go to the CCC for Resource conservation and restoration projects, facilities acquisition, development, restoration, rehabilitation, and for administrative costs. Under this section, the \$45 million would be divided into three categories as follows:

- \$12.5 million in grants to local corps for projects to improve public safety and improve/restore watersheds, including regional and community fuel load reduction projects on public lands, and stream and river restoration projects.
- \$12.5 million to the CCC for projects to improve public safety and improve/restore watersheds, including regional and community fuel load reduction projects on public lands, and stream and river restoration projects.
- \$20 million for grants to local corps for acquisition and development of facilities to support local conservation corps programs, and for local resource conservation activities.

Administrative costs totaling 3.5 percent will be deducted from the total \$45 million for administrative costs accrued by the Resources Agency and Department of Parks and Recreation leaving a total of \$43.4 million for department projects identified in the bond.

Staff Comments. When this issue was heard last, the subcommittee expressed an interesting accelerating the allocation of Proposition 84 funds to local conservation corps non-profits. As such, staff recommends that the subcommittee appropriate funding from Proposition 84 for local conservation corps grants with the following language that divides the allocation between the state certified Local Conservation Corps Nonprofits.

STAFF RECOMMENDATION. Staff recommends that the Subcommittee approve \$263,000 for positions and \$12 million for local conservation corps. Staff recommends that the positions be on-going, but that the local assistance funds are one-time.

3125 - TAHOE CONSERVANCY

3540 – DEPARTMENT OF FORESTRY AND FIRE PREVENTION

ISSUE 1: PROPOSITION 84 – URBAN GREENING/ BIOMASS PROPOSAL

The budget proposes \$5.1 million in Proposition 40 and Proposition 84 funds to be spent by the department and the California Tahoe Conservancy for projects to reduce the hazards of large wildfires in the Lake Tahoe area. The department and the conservancy propose to use about \$1 million for support staff to implement fuels reduction (removal of dead and fallen trees and excessive undergrowth) and biomass use programs (burning these removed fuels to generate energy). The bulk of the request (\$4.1 million, Proposition 84 funds) is proposed for grants to local governments to support projects using biomass waste to generate heat and/or electricity.

Specifically, the department proposes to grant (1) \$3.5 million to a local public agency for the development of a biomass facility in the Lake Tahoe basin that would use recovered biomass from forest thinning projects to generate electricity, (2) \$400,000 to support a cogeneration facility that would use recovered biomass to heat local school buildings, and (3) \$200,000 to support a Placer County program to subsidize the use of biomass for electricity generation.

Proposition 84. Funding for this proposal is being provided directly out of section 75065 (a) which is broadly authorized for statewide urban greening projects. Proposition 84 specifically requires that implementing legislation be approved prior to expenditure of fund from this section.

LAO Recommendations. The LAO believes that the Energy Commission should be the lead agency for supporting renewable energy projects, including biomass utilization projects, based on its longstanding technical expertise and established programs in this subject area. Therefore the LAO recommends that the Legislature delete the proposed funding of \$4.1

million from Proposition 84 for these biomass utilization projects. Given the significant, existing resources at the Energy Commission potentially available to support such projects, the LAO believes the commission should evaluate whether the proposed projects should be supported from existing funds, in the context of other funding priorities.

STAFF RECOMMENDATION. Reject proposition 84 funding, funding form this bond section will be discussed in the policy committee.

3540 – DEPARTMENT OF FORESTRY AND FIRE PREVENTION

ISSUE 1: PROPOSITION 84 – URBAN GREENING

Background. Proposition 84, Chapter 9, Section 75065 (b), provides \$90 million for urban greening. Of that amount, a minimum of \$20 million is reserved for the Department of Forestry and Fire Protection for urban greening programs.

The goals of the Department of Forestry and Fire Protection urban greening program are:

- Increase the amount of urban forests
- Facilitate the creation of jobs in tree maintenance and related urban forest activities
- Reduce energy consumption through maximized tree and vegetative cover
- Encourage the coordination of state and local activities in urban forestry
- Prevent and limit the spread of tree diseases and pests

Governor's Budget. The Governor's Budget proposes \$45.9 million over 10 years to fund urban greening projects and local assistance grants. The first year of funding would be \$4,490,000 and eight positions.

Staff Analysis. Staff has concerns that the Legislature would be approving a 10-year program without the program guidelines or the grant guidelines available for evaluation.

Staff Recommendation. Staff recommends that the Subcommittee approve \$4,490,000 for grants, projects, contracts, and eight positions. Staff recommends that the positions be made permanent while the grant, project, and contract funds are one-time.

3480 – DEPARTMENT OF CONSERVATION

ISSUE 1: PROPOSITION 84 - SUSTAINABLE COMMUNITIES – CALIFORNIA GREEN CITIES

The Department of Conservation is requesting \$10.4 million from Proposition 84 to assist local and regional communities plan and build sustainable communities. Specifically under this proposal, the department would identify existing environmental statutory priorities and provide competitive grants from the requested Proposition 84 funding to incentivize the incorporation of such environmental priorities into local government general plans.

In an effort to help local governments implement more "green" principles into their planning process, the department has also identified a need to consolidate natural resources data into one place and make that data available to local planners. To do this, the department is requesting \$4 million (Proposition 84) to work with the Department of Fish and Game to fund vegetation maps in high priority regions. Also, the department is proposing to seek outside expertise on how to best integrate natural resources data and maps from different technical programs, data sets and state, local, and public sources.

Proposition 84. Funding for this proposal is being allocated out of sustainable section 75065 (c) of Proposition 84. This section is generally dedicated to urban greening, sustainable communities and urban forestry programs. Funding from this section of the bond could be applied to very broad range of programs and departments and for which enacting legislation is required prior to appropriation.

STAFF RECOMMENDATION: Because there are various policy bills moving through policy committee that will address these new programs, staff recommends that subcommittee reject the proposal.

ISSUE 2: PROP 84: AGRICULTURE LAND CONSERVATION PLANNING GRANTS AND INCENTIVES

The Governor's budget is requesting \$10 million from Proposition 84 for two Agricultural Land Conservation Activities: 1) Develop multiple resource agricultural conservation easements that also include wildlife habitat benefits and management practices; and 2) Provide planning grants to local governments to develop and implement agricultural land conversion mitigation programs to address the ongoing loss of farmland in their jurisdiction.

Background. Within Proposition 84, \$90 million is identified in section 75065 (c) to be available for "planning grants and planning incentives, including revolving loan programs and other methods to encourage the development of regional and local land use plans that are designed to promote water conservation, reduce automobile use and fuel consumption, encourage greater infill and compact development, protect natural resources and agricultural lands, and revitalize urban and community centers."

Being one of the identified purposes of the widely defined designation of funding, agricultural conservation is an activity that the department has experience in through existing programs.

The department's California Farmland Conservancy Program (CFCP) provides local assistance grants for projects that use conservation easements to protect agricultural land. Additionally, the department's Williamson Act program encourages landowners to enter into long-term contracts to maintain their lands in agricultural use, in return for reduced property tax assessments. Lastly, the department's Farmland Mapping and Monitoring Program (FMMP) conducts statewide inventories of agricultural land resources and monitors the conversion of land from one land use classification to another.

Staff Comments. Consistent with the prior issue, staff recommends that that this proposal be rejected until new programs to expend these funds are developed in policy committee.

STAFF RECOMMENDATION: Reject Proposal

3600 – DEPARTMENT OF FISH AND GAME

Issue 1: Proposition 84: Bay Delta Habitat Conservation Plan

Governor's Budget. The Governor's budget for CALFED includes \$1.7 million in Proposition 84 bond funds and continuation of 16 existing positions for the development of a Natural Communities Conservation Plan (NCCP) for the delta. The budget request represents the first year of a \$20 million, six-year plan for spending Proposition 84 funds to develop the conservation plan. The budget proposal also includes shifting the fund source for 16 existing positions from user contributions to bond funds.

LAO Recommendation. In their analysis of the governor's budget, the LAO cites that when the proposal for developing an NCCP for the delta was first presented to the Legislature at hearings on the 2006-07 budget, the administration indicated that water users (primarily SWP contractors) would pay for such an NCCP. Because the water users are the primary beneficiaries of water diversions from the delta and must comply with the California Endangered Species Act, the LAO feels that it is appropriate that they pay for such an NCCP. The recovery of state costs to develop and implement NCCPs from fees is also authorized in state law.

While Proposition 84 authorizes up to \$20 million for the development of an NCCP for the delta, the LAO thinks that the availability of bond funds does not relieve the water users from the responsibility for paying for projects that benefit them. The LAO therefore recommend denying the budget request on the basis of the proposed funding source, but would recommend its approval if the water user contribution were to be reinstated.

Staff Comments. The Bay Delta Conservation Planning process is important for the development of a future delta policy course. Staff expects that the legislature will take a program-wide look at CALFED in the coming yeas and staff recommends that the subcommittee approve this proposal to facilitate that discussion.

STAFF RECOMMENDATION. Approve as budgeted

Issue 2: Proposition 84 CALFED Ecosystem Restoration Program Implementation

Governor's Budget. The Governor's budget is requesting to continue current funding for the CALFED Ecosystem Restoration Program (ERP) with \$115 million from Proposition 84. With funding, this proposal would also shift 40.5 existing positions to Proposition 84 (currently funded through Proposition 50) annually through 2012-13. The department also requests a reappropriation and extension of expenditure authority of the remaining ERP Proposition 50 project funds for an additional six years through June 30, 2013, or until funds are exhausted.

Staff Comments. The CALFED ERP is dedicated to the improvement of the overall health of the delta ecosystem through its various programmatic components. As discussed in prior hearings, CALFED is currently involved in three distinct major policy developing processes. For the hearing, the department should be prepared to comment how early actions by the program have and will continue to improve the health of the delta. Additionally, the department should comment how planning and project selection of the Ecosystem Restoration Program is being coordinated with the Delta Vision, End of stage 1 review and the Bay Delta HCP/NCCP.

STAFF RECOMMENDATION. Approve as budgeted for one year

ISSUE 3: Proposition 84 - SAN JOAQUIN RIVER RESTORATION

Governor's Budget. The Governor's budget is requesting the first year of funding of \$1.18 million out of a total spending plan of \$40 million from Proposition 84 reimbursements to move forward on restoration activities on the San Joaquin River. This proposal is part of a joint effort with the Department of Water Resources and the Resources Secretary to expend \$100 million that Proposition 84 authorizes exclusively for San Joaquin River Restoration activities and includes additional partnerships with federal and private stakeholders.

Staff Comments. When heard during the Subcommittee 3 hearing for the Secretary for Resources, there were concerns raised by the LAO about the timing of state involvement in this restoration project. From the hearing, staff interpreted that there was a clear direction of support from the subcommittee for moving forward with restoration activities in the budget year. For this hearing, the department should be prepared to give the subcommittee members a brief review of first stage priority elements of their San Joaquin River ecosystem restoration plan now that flows will be returning to the river.

STAFF RECOMMENDATION. Staff recommends that the Subcommittee approve the \$1,185,000 for 2007-08 and the six permanent positions. Staff also recommends that the Subcommittee adopt the following budget bill language:

The funds in this item may only be used consistent with the terms of the settlement agreement in NRDC v. Rodgers for the following: studies, monitoring and other planning and research costs; establishment, operation and other costs of the Technical Advisory Committee; and the establishment, operation and other costs of the Restoration Administrator."

Issue 4: Proposition 84: Lower Colorado River Habitat Conservation Plan

Governor's Budget. Proposition 84 authorizes \$5.3 billion in general obligation bonds to fund projects and expenditures, of which "Not more than \$7,000,000 shall be available to the Department of Fish and Game for projects to implement the Lower Colorado River Multi-Species Habitat Conservation Plan.

Staff Comments. Staff has no issues with this proposal.

STAFF RECOMMENDATION. Approve as budgeted

Issue 5: Anadromous Fish Management

Governor's Budget. The Governor's budget is requesting 9 new permanent positions (8.5 PYs), 6 Temporary Help positions, and \$11.5 million for year 1 of 4 from the following fund sources: \$598,000 (Fish and Game Preservation Fund-Steelhead Trout Dedicated Account), and \$10,856,000 (Proposition 84). This proposal will require the department to implement the following programs over four years: Coastal Salmonid Monitoring Plan Implementation; Coho Recovery Plan Implementation; Steelhead Report Card Augmentation; Coastal Steelhead and Chinook Recovery.

Coho Salmon Recovery Plan. In 2004, the Fish and Game Commission adopted a Coho Salmon Recovery Strategy Plan and directed the Department to adopt regulations to logging practices designed to prevent "take" of Coho Salmon, a California endangered species. In response to the Fish and Game Commission's plan, the department has relied on the State Board of Forestry to adopt forest practice reforms that would reduce the impact of commercial logging practices on 14 species of state and federally listed salmon and aid in their collective recovery. To date, the Board of Forestry has not adopted new logging reforms. Additionally, the first set of regulations that were adopted by the board in 2000 are going to expire in 2007.

Staff Comments. Over the last 10 years, the department's Fishery Grant Restoration Program has governed the spending of state and federal funds for salmon restoration projects. From discussions with the department, though it is not required by statute, it appears that most of the funding in this proposal will be expended using existing statutory criteria of the Fisheries Restoration Grant Program. The Legislature may want to consider developing budget bill language that would encourage that Fisheries Restoration Grant program grant criteria be used when expending these funds.

Coho Salmon Recovery Plan. Directly concerning the Coho Salmon Recovery plan, staff has received public concern regarding the Board's ability to extend existing and adopt new reforms. At the hearing, the department should be prepared to speak to the state of the Coho Salmon Recovery plan and any progress that is being made with new regulations at the Board of Forestry. Additionally, the department should be prepared to comment how it

intends to implement the Coho Recovery plan in lieu of a Board that is unable to adopt necessary logging regulations.

Commission Staffing. In looking into this issue, staff has been made aware while workload at the commission to develop new regulations has grown, staffing needed to develop them has not. For example, in 2005 the Fish and Game had about 50 regulations that it was processing through the Administrative Law Process with less than five staff to do so. This is in contrast to the year 2000 when there were 5 staff to process 20 regulations. The result of understaffing at the commission is even further delays to the already lengthy OAL process.

STAFF RECOMMENDATION. 1) Staff recommends that the subcommittee adopt agreed upon trailer bill language that would encourage that Fisheries Restoration Grant program grant criteria be used when expending these funds.

Staff Proposed Trailer Bill Language:

SEC. 2. Section 6217.3 is added to the Public Resources code, to read:

6217.3. (a) Except for the two million five hundred twenty thousand dollars (\$2,520,000) allocated by the department for the Coastal Salmonid Monitoring Plan, the process governing the expenditure of funds as described in Section 6217.1 shall be applied to the expenditure of all remaining funds appropriated to the Department of Fish and Game for coastal salmon and steelhead fishery restoration projects from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Chapter 1 (commencing with Section 75001) of Division 43).

(b) Of the one hundred eighty million dollars (\$180,000,000) made available to the department pursuant to subdivision (a) of Section 75050, up to forty-five million dollars (\$45,000,000) shall be made available for coastal salmon and steelhead fishery restoration projects and the Coastal Salmonid Monitoring Plan.

2) Additionally, staff recommends augmenting the Fish and Game Commission's staff by 5 PYs to be funded with existing funds to address workload issues in the commission related to the development of regulations.

Issue 6: Game Wardens

Game Wardens are California's only law enforcement entity responsible for patrolling our states wild lands and waterways. In total, wardens are responsible for protecting over 1,700 square miles of California Lands and Waterways from poaching, pollution, and destruction of natural lands and providing public safety, homeland security and disaster response statewide. Through budget reductions in the Department, Fish and Game has lost about 25 percent of its game warden force and currently there are about 200 game wardens on patrol statewide, a workforce that equals that of the 1950's. These losses have dismantled our state's presence in our open spaces and have spread game warden presence dramatically thin over vast areas of responsibility.

Staff Comments. In last year's budget, the legislature evaluated various proposals to increase compensation levels of Fish and Game Wardens. Throughout subcommittee deliberations, the Department of Finance stressed that game warden compensation is an issue that is more appropriately dealt with in the state's collective bargaining process rather than through the budget. As a priority of last year's subcommittee membership, \$10 million in General Fund was appropriated to the Department to increase recruitment and retention of Fish and Game enforcement personnel. In the budget conference committee hearings, this action was rescinded and a larger statewide proposal was approved that provided \$30 million General Fund and direction to the administration to work out a collective bargaining agreement on game warden compensation and other state employees that have similar compensation issues.

STAFF RECOMMENDATION. Staff recommends that the subcommittee approve budget bill language:

No later than November 1, 2007, the Department of Fish and Game, in collaboration with the Department of Personnel Administration, shall provide:

- (a) Projections of fish and game warden staff levels from 2007 to 2011, based on anticipated retirement levels and based on recent trends in hiring and retention of new wardens.
- (b) A salary survey of other state law enforcement agencies located in geographic areas where the Department has routinely had difficulty recruiting and retaining officers and of local law enforcement agencies, including the estimated average total compensation for each corresponding rank for the Alameda, Contra Costa, Monterey, Napa, Orange, and Sonoma County Sheriff's Departments. Total compensation shall include base salary, educational incentive pay, physical performance pay, longevity pay, and retirement contributions made by the employer on behalf of the employee.
- (c) A report on the fish and game warden hiring process, identification of potential means for expediting and streamlining the process, and a comparison of the timeline for completion of the process relative to other comparable state and local law enforcement hiring processes.
- (d) The Department shall also provide the following information related to fish and game warden recruitment and retention and the direct impacts on environmental protection and public safety:
- (e) An report on the additional public safety, public trust, wildlife protection and environmental protection responsibilities that have been assigned to fish and game warden staff through enactment of state or federal legislation since 1997.
- (f) An analysis of the fish and game warden staff levels available to perform public safety, public trust, wildlife protection and environmental protection duties since 1997.

- (g) An analysis of the level of fish and game warden staff available in comparable states, including those on the Pacific coast and states with high population levels and large geographic size. The analysis should include a comparison of salary levels of these states' fish and game warden staff as compared to the salary level of the states' statewide law enforcement sworn personnel.
- (h) The current geographic distribution of the fish and game warden staff and the anticipated staffing that will be available to each region of the state over the next five years.
- (i) To the extent that portions of the information required pursuant to (a) and (b) is immediately available, it should be provided to the Chairs of the Senate and Budget Committees.

3600 – DEPARTMENT OF FISH AND GAME
3640 WILDLIFE CONSERVATION BOARD

ISSUE 1: PROPOSITION 84: WILDLIFE CORRIDOR PLANNING/VEGETATION MAPPING

As part of their mission, the Department of Fish and Game (DFG) is responsible for identifying, developing and managing wildlife corridors for game and non-game animals statewide. One strategy in particular that the Administration has discussed as a successful tool for identifying corridors is statewide vegetation mapping.

Vegetation Mapping. The Department of Fish and Game Biographic Data Branch has been creating detailed GIS mapping of vegetation/habitat maps. Vegetation/habitat mapping uses precise aerial photography combined with on the ground data gathering to develop pinpoint maps of land vegetation. Vegetation is a cornerstone data set for identifying critical habitats for game and non game species. Once vegetation data is gathered for an area, local planners can then overlay other information such as land use to prioritize land development and conservation activities.

To date, non-state funding opportunities have dictated where the department has developed vegetation maps. Despite a scarcity of resources, the program has been able to slowly grow and refine itself with maps successfully being developed for federal parks, some regional conservancies and some Natural Community Conservation Plan (NCCP) Lands. The department indicates that they are now prioritizing vegetation maps as a baseline preference in NCCP negotiations and through a grant from the USGS, the Department of Fish and Game is developing a Strategic Plan to develop a statewide Vegetation Layer map which is expected for next year.

Staff Comments. In Proposition 84, the Wildlife Conservation Board is continuously appropriated \$135 million to meet a broad range of conservation objectives. While the continuous appropriation and flexibility in statute give the board certain latitude in discretion, the bond is very specific that it would like to see the Board use bond funds to protect habitat linkages and wildlife corridors. Additionally, the bond gives the board discretion to use bond funds for habitat planning and mapping purposes to achieve this goal.

Through discussions with staff, the WCB staff have indicated a willingness to move forward, per approval of the Board, with a phased in approach to conducting vegetation mapping in some areas of the state that are aligned with the WCB's land acquisition priorities as well. Staff understands that the WCB staff expect to be able to complete by the end of the fiscal year vegetation mapping in sierra foothills south of Sacramento to the Tehachapi mountains, as well as other high priorities in the South Coast. In addition to Vegetation Mapping, the WCB staff has also agreed to work with the Department of Fish and Game to assemble, using existing information within the department, a high level statewide map that displays the major wildlife corridors and habitat linkages in California.

STAFF RECOMMENDATION: Because funding to conduct these activities is continuously appropriated in the bond, it is not necessary for the subcommittee to make an appropriation for this item. Staff does recommend, however, that the subcommittee adopt the following budget bill language to direct the WCB to work with the Department of Fish and Game to implement Vegetation and Wildlife Corridor mapping:

Budget Bill Language

3640-301-6029

X) It is the intent of the legislature that the Wildlife Conservation Board use funds appropriated in Public Resources Code Section 75055 (b) to work with the Department of Fish and Game to complete Vegetation Mapping for high priority lands as determined by the board.

XX) It is the intent of the legislature that the Wildlife Conservation board use funds appropriated in Public Resources Code Section 75055 (b) to work with the Department of Fish and Game to complete a statewide assessment of wildlife corridors using existing data available to the department and the board.

Trailer Bill Language

Additionally, staff recommends that the subcommittee adopt trailer bill language in concept that would codify Vegetation Mapping Criteria that is used by the Department of Fish and Game.

Supplemental Report Language

The Department of Fish and Game and the Wildlife Conservation Board must report to the legislature by January 10, 2007 on the following:

By acre and location, how much vegetation mapping was conducted in the budget year
A map of general geographic areas that the department and the board feel are priority locations to conduct vegetation mapping.

A map of the statewide known statewide wildlife corridors using existing data available to the department and the board.

3640 WILDLIFE CONSERVATION BOARD

ISSUE 1: PROPOSITION 84 – NCCP IMPLEMENTATION

The Governor's budget proposes to allocate \$25 million in the budget year from Proposition 84 to the Wildlife Conservation Board (WCB) for grants to help implement Natural Community Conservation Plans (NCCP). Funding provided to the WCB will be used to acquire key habitat lands by willing sellers that contribute to the successful implementation of NCCPs.

75055 (c)/ Total Allocation: \$90,000/ 5-Year NCCP implementation

	07/08	08/09	09/10	10/11	11/12
Program Delivery	\$159	\$159	\$159	\$159	\$159
Projects	\$25,000	\$25,000	\$25,000	\$10,765	\$0
Total	\$25,159	\$25,159	\$25,159	\$10,924	\$159

Staff Comments. Staff does not have any concerns with this proposal. Funding is being allocated from a section of Proposition 84 that is very specific in direction for a program that is ongoing within the Department of Fish and Game. However, because the NCCP process is a preferred conservation tool for highly impacted ecosystems and planning for wildlife corridors needs to be considered at the front end of local planning, staff suggests that this item remain open to explore possibilities for incorporating wildlife corridor planning principles into the NCCP process.

STAFF RECOMMENDATION: Approve as budgeted for one year

ISSUE 2: PROPOSITION 84 – RANGELAND, GRAZING LAND AND GRASSLAND PROTECTION PROGRAM

The Governor's budget is proposing \$14.3 million from Chapter 6, Forest and Wildlife Conservation, Section 75055 (b)(d)(1) of Proposition 84. This request will provide funding for grants to implement the Rangeland, Grazing Land and Grassland Protection Act and the WCB's program of the same name.

75055 (b)(d)(1)/Total Allocation: \$15 million/Grazing Land protection

	07/08	08/09	09/10	10/11	11/12
Program Delivery	\$26	\$26	\$26	\$26	\$26
Projects	\$14,293	\$0	\$0	\$0	\$0
Total	\$14,319	\$26	\$26	\$26	\$26

Staff Comments. In concurrence with the Senate's actions, staff recommends that the subcommittee appropriate \$5 million in fiscal year 2007-08 for projects from the program.

STAFF RECOMMENDATION: Approve as budgeted for one year.

ISSUE 3: PROPOSITION 84 – INTEGRATED AGRICULTURAL ACTIVITIES WITH ECOSYSTEM RESTORATION AND WILDLIFE PROTECTION

The Governor's budget is proposing to allocated \$4.8 million to the WCB for grants to assist farmers in integrating agricultural activities with ecosystem restoration and wildlife protection. Under this program, the Board will work with private agricultural landowners interested in managing agricultural operations in an economic manner that is sustainable and provides productive habitat for wildlife.

Proposition 84. Funding for this proposal is being allocated from section 75055(b)(d)(4) that authorizes \$5 million exclusively to the Board for integrating agricultural activities with ecosystem restoration and wildlife protection. The department is proposing that the majority of funding from this section be appropriated in 2007-08.

75055 (b)(d)(4)/Total Allocation: \$5 million
Agricultural Integration with Ecosystem Restoration – Wildlife Conservation Board

	07/08	08/09	09/10	10/11	11/12
Program Delivery	\$9	\$9	\$9	\$9	\$9
Projects	\$4,762	\$0	\$0	\$0	\$0
Total	\$4,771	\$9	\$9	\$9	\$9

STAFF RECOMMENDATION: Staff recommends that the Subcommittee approve the budget proposal with the following budget bill language:

The funds in this item shall only be for projects with permanent benefits to wildlife and farmlands.

3720 COASTAL COMMISSION

ISSUE 1: COASTAL ENFORCEMENT

The California Coastal Commission (Commission) is responsible of permitting development along within the coastal zone. It is the mission of the Commission to issue permits for developments that do not harm and where possible, protect and enhance California's coastal zone. As a permitting entity, the Commission is also responsible for enforcement of coastal permit violations and unpermitted development. The Coastal Commission has enforcement responsibility for the entire Coastal Zone of California that generally extends 1,000 yards inland from the mean high tide line statewide.

To identify violations, the Coastal Commission primarily relies on public complaints. Once a complaint is made to regional office, Commission staff is responsible for investigating the complaint and pursuing enforcement actions. Examples of violations include blocked public access, impacts to environmentally sensitive habitat (e.g. wetlands and coastal bluffs) and species, grading or other development in open space areas dedicated to protect habitat and wildlife

Staff Comment. The Commission has seen a steady increase in annual enforcement cases, with the number of these cases remaining open and not being addressed increasing as well. This increase in enforcement responsibility has not been matched with enforcement staff. Currently there are a total of 754 cases open at the regional level. At state headquarters, there are 91 cases open, 27 of which have been waiting for more than three years for the Commission to issue an order on. To investigate these complaints, the Commission has two enforcement officers – one in the South Central district and one in the South Coast district. There are no current enforcement officers to investigate cases in the North Coast district that reaches from North of San Francisco to the Oregon Border.

STAFF RECOMMENDATION. Approve \$350,000 and 3 PYs for enforcement of the California Coastal Act.

ISSUE 2: LIVE VIDEO STREAMING OF COMMISSION MEETINGS

The 2006/07 Budget provided \$100,000 (General Fund) to the Commission for a pilot program to stream Commission hearings live via the internet that started in February 2007. The Governor's budget does not include funding to continue this pilot project in the 2007/08 budget.

Staff Comments. Coastal Commission meetings occur in different locations statewide. Without live streaming, staff has a concern that public access to the meetings will be restricted to those who have time and funding for travel. The Commission should be prepared to discuss what is needed to continue live streaming via the internet.

STAFF RECOMMENDATION. Approve \$150,000 (General Fund) for live video streaming.

3760 – STATE COASTAL CONSERVANCY

ISSUE 1: COASTAL CONSERVANCY – PROPOSITION 84 STAFFING

The State Coastal Conservancy is proposing \$1.5 million in Proposition 84 for five new positions – one staff attorney, three Conservancy Project Development Analyst II's, and one accounting officer – to implement programs being funded through Proposition 84 funds.

Background. In 2002, Propositions 40 and 50 allocated a total of \$380 million to Coastal Conservancy for coastal and watershed projects. The Conservancy expects most of these funds to be encumbered by year's end as new Proposition 84 funds are appropriated. Proposition 84 authorizes a total of \$360 million to the Coastal Conservancy and \$90 million to the Ocean Protection Council to fund new and ongoing programs. With this increase in funding, Proposition 84 also authorizes monies for a more programmatic mandates the Propositions 40 and 50. With expanded mandates, the Department is forecasts a need for the new proposed positions.

Staff Comments. The Administration has not provided a sufficient explanation as to why the \$1,035,000 in consulting fees is required in addition to the five positions requested.

STAFF RECOMMENDATION: **Approved as budget minus consulting fees and positions.**

ISSUE 2: OCEAN PROTECTION COUNCIL – 2006/07 MARINE LIFE PROTECTION ACT FUNDING

Marine Life Protection Act (MLPA). The 1999 Marine Life Protection Act (MLPA) aims to protect California's marine natural heritage through the establishment of a network of marine protected areas, to be designed, created, and managed according to sound science in order to protect the diversity and abundance of marine life and the integrity of marine ecosystems.

Under the Act, the Department of Fish and Game has the authority to carry out the implementation of the MLPA but because the long-term management and implementation of the MLPA will be a joint effort among many entities, the Ocean Protection Council (OPC) has a broader role in coordinating the implementation of the MLPA with other ocean policies.

2006/07 Funding MLPA implementation. California's 2006 Budget Act appropriated \$8 million to the California Ocean Protection Council (OPC) for the implementation of the Marine Life Protection Act (MLPA, Stats. 1999, ch. 1015) and Marine Life Management Act (MLMA, Stats. 1998, ch. 1052). The Budget Act calls for these funds to be expended "pursuant to a work plan developed jointly by the OPC and the Department of Fish and Game (DFG)." An additional \$2 million was appropriated to DFG to fulfill these same goals. To maximize the effectiveness of these associated appropriations, OPC and DFG developed a joint work plan that sets forth priorities for the complete \$10 million

The work plan is divided into four categories: data collection, data analysis, program support, and general infrastructure. The total expenditures for these categories are \$7,775,000, \$900,000, \$250,000, and \$1,075,000 respectively. In addition, the OPC will consider dedicating funding from other sources to support the MLPA and MLMA. Primary among these proposed commitments are \$2 million for a marine resource monitoring institution, which will coordinate data collection and dissemination, and \$3 million to support sustainable fisheries through innovative approaches. The \$2 million presented here for DFG is only a small portion of the agency budget dedicated to these two laws. Collectively, DFG and OPC will likely expend well over \$15 million during the to ensure proper execution of the MLPA and MLMA.

Staff Comments. Appropriations in last year's budget represented California's first major fiscal commitment to the implementation of the MLPA and MLMA. Though a fairly new body, the OPC is positioned with state bureaucracy to coordinate the various entities that are involved in the implementation of ocean policy and through the funding authorized by Proposition 84, the OPC will now have considerable resources to allocate to implement its strategic vision.

Staff understands that early cooperative work between the Council and the Department of Fish and Game to implement the MLPA were viewed by many in the marine conservation community as successful. The Governor's budget does not specifically continue this collaborative effort, however through funding provided in Proposition 84 and through the Department of Fish and Game both the OPC and the Department are continuing to implement the MLPA on parallel tracks. Staff feels that it is important for the OPC and the DFG to continue coordination when implementing the MLPA and recommends that the subcommittee approve the following budget bill language:

3760-001-0001

3) It is the intent of the Legislature that the Ocean Protection Council coordinate with the Department of Fish and Game to continue implementation of the Marine Life Protection Act.

SRL

By January 10, 2008 the Ocean Protection Council, in coordination with the Department of Fish and Game, provide to the legislature an accounting of the funding allocated towards the implementation of the Marine Life Protection Act and Marine Life Management Act. This report shall include a detailed accounting of:

1. All positions funded to support these efforts with respective vacancy rates.
2. All contracts, equipment, grants, and loans to support the implementation of these acts.

STAFF RECOMMENDATION: Staff recommends that the subcommittee approve the staff recommended budget bill language.

ISSUE 3: PROPOSITION 84 - OCEAN PROTECTION COUNCIL

The Governor's budget is proposing \$28 million for the OPC from Proposition 84 in 2007/08 with similar appropriation levels scheduled for 08/09 and 10/11. These appropriations to the Ocean Protection Trust fund will be used by the OPC for projects consistent with the OPC's strategic plan:

Proposition 84. Funding for this proposal is being allocated out of Section 75060 (G) authorizes a total of \$90 million specifically to the California Ocean Protection Trust Fund for the development of scientific data needed to adaptively manage the state's marine resources and reserves, including the development of marine habitat maps, the development and implementation of projects to foster sustainable fisheries using loans and grants, and the development and implementation of projects to conserve marine wildlife. Funding from this section is being proposed to be rolled-out as is outlined below:

Staff Comments. Appropriations in last year's budget represented California's first major fiscal commitment to the implementation of the MLPA and MLMA. Though a fairly new body, the OPC is positioned with state bureaucracy to coordinate the various entities that are involved in the implementation of ocean policy and through the funding authorized by Proposition 84, the OPC will now have considerable resources to allocate to implement its strategic vision.

STAFF RECOMMENDATION: Staff recommends that the subcommittee approve the request as budgeted for one year.

ISSUE 4: PROPOSITION 84 - COASTAL CONSERVANCY

The Governor's budget is proposing to appropriate \$84.4 million to the Coastal Conservancy to carry out a variety of the Conservancy programs to provide access to and restore wetland and watershed resources of the state's coast and San Francisco Bay region.

Proposition 84. Funding for this proposal is authorized specifically to the Conservancy in the following five different sections of Proposition 84 which total \$360 million:

75050(i) - Santa Ana River Parkway - Total Allocation: \$45 million

	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Program Delivery	\$100	\$100	\$100	\$100	\$100		
Projects	\$9,550	\$13,410	\$12,445	\$5,690	\$1,630		
Total	\$9,650	\$13,510	\$12,545	\$5,790	\$1,730		

75060 (b) - Statewide Conservancy Programs - Total Allocation: \$135 million

	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Program Delivery	\$500	\$700	\$1,000	\$1,500	\$1,500	\$1,500	\$1,500
Projects	\$35,188	\$35,000	\$30,462	\$13,940	\$3,325	\$2,360	\$300
Total	\$35,688	\$35,700	\$31,462	\$15,440	\$4,825	\$3,860	\$1,800

75060 (c) – San Francisco Bay Conservancy - Total Allocation: \$108 million

Program Delivery	\$0	\$200	\$400	\$400	\$450	\$500	\$500
Projects	\$0	\$23,500	\$24,000	\$23,000	\$14,000	\$12,045	\$4,225
Total	\$0	\$23,700	\$24,400	\$23,400	\$14,450	\$12,545	\$4,725

75060 (e) – Monterey Bay and Watersheds - Total Allocation: \$45 million

Program Delivery	\$0	\$100	\$100	\$100	\$100	\$100	\$100
Projects	\$0	\$9,550	\$11,480	\$10,515	\$5,480	\$3,700	\$1,900
Total	\$0	\$9,650	\$11,580	\$10,615	\$5,580	\$3,800	\$2,000

75060 (f) – San Diego Bay and Watersheds - Total Allocation: \$27 million

Program Delivery	\$0	\$100	\$100	\$100	\$100	\$100	\$100
Projects	\$0	\$6,655	\$5,208	\$5,207	\$5,690	\$865	\$1,680
Total	\$0	\$6,755	\$5,308	\$5,307	\$5,790	\$965	\$1,780

Staff Comments. Staff does not have any concerns with this proposal.

STAFF RECOMMENDATION: Approve as budgeted.

3760 – DEPARTMENT OF PARKS AND RECREATION

ISSUE 1: PROPOSITION 84: LOCAL ASSISTANCE GRANT ADMINISTRATION

Governor's Budget. The Governor's budget requests an augmentation of \$18.8 million (Proposition 84) and \$10.2 million to administer \$525 million in new local grants for park projects. The criteria for which these local assistance park grants will be administered is currently being discussed in various policy bills.

Staff Comments. Through Propositions 12 and 40, the department has administered \$1.7 billion in local park grants and from Proposition 84, the department is authorized an additional \$525 million for local parks. From discussions with Parks, it is clear that most park funds from Proposition 12 and 40 have been encumbered and will be expended by locals by the end of their liquidation periods.

While the department does have existing local grant criteria that can be used to administer the funding authorized in Proposition 84, it is an issue that is currently being discussed in various policy bills in both the Senate and the Assembly. Staff has no issues with the funding and positions outlined in this proposal but recommends that this stay open as it relates to Proposition 84 funding.

STAFF RECOMMENDATION. Reduce proposal by 10.2 PYs and \$1.3 million consistent with other action taken on funding from section 75065 dealing with Urban Greening.

ISSUE 2: APRIL FINANCE LETTER

1) Computer Aided Dispatch System. The Department of Parks and Recreation requesting \$25,000 (Off Highway Vehicle Trust Fund) to begin implementation of a multi year plan to replace the departments' computer aided dispatching system that provides dispatch services to its peace officers and fish and game wardens.

2) Reappropriation of Various Proposition 12 and 40 funds. Parks is requesting the reappropriation and reversion of various Proposition 12 and 40 funds for projects that are not yet complete.

3) Extension of Liquidation Period of Proposition 40 Funds. Parks is requesting to extend the liquidation period of funding for \$3 million in grant funds for the construction of the Northern California Natural History Museum.

Capital Outlay

1) Ocean Dunes - State Vehicular Recreation Area – - \$2.1 million for Acquisition for the Ocean Dunes State Vehicular Area – La Grand Tract Project. This proposal is a result of a scope change that was approved by the State Public Works Board.

2) Hungry Valley State Vehicular Recreation Area – Gorman Acquisitions Project - This request enables the department to acquire various parcels totaling approximately 69 acres in the park. This proposal will allow for unimpeded access to the southeast park boundary.

3) OHV Opportunity Purchase Program – Increase by \$4 million for acquisition and studies for the Statewide OHV Opportunities Purchase project.

4) San Elijo State Beach - \$1.3 million to replace the main Lifeguard Tower Project

5) Proposition 84 – A total of \$15 million in Proposition 84 funds and \$500,000 in Reimbursements for the following:

- \$5.4 million for Calaveras Big Trees State Park's new visitor center and project authority to address cost increases.
- \$5 million for State Parks opportunity and in holding acquisitions
- \$5.9 million for preliminary plans for the Los Angeles State historic Park (Cornfields)

Staff Comments. In Proposition 84, the Department was allocated \$400 million for Parks Acquisition projects. If priority parks properties are unrepentantly placed on the marked for sale, the opportunity and in holding acquisitions program gives the department latitude to move quickly and pursue acquisition. Staff recommends that the subcommittee increase the allocation from proposition 84 to the department for opportunity and inholding acquisitions by \$25 million, bringing their total allocation for this program to \$30 million. This augmentation will allow the department to act if priority conservation opportunities arise.

In addition, staff has been working with Parks on addressing the issue operations and maintenance costs on state owned park land and the potential of transferring state park land, where it is agreed to be in the best interest of the state by the Administration, to local governments or other organization for their management.

To move this issue forward into conference, staff recommends that the subcommittee adopt trailer bill language in concept that allows the department to real property owned by the state to non state entities if it is determined to be in the best interest of the state. Land transfers would require public works board approval

STAFF RECOMMENDATION: 1) Approve Finance Letter and augment State Parks Opportunity and in holding acquisitions by \$25 million.

2) To move as a separate issue to conference, staff recommends that the subcommittee adopt trailer bill language in concept that allows the department to real property owned by the state to non state entities if it is determined to be in the best interest of the state. Land transfers would require public works board approval

3940 – STATE WATER RESOURCES CONTROL BOARD

ISSUE 1: PROPOSITION 84: LOCAL ASSISTANCE PROGRAMS

Governor's Budget. The Governor's Budget is proposing \$101.2 million from Proposition 84 for the following local assistance grant programs:

- **State Water Pollution Control Revolving Fund - \$73.2 million (\$80 million - total authorized).**
- **Agricultural Water Quality Grant Program - \$6 million (\$15 million – total authorized).**
- **Urban Stormwater Grant Program - \$14.0 million (\$90 million – total authorized).**
- **Clean Beaches Grant Program - \$6.4 million (\$90 million – total authorized)**
Santa Monica Bay Restoration Commission - \$1.6 million.

Staff Comments. The funding requested in this proposal would be the first year of a multi year expenditure plan for the State Water Board for funds authorized to them in Proposition 84. Since this funding would support ongoing ongoing programs staff does not have any issues with this proposal, however, consistent with prior actions staff recommends that this be held open due to proposition 84 funds.

STAFF RECOMMENDATION: Approve as budgeted

ISSUE 2: PROPOSITION 84: WATERSHED BASIN PLANNING

Governor's Budget. The Governor's budget is proposing an augmentation of \$6.1 million (Proposition 84) in local assistance and contracts and 11.9 PYs for the following two purposes:

- **Watershed protection.** \$1.8 million to implement a pilot grant program for local agencies to update their general plans to incorporate watershed conservation strategies into land use policy in order to minimize water quality impacts of conventional land development on California's water resources.
- **Water Basin Plans.** \$3.2 million and 10.9 PYs to incorporate the State Water board's water quality basin plans into the next update of the California water plan. California's Water Basin Plans assess regional water quality and water supply and act as guiding documents for the expenditure of Regional Water Management funding. The State Water Board reports that many of California's regional Water Basin Plans are out of date with many standards not having been revised since their original development 35 years ago.

Staff Comments. The funding requested in this proposal would be allocated out of a \$90 million allocation from Chapter 9 of Proposition 84 for a wide variety of grants, loans, and incentives to encourage environmentally focused land use planning. This section of the bond is very broad and requires implementing legislation.

Staff Comments. Though staff agrees with the State Water Board that the incorporation of Watershed and Basin Planning is an appropriate use of this section, staff recommends that this proposal be rejected because the section from which this is funded requires legislation to implement and is the subject of debate in the policy arena.

STAFF RECOMMENDATION: Reject consistent with other proposals from this section in the bond.