

AGENDA ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 ON RESOURCES

ASSEMBLYMEMBER VIRGINIA STROM-MARTIN, CHAIR

**WEDNESDAY, MAY 12, 1999
STATE CAPITOL, ROOM 127
8:00 A.M.**

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CONSENT CALENDAR

3680 DEPARTMENT OF BOATING AND WATER WAYS

The Department of Finance has submitted a finance letter requesting the working drawings phase of the Lake Oroville Spillway, Boat Launching Facility be reappropriated.

3860 DEPARTMENT OF WATER RESOURCES

The Department of Finance has submitted a finance letter requesting the preliminary plans and working drawings phases of the Yuba River project be reappropriated.

0540 SECRETARY FOR RESOURCES

ISSUE 1: RIVER PARKWAYS

Protecting land along California's rivers provide several benefits, including recreational activities, cost-effective flood control, critical wildlife habitat, and water quality improvements. Should funds be made available, the Secretary of Resources could allocate funds for projects along rivers throughout California.

COMMENTS:

Last year, the Legislature provided \$10 million for river parkway projects. Governor Wilson, however, vetoed the augmentation.

In addition to addressing river parkway funding in this agenda item, specific river parkway projects will be addressed later in the agenda.

The Senate provided a total of \$8.2 million for river parkway projects under the Secretary of Resources' budget.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION

ISSUE 2: MAY 1 CAPITAL OUTLAY FINANCE LETTER

The Department of Finance has submitted a finance letter requesting a cumulative decrease of \$3.8 million for capital outlay projects. This includes 11 projects requiring slight to moderate increases due to revised cost estimates from additional site development and program elements and three projects revised due to schedule changes and technical errors.

COMMENTS:

Approve the finance letter.

ISSUE 3: APRIL 1 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.

The subcommittee held this issue open when it was first heard on April 7th.

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 project 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.

3600 DEPARTMENT OF FISH AND GAME

ISSUE 4: WARDENS

According to the department, the average warden territory range is 604 miles, this includes the ten poaching strike force wardens added in the current year. Even with the additions in the current year, the number of wardens has generally remained the same (in the 260 range) for the past ten years.

During this period, however, the warden responsibilities have increased significantly due to more urban/wildlife interface problems, more emphasis on environmental protection issues, more species listed as threatened and endangered, more hazardous materials spill enforcement actions.

COMMENTS:

The subcommittee may choose to augment the department's budget to provide additional wardens.

ISSUE 5: SCIENTIFIC STAFF

The department's responsibilities have expanded in recent years to include: issuing permits pursuant to the California Endangered Species Act (CESA) that comply with the California Environmental Quality Act (CEQA); developing large scale conservation plans in rapid-growth areas of the state, requiring department involvement from inception to final permitting; analyses and working with local governments and landowners to identify alternatives and mitigation measures needed.

The subcommittee may wish to increase the number of biologists and botanists so that the department is better able to meet its statutory requirements.

COMMENTS:

It is the understanding of committee staff that the cost of increasing the scientific staff by ten positions would be \$1 million.

In addition, the subcommittee should consider the following supplemental report language:

1. By January 10, 2000, the Department of Fish and Game shall report to the Chairs of the joint Legislative Budget Committee and Senate and Assembly fiscal committees on:
 - (a) A program to mitigate and monitor the species for which the department has statutory management responsibilities. This should include identification of specific programs, projects and activities for which DFG is expected to determine mitigation and monitoring.
 - (b) Budget resources (including positions and funding) needed to implement the program detailed in subsection (a) above. To the extent implementation of the program will take multiple years, the report shall include a timeline for full implementation of the program.
 - (c) A needs assessment detailing the infrastructure (capital outlay and acquisition) associated with fulfilling the department's statutory responsibilities for managing the state's fish, wildlife and plant resources. The report shall include a five-year planning horizon, beginning 7/1/00.
2. In *The Analysis of the 2000-01 Budget*, the Legislative Analyst shall report on the following:
 - (a) The scope of mitigation and monitoring required of the department by statute.
 - (b) An analysis of the department's performance with respect to the statutory requirements.
 - (c) If the Analyst determines, pursuant to paragraphs (a) and (b), that the department has insufficient funding to meet its statutory responsibilities, the Analyst shall recommend changes to the department's statutory responsibilities. The recommendations shall be sufficient to narrow the department's responsibilities in such a manner that the department can meet its revised statutory responsibilities within the appropriations made to the department in the 2000-01 budget.

ISSUE 6: NORTH COAST RAIL AUTHORITY

The operation of the North Coast Rail Authority has resulted in significant environmental harms, including track erosion and waste falling into riverbeds. Funding is needed for the Department of Fish and Game to pay for cleanup and to provide stabilization to limit future environmental harms from the operation of the North Coast Rail Authority.

COMMENTS:

The subcommittee should consider augmenting the department's budget by up to \$10 million to address the environmental harms caused by the North Coast Rail Authority.

The efforts may need to include other State entities. Budget Bill Language will be provided at the hearing should the roles of various entities need to be clarified.

ISSUE 7: FINANCE LETTER

The Department of Finance has submitted a finance letter requesting to reappropriate the Napa Sonoma Marsh WLA project for preliminary plans, working drawings, and construction.

This project was funded in the current year budget at \$145,000.

COMMENTS:

Approve the finance letter.

3640 WILDLIFE CONSERVATION BOARD

ISSUE 8: HEADWATERS ACQUISITION FUNDING

The Governor's budget reflects the expenditure of \$20 million in the current year for the purchase of Grizzly Creek and \$80 million in the budget year for the purchase of Owl Creek pursuant to AB 1986 (Migden), Chapter 615, Statutes of 1998. These purchases were part of the agreement on the Headwaters Forest.

The Board has now entered into agreements with the landowner for these purchases. The agreements specify that (1) payment for Grizzly Creek is not due until October 2000 (that is, in the fiscal year following the budget year) and (2) that the payment for Owl Creek can be made in four, equal annual installments beginning no later than one year after the close of the Grizzly Creek purchase.

As a result, the subcommittee can take an action delaying funding for these projects until they are required pursuant to the boards agreement with the landowner.

COMMENTS:

Delaying funding for the two Headwaters projects provides a total of \$100 million (General Fund) for one-time expenditure priorities of the Subcommittee.

At the March 10th hearing, the Subcommittee placed \$30 million on the checklist for the normal Board activities of acquiring habitat and development projects. The Subcommittee could choose to appropriate a portion of the Headwaters savings for this purpose.

In addition, the subcommittee should consider augmenting the Boards budget for the following two projects:

SAN BERNARDINO MOUNTAIN WILDLIFE HABITAT

There has been significant support for the acquisition of 182 acres of San Bernardino Mountain wildlife habitat. The current owners of the property are taking preliminary steps to develop the property. The subcommittee should consider augmenting the Board's budget by \$2 million to acquire the property, the funds would be matched with funds raised locally.

MORRO BAY SAND DUNES

The 204-acre Morro Palisades property needs to be preserved in order to protect the habitat of several species, including the endangered Morro Bay Kangaroo Rat. The Subcommittee should consider augmenting the Board's budget by \$4 million to permanently protect the Morro Palisades property from development.

3760 STATE COASTAL CONSERVANCY

ISSUE 9: LOS ANGELES RIVER GREENWAY PROJECTS

The Los Angeles River Greenway represents a tremendous opportunity to provide parks and protect open space for the high-density urban communities in the City of Los Angeles.

COMMENTS:

Specifically, the subcommittee should consider augmenting the Conservancy's budget for the following projects:

- \$5 million for Elysian Valley and Arroyo Seco River projects. The Elysian Valley is one of three remaining soft-bottom sections of the Los Angeles River and includes wildlife habitat for a diversity of bird populations, providing a accessible outdoor classroom where children can learn about nature and enjoy greatly needed open space. Funding for projects along the Arroyo River (a tributary to the Los Angeles River) would enable the acquisition and improvement of land that would expand an existing greenbelt and bike path on the Arroyo River downstream and connect with the Los Angeles River Greenbelt and bike path.
- \$1.8 million for the Maywood River Park to provide a northern entrance and staging area for the existing Los Angeles River Greenway Trail and address critical open-space shortfalls in the densely populated Maywood community.

ISSUE 10: ACQUISITIONS

During the April 7th hearing, the subcommittee placed \$10 million on the checklist for acquisitions consistent with the Conservancy's mission.

The subcommittee should consider using those identified funds, and additional funds, to address the following acquisition priorities.

OTAY RIVER VALLEY

The Otay River Valley is a critical biological corridor that connects priority wildlife preserves in San Diego Bay to the wildlife preserves that are being established on Otay Mesa.

The 1997-98 State Budget provided funds to for initial acquisitions along the Otay River. The Legislature provided an additional \$3.4 million in the current year's budget, however, Governor Wilson vetoed these funds.

The Subcommittee should consider augmenting the Conservancy's budget by \$3.2 million to acquire endangered species habitat, critical wildlife corridor, and trail and park lands. The acquisitions will continue to increase recreational opportunities for residents of adjacent low and moderate income neighborhoods.

TIJUANA RIVER VALLEY

The Conservancy has provided grants to the acquisition of property in the Tijuana River Valley, however, grant funds are virtually all spent at this critical time when property owners are now coming forward with proposals to sell their property at reasonable prices.

The subcommittee should consider augmenting the Conservancy's budget by \$2 million for complete the property acquisitions in the Tijuana River Valley.

GAVIOTA COAST

The Gaviota Coast in Santa Barbara County is considered one of the most spectacular, pristine, and environmentally important coastal areas in California. The Gaviota coast includes about ½ of Southern California's remaining rural coastline.

The subcommittee should consider augmenting the Conservancy's budget by up to \$5 million for acquisition of land along the Gaviota Coast from willing sellers in order to protect the rural coastline from urban sprawl.

MENDOCINO COAST LANDS

Mendocino Coast lands stand as an important aspect of the regions tourism industry and provide important wildlife habitat. The State has made several past investments to preserve the Mendocino Coast, increase coastal access, and preserve important fish and wildlife areas. In particular, 50-acres of critical coastal lands along Highway 1 near the town of Caspar is not threatened with development.

The subcommittee may choose to augment the Conservancy's budget by \$3.5 million for the acquisition the Caspar Cattle Company property along the Caspar coast.

PALO CORONA RANCH

The 4,800-acre Palo Corona Ranch in Monterey County is a critical part of the Big Sur scenic viewshed. The property contains a rich variety of important habitat for numerous wildlife species and serves a connector for several significant state parks.

The subcommittee may choose to augment the Conservancy's budget by \$5 million to acquire the Palo Corona Ranch. The acquisition would preserve wildlife corridors between the following state parks: Point Lobos Ranch, Carmel State Beach, and Garrapata State Park.

TOMALES BAY

Millerton Point at Tomales Bay, adjacent to Tomales Bay State Park, is threatened with development. Tomales Bay offers magnificent recreational opportunities for visitors from throughout the country and habitat for numerous birds and other wildlife.

The subcommittee may choose to augment the Conservancies budget by \$2.5 million to acquire threatened parcels at Millerton Point.

3790 DEPARTMENT OF PARKS AND RECREATION

ISSUE 11: PERFORMANCE BASED BUDGETING

The Department of Parks and Recreation is one of four departments participating in the Performance Based Budgeting (PBB) pilot program. PBB differs from the traditional approach to budgeting in that it focuses on outcomes, such as customer satisfaction, rather than processes or inputs, such as the number of employees in a given department. It promises to allocate resources based on expectations of performance, and it measures performance in order to assess:

- (1) How well a department is achieving its desired outcomes, and
- (2) Whether its performance is improving over time.

By focusing attention on performance measures, performance budgeting hopes to improve governmental performance and thus enhance public satisfaction with services.

COMMENTS:

Implementation of the PBB pilots is accomplished each year through the adoption of Memoranda of Understanding (MOUs) and through the enactment of trailer bills. The MOUs, adopted as part of the *Supplemental Report*, define each department's desired outcomes, performance measures and performance goals or targets as well as provide information on past performance.

The trailer bills enact provisions granting various operational flexibilities to the departments relating, for example, to procurement, contracting and personnel. For 1999-2000, the CCC is not proposing any changes to its operational flexibilities. The Department of Parks and Recreation is only proposing two minor, technical changes. As a result, the proposed trailer bills are nearly identical with those adopted last year.

ISSUE 12: CAPITAL OUTLAY FINANCE LETTER

The Department of Finance has submitted a finance letter requesting an increase of \$392,000 to reflect an updated cost estimate for the construction phase of the Benbow Lake State Recreation Area Dam Repair project. In addition, the letter requests the addition of technical Budget Bill Language for the Sugar Pine Point State Recreation Area project. And finally, the letter requests the reappropriation of funding for nine capital outlay projects.

COMMENTS:

The Department of Finance inadvertently did not include some technical Budget Bill Language allowing the expenditure of funds through June 30, 2001 for the Stanford Mansion State Historic Park (one of the projects being reappropriated).

The subcommittee should approve the finance letter with the additional budget bill language.

ISSUE 13: 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.

At the April 7th hearing, the subcommittee augmented the department's budget by \$10 million for deferred maintenance projects.

COMMENTS:

Addressing deferred maintenance stands as an important bipartisan issue, and the subcommittee may choose to increase the augmentation for deferred maintenance.

ISSUE 14: MOUNT HAMILTON PROJECT

The Nature Conservancy has provided an opportunity for the Department of Parks and Recreation to acquire an additional 6,100 acres to Henry Coe State Park.

This is part of the Nature Conservancy's Mount Hamilton Project that aims to protect a 500,000-acre wilderness area that sits between rapidly urbanizing areas, the Santa Clara Valley and the Central Valley.

COMMENTS:

According to the Nature Conservancy, the 6,100 acres are valued at \$3.6 million. The Nature Conservancy is willing to sell the property to the State for \$2 million, essentially donating \$1.6 million in real estate to the State.

The subcommittee should consider augmenting the department's budget by \$2 million to acquire the 6,100 acres.

3810 SANTA MONICA MOUNTAINS CONSERVANCY

ISSUE 15: ACQUISITIONS FUNDING

The Santa Monica Mountains Conservancy's mission is to "strategically acquire, preserve, protect, restore and enhance treasured pieces of Southern California to form an interlinking system of urban, rural and river park; open space; trails; and wildlife habitats that are easily accessible to the general public."

The Conservancy generally relies on funds appropriated by the State and revenue generated by the sale of State and local bond measures. There are no bond funds currently available for acquisitions.

COMMENTS:

The subcommittee should consider augmenting the Conservancy's budget by \$10 million for acquisitions consistent with the Conservancy's mission.

3830 SAN JOAQUIN RIVER CONSERVANCY

ISSUE 16: SAN JOAQUIN RIVER PARKWAY

Fresno is one of the most heavily under served cities with parks in the Central Valley. Improving the San Joaquin River Parkway would effectively address this shortfall by providing opportunities for recreational activities. In addition, the improved and protected parkway would protect important wildlife areas, restore riparian habitat, and provide flood control benefits by preserving the river's flood protection corridor.

COMMENTS:

The subcommittee should consider augmenting the Conservancy's budget by \$5 million for River Parkway projects.

3860 DEPARTMENT OF WATER RESOURCES

ISSUE 17: NORTH AREA LOCAL PROJECT

Sacramento area Legislatures are supporting an augmentation to the department's budget of \$4.8 million for the North Area Local Project, a project to improve levees protecting the residents of Natomas and the North Sacramento area.

COMMENTS:

According to the Legislators supporting the augmentation, the department has indicated that there is sufficient statutory authority to fund the first phase of the project, which would cost \$4.8 million.

The subcommittee should consider augmenting the department's budget by \$4.8 million for the first phase of the project.

3900 AIR RESOURCES BOARD

ISSUE 18: 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.

At the April 7th hearing, the subcommittee placed \$7 million on the checklist for increased subventions to local air pollution control districts. The subcommittee did not specify the fund source.

COMMENTS:

The subcommittee should consider taking action to increase the local subventions by \$7.6 million from the Motor Vehicle Account.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL

ISSUE 19: SUPERFUND ORPHAN SHARES

At the April 7th hearing, the subcommittee augmented the department's budget by \$5 million for the cleanup of Superfund orphan shares.

Since that time negotiations concerning legislation reauthorizing the Superfund program has led to the desire to undo the action appropriating the \$5 million.

COMMENTS:

The subcommittee should consider retaining a \$400,000 augmentation for the department for Community Assistance Offices.

8570 DEPARTMENT OF FOOD AND AGRICULTURE

ISSUE 20: YERMO AGRICULTURE INSPECTION STATION

The Department of Finance has submitted a finance letter requesting a cumulative increase of \$111,000 for the Yermo Agriculture Inspection Station. This includes a deletion of funding (\$130,000) for the acquisitions phase, an addition of funding (\$108,000) for an environmental study phase, and an increase of funding (\$133,000) for the preliminary plan phase.

COMMENTS:

The subcommittee should approve the finance letter.