

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

Assemblymember Fran Pavley, Chair

WEDNESDAY, MARCH 5, 2002
STATE CAPITOL, ROOM 447
8:30 A.M.

OVERVIEW HEARING

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8570 - DEPARTMENT OF FOOD AND AGRICULTURE

The Department of Food and Agriculture promotes and protects the state's agriculture industry through marketing and industry inspections. The Department also develops California's agricultural policies, assures accurate weights and measures in commerce, and provides financial oversight to county, district, and citrus fairs. The primary divisions of the Department are the Animal Health and Food Safety Services, Fairs and Expositions, Inspection Services, Marketing Services, Measurement Standards, and the Plant Health and Pest Prevention Services.

The Governor's 2003-04 proposed budget includes \$269.0 million (\$86.6 million General Fund) to the Department for state operations, local assistance, and capital outlay.

Table 1.

FOOD AND AGRICULTURE (dollars in thousands)

FUND	CURRENT YEAR 2002-03	BUDGET YEAR 2003-04	CHANGE	
			AMOUNT	PERCENT
General Fund	\$91,970	\$86,598	-\$5,372	-5.8 %
Agriculture Fund, Totals	96,645	93,381	-3,264	-3.3 %
Agricultural Pest Control Research Account	5	5	0	0 %
California Agricultural Export Promotion Account.	600	600	0	0 %
Fairs and Exposition Fund	19,238	19,826	588	3.1 %
Satellite Wagering Account	12,663	12,599	-64	-0.5 %
Drainage Management Subaccount	1,000	1,000	0	0 %
Harbors and Watercraft Revolving Fund	989	1,171	182	18.4 %
Department of Agriculture Building Fund	1,606	1,606	0	0 %
Agriculture Building Fund	90	90	0	0 %
Federal Trust Fund	65,891	42,681	-23,210	-35.2 %
Reimbursements	8,498	7,638	-860	-10.1 %
Pierce's Disease Management Account	20,736	20,936	200	1 %
Agricultural Biomass Utilization Account	466	0	-466	-100 %
Reimbursements, and other repayments	-19,097	-18,104	-933	-5.2 %
TOTAL	\$301,300	\$269,027	-\$32,273	-10.7 %

0540 - RESOURCES AGENCY

The Resources Agency, through its various departments, boards, commissions, and conservancies, is responsible for administering programs that conserve, preserve, restore, and enhance the rich and diverse natural and cultural resources of California. The Governor's Budget proposes \$5.1 billion (\$11.7 billion including California Energy Resources Scheduling) and 15,359 personnel years for state operations, local assistance activities, and capital outlay for Agency departments.

The data provided in Table 2 shows proposed departmental funding levels in comparison with the current funding provided.

Table 2.

AGENCY-WIDE FUNDING
(dollars in thousands)

DEPARTMENT	2002-03		2003-04	
	ALL FUNDS	GENERAL FUND	ALL FUNDS	GENERAL FUND
Secretary for Resources	\$440,519	\$7,586	\$54,285	\$1,348
- Special Resources Program - Sea Grant	200	200	200	0
Tahoe Regional Planning Agency	3,353	0	3,355	0
Yosemite Foundation	840	0	840	0
Tahoe Conservancy	37,186	2,802	20,609	0
California Conservation Corps	81,097	46,304	118,400	36,815
Energy Resources, Conserv. & Dev. Commission	259,415	0	355,728	0
Colorado River Board	1,066	192	1,067	192
Department of Conservation	545,062	21,435	541,138	5,396
Department of Forestry & Fire Protection	601,434	421,459	671,467	413,789
State Lands Commission	21,713	11,277	21,805	10,099
Department of Fish & Game	270,464	50,126	278,979	41,168
Wildlife Conservation Board	694,511	21,620	417,754	22,057
Department of Boating & Waterways	84,877	0	91,700	0

DEPARTMENT	2002-03		2003-04	
	ALL FUNDS	GENERAL FUND	ALL FUNDS	GENERAL FUND
Coastal Commission	16,504	11,277	15,825	10,587
State Coastal Conservancy	57,745	2,014	78,145	0
Department of Parks & Recreation	1,255,725	132,441	1,025,494	97,871
Native American Heritage Commission	327	327	341	0
Santa Monica Mountains Conservancy	14,028	0	22,253	0
Bay Conservation and Development Commission	4,384	3,748	4,240	3,458
Rivers and Mountains Conservancy	18,798	0	17,697	0
San Joaquin River Conservancy	258	0	355	0
Baldwin Hills Conservancy	30,266	0	8,567	0
Delta Protection Commission	304	0	307	0
San Diego River Conservancy	0	0	265	0
Coachella Valley Mountains Conservancy	20,888	0	9,380	0
Department of Water Resources	1,376,793	105,900	1,318,533	42,640
California Bay-Delta Authority	126,556	15,373	216,394	12,590
SUBTOTAL	\$5,837,757	\$838,708	\$5,078,729	\$685,420
Energy Resources Scheduling	4,937,788	0	6,575,773	0
TOTAL	\$10,775,545		\$11,654,502	
<i>Personnel Years</i>	15,613		15,359	

COMMENTS:

The Subcommittee will be holding additional hearings throughout the spring, at which time details of the budget proposals for the Secretary for Resources and the individual departments within the Agency will be heard.

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

The Secretary for Environmental Protection, working with the boards, departments, and office comprising the California Environmental Protection Agency (CalEPA), coordinates and supervises the State’s environmental protection programs and administers state and federal clean air, clean water, hazardous waste, and solid waste programs to safeguard our environment and the public health. Boards, Departments and Offices making up the Agency include:

- Air Resources Board
- Integrated Waste Management Board
- Department of Pesticide Regulation
- State Water Resources Control Board
- Department of Toxic Substances Control
- Office of Environmental Health Hazard Assessment

The Governor’s Budget includes \$1.25 billion (\$86 million General Fund) in support of the activities of the boards, departments and offices of CalEPA. The data in Table 3 below shows funding changes for the departments from the current year to the proposed 2003-04 fiscal year.

Table 3.

AGENCY-WIDE FUNDING
(dollars in thousands)

DEPARTMENT	2002-03		2003-04		PERCENT CHANGE	
	ALL FUNDS	GENERAL FUND	ALL FUNDS	GENERAL FUND	ALL FUNDS	GENERAL FUND
Office of the Secretary	\$7,233	\$2,532	\$9,276	\$2,279	28 %	-10 %
Air Resources Board	160,546	23,887	163,236	10,416	1 %	-56 %
Integrated Waste Management Board	127,281	49	115,478	0	-9 %	-100 %
Department of Pesticide Regulation	54,432	12,795	53,303	1	-2 %	-99.9999 %
Water Resources Control Board	1,071,430	73,212	739,383	44,633	-31 %	-40 %
Department of Toxic Substances Control	163,572	32,728	159,041	20,106	-3 %	-28.5 %
Office of Environmental Health Hazard Assessment	15,076	12,004	10,846	8,707	-28 %	-27.5 %
TOTAL	\$1,599,570	\$157,207	\$1,250,563	\$86,142	-22 %	-45 %

COMMENTS:

The Subcommittee will be holding additional hearings throughout the spring, at which time details of the budget proposals for the Secretary for Environmental Protection and the individual departments within the Agency will be heard.

PROPOSITION 40 - THE CLEAN WATER, CLEAN AIR, SAFE NEIGHBORHOOD PARKS & COASTAL PROTECTION ACT OF 2002

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

The following chart indicates the total dollars allotted from each category of the bond act, the amounts already appropriated from the act, and the remaining funds. The Governor's proposed expenditure of Proposition 40 funds in almost \$817 million in the 2003-04 fiscal year.

Table 4.

PROPOSITION 40 (dollars in Thousands)

	Total Allocated in Bond	Total set-aside	2002-03 expenditures**	Proposed 2003-04 expenditures	Remaining available
Local Governments	\$870,000	\$52,742	\$250,235	\$488,610	\$78,413
Cultural and Historical	230,000	16,550	91,432	121,266	752
River Parkways	75,000	5,486	56,595	12,912	7
Conservancies	445,000	34,541	216,930	87,158	106,371
State Parks	225,000	54,481	56,755	52,201	61,563
Wildlife Conservation Board	300,000	24,569	81,420	17,343	176,578
Air Resources Board	50,000	2,000	25,000	23,000	0
Conservation Corps	20,000	405	4,071	5,224	10,300
Clean Beaches	300,000	21,130	231,400	9,000	38,740
Ag, Grazing, Oak Woodlands, and Urban Forests	85,000	7,225	24,000	0	53,775
TOTAL	\$2,600,000	\$219,219	\$1,037,838	\$816,714	\$526,229

**** Amounts assume approval of mid-year shifts proposed by the Governor in December of 2002.**

Proposition 40, cont'd.

COMMENTS:

The Subcommittee has requested the following information from the Resources Agency and the State Water Resources Control Board with regard to Propositions 40 and 50, as well as the resources bond acts of 2000, Propositions 12 and 13.

- What level of funds were appropriated, committed and expended by department and bond category?
- A list of projects funded and their location.
- What have been the actual administrative program delivery costs and percentage of funds expended for each department and category? What was the bond issuance costs?
- How many permanent and temporary PYs have you hired with bond funds?
- Have the bond-funded projects achieved their objectives (as stated in either the bond or statute)? Have any evaluation mechanisms been put in place?
- Are there any changes to these programs you might recommend for better implementation or prioritization of the bond funds?

PROPOSITION 50 - THE WATER SECURITY, CLEAN DRINKING WATER, COASTAL AND BEACH PROTECTION ACT OF 2002

In November 2002, the voters of this State approved Proposition 50 which authorizes \$3.44 billion in general obligation bonds to fund various water projects.

Specifically, the bond provides funding for a variety of activities, including: CALFED Bay-Delta Authority projects; Urban and agricultural water use efficiency projects; Grants and loans to reduce Colorado River water use; Acquisition, protection and restoration of coastal wetlands; Grants for water management and quality improvement projects; River parkways; Improved security for state, local and regional water systems; and, Grants for desalination.

The Governor's 2003-04 budget plan proposes nearly \$1.1 billion in expenditures from Proposition 50 funds, including: \$326.6 million for the California Bay-Delta Authority; \$112.5 million for infrastructure upgrades to water treatment facilities; and \$515 million for direct land acquisitions and grants for purchasing and restoring sensitive lands and protecting the State's natural resources.

Proposition 50, cont'd.

The following table (Table 5) provides a break-down of funding in Proposition 50 by category, and indicates the amounts proposed for expenditure by the Governor in the 2002-04 budget.

Table 5.

PROPOSITION 50
(dollars in Thousands)

	Total Allocated in Bond	Total set-aside	2002-03 expenditures**	Proposed 2003-04 expenditures	Remaining available
Water Security	\$50,000	\$3,150	\$0	\$15,060	\$31,790
Safe Drinking Water	435,000	24,425	0	102,062	308,513
Clean Water and Water Quality	370,000	29,700	20,500	87,944	231,856
Contaminant & Salt Removal Technologies	100,000	7,960	0	26,950	65,090
California Bay-Delta Authority	825,000	48,606	46,600	326,645	403,149
Integrated Regional Water Management	640,000	45,283	16,540	153,897	424,280
Colorado River	70,000	4,950	0	54,000	11,050
Coastal Watershed and Wetlands Protection	950,000	46,843	195,683	317,685	389,789
TOTAL	\$3,440,000	\$210,917	\$279,323	\$1,084,243	\$1,865,517

** Amounts assume approval of mid-year shifts proposed by the Governor in December of 2002.

COMMENTS:

As noted in the previous discussion of Proposition 40, the Subcommittee has requested specific information from the Resources Agency and the State Water Resources Control Board with regard to these bonds. Specifically, :

- What level of funds were appropriated, committed and expended by department and bond category?
- A list of projects funded and their location.
- What have been the actual administrative program delivery costs and percentage of funds expended for each department and category? What was the bond issuance costs?
- How many permanent and temporary PYs have you hired with bond funds?
- Have the bond-funded projects achieved their objectives (as stated in either the bond or statute)? Have any evaluation mechanisms been put in place?
- Are there any changes to these programs you might recommend for better implementation or prioritization of the bond funds?