

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

Assemblymember Fran Pavley, Chair

WEDNESDAY, APRIL 2, 2003
STATE CAPITOL, ROOM 447
8:30 A.M.

ITEMS TO BE HEARD

<u>ITEM</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
	SUBCOMMITTEE OVERSIGHT ISSUES	3
3680	DEPARTMENT OF BOATING AND WATERWAYS	4
Issue 1	Local Assistance : Small Craft Harbor, Marina and Launch Facility Loans and Grants	4
Issue 2	Local Assistance: Beach Restoration Program	5
Issue 3	Additional Departmental Proposals	5
Issue 4	Capital Outlay Proposals	6
3790	DEPARTMENT OF PARKS AND RECREATION	7
Issue 1	General Fund Reductions	7
Issue 2	Proposition 40: Historical and Cultural Grants	7
Issue 3	Proposition 40: Statewide Acquisition Program	8
Issue 4	Additional Local Assistance Proposals	9
Issue 5	Concession Contracts	9
Issue 6	Additional Departmental Proposals	10
Issue 7	LAO Issues: Capital Outlay	10
Issue 8	Additional Capital Outlay Proposals	11

PREVIOUSLY HEARD DEPARTMENTS: ITEMS FOR VOTE	11
3125 CALIFORNIA TAHOE CONSERVANCY	11
3480 DEPARTMENT OF CONSERVATION	12
3810 SANTA MONICA MOUNTAINS CONSERVANCY	12
3825 SAN GABRIEL AND LOWER LOS ANGELES RIVERS AND MOUNTAINS CONSERVANCY	13
3830 SAN JOAQUIN RIVER CONSERVANCY	13
3835 BALDWIN HILLS CONSERVANCY	14
3845 SAN DIEGO RIVER CONSERVANCY	14
3850 COACHELLA VALLEY MOUNTAINS CONSERVANCY	14
Attachment 1 TRAILER BILL LANGUAGE	15
Attachment 2 PARKS AND RECREATION CAPITAL OUTLAY PROPOSALS	22

SUBCOMMITTEE OVERSIGHT ISSUES

Many challenges face the legislature this year in reviewing and adopting the budget. Natural resources and environmental protection are one of the few areas of the budget that receive less general fund than five years ago. These programs have benefited from voter approved bond funds in the last three years for investment in California's water quality, water supply, watersheds, habitat and parks.

This year the Legislature must be more thorough and critical in its review of every program to determine priorities and identify programs that should be streamlined to eliminate duplication.

To assist the Subcommittee in reviewing the budget, several actions are being taken: The chairs and vice chairs of the relevant policy committees have been invited to participate in the subcommittee hearings; Four joint hearings with the policy committee to further explore key areas have been scheduled; and, Questions have been communicated to each agency and department to get a better understanding of funding levels, expenditure trends and priorities.

From each agency and department, the Subcommittee has asked for the following information:

- The level of funding and PYs for your department and divisions within your department for 1998-99, 2000-01, 2002-03 and proposed budget.
- A list of which divisions or programs are funded by general fund.
- What actions were taken either voluntarily or by direction from the Governor in the last year to reduce expenditures?
- How have administrative expenses including travel and attendance at conferences been reduced? How has the OE & E schedule been reduced?
- What statutorily mandated work has not been done in the last year because of budget reductions? Has this work been deferred or stopped? If deferred, when do you anticipate completing it?
- How were priorities established for the funding reductions? What are those priorities?
- What programs did you consider shifting funding source including shifting to a fee basis? If you chose not to make the shift to fees, what was the basis of that decision? What programs could be shifted to a fee basis in order to replace general fund?
- If you were given a 10% additional unallocated cut what programs would you defer or eliminate?

For each Budget Change Proposal:

- What is the purpose of the program and the source of funding?
- How does this funding level and source compare to prior years?
- Does the program have sufficient resources to meet its statutory obligations?
- What is the impact of the requested change in level or source of funding?
- Does this result in a reduction of positions or consulting dollars? If positions were eliminated, were the positions filed or vacant, limited term or permanent?
- If funding was reduced, why is this considered a lesser priority?
- Are there statutory changes that would remove implementation barriers to the program and allow you to better achieve program objectives with fewer resources?

3680 - DEPARTMENT OF BOATING AND WATERWAYS

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

The Governor's budget requests \$91.7 million (no General Fund) for 2003-04 expenditures at the Department of Boating and Waterways.

BOATING AND WATERWAYS
(dollars in thousands)

FUND	CURRENT YEAR 2002-03	BUDGET YEAR 2003-04	CHANGE	
			AMOUNT	PERCENT
Harbors and Watercraft	\$77,596	\$85,419	\$7,823	10%
Federal Funds	7,281	6,281	-1,000	-16%
TOTAL	\$84,877	\$91,700	\$6,823	8%
Personnel Years	85.9	85.9	---	---

ISSUE 1: LOCAL ASSISTANCE : SMALL CRAFT HARBOR, MARINA AND LAUNCH FACILITY LOANS AND GRANTS

The Governor's 2003-04 budget proposes \$43.9 in local assistance loans and grants for the following activities:

- **Small Craft Harbor Planning and Construction Loans.** \$20.9 million (Harbors and Watercraft Revolving Fund) for 8 small craft harbor projects statewide.
- **Recreational Marina Loan Program.** \$3.5 million (Harbors and Watercraft Revolving Fund) for loans to private marinas for construction of facilities.
- **Launch Facility Grants.** \$19.5 million (Harbors and Watercraft Revolving Fund) for 24 grants to high-priority projects to construct launch ramps, restroom facilities, docks, shore protection, parking facilities and other projects relating to boat launch facilities.

COMMENTS:

The Department of Boating and Waterways provides loans and grants for construction and other facility improvement projects at boating and launching facilities statewide. These proposals are consistent with Departmental responsibilities.

ISSUE 2: LOCAL ASSISTANCE: BEACH RESTORATION PROGRAM

This proposal requests \$997,000 (Harbors and Watercraft Revolving Fund) for the State-share of cost for 11 projects and feasibility studies being conducted with the Army Corps of Engineers.

BACKGROUND:

The State and federal government are providing matching amounts to conduct studies and undertake project work to provide coastal access, public safety, and public recreation.

COMMENTS:

This proposal is consistent with Departmental responsibilities.

ISSUE 3: ADDITIONAL DEPARTMENTAL PROPOSALS

The Governor's 2003-04 budget proposes four additional changes to the Department's base budget. These changes are:

- **Egeria Densa Control Program.** \$550,000 (Harbors and Watercraft Revolving Fund) one-time increase to expand the Department's control activities. Egeria Densa is a submerged weed that is a nuisance to marine traffic and has the potential to disrupt conveyance of water and other man-made facilities.
- **Abandoned Watercraft Abatement Fund.** \$500,000 (\$400,000 Abandoned Watercraft Abatement Fund and \$100,000 Harbors and Watercraft Revolving Fund) for continued administration of the Abandoned Watercraft Abatement Grant Program to remove abandoned watercraft from State waters.
- **Gasoline Tax Allocation Study.** \$3.0 million (Harbors and Watercraft Revolving Fund) for a comprehensive study to determine the appropriate amount of Motor Vehicle Fuel Account revenue to be allocated to the Harbors and Watercraft Revolving Fund.
- **Boating Infrastructure Grant Program.** \$ 100,000 (federal funds) increased expenditure authority to permanently establish this in the baseline funding of the Department.

COMMENTS:

These proposals are consistent with Departmental responsibilities. Staff has raised no issues.

ISSUE 4: CAPITAL OUTLAY PROPOSALS

The Department of Boating and Waterways has 13 major and minor capital outlay projects totaling \$8.66 million (Harbors and Watercraft Revolving Fund) proposed for expenditure in the 2003-04 budget.

COMMENTS:

Neither the Legislative Analyst nor Subcommittee staff have raised issue with these proposed expenditures.

3790 - DEPARTMENT OF PARKS AND RECREATION

The mission of the California Department of Parks and Recreation is to provide for the health, inspiration, and education of the people of California by helping to preserve the state's extraordinary biological diversity, protecting its most valued natural and cultural resources, and creating opportunities for high-quality outdoor recreation. An ever-increasing population in California has resulted in accelerated urbanization which necessitates the establishment of park units and recreation areas accessible to the major population centers of the State.

PARKS AND RECREATION
(dollars in thousands)

FUND	CURRENT YEAR 2002-03	BUDGET YEAR 2003-04	CHANGE	
			AMOUNT	PERCENT
General	\$132,441	\$97,871	-\$34,570	-26%
Bond	890,527	710,965	-179,562	-20%
Federal	43,009	36,638	-12,371	-29%
Other	189,751	180,020	-9,731	-5%
TOTAL	\$1,255,728	\$1,025,494	-\$230,234	-18%
Personnel Years	3,064.70	2,998.20	-66.5	2%

ISSUE 1: GENERAL FUND REDUCTIONS

The Governor's proposed 2003-04 budget plans to achieve \$9.0 million in General Fund savings by reorganizing and consolidating the existing departmental administrative structure, as well as various reductions and shifts.

COMMENTS:

At the time of this writing, the Department has not provided sufficient information to the Legislature with which this Subcommittee could make an informed evaluation of the proposal. Staff recommends the Subcommittee not take this item up until adequate detail is provided.

ISSUE 2: PROPOSITION 40: HISTORICAL AND CULTURAL GRANTS

The Governor's budget proposes \$95.7 million from Proposition 40 for grants associated with a new historical and cultural grants program. The Governor's proposal is not consistent with the criteria laid out by AB 716 (Chapter 1126, Statutes of 2002), which established the California Cultural and Historical Endowment in the California State Library to administer an historical and cultural resources grant and loan program.

BACKGROUND:

The Legislative Analyst has raised issue with the Governor's proposal, citing that it "does not set out criteria or priorities for awarding grants, making it difficult for the Legislature to assess what the program might achieve in terms of protection and restoration of cultural and historical resources." The administration has indicated that it plans to introduce legislation to establish details of the grant program at a later date.

COMMENTS:

The Subcommittee should consider the Department's other Historic and Cultural proposal and act on both with similar action when it does. This additional proposal includes \$1.87 million (Proposition 40) for staffing and administration costs of the grants program.

ISSUE 3: PROPOSITION 40: STATEWIDE ACQUISITION PROGRAM

The Governor's 2003-04 budget proposes \$35 million from Proposition 40 for a statewide acquisition program for state parks.

BACKGROUND:

The Legislative Analyst has raised an issue with this, citing a concern for Legislative oversight of land acquisition, particularly with increasing concern relating to increasing State obligations without sufficient funding to maintain new properties.

The Department's proposal indicates the intent for categorical expenditures for (1) Urban Strategy Acquisitions; (2) Unique Natural Resources Areas; (3) Sustained Ecosystems; (4) to Expand Recreational Opportunities; (5) Cultural Landscapes and Corridors; (6) Significant Cultural Resources Properties; (7) Trail Connections and Corridors; and (8) Inholdings and Adjacent Parcels.

COMMENTS:

The Department's proposal provides some detail as to these categorical programmatic areas. Staff recommends allowing more time to work with the Department to evaluate their proposal.

ISSUE 4: ADDITIONAL LOCAL ASSISTANCE PROPOSALS

The Administration's local assistance proposal includes \$625.5 million from various fund sources for local assistance activities. The \$95.7 million (Proposition 40) proposed for Historical and Cultural Grants discussed earlier in this hearing is one component of this proposal. Additionally, this proposal includes:

- \$2.6 million (Habitat Conservation Fund) for local recreational grants;
- \$21.0 million (\$17.0 mil. Off-Highway Vehicle Trust Fund, \$4.0 mil. federal funds) for grants;
- \$20.0 million (federal funds) for recreational and historic preservation grants;
- \$486.2 million (Proposition 40) for Per-Capital Grants, Roberti-Z'Berg-Harris Grants, Urban Park and Murray-Hayden Grants.

COMMENTS:

The Current Year budget included significant appropriations to the Department for urban parks programs as well as various other acquisition funds. The Department should report to the Subcommittee on the current efforts to utilize Proposition 40 funds previously appropriated for urban parks programs.

ISSUE 5: CONCESSION CONTRACTS

The Department has included six concession proposals and one proposed operating agreement in its budget that require legislative approval. Specifically, these proposals include concession agreements at:

- Big Basin Redwoods State Park
- Carnegie State Vehicular Rec. Area
- Columbia State Historic Park
- Old Town San Diego State Historic Park (3 proposals)
- Thornton State Beach

BACKGROUND:

Under current law, the Legislature is required to review and approve any proposed or amended concession contract that involves a total investment or annual gross sales over \$500,000. In past years, the Legislature has provided the required approval in the supplemental report of the budget act.

COMMENTS:

The Legislative Analyst has evaluated these contracts and has called their approval "warranted".

ISSUE 6: ADDITIONAL DEPARTMENTAL PROPOSALS

The Department of Parks and Recreation has four additional support proposal, including:

- \$4.46 million (OHV and Proposition 40) to increase DPR compliance with the Americans With Disabilities Act.
- \$550,000 (Proposition 40) of artifact acquisition to refurbish the Adamson House Museum.
- \$381,000 (OHV) for operational support of Ocotillo Wells State Vehicular Recreation Area.
- \$1.0 million (Proposition 40) for conservation and restoration activities of artifacts at various State Park facilities.

COMMENTS:

Staff has raised no issues with these departmental proposals.

ISSUE 7: LAO ISSUES: CAPITAL OUTLAY

The Legislative Analyst has raised concern for two of the Department's capital outlay proposals. These two proposals are requesting \$5.0 million (Proposition 40) for the California Indian Museum (CIM) and \$10.0 million (Proposition 40) for the California Heritage Center.

BACKGROUND:

California Indian Museum. Chapter 290, Statutes of 2002 (SB 2063, Brulte), created the California Indian Cultural Center and Museum Task Force to make recommendations to DPR on potential CIM sites, no later than one year after it is convened. The task force is also to make recommendations on cultural and design concepts for the CIM.

California Heritage Center. The Governor's budget requests \$10 million from Proposition 40 for the acquisition and construction of the California Heritage Center in the Sacramento area to provide a facility to house and display various historic and culturally significant artifacts that DPR has acquired over time. Currently, DPR is using a leased warehouse facility to store many of the artifacts, and the rest are being stored in various facilities throughout the state.

COMMENTS:

The Legislative Analyst has noted the appropriation of these funds may be premature as neither currently has a site proposed for the acquisition. Staff currently has no significant issues with these proposals.

ISSUE 8: ADDITIONAL CAPITAL OUTLAY PROPOSALS

The Governor's budget proposes 45 major and minor capital outlay proposals. Specific proposals, for which issues were raised, have been discussed in their own write-ups earlier in this agenda. The Department had 42 proposals for which the Legislative analyst and the Subcommittee staff have raised no issues. See Attachment 2 for details of all capital outlay proposals.

PREVIOUSLY HEARD DEPARTMENTS: ITEMS FOR VOTE

On March 12, this Subcommittee heard the 2003-04 budget proposals of several Departments for which no votes were cast. The following items reflect these previously-heard proposals and are listed here for action by the Subcommittee.

3125 - CALIFORNIA TAHOE CONSERVANCY

- Item 1:** The Governor's 2003-04 budget includes a request for \$11.7 million from various fund sources for local assistance activities associate with the Environmental Improvement Program.
- Item 2:** \$1.5 million (Proposition 12) for the acquisition of environmentally sensitive lands consistent with the EIP for the Lake Tahoe Basin.
- Item 3:** \$2.0 million (\$1.52 million Proposition 12, \$480,000 Habitat Conservation Fund) to the Wildlife Enhancement Program.
- Item 4:** \$1.5 million (Proposition 12) for various public access and recreation projects in the Lake Tahoe Basin.

3480 - DEPARTMENT OF CONSERVATION

Item 1: Strong Motion Instrumentation Program. \$1.0 million (Strong Motion Instrumentation Program Special Fund) to support program activities to provide instrumentation to measure the motion of structures during seismic events to assist emergency response to locations impacted by the strongest ground motion and to assist in retrofit activities.

Item 2: Seismic Hazard Mapping Program. \$1.2 million Seismic Hazard Identification Fund) increase in expenditure authority to back-fill, for one year, the funding gap.

Item 3: Trailer Bill Language (TBL) to Merge Funds. Currently, both the Strong Motion Instrumentation Fund and the Seismic Hazards Mapping Fund receive monies from building fees, however 70% of the building fees are deposited in the Strong Motion fund and 30% are deposited in the Seismic Hazards Mapping fund. The Subcommittee has TBL proposed (see Attachment 1) to merge these funds to ensure continuity of service of these programs.

Item 4: \$900,000 (\$680,000 Renewable Resources Investment Fund, and \$220,000 increased reimbursement authority) augmentation. The Department's proposal requires TBL to permit the expenditure authority proposed here. Recommended TBL:

Insert in Public Resources Code, Division 2

2200.5. For the purposes of this chapter, "Lead agency" means the city, county, San Francisco Bay Conservation and Development Commission, or the board which has the principal responsibility for approving a surface mining operation or reclamation plan pursuant to Chapter 9 of this Section.

Item 5: \$1.25 million (various special funds) increase to fulfill the new lease agreement negotiated by the Department of General Services for facility costs.

Item 6: \$965,000 (CA Beverage Container Recycling Fund) to expand activities by the DOJ relating to fraud investigations associated with the Bev. Container Recycling Program.

3810 - SANTA MONICA MOUNTAINS CONSERVANCY

The Santa Monica Mountains Conservancy proposes three capital outlay expenditures including:

Item 1: \$12.0 million (Proposition 40) for the acquisition and development of key projects of the Rim of the Valley Trail, consistent with the five-year infrastructure plan.

Item 2: \$9.5 million (Proposition 50) for watershed protection activities in the San Gabriel and Los Angeles River Watersheds.

Item 3: \$77,000 (SMMC Fund) to implement the work program and the five-year capital outlay infrastructure plan.

**3825 - SAN GABRIEL AND LOWER LOS ANGELES RIVERS
AND MOUNTAINS CONSERVANCY**

The "Rivers and Mountains Conservancy" proposes two capital outlay expenditures as follows:

- Item 1:** \$4.5 million (Proposition 50) for acquisition, development of open space, as well as habitat protection, watershed improvements and recreational activities.
- Item 2:** \$12.4 million (Proposition 40) second-year funding of the Conservancy's first round of grants for urban river parkways, open space acquisition, and wildlife corridor protection in the San Gabriel Mountains and the Whittier Puente Hills.

3830 - SAN JOAQUIN RIVER CONSERVANCY

The San Joaquin River Conservancy budget includes five expenditure proposals including:

- Item 1:** \$114,000 (Proposition 40) for program delivery staff positions associated with Proposition 40.
- Item 2:** \$7.5 million (\$6.5 million Proposition 40, \$1.0 million reimbursement) for year-one funding of a three effort to develop the San Joaquin River Parkway.
- Item 3:** \$1.5 million (\$500,000 Proposition 40, \$1.0 million reimbursement) for completion of the initial phases to enhance and restore the Conservancy's Jensen River Ranch property.
- Item 4:** \$2.5 million (\$1.5 million Proposition 40, \$1.0 million reimbursement) to implement the Conservancy's five-year public access and recreation improvement program.
- Item 5:** \$9.9 million (\$5.9 million Proposition 12, \$4.0 million Proposition 13) reappropriation of previously authorized projects to provide sufficient time to complete two pending projects.

3835 - BALDWIN HILLS CONSERVANCY

The Baldwin Hills Conservancy has two proposed budget changes including:

- Item 1:** \$109,000 (Proposition 40) for program delivery staff support for the implementation of programs associated with Proposition 40 expenditures.
- Item 2:** \$8.2 million (\$7.2 million Proposition 40, \$1.0 million reimbursement) for the acquisition and development of open space property in the Baldwin Hills area.

3845 - SAN DIEGO RIVER CONSERVANCY

- Item 1:** The San Diego River Conservancy has one expenditure proposal consisting of \$265,000 (Environmental License Plate Fund) for operating expenditures of the Conservancy

3850 - COACHELLA VALLEY MOUNTAINS CONSERVANCY

The Coachella Valley Mountains Conservancy's budget includes four funding requests. They are as follows:

- Item 1:** \$100,000 (ELPF) for baseline funding, shifting this funding from reimbursement.
- Item 2:** \$108,000 (Proposition 40) for support of program staff associated with Proposition 40 activities of the Conservancy.
- Item 3:** \$6.1 million (\$5.1 million Proposition 40, \$1.0 million reimbursement) for land acquisition activities consistent with efforts to protect lands within Natural Community Conservation Plan areas.
- Item 4:** \$2.94 million (Proposition 40) for acquisitions in the Santa Rosa and San Jacinto Mountains National Monument to protect and preserve mountain habitat and open space in the mountains surrounding the Coachella Valley.