

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 ON RESOURCES

ASSEMBLYMEMBER VIRGINIA STROM-MARTIN, CHAIR

**WEDNESDAY, APRIL 7, 1999
STATE CAPITOL, ROOM 127
8:00 A.M.**

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3680 DEPARTMENT OF BOATING AND WATERWAYS

The Department of Boating and Waterways is responsible for planning and developing boating facilities on waterways throughout California; protecting the public's right to safe boating by providing financial aid to local law enforcement agencies; boating safety and education, licensing of yacht and ship brokers, aquatic weed control in the Sacramento-San Joaquin Delta, and beach erosion control along California's coast.

COMMENTS:

Subcommittee #3 heard this department's budget on March 24, however a quorum was not present to take action. Since that time, the Department of Finance has submitted a Finance Letter requesting:

- \$62,000 (special funds) for the preliminary plan phase of the Castaic Lake Boating Instruction and Safety Center as a result of revised cost estimates.
- \$1,635,000 (special funds) for the construction phase of the Folsom Lake, Granite Bay Boat Launching Facility and a reversion of funding provided for the project in 1998-99.

3840 DELTA PROTECTION COMMISSION

The Commission provides a regional approach to protecting the Sacramento-San Joaquin Delta's resources through comprehensive regional land use planning implemented by local government in its local land use planning procedure and enforcement. The Commission, comprised of 13 local and six state government officials, prepared and adopted a "comprehensive long-term resources management plan" for land uses within the Delta. Last year the Legislature extended the Commission until January 1, 2010 to ensure that local governments conform their general plans and development permit decisions to the requirements of the regional plan and to adopt amendments to the regional plan as necessary.

COMMENTS:

Subcommittee #3 heard this department's budget on March 24, however a quorum was not present to take action.

3340 CALIFORNIA CONSERVATION CORPS

The California Conservation Corps (CCC) assists federal, state and local agencies, and nonprofit entities in conserving and improving California's natural resources while providing employment, training, and educational opportunities for young men and women. The CCC provides more than three million hours of conservation work each year. In addition to tree planting, stream clearance, trail building, park development, landscaping, energy conservation, forest improvements, plant nursery operations, and wildlife habitat restoration. The CCC responds to emergencies caused by fires, floods, earthquakes, and other natural disasters. The annualized corpsmember population for 1999-00 is estimated to be 2,550, of which approximately 270 are corpsmembers supervised by local nonprofit conservation corps.

The Governor's proposed budget includes \$76.7 million, a decrease of \$6.7 million from current year funding.

Summary of Program Requirements (Dollars in Thousands)

	1997-98	1998-99	1999-00
Training and Work Program	\$71,700	\$83,335	\$76,673
Administration	7,001	7,522	6,524
Distributed Administration	-7,001	-7,522	-6,524
Total	\$71,700	\$83,335	\$76,673

ISSUE 1: PETROLEUM VIOLATION ESCROW ACCOUNT (PVEA) FUNDING

The CCC's budget includes \$9.7 million in PVEA funding. This includes:

- A continuation of \$8,000,000 Petroleum Violation Escrow Account and 15 positions to work collaboratively with local conservation corps and community-based organizations to provide staff corpsmembers, and resources needed for rehabilitation and weatherization for low-income residential homes statewide.
- A continuation of \$1,436,000 Petroleum Violation Escrow Account for the ongoing support of the Southern California Energy Center.
- A continuation of \$301,000 Petroleum Violation Escrow Account to perform energy audits and lighting retrofits in public schools, state offices and other public buildings in the greater San Francisco Area.

COMMENTS:

Without PVEA funds for these purposes, the CCC's budget would require additional General Funds.

ISSUE 2: FINANCE LETTER – SEQUOIA KITCHEN EXPANSION/OFFICE RELOCATION

The Department of Finance has submitted a finance letter requesting a reappropriation of \$1.1 million for the Sequoia Kitchen Expansion / Office Relocation project that is funded in the current year.

The reappropriation is necessary as a result of the Department of General Services experiencing unanticipated complexity with an existing load bearing wall corridor.

COMMENTS:

The Department of General Services will not be able to present the Public Works Board with preliminary plans in the current year, so the funds appropriated in the current year need to be reappropriated in the budget year.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION

The Department of Forestry and Fire Protection (CDFFP) provides fire protection services for timberlands, rangelands, and brushlands privately or by state or local agencies. In addition, the CDFFP regulates timber harvesting on forestlands and provides a variety of resources management services for owners of forestlands, rangelands, and brushlands.

The Governor's proposed 1999-00 State Budget includes a total of \$534.9 million for the CDFFP. This is an increase of \$47.3 million over current-year expenditures.

Summary of Program Requirements (Dollars in Thousands)

	1997-98	1998-99	1999-00
Office of the State Fire Marshal	\$11,002	\$12,005	\$11,473
Fire Protection	408,018	409,351	452,647
Resource Management	28,231	30,168	36,286
Administration	39,893	38,582	38,721
Distributed Administration	-39,140	-38,282	-38,417
Total	\$448,004	\$451,824	\$500,710

ISSUE 1: AIRTANKER PURCHASES

The Governor's budget includes \$29.9 million (General Fund) for the first year of a three year plan to purchase 15 S-2T Airtanker conversions with 32 engines (includes two spare engines). The proposed budget would provide for the purchase of 10 airtankers with 20 engines.

COMMENTS:

The CDFFP's current aging fleet of S-2A Airtankers is beginning to fail to provide adequate service. The S-2A Airtankers are not expected to be sustainable beyond 2004. The CDFFP is currently making conversion to provide for eight S-2T Airtankers. This request will take the final number to 23, once all conversions are complete.

The Governor's budget includes funding for ten new airtankers in the budget year because the State has the ability to make the purchases at a price negotiated in 1996, with slight adjustments. It is estimated that the cost of the airtankers would increase by ten percent in future years. However, the cost could be significantly higher should the contractor that is doing the conversions have to shut down and then restart production lines.

Funding for the remaining five Airtankers would be provided in the 2000-01 budget year.

ISSUE 2: STATE NURSERY STAFFING

The Governor's budget provides an increase of \$894,000 (Forest Resources Improvement Fund) for the State Nursery Program. This funding is intended to enhance the program's ability to provide: tree seedlings for landowners applying for cost-share funds through the California Forest Improvement Program; tree seedlings for reforestation and rehabilitation of public and private lands damaged from fire, flood, insects, disease and other natural events, and production and sale of genetically suitable seedlings to landowners while minimizing state competition with private nurseries.

The proposed budget for the State Nursery Program includes \$389,000 for temporary help that in the past has been done with California Conservation Corps crews and California Department of Corrections inmate crews.

The Legislative Analyst's Office recommends that the funds appropriated for the temporary help continue to be used for Conservation Corps and Corrections crews should such crews be made available.

COMMENTS:

The State Nursery Program functions through two facilities, the Magalia Reforestation Center (MRC) in Butte County and the L.A. Moran Reforestation Center (LAMRC) in Yolo County.

The department requests funding for temporary labor because of the increased demand that fires, floods, and other natural disasters have placed the Conservation Corps and Corrections crews during critical periods for the State Nursery Program.

The LAO proposes the following Budget Bill Language:

Of the amount appropriated in this item, up to \$389,000 shall be used to provide crews from the California Conservation Corps or the Department of Corrections, or both, to the state nurseries if dedicated crews can be made available.

ISSUE 3: HAZARDOUS LIQUID PIPELINE DATA BASE AND GEOGRAPHIC INFORMATION SYSTEM MAPPING SYSTEM - FINANCE LETTER

The Department of Finance has submitted a Finance Letter requesting an increase of \$271,000 (Hazardous Liquid Pipeline Safety Fund) and 3.5 positions for the continued development, operation, and maintenance of a hazardous liquid pipeline data base and geographic information system (GIS) mapping system.

COMMENTS:

These positions were originally established with one-time funds by AB 592 (Kuehl), Chapter 814, Statutes of 1997.

The appropriation of AB 592 is now exhausted but the Department of Forestry and Fire Protection believes the need for the hazardous liquid pipeline data base and GIS mapping system continues.

ISSUE 4: CAPITAL OUTLAY – FINANCE LETTER

The Department of Finance has submitted a Finance Letter requesting a cumulative decrease of \$3.3 million for capital projects for the Department of Forestry and Fire Protection.

COMMENTS:

The proposed changes are as follows:

- Fort Jones Fire Station: Reduction of \$25,000 to delete the acquisition phase of the project and replace with preliminary plans and working drawings.
- Hemet-Ryan Air Attack Base: Reduction of \$3.3 million as a result of construction of this project being deferred till a future year. The scope of this projects has been changes and the Joint Legislative Budget Committee has been notified regarding a proposed site relocation.
- Paso Robles Air Attack Base Relocation Project: Increase of \$32,000 as a result of revised cost estimate of the preliminary plans and working drawing phases.

ISSUE 5: CAPITAL OUTLAY – PUBLIC SAFETY MICROWAVE NETWORK

The Governor's budget includes \$5.3 million for working preliminary plans, working drawings, and a portion of construction costs for three towers, five vaults, and other necessary equipment to upgrade five sites of the Public Safety Microwave Network.

The replacement of additional towers in future years is projected to cost \$57.3 million over a number of years.

The Legislative Analyst's Office (LAO) recommends that the funding not be approved until the Department of General Services (DGS) prepares a master plan to indicate the overall cost and schedule for upgrading the Public Safety Microwave Network.

COMMENTS:

Since 1995, \$19.1 million has been spent upgrading the Public Safety Microwave Network from analog to digital technology. These funds have been spent to constructing 20 new towers. However, it was originally anticipated that \$10 million would be sufficient to construct 22 new towers.

The Public Safety Microwave Network consists of 315 state owned and operated communications facilities, of which 130 are operated and maintained by the Department of Forestry and Fire Protection. The other facilities are operated by such departments as the California Highway Patrol, Caltrans, Office of Emergency Services, and Department of Water Resources.

It remains unclear how many towers need to be replaced as the system switches to digital across all state agencies. As a result, the LAO has recommended Supplemental Report Language requiring DGS to develop a master plan.

ISSUE 6: CAPITAL OUTLAY – PRELIMINARY PLANS AND DGS BACKLOG

The Governor's budget includes \$34.2 million for 49 major and 17 minor capital outlay projects. The Legislative Analyst's Office (LAO) has concerns that 11 of these projects have not yet do not yet have completed preliminary plans and that an additional 45 projects will not be able to meet their schedule for the budget year because of the backlog of projects at the Department of General Services (DGS).

COMMENTS:

The preliminary plans of capital outlay projects must be approved by the Public Works Board. Should the preliminary plans not be within scope and budget as approved by the Legislature, then the Legislature is notified and has the ability to intervene in the progress of the project.

The LAO's concern with the backlog at DGS affects numerous state agencies. DGS has begun to address these issues and expects to keep the budgeted projects on schedule in 1999-00.

3600 DEPARTMENT OF FISH AND GAME

The Department of Fish and Game administers programs and enforces laws pertaining to fish, wildlife, and natural resources of California. The Fish and Game Commission sets policies to guide DFG's activities and regulates the sport taking of fish and game. DFG manages approximately 850,000 acres of ecological reserves, wildlife management areas, hatcheries, and public access areas throughout the State.

The Governor's proposed 1999-00 State Budget includes a total of \$206.5 million for the DFG. This is a decrease of about \$6 million from current year funding. The decrease is due primarily one-time funding in the current year to address El Nino problems.

Summary of Program Requirements – Reflects Restructuring (Dollars in Thousands)

	1997-98	1998-99	1999-00
Enforcement of Laws and Regulations	\$34,313	\$35,203	-
Legal Services	602	631	-
Wildlife Management and Natural Heritage Program	48,877	52,678	-
Fisheries Management	72,806	84,818	-
Environmental Services	18,407	18,144	-
Oil Spills Prevention Programs	26,315	19,511	-
Biodiversity Conservation Program	-	-	\$71,548
Hunting, Fishing, and Public Use	-	-	40,484
Management of Department Lands and Facilities	-	-	32,168
Conservation Education and Enforcement	-	-	39,765
Spill Prevention and Response	-	-	21,113
Administration	26,095	25,204	25,982
Distributed Administration	-26,095	-25,204	-25,982
Total	\$196,320	\$210,985	\$205,078

ISSUE 1: REORGANIZATION UPDATE

The DFG began a reorganization in 1997. The reorganization has resulted in changes in the organizational structure of the department, including changes in the number and location of regions, the number of divisions, and the functions carried out by each.

The DFG also expects to complete program restructuring, as identified in the Governor's budget and management systems development, including the (1) development of work plans for all programs, (2) activity time and expenditure reporting for all employees, and (3) tracking the use of resources and managing programs using these work plans and time and expenditure data.

COMMENTS:

The DFG should provide an update of the continued reorganization efforts at the hearing.

ISSUE 2: RESPONSE TO SPEAKER VILLARAIGOSA'S LETTER

On March 8, 1999, Speaker Antonio Villaraigosa sent a letter to the DFG requesting certain information. The Speaker sought responses by March 11, 1999. As of this writing, no response has been provided by DFG.

Specifically, the letter contained the following:

1. Given the statutory responsibilities for the department, is there an optimal level of funding for the department's enforcement activities? Specifically, state how the department evaluates funding levels for wardens and biologists.
2. For each of the last three years, how many biologists reviewed timber harvest plans? For each of those years, please indicate the size of the enforcement territory and the allotted travel budget.
3. For each of the last three years, how many biologists reviewed timber harvest plans? Also for the past three years, please provide the number of timber harvest plans reviewed; the number of stream alteration permits issued; the number of timber harvest plan inspections; and the number of violations and enforcement actions. For each enforcement action, briefly describe or categorize the action taken. Given the existing staffing levels, how many timber harvest review plans can be completed for this fiscal year.
4. How many biologists are assigned to CEQA review throughout the state? For the current year, how many CEQA reviews can be completed with this level of staffing? For the last three years, how many biologists were assigned to the CEQA review process? How many reviews were completed? How many were completed on time? During this period, how many non-biologists are conducting CEQA reviews?"

COMMENTS:

The subcommittee should ask the DFG to respond to these inquiries at the hearing. Should the DFG not be prepared to respond, the department should provide a date certain of when the Speaker's inquiries will be answered.

ISSUE 3: MARINE LIFE MANAGEMENT PROGRAMS

Last year, the Legislature passed AB 1241 (Keeley), Chapter 1052, Statutes of 1998, which created the Marine Life Management Act and AB 2784 (Strom-Martin), Chapter 326, Statutes of 1998, which created the Marine Life and Marine Reserve Management Account (MLMRMA). The MLMRMA is to receive as much as \$2.2 million annually from the Resources Trust Fund. However, due to low oil prices, tidelands oil revenues, which are the source of revenues for the Resources Trust Fund, are not at anticipated levels and therefore only \$1.9 million is available in the MLMRMA.

The MLMRMA is a source of revenue for the implementation of the Marine Life Management Act.

The cost of implementing the Marine Life Management Act is estimated to be as high as \$5.5 million.

COMMENTS:

The MLMRMA can be funded at the statutory cap of \$2.2 million by transferring \$300,000 for the Fish and Game Preservation Fund or the General Fund. However, any funding of the MLMRMA above the \$2.2 million would require Trailer Bill Language to increase the cap of the account.

Additional funding can be provided for marine life management programs from the Fish and Game Preservation Fund or the General Fund, however, any such appropriation should be accompanied with Budget Bill Language limiting the use of the funds to the guidelines of the MLMRMA and Marine Life Management Act.

ISSUE 4: FEDERAL AID IN WILDLIFE RESTORATION PROGRAM – FINANCE LETTER

The Department of Finance has submitted a Finance Letter requesting to backfill the shortage of Federal Aid in Wildlife Restoration (FAWR) Program funds. The backfill is accomplished by increasing and shifting funds for the program from the Fish and Game Preservation Fund and by increasing federal funding.

COMMENTS:

The FAWR Program collects an excise tax on sporting arms, handguns, ammunition, and archery equipment for distribution to state for wildlife restoration projects. Due to declining sales of these items there are not sufficient funds for the FAWR Program.

The FAWR Program funds help support 14 of 18 DFG wildlife areas, covering over 200,000 acres, including 44,000 acres of managed wetlands.

ISSUE 5: MINOR CAPITAL OUTLAY – FINANCE LETTER

The Department of Finance has submitted a finance letter requesting an increase of \$391,000 (Fish and Game Preservation Fund) for seven minor capital outlay projects.

COMMENTS:

The funding will be such projects as restrooms, fish hatcheries, sewer systems, storage areas, and roads.

3760 STATE COASTAL CONSERVANCY

The State Coastal Conservancy (SCC) is authorized to acquire land, undertake projects, and award grants for the purposes of (1) preserving agricultural land and significant coastal resources, (2) consolidating subdivided land, (3) restoring wetlands, marshes, and other natural resources, (4) developing a system of public accessways, and (5) improving coastal urban land uses. In general, the projects must conform to California Coastal Act policies and be approved by the conservancy governing board.

The Governor's 1999-00 budget includes \$15 million from the General Fund for capital outlay, including \$10 million for a new challenge grant program and \$5 million to expand the existing Natural Community Conservation Planning program in San Diego County. The \$15 million appropriation is about \$10.9 million less than the estimated current-year General Fund expenditure for capital outlay by the conservancy.

Summary of Program Requirements (In Thousands)

	1997-98	1998-99	1999-00
Coastal Resource Development	\$3,652	\$2,658	\$2,668
Coastal Resource Enhancement	5,564	1,629	1,589
Administration	1,128	1,502	1,490
Distributed Administration	-1,128	-1,502	-1,490
Total	\$9,216	\$4,287	\$4,257

ISSUE 1: CHALLENGE GRANTS

The Governor's budget includes \$10 million to create a new "challenge grant" program for coastal access and wetlands restoration projects. The SCC will develop coastal access projects and provide grants to local public agencies and nonprofit conservation organizations for the projects. The state grants must be matched with non-state funds on at least a dollar-for-dollar basis.

The Legislative Analyst's Office (LAO) recommends that the SCC provide information at the hearing regarding the criteria expected to be used when judging grant requests.

In addition, the LAO recommends that Budget Bill Language be adopted that restricts the use of the \$10 million augmentation for general administrative costs of the SCC.

COMMENTS:

The new challenge grant program is consistent with the SCC's existing statutory authority.

Despite the \$10 million proposal for challenge grants, the Governor's budget provides significantly less funding for SCC capital outlay projects. The SCC should provide the Subcommittee with an accounting anticipated projects eligible for funding in the budget year that will not receive funding due to budget constraints.

3790 DEPARTMENT OF PARKS AND RECREATION

The Department of Parks and Recreation (DPR) acquires, develops, preserves, interprets, and manages the natural, cultural and recreational resources in the state park system and the off-highway vehicle trail system. In addition, the department administers state and federal grants to cities, counties, and special districts that help provide parks and open-space areas throughout the state.

The state park system consists of 265 units, including 39 units administered by local and regional agencies. The system contains approximately 1.3 million acres, which include 3,000 miles of trails, 280 miles of coastline, 625 miles of lake and river frontage, and nearly 18,000 camp sites. Over 70 million visitors travel to state parks each year.

The budget proposes \$242.5 million (\$75.2 million, General Fund) in total expenditures for the department in 1999-00. .

Summary of Program Requirements (In Thousands)

	1997-98	1998-99	1999-00
Resource Protection	-	\$25,327	\$25,316
Education/Interpretation	-	20,449	20,440
Facilities	-	111,156	76,593
Public Safety	-	41,460	41,433
Recreation	-	26,827	26,816
Total	-	\$225,219	\$190,608

ISSUE 1: RESPONSE TO SPEAKER VILLARAIGOSA'S LETTER

On March 11, 1999, Speaker Antonio Villaraigosa sent a letter to the DPR requesting certain information. The Speaker sought responses by March 19, 1999, if possible for a portion of the inquiry and by March 24, 1999 for the balance of the inquiry. As of this writing, no response has been provided by DPR.

Specifically, the letter contained the following:

"First, I would like to know how \$100 million would be divided among the various counties if it was distributed in accordance with Roberti-Z'berg-Harris (Chapter 3.2 commencing with Section 5620). I would also like to know how the \$100 million would be allocated among the counties if it were divided on a per capita basis. I would like this information by March 19, if possible.

"With regard to maintenance and operations of Parks and Recreation, I would appreciate the following information by March 24:

1. What is the backlog of deferred maintenance? What is your recommendation for addressing this backlog? What is your recommendation for financing the ongoing maintenance?

As you answer these questions, please specifically address: (a) the role of local government finance in maintaining parks; and (b) the role of pay-as-you-go financing, bonds, and fees.

2. Given the responsibilities of the Department of Parks and Recreation, is there an optimal annual funding level for operations? Do you have any recommendations for how much the department should be supported by fees versus the General Fund? How would the budget committee know when it has appropriated too much money to the department?"

COMMENTS:

The subcommittee should ask the DPR to respond to these inquiries at the hearing. Should the DPR not be prepared to respond, the department should provide a date certain of when the Speaker's inquiries will be answered.

ISSUE 2: DEFERRED MAINTENANCE

The State Park System faces a severe maintenance backlog. The total cost of deferred maintenance projects is estimated by the DPR to be \$274 million. This figure includes the \$30 million provided by the Legislature in the current year for deferred maintenance projects.

In addition, the Legislature in 1998 enacted AB 2784 (Strom-Martin), Chapter 326, Statutes of 1998, that created the State Parks System Deferred Maintenance Account within the Resources Trust Fund. The intent of the legislation was to provide the account with \$70 million over seven years, beginning the budget year. However, due to declining oil prices, the tidelands oil revenues, which are the source of funding for the Resources Trust Fund, there is no funding available for the State Parks System Deferred Maintenance Account in 1999-00.

COMMENTS:

The tidelands oil revenues that were supposed to be available for deferred maintenance could be replaced with General Fund revenues.

In addition, the LAO recommends the following Supplemental Report Language be adopted to require the DPR develop a plan for reducing deferred maintenance.

The department shall submit a deferred maintenance reduction plan to the Legislature no later than December 31, 1999. The plan shall set priorities for the department's deferred maintenance projects and identify the amount of work it needs to accomplish, assuming adequate funding for ongoing maintenance, in order to eliminate the backlog.

ISSUE 3: FUND CONDITION

The Governor's proposed budget allocates all projected State Parks and Recreation Fund (SPRF) revenues (\$81.9 million) for support of DPR, leaving the fund with a zero balance. The DPR support budget is vulnerable without a fund balance because approximately 2/3 of SPRF revenues come from park user fees and concession revenues. In the past, it has been common that these revenues not come in as anticipated.

In addition, it is unclear how recent and expected employee pay increases will be funded since there is not an available balance in the proposed budget.

COMMENTS:

The LAO recommends the DPR report at the hearing regarding what actions would be taken should revenues be lower than anticipated or if expenditures are higher than anticipated.

ISSUE 4: RECYCLING EFFORTS

State agencies are well behind the statewide average in recycling rates. In addition, it appears state agencies are not purchasing enough Recycled-Content Products. These issues are addressed further in the Integrated Waste Management Board's portion of the budget.

The DPR is one of a handful of large state agencies that can make a real difference in the State's recycling record. (The others being the Department of Corrections, the Department of Transportation, and the University of California.)

COMMENTS:

The LAO recommends the DPR report at the hearing regarding the following issues:

- Their recycling programs, and estimated recycling rates.
- The extent to which they follow requirements to (1) report to the board on their recycling amounts, (2) obtain board approval for recycling contracts, and (3) submit recycling revenues to the board.
- Their RCP procurement practices, and estimated proportion of purchases that are RCPs.
- The extent to which they follow requirements to report to DGS on their RCP purchases.

ISSUE 5: CAPITAL OUTLAY – DOUBLE BILLING

The LAO reports that a total of \$488,000 has been double budgeted for staff work on six capital outlay projects.

According to the LAO, positions funded in the capital outlay portion of the budget are already provided in the support portion of the budget.

COMMENTS:

The DPR should clarify this issue at the hearing.

ISSUE 6: CAPITAL OUTLAY – FRESNO-AREA OHV RECREATION AREA

The Governor's budget includes \$5.3 million (Off-Highway Vehicle Trust Fund) for acquisition and environmental studies of a site for an Off-Highway Vehicle Recreation Area in the Fresno / southern San Joaquin Valley region.

The LAO recommends these funds be deleted because a definite site has yet to be determined.

COMMENTS:

The 1998-99 State Budget provides \$295,000 for planning and acquisition of a site, of this amount, \$100,000 can be use to acquire an option to purchase a site.

The LAO contends that with the funding available to acquire an option to purchase, there is no need to appropriate funds for the purchase until a definite site has been identified.

The DPR should report on the progress of identifying a definite site for Off-Highway Vehicle Recreation Area.

ISSUE 7: CAPITAL OUTLAY – OCEANO DUNES STATE VEHICULAR REC. AREA

The Governor's budget includes \$2.2 million to acquire a 500 acre Le Grande Tract of land that connects two State-owned areas. The Le Grande Tract is currently owned by San Luis Obispo County but is managed, along with the other two areas, by the DPR as part of the Oceano Dunes State Vehicular Recreation Area.

The LAO recommends the funding for the purchase not be approved since the land is already publicly owned and is currently used for the same purpose it would be used for once under State ownership.

COMMENTS:

The DPR should report at the hearing as to why it is necessary to purchase the property at this time.

ISSUE 8: CAPITAL OUTLAY – LOCAL ASSISTANCE GRANTS

The Governor's budget includes a total of \$16.6 million (Off-Highway Vehicle Trust Fund) for local assistance grants. These grants are for various projects that are screened by the DPR and approved by the Off Highway Motor Vehicle Recreation Commission, which consists of four members appointed by the Legislature and three members appointed by the Governor.

COMMENTS:

The budget does not include information on any of the projects would receive grants. As a result, the LAO recommends not approving the funding until such information is available.

ISSUE 9: FINANCE LETTER – CAPITAL OUTLAY, MORRO BAY STATE PARK

The Department of Finance has submitted a Finance Letter requesting a decrease of \$161,000 as a result the need for additional preliminary plans of the Morro Bay State Park campground rehabilitation and day use project.

The additional preliminary plans are needed a result of the identification of three archeological sites in the vicinity. It has been determined that DPR should undertake cultural resources work as part of the preliminary plans stage rather than the construction phase.

COMMENTS:

Future costs for the projects working drawings will be \$230,000 and construction will be \$3,355,000.

3900 AIR RESOURCES BOARD

The Air Resources Board (ARB) has primary responsibility for protecting air quality in California. This responsibility includes establishing ambient air quality standards for specific pollutants, administering air pollution research studies, evaluating standards adopted by the United States Environmental Protection Agency and developing and implementing plans to attain and maintain these standards. These plans include emission limitations for vehicular and industrial sources established by the ARB and local air pollution control districts.

The Governor's proposed 1999-00 budget includes \$117.5 million for the ARB, this is a reduction of \$28 million from current year funding.

Summary of Program Requirements (In Thousands)

	1997-98	1998-99	1999-00
Mobile Source	\$68,666	\$95,247	\$69,300
Stationary Source	37,430	43,337	40,688
Program Direction and Support	9,503	9,426	9,482
Distributed Program Direction and Support	-9,503	-9,426	-9,482
Subvention	7,511	7,511	7,511
Total	.2554	.286	.287

ISSUE 1: DIESEL EMISSIONS INCENTIVES PROGRAM (CARL MOYER MEMORIAL AIR STANDARDS ATTAINMENT PROGRAM)

Last year the Legislature passed legislation that created the Villaraigosa-Brulte Diesel Emissions Reduction Incentive Program and funded that program in the budget. However, the policy legislation was vetoed. The legislation has again been introduced in this session, AB 1571 (Villaraigosa and Brulte), and will establish the Carl Moyer Memorial Air Standards Attainment Program to be administered by the ARB.

Under the program, the ARB would be authorized to make grants for the purchase of low-emission, heavy-duty engines for vehicles, equipment, vessels, and locomotives. The bill would permit the administration of the program to be delegated to air pollution control districts, air quality management districts, and port authorities.

On March 24, this Subcommittee approved a total of \$5 million (General Fund) for the Energy Commission's portion of the program for alternative fuels infrastructure and advanced technology infrastructure. The Subcommittee's action also included an initial approval of \$20 million for the ARB from revenues generated from the Environmental Protection Agency / ARB settlement with diesel engine manufacturers.

COMMENTS:

While it is anticipated that the settlement will total approximately \$20 million, the payment of the settlement will likely come in over a number of years. The Department of Finance indicates that perhaps as much as \$14 million will be available in the budget year from the settlement. Under federal court decree, the funds from the settlement will be deposited into the Air Pollution Control Fund.

Therefore, the March 24th action needs to be clarified to address the accurate level of funding and the proper fund source of the settlement funds. In addition, it should also be clarified that the funding be made contingent upon the enactment of legislation that establishes the Carl Moyer Memorial Air Standards Attainment Program.

ISSUE 2: LOCAL SUBVENTIONS

Since 1972, the Air Resources Board has provided subventions to local air pollution control districts in order to encourage and provide support for effective district programs. The State's thirty-five local air pollution control districts have the primary responsibility for controlling stationary sources of air pollution in California. Subvention funding requires that certain general program criteria be met in addition to strict matching requirements.

The Governor's proposed budget includes \$7.5 million for subventions to local air pollution control districts.

COMMENTS:

The dsbcommittee may want to explore whether the subventions program should be increased. However, any additional subventions should be used to supplement, and not supplant existing funds for effective district programs.

3910 INTEGRATED WASTE MANAGEMENT BOARD

The California Integrated Waste Management Board (CIWMB), in conjunction with local agencies, is responsible for promoting waste management practices aimed at reducing the amount of waste that is disposed in landfills. Cities and counties develop solid waste management plans—which must be approved by CIWMB—showing how 50 percent of solid waste will be diverted from landfills by 2000. The CIWMB administers various programs that promote waste reduction and recycling, with particular programs for waste tire and used oil recycling. The board also regulates landfills through a permitting, inspection, and enforcement program that is mainly enforced by local enforcement agencies that are certified by the board. In addition, CIWMB oversees the cleanup of abandoned solid waste sites.

The Governor's proposed 1999-00 state budget includes \$83 million (primarily special funds) for support of CIWMB. This is a reduction of about \$1 million from 1998-99 funding.

Summary of Program Requirements (In Thousands)

	1997-98	1998-99	1999-00
Planning and Enforcement	\$18,384	\$19,501	\$22,055
Disposal Site Cleanup and Maintenance	3,752	5,103	5,109
Solid Waste Disposal Site Cleanup Loan Repayment	-70	-70	-70
Waste Reduction and Resource Recovery	33,962	53,127	53,590
Recycling Market Development Loan Repayment	-2,110	-3,200	-3,200
Tire Recycling	8,568	9,846	5,518
Tire Recycling Loan Repayment	-726	-250	-
Administration	8,177	8,169	8,114
Distributed Administration	-8,177	-8,169	-8,114
Total	\$61,760	\$84,057	\$83,002

ISSUE 1: STATE AGENCY RECYCLING UPDATE & FINANCE LETTER

The CIWMB administers a program called Project Recycle that approves recycling programs and recycling contracts of state agencies. State agencies are required to conduct certain recycling activities, including recycling "recyclable" materials and purchasing recycled-content products (RCPs).

According to the Legislative Analyst's Office (LAO), recycling programs are in place at perhaps as low as only 20 percent of state facilities and that state agencies are diverting only six percent of their waste from landfill with recycling efforts, well below the statewide average of 25 percent. In addition, it appears that state agencies are not meeting the statutory goal of 50 percent of purchases of specified products be RCPs.

The Department of Finance has submitted a Finance Letter requesting an increase of \$1.8 million and 16 positions to enhance efforts to buy RCPs and to assist state agencies increase recycling.

COMMENTS:

The LAO recommends that the CIWMB report at the hearing regarding specific actions are being taken to improve state governments recycling efforts and what obstacles the CIWMB faces when enforcing compliance of state agencies.

The increased positions requested in the Finance Letter will be split approximately in half between efforts to increase buying RCPs and assisting agencies increase recycling.

ISSUE 2: FINANCE LETTER – 50 PERCENT LANDFILL DIVERSION

The Department of Finance has submitted a Finance Letter requesting an increase of \$25,000 and 15 two-year limited-term positions to assist the CIWMB reach the statutory goal of diverting 50 percent of solid waste from landfills by 2000.

COMMENTS:

The Governor's proposed budget already includes \$3.3 million for this purpose. However, since the development of the budget it has been determined that state employees must accomplish some of the work that was originally anticipated would be done with private contractors.

As a result, the Finance Letter redirects \$908,000 and adds \$25,000 to provide for the necessary state employees.

ISSUE 3: FINANCE LETTER – INVENTORY ASSESSMENT AND FINANCIAL ASSURANCE

The Department of Finance has submitted a Finance Letter requesting an increase of \$439,000 and two positions to assess solid waste facilities' compliance with closure requirements and to evaluate the financial assurance demonstrations of "captive" insurers. Captive insurers are insurance carriers established by solid waste facility operations to comply with financial assurance requirements for the cost of closure and post-closure maintenance.

COMMENTS:

The Governor's proposed budget already includes \$50,000 in contract funding for the evaluation of captive employers.

The additional funding is requested as a result of further review revealing cleanup and corrective action requirements associated with the closure of facilities being more costly than originally anticipated.

3930 DEPARTMENT OF PESTICIDE REGULATION

The Department of Pesticide Regulation (DPR) regulates all aspects of pesticide sales and use, recognizing the need to control pests, while protecting public health and the environment, and fostering reduced-risk pest management strategies. The Governor's proposed budget includes \$49 million for 1999-00, a decrease of \$5.3 million for current year funding.

Summary of Program Requirements (In Thousands)

	1997-98	1998-99	1999-00
Registration and Health Evaluation	\$12,176	\$12,882	\$12,479
Enforcement, Environmental Monitoring, and Data Management	35,071	39,536	36,253
Administration	4,032	4,584	4,717
Distributed Administration	-4,032	-4,584	-4,717
State Mandated Local Programs	-	1,929	225
Total	\$47,247	\$54,347	\$48,957

ISSUE 1: RESPONSE TO SPEAKER VILLARAIGOSA'S LETTER

On March 8, 1999, Speaker Antonio Villaraigosa sent a letter to the DPR requesting certain information. The Speaker sought responses by March 17, 1999. As of this writing, no response has been provided by DFG.

Specifically, the letter contained the following:

1. Over the last three years, how many records of decisions were issued based on self-testing of chemicals?
2. Over the last three years, how many pesticides were registered without prior risk assessments? Of these pesticides how many still do not have risk assessments completed?
3. For the toxic air contaminants identified under the Federal Clean Air Act Amendments which are also pesticides, how many pesticide regulations have been revised to include additional toxic air contaminant controls."

COMMENTS:

The subcommittee should ask the DPR to respond to these inquiries at the hearing. Should the DPR not be prepared to respond, the department should provide a date certain of when the Speaker's inquiries will be answered.

ISSUE 2: PEST MANAGEMENT ALLIANCE PROGRAM

In the current year, \$2 million is appropriated for much of the same purpose in collaboration with the University of California. However, there is concern that with the University of California, there has been too much of an emphasis on research, and not enough of an emphasis on test pilot projects.

COMMENTS:

The subcommittee can appropriate funds for the DPR for grants to be administered through the Pest Management Alliance program. With the funding being embedded in a program at the DPR, the Legislature is in a better position to have oversight and to ensure that appropriate emphasis is placed on actual projects and not just research.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL

The Department of Toxic Substances Control (DTSC) regulates hazardous waste management, cleans up or oversees the cleanup of contaminated hazardous waste sites, and promotes the reduction of hazardous waste generation. The department is funded by fees paid by persons that generate, transport, store, treat, or dispose of hazardous wastes; environmental fees levied on most corporations; the General Fund; and federal funds.

The budget requests \$131.1 million from various funds for support of DTSC in 1999-00. This is a decrease of \$1.7 million, or 1 percent, from current-year expenditures.

Summary of Program Requirements (In Thousands)

	1997-98	1998-99	1999-00
Site Mitigation	\$73,252	\$82,179	\$78,240
Hazardous Waste Management	37,002	37,097	38,052
Statewide Support	4,993	3,731	3,986
Science, Engineering and Technology	7,344	-	-
Administration	18,159	23,741	24,642
Distributed Administration	-18,159	-23,741	-24,642
Science, Pollution Prevention and Technology	-	9,747	10,788
Total	\$122,591	\$132,754	\$131,066

ISSUE 1: STRINGFELLOW FEDERAL SUPERFUND SITE

The Stringfellow Federal Superfund Site was operated as a hazardous waste disposal facility in Riverside County from 1956 to 1972. As a result of the surrounding physical environment, contamination from the site migrated to neighboring communities. A federal court has held that the State is liable for all past and future cleanup and operation of at Springfellow because the State was negligent in issuing permits for the location of the Springfellow facility.

The State expects to receive insurance payments to cover the cleanup costs of the site. The currently is litigation pending with insurers.

The LAO recommends the adoption of Trailer Bill Language that establishes a separate account for insurance proceeds and State funds provided for Springfellow-related activities.

COMMENTS:

The future cleanup costs of Springfellow are projected to be as high as \$200 million. In addition, the costs of the cleanup to date total \$267 million. Of this amount, a recent settlement with private responsible parties may reduce the State's responsibility of this amount by \$92 million.

ISSUE 2: SITE MANAGEMENT PROGRAM - SUPERFUND ORPHAN SHARES

The Site Management Program (SMP) implements the State's superfund site cleanup laws and participates in the Federal Superfund program. Generally, the DTSC provides oversight of cleanup work conducted by responsible parties (RPs). The DTSC uses state and federal funds for cleanup of sites with no identified RPs (orphan sites).

COMMENTS:

It is vitally important to public health that superfund sites get cleaned up, to adequately meet demand, the DTSC may need additional funding for cleanup of orphan sites.

3980 OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENTS

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. OEHHA's primary role is as risk assessor for various programs under the California Environmental Protection Agency, as well as other state and local agencies. OEHHA 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. OEHHA uses an open public process, with internal and external review, to ensure that its work products are based upon the best available scientific approaches and information.

The Governor's proposed budget includes \$10.7 million for OEHHA, and decrease of \$0.4 million from current year expenditures.

ISSUE 1: TOXIC ASSESSMENTS ASSISTANCE

Under the Toxic Air Contaminant (TAC) Program, the Department of Pesticides requests the Air Resources Board to conduct air monitoring studies to document the airborne concentrations of pesticides in the air. The program requires significant basic science, which can be done by OEHHA.

COMMENTS:

The subcommittee may wish to augment OEHHA's budget to assist the DPR and the ARB complete air toxic assessments.