

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

Assemblymember Fran Pavley, Chair

WEDNESDAY, MAY 05, 2004
STATE CAPITOL, ROOM 447
8:30 A.M.PROPOSED CONSENT ISSUES

DEPARTMENTS	2
(SEE CHART ON SUBSEQUENT PAGE FOR DETAILS)	
3760 - STATE COASTAL CONSERVANCY	
3825 - RIVERS AND MOUNTAINS CONSERVANCY	
3830 - SAN JOAQUIN RIVER CONSERVANCY	
3835 - BALDWIN HILLS CONSERVANCY	
3850 - COACHELLA VALLEY MOUNTAINS CONSERVANCY	

SCHEDULED HEARING ITEMS

<u>ITEM</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
3720	CALIFORNIA COASTAL COMMISSION	3
ISSUE 1	COASTAL MARINE PUBLIC EDUCATION PROGRAM	3
3840	DELTA PROTECTION COMMISSION	4
ISSUE 1	CONTINUED ROLE AND FUNDING OF THE COMMISSION	4
3910	CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD	5
ISSUE 1	IMPLEMENTATION OF SB 20- ELECTRONIC WASTE RECYCLING ACT	5
ISSUE 2	WASTE TIRE MANIFEST PROCESSING	5
3960	DEPARTMENT OF TOXIC SUBSTANCES CONTROL	6
ISSUE 1	JANUARY PROPOSALS	6
ISSUE 2	APRIL FINANCE LETTER PROPOSALS	6
3980	OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT	7
ISSUE 1	LAO ISSUE - FUNDING STABILITY	7
ISSUE 2	APRIL FINANCE LETTER PROPOSAL	8

Proposed Consent Issues

(dollars in thousands)

	Agency / Department	Description of Issue
1.	State Coastal Conservancy	January Proposal. \$1.2 million (various special funds) for capital outlay activities of the Conservancy's public access and education programs.
2.	State Coastal Conservancy	April Finance Letter. \$300,000 (CA Beach and Coastal Enhancement Account) reduction to the Conservancy's Public Access Program (see corresponding action in Coastal Commission).
3.	State Coastal Conservancy	April Finance Letter. \$10.0 million (Prop. 12) reappropriation for coastal projects in Santa Cruz, Monterey, San Luis Obispo, and Santa Barbara Counties and the California Coastal Trail.
4.	State Coastal Conservancy	April Finance Letter. \$260,000 (special funds) for increased costs associated with the office relocation and rent increases.
5.	State Coastal Conservancy	April Finance Letter. \$20.0 million (Prop. 40) for capital outlay and local assistance activities consistent with requirements of the bond act.
6.	State Coastal Conservancy	April Finance Letter. \$6.4 million (Prop. 40) for projects to be funded from the San Francisco Bay Conservancy Program within the Conservancy.
7.	State Coastal Conservancy	April Finance Letter. \$140,000 (Propositions 40 and 50) for increased accounting and auditing workload relating to expenditures of bond funds.
8.	State Coastal Conservancy	April Finance Letter. \$32.2 million (Prop. 50) for the Conservancy's Watershed Programs.
9.	Rivers and Mountains Conservancy	January Proposal. \$27,000 (Environmental License Plate Fund)
10.	Rivers and Mountains Conservancy	April Finance Letter. \$12.4 million (\$6.2 million each from Propositions 40 and 50) for capital outlay and local assistance consistent with the Conservancy's workplan.
11.	Baldwin Hills Conservancy	April Finance Letter. \$7.2 million (Prop. 40) for projects to acquire, restore and develop public lands consistent with the Conservancy's workplan.
12.	Coachella Valley Mountains Conservancy	April Finance Letter. \$686,000 (Prop. 12) and \$2.9 million (Prop. 40) for projects to acquire, restore and develop public lands consistent with the Conservancy's workplan.

COMMENTS: Staff has raised no issues with the proposals listed.

STAFF RECOMMENDATION: Approve the consent calendar.

3720 – CALIFORNIA COASTAL COMMISSION

The California Coastal Commission implements California's federally approved coastal management program. The Commission was created by voter initiative in 1972 and was made permanent by the California Coastal Act of 1976 (Coastal Act). The Coastal Act established state policies to guide use and conservation of coastal land and water in the "coastal zone." The "coastal zone" is a specifically mapped area adopted by the Legislature and extends from the state's seaward limit (i.e., 3 miles) to an inland boundary that varies in width from a hundred yards in some urban areas to more than 10 miles in rural regions. It does not include San Francisco Bay, which is under the jurisdiction of the San Francisco Bay Conservation and Development Commission.

Coastal Act policies call for the protection and enhancement of public access and recreation, marine resources, environmentally sensitive habitat areas, marine water quality, agriculture, scenic resources, and make provisions for coastal-dependent industrial and energy development. New development in the coastal zone requires a coastal permit either from local government, the Commission, or the Commission on appeal.

The Governor's Budget as adjusted by the proposed April Finance Letter proposes approximately \$14.9 million for the Commission in 2004-05.

ISSUE 1: APRIL FINANCE LETTER – COASTAL MARINE PUBLIC EDUCATION PROGRAM

This April Finance Letter requests a shift of support (\$163,000) from General Fund to Whale Tail License Plate funding, as well as an increase in Whale Tail License Plate funding (\$430,000) for local assistance activities.

COMMENTS: The LAO has noted a conflict between this proposal and the statutory requirements of the Whale Tail Fund, and has recommended trailer bill language (TBL) to correct this. The Department of Finance has expressed a willingness to craft appropriate TBL to remedy the problem.

STAFF RECOMMENDATION: Approve the April Finance Letter and TBL (to be agreed upon) for this proposal.

3840 – DELTA PROTECTION COMMISSION

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

The Governor's 2004-05 Budget proposes \$301,000 (ELPF and Harbors and Watercraft Fund) in support of the Commission.

ISSUE 1: CONTINUED ROLE AND FUNDING OF THE COMMISSION

At legislative hearings on the current-year, concerns were raised about the potential for overlap and duplication between activities carried out by DPC and other state agencies, particularly the California Bay-Delta Authority. In addition, the Legislature expressed interest in examining the future role for the commission, in light of findings that the commission has fulfilled many of its statutory mandates. As a result, the Legislature directed the Resources Agency to report on various issues, including the commission's accomplishments to date, suggestions regarding its future mission, membership, funding, and ways to facilitate coordination between DPC and other state and local agencies with resources-related responsibilities in the Delta region.

BACKGROUND: The Delta Protection Act of 1992 established as state priorities the protection and preservation of the resources of the Delta. The goals of the legislation were: (1) to protect, maintain, enhance, and restore the overall quality of the Delta environment for agriculture, wildlife habitat, and recreational activities; (2) to balance conservation and development of Delta land resources; and (3) to improve flood protection to increase public health and safety.

LAO COMMENTS / RECOMMENDATIONS: In its *Analysis of the 2004-05 Budget Bill*, the Legislative Analyst's Office finds that the Delta Protection Commission has achieved much of its original statutory mandate and that many of its broad goals have been assumed by, or are also being carried out by, other state agencies. Currently, the commission's activities are focused largely on monitoring both local compliance with the regional land use plan and meetings and actions of the CALFED Bay-Delta Program. Many consider the DPC's role as a public forum to protect and balance land uses in the Delta as one of its benefits.

The LAO recommends a shift the DPC's funding from state funds to local reimbursements, as well as a reevaluation of the scope of the commission's geographic jurisdiction.

COMMENTS: The Subcommittee may wish to consider the following:

1. What is the purpose of the DPC in light of CALFED and other agencies now performing similar functions?
2. Does the membership of the DPC reflect a balance of Delta interests?
3. Since local governments are the primary beneficiaries of the DPC's work, should local governments provide a share of the funding?

STAFF RECOMMENDATION: Staff recommends approval of \$150,000 in support of the DPC, and the adoption of supplemental report language requiring a progress report on the Delta Plan update to the Legislature by January 10, 2005. Support for the second half of Fiscal Year 2004-05 shall be provided through subsequent legislation that better defines membership of the Commission, and/or requires local funding support for the Commission.

3910 – CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD

The California Integrated Waste Management Board promotes the following waste management practices: (1) source reduction, (2) recycling and composting, (3) reuse, and (4) environmentally safe transformation and land disposal. The Board protects public health and safety and the environment through the regulation of solid waste facilities, including landfills.

The Board's activities include: permitting, inspection and enforcement at solid waste facilities and the cleanup of abandoned solid waste sites; training, certification, oversight and evaluation of Local Enforcement Agencies that regulate solid waste facilities; review and approval of, and technical assistance related to, local integrated waste management plans; research and investigations of new or improved solid waste handling, disposal, or recycling methods and of waste reduction and reuse alternatives; public awareness and education programs; market development and business development programs to promote recycling-based industries and alternatives to land disposal; operation of a statewide integrated data base describing California's waste management infrastructure; used oil recycling programs; household hazardous waste programs; and programs to promote the recycling or reuse of used tires, abate tire piles, and issue permits for tire piles.

The Governor's 2004-05 Budget proposes \$165.0 million in support of the Board's activities, an increase of approximately \$50.5 million over the expected current year expenditures, due to \$52.3 million in increased activities associated with the Board's E-Waste Act (see Issue 1 below).

ISSUE 1: IMPLEMENTATION OF SB 20 – ELECTRONIC WASTE RECYCLING ACT

The Governor's 2004-05 Budget proposes \$52.3 million (Electronic Waste Recovery and Recycling Account) to implement SB 20 (Sher).

BACKGROUND: According to the Board, more than 10,000 computers and televisions become obsolete every day in California. Due to the presence of toxic lead, mercury, and other hazardous materials, the improper disposal of these items pose a serious potential threat to public health.

COMMENTS: This proposal provides initial funding for implementation of this program that incorporates activities of the CIWMB and the Department of Toxic Substances Control.

STAFF RECOMMENDATION: Approve the requested item.

ISSUE 2: APRIL FINANCE LETTER – WASTE TIRE MANIFEST PROCESSING

This Letter requests \$195,000 (California Tire Recycling Management Fund) to process a backlog of transport manifests at the Special Waste Division.

BACKGROUND: The Board is required to track the generation, transport, and disposal of waste tires. This proposal will expedite review of the Board's backlog of manifests from nearly 13,000 facilities and tire-haulers who report to the Board.

STAFF RECOMMENDATION: Approve the requested augmentation to the Board.

3960 – DEPARTMENT OF TOXIC SUBSTANCES CONTROL

The Department of Toxic Substances Control (DTSC) protects public health and the environment by (a) regulating hazardous waste management activities, (b) overseeing or performing cleanup activities at sites contaminated with hazardous substances, (c) encouraging pollution prevention and the development of environmentally protective technologies and (d) providing regulatory assistance and public education.

The Governor's 2004-05 Budget proposes approximately \$160.4 million in support of the Department's activities.

ISSUE 1: JANUARY PROPOSALS

The Governor's budget proposes four changes as part of the January release. These include:

- 1) **Mobile Hazardous Materials Laboratory.** This proposal requests \$226,000 (\$167,000 Toxic Substances Control Account and \$59,000 Hazardous Waste Control Account) for ongoing maintenance of DTSC's mobile hazardous materials laboratory. Federal funds provide of the Department's mobile hazardous materials laboratory to provide emergency response in the event of a terrorist act, natural disaster, or other occurrence for which immediate analysis of potential hazardous risks are necessary.
- 2) **E-Waste Implementation.** This requests \$557,000 (Electronic Waste Recovery and Recycling Account) for DTSC activities relating to the development of this new collection and recycling program for electronic waste.
- 3) **Southern California Laboratory Study.** This proposal requests \$200,000 (Toxic Substances Control Account) to study the activities of this facility to evaluate needs for potential relocation or expansion.
- 4) **General Fund Reduction.** This proposal would shift \$1.4 million in General Fund support for Departmental activities to the Toxic Substances Control Account.

COMMENTS: Staff has raised no issues with these requests.

STAFF RECOMMENDATION: Approve the requested changes as proposed.

ISSUE 2: APRIL FINANCE LETTER PROPOSALS

The Governor's budget includes two April Finance Letter requests. These are:

- 1) **Increased Attorney General Costs.** This letter requests \$46,000 (TSCA and HWCA) for increased reimbursement to the Attorney General for services provided.
- 2) **Oversight Cost Authority Transfer.** This requests transfer authority of \$250,000 from the Removal and Remediation Action Account to the TSCA for oversight activities and related costs of these activities.

COMMENTS: These proposals are technical and staff has raised no issues with them at this time.

STAFF RECOMMENDATION: Approve the two Finance Letters.

3980 – OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT

The Office of Environmental Health Hazard Assessment (OEHHA) protects and enhances public health and the environment by objective scientific evaluation of risks posed by hazardous substances. The office performs risk assessments for various programs under the California Environmental Protection Agency, as well as other state and local agencies, and provides these programs with the scientific tools and information upon which to base risk management decisions. Distinct programs within OEHHA focus on assessing the health risks from exposures to chemicals in air, water, food, consumer products, hazardous and municipal waste facilities, fish and shellfish, and sediments in bay and estuarine waters.

OEHHA strives to provide scientific leadership in developing guidelines, criteria, and risk assessment methodologies that will protect public health and the environment and form the basis of a unified scientific multimedia approach to risk assessment.

The Governor's 2004-05 Budget proposes approximately \$14.6 million (\$8.14 million General Fund) in support of OEHHA's activities, an overall increase in funding of \$1.1 million, but a reduction of \$1.0 million in General Fund support from estimated current year level.

ISSUE 1: LAO ISSUE – FUNDING STABILITY

The Office of Environmental Health Hazard Assessment (OEHHA) has largely relied on the General Fund to support its operations, and has therefore been subject to significant program reductions in recent years. The LAO believes that there are potential alternative funding sources for many of OEHHA's activities, and that this funding could provide additional General Fund savings in the budget year (\$3.6 million), as well as address OEHHA's unmet funding requirements to meet its statutory mandates.

LAO COMMENTS:

General Fund Supported Activities. Most of OEHHA's activities are required by statute and are supported largely by the General Fund. Using General Fund money, OEHHA identifies cancer-causing chemicals for annual updates of the state list of chemicals in drinking water, provides health risk assessments of "toxic air contaminants," reviews health risk assessments of pesticides, and jointly regulates pesticide worker health and safety with the Department of Pesticide Regulation (DPR).

Historic Programmatic Reductions. The OEHHA's proposed budget reflects cumulative reductions of close to \$3 million in the current and budget years, a reduction of about 20 percent. Most of these reductions are for activities funded from the General Fund. These reductions are a clear reflection of OEHHA's reliance on the General Fund as its primary funding source and the consequences on OEHHA's budget when the General Fund condition is weakened. These reductions affect almost all of OEHHA's programs, including its children's health, pesticide use and safety, and air toxicology and epidemiology programs.

Activities and Regulatory Programs. The LAO's review has found that OEHHA provides support to various regulatory programs in its sister Cal-EPA departments, as well as to the safe drinking water program in the Department of Health Services (DHS).

In those cases where OEHHA's activities can be directly and reasonably connected with a regulatory program, the LAO believes that there is an opportunity to consider potential fund source alternatives to the General Fund—namely fee-based special funds.

LAO Recommended Alternative Funding. The LAO has identified several areas in which it believes the Legislature should consider funding shifts from the General Fund, as well as other sources that could be used to partially backfill General Fund reductions made in recent years or to address unmet statutory mandates:

- \$1.5 million of OEHHA activities that support DHS' safe drinking water program could be shifted to the Safe Drinking Water Account (SDWA).
- \$1.5 million of OEHHA activities that support various air quality regulatory programs could be shifted evenly to the Air Pollution Control Fund (APCF) and the Motor Vehicle Account (MVA).
- \$600,000 of OEHHA activities that support DPR could be shifted to the DPR Fund.
- \$1.3 million (APCF and MVA) to restore funding for various air regulatory-related activities, including children's health.
- \$443,000 from the DPR Fund to restore funding for activities related to pesticide use and safety.

GENERAL FUND IMPACTS: Current revenue and expenditure estimates by the LAO indicate that the Governor's proposed budget, even with several yet-uncertain assumptions, remains as much as \$12 Billion out of balance, requiring additional actions to provide California with a balanced budget.

COMMENTS: The Subcommittee may wish to consider these options for further General Fund savings and to provide support for OEHHA's unmet statutory responsibilities.

STAFF RECOMMENDATION: No action at this time. Direct staff to work with the Administration and the LAO to evaluate the LAO's recommendations for potential action at a later hearing.

ISSUE 2: APRIL FINANCE LETTER PROPOSAL

This Letter proposes a \$719,000 (General Fund) reduction and a \$2.1 million (Motor Vehicle Account) increase for assessment of mobile air pollutants and toxic.

BACKGROUND: In the current fiscal year, OEHHA received a one-time shift of \$1.0 million (General Fund) from the ARB for air pollution activities. This proposal shifts funding from this General Fund support to the MVA.

COMMENTS: Staff has raised no issues with this request.

STAFF RECOMMENDATION: Approve the requested item.

