

## AGENDA

### ASSEMBLY BUDGET SUBCOMMITTEE NO. 3 NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

**Assemblymember Ira Ruskin, Chair**

**TUESDAY, MAY 20TH, 2008  
STATE CAPITOL, ROOM 437  
9:00A.M.**

**CONSENT CALENDAR 3**

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**CONSENT CALENDAR**

<b>Resources Agency</b>	<b>April Finance Letter – CALFED Watershed Program Transfer</b> \$249,000 (ELPF) decreased in order to transfer the CALFED Watershed Program to the Department of Conservation
<b>Tahoe Conservancy</b>	<b>April Finance Letter:</b> Extension of Liquidation for various EIP local assistance funds appropriated in the 2003 Budget Act
<b>Department of Conservation</b>	<b>April 1 Finance Letter: CALFED Watershed Program Transfer.</b> \$1.043 million (ELPF/Prop 50) in order to transfer the CALFED Watershed Program to the Department of Conservation and provide funding to implement the program.
<b>Department of Conservation</b>	<b>May Technical: CCC Capital Outlay.</b> \$6.78 million Collins Dugan be added for increased costs related to the construction of the Delta Service District Center project.
<b>Forestry and Fire Prevention</b>	<b>April Finance Letter:</b> Federal Fuels Treatment. \$2.3 million (Federal Funds) for fuel treatment activities in So. California.
<b>Forestry and Fire Prevention</b>	<b>April Finance Letter: Cooperative Forestry Assistance.</b> \$6.5 million (Federal Funds) for implementation of the Cooperative Forestry Assistance program authorized in the 2007 Farm Bill.
<b>Forestry and Fire Prevention</b>	<b>April Finance Letter: Command Center Simulation Lab.</b> \$840,000 (Homeland Security Grants) to construct an emergency Command Center Simulation Laboratory.
<b>State Lands Commission</b>	<b>May Technical:</b> deferral of the working drawing phase (\$182,000) for the Huntington Beach Field Office Replacement Project.
<b>Fish and Game</b>	<b>April Finance Letter: Public safety Radio Communications System.</b> \$200,000 (General Fund) to fund a DGS service rate increase for the Public Safety Microwave Network.
<b>Fish and Game</b>	<b>April Finance Letter: Technical Budget Corrections.</b>
<b>Coastal Commission</b>	<b>April Finance Letter: Reimbursement Authority Increase.</b> \$300,000 to provide the authority to accept funds from nonstate entities and provide funding for additional temporary help positions.
<b>Coastal Conservancy</b>	<b>April Finance Letter: Capital Outlay.</b> Reappropriation of Propositions 12 and 40 funds from the 2005 budget act.
<b>Parks</b>	Reappropriations (*See following budget bill language )
<b>Parks</b>	<b>April Finance Letter: Proposition 12 Grant Project –</b> Extension of liquidation for a proposition 12 grant for the Santa Monica Mountains Conservancy for Seco/Confluence.
<b>Parks</b>	<b>May Technical:</b> Reappropriations and Capital Outlay. \$227,000 (Prop 50) for the Cuyamaca Rancho State Park: Equestrian Facilities project.
<b>Parks</b>	<b>May Revision:</b> Office of Historic Preservation. \$120,000 (Reimbursements) and 1 position to be funded by CalTrans to review transportation projects.
<b>Coachella Mountains Conservancy</b>	<b>April Finance Letter:</b> Proposition 84 Fund Shift. \$70,000 fund shift to the support budget to implement Prop 84 programs.

<b>Coachella Mountains Conservancy</b>	<b>May Revision:</b> Proposition 84 Fund Shift. Proposition 84 Fund Shift. \$30,000 fund shift to the support budget to implement Prop 84 programs
<b>Santa Monica Mountains Conservancy</b>	<b>April Finance Letter.</b> Extension of liquidation for a proposition 12 grant for the Santa Monica Mountains Conservancy for Seco/Confluence.
<b>Baldwin Hills</b>	<b>April Finance Letter.</b> Reappropriation of \$7.2 million in Proposition 40 funds from 2004 and \$8.6 million in Proposition 40 in 2005.
<b>Delta Protection Commission</b>	<b>April Finance Letter.</b> \$128,000 (Reimbursement) augmentation to accommodate increased member contribution support and one time contribution from the Delta Advisory Planning Council Fund.
<b>San Diego River Conservancy</b>	<b>April Finance Letter.</b> \$1.0 million (reimbursements) to provide capital outlay funding to develop the River Gorge Trail and for invasive, nonnative species control programs.
<b>Water Resources</b>	<b>April Finance Letter: Flood protection Corridor Program.</b> \$162,000 to administer ongoing flood protection corridor program.
<b>Water Resources</b>	<b>April Finance Letter: Yuba River Basin Project.</b> \$554,000 (Proposition 1E) and \$180,000 to complete the reevaluation report and design work for the Yuba River basin Project.
<b>Water Resources</b>	<b>April Finance Letter: Technical Correction.</b> \$364,000 decrease in General Fund.
<b>Water Resources</b>	<b>May Revise:</b> Co. River Fund Shift to IRWM.

### **\*Reappropriations proposed for consent for Parks and Recreation**

3790- Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the period to liquidate encumbrances in the following citations are extended to June 30, 2009:

0005 - - Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

- (1) Item 3790-102-0005, Budget Act of 2000 (Ch.52, Stats. 2000), (a) 80.25 – Recreational Grants, (5) Murray-Hayden Grants, (c) City of Richmond: Richmond Natatorium, to enable seismic retrofit of the Natatorium
- (2) Item 3790-102-0005(a)(5)(vx), Budget Act of 2000 (Ch. 52, Stats. 2000), YMCA of San Diego County: Border View Expansion.
- (3) Item 3790-102-0005, Budget Act of 2000, (Ch. 52, Stats. 2000), (a) 80.25 Recreational Grants, (5) Murray-Hayden Grants, (x) City of Anaheim: Maxwell Park Expansion Project from 15 to 21 acres.

(4) 3790-102-0005, Budget Act of 2000 (Ch. 52, Stats. 2000) (a) 80.25-Recreational Grants (6c) Soccer and baseball fields, (r) City of Los Angeles, Boyle Heights Sports Center for development of sports fields for both soccer and baseball as added by SB 1681, Ch. 672, Stats. 2000, SEC. 12.

(5) 3790-102-0005, Budget Act of 2000 (Ch. 52, Stats. 2000) (a) 80.25 Recreational grants (5) Murray-Hayden Grants (p) City of Los Angeles, Juntos Park: outdoor development at a recently acquired parcel to serve as a new park.

3790---Reappropriation, Department of Parks and Recreation. Notwithstanding any other provision of law, the period to liquidate encumbrances in the following citation is extended to June 30, 2010:

0005-Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

(1) 3790-101-0005, Budget Act of 2001 (Ch. 106, Stats. 2001), (1) 80.25-Recreational Grants, (c) Murray-Hayden Urban Parks and Youth Services Program. This reappropriation is limited to a \$700,000 grant to the City of Los Angeles Parks and Recreation for the Seoul International Park.

**VOTE ONLY ITEMS**

<b>Budget Balancing Reductions Proposed for Rejection</b>				
<b>DEPARTMENT</b>	<b>PROGRAM</b>	<b>GF</b>	<b>PY s</b>	<b>Comments</b>
FORESTRY	STATE FIRE MARSHAL	315	1.9	Restore Entire BBR
FORESTRY	RESOURCE MANAGEMENT	2,953	20.9	Restore Entire BBR
FORESTRY	ADMINISTRATION	840*		LAO Recommendation
FORESTRY	HAZARDOUS MATERIALS	165		LAO Recommendation
STATE LANDS COMMISSION	LAND MANAGEMENT	611	5.7	Restore Entire BBR
STATE LANDS COMMISSION	MINERAL RESOURCES MANAGEMENT	335	1.9	Restore Entire BBR
FISH AND GAME	BIODIVERSITY	3,500	20.9	Restore Entire BBR
FISH AND GAME	HUNTING, FISHING AND PUBLIC USE	474		Bottom Trawl Implementation
FISH AND GAME	ADMINISTRATION	687*		LAO Recommendation
COASTAL COMMISSION	COASTAL MANAGEMENT	956	14.3	Restore Entire BBR
COASTAL COMMISSION	COASTAL ENERGY PROGRAMS	52	.5	Restore Entire BBR
COASTAL COMMISSION	ADMINISTRATION	173	1.9	Restore Entire BBR
NATIVE AMERICAN HERITAGE COMM.	PROGRAM REDUCTION	79	1.4	Restore Entire BBR
PARKS	STATE PARK SYSTEM	13,322	129.2	Restore Entire BBR
<b>TOTAL</b>		<b>27,249*</b>		
<p>* Because funding for administration is proportionate to program staff in the departments, it is the intent of the staff recommendation that adequate administration be funded for the higher proposed levels of program staff than what was proposed in the governor's budget. In addition, it is the intent of the recommendation that concerns raised by the LAO related to the need to maintain adequate levels of staff to carry out basic fiduciary responsibilities be addressed by this action. These two actions may result in an adjusted figure for Administration from what is listed in this chart</p>				

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## 3480 – DEPARTMENT OF CONSERVATION

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### ISSUE 1: SOIL CONSERVATION FUND PERMANENT BASELINE AUGMENTATION

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The Governor's budget is requesting a permanent augmentation of \$910,000 (Soil Conservation Fund) and five permanent positions to conduct standard enforcement activities at the state level in order maintain consistent Williamson Act contract implementation statewide. These positions were also requested to backfill cuts that were made in prior years due to General Fund reductions.

**Staff Comments.** This issue was heard on March 12<sup>th</sup> by the subcommittee. Staff has no issues with the proposal and recommends approval as budgeted.

**STAFF RECOMMENDATION: Approve as budgeted**

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### ISSUE 2: EDUCATION AND THE ENVIRONMENT

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**Governor's Budget.** \$1.167 million in 2008-08 and \$917,000 in 2009-10 from Beverage Control Recycling Funds (CBCRF) for phase five of the Environmental Education Initiative (EEI) development of K-12 curriculum that incorporates environmental principles and concepts into California's academic standards. This funding will be used for one limited term position and consulting contracts for the various tasks involved in developing, editing, and publishing this curriculum.

**Staff Comments.** The subcommittee heard this issue in the California Integrated Waste Board's budget on April 16<sup>th</sup> and approved the proposal as budgeted. This request would provide authority to transfer funds from the CBRF for this program and consistent with the subcommittee's prior actions, staff recommends approval as budgeted.

**STAFF RECOMMENDATION: Approve as budgeted**

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### ISSUE 3: MAY REVISE: RESTORATION OF BUDGET BALANCING REDUCTION

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**Governor's Budget.** The 2008-09 Governor's Budget proposed \$350,000 Mine Reclamation Account to address increased workload in Conservation's Mineral Land Classification Program related to Proposition 1B transportation projects. Specifically, the funds will allow Conservation to begin to address the increased need for construction aggregate due to the passage of Proposition 1B. This proposal will redirect 3.0 positions proposed to be eliminated by the BBR proposal to the Mineral Land Classification Program in order to address the increased workload.

**Staff Comments.** Staff has no issues with proposal.

**STAFF RECOMMENDATION: Approve as budgeted**

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## 3540 – DEPARTMENT OF FORESTRY AND FIRE PROTECTION

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### ISSUE 1: STATEWIDE FIRE SUPPRESSION COST RECOVERY UNIT

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**Governor's Budget.** The Governor's budget proposes \$2,475,000 from General Fund for 14 positions to establish a Statewide Fire Suppression Cost-Recovery Unit. The Department estimates that the proposed cost-recovery unit would earn approximately \$12.5 million for the General Fund.

**Staff Comments.** The Department anticipates that this new program would generate \$12.5 million in new General Fund Revenue. In order to implement the program, the Department is requesting 14 permanent positions and \$150,000 in equipment purchases. Staff feels that this proposal should be approved on a 2-year limited term basis to in order to allow the Department the opportunity to demonstrate the program's effectiveness and benefit to the general fund.

**STAFF RECOMMENDATION: Approve as budgeted, with amendment to make positions 2-year limited term.**

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### ISSUE 2: APRIL FINANCE LETTER – CAPITAL OUTLAY

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**April 1 Finance Letter:** In an April 1 Finance Letter, the Administration is requesting to increase the Department's capital outlay budget by \$37,058,000 (Lease Revenue Bonds) to reflect the following:

1. Increase by \$28,506,000 for preliminary plans (\$1,733,000), working drawings (\$1,540,000), and construction (\$25,233,000) of the Madera-Mariposa-Merced Unit Headquarters—Replace Facility project. The existing facility suffers from critical infrastructure deficiencies that impair program delivery and building code noncompliance that could pose health and safety hazards. The apparatus building is inadequate for the current size of the fire engines. The 40-year old automotive shop cannot accommodate the service and repair needs of the firefighting vehicle fleet that has increased over time. This project will bring the facility into compliance with current building codes and up to the level of service required for this essential services facility.
2. Increase by \$8,552,000 for preliminary plans (\$591,000), working drawings (\$498,000), and construction (\$7,463,000) of the Altaville Forest Fire Station—Replace Automotive Shop project. In addition to space, health and safety concerns, the existing facility is located on leased property. The lease will expire in 2010 and the lessor has indicated that the lease will not be renewed. This project will replace the old automotive shop in San Andreas with a new facility on a state-owned site adjacent to the Altaville Forest Fire Station. This location will provide a long-term solution for this facility.

**Staff Comments.** Staff has no issues with these ongoing major capital outlay projects.

**STAFF RECOMMENDATION: Approve as budgeted.**



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**ISSUE 3: CAPITAL OUTLAY**

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**Governor's Budget.** The Governor's budget proposes a total of \$1.8 million (General Fund) and \$91.4 million (Lease Revenue Bonds) for the following 7 major capital outlay projects and 1 minor capital outlay project:

1. **Higgins Corner Fire Station land acquisition and Facility replacement:** \$9.3 million (lease Revenue Bond)
2. **San Mateo/Santa Cruz Unit headquarters relocation of Auto Shop:** \$11.2 million (LRB)
3. **Santa Clara Facility Replacement:** \$20.9 million (LRB)
4. **Siskiyou Unit HQ facility Replacement:** \$30.2 million (Lease Revenue Bond)
5. **Vina Helitack Base facility replacement:** \$13.1 million (Lease Revenue Bond)
6. **Garden Valley FS facility replacement:** \$6.3 million (LRB)
7. **Warner Springs Forest Fire Station facility replacement:** \$591,000 (LRB)
8. **Minor Capital Outlay:** Potable water system replacement at 3 fire stations, 1 headquarters and two Conservation camps. Replace and upgrade waste water system at two CC's and increase grease trap and septic tank capacity at one CC. \$1.9 million (General Fund).

**Staff Comments.** Staff has no issues with these ongoing major capital outlay projects. Additionally, because the minor cap outlay projects are necessary for safe drinking water and adequate septic tank capacity, staff recommends approval as budgeted.

**STAFF RECOMMENDATION: Approve as budgeted with LAO proposed BBL.**

*5. The funds appropriated in Schedules (4 and (5) include funding for construction and preconstruction activities, including, but not limited to, study, environmental documents, preliminary plans, working drawings, equipment, and other costs relating to the design and construction of Department of Forestry and Fire Protection facilities, that may be performed by the Department of Forestry and Fire Protection. Not less than 20 days after providing notice to the Joint Legislative Budget Committee, the Department of Finance may modify which projects may be managed by the Department of Forestry and Fire Protection, provided that such projects are limited to the design and construction of forest fire station facilities or facilities with substantially similar components, which can be managed by existing capital outlay staff. While the Department of Forestry and Fire Protection may manage these projects, the projects are subject to review by the State Public Works Board and require authorization to proceed to bid from the Department of Finance.*

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**ISSUE 4: MAY TECHNICAL— CAPITAL OUTLAY**

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The Governor's budget is requesting to augment the Department's Capital Outlay budget by \$29,485,000 to reflect the following:

Increase by \$1,397,000 for construction for the Garden Valley Forest Fire Station—Replace Facility project to reflect refined project scope and costs based on a completed budget package estimate.

Increase by \$28,088,000 to provide for increased costs for the following projects:

1. \$2,406,000 for construction for the North Region Forest Fire Station Facilities project.
2. \$5,437,000 for preliminary plans (\$182,000), working drawings (\$25,000), and construction (\$5,230,000) for the Intermountain Conservation Camp—Replace Facility.
3. \$1,580,000 for construction for the Siskiyou Unit Headquarters—Replace Facility project.
4. \$7,691,000 for acquisition (\$65,000), working drawings (\$71,000), and construction (\$7,555,000) for the South Operations Area Headquarters—Relocate Facility project
5. \$10,974,000 for construction for the Miramonte Conservation Camp—Replace Facility.

Add Item 3540-491 to reappropriate the following project phases:

1. Budget Act of 2004: Mt. St. Helena: Communication Facility: Renovation—Construction.
2. Budget Act of 2006: Statewide: Construct Communication Facilities—Construction.
3. Budget Act of 2004: Ukiah Forest Fire Station: Replace Facilities—Construction.
4. Budget Act of 2005: Alma Helitack Base: Replace Facility—Working Drawings and Construction; Mendocino Ranger Unit Headquarters: Replace Automotive Shop—Working Drawings and Construction; San Luis Obispo Ranger Unit Headquarters: Replace Facility—Construction; Statewide: Construct Forest Fire Stations—Working Drawings and Construction; Ventura Youth Conservation Camp: Construct Apparatus Buildings, Shop and Warehouse—Working Drawings and Construction; Warner Springs Forest Fire Station: Replace Facility—Construction.

The following projects were delayed because no favorable bids were received for the construction contracts when these projects were initially bid by the Department of General Services (DGS). Therefore, it was necessary for CAL FIRE to manage these projects. These projects are currently under construction and reappropriation of the construction funds will allow these projects to continue.

1. Elk Camp Forest Fire Station: Relocate Facility—Construction.
2. Pacheco Forest Fire Station: Replace Facility—Construction.

The following projects, which were designed and constructed by DGS, have ancillary components that CAL FIRE will start constructing once DGS completes their work on the projects. Because the work may extend beyond the end of this fiscal year, the reappropriation will be necessary to ensure CAL FIRE completes these essential components.

1. Harts Mill Forest Fire Station: Replace Facility—Construction.
2. Rancheria Forest Fire Station: Replace Facility—Construction.
3. Raymond Forest Fire Station: Relocate Facility—Construction.
4. San Marcos Forest Fire Station: Relocate Facility—Construction.
5. Vallecito Conservation Camp: Replace Apparatus Building and Utilities—Construction.

Item 3540-301-0660, Budget Act of 2006:

6. Academy: Construct Dormitory Building and Expand Messhall—Working Drawings and Construction.
7. Alma Helitack Base: Replace Facility—Working Drawings and Construction.
8. Badger Forest Fire Station: Replace Facility—Working Drawings and Construction.
9. North Region Forest Fire Station Facilities—Plans, Working Drawings, and Construction
10. Pacheco Forest Fire Station: Replace Facility—Construction.

In addition, the following projects will be ready for State Public Works Board (SPWB) approval of preliminary plans by the end of this fiscal year. However, the projects require supplemental appropriations, which are pending in the 2008-09 Governor's Budget, to address project deficits in excess of 20 percent of the project appropriation, before the SPWB can grant approval. Because this issue will not be addressed by the end of the fiscal year, it is necessary to extend the expenditure authority for the following projects:

1. Intermountain Cons. Camp: Replace Facility—Working Drawings and Construction.
2. Miramonte Conservation Camp: Replace Facility—Working Drawings and Construction.

The following projects are being designed and managed by CAL FIRE. However, because CAL FIRE does not have a mechanism to encumber funds for in-house costs; the unencumbered funds for the following projects need to be reappropriated to ensure project completion:

1. Fawn Lodge Forest Fire Station: Replace Facility and Install New Well—Preliminary Plans, Working Drawings, and Construction.
2. Las Posadas Forest Fire Station: Replace Facility—Preliminary Plans, Working Drawings, and Construction.
3. Paso Robles Forest Fire Station: Replace Facility—Preliminary Plans, Working Drawings, and Construction.
4. Westwood Forest Fire Station: Replace Facility—Preliminary Plans, Working Drawings, and Construction.

It is requested that Item 3540-492 be added to extend the liquidation period by one year for the following project phases:

Item 3540-301-0660, Budget Act of 2004:

1. Cuyamaca Forest Fire Station: Relocate Facility—Working Drawings.

2. Sonora Forest Fire Station: Relocate Facility—Construction.

Item 3540-301-0660, Budget Act of 2005:

3. Santa Clara Ranger Unit Headquarters: Construct Facility—Working Drawings and Construction.

It is requested that Item 3540-496 be amended to revert the following project phases:

Item 3540-301-0001, Budget Act of 2006

Hollister Air Attack Base: Relocate Facility—Acquisition and Working Drawings. This project is experiencing delays in the preliminary plans phase as a result of the protracted project site negotiations with the City of Hollister. The preliminary plan approval for the project may extend into the 2008-09 fiscal year. Therefore, the funds for working drawings will not be needed in the budget year.

**STAFF RECOMMENDATION: Approve as budgeted.**

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## 3600– DEPARTMENT OF FISH AND GAME

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### ISSUE 1: APRIL 1 FINANCE LETTER: FISH AND GAME WARDENS

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**April Finance Letter:** The Department is proposing in an April 1 letter to restore funding for 38.0 warden positions proposed for elimination in the Governor's Budget Balancing Reduction proposal. It is further requested that \$500,000 be redirected from the Hunting, Fishing, and Public Use Program for this purpose.

**Staff Comments:** Staff has no issues with this proposal.

**STAFF RECOMMENDATION. Approve as budgeted.**

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### ISSUE 2: APRIL 1 FINANCE LETTER: ENVIRONMENTAL REVIEW OF TRANSPORTATION INFRASTRUCTURE PROJECTS

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**April Finance Letter:** The Department is proposing in an April 1 letter to increase Reimbursements by \$1,347,000 to fund environmental reviews of transportation infrastructure projects. The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) provides \$19.9 billion for high-priority transportation projects. Fish and Game's involvement is necessary to ensure that these infrastructure projects meet California Environmental Quality Act requirements, and are approved in an expedited manner. This funding will be provided by the Department of Transportation through an interagency agreement.

**Staff Comments:** Staff has no issues with this proposal.

**STAFF RECOMMENDATION. Approve as budgeted**

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### ISSUE 3: APRIL 1 FINANCE LETTER: ECOSYSTEM AND SALTON SEA RESTORATION

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**April Finance Letter:** The Department is proposing in an April 1 letter to reappropriate Proposition 84 funds provided in the 2007 Budget Act for the CALFED Ecosystem Restoration Program and the Salton Sea Restoration Program. It is further requested that Budget Bill language be added to allow funds provided in the 2008-09 Governor's Budget for these programs to be available for expenditure through June 30, 2011.

The 2007 Budget Act provided \$49.0 million Proposition 84 funds for the CALFED Ecosystem Restoration Program and \$13.3 million Proposition 84 funds for the Salton Sea Restoration Program. These programs have been delayed for a variety of reasons, including the late passage of the 2007 Budget Act. This proposal will provide additional time for these projects to be completed. (See Attachments II and III)

**STAFF RECOMMENDATION. Staff recommends that the Subcommittee approve the reappropriation as proposed for the Salton Sea Restoration Program. Staff further recommends that the Subcommittee approve the reappropriation of the CALFED Ecosystem Restoration Program until June 30, 2009.**

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## 3790 – DEPARTMENT OF PARKS AND RECREATION

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### ISSUE 1: IMPROVING FIRE PREVENTION AT STATE PARKS

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**Governor's Budget.** The Governor's budget proposes \$3 million General Fund for increased fire prevention in the state park system. The proposal would fund 30 new park ranger positions statewide and related equipment and vehicles. According to the Department, the additional park ranger positions requested would not participate in fire prevention or in firefighting activities. Rather, the requested positions would be used to augment the Department's law enforcement presence in state parks—potentially deterring park visitors from accidentally or intentionally starting fires—and reporting fires to firefighting agencies.

**LAO Recommendation.** The LAO found that adding park ranger positions will not address the Department's primary responsibility with respect to wildfire—vegetation management and prescribed burns. In addition, while there may be general law enforcement benefits from adding park ranger positions, the Department has not demonstrated that adding 30 park rangers across the entire park system will cost-effectively prevent human-caused fires in state parks. We therefore recommend the budget request be denied.

**Staff Comments.** This issue was heard on March 12<sup>th</sup>. Staff agrees with the comments made by the LAO that this proposal be denied. This is a General Fund augmentation that should be used to fund some of the cuts proposed in the BBRs.

**Staff Recommendation. Reject Proposal**

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### ISSUE 2: APRIL FINANCE LETTER: CAPITAL OUTLAY

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**April Finance Letter.** In an April Finance Letter, the Department is requesting the appropriation of:

1. \$836,000 for the Malibu Creek State Park: Restore Sepulveda Adobe project. Based upon received bids, the additional construction funding is needed to cover cost increases attributable to construction cost escalations, delays, and increased pay rates.
2. \$183,000 for preliminary plans for the Cuyamaca Rancho State Park: Equestrian Facilities project. The proposed facility would include parking for five to ten vehicles with horse trailers, a restroom, various minor amenities, and a trail connection to the existing park trail system. This project will increase park access and trail connectivity for both equestrians and hikers.
3. \$771,000 for preliminary plans for the Eastshore State Park: Brickyard Cove Development project. This project will make environmental improvements, provide increased connectivity with the San Francisco Bay Trail, and expand recreational opportunities at an undeveloped site within a high-density urban area.

**Staff Recommendation. Approve as budgeted**

**3860– DEPARTMENT OF WATER RESOURCES**

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**ISSUE 1: APRIL FINANCE LETTER: SALTON SEA INTERIM RESTORATION AND MANAGEMENT**

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**April Finance Letter:** The Department is proposing in an April 1 letter to increase reimbursements by \$7.4 million for interim restoration and management of the Salton Sea. DWR will perform this work in cooperation with the Wildlife Conservation Board, Department of Fish and Game, and local entities. (There is a corresponding Finance Letter for the Department of Fish and Game).

**Staff Comments.** Staff has no issues with this proposal and recommends approval as budgeted.

**STAFF RECOMMENDATION: Approve as budgeted**

## ITEMS TO BE HEARD

### 0540—SECRETARY FOR RESOURCES

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#### ISSUE 1: CAFED SCIENCE PROGRAM

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The Governor's budget is requesting a total \$26.4 million in bond funds (\$8 million from Proposition 84 and \$18 million from Proposition 509 for the Secretary for Resources for the CALFED Science Program. These Funds would be used by the California Bay Delta Authority (CBDA) within the Resources Agency to award grants for scientific research that serve highest priority needs of the Delta. Priorities will be determined by a Topic Selection Panel consisting of high level stakeholders, agency managers and academics and submitted for public review.

**LAO Recommendation.** Based on updated information presented to us from CalFed, the LAO has provided the following updated recommendation on the CalFed Science Program.

#### *Obligated Science*

- **Timely Information (Prop 50, \$2 million) - Approve** - For coordination and presentation of information for Delta Vision, etc. We recommend funding these activities as they will assist Delta Vision and others make use of existing scientific research.
- **Focused Research (Prop 50, \$8.3 million) - Approve** - For ongoing scientific studies relating to water quality, invasive species, etc. Since these research projects are ongoing, we don't think it makes sense to cut funding in the middle of these projects.
- **Staff (Prop 50, \$4.3 million) - Approve.**

#### *Unobligated Science*

- **Timely Information (Prop 50, \$1 million) - Approve** - For coordination and presentation of information for Delta Vision, etc. We recommend funding these activities as they will assist Delta Vision and others make use of existing scientific research.
- **Focused Research (Prop 84, \$8 million) - Reject** - For new scientific studies. We recommend against funding new research that is unlikely to provide results in time to inform Delta Vision and subsequent legislative decisions.
- **Focused Research (Prop 50, \$2.8 million) - Reject** - For new scientific studies. We recommend against funding new research that is unlikely to provide results in time to inform Delta Vision and subsequent legislative decisions.

**Staff Comments.** Staff agrees with the LAO that general obligation bond funds invested into the CALFED Science program need to provide directly inform the Delta Vision and subsequent legislative decision. Staff does feel, however, that there is justification to move



forward with CALFED Science funding ahead of policy discussions to be had surrounding the Delta Vision.

The options that the Legislature will face in dealing with the Delta are generally well known to policy makers and to those that are developing the Delta Vision Plan. In addition, those that are developing those options are also responsible for the selection of scientific research projects to be funded by this proposal and should feel the obligation to use General Obligation funds in a manner that provides lasting benefit to the taxpayer.

Principally, the Delta faces major water quality, ecosystem and sustainability failures that have catastrophic impacts on California's environment and economy. In addition, legacy contamination such as methyl mercury pollution from centuries old gold mining practices, or ongoing human impacts such as agricultural runoff and resulting salinity will continue to be a problem regardless of policy decisions made related to the Delta. Because of the tremendous complexity and controversial nature of water politics and the Delta, California State Government has not historically been able to make either expeditious or acutely directed policy decisions on how the Delta should function as both an environmental and water storage/delivery asset to the state. Because of this, staff is not confident that an action to delay funding for research on problems facing the Delta today will be followed in the near future by a clear roadmap approved by the Government or the voters for what the future Delta will look like.

Because of the shared concern by the LAO and staff, staff recommends that this proposal be approved on a one year basis to give the subcommittee the opportunity to review this program in parallel with the Delta Vision Plan.

**STAFF RECOMMENDATION: Approve as budgeted on a one-year basis**

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**ISSUE 2: RIVER PARKWAYS**

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**Governor's Budget.** The Governor's budget is requesting \$241,000 (Proposition 84) for support and \$28.4 million for local assistance in 2008-09 to support the ongoing River Parkways local assistance program. This program is a continuation from the Proposition 50 River Parkways program.

**April Finance Letter.** In an April Finance Letter, the Agency is requesting that 41.1 million be reappropriated from Proposition 13 funds that either did not come to fruition or were completed under budget.

**Staff Comments.** Staff has no concerns with this proposal as this program is consistent with the ongoing Proposition 50 and Proposition 13 River Parkways program.

**STAFF RECOMMENDATION: Approve as budgeted**

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**ISSUE 3: SAN JOAQUIN RIVER RESTORATION**

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**Governor's Budget.** The Governor's Budget proposes \$15,906,000 in Proposition 84 bond funds for San Joaquin River restoration, which would be provided to the Department of Water Resources (60%) and Department of Fish and Game (40%). These funds would be spent primarily on planning, design, and easement acquisition.

**Staff Comments.** The Subcommittee took action on this issue on March 12<sup>th</sup> but since that time there have been proposed changes to the Administration's budget bill language. Concurrent with other actions related to this item, staff recommends that the issue be reopened and the alternative budget bill language be adopted.

**STAFF RECOMMENDATION.** Staff recommends that the Subcommittee replace the previously approved Governor's budget bill language with the following budget bill language and make corresponding actions for the Department of Fish and Game and Water Resources:

*Expenditure of the funds appropriated in this item shall continue only so long as the United States Bureau of Reclamation continues to provide federal funds and continues to carry out federal actions to implement the settlement agreement in N.R.D.C. v. Rodgers.*

*The funds appropriated in this item for purposes of Section 75050(n) of the Public Resources Code shall be available for encumbrance or expenditure until June 30, 2011, for purposes of support, local assistance, or capital outlay.*

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**ISSUE 4: APRIL FINANCE LETTER: COASTAL IMPACT ASSISTANCE PROGRAM**

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**April Finance Letter.** The Governor's budget is proposing to expend \$9.6 million in Federal Funds for implementation of the Coastal Impact Assistance Program (Program). The Program allocates federal funds to California and five other states for coastal conservation and mitigation projects and activities.

In November 2005, Governor Schwarzenegger designated the Resources Agency as the lead state agency for implementing the Coastal Impact Assistance Program (CIAP) in California. As such, the Resources Agency is obligated to work with state departments, commissions, conservancies, and boards and the 17 eligible counties in developing a project and expenditure plan that is consistent with the Energy Policy Act of 2005 and the MMS's CIAP State Plan Guidelines. The state's plan must be submitted to the MMS for approval no later than July 1, 2008. MMS must approve the plan before funds can be disbursed to state and county agencies. Disbursement of funds will be through individual project grant agreements administered by the MMS.

The Act stipulates that a state or local jurisdiction shall use CIAP funds for only one or more of the following authorize uses:

1. projects and activities for the conservation, protection, or restoration of coastal areas, including wetlands;
2. mitigation of damage to fish, wildlife, or natural resources;
3. planning assistance and the administrative costs of complying with the CIAP;
4. implementation of a federally-approved marine, coastal, or comprehensive conservation management plan; and
5. mitigation of the impact of OCS activities through funding of onshore infrastructure projects and public service needs.

In the April Letter, the Resources Agency has coordinated the following uses of CIAP funding:

- **Secretary for Resources** will use these funds to: (1) develop and implement a standardized set of wetlands assessment and tracking tools for California wetlands and riparian areas, (2) implement the West Coast Governor's Agreement on Ocean Health, and (3) hold a conference on California and the World Ocean.
- **Department of Fish and Game** - \$1.9 million to: (1) provide ecosystem-based monitoring in support of the Marine Life Protection Act and Marine Life Management Act, (2) enhance marine law enforcement, and (3) draft an environmental impact report for the southern Marine Life Protection Act study region.
- **San Francisco Bay Conservation and Development Commission** - \$445,000 to: (1) assist local governments in preparing for sea level rise in the San Francisco Bay, and (2) develop a regional sediment management program in the San Francisco Bay region.
- **Department of Boating and Waterways** - \$650,000 to develop three regional sediment management plans.

- **California Coastal Commission** - \$537,000 to: (1) develop coastal access and resource maps, (2) present workshops for land use planners on impacts of development on coastal water quality, (3) develop an on-line guide on addressing climate change impacts within the context of the Coastal Act, and (4) develop a program to more efficiently and effectively assist energy and ocean-based project applicants before and during the permit application process.
- **State Coastal Conservancy (SCC)** - \$290,000 to reflect this change. The SCC will use this funding to: (1) control invasive cordgrass, (2) prepare plans to remove the San Clemente Dam, (3) implement a sustainable shoreline erosion management program at Surfer's Point at the mouth of the Ventura River, (4) examine long-term shoreline change in San Francisco Bay related to projected sea-level rise, and (5) develop a website for users of the San Francisco Bay Area Water Trail.
- **Ocean Protection Council (OPC)** - \$2.08 million to: (1) conduct the California seafloor mapping program, (2) support science services for the OPC, (3) perform a public awareness campaign, and (4) conduct the Santa Cruz Debris Program.
- **State Lands Commission** - \$250,000 to remove hazardous structures in the Santa Barbara Channel.
- **Department of Parks and Recreation** — \$268,000 to reflect this change to: (1) treat and manage unpaved roads in coastal watersheds, (2) plan and direct Parks' role in supporting the Marine Life Protection Act, (3) remove invasive veldt grass at Morro Dunes, (4) restore the Glass Beach coastal trail and Perched Dune, and (5) begin restoration of the Espa Lagoon in Humboldt County. In addition, Parks requests the establishment of 1.0 position for these activities.

**Staff Comments.** Staff understands that the Resources Agency has worked in close coordination with the different state agencies and the federal government in developing this plan to insure that the proposed expenditures are consistent with the guidelines. Staff feels that where possible, these funds should be used by the state to provide measurable improvements to the state's coastline. For the majority of these proposals, staff feels that the proposed expenditures are appropriate and provide much needed funding for core coastal protection activities such as increased enforcement, increases in coastal access, environmental restoration and public safety.

Staff has concerns, however, with the proposals to use this program to fund the Governor's World Oceans Conference (\$120,000) and the "Thank you Ocean" public relations campaign (\$400,000) because their benefit to the state and the coast are difficult to measure and should not be at the same priority as other legislative priorities such as enforcement, restoration or coastal access programs.

**STAFF RECOMMENDATION.** Staff recommends that the Subcommittee the Finance letter with exception of these two programs. Additionally, staff recommends that the Subcommittee redirect make this funding (\$520,000) available for enforcement, restoration or coastal access proposals.

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## 3850–COACHELLA VALLEY MOUNTAINS CONSERVANCY

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### ISSUE 1: PROPOSITION 84 FUNDING

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**Governor's budget.** The Governor's budget is proposing \$11.8 million (Proposition 84/Proposition 12 and Proposition 40) for acquisition funding to enable the Conservancy to implement its mission of acquiring and protecting mountainous and natural community conservation plan lands.

**Staff Comments.** Staff has no issues with this proposal.

**STAFF RECOMMENDATION.** Approve ad budgeted.

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## 3760–COASTAL CONSERVANCY

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### ISSUE 1: SEA OTTER FUNDING

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**Background.** AB 2485 (Jones) established a tax check off for Sea Otter Protection programs. It is the understanding of staff that the appropriation of collected funds in the budget year was unintentionally omitted from the budget.

Staff understands that in 2008-09, the Conservancy could appropriate \$225,000 from the California Sea Otter Fund to the State Coastal Conservancy, pursuant to Revenue and Taxation Code Section 18752 (c), to enable the Conservancy to allocate these funds for research and programs related to improving the nearshore ocean ecosystem.

**Staff Recommendation.** Approve appropriation of \$225,000 from the California Sea Otter Fund to the State Coastal Conservancy.

## 3125-TAHOE CONSERVANCY

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### ISSUE 1: LAKE TAHOE ENVIRONMENTAL IMPROVEMENT PROGRAM

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**April Finance Letter.** In an April Finance Letter, the commission is requesting \$6.9 million for in federal funds for three projects:

- \$2,783,000 for the Blackwood Creek Watershed Restoration Project
- \$3,614,000 for the Lake Forest Erosion Control Project
- \$572,000 for fuel reduction on the west and north shores of Lake Tahoe

The Blackwood Creek Watershed Restoration Project and the Lake Forest Erosion Control Project require a 25 percent state match. The match would come from previously approved Proposition 84 bond funds.

**Extension of Liquidation.** The finance letter also includes an extension of liquidation for Proposition 12 bond funds from 2003. The liquidation period would be extended until June 30, 2011. The total amount of unliquidated funds is approximately \$193,000.

**May Revise.** In the May revise, the Commission is requesting \$281,000 (Federal Funds) to support the implementation of the Environmental Improvement Program (EIP). Specific projects include restoration of the Upper Truckee River and Blackwood Creek watershed, erosion control in Lake Forest, and fuel reduction activities.

It is also requested that Item 3125-301-0890 be increased by \$1,233,000 to provide additional federal funds for capital outlay projects related to river and watershed restoration and soil erosion control activities in the Lake Tahoe Basin. This proposal would allow the California Tahoe Conservancy to continue to implement projects to achieve environmental goals identified in the EIP.

**STAFF RECOMMENDATION.** Staff recommends that the Subcommittee accept the finance letters with the amendment that liquidation is extended until June 30, 2009 only.

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## **3360–ENERGY COMMISSION**

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### **ISSUE 1: RESPONDING TO LEGISLATIVE DIRECTION ON PIER PROGRAM**

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**Governor's Budget.** The California Energy Commission (CEC) is requesting an augmentation of \$3.2 million (PIER) for 8 full time positions and \$2.5 million in baseline contract funds to respond to Legislative direction related to the PIER research program by increasing overall program infrastructure and oversight.

Specifically, this proposal requests: 3 positions to meet legislative direction to bring technologies to market from the PIER program; 1 position for PIER program evaluation; 1 position for program support; and 3 positions for clerical support.

*\$2.5 million for increased contract funds for programs support.* This request is to increase baseline spending authority to support need for contract resources to identify and evaluate research opportunities, develop and manage research studies, evaluate research activities, and help bring new energy technologies to the market place.

**Staff Comments.** This issue was heard by the Subcommittee on April 16<sup>th</sup> and was held open because of concerns raised related to the CEC use of contracting funds throughout its operations for activities that could be conducted by civil service employees. Staff shares these concerns as it relates to the CEC's baseline operations in the aggregate. The Department of Finance is currently conducting an audit of the CEC's contracting practices and once it is complete, the subcommittee will be in a better place to consider Commission-wide corrective actions. With regards to this proposal in particular, staff feels that the positions and contracts are justified in order to achieve the goals set by the subcommittee and the legislature for the PIER program to develop comprehensive metrics to measure effectiveness of the PIER program.

**STAFF RECOMMENDATION: Approve as budgeted.**

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**ISSUE 2: APPLIANCE ENERGY EFFICIENCY STANDARDS**

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**Governor's budget.** The Governor's budget is proposing an augmentation of \$303,000 (ERPA) for 3 positions and \$50,000 (ERPA) contracting funds to implement AB 662 (Ruskin) that authorizes and directs the Energy Commission to set appliance standards that save both energy and water.

**Staff Comments.** This was inadvertently omitted from the agenda on April 16<sup>th</sup> Agenda. The proposed expenditures are consistent with expenditure assumptions made at the time of the bills passage. Additionally, The CEC's energy efficiency standards programs have been greatly successful at increasing energy conservation statewide. Staff has no concerns with the proposal.

**STAFF RECOMMENDATION. Staff has no concerns. Approve as budgeted.**

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**ISSUE 3: RENEWABLE RESOURCES TRUST FUND TRANSFER TO GENERAL FUND**

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**May Revise.** In the May Revision, the Department of Finance is proposing to loan \$10.9 million from the Renewable Resources Trust Fund to the General Fund.

In the budget year, the RRTF beginning balance was \$95 million. Total projected expenditures are \$67.1 million from the fund and the total projected revenue is \$78 million.

**Staff Comments.** At the hearing the DOF and LAO should comment as to whether there might be more funding available to loan the General Fund from the RRTF considering its beginning balance of \$95 million.

Staff Recommends that the Subcommittee approve the proposal and consider increasing the loan amount if more funding is available.

**STAFF RECOMMENDATION. Approve as budgeted.**



## **3540—DEPARTMENT OF FORESTRY AND FIRE PROTECTION**

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### **ISSUE 1: LAO RECOMMENDATION STATE RESPONSIBILITY AREA FEE**

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**Increasing Cost of Fire Protection.** The Department's fire protection budget is divided into baseline fire protection and emergency expenditures. The baseline budget includes normal day-to-day costs, such as salaries and benefits for employees, the costs of operating facilities, and other regular firefighting costs. The budget also includes funding for the E-Fund which is used to pay for costs of fire protection beyond budgeted expenditures, such as overtime or special equipment rentals. The E-Fund expenditures are typically associated with large wildland fires that vary considerably in number and severity year-to-year. Actual fire protection expenditures (including E-Fund) in 1997-98 were \$408 million. In the current year, the Department estimates total fire protection expenditures (including E-Fund expenditures beyond the budget appropriation) will be over \$1 billion—a 150 percent increase. (Excluding E-Fund expenditures—the most volatile portion of the Department's fire protection budget—costs have nonetheless still increased by 120 percent over this period.)

**LAO Recommended Fee Proposal.** The LAO recommends that the Legislature create a new fee on SRA lands and use a portion of the revenues to offset the proposed General Fund reduction for the Department's fire protection program—thus avoiding the need to close facilities in the budget year. Specifically, the LAO recommends that the Legislature enact a fee assessed on property owners in SRA that would pay for 50 percent of the state's General Fund baseline cost for fire protection. The LAO recommends that E-Fund costs be excluded from this baseline, as E-Fund costs are often caused by large fire events that are of statewide significance. Based on the 2007-08 enacted budget, fee revenues from the LAO's proposed fee would be about \$265 million. The Legislature may wish to adopt an SRA fee along these lines, but one that reflects a different level of cost sharing between the state and the beneficiaries. Whatever the cost sharing level is, the LAO recommends that the Legislature design the fee such that it recovers a specified percentage of the state's General Fund baseline fire protection budget. This will ensure that the fee payers continue to pay an equitable share of the state's General Fund cost for fire protection over time.

**Staff Comments.** Staff supports the concept of a fee placed on those that benefit most from the State Wildfire protection spending and recommends that the subcommittee approve the LAO's recommendation for trailer bill language in concept that would enact a fee on property owners in the SRA that would generate enough revenue to support 50% of the states General Fund baseline cost for fire protection.

**STAFF RECOMMENDATION: Approve LAO recommended Trailer Bill in concept**

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**ISSUE 2: BATTALION CHIEF STAFFING**

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**Governor's Budget.** The Governor's Budget proposes \$2,263,000 (\$926,000 on-going) from General Fund for 28 PY for the Battalion Chief Classification. Because actual costs for the positions are coming from existing resources, the requested General Fund will be used for equipment purchases (vehicles, computers, desks, etc.) for the increased number of positions.

**Background.** Prior to July 1, 2006, the Battalion Chief (BC) classification earned more with overtime than the management position Unit Chief. Thus there were few BCs willing to promote into the levels of management. As the workforce aged, a number of managers at the Unit Chief level had retired, leaving a number of vacancies. The Department of Personnel Administration and CALFIRE reached an agreement to address the inversion issue within CALFIRE, and the managers began to again earn more than the BCs.

Additionally, on July 1, 2006, the Bargaining Unit 8 contract changed the working hours for the BC classification from 84 to 72 hours per week. However, the incumbent BCs employed prior to July 1, 2006 retained the 84-hour work week.

As promotions and retirements take place, more BC positions are converting to 72-hour work weeks. Thus the Department is experiencing a shortage of BC positions.

**Staff Comments.** This proposal was held open on April 9<sup>th</sup> because the Legislature had not yet received an overdue report on the Department's increased fire prevention activities in state responsibility areas and outside state responsibility areas. This report was received for 2008.

**STAFF RECOMMENDATION: Approve as budgeted**

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**ISSUE 3: CLIMATE CHANGE AND URBAN GREENING**

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In the Governor's budget, the Department requested in two proposals a total of \$87.5 million (Proposition 84) over a ten year program to fund a wide range of existing programs in urban forestry, reforestation, fire prevention and ecosystem health that will have GHG reduction impacts.

**May Revise.** In the May Revise, the Department has requested to withdraw the Climate Change Proposal for \$4.4 million in funds.

**Urban Greening Local Assistance:** The Department is requesting \$5.4 million (Proposition 84) for the second year of grants for the Department's Urban Forestry program to increase: urban forest resources; vegetative cover in cities; prevalence of native species of trees; and participation by local communities in the management of urban forest resources.

**Staff Comments.** Proposition 84 states that not less than \$20 million shall be available for urban forestry projects pursuant to the California Urban Forestry Act, Chapter 2 (commencing with Section 4799.06) of Part 2.5 of Division 1. Currently, the Urban Forestry Act of 1978 does not include activities proposed in these proposals such as reforestation for fuel load reduction. In order to include these activities under urban forestry, the Department would need to submit legislation to amend the Urban Forestry Act to include these activities.

**Urban Forestry and Air Quality.** Recent studies conducted at UC Davis have shown that tree species such as Redwoods are very effective at filtering out particulate emissions and heavy metals from the air. When planted around schools or parks in urban settings, these trees can act as filters to protect children in close proximity to vehicular traffic from the harmful effects from emissions and road-born dust and heavy metals.

At the hearing, the Department should be prepared to discuss whether urban forestry programs prioritize funds to achieve health quality benefits and specifically, how programs focused on bringing more trees to schools prioritize this potential benefit when selecting tree species.

**STAFF RECOMMENDATION: Approve May Revision Finance Letter to withdraw Climate change proposal. Approve the second year of Urban Forestry Grants. Approve the following budget bill language.**

*Provisions:*

*1. Of the funds appropriated in this item, it is the intent of the Legislature that those funds designated for planting trees on school grounds in urban settings with high rates of exposure to vehicle emissions and toxic particulate pollution funding be prioritized to maximize air quality and health benefits.*

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**ISSUE 4: APRIL FINANCE LETTER: STATE FOREST PERSONNEL**

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**April Finance Letter.** In an April Finance Letter, the Department requested an augmentation of 14.5 PYs be established in the Demonstration State Forest Program to provide staffing for CAL FIRE to implement the Jackson Forest management plan once it is approved. Budget bill language is also requested to specify that the positions not be filled until sufficient revenue is generated by timber harvesting at Jackson Forest to fund the positions. A number of positions were eliminated when revenue from timber harvesting at Jackson Forest ceased in 2003 because the Superior Court of California, Mendocino County, ruled that the Environmental Impact Report for the Jackson Forest management plan was flawed. The revised management plan was approved by the Board of Forestry in January 2008, and CAL FIRE expects the Court to making its ruling by June 2008.

**Staff Comments.** Staff has no issues with this proposal as it is dependent on the state actually generating revenue from Jackson State Forest.

**STAFF RECOMMENDATION. Approve as budgeted**

## 3600—DEPARTMENT OF FISH AND GAME

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### ISSUE 1: CALFED ECOSYSTEM RESTORATION PROGRAM

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**Governor's Budget.** The Governor's budget requests \$21 million in Proposition 84 bond funds and 17 permanent positions for the CALFED Ecosystem Restoration Program (ERP), which is implemented by DFG. These funds would support the following activities:

- ***Dutch Slough Tidal Marsh Restoration (\$5.9 Million)***—Continuing restoration of an area of tidal marsh, to improve water quality and fish habitat.
- ***Miens Landing Tidal Marsh Restoration (\$1 Million)***—Continuing restoration of an area of tidal marsh, to improve water quality and fish habitat.
- ***M&T/Llano Seco Fish Screen (\$12 Million)***—Modifications to a specific Sacramento River bank near Chico to prevent sediment buildup over an existing fish screen that prevents salmon from being pulled into water supply systems.
- ***Performance Measures (\$824,000)***—Efforts to develop performance measures that will ultimately be used to track CALFED ERP project successes and failures.
- ***Constant Fractional Marking for Central Valley Chinook Salmon (\$1.1 Million)***—Collection of data on salmon in Central Valley rivers and in the Pacific Ocean.
- ***U.S. Fish and Wildlife Invasive Species Program (\$200,000)***—State support for a federal program to prevent invasive species from becoming established in the Delta.

**LAO Recommendation:** The LAO is recommending that the Legislature reject the Dutch Slough Tidal Marsh Restoration and the Miens Landing Tidal Marsh Restoration proposals in the budget year. The LAO feels that these proposals should be delayed until the Delta Vision process is complete to give the Legislature an opportunity to consider the long-term uses and configurations of the Delta as both an ecosystem and a water supply system. Additionally, the LAO recommends the Legislature reject the proposed M&T/Llano Seco Fish Screen project because of concerns that the project would not directly benefited fish populations *in* the Delta and possibly could be funded by non state beneficiaries.

**Staff Comments.** Staff feels that, as with the Resources Agency's CALFED Science proposal, there is coordination between the selection process of these proposals and with the development of the Delta Vision. Additionally, considering the current salmon crisis on the Sacramento River staff recommends that the subcommittee approve the llano fish screen proposal. Lastly, staff recommends that these issues move to conference to be discussed comprehensively with other Delta related issues. The Senate subcommittee has acted to approve the LAO recommendations. Approval as budgeted by the Assembly subcommittee would move this proposal to Conference Committee.

**STAFF RECOMMENDATION: Approve as budgeted.**

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**ISSUE 2: APRIL FINANCE LETTER; PROPOSITION 84 VEGETATION MAPPING POSITIONS**

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**April Finance Letter.** In an April Finance letter, the Department is requesting authority for 5.0 positions in order to perform vegetation mapping activities. Vegetation mapping provides detailed natural resource information to guide decision makers in developing general or regional plans, or to plan specific projects, to minimize the impacts on habitat and species. Fish and Game received a \$3.9 million grant from the Wildlife Conservation Board from Proposition 84 funds for vegetation mapping activities. This proposal will make five administratively established positions permanent.

**Staff Comments.** The requested positions would allow the department to implement vegetation mapping programs that have been of priority for the Subcommittee and are funded through a grant made by the WCB for this purpose. Staff has no concerns with this proposal

**STAFF RECOMMENDATION. Approve as budgeted.**

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**ISSUE 3: SUCTION DREDGE PROGRAM (REOPEN)**

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**Governor's Budget.** The Governor's budget proposes \$1 million General Fund for 2008-09 and \$500,000 for 2009-10 to complete a court ordered environmental review of the Department's Suction Dredging Program pursuant to the California Environmental Quality Act.

**Staff Comments.** In a prior action, the Subcommittee acted to approve trailer bill language in concept to adopt a partial moratorium on suction dredging and to increase fees to support the program. Also, the Subcommittee adopted budget bill language to specify that the expenditure of the \$1 million appropriated for the EIR be contingent upon approval of a trailer bill adopting interim standards for suction dredging

In Senate subcommittee a similar action was approved to enact a total moratorium on suction dredging permits and add trailer bill language that prohibits the department of Fish and Game from issuing suction dredge permits until the CEQA review has been completed.

Staff understands that there is a preference of some advocates to approve a complete rather than a partial moratorium on suction dredging.

**STAFF RECOMMENDATION: Staff recommends that the Subcommittee re open this issue and conform to the Senate's action.**

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**ISSUE 4: OIL SPILL PREVENTION PROGRAM**

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**Governor's Budget.** The Governor's budget is requesting an augmentation \$250,000 from the Oil Spill Prevention Administration Fund (OSPAF) to fully fund the operation of the Physical Oceanographic Real Time System (PORTS) by the Marine Exchange for the purpose of helping recreational boaters, ferry boats, merchant shipping and other users navigate safely through the bay.

Currently, the Department provides \$126,000 per year in local assistance to the Exchange for PORTS operation with other funding coming from the Exchange and the Department of Boating and Waterways. This proposal would provide full funding from the Department and allow the Department to use local assistance funds previously dedicated to PORTS for other oil spill related grant programs.

**April 1 Finance Letter.** In an April 1 Finance Letter, the Department is requesting a one-time augmentation from OSPAF of \$230,000 and ongoing funding of \$70,000 to allow the Marine Exchange expand the PORTS program with additional marine sensors that will be placed in areas that are not currently monitored by the system.

**Oil Spill Response Grants.** Additionally in the April 1 Finance Letter, the Department is requesting two items: 1) An augmentation of \$650,000 in local assistance grant funds to provide grants to local governments to purchase oil spill response equipment to minimize the adverse effects of future oil spills. These grants will be in the amount of \$25,000 to any local government entity adjacent to marine waters (26 counties) to purchase response equipment that can be pre positioned throughout the state; and 2) \$104,000 for one two-year limited term position to oversee the Oil Spill Response Grant Program and to provide training to the local governments on how to use the oil spill response equipment.

**May Revision.** In the May Revision, the Administration is proposing to make a general fund loan of \$13 million from the OSPAF.

**Background.** PORTS is a twenty four hour a day system that uses an array of measuring instruments, cable, radio, and telephone systems to measure the currents, depth, and wind in the San Francisco and Suisun Bays. Measurements are taken every six minutes and are available by phone or internet to users of the bay.

**Staff Comments.** Over the last three years, the Department has maintained sizable fund balances in the OSPAF – when the budget was released, the projected 2008-09 fund balance was \$15.1 million (down from \$18.7 in 2006-07). Combined, the Department is requesting a total of \$1.13 million in new funding from the OSPAF for the Oil Spill Response Program with an additional loan to the General Fund of \$13 million. Staff supports these proposals as they are good step forward for the program and while there were prior concerns that the proposal wasn't aggressive enough, the fund balance for the OSPAF after the May Revision can not support any additional augmentations.

**STAFF RECOMMENDATION: Approve as budgeted**

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**ISSUE 5: SPECIAL FUND LOANS AND TRANSFERS**

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**May Revise.** In the May Revision, the Governor's budget proposes \$1 million General Fund for 2008-09 and \$500,000 for 2009-10 to complete a court ordered environmental review of the Department's Suction Dredging Program pursuant to the California Environmental Quality Act.

It is requested that General Fund loans be provided from the following special funds:

- Department of Fish and Game: California Waterfowl Habitat Preservation Account—Add Item 3600-011-0211 in the amount of \$2.5 million.
- Department of Fish and Game: Oil Spill Prevention and Administration Fund—Add Item 3600-011-0320 in the amount of \$13.0 million.
- Department of Fish and Game: Hatchery and Inland Fisheries Fund—Add Item 3600-011-3103 in the amount of \$4.0 million.

It is the Administration's intent that these loans be repaid to ensure that the programs supported by the special funds are not adversely affected by the loan.

It is also requested that funds be transferred to the General Fund from the following special fund:

- Department of Fish and Game: Coastal Wetlands Account—Add Item 3600-011-3104 in the amount of \$4.7 million.

**Staff Comments.** While the proposed funds for transfer or loan support important programs at the Department, staff recommends that these proposal be approved because of their benefit to the General Fund.

**STAFF RECOMMENDATION. Approve proposal.**



## 3720—COASTAL COMMISSION

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### ISSUE 1: COASTAL COMMISSION FUNDING

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**Governor's Budget:** In the Governor's budget, an augmentation of \$524,000 from expected increases in fee revenue is requested to support various baseline operating expenses and equipment costs at the commission.

Since the budget cuts of 2002-03, the commission has endured significant cuts in its funding and has avoided staff lay-offs by delaying operational expenses and cutting/shifting funds internally. The culmination of these actions has left the Commission without budgetary flexibility in their funding that is needed to protect core program funding from unavoidable operational cost increases such as rent, fuel, utility bills, etc.

This proposal from the Administration was an attempt to give the Commission some relief operationally using new revenue expected from recently approved Coastal Permit fee increases.

**Trailer Bill Language:** Currently fee revenue collected by the Commission is transferred to the Coastal Conservancy for the coastal access program. The Administration is requesting that trailer bill language be approved to give appropriation authority in the Coastal Access Fund for the Commission. Under the proposal, amounts appropriated from this fund will be determined by the annual budget process.

**Budget Balancing Reductions.** Following the development of this budget change proposal, the Administration's 10 percent across the board cuts equated to a reduction of \$1.2 million (General Fund) for the Commission. This subsequent proposal to cut Commission funding takes away the gains provided by the Administration's budget change proposal and would direct the cut further into their programmatic base and result in layoffs of approximately 14 positions.

**Inadequate Permitting Service/Fee Increases:** Resulting from the ongoing budgetary cuts and increases in housing, energy, desalinization permitting workload, the Commission permitting process is exceedingly delayed for the applicants that are paying service fees. At the urging of the Legislature, the Commission raised its fees (which were recently approved by the Administrative Office of Law) under the rationale that it would provide the public a faster and improved permitting process. It is anticipated by the Commission that these fee increases will generate about \$2.3 million in new revenues annually - an increase of 53 percent.

**LAO recommendation.** In their review of the budget, the LAO has made the recommendation that Legislature should reject the proposed BBR and that the Commission be fully funded through fee revenue and other non-general fund sources. In order to do so, they recommend that:

**The Commission revise its fee schedule to fully fund its budget** – LAO feels that fees should cover most permitting and enforcement costs at the commission.

**The Legislature provide statutory authority to levy administrative penalties** – Currently, the Commission does not have authority to levy administrative penalties to coastal permit violators and must go to the courts to receive and penalty revenue. Administrative penalty authority is common throughout regulating bodies. As a model, the San Francisco Bay Conservation Development Commission which serves and almost identical function to the Coastal Commission has administrative penalty authority and reports to staff that it enables them to avoid the costly process of moving small penalties through the courts and provides more transparent and consistent method of levying penalties for violators.

**Creation of a special fund within the Coastal Commission's budget to deposit fees and penalties** – Because permit fee revenue will be supporting a larger percentage of the commission's work, the LAO is recommending that the commission have a fund dedicated in to their budget to deposit fees and penalties. This recommendation differs from the Administration as it would create a new fund within the commission rather than using an existing fund at the Coastal Conservancy.

**Eliminate revenue transfer to the Coastal Conservancy** –The LAO recommends that the annual transfer of \$500,000 to the Coastal Conservancy be eliminated because the Conservancy's considerable receives considerable funds from bonds.

**Local Coastal Plan Amendments:** Along with the recommendations of the LAO, an additional option to raise revenue for the Legislature to consider would be to provide the Coastal Commission with authority to charge separate fees on projects, often larger controversial proposals that drive amendments to Local Coastal Plans. The Commission reports that these larger projects like big developments, energy facilities, etc, exhaust significant staff time because of their controversial nature and their workload costs are highly disproportionate to their permit costs. Conceptually under this proposal, fees would be directed to the project proponents and would not have a local government impact.

**Staff Comments.** As an ongoing issue, the Subcommittee has expressed strong concern of program delivery adequacy at the Commission. Reductions in program funding have resulted in sub par statewide Coastal Act enforcement and unreasonable delays in permitting times for applicants. In order to bring new revenues to the Commission, staff feels that it is appropriate to approve the LAO recommendation to give Administrative Penalty authority to the commission and give the Commission Authority to levee fees on project driven local coastal plan amendments.

**STAFF RECOMMENDATION:**

- **Adopt the LAO recommendation to provide administrative penalty authority to the Commission to increase penalty revenue.**
- **Give the Commission authority to levee fees on project driven local coastal plan amendments**

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## 3790—DEPARTMENT OF PARKS AND RECREATION

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### ISSUE 1: DIESEL VEHICLE EMISSIONS RETROFIT

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**Governor's budget.** The Governor's budget requested \$910,000 (General Fund) in one time funding to address new strict air quality standards on older diesel vehicles per recent Air Resources Board regulations. Over a five year period, the Department anticipates that it will need to retrofit 151 vehicles

**Staff Comments.** Staff feels that the Department's current year General Fund budget is not adequate to support this required retrofit of diesel vehicles and this augmentation is justified in order to meet the ARBs diesel vehicle emissions regulations.

**STAFF RECOMMENDATION. Approve as budgeted.**

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### ISSUE 2: APRIL FINANCE LETTER: EMPIRE MINE STATE PARK

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**April Finance Letter.** In an April Finance Letter the Department is requesting an augmentation of \$5.0 million (General Fund) to provide half-year funding and 6.0 positions for the continued remediation and treatment activities at Empire Mine State Historic Park (Empire Mine). In 2006, the Department of Parks and Recreation (Parks) settled a water quality-related lawsuit with Delta Keeper, a non-profit organization, through a consent decree. The consent decree requires Parks to implement corrective measures at Empire Mine to mitigate the impacts from toxic soils and contaminated surface water discharges to the local watershed.

Parks identified the Newmont Mining Company as a responsible party for the clean-up at Empire Mine, and the two parties are currently in a non-binding mediation process to develop an allocation of responsibility for the clean-up costs. Parks indicates that the mediation process should be completed during fiscal year 2008-09. Consequently, this proposal includes Budget Bill language that will authorize the Director of Finance to adjust the approved amount based on the status and/or result of the mediation upon written notification to the Chairperson of the Joint Legislative Budget Committee.

**Staff comments.** The funding requested would be used to implement mitigation measures for toxic contamination of soils and surface water as required by the settlement of the lawsuit with Delta Keeper. Since there are not alternative funding sources in the Department's budget to support this request, staff feels that this General Fund augmentation is appropriate.

**STAFF RECOMMENDATION. Approve as budgeted.**

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**ISSUE 3: APRIL FINANCE LETTER: OFF-HIGHWAY MOTOR VEHICLE RECREATION PROGRAM**

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**April Finance Letter.** In an April Finance Letter, the Department is requesting an augmentation of \$5.8 million from the Off-Highway Vehicle (OHV) Trust Funds for implementation of for the expansion of the OHV Program in response to Chapter 541, Statutes of 2007 (SB 742).

In prior actions, the subcommittee approved the Department's initial funding request for the implementation of SB 742. Staff understands that the department's prior BCP did not have the correct dollar amounts or equipment lists that it feels are necessary for the full implementation of the bill. This April Letter would add \$60,000 in general expenses, \$278,400 for communications, \$4.7 million for Equipment, and \$725,000 for Equipment operating expenses.

**Staff Comments.** Because this proposal is a technical correction to the Department's January 10 proposal, staff recommends that this proposal be approved as budgeted.

**STAFF RECOMMENDATION. Approve as budgeted.**

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**ISSUE 4: MAY REVISION: QUAGGA MUSSEL INFESTATION PREVENTION PILOT**

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**May Revision.** In the May Revision, the Department is asking for an augmentation of \$1.4 million (Harbors and Watercrafts Fund) to purchase cleaning station equipment and hire 9.0 new positions for a two-year pilot project to prevent infestation of Quagga mussels at Lake Perris, Riverside County.

Recent reports have confirmed that Quagga infestation is occurring at Lake Skinner, approximately 17 miles south of Lake Perris. Consequently, because of its proximity, Lake Perris is at risk of infestation. Lake Perris hosts approximately 702,000 visitors with approximately 31,000 boat launches annually. This proposal will provide necessary funding for a pilot project to ensure the prevention of infestation of Quagga mussels in the state park system.

**Staff Comments.** As discussed in prior subcommittee hearings, the recent infestations of Quagga Mussels in statewide waterways presents catastrophic risks to the state's water delivery systems and ecosystems. Quagga mussels are thought to have entered the state via the transport of out of state boats into California waterways. Programs such as this are vital to make sure that Quagga populations do not spread throughout California waterways.

**STAFF RECOMMENDATION. Approve as budgeted.**