

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 3****RESOURCES AND TRANSPORTATION****Assemblymember Richard S. Gordon, Chair****WEDNESDAY, FEBRUARY 2ND, 2011****STATE CAPITOL, ROOM 447****9:00 A.M.**

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0540 – SECRETARY OF THE NATURAL RESOURCES AGENCY

The Secretary for Natural Resources, a member of the Governor's Cabinet, sets the policies and coordinates the environmental preservation and restoration activities of 27 various departments, boards, commissions, and conservancies, and directly administers the Sea Grant Program, California Environmental Quality Act (CEQA), River Parkways, and the Sierra Nevada Cascade grant programs.

As shown in the charts below, the budget for the Office of the Secretary has decreased by \$52 million from the prior year. This reduction is mainly the result of a reduction in available Proposition 84 funding for San Joaquin Restoration and other Agency operated grant programs.

Agency Expenditures

Code	Program	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
10	Administration of Natural Resources Agency	\$59,828	\$114,889	\$62,088
20	CALFED Bay-Delta Program	1,399	-	-
Total Expenditures (All Programs)		\$61,227	\$114,889	\$62,088

Agency Personnel Years

Code	Program	Actual 2009-10	Estimated 2010-11	Proposed 2011-12
10	Administration of Natural Resources Agency	33.4	41.6	39.7
20	CALFED Bay-Delta Program	14.4	-	-
Total Personnel Years (All Programs)		47.8	41.6	39.7

Expenditures by Fund

Fund Code	Fund	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
0001	General Fund	\$1,745	\$-	\$-
0005	Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund	123	266	156
0140	California Environmental License Plate Fund	2,312	3,282	3,282
0183	Environmental Enhancement and Mitigation Program Fund	137	123	128
0890	Federal Trust Fund	3,442	5,552	5,552
0995	Reimbursements	654	562	572
6015	River Protection Subaccount	500	599	-
6029	California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund	5,800	2,440	1,369
6031	Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002	11,584	3,862	2,504
6051	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	34,731	97,932	48,329
6052	Disaster Preparedness and Flood Prevention Bond Fund of 2006	199	271	196
Total Expenditures (All Funds)		\$61,227	\$114,889	\$62,088

ISSUE 1: SAN JOAQUIN RIVER RESTORATION

Governor's Budget: The Governor's Budget includes \$25 million from Proposition 84 funds for the fifth year of Proposition 84 funding for the San Joaquin River Restoration. As in prior years, the Natural Resources Agency is requesting an appropriation that will be transferred through reimbursement authority to the Departments of Water Resources and Fish and Game to implement the Natural Resources Defense Council/ Friant Water Users Settlement Agreement.

Background: The San Joaquin River Restoration Project (SJRRP) is a direct result of a Settlement by the U.S. Departments of the Interior and Commerce, the Natural Resources Defense Council (NRDC), and the Friant Water Users Authority (FWUA) reached in September 2006 on an 18-year lawsuit to provide sufficient fish habitat in the San Joaquin River below Friant Dam near Fresno, California,. The Settlement received Federal court approval in October 2006. The Settlement's primary goals are as follows:

- To restore and maintain fish populations, including naturally reproducing and self-sustaining populations of salmon and other fish, in "good condition" in the main stem of the San Joaquin River below Friant Dam to the confluence of the Merced River,.
- To reduce or avoid adverse water supply impacts to all of the Friant Division long-term contractors that may result from the Interim Flows and Restoration Flows provided for in the Settlement.

Staff Comments: Because Proposition 84 allocates funds directly to the Natural Resources Agency, the Agency generally acts as a pass through for bond funds to the Departments of Water Resources and Fish and Game who are responsible for on-the-ground activities for the SJRRPs. Because these Departments have companion budget proposals to expend these funds, staff feels that approval of this proposal should be contingent on actions taken on SJRRP proposals for Fish and Game and Water Resources.

Staff Recommendation: Make actions contingent on future SJRRP actions.

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, cultural and historical resources, and creating opportunities for high-quality outdoor recreation for current and future generations to enjoy.

As shown in the Charts below, the Budget for the Department is decreasing by roughly \$194 million while positions remain largely unchanged. This is primarily as a result of the spending down of available bond funds.

Expenditures by Program

Code	Program	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
10	Support of the Department of Parks and Recreation	\$354,600	\$468,748	\$415,540
80	Local Assistance Grants	52,028	408,190	266,824
Total Expenditures (All Programs)		\$406,628	\$876,938	\$682,364

Positions by Program

Code	Program	Actual 2009-10	Estimated 2010-11	Proposed 2011-12
10	Support of the Department of Parks and Recreation	3,094.6	3,264.5	3,267.3
80	Local Assistance Grants	-	-	-
Total Personnel Years (All Programs)		3,094.6	3,264.5	3,267.3

Expenditures by Fund

Fund Code	Fund	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
0001	General Fund	\$120,720	\$121,170	\$118,966
0005	Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund	15,108	21,797	4,085
0140	California Environmental License Plate Fund	2,875	3,157	3,131
0235	Public Resources Account, Cigarette and Tobacco Products Surtax Fund	7,818	10,980	9,024
0262	Habitat Conservation Fund	3,493	7,876	4,289
0263	Off-Highway Vehicle Trust Fund	75,240	112,300	94,267
0392	State Parks and Recreation Fund	118,080	122,049	136,203
0449	Winter Recreation Fund	297	371	369
0516	Harbors and Watercraft Revolving Fund	1,166	1,761	2,101
0786	California Wildlife, Coastal and Park Land Conservation Fund of 1988	-	11	-
0858	Recreational Trails Fund	6,450	23,613	8,726
0890	Federal Trust Fund	9,524	22,183	16,672
0995	Reimbursements	19,217	38,531	33,182
3077	California Main Street Program Fund	-	175	175
3117	Alternative and Renewable Fuel and Vehicle Technology Fund	1,206	-	-

6029	California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund	2,550	27,688	38,136
6031	Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002	222	445	371
6051	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	22,611	362,607	212,545
6052	Disaster Preparedness and Flood Prevention Bond Fund of 2006	51	214	122
8017	California Missions Foundation Fund	-	10	-
Total Expenditures (All Funds)		\$406,628	\$876,938	\$682,364

ISSUE 1: PROPOSED BUDGET REDUCTIONS

Governor's Budget: The Governor's Budget is proposing to reduce the Department's budget by \$11 million 2011-12 and \$22 million ongoing. It is expected that this cut will result in the closure, or partial closure of various parks – the amount is unknown at this time. The Department is currently working with stakeholders and local communities to explore partnership opportunities.

Staff Comments: At the time of preparing this agenda, details on the Department's closure plan were not available. If these details continue to be unavailable at the hearing, the Department should be prepared to discuss the general approach and methodologies that they are taking when preparing this plan.

Staff Recommendation: Hold open.

ISSUE 2: EMPIRE MINE EROSION AND STORM WATER MEASURES

Governor's Budget: The Department is requesting a one year appropriation of \$11.595 million (\$7.4 million in State Park Recreation Fund, \$2.7 million in Proposition 84, and \$1.5 million in General Fund) and 8 permanent positions for the continued evaluation, analysis and implementation of remediation alternatives required at Empire Mine State Historic Park.

Background: Empire Mine SHP is the site of one of the oldest, largest, deepest, longest, and richest gold mines in California. Closed in 1956, the mining operations left the land contaminated with various dangerous chemicals, including arsenic, cyanide, mercury, thallium, manganese, and iron. In order to create a park, the state purchased the mine property from Newmont Mining Corporation in 1974 and assumed all rights and responsibility to the title, interest and responsibility for the free flowing of water from the Magenta Drain tunnel running beneath. The park consists of 856 acres containing many of the mine's buildings and the entrance to 367 miles of abandoned and flooded mine shafts.

As the owner of the Empire Mine lands, Parks was sued for alleged violations of the Federal Clean Water Act. The lawsuit was settled on January 13, 2006, through a consent decree in federal court. The consent decree requires Parks to immediately implement corrective measures to mitigate the impacts from toxic soils and contaminated surface water discharges to the local watershed. The project is also under order by the Department of Toxic Substances Control (DTSC) and the Central Valley Regional Water Quality Board.

Beginning in FY 2005-06, the state began providing funding to determine the presence of contaminants at the mine, and each year since has funded corrective measures. For the current FY, Parks was provided \$4.5 million to continue remediation efforts.

Staff Comments: Staff has no issues with this proposal. The Department is under order of the courts and the Department of Toxic Substances to remediate the site. To meet the court order, the Department entered into a mediation with the prior owner, Newman Mining Company, and discussion has now reached a point where Newmont seems willing to consider offering a lump sum settlement leaving the completion of the remediation work to the Department. In order to determine an accurate amount necessary to complete the remediation, the Department needs to conduct testing and analysis to develop a complete remediation action plan for which a final cost can be allocated.

Staff Recommendation: Approve as budgeted.

ISSUE 3: VEHICLE FLEET EMISSIONS RETROFIT

Governor's Budget: The Department is requesting a one year appropriation of \$1.8 million from the State Park and Recreation Fund to continue addressing the air quality standards on older diesel vehicles as set forth by the California Air Resources Board's On and Off Road Diesel Regulations.

Currently the Department has 22 vehicles, shown below, that need to be brought into compliance. Because of their age, the Department is proposing to replace, rather than retrofit, these vehicles.

Number of Vehicles	Engine Model Years
9	1960-1987
3	1988-2002
10	2003-2006

Staff Comments: While funding for this proposal can be used for general parks operations, staff recognizes that this proposal is appropriate to meet the requirements of the regulations. However, the Subcommittee may want to defer action without prejudice consistent with actions in other Departments on diesel regulatory compliance regulations.

Staff Recommendation: Deny without prejudice.

ISSUE 4: PROPOSITION 12 RELATED PROPOSALS

Governor's Budget: The Department is requesting two proposals funded from Proposition 12:

Cultural Stewardship Program: \$617,000 for critical projects to preserve and restore cultural resources in the State Park System. Grants from this program must be consistent with the Proposition and provide, "archaeological site stabilization or emergency excavation due to problems resulting from erosion, vandalism, or catastrophic impacts." This represents the balance of funding allocated for cultural stewardship from Proposition 12.

Natural Heritage Stewardship Program: \$21,000 for Natural Heritage Stewardship Grants for projects that restore and protect the natural features of the State Park System. These funds represent amounts previously reverted that are still earmarked for stewardship projects at California State Parks.

Staff Comments: Staff doesn't have any concerns with these proposals. These funds would be used for competitive grants in ongoing programs within the guidelines of the Bond. Additionally, these appropriations represent the final remaining funds from Proposition 12 and are available because prior projects either did not expend all of their funds or were not pursued.

Staff Recommendation: Approve as budgeted.

ISSUE 5: REAPPROPRIATIONS

Governor's Budget: The Department is requesting a reappropriation for all funds appropriated from Proposition 84 for deferred maintenance in 2007-08 and 2008-09. The Department states that this reappropriation is needed because projects funded by these appropriations were delayed by the Bond Freeze and will not be completed before the appropriations expire.

The Department estimates that it has over \$1 billion in deferred maintenance need. Proposition 84 authorized \$100 million to be used by the Department to address some of these needs. Deferred maintenance type projects can range from repainting buildings to fixing leaking roofs.

Additional Reappropriations: Staff has been made aware by local governments that the following extensions of liquidation, reappropriations or appropriations anew are also needed:

- El Monte, Gibson neighborhood park -- \$600,000
- County of Inyo, Tecopa Hot Springs Park -- \$1,040,245
- City of Encinitas, Leucadia State Beach -- \$2,482,845
- City of Encinitas, Recreational Grants -- \$426,471
- Boys and Girls Club of Hollywood -- \$2,153,000
- County of Sacramento, Recreational Grants -- \$671,396
- Rio Linda/Elverta RPD, Recreational Grants -- \$168,858
- Lassen County, Recreational Grants -- \$692,099
- Sutter County, Recreational Grants -- \$58,837
- Los Angeles County
 - Benny Potter Playground Restroom
 - Hansen Dam Skate Park
 - Ken Malloy Playground Restroom
 - Riverside Park Outdoor Development

Staff Comments: Staff has no concerns with the proposed reappropriations, extensions of liquidation, or appropriations anew. Due to the Bond Freeze, many projects experienced delays due to financing and/or construction times. By allowing these extensions, projects that are currently in process will be allowed to continue.

Staff Recommendation: 1) Approve as budgeted 2) Approve requested extension for cited projects.

3340 – CALIFORNIA CONSERVATION CORPS

The California Conservation Corps (CCC) provides young women and men the opportunity to work hard responding to fires, floods and other disasters, restoring California's environment, and installing clean energy and energy conservation measures. Through their service, the members of the CCC gain life, work, and academic skills to become strong workers and citizens.

In addition to the CCC, there are also 13 certified local conservation corps located in various communities throughout the state. These local corps perform workforce development and training activities with youth. As is shown in the charts below, the CCC's 2011-12 budget was reduced \$29 million from 2010-11. This reduction is attributable to last year's appropriation of nearly all remaining Proposition 84 funds (\$21.2 million) for grants as well as reductions in revenues from reimbursable projects.

Expenditures by Program

Code	Program	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
10	Training and Work Program	\$76,285	\$91,373	\$64,536
20.01	Administration	7,593	7,464	7,778
20.02	Distributed Administration	-7,593	-7,464	-7,778
Total Expenditures (All Programs)		\$76,285	\$91,373	\$64,536

Personnel Years

Code	Program	Actual 2009-10	Estimated 2010-11	Proposed 2011-12
10	Training and Work Program	306.7	298.2	293.3
20.01	Administration	61.4	64.0	64.0
20.02	Distributed Administration	-61.4	-64.0	-64.0
Total Personnel Years (All Programs)		306.7	298.2	293.3

Expenditures by Fund

Fund Code	Fund	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
0001	General Fund	\$32,053	\$32,507	\$35,080
0005	Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund	-	659	-
0133	California Beverage Container Recycling Fund	8,250	-	-
0140	California Environmental License Plate Fund	287	306	312
0318	Collins-Dugan California Conservation Corps Reimbursement Account	28,354	36,288	28,683
0995	Reimbursements	-	1	1
6051	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	7,341	21,612	460
Total Expenditures (All Funds)		\$76,285	\$91,373	\$64,536

ISSUE 1: ENERGY SMART JOBS PROGRAM – ARRA FUNDED

Governor's Budget: The CCC is requesting a one-time \$541,000 augmentation from the Collins Dugan Reimbursement Account as well as a limited term position authority to fund the last year of services as requested by the Portland Energy Conservation, Inc. (PECI) for the Energy Smart Jobs Program.

Background: The PEGI received an American Reinvestment and Recovery Act Grant from the California Energy Commission to fund the Energy SMART Jobs Program and, in turn, is contracting with the CCC to employ Corps members who will serve as energy efficiency auditors. The CCC was approved for \$1.9 million in funding for the first year in 2010-11 through the approval of a Section 28 letter by the Joint Legislative Budget Committee (JLBC).

Staff Comments: Staff has no issues with this proposal. These new positions are funded by federal funds through a private entity and will provide increased work opportunity for corps members.

Staff Recommendation: Approve as budgeted.

3480 – DEPARTMENT OF CONSERVATION

The Department of Conservation administers programs to preserve agricultural and open space lands, evaluate geology and seismology, and regulate mineral, oil, and gas development activities.

As is outlined in the charts below, the Department's 2011-12 proposed budget includes an overall reduction of \$37.2 million from last year's budget. This reduction is almost entirely attributable to a reduced level of Bond funds available for the Department.

Expenditures by Program

Code	Program	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
10	Geologic Hazards and Mineral Resources Conservation	\$18,500	\$21,862	\$23,978
20	Oil, Gas and Geothermal Resources	22,159	27,544	28,813
30	Land Resource Protection	6,044	77,731	36,812
40.01	Administration	10,715	9,891	10,457
40.02	Distributed Administration	-10,715	-9,891	-10,457
50	Beverage Container Recycling and Litter Reduction Program	451,149	-	-
60	Office of Mine Reclamation	6,046	7,911	8,292
Total Expenditures (All Programs)		\$503,898	\$135,048	\$97,895

Positions by Program

Code	Program	Actual 2009-10	Estimated 2010-11	Proposed 2011-12
10	Geologic Hazards and Mineral Resources Conservation	113.4	117.5	117.5
20	Oil, Gas and Geothermal Resources	135.0	148.3	148.3
30	Land Resource Protection	28.7	32.9	32.9
40.01	Administration	88.5	71.2	71.2
40.02	Distributed Administration	-	-	-
50	Beverage Container Recycling and Litter Reduction Program	114.9	-	-
60	Office of Mine Reclamation	38.6	37.4	37.4
Total Personnel Years (All Programs)		519.1	407.3	407.3

Expenditures by Fund

Fund Code	Fund	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
0001	General Fund	\$4,367	\$4,267	\$4,599
0005	Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund	779	1,710	-
0035	Surface Mining and Reclamation Account	1,917	2,071	2,236
0042	State Highway Account, State Transportation Fund	12	12	12
0133	California Beverage Container Recycling Fund	404,593	-	-
0141	Soil Conservation Fund	1,864	2,451	2,611
0269	Glass Processing Fee Account, California Beverage Container Recycling Fund	25,221	-	-

0275	Hazardous and Idle-Deserted Well Abatement Fund	109	100	100
0277	Bi-metal Processing Fee Account, California Beverage Container Recycling Fund	168	-	-
0278	PET Processing Fee Account, California Beverage Container Recycling Fund	21,167	-	-
0336	Mine Reclamation Account	3,339	4,301	4,288
0338	Strong-Motion Instrumentation and Seismic Hazards Mapping Fund	5,531	7,569	8,937
0867	California Farmland Conservancy Program Fund	500	500	-
0890	Federal Trust Fund	1,650	2,355	2,503
0940	Bosco-Keene Renewable Resources Investment Fund	1,136	1,242	1,236
0995	Reimbursements	7,030	8,267	8,989
3025	Abandoned Mine Reclamation and Minerals Fund Subaccount, Mine Reclamation Account	187	526	530
3046	Oil, Gas, and Geothermal Administrative Fund	21,435	26,677	26,948
3102	Acute Orphan Well Account, Oil, Gas, and Geothermal Administrative Fund	27	30	805
6004	Agriculture and Open Space Mapping Subaccount	49	206	404
6029	California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund	450	8,222	2,989
6031	Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002	2,359	7,358	1,334
6051	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	8	57,184	29,374
Total Expenditures (All Funds)		\$503,898	\$135,048	\$97,895

ISSUE 1: INFORMATION TECHNOLOGY MAINTENANCE

Governor's Budget: The Department is requesting an appropriation of \$132,000 for Fiscal year 2011-12 from various special funds for maintenance for the DOC's information technology infrastructure. This proposal is a one-year appropriation and represents the continuation of an ongoing maintenance program for the Department's IT infrastructure.

Background: In 2001-02, the Department was appropriated \$2.6 million for a department-wide upgrade of equipment and infrastructure that was more than 10 years old. In 2004, the Department was provided with an additional baseline augmentation of \$268,000 to cover the replacement of faulty equipment, program upgrades, security improvements and data back-up services. The Department found that annual costs were higher than this amount and received a further augmentation in 2005-06 that provided the Department with adequate funding to continue this project through the completion of their 4-year refresh cycle which ended in 2009. Since the 2009-10 Budget, the Department has been provided annual appropriations to continue maintenance and upgrade activities. This proposal represents the third year of one-year appropriations of roughly the same amount being proposed in this budget. Lastly, the Department reports that they are not requesting a baseline budget increase because the California Technology Agency, who coordinates statewide IT programs, is working on a consolidation plan that may shift some of these responsibilities away from the Department.

Staff Comments: Staff has no issues with this proposal. The proposed resources are from a combination of special funds and are consistent with the Department's prior year requests.

Staff Recommendation: Approve as budgeted.

ISSUE 2: CALIFORNIA FARMLAND CONSERVANCY PROGRAM LOCAL ASSISTANCE FUNDS

Governor's Budget: The Department is requesting a one-time appropriation of \$2.48 million from Proposition 40 funds to be used to provide local assistance grants to permanently protect strategically important farmland. Proposition 40 identifies \$75 million in funding for preservation of agricultural lands, grazing lands, and oak woodlands. This proposal represents the final year of funding from Proposition 40 for this program and was made available from the balances of various prior-year appropriations that were not fully expended.

Background: The California Farmland Conservancy Program (CFCP) seeks to encourage the long-term, private stewardship of agricultural lands through the voluntary use of agricultural conservation easements. The CFCP provides grant funding for projects which use and support agricultural conservation easements for protection of agricultural lands. As of January 2011, more than 48,000 acres of farmland have been permanently conserved with CFCP-funded easements.

Staff Comments: Staff has no concerns with this proposal. The bond funds requested in this proposal are available because of savings achieved in the program from either projects that were not moved forward due to the Bond Freeze or projects that were completed under budget due to decreasing land values. This funding will be used to leverage non-state funding to work with agriculture to bring additional properties into conservation easements.

Staff Recommendation: Approve as budgeted.

ISSUE 3: WATERSHED IMPLEMENTATION REAPPROPRIATION

Governor's Budget: The Department is requesting a reappropriation of \$1.176 million in unencumbered Proposition 50 funds to continue implementation of watershed activities through the Department's Statewide Watershed Program.

Background: The Department implements a statewide watershed program to assist local communities to improve water quality, ensure water supply availability, and protect the natural resource base and critical wildlife habitat to benefit the state. To achieve this, the Department awards grants to locals to coordinate outreach activities, assist with regulatory permit coordination, and provide science and research.

In 2009-10 the Department was approved a two-year limited-term appropriation of \$1.25 million from Proposition 50. Due to the Bond Freeze, however, the Department was not able to receive a bond cash allocation of these funds until late June 2010. This proposal would extend the availability of these funds through a reappropriation because they were not available for the period originally anticipated.

Staff Comments: Staff has no issues with this proposal. This proposal extends the availability of previously appropriated bond funds that were impacted by the Bond Freeze. The proposed bond funds would be used for grants to locals for watershed related projects that are within the appropriate uses outlined in Proposition 50.

Staff Recommendation: Approve as budgeted.

ISSUE 4: STATEWIDE WATERSHED COORDINATOR GRANT PROGRAM

Governor's Budget: The Department is requesting a one-time appropriation of \$3.65 million in local assistance funds from Proposition 84 funds. This grant funding will be used to continue the implementation of the statewide Watershed Coordinator Grant Program that provides grants to local watershed coordinators.

Background: The Watershed Coordinator Grant Program (WCGP) was initiated as a two-year pilot program in 2000-01 with \$2 million in General Fund monies. The Grant recipients were required to meet established performance objectives, and a report to the Legislature was mandated that showed that funding for this program leveraged nearly \$10 for every State dollar spent.

In 2003-04, this program was expanded by the California Bay Delta Authority through a \$9 million appropriation from Proposition 50 to fund a new three-year WCGP. The new program was expanded to include nonprofit organizations, local governments, and other special districts, in addition to Resources Conservation Districts. The new program also emphasized a local, coordinated approach to watershed planning and management. More than 80 applications were submitted, of which 48 were funded, consisting of 60 watershed coordinator positions.

Staff Comments: Proposition 84 allows up to \$10 million to be transferred from the River Parkways Program to the Watershed Coordinator Program. This proposal represents two years of funding for the program because this program did not receive an appropriation in 2010-11 due to the Bond Freeze. Staff does not have any issues with this proposal because it is within the scope of acceptable uses of the bond funds and because this program annually has successfully leveraged non-state resources from bond appropriations.

Staff Recommendation: Approve as budgeted.

ISSUE 5: IMPLEMENTATION OF AB 2453

Governor's Budget: The Department is requesting a baseline augmentation \$145,000 from the Oil, Gas, and Geothermal Administrative Fund to support new legal workload associated AB 2453 (Tran). This proposal does not require any additional staff since the funding will support one position that is being redirected internally.

Background: AB 2453 (Tran) took actions to strengthen procedural safeguards for appealing DOGGR enforcement actions and provides for use of formal administrative hearings for most such appeals. Changes to the appeal process will increase workload for the Department attorneys, requiring the addition of one attorney position.

Staff Comments: Staff does not have any issues with this proposal as the proposed costs are in-line with estimated costs at the time of the bill's passage. Additionally, funds used to support this proposal come from permit fee revenue and the department was able to redirect an existing vacant position so that staffing levels won't increase.

Staff Recommendation: Approve as budgeted.

3500 – DEPARTMENT OF RESOURCES, RECYCLING AND RECOVERY

The Department of Resources, Recycling and Recovery protects public health and safety and the environment through the regulation of solid waste facilities, including landfills, and promotes recycling of a variety of materials, including beverage containers, electronic waste, waste tires, used oil, and other materials. The Department also promotes the following waste diversion practices: (1) source reduction, (2) recycling and composting, and (3) reuse. Additional departmental activities include research, permitting, inspection, enforcement, public awareness, market development to promote recycling industries, and technical assistance to local agencies.

As shown below, the Department's budget increased by roughly \$600,000 over last year's budget because of various small adjustments in their budget.

Expenditures by Program

Code	Program	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
11	Waste Reduction and Management	\$161,180	\$204,193	\$204,217
12	Loan Repayments	-3,151	-2,552	-3,142
30.01	Administration	6,864	14,735	14,353
30.02	Distributed Administration	-6,864	-14,735	-14,353
50	Beverage Container Recycling and Litter Reduction	670,230	1,180,291	1,186,312
Total Expenditures (All Programs)		\$828,259	\$1,381,932	\$1,387,387

Personnel by Program

Code	Program	Actual 2009-10	Estimated 2010-11	Proposed 2011-12
11	Waste Reduction and Management	211.5	374.0	367.0
12	Loan Repayments	-	-	-
30.01	Administration	58.2	116.4	121.4
30.02	Distributed Administration	-58.2	-116.4	-121.4
50	Beverage Container Recycling and Litter Reduction	108.9	297.5	315.9
Total Personnel Years (All Programs)		320.4	671.5	682.9

Expenditures by Fund

Fund Code	Fund	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
0100	California Used Oil Recycling Fund	\$32,464	\$24,096	\$24,243
0115	Air Pollution Control Fund	-	501	501
0133	California Beverage Container Recycling Fund	607,570	1,065,675	1,071,784
0226	California Tire Recycling Management Fund	34,420	42,677	42,464
0269	Glass Processing Fee Account, California Beverage Container Recycling Fund	27,005	53,873	53,738
0277	Bi-metal Processing Fee Account, California Beverage Container Recycling Fund	134	379	379
0278	PET Processing Fee Account, California Beverage Container Recycling Fund	27,271	60,270	60,317

0281	Recycling Market Development Revolving Loan Subaccount, Integrated Waste Management Account	1,072	4,520	4,180
0386	Solid Waste Disposal Site Cleanup Trust Fund	15,556	5,679	5,640
0387	Integrated Waste Management Account, Integrated Waste Management Fund	17,682	38,010	37,686
0558	Farm and Ranch Solid Waste Cleanup and Abatement Account	822	1,146	1,139
0890	Federal Trust Fund	-	60	63
0995	Reimbursements	9,568	307	307
3024	Rigid Container Account	36	162	167
3065	Electronic Waste Recovery and Recycling Account, Integrated Waste Management Fund	54,659	84,577	84,779
Total Expenditures (All Funds)		\$828,259	\$1,381,932	\$1,387,387

ISSUE 1: INTEGRATED WASTE MANAGEMENT ACCOUNT PROPOSALS

Governor's Budget: The Department of Resources, Recycling and Recovery (CalRecycle) is proposing to shift the following activities from the Integrated Waste Management Account (IWMA) to other special funds:

1. \$497,000 in expenditures for health and safety activities serving all CalRecycle employees from the IWMA to five special funds and shift the associated activities from Program 11 (Waste Reduction) and Management to Program 30 (Distributed Administration).
2. \$627,000 and 5.5 positions from the IWMA to the Tire Recycling Fund for activities that support the California Tire Recycling Program.

Staff Comments: Staff has no concerns with these proposals. Due to the decline in the economy, the IWMA has experienced a near 15 percent decline in revenues. Last year, the Budget reduced various IWMA program expenditures due to this decline. This shift of expenditures away from the IWMA will protect existing programs and bring expenditures in line with revenues for the IWMA.

Staff Recommendation: Approve as budgeted.

ISSUE 2: BEVERAGE CONTAINER RECYCLING PROGRAM RELATED PROPOSALS

Governor's Budget: The Department is requesting two augmentations intended to increase their auditing capacity for the Beverage Recycling Program.

1. Redirection of \$1.05 million from the Beverage Container Recycling Fund from the Consulting and Professional line item to fund 11.0 permanent positions to address the findings and recommendations in the State Auditor's report dated June 22, 2010; and,
2. Redirection of \$691,000 in Beverage Container Recycling Funds from Consulting and professional Services to Personnel Services to fund 7 positions.

Background: On June 22, 2010, the Bureau of State Audits released its audit of the Beverage Container Recycling Program that found that Cal Recycle failed to consistently complete the three year audit plan and made general observations regarding insufficient management controls. Additionally, the State Auditor suggested Cal Recycle should evaluate the structure of the Audits Branch to improve audit review timelines to ensure the statute of limitations does not hinder collection of revenue due to its two-year time limit.

Staff Comments: At this time, staff feels that the Subcommittee should act to deny this proposal without prejudice so that a more complete discussion may take place in the spring. The Beverage Container Recycling Program manages nearly \$1 billion in CRV payments each year and with the concerns raised by the Auditor, staff feels that this issue merits more time.

Staff Recommendation: Deny without prejudice.

3540 – DEPARTMENT OF FORESTRY AND FIRE PROTECTION**Expenditures by Program**

Code	Program	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
10	Office of the State Fire Marshal	\$15,604	\$21,436	\$21,517
11	Fire Protection	1,061,778	1,018,171	973,396
12	Resource Management	46,231	52,524	55,430
13	Board of Forestry and Fire Protection	437	449	449
20.01	Administration	65,973	67,526	71,061
20.02	Distributed Administration	-65,521	-67,009	-67,807
Total Expenditures (All Programs)		\$1,124,502	\$1,093,097	\$1,054,04

Personnel by Program

Code	Program	Actual 2009-10	Estimated 2010-11	Proposed 2011-12
10	Office of the State Fire Marshal	83.2	110.8	110.8
11	Fire Protection	5,839.4	5,048.6	5,142.8
12	Resource Management	359.1	317.6	317.1
13	Board of Forestry and Fire Protection	-	-	-
20.01	Administration	593.6	517.4	519.8
20.02	Distributed Administration	-	-	-
Total Personnel Years (All Programs)		6,875.3	5,994.4	6,090.5

Expenditures by Fund

Fund Code	Fund	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
0001	General Fund	\$750,619	\$762,745	\$719,380
0022	State Emergency Telephone Number Account	3,280	2,995	3,009
0028	Unified Program Account	276	342	352
0102	State Fire Marshal Licensing and Certification Fund	2,015	2,686	2,723
0140	California Environmental License Plate Fund	335	496	501
0198	California Fire and Arson Training Fund	2,229	3,037	3,090
0209	California Hazardous Liquid Pipeline Safety Fund	1,157	3,192	3,161
0235	Public Resources Account, Cigarette and Tobacco Products Surtax Fund	333	352	356
0300	Professional Forester Registration Fund	158	213	216
0890	Federal Trust Fund	16,157	23,023	23,558
0928	Forest Resources Improvement Fund	1,418	4,115	7,933
0965	Timber Tax Fund	3	33	35
0995	Reimbursements	338,470	282,820	284,388
3117	Alternative and Renewable Fuel and Vehicle Technology Fund	284	2,001	1,503
3120	State Fire Marshal Fireworks Enforcement and Disposal Fund	479	206	320
6029	California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund	2,632	-	-
6051	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	4,657	4,699	3,379
Total Expenditures (All Funds)		\$1,124,502	\$1,093,097	\$1,054,046

ISSUE 1: CAL FIRE REALIGNMENT PROPOSAL

Governor's Budget. The Governor's budget is proposing to realign fire protection services provided by the Department of Forestry and Fire Protection. Under the proposal, the state will essentially change how the State Responsibility Area (SRA) lands are designated so that the responsibility to pay for the costs to protect more urbanized lands will shift from the state to local governments. While the responsibility to pay for non SRA fire protection will shift to locals, this proposal maintains a state commitment to fund fire protection costs in perpetuity for these newly designated non-SRA lands through local grants from the General Fund. Funding for this proposal will be contingent on the passage of extensions of various taxes proposed by the Governor. The details of this proposal are as follows:

- Legislation would change the criteria and definitions of SRAs to ensure that local governments assume these responsibilities. The Board of Forestry would be required to conduct an extensive field review of existing state responsibilities based on the revised criteria. This process would take approximately 5 years. While the Board is revising SRA designations, state funding for Fire Protection in SRA lands would continue;
- Once new SRA Maps are drawn, local governments would be responsible for contracting, using state General Funds, for fire services on lands that are no longer in the SRA;
- Funding for this proposal would come from the proposed tax extensions that would go on the ballot. The Administration has built into this proposal a funding commitment for newly designated non-SRA fire costs in perpetuity; and,
- The Administration estimates that the proposal could save \$250 million through shifting current General Fund costs to new revenue from proposed tax extensions.

Background: CAL FIRE provides fire protection services in over 31 million acres of State Responsibility Areas (SRAs). Maps that determine which land is an SRA are developed by the Board of Forestry every 5 years. Although the number of acres in the SRAs has been relatively constant since the 1950s, the composition of the SRAs has greatly changed during that time with many lands becoming increasingly urbanized.

Staff Comments: Staff agrees with the Administration that one of the primary benefits of this proposal will be to link the costs of fire protection to local land use planning to drive better land use policy. However, because it is unknown at this point whether funding provided to locals for newly designated non-SRA lands will be restricted for fire

protection, or available for other purposes, it is not clear to what degree this proposal will influence fire protection costs and local land use policy decision making.

Additionally, staff has concerns that this proposal would create three tiers of Local Responsibility Areas (LRA), with only some having their fire costs supported by the State. By guaranteeing state funding for fire protection in newly designated LRAs, but not for existing LRAs, there would be an inequity in how LRAs are treated. For example, one wildland area that has always been an SRA does not have its fire costs supported by the state. Under the proposal, if the State Board of Forestry acted to change the designation of a neighboring SRA to LRA, its designation would be the same as its neighboring wildland but fire costs for that area would be covered by the state – unlike its neighbor. Adding to this complexity, there would be a third tier of LRAs that are established in the future after the Board of Forestry makes the next SRA determination. Fire costs for these third tier LRAs would not be covered by the state like those LRAs that are currently in existence.

Lastly, this proposal is further complicated by the need to address how CAL FIRE's current infrastructure of fire stations and equipment would be allocated under the proposal.

Because these and other undeveloped aspects of the proposal are linked to the global realignment proposal in other areas of the budget, staff doesn't feel that the Subcommittee has enough information at this time to act on this proposal. The Subcommittee may want to hold this open in order to move this proposal on as a work in progress with the understanding that it would be further acted on by the Budget Committee or Conference Committee.

Staff Recommendation: Hold open so that the proposal can be considered along with other realignment proposals.

ISSUE 2: FIRE PROTECTION PERMANENT FUNDING

Governor's Budget. The Department is requesting permanent funding of \$42.8 million from the General Fund and 73.4 positions related to the Aviation Management Unit, the Very Large Air Tanker, Victorville Air Attack Base, San Diego Helitack, Aviation Asset Coordinator, Lake Tahoe Basin (Basin) Fire Engine and Staffing, Defensible Space Program and CAL Card Support. This proposal includes the reduction of staffing from 4 firefighters to 3 firefighters per-fire engine that is expected to save \$30.7 million for the General Fund.

This proposal is not an augmentation, rather it represents a zero based proposal for the Department's base-line budget that was intended to appropriately delineate which costs in CAL FIRE's budget should be charged either to their baseline budget or the Emergency Fund.

Background: The majority of CAL FIRE's engagement in fire protection activities occurs throughout the course of the year, both in and out of fire season. These costs are funded out of the Department's baseline budget. When a wildland fire becomes a designated emergency event, the Department funds these activities from the Emergency Fund (E-Fund), which is supported by the General Fund and can be augmented by the Department of Finance on an as needed basis.

Last year, the LAO found that the Department had been charging some of their non-emergency costs to the E-fund that were more appropriately funded from their baseline budget. The LAO worked with the Department to develop a two stage proposal to: 1) shift on a one time basis non-emergency costs to the baseline budget; and, 2) direct the Department to return, in the 2011-12 budget, with a zero-based budget proposal for these activities. This proposal represents the Department's zero-based budget proposal and funds all of the activities that were shifted last year to the Department's base except for the use of 4 firefighters instead of 3 per engine.

LAO Comments: In a prior-year's budget analysis the LAO recommended rejecting funding to increase staffing levels from three to four per engine statewide on the basis that the department had not demonstrated that this level of increased staffing is cost-effective. In support of his proposed budget solution, the Governor makes a similar assessment, finding that the action to increase staffing levels from three to four firefighters per engine during peak fire season had not measurably changed the department's initial attack effectiveness. The LAO notes that the Governor retains the authority, by executive order, to implement four-person staffing during fire seasons of unusual risk or danger.

Staff Comments: Since all of these proposed costs are associated with the Department's fire protection costs in the SRA, staff feels that the Subcommittee should hold this item open until there is resolution in the previous realignment issues.

Staff Recommendation: Hold Open.

ISSUE 3: HEMET RYAN AIR ATTACK BASE

Governor's Budget. The Governor's budget is requesting budget bill language in the 2011-12 Budget to authorize a lease for an Air Attack Base at the Hemet-Ryan Airport. Beginning in 2012-13, the annual cost to the state of the lease will be up to \$1.6 million (General Fund). Under the proposal, the Air Attack Base would be built by Riverside County and the state would enter into a lease with an option to purchase the facility.

Background: The Department has been operating air tankers out of the Hemet-Ryan Air Attack Base since 1957. Because of its location, the Attack Base is considered one of the busiest firefighting air tanker bases in the nation. However, because the Base is over 50 years old, the Department considers the replacement of the Hemet Ryan Air Attack Base as a top priority for the Department's capital outlay five year infrastructure plan.

In 1998, the Department received its first capital outlay appropriation to support the design phase of the Base at the Hemet-Ryan Airport. During the design phase, it was determined that the Hemet-Ryan airport in Riverside County contained several safety deficiencies that no longer made it a suitable location. The Department then decided to move the site to the March Air Reserve Base, but this proposal was also not feasible because Lease Revenue Financing by the state is not allowed in Federal Land. In 2005, the Department requested a \$21 million appropriation to fund the construction of the Air Attack Base on the Federal land, however, at this time Riverside County agreed to address safety issues that originally prevented the Base's siting at the Hemet-Ryan Airport. Rather than have the Department construct the facility, this proposal would allow Riverside County to fund the construction of this base with CAL FIRE paying lease payments for its use.

Staff Comments: Currently, the Hemet-Ryan Air Attack Base is over 50 years old and the Department reports that it is not suitable to handle neither the levels of fire personnel nor the size and quantities of equipment that are present for regional air attack campaigns. The Department further estimates that the Air Attack Base would have a total construction cost of \$21 million. In light of this General Fund cost, this proposal would essentially finance this construction cost over multiple years through a lease-to-purchase agreement with the County of Riverside. While this approach is more expensive in the long-term, staff feels that is appropriate considering the state of the General Fund. Additionally, because this is a lease proposal, rather than a new construction, staff feels that it is appropriate to move forward with in light of the realignment proposal since the lease costs could be easily renegotiated or transferred to locals if needed pending the results of the new SRA land designations.

Staff Recommendation: Approve as budgeted.

ISSUE 4: ADDITIONAL BATTALION CHIEF STAFFING

Governor's Budget. The Department is proposing to augment the Department's budget by \$2.8 million General Fund and \$1.9 million ongoing to fund 18 permanent positions to maintain the minimum level of staffing coverage for the Battalion Chief classification which existed prior to the workweek change implemented with the 2006 Bargaining Unit 8 contract.

Background: The Bargaining Unit 8 contract changed the working hours for Battalion Chief Classifications from 84 to 72 hours per week. Because this change reduced the amount of hours in a Battalion Chief workday, it did not decrease the amount of hours of Battalion Chief workload for the Department. This change resulted in a need for the Department to either pay existing Battalion Chiefs overtime or request new positions to fund the increased workload. Since the contract was entered into in 2006, the Department has been phasing in the hiring of additional Battalion Chief in order to be coordinated with vacancies achieved through retiring personnel.

Staff Comments: Staff has no concerns with this proposal since it is the least costly option to meet BC workload at the Department.

Staff Recommendation: Approve as budgeted.

ISSUE 5: UNDERGROUND STORAGE TANK CLEAN-UP

Governor's Budget. The Governor's budget is proposing three-years of appropriation - \$1.69 million in 2011-12; \$1.056 million in 2012/13; and, \$499,000 in 2013/14 - from the General Fund to perform site investigations, monitoring, clean-up, and or closing of former underground storage tanks in order to meet mandated requirements under the Clean Water Act.

Background: CAL FIRE operates over 265 facilities throughout the state that store fuel. Until the 1980s, underground storage tanks were used for fuel storage at CAL FIRE facilities. Due to major flaws in the means of petroleum storage, widespread environmental contamination problems were identified. This led state agencies to remove UGSTs during the late 1980s and early 1990s.

In 2001, CAL FIRE was issued a Clean-up and Abatement Order by the State Regional Water Quality Control Board, which directed CAL FIRE to monitor and remediate, as necessary, various former UGST sites.

Staff Comments: Like all other underground storage tank owners, the Department is required to remediate any contamination that occurs as a result of the storage of fuel. Because the Department does not pay into the Underground Storage Tank Clean Up Fund, it is unable to use that fund to support these remediation activities. Because there are no other alternative funding sources and the Department is required to remediate this contamination, staff does not have any issues with this proposal.

Staff Recommendation: Approve as budgeted.

ISSUE 6: CIVIL COST RECOVERY PROGRAM

Governor's Budget. The Governor's budget is requesting \$1.6 million in 2011-12 and \$1.58 million from 2012-13 to fund 10 limited-term positions to augment the Department's current program to recover state General Fund costs of fighting wildfires from responsible parties. The Department reports that the pilot program has recovered \$13.7 million for the state since its inception. Without the program, the Department recovered \$2.8 million on average. In addition to these positions, the Department is requesting \$55,000 in new equipment, which includes one new vehicle and \$492,000 in contracts.

Background: The Subcommittee originally approved a 14 person two-year pilot program to address a need for the state to be proactively pursuing the recovery of General Fund costs for fighting fires when liability for those fires can be assessed to private parties. From CAL FIRE's data, this pilot program has demonstrated a clear benefit to the General Fund by collecting over \$13.7 million in its first year and \$14.6 million in its second year of operation. In total, the existing program costs \$2.4 million to operate and with this augmentation total costs for the program would be \$4 million.

Staff Comments: The Department's cost recovery program has demonstrated year-over-year cost recoveries for the General Fund that greatly outweigh program costs. Because this program provides a net benefit to the General Fund, staff feels that a limited-term approach to this augmentation is appropriate. This approach will allow the Subcommittee to revisit this program to see if savings generated by the additional staff justify the augmentation.

Staff Recommendation: Approve as budgeted.

ISSUE 7: UNEMPLOYMENT INSURANCE

Governor's Budget. The Department is requesting a General Fund augmentation of \$10.6 million in 2011-12 and \$5.3 million in 2012-13 for increased costs associated with Unemployment Insurance. This increase in costs is due to Federal UI extensions, extending the claim period beyond the initial 26 weeks and current economic conditions resulting in employees receiving UI for longer periods.

Background: CAL FIRE hires seasonal firefighters to work during high risk fire months. Seasonal employees are in a non-tested classification and they may only work a maximum of nine months in a 12 month period per civil service rules. If a seasonal firefighter becomes totally or partially unemployed after receiving wages during the base period, that firefighter may file for Unemployment Insurance benefits.

On March 27th, 2009, Assembly Bill X3 23 was signed into law and extended the Federal State Extended Duration benefits and was retroactive to February 22, 2009 when Congress passed the federal stimulus package. This extension increased the duration of UI benefits up to an additional 20 weeks, in addition to the initial 26 weeks of benefits.

Staff Comments: Staff has no issues with this proposal because the Department is required to fund UI costs. If the General Fund augmentation is not provided, this funding would be required to come from the Department's existing baseline budget.

Staff Recommendation: Approve as budgeted.

3560 – STATE LANDS COMMISSION

The State Lands Commission manages and protects California's sovereign public trust lands, which the state received upon admission into the Union, as well as other lands subsequently conveyed by the federal government. Sovereign lands include the beds of all navigable waterways, including non-tidal rivers, streams and lakes, and tide and submerged lands within rivers, sloughs, bays and the Pacific Ocean extending from the mean high tide line seaward to the three-mile offshore limit. Other lands acquired from the United States include swamp and overflow lands and state school lands. These lands and reserved mineral interests total more than four and one-half million acres.

As is shown in the charts below, the Commission experienced an overall increase in funding of roughly \$3 million over last year while positions were decreased by 1py.

Expenditures by Program

Code	Program	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
10	Mineral Resources Management	\$7,752	\$9,068	\$9,670
20	Land Management	10,353	8,347	9,428
30.01	Executive and Administration	2,584	3,414	3,414
30.02	Distributed Administration	-2,584	-3,414	-3,414
40	Marine Facilities Division	8,785	10,525	10,804
Total Expenditures (All Programs)		\$26,890	\$27,940	\$29,902

Positions by Program

Code	Program	Actual 2009-10	Estimated 2010-11	Proposed 2011-12
10	Mineral Resources Management	57.7	56.3	56.3
20	Land Management	42.9	42.1	41.1
30.01	Executive and Administration	22.3	22.2	22.2
30.02	Distributed Administration	-	-	-
40	Marine Facilities Division	80.0	79.2	79.2
Total Personnel Years (All Programs)		202.9	199.8	198.8

Expenditures by Fund

Fund Code	Fund	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
0001	General Fund	\$7,295	\$8,704	\$9,902
0212	Marine Invasive Species Control Fund	2,825	3,393	3,239
0320	Oil Spill Prevention and Administration Fund	9,468	10,858	11,533
0347	School Land Bank Fund	102	282	293
0942	Special Deposit Fund	2,579	-	-
0943	Land Bank Fund	1,561	456	457
0995	Reimbursements	3,060	4,247	4,478
Total Expenditures (All Funds)		\$26,890	\$27,940	\$29,902

ISSUE 1: SELBY SLAG REMEDIATION

Governor's Budget: The Commission is requesting a one-time appropriation of \$1 million in General Fund to fulfill the State's Obligation to pay a proportionate share of hazardous waste remediation costs at Selby, California.

Background: The State's obligation to fund a portion of the clean-up at Selby arises from a 1989 federal court decision that the state and two private parties are responsible for the clean-up of contamination resulting from a lead, gold, and copper smelter that was in operation from 1885-1970. Recent water quality monitoring indicates that the flow of groundwater from the site to the Carquinez Strait is transporting elevated metal concentrations into the bay.

Staff Comments: Staff does not have any issues with this proposal. The State is required by the courts to ensure that heavy metal contamination is contained on-site and does not migrate to the Bay.

Staff Recommendation: Approve as budgeted.

3600 – DEPARTMENT OF FISH AND GAME

The mission of the Department of Fish and Game (Department) is to manage California's diverse fish, wildlife, and plant resources, and the habitats upon which they depend, for their ecological values and for their use and enjoyment by the public.

This includes habitat protection and maintenance in a sufficient amount and quality to ensure the survival of all species and natural communities. The Department is also responsible for the diversified use of fish and wildlife including recreational, commercial, scientific, and educational uses.

As is shown by the charts below, expenditures for the department are proposed to be roughly \$86 million lower than last year with 10.4 fewer positions. While this drop is largely attributable to reducing bond fund balances, the Department also incurred significant reductions to its Timber Harvest Plan review budget through a Governor's Veto.

Expenditures by Program

Code	Program	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
20	Biodiversity Conservation Program	\$127,037	\$221,461	\$115,797
25	Hunting, Fishing and Public Use	73,082	102,415	108,432
30	Management of Department Lands	47,219	55,353	64,294
40	Enforcement	55,236	66,109	73,349
45	Communications, Education and Outreach	2,277	4,535	4,739
50	Spill Prevention and Response	31,723	36,368	33,165
61	Fish and Game Commission	972	1,352	1,435
70.01	Administration	41,493	45,125	45,125
70.02	Distributed Administration	-41,493	-45,125	-45,125
Total Expenditures (All Programs)		\$337,546	\$487,593	\$401,211

Positions by Program

Code	Program	Actual 2009-10	Estimated 2010-11	Proposed 2011-12
20	Biodiversity Conservation Program	818.0	887.0	877.5
25	Hunting, Fishing and Public Use	434.6	472.0	471.1
30	Management of Department Lands	395.5	428.6	428.6
40	Enforcement	341.9	376.2	376.2
45	Communications, Education and Outreach	12.8	14.2	14.2
50	Spill Prevention and Response	213.5	236.8	236.8
61	Fish and Game Commission	8.0	7.6	7.6
70.01	Administration	315.6	377.3	376.4
70.02	Distributed Administration	-315.6	-377.3	-376.4
Total Personnel Years (All Programs)		2,224.3	2,422.4	2,412.

Expenditures by Fund

Fund Code	Fund	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
0001	General Fund	\$37,204	\$61,249	\$64,189
0005	Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund	500	500	500
0140	California Environmental License Plate Fund	13,223	12,910	13,473
0200	Fish and Game Preservation Fund	98,198	106,200	113,975
0207	Fish and Wildlife Pollution Account	2,722	2,672	2,798
0211	California Waterfowl Habitat Preservation Account, Fish and Game Preservation Fund	138	241	245
0212	Marine Invasive Species Control Fund	1,107	1,295	1,348
0235	Public Resources Account, Cigarette and Tobacco Products Surtax Fund	2,103	2,104	2,075
0320	Oil Spill Prevention and Administration Fund	22,821	25,986	22,452
0321	Oil Spill Response Trust Fund	1,519	-	-
0322	Environmental Enhancement Fund	7	353	358
0405	Bay-Delta Agreement Subaccount	21	4,252	-
0516	Harbors and Watercraft Revolving Fund	1,705	2,539	2,397
0546	Bay-Delta Ecosystem Restoration Account	22,341	19,343	-
0643	Upper Newport Bay Ecological Reserve Maintenance and Preservation Fund	126	-	-
0890	Federal Trust Fund	57,198	70,029	71,346
0942	Special Deposit Fund	1,064	1,546	1,618
0995	Reimbursements	21,522	54,890	53,194
3103	Hatchery and Inland Fisheries Fund	17,573	16,188	24,218
3117	Alternative and Renewable Fuel and Vehicle Technology Fund	900	-	-
6027	Interim Water Supply and Water Quality Infrastructure and Management Subaccount	17	746	746
6031	Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002	74	18,147	-
6051	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	35,995	91,685	24,838
8018	Salton Sea Restoration Fund	-612	-5,421	1,305
8047	California Sea Otter Fund	80	139	136
Total Expenditures (All Funds)		\$337,546	\$487,593	\$401,211

ISSUE 1: CRITICAL RADIO INFRASTRUCTURE AND EQUIPMENT PROJECT

Governor's Budget: The Department is requesting \$4.1 million in one-time funding from the Fish and Game Preservation Fund – Non Dedicated Account – to upgrade the radio systems used by Wardens so that they are compatible with other state and local law enforcement personnel. Specifically, this augmentation will allow the Department to procure 201 mobile radio upgrade kits, 100 Multi band radios, 500 Automatic Vehicle Repeaters as well as 1 year of installation and feasibility study funding.

Staff Comments: The Department states that the new 2-way radio system upgrades being requested are necessary because the Department's current system will not be functional when Federal Communications Commission's mandate for small bandwidth technology goes into place in 2013. Staff understands that this procurement plan was reviewed by the State Technology Agency, who has established best practices for the 2-way radio upgrade purchasing. Staff feels that at this point, because this does not impact the General Fund and since 2-way radios are critical for Game Warden's duties, this proposal is appropriate.

Staff Recommendation: Approve as budgeted.

ISSUE 2: SAN JOAQUIN RIVER RESTORATION PROGRAM

Governor's Budget Proposal: The Department is requesting \$3.8 million in reimbursement authority to support the San Joaquin River Restoration Program (SJRRP). This funding will be provided by the Natural Resources Agency's \$100 million in Proposition allocation dedicated to the restoration of the San Joaquin River.

The \$3.8 million in the budget will be used to fund \$758,000 for ongoing staffing and \$2.8 million for operating expenses and equipment.

Background: The San Joaquin River Restoration Project (SJRRP) is a direct result of a Settlement by the U.S. Departments of the Interior and Commerce, the Natural Resources Defense Council (NRDC), and the Friant Water Users Authority (FWUA) reached in September 2006 on an 18-year lawsuit to provide sufficient fish habitat in the San Joaquin River below Friant Dam near Fresno, California. The Settlement received Federal court approval in October 2006. The Settlement's primary goals are as follows:

- To restore and maintain fish populations, including naturally reproducing and self-sustaining populations of salmon and other fish, in "good condition" in the main stem of the San Joaquin River below Friant Dam to the confluence of the Merced River; and,
- To reduce or avoid adverse water supply impacts to all of the Friant Division long-term contractors that may result from the Interim Flows and Restoration Flows provided for in the Settlement.

Department of Fish and Game's Role in the SJRRP: The Settling Parties believe that the Department of Fish and Game, along with other State Agencies (Department of Water Resources, the Resources Agency, and CalEPA), should play a major collaborative role in the planning, design, funding, and implementation of the Settlement.

The Department has entered into a Memorandum of Understanding (MOU) with the Settling Parties that outlines the State's role in the restoration efforts: 1) Planning and design of activities identified in the Settlement; 2) Actions related to the release of flows identified in the Settlement; 3) Design and construction of facilities for fish passage and prevention of fish entrainment; 4) The manner in which fish will be reintroduced; 5) Monitoring and evaluating fish; and, 6) Establishment and maintenance of appropriate riparian habitat.

Staff Comments: Staff generally does not have any issues with the proposed staffing and expenditures. Programs to restore the San Joaquin are court ordered and are funded from Proposition 84. This funding will continue these ongoing efforts.

Staff Recommendations: Approve as budgeted.

ISSUE 3: HATCHERY AND INLAND FISHERIES FUND

Governor's Budget. The Department is requesting an augmentation from the Hatchery and Inland Fund of \$6.8 million in 2011-12 and 2012-13, \$3.8 million in 2013-14, and \$1.8 million ongoing. This augmentation will be used to fund various activities to increase production of fish in order to achieve the Department's trout production goals established under AB 7 (Statutes of 2005).

Background. AB 7 (Statutes of 2005) required that 33 1/3 percent of the fees derived from the issuance of all sport fishing licenses be used to support programs of the Department of Fish and Game related to the management, maintenance, and capital improvement of California's fish hatcheries, the Heritage and Wild Trout Program, and related enforcement activities.

Staff Comments: The Department has commented that they have not been able to meet production goals established by AB 7. Currently, revenues going into the Hatchery and Inland Fisheries Fund are greater than expenditures and have created a \$15.5 million balance that this and other proposals seek to begin spending down. While staff understands that the Department is required by statute to meet production goals established by AB 7, at this point staff feels that it would be more adequate to defer action on this item until later so that there is more time for the Subcommittee to consider this significant augmentation along with the Department's entire baseline program.

Staff Recommendation: Deny without prejudice.

ISSUE 4: HOT CREEK HATCHERY II SUPPLY POND COVER REPLACEMENT

Governor's Budget. The Department is requesting a \$158,000 appropriation from the Hatcheries and Inland Fisheries Fund to replace a supply pond cover at Hot Creek Hatchery in order to protect against invasive species. The Hatchery supply comes from four separated spring supplies, three of which have been contaminated with the New Zealand Mud Snail. In order to protect the one remaining clean supply spring, the current degraded hypalon cover needs to be removed and a new cover installed.

Background. Fish produced in waters with New Zealand Mud Snails (NZMS) can only be stocked in areas where there are known populations of snails. The Hatchery II water supply is the only water supply at HCH that does not currently harbor NZMS. This water supply allows the Department to produce the Hot Creek strain of rainbow trout. If the water supply becomes tainted, produced trout will not be able to be stocked in Hot Creek.

Staff Comments: Staff doesn't have any issues with this proposal. This is proposal is a minor augmentation from this fund, which is supported from fishing license revenues that are dedicated to funding fish hatchery production. Additionally, this proposal is not a program expansion like the prior issue and the replacement of the supply pond covers will allow the Department to continue stocking Hot Creek.

Staff Recommendation: Approve as budgeted.

ISSUE 5: CAPITAL OUTLAY PROPOSALS

Governor's Budget. The Department is requesting funding for the following 8 capital outlay proposals:

1. **Darrah Springs hatchery Upper Series Low Head Oxygen System:** \$525,000 from the Hatcheries and Inland Fisheries Fund to install one low head Oxygenation System at Darrah Spring Hatchery. By increasing oxygen levels in the facility, trout production yields will increase.
2. **American River Hatchery Building:** \$739,000 from the Hatcheries and Inland Fisheries fund to replace the American River hatchery incubation hatchery building. The Department cites that the existing facility needs to be replaced because of its small size and exposure to the elements. The new building would be a larger, enclosed facility with more production potential.
3. **Grizzly Island Wildlife Area:** \$32,000 from Proposition 99 funding to replace deteriorating corrugated metal pipes at the Grizzly Island Wildlife Area that are used to divert water within the property.
4. **North grasslands Salt Slough Field Wetlands Enhancement:** \$15,000 in Proposition 99 funding to replace an old corrugated metal pipe water control with reinforced concerted water control. This project would enhance water management of 53 acres of seasonal wetland, reduce water leakage, and make the existing channel safer to wade for hunters with disabilities using the American's with Disabilities Act hunter blind.
5. **Ash Creek Wildlife Area Elkins Well:** \$300,000 in Proposition 99 funding for the construction of Elkins well on the Ash Creek wildlife Area. The only sources of water for the Ash Creek wetlands are surface waters diverted from Ash Creek between April and October. This project would install one deep well along Elkins Lane at the start of the water system to provide a reliable water sources for approximately 140 acres of managed wetland and enhance an additional 110 acres of natural wetlands.
6. **Mendota Wildlife Area – Water Conveyance Pump #2:** \$76,000 in Proposition 99 funding to replace 20 corrugated metal pipe water control structures with High Density Polyethylene Pipe.
7. **Shasta Valley Wildlife Area:** \$179,000 in Proposition 99 funding to construct and install a 3,500 foot, twelve inch pvc pipeline from the north Bass Reservoir Dam to upgrade water conveyance at the Ten Field complex. The pipeline would provide water to manage 49.6 acres of seasonal wetland and irrigated upland meadow complex used by nesting waterfowl and wetland associated species.

8. **Los Banos Wildlife Area:** \$118,000 in Proposition 99 funding to install a pipeline to provide independent water control to approximately 300 acres of seasonal wetland, reverse cycle wetland and riparian habitat.

Staff Comments: The Department has stated that it has been unable meet trout stocking targets established by AB 7 (Statutes of 2005). All of the Cap Outlay proposals funded from the Hatcheries and Inland Fisheries Fund (HIFF) are for the purposes of increasing trout production in the state in order to meet the stocking requirements. Currently, the Hatcheries and Inland Fisheries Fund is carrying a \$15 million dollar fund balance. After the proposed appropriations from the fund in the budget, the fund will continue to carry a \$10.8 million balance in 2011-12 with that balance decreasing in the out years. Because the Department has been unable to meet AB 7 (Statutes of 2005) targets, staff feels that the Subcommittee may want to defer action on proposals funded from the HIFF so that the Subcommittee has a more global discussion on the program.

Staff, however, does not have any issues with the capital outlay proposals funded from Proposition 99 since these proposals will either expand the amount of habitat currently managed by the Department or repair facilities to continue the management of current habitat, which is in accordance to the Proposition.

Staff Recommendation: 1) Deny without prejudice expenditures from the HIFF.

2) Approve as budgeted proposals from Proposition 99.

3680 – DEPARTMENT OF BOATING AND WATERWAYS

The Department of Boating and Waterways funds, plans, and develops boating facilities on waterways throughout California and ensures safe boating for the public by providing financial aid and training to local law enforcement agencies. In addition, the Department has responsibility for boating safety and education, licensing of yacht and ship brokers and salespeople, aquatic weed control in the Sacramento-San Joaquin Delta, and beach erosion control and sand renourishment along California's coast and operates an oceanography program at the Scripps Institution of Oceanography at La Jolla.

Expenditures by Program

Code	Program	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
10	Boating Facilities	\$29,293	\$34,713	\$39,126
20	Boating Operations	19,884	22,426	22,457
30	Beach Erosion Control	12,501	6,833	2,360
40.01	Administration	2,063	2,223	2,313
40.02	Distributed Administration	-2,063	-2,223	-2,313
Total Expenditures (All Programs)		\$61,678	\$63,972	\$63,943

Positions by Program

Code	Program	Actual 2009-10	Estimated 2010-11	Proposed 2011-12
10	Boating Facilities	41.9	40.6	40.6
20	Boating Operations	15.4	17.7	17.7
30	Beach Erosion Control	1.0	1.0	1.0
40.01	Administration	18.4	17.7	17.7
40.02	Distributed Administration	-	-	-
Total Personnel Years (All Programs)		76.7	77.0	77.0

Expenditures by Fund

Fund Code	Fund	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
0516	Harbors and Watercraft Revolving Fund	\$38,275	\$43,371	\$46,977
0577	Abandoned Watercraft Abatement Fund	496	650	600
0890	Federal Trust Fund	10,640	12,436	14,211
0995	Reimbursements	67	1,015	1,015
3001	Public Beach Restoration Fund	12,200	6,500	1,140
Total Expenditures (All Funds)		\$61,678	\$63,972	\$63,943

ISSUE 1: BOATING GRANTS AND LOANS (MULTIPLE PROPOSAL)

Governor's Budget: The Department is requesting the following proposals to fund various loan and grant programs for the Department:

1. \$17.9 million Harbors and Watercraft Revolving Fund (HWRF) for Public Small Craft Harbor Loans and Boat Launching Facility Grants;
2. \$100,000 (HWRF) in ongoing state support to contract with financial services required to ensure the safeguarding of state assets as recommended by the Department of Finance;
3. \$1.75 million (HWRF) in federal budget authority for the Coastal data Information program;
4. \$2.005 million (HWRF) for Coastal Shore Protection Grants; and,
5. Statewide Emergency Repairs and Replacements

Background: The Department of Boating and Waterways manages various boating related grant and loan programs that are intended to benefit the boating public. Funds for these programs are collected from the portion of taxes spent by boaters on fuel.

Staff Comments: These proposals are consistent with others put forth by the Department in prior years. However, because staff is aware of some concerns from the public on different aspects of these proposals and due to time constraints, staff feels that the Subcommittee should hold off action on these items until the spring.

Staff Recommendation: Deny without prejudice so that these issues can be heard in the spring.

3720 – CALIFORNIA COASTAL COMMISSION

The California Coastal Commission, comprised of 12 voting members appointed equally by the Governor, the Senate Rules Committee, and the Speaker of the Assembly, was created by voter initiative in 1972 and was made permanent by the California Coastal Act of 1976 (Coastal Act). New development in the coastal zone requires a coastal permit either from local government or the Commission. Local governments are required to prepare a local coastal program (LCP) for the coastal zone portion of their jurisdiction. After an LCP has been reviewed and approved by the Commission as being consistent with the Coastal Act, the Commission's regulatory authority over most types of new development is delegated to the local government, subject to limited appeals to the Commission.

Expenditures by Program

Code	Program	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
10	Coastal Management Program	\$14,470	\$15,912	\$16,225
20	Coastal Energy Program	757	937	1,129
30.01	Administration	2,126	2,736	2,749
30.02	Distributed Administration	-1,996	-2,636	-2,649
Total Expenditures (All Programs)		\$15,357	\$16,949	\$17,454

Positions by Program

Code	Program	Actual 2009-10	Estimated 2010-11	Proposed 2011-12
10	Coastal Management Program	99.9	103.9	103.9
20	Coastal Energy Program	5.5	6.6	6.6
30.01	Administration	21.9	20.9	20.9
30.02	Distributed Administration	-	-	-
Total Personnel Years (All Programs)		127.3	131.4	131.4

Expenditures by Program

Fund Code	Fund	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
0001	General Fund	\$9,985	\$10,398	\$10,798
0371	California Beach and Coastal Enhancement Account, California Environmental License Plate Fund	1,225	1,119	1,122
0890	Federal Trust Fund	2,159	2,518	2,559
0995	Reimbursements	1,648	2,149	2,328
3123	Coastal Act Services Fund	340	765	647
Total Expenditures (All Funds)		\$15,357	\$16,949	\$17,454

ISSUE 1: COASTAL AND MARINE EDUCATION WHALE TAIL LICENSE PLATE PROGRAM

Governor's Budget: The Commission is requesting a one-time augmentation of \$82,000 from Whale Tail License Plate revenues for grants to non-profits and government agencies.

Examples of grants supported by this program include the "Adopt-a-Beach Program, the Beach Cleanup Day Program, coastal education programs and grants to local government and nonprofit organizations for the costs of operating and maintaining public beaches relating to these programs.

Background: The Coastal Commission has a baseline budget of \$1.05 million for from the revenues derived from the sale of Whale Tail License Plates for coastal grant programs. The Commission anticipates that there will be \$1.5 million in whale tail revenues in 2011/12 – which is sufficient to support this request.

Staff Comments: Staff does not have any issues with this proposal as statute restricts these funds to the uses proposed in the proposal.

Staff Recommendation: Approve as budgeted.