

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 3
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION****Assemblymember Ira Ruskin, Chair****WEDNESDAY, APRIL 25TH, 2007
STATE CAPITOL, ROOM 447
9:00 AM****Hearing Items**

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CONSENT CALENDAR

3600	Department of Fish and Game	Finance Letter. 15.0 new positions funded through reimbursements for staffing for various contracts and interagency agreements.
3600	Department of Fish and Game	Finance Letter. \$625,000 (Reimbursements) augmentation to allow the department to review the necessary environmental documents for flood control projects.
3600	Department of Fish and Game	Finance Letter. \$2.0 million (General Fund) reduction resulting from a needed technical correction in the Governor's January 10 budget.
3680	Department of Boating and Waterways	Finance Letter. Technical correction transfer of \$300,000 from the HWF to the AWAFF.
8570	Department of Food & Agriculture	\$407,000 (General Fund) for one year and five one-year limited term positions to continue the Needles Border Protection Station Pilot Project.
8570	Department of Food & Agriculture	\$500,000 (Analytical Laboratory Account) for deferred maintenance and equipment replacement for the Center for Analytical Chemistry.
8570	Department of Food & Agriculture	\$658,000 (General Fund) one-time for new equipment for the med fly preventative release program.
8570	Department of Food & Agriculture	\$212,000 (Food and Agriculture Fund) fiscal year 2007-08 and ongoing spending authority of \$53,000 to develop and initiate hydrogen purity and performance standards.
8570	Department of Food & Agriculture	Capital Outlay: \$1.1 million (Glassywing Sharpshooter Assessment Fund) for Bakersfield Area Greenhouse Acquisition for Pierces Disease research.
8570	Department of Food & Agriculture	Capital Outlay: \$2.1 million (General Fund) to consolidate the Fresno/Tulare Animal Health and Food Safety Laboratories.
8570	Department of Food & Agriculture	Finance Letter. \$347,000 in multiple funds for maintenance costs of the California State Accounting and Reporting System

3600 DEPARTMENT OF FISH AND GAME

ISSUE 1: (HELD OPEN ON MARCH 14TH) COASTAL WETLANDS MANAGEMENT

The Governor's budget is requesting one position (.9 PY) and \$136,000 from the Coastal Wetlands Account in support of Senate Bill 1125 (Chesbro) to manage and maintain coastal wetlands properties owned and/or managed by the department in Southern California. Coastal wetlands that will benefit from this position will be within Santa Barbara, Ventura, Los Angeles, Orange, and San Diego Counties.

Background. In the 2006/07, the Budget Act transferred \$5 million from the General Fund to a newly created Coastal Wetlands Management Fund. Under the statutory direction of the trailer bill, 60 percent of all interest earned from the Coastal Wetlands Management Fund Balance is to be used to manage and maintain coastal wetlands properties. On average the interest earned is expected to be around \$150,000 annually.

Staff Comments. Coastal wetlands are of vital ecological and socio-economic significance. Wetlands filter contaminants from waters, store large volumes of water thereby reducing the threat of flooding, and provide nursery services that help ensure the productivity of marine life. Coastal wetland plants also help prevent erosion, stabilizing the shoreline. The tidal, sheltered waters of coastal wetlands support unique ecosystems upon which several endangered species are entirely dependent for their survival.

With their ecological and flood protection benefits, wetlands are also valuable recreational open spaces for highly impacted urban areas and support local tourism and commercial fishing industries. As public spaces, coastal wetlands receive tens of thousands of visitors annually. In many cases, staff has concern, that coastal wetlands do not have adequate staff to manage California's wetlands to maximize both their ecological and recreational potential.

The proposal presented by the administration begins to address some of the management needs of our coastal wetlands. To fund the proposal, the state is earning interest from a \$5 million account balance that originated from the General Fund. Considering the needs of coastal wetlands, staff has concerns that \$5 million is not an adequate fund balance to warrant an endowment-style funding mechanism and this investment may be better applied directly towards coastal wetlands management staff or restoration projects.

Staff Proposal. Staff has found that many of California's Coastal Wetlands are in need of immediate maintenance staffing for basic services such as maintaining trails, cleaning bathrooms, and emptying trash. While coastal wetlands represent valuable open space in highly dense urban surroundings, their staffing levels do not allow them to provide essential services to the public. Moreover, because of ongoing neglect, there is an immediate need for contracting dollars to remove homeless encampments, illegally deposited trash and debris, hazardous materials, vehicles, etc from coastal wetlands. Lastly, neglect has also exacerbated the problem of invasive plants in many of our coastal wetlands; contracting dollars with the California Conservation Corps or others could begin to help.

Recognizing the immediacy of need our state's coastal wetlands, staff recommends that the subcommittee make necessary statutory changes to appropriate the \$5 million in the Coastal Wetlands Account for maintenance staffing and contracting funds. This funding would be spread across all statewide DFG managed coastal wetlands properties.

STAFF RECOMMENDATION. Staff recommends that the subcommittee make necessary statutory changes and appropriate the \$5 million from the Coastal Wetlands Account over a period of five years for 10 maintenance/management PYs and contracting funds for all DFG coastal wetlands properties. (It would be the intention of staff that these positions be ongoing and when funds from coastal wetlands account expire, other funds would be used to supplant the coastal wetlands account to support the PYs).

Issue 2: (HELD OPEN ON MARCH 14TH) Land Management

Governor's Budget. The Governor's budget requests \$2.9 million (\$639,000 Proposition 12, \$825,000 Special Deposit Fund, and \$1,386,000 Reimbursement authority) and 18.5 positions (17.6 PYs) and 3.0 Temporary Help positions to meet basic management and maintenance needs for site security, resource management, and public use on lands administered by the DFG to satisfy agreements for maintenance and management of these lands; to provide incentives to private landowners for management activities that benefit important species and habitats; and to conduct programs for the control of invasive species on these lands and elsewhere in the state.

Background.

Proposition 12 Land Management. Proposition 12 authorized \$12 million for the department to manage its ecological reserves, wildlife areas and other lands it receives through donation. The department has used this funding to operate land management projects to both enhance its properties for their intended use and avoid causing a nuisance to private land owners or adjacent property owners.

Oroville Wildlife Area. As part of the FERC license renewal process for Oroville Dam, the state and participating parties signed an agreement identify critical habitat and ecological needs to protect and enhance the wildlife habitats and recreation within the Oroville Wildlife Area. The budget proposal would continue funding priorities of this plan.

Habitat Mitigation Lands Management Staff. The department receives lands to mitigate the harmful effects of various development projects. Under statute, the department is required to manage these lands in perpetuity for the unique species and habitat values that they support.

Landowner Incentive Program. The Landowner Incentive Program (LIP) is a federal program that requires a minimum of 25 percent non-federal match for to provide landowner grants for various conservation activities.

Staff Comments. This proposal will provided needed staff to the department to fulfill some of the department unmet land management needs. Additionally, this proposal does not use General Fund and accesses federal matching funds. Staff has no issues with this proposal.

STAFF RECOMMENDATION. Approve as budgeted.

ISSUE 3: (HELD OPEN ON MARCH 14TH) ADMINISTRATIVE AUGMENTATION

Governor's Budget. The Governor's 2007-08 budget is requesting 12.0 positions for administrative support for various functions for new requirements and an increasing workload, which exceeds the scope and workload capacity of the current available resources. This proposal does not request any additional funding.

Background. The 2006/07 budget provided \$92 million dollars (\$51.8 million one-time; and \$31 million through 6/30/2009) in new funding and 139.1 new positions for the department. Funding augmentations for the department in last year's budget were spread widely throughout the department but larger actions were focused in the following areas:

- Salmon Steelhead Restoration Account: \$10 million one time General Fund for Salmon and Steelhead Restoration projects.
- Non-Game Fish and Wildlife Program: \$10 million one time General Fund for Non-Game Fish and Wildlife preservation activities. This funding was provided to the Legislature with requirements for a spending plan to be submitted to the legislature in January of 2007. The Legislature has not received this spending plan to date.
- Transfer of CALFED Ecosystem Restoration Program (ERP): The transfer of the CALFED ERP program included the transfer of more than \$70 million dollars and 90 contracts to the department.
- Marine Programs: Marine Life Management implementation was augmented by \$3 million General Fund. \$5 million (General Fund) in on-going funding was provided for implementation of Bottom Trawling legislation.

Staff Comments. Staff does not have any issues with this proposal but does have concerns that the spending plan for the Non-Game Fish and Wildlife Program augmentations has not been submitted to the legislature. This proposal was held open because the legislature was waiting to receive a detailed spending plan for one time general fund expenditures provided in the 2006/07 budget. This report was delivered to the legislature and staff recommends that this proposal be approved as budgeted.

STAFF RECOMMENDATION. Approve as budgeted

ISSUE 4: (HELD OPEN ON MARCH 14TH) CALTIP

Governor's Budget. CalTIP. The Department of Fish and Game requests \$75,000 of additional spending authority (\$9,000 overhead) from the Fish and Game Preservation Fund--Dedicated Secret Witness Account (Account 0200.28) to match spending authority with revenue and better utilize the \$600,000 currently in the Account.

Staff Comments. Staff does not have any specific issues with this proposal but has received some concern from others about the use of increased funds for these purposes.

STAFF RECOMMENDATION. Approve as budgeted.

Issue 5: Commercial Salmon Fee Account (HELD OPEN ON MARCH 14TH)

Governor's Budget. The Governor's budget is requesting a one-time augmentation of \$282,000 (General Fund) to replace commercial salmon vessel and salmon stamp fees waived by the Governor in response to a closed Salmon Fishing Season in 2006/07.

LAO Issue. The LAO has concerns that the department has failed to reduce projected fee revenues relating to salmon fishing in several FGPF subaccounts. While the department was given an ongoing General Fund augmentation intended to offset lost revenues in the budget year, its revenue projections do not seem to take into account reduced salmon fishing and its impacts on department revenues. Specifically, the LAO finds that revenue projections for the following four accounts are too high: the Commercial Salmon Stamp Account, by \$62,000; the Commercial Augmented Salmon Stamp Account, by \$210,000; the Commercial Salmon Vessel Permit Account, by \$48,000; and the nondedicated account, by about \$900,000.

The LAO recommends the department prepare updated fund condition statements for these four accounts that more accurately reflect projected revenues. The LAO also recommends the department report at budget hearings on its long-term plans for managing these four accounts, since they project that the revenue adjustments will put the three dedicated accounts in deficit beginning in 2008-09, absent corrective action.

Staff Comments. Staff understands that the LAO and the department have worked out prior concerns. As such, staff recommends approval as budgeted.

STAFF RECOMMENDATION. Approve as budgeted.

Issue 6: Marine Life Protection Act Implementation

On April 13, 2007, the California Fish and Game Commission adopted regulations to create a new suite of marine protected areas (MPAs) designed for the Central Coast of California, the first region considered for the state. This move effectively launched the state's Marine Life Protection Act (MLPA) Program, which was designed to better conserve marine resources for their long-term sustainability while also enhancing outdoor recreation and ocean research opportunities along the coast.

Under the Marine Life Protection, the state is to designate a network of statewide marine reserves where "no-take" restrictions will be enforced to protect marine ecosystems. Within MPAs, it will be prohibited that any fish or other marine species be taken from protected areas. The adoption of 29 MPAs in the Central Coast was the Commission's first formal adoption of Marine Life Protection Act mandated MPAs and the department and commission will be proceeding to consider other marine regions of the state over the next few years.

Staff Comments. The department is the lead agency in enforcement, research and monitoring of the newly designated MPAs but has worked in partnership with the Ocean Protection Council in the State Coastal Conservancy in the early stages of implementing the MLPA. As discussed in subcommittee, the department suffers from chronic funding challenges both in its ongoing enforcement and its scientific monitoring staffing. Though it is a historic first step for California to establish protected marine reserves in our state waters, the integrity and success of this effort will be hinged on the ability of the department to provide adequate ongoing enforcement, monitoring and scientific review. At the hearing, the department should present to the subcommittee its long term plan to implement and enforce the protections promised by the MLPA.

STAFF RECOMMENDATION. Hold open.

3600 DEPARTMENT OF FISH AND GAME
8570 DEPARTMENT OF FOOD AND AGRICULTURE

ISSUE 1: DFG/CDFA APRIL FINANCE LETTER – QUAGGA MUSSELS

April Finance Letter. A highly invasive fresh-water Quagga Mussel, related to the Zebra Mussel, was discovered in California on January 17, 2007. The Quagga Mussel was found in Lake Havasu and on the Metropolitan Water District intake pumps. DFG has expressed concern that the species could cause potentially wide-spread damage to drinking water pumping systems and other related infrastructure.

In an April Finance letter, the Department of Food and Agriculture and the Department of Fish and Game are asking for an augmentation of \$5.7 million General Fund in the budget year and \$5.2 million ongoing to fund scientific and enforcement efforts to prevent the spread of Quagga Mussels throughout our state waterways. Under the proposal, funding would be divided as follows:

Department of Fish and Game

- **Control and Response Program - \$1.5 million (7.6 permanent PYS, 2.0 temporary PYS)** The department is requesting resources for surveillance and detection, eradication, public outreach, training, and scientific analysis.
- **Enforcement and Inspections - \$1.7 million and (8.0 positions)** The department is requesting resources for vessel inspections, business inspections, check point staffing, river, and on sight patrolling at rivers, streams and lakes by game wardens.

Department of Food and Agriculture

- **Ag inspection station staffing - \$2.5 million (33.2 PYs).** The department is requesting resources to continue vessel inspections at five agricultural inspections stations: Yermo, Needles and Vidal and to begin inspections at Blythe and Truckee stations.

Background. Quagga Mussels are prodigious water filterers, removing substantial amounts of phytoplankton and suspended particulate from the water. As such, by removing the phytoplankton, quaggas in turn decrease the food source for zooplankton, therefore altering the entire aquatic food web. In addition to effects on the ecosystem, Quagga Mussel populations tend to multiply where there are hard surfaces and can clog water intake structures, such as pipes and screens, therefore reducing pumping capabilities for power and water treatment plants, costing industries, companies, and communities. Recreation-based industries and activities have also been impacted; docks, break walls, buoys, boats, and beaches have all been heavily colonized.

At the hearing, the departments should give the subcommittee an update on where quaggas have been found to date and what efforts, both public and private, are currently underway to prevent their spread of quagga mussels to other bodies of water in the state.

STAFF RECOMMENDATION. Approve Finance Letters.

8570 DEPARTMENT OF FOOD AND AGRICULTURE

The California Department of Food and Agriculture (CDFA) provides services to both producers and consumers of California's agricultural products in the areas of agricultural protection, agricultural marketing, and support to local fairs. The purpose of the agricultural protection program is to prevent the introduction and establishment of serious plant and animal pests and diseases. The agricultural marketing program promotes California's agricultural products and protects consumers and producers through the enforcement of measurements, standards, and fair pricing practices. Finally, the department provides financial and administrative assistance to county and district fairs.

**ISSUE 1: APRIL FINANCE LETTER – DIAPREPES ROOT WEEVIL AND THE JAPANESE DODDER/
HIGH RISK PEST EXCLUSION**

In an April Finance Letter, the department requests funding and positions to address the following infestations:

Diaprepes Root Weevil. In an April Finance Letter, a \$4.2 million General Fund augmentation and 45.6 limited-term positions is requested to provide funding for a two-year project to continue efforts to eradicate infestations of the Diaprepes Root Weevil in Los Angeles, Orange, and San Diego Counties. The agriculture products at risk from this infestation are the citrus, avocado, and nursery industries.

In response to the discovery of Diaprepes during the 2005-06 fiscal year, CDFA began an "Early Detection/Rapid Response" eradication program and received funds for the continuance of this effort through June of 2007. In order to eradicate the Diaprepes root weevil, the Department must directly apply pesticides potential host plants with local community participation.

Japanese Dodder. In an April Finance letter, it is requested that \$977,000 of the emergency funds in the department's budget be made available to provide 7.1 personnel years to continue eradication efforts of the Japanese Dodder. The Japanese Dodder is currently in 11 central California counties as far north as Shasta County, as far south as Fresno County, and in Alameda and Contra Costa Counties. The Japanese Dodder is a parasitic noxious weed that poses an extreme threat to native plants including willow, box elder, oak, and pine, and the agriculture products at risk from this infestation are trees, vines, and many annual crops.

High Risk Pest Exclusion. California operates programs at the state and local level to prevent invasive pests from entering the state. On our major highways, CDFA operated agricultural stations monitor commercial traffic transporting fruits and vegetables and in one case, through a legislative approved pilot program in Needles CA, non commercial traffic is also monitored. In addition to California's agricultural inspection stations on highways, CDFA partners with county agricultural inspectors to inspect agricultural cargo entering local counties from national and international destinations.

Staff Comments. Annually, the department expends \$3.9 million on high risk pest exclusion activities at the local level and \$10.5 million to inspect commercial traffic at statewide border

stations. Through discussions in prior year subcommittee hearings and from comments received from local governments, staff notes an ongoing concern that statewide high risk pest exclusion is not funded to an adequate level so that the state's border stations are fully staffed, airports and ports are adequately monitored and county agricultural commissioners have enough staff to monitor incoming shipments for pests.

As such, staff recommends that the subcommittee move forward and approve the finance letter requests for the Diaprepes Root Weevil and the Japanese Dodder and hold open the discussion on high risk pest exclusion funding.

STAFF RECOMMENDATION. Approve funding for the Diaprepes Root Weevil and Japanese Dodder eradication efforts.

ISSUE 2: INVASIVE WEED MANAGEMENT AREA PROGRAM

Created by AB 1168 (Frusetta) in 1990, The California Weed Management Area Program was created to bring local stakeholders within defined Weed Management Areas (WMAs) together leverage local and federal funds with state funds to control the spread and impact of invasive weeds throughout the state.

This program is administrated by CDFA typically through county Agricultural Commissioners' offices. In order for state funds to be awarded to local WMAs, an advisory panel reviews proposals from WMAs and makes awards according to guidelines. To receive funding, each WMA must have an MOU between all stakeholder groups in their area, and a strategic plan defining their goals and objectives. WMAs focus on treatment of weed infestations, but they also work on public education and mapping/inventory efforts.

Staff Comments. Proponents of this program cite that state funding provided to this program has been able to leverage a 3-1 match from outside grant funding and in-kind donations and services. This program has eradicated 128,421 acres and 2,015 populations of high priority weed infestations in the state.

In last year's budget hearings, the subcommittee approved \$2.5 million for this program. In the Governor's 2006-07 budget, there is currently \$1.1 million available for grants to local Weed Management Areas. Staff has heard concern from weed management areas that this level of funding is not adequate to maximize federal fund leveraging for this program.

STAFF RECOMMENDATION. Hold open.

3680 DEPARTMENT OF BOATING AND WATERWAYS

The Department of Boating and Waterways (DBW) is responsible for planning and developing boating facilities on waterways throughout California. It is also responsible for protecting the public's right to safe boating by providing subventions to local law enforcement agencies. The department is also responsible for boating safety and education, licensing yachts, aquatic weed control in the Sacramento-San Joaquin Delta, and beach erosion control along California's coast.

ISSUE 1: APRIL FINANCE LETTER – BEACH EROSION PROJECTS

April Finance Letter. In an April Finance Letter, the department is requesting approval of one time funding of \$950,000 (Beach Erosion Control Fund) for beach erosion planning in the Central Coast and Southern California and \$4.2 million (Harbors and Watercraft Revolving Fund) for local assistance beach restoration projects in Orange and San Diego Counties.

This proposal will develop the Coastal Sediment Master Plan which explores the reuse of sediment for beach restoration and an economic and environmental way to provide for coastal management and coastal restoration. Also, this proposal will provide funding to continue the development of Regional Sediment master Plans and continue the feasibility studies and environmental documentation necessary to restore beaches in Orange and San Diego counties.

STAFF RECOMMENDATION. Approve as budgeted.

ISSUE 2: MOTOR VEHICLE FUEL TAX TRANSFER TO PARKS - INFORMATIONAL

In the Budget Act of 2002, \$26 million in MVA funds that had previously gone to the Department of Boating and Waterways to fund local assistance grants for boating activities was transferred to the Department of Parks and Recreation to backfill other General Fund reductions of approximately \$20 million. Under this original action, budget bill language was also adopted that recognized this initial transfer a one time loan and required that the State Parks and Recreation Fund to repay the loan by June 30, 2006. In subsequent years, this transfer of \$26 million has continued and provides funding to Parks for the operation of its numerous state parks that accommodate motor boat activity such as Folsom Lake Recreation Area, Lake Oroville, Brannan Island state recreation area, Lake Spaulding, the Salton Sea, and Auburn State Recreation Area.

Staff Comments. Staff understands the there are significant out-year pressures on the Harbors and Watercraft revolving fund from which gas tax funds is deposited and used for local assistance projects. The department should be prepared to comment on what are the long term expectations for the health of the Harbors and Watercraft Revolving Fund at the hearing.

STAFF RECOMMENDATION. None, item is informational.