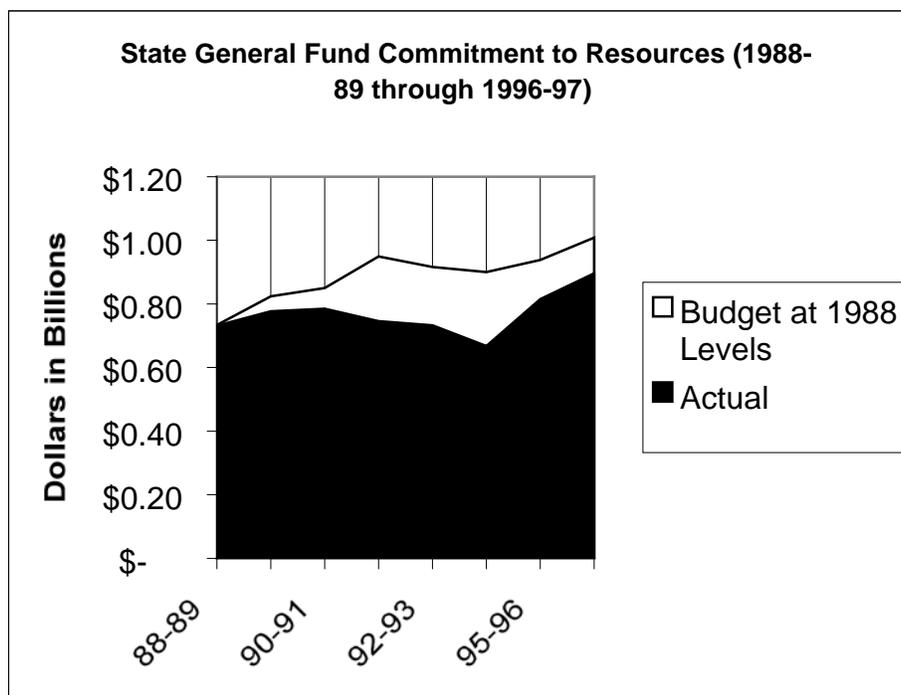


GOVERNOR'S 1998-99 BUDGET PROPOSAL FOR: RESOURCES & ENVIRONMENTAL PROTECTION

The quality of life for California's families depends on our commitment to protecting workers from pesticides, keeping clean our water and air free from pollution, and providing stewardship of our parks, public lands, and coast. To achieve this goal requires funding for both development and maintenance of existing parks, acquisition of lands to keep pace with the needs of our growing population, protecting critical habitat, and effective implementation and enforcement of our laws to protect the health of our citizens.

The need for increased investment in our natural resources has never been greater. As indicated in Chart 1, over an eight-year period from 1989 to 1996, the state consistently reduced the amount of money resources programs received in the budget. Resources programs have lost nearly \$1.2 billion in General Fund support over this eight years.

Chart 1



During this same period, special funds such as the Environmental License Plate Fund, the Habitat Conservation Fund and the Public Resources Account of Proposition 99 (PRA) were used to fund existing programs.

For example, PRA was designated to receive five percent of the funds from the cigarette tax for resources programs and it was specified that these funds were to be

used to supplement existing programs not supplant base funding. In the decade since PRA was created it has not always been used to fund new resources programs. Consideration should be given to restoring the General Funds to those programs and fully utilizing special funds for their intended uses.

The Budget Act of 1997-98 included approximately \$40 million in increased investment in acquisition and development of local and regional parks, habitat acquisition, watershed protection programs on the north coast, coastal resource management and protection, increased pesticide use enforcement, local flood control projects, and air quality improvements than was originally proposed.

Last year, the Legislature pushed for the creation of the first new dedicated source of funds for resources programs in a decade, the Natural Resources Infrastructure Fund (NRIF), funded from Tidelands Oil revenues. In creating NRIF, the Legislature gave priority to salmon watershed programs, Natural Communities Conservation Plan habitat acquisition, non-point source pollution abatement programs, the Department of Fish and Game Environmental Review program, and the Habitat Conservation Fund. More than \$30 million in Tidelands Oil Revenues funded these programs in 1997-98.

The Governor's budget proposes \$55.4 million in the Natural Resources Infrastructure Fund for the Habitat Conservation Fund, salmon watershed habitat, improving water quality at Lake Tahoe, environmental review by the Department of Fish and Game, NCCP local grants, coastal access, deferred maintenance at state parks, and non-point source pollution abatement. These programs are consistent with the intended uses of NRIF, but a majority of these programs were fund shifts and not new funding for programs or projects. Consideration should be given to making, significant investments to reduce the deferred maintenance backlog of the parks system, develop urban parks, protect critical habitat, maintain the coast, manage key watersheds, and reduce sources of pollution to improve water and air quality.

RESOURCE BONDS

Investment in resources and environmental protection are proposed not only in the Governor's budget but also in two natural resource infrastructure bonds. They are:

- 1) **1998 Water Bond:** The Governor's budget proposes a \$1.3 billion water bond to build on Proposition 204 (\$995 million) that was approved by the voters in 1996. The Administration has not yet provided a specific expenditure plan for this bond. However, the Administration has indicated the major components of the bond will be water recycling projects, water conservation, watershed management projects, non-point source pollution controls, flood control projects, payment of the state's arrearage in Flood Control Subventions to local communities, grants to local communities for safe drinking water projects, and the CALFED program.

Legislative proposals designed to address similar concerns include flood control bonds, SB 312 (Costa) and AB 254 (Machado), to fund levee and waterworks programs, a floor

prevention corridor program, and the flood control subvention program arrearage; and a \$100 million safe drinking water bond, AB 1180 (Battin), to fund the state's share of the federal Safe Drinking Water Act low interest loans to public water systems. California receives \$5 for each \$1 it funds under this program and if the state fails to provide its share the funds will be distributed to other states.

2) **1998 Watershed, Wildlife and Parks Improvement Bond:** The Governor's Budget proposes a \$800 million bond designed for investment in California's natural resources including:

- \$310 million for the rehabilitation and maintenance of state parks;
- \$95 million for implementation of the Lake Tahoe Environmental Improvement Plan;
- \$95 million for the Wildlife Conservation Board for acquisition of wetlands and NCCP habitat;
- \$130 million for the state's share for acquiring the Headwaters Forest;
- \$100 million for the Coastal Conservancy to acquire properties that would increase coastal access;
- \$10 million for the Coachella Mountains Conservancy for habitat acquisition;
- \$10 million for the San Joaquin River Conservancy for habitat acquisition;
- \$25 million for the Santa Monica Mountains Conservancy for habitat acquisition;
- \$20 million for the Conservation Department for agricultural easement grants, and grants to reclaim abandoned mines for watershed and water quality improvements; and
- \$5 million for the Department of Fish & Game for development of wildlife areas and ecological reserves.

A \$495 million legislative park bond, SB 2 (Thompson), has also been proposed. Among the elements not included in the Administration's bond proposal are urban and community parks acquisition and development, at-risk youth recreational facilities, local conservation corps programs to implement park and environmental restoration projects, cultural and natural stewardship programs, and development of urban rivers and streams including trail projects.

RESOURCE AGENCY

The Resources Agency is responsible for stewardship, conservation management, and enhancement of California's natural resources including land, fish, wildlife, timber and minerals. There are 21 departments, commissions and conservancies within the Agency. The Governor's budget proposes \$6 million for the programs in the office of the secretary and \$1.9 billion, a 3.5 percent decrease (\$750 million General Fund), for all resource management programs. Major funding adjustments are indicated in Table 1.

In adopting the budget last year, the Legislature requested the Agency provide a report identifying the long-term resources needs and a plan for funding those needs, along with a long-term plan for addressing coastal resource management problems as identified in the Administration's report "California Ocean Resources: An Agenda for the Future". The establishment of the total needs and a prioritization for investment is necessary to determine the appropriate level of investment for acquiring and maintaining California's natural resources.

Table 1

RESOURCES AGENCY EXPENDITURES (Selected Departments & Commissions) (Dollars in millions)(All Fund Sources)			
Department	Revised 1997-98	Proposed 1998-99	% Change
Agency Secretary	66.9*	6.016	-10.1
Parks & Recreation	229.2	213.9	-6.7
Fish & Game	197.8	206.1	4.2
Water Resources	429.0	356.8	-16.9
Energy Commission	139.9	257.8	84.3
Coastal Commission	11.5	10.4	-9.6
Totals	\$1,074.3	\$1,105.2	2.9

- \$60 million from Proposition 20

ENVIRONMENTAL PROTECTION AGENCY

The California Environmental Protection Agency (CalEPA) administers state and federal clean air, clean water, hazardous waste, and solid waste programs to safeguard our environment and the public health. The Governor's budget proposes \$2.5 million for the Office of the Secretary and \$873 million (\$118 million General Fund), a 3.3 per cent decrease from the current year for all environmental health and protection programs. Changes in the funding for departments are indicated in Table 2.

MAJOR PROPOSALS

The major proposals for CalEPA would:

- Provide a stable-funding source for their 13 Permit Assistance Centers that have been created to assist businesses with permit and compliance information and permit processing, including \$200,000 for improved computer access; and

- Implement a more consistent external review process for the evaluation of the scientific basis of proposed rules and regulations adopted by the Legislature last year with \$1.1 million from various special funds.

During the consideration of the budget last year, the Legislature had extensive dialog with the Agency about the coordination and integration of environmental programs throughout the Agency. Of particular concern was the need for assurance that sound science was being used in making regulatory decisions, and that environmental laws were being enforced in an effective manner. The Legislature requested the Agency provide a report on coordinated enforcement activities, implementation of the unified environmental statutes recommendations, and consolidation of activities as the new headquarters is developed. Also the Agency was asked to report on the procedures and administrative standards they will use to implement scientific peer review requirements adopted by the Legislature for all regulations adopted by the departments, boards and commissions in the Agency.

Table 2

CalEPA BUDGET			
Environmental Protection Expenditures			
(Dollars in millions)			
Agency	Revised 1997-98	Proposed 1998-99	% Difference
CalEPA, Office of the Secretary	\$2.3	\$2.5	8.7
Air Resources Board	116.7	121.6	4.1
Toxic Substances Control	126.7	135	6.6
OEHHA	11.9	11.2	-5.9
Integrated Waste Mgt. Board	76.4	74.2	-2.9
Pesticide Regulation	48.1	48.1	--
Water Resources Control Bd.	520.1	480.3	-7.7
Total	\$902.2	\$872.9	-3.3

CROSS AGENCY INITIATIVES

Ocean and Coastal Initiative: The Governor proposes \$18.2 million and 35 new Personnel Years for coastal and ocean management. This proposal is intended to implement the recently signed Ocean and Coastal Resources Management Executive Order designed to preserve and protect the states coastline and natural habitat.

MAJOR PROPOSALS

The major ocean and coastal initiative proposals include:

- \$6.8 million to the Coastal Conservancy for the Southern California Wetlands Clearinghouse, and \$109,000 for development of a San Francisco Bay Wetlands Mitigation Bank;
- \$5.7 million to the Coastal Conservancy to plan, design, acquire, construct, and maintain coastal access;
- \$1 million to the Department of Fish and Game to create artificial reefs where natural habitat is limited, develop commercial and sport fisheries management plans, increase inspection and protection of mariculture activities, and bolster enforcement to reduce wildlife losses from illegal activities;
- \$2.6 million to the Department of Fish and Game for the development of a nearshore and reef fish species ecosystem data base and ocean floor mapping;
- \$200,000 to the Department of Boating and Waterways to develop a coastal data information program including wind and wave management; and
- \$1.8 million to the State Water Resources Control Board to monitor non-point source pollution including \$1 million to implement the federal Coastal Zone Act Reauthorization amendments for non-point source pollution sources such as agricultural and urban run-off, and \$800,000 to expand coastal water monitoring and assessment to measure fish contamination along California's coastline, investigate contamination sources in commercial shellfish beds and survey regional impacts of land pollution on marine life.

California's marine ecosystems are in distress. For example, in 1995, California beaches were closed more than 1,300 times due to pollution in the surf. The major threats to coastal and ocean resources and the economy that depends on those resources require responses to: (1) developing a management system for maintaining healthy ecosystems and sustainable fisheries; (2) preventing pollution and restoring coastal water quality; (3) upgrading coastal management to protect coastal habitat, restore eroded shores and ensure public access during growth and after development. The state has a \$1.4 billion backlog of coastal infrastructure and habitat protection projects. A \$650 million coastal bond measure has been proposed, AB 1000 (Keeley), to acquire and restore sensitive habitats, coastal piers, reduces polluted runoff, and restore and recreationally develop urban rivers and streams. In evaluating the proposed budget, the subcommittee will consider additional investments in the coast.

Natural Community Conservation Planning Program (NCCP): The Governor's budget proposes \$20.6 million and 13 personnel years in new funding for the Natural Community Conservation Planning program. This proposal is similar to the funding levels that have been proposed for the last few years intended to both meet the state's commitment to protect sufficient acreage in regional preserves to assure survival of the ecosystem, permit compatible uses of less sensitive lands. Included are:

MAJOR PROPOSALS

The major NCCP proposals include:

- \$1.1 million to the Department of Fish and Game for permanent staff support;
- \$3.6 million to the Department of Fish and Game for local assistance grants for the implementation of local plans;
- \$10.9 million to the Wildlife Conservation Board for acquisition of coastal sage scrub and other habitat consistent with approved and future NCCP plans in Southern California; and
- \$5 million to the Coastal Conservancy for acquisition and restoration of coastal wetlands and watershed habitat in association with the Multiple Species Conservation Plan and the NCCP programs in San Diego County.

During the adoption of the budget last year significant issues were raised about the need for specific standards for evaluating the success of NCCPs and a dedicated funding source for NCCP and critical habitat acquisitions. These discussions will continue during the consideration of new funding for the NCCP program in both the Budget and the resources bond proposals.

Watershed Initiative: The Governor's budget is intended to provide an ecosystem management approach in key watersheds, including forest and rangeland habitat of the coho salmon and other diminished salmon stocks. The Governor's budget proposes \$8.9 million and 22 new personnel years for a watershed initiative. This proposal is intended to support a community-based habitat approach, streamline the permit process, recover deteriorating watersheds, reduce chronic flooding problems, improve water quality, curtail soil erosion, develop wetlands, delist species, and avoid new species listings.

MAJOR PROPOSALS

The major watershed proposals include:

- \$7 million to the Department of Fish and Game for watershed restoration grants to local governments, conservation districts, and local watershed groups. \$1 million to the Department of Fish and Game to provide biological and ecological fish and wildlife expertise, including the development of watershed ecological recovery models, training in watershed assessment and watershed restoration, and species recovery modeling. These programs were created as part of the north coast coho salmon watershed improvement program adopted by the Legislature last year;

- \$1.0 million for technical assistance to local communities including geology and soil work by the Department of Conservation, and forestry expertise by the Department of Forestry and Fire Protection; and
- \$931,000 to the State Water Resources Control Board for public outreach to local communities to assist the Regional Water Quality Control Boards in assessing and prioritizing all water quality problems within targeted watersheds. The goals of this process are to identify the most effective.

Lake Tahoe Initiative: The Governor's budget proposes \$11.3 million and three Personnel Years for the Lake Tahoe Initiative. This proposal intends to fund the Governor's commitment made during last summer's Tahoe Summit for implementation of a 10 year Environmental Improvement Plan for the Tahoe Basin. The state has committed \$274 million as its share of that state, federal, and local private partnership.

MAJOR PROPOSALS

The major proposals for Lake Tahoe include:

- \$10.3 million to the Tahoe Conservancy to acquire and restore environmentally sensitive lands, enhance key wildlife habitats, implement high priority soil erosion control, restore watersheds, and improve recreational opportunities and public access;
- \$721,000 to the Tahoe Conservancy and the California Conservation Corps (CCC) to speed up the removal of dead and dying trees and undergrowth to improve forest health, and reduce fire danger by adding two CCC work crews under the Tahoe Regreen program; and
- \$294,000 to the Tahoe Regional Planning Agency to perform evaluations for ongoing water quality monitoring for environmental thresholds, and to fund the second year of a project to provide real-time environmental measurement information; and
- \$150,000 to the State Water Resources Control Board for 14 water quality monitoring stations in the Lake Tahoe Basin for sampling algae and other water quality indicators, including sediment, nitrogen, and phosphorus.

DEPARTMENT OF PARKS AND RECREATION

The Governor's budget proposes expenditures of \$213.9 million (\$63.9 million General Fund) for state operations and local assistance, a decrease of 6.7 per cent for the current year, most of which is related to a decrease in local assistance funding. Again this year, under the Governor's proposal General Fund support for the Department continued to decrease by \$1.8 million.

The California Park system, the second largest in the nation, includes 265 parks on more than 1.3 million acres. Parks include beaches, wildlife areas, open spaces, off-highway vehicle areas, and historic sites. More than 70 million citizens annually use the 3,000 miles of trails, 18,000 campsites, 811 miles of lake, reservoir and river frontage, and 280 miles of coastline that are part of the system. California parks are a tourist destination, a regular part of the school curriculum, and a recreational haven for California residents.

The major responsibility of the Department is acquiring, designing, developing, operating and maintaining units within the system. However, the Department also:

- Is the second largest provider of education programs in the state, after the school system where more than one million school children annually participate in department-sponsored programs;
- Integrates equestrian, hiking, and bicycling recreational needs through the non-motorized trail program;
- Manages, restores and preserves the diverse bioregions that are the natural resources in the state's system;
- Preserves the state's diverse cultural resources including the California missions, the Governor's Mansion, Sutter's Fort and the State Railroad Museum, and maintains an extensive collection of historic items including a large collection of Native American artifacts;
- Provides interpretive museums, exhibits, publications and activities for visitors of all ages and abilities ranging from traditional campfire programs to interactive computer displays;
- Employs at-risk youth in restoration projects at a number of state park units; and
- Operates the largest volunteer network in the state with more than 11,000 volunteers providing over 885,000 hours of service supplementing the department's work force.

The Department maintains thousands of structures, which include buildings, pipelines and fencing. The deterioration in state parks is so critical that it is not unusual to find portable outhouses, instead of restroom facilities and deteriorating sewer lines. According to the Department, deferred maintenance needs exceed \$500 million, of which \$35 million is needed for situations where there is a threat to public safety.

Since 1990, General Fund support for the state park system has been cut from \$83 million to the current level of \$64 million. General Fund support is being phased out pursuant to an Administration plan that requires development of privatization opportunities. Revenue raising proposals include selected fee increases, corporate

sponsorships, and expanded concession programs. This demand to entrepreneurally raise revenues has led to privatization efforts, such as the 55-year lease of Crystal Cove in Southern California which is based on the development of a resort facility within the state park.

The Department has traditionally relied heavily on bond funds for a large part of the development and acquisition of state and local parks. The voters last approved a park bond in 1988 and funds from this and other previous bond issues are depleted. In the Watershed, Wildlife and Parks Bond, the Governor proposes \$310 million to reduce the deferred maintenance and development backlog in state parks which is \$200 million short of the demonstrated need.

In reviewing the Governor's proposed budget, the Subcommittee will evaluate the Department's expenditure priorities and a long-term plan for addressing deferred maintenance. Prioritization for investment is needed to determine the appropriate level maintain California's state park system.

DEPARTMENT OF FISH AND GAME

The Governor's budget proposes an expenditure of \$206 million, an increase of \$8.3 million or 4.2 percent over the current year. The Department manages 800,000 acres of wildlife habitat, including 98 wildlife areas and 99 ecological preserves, holds conservation easements on another 102,000 acres, and regulates sport taking of fish and game.

MAJOR PROPOSALS

The major proposals for the Department of Fish and Game include:

- \$11.7 million in Proposition 204 funds and 20 personnel years to enhance and restore the Central Valley's anadromous fish habitat and population;
- \$2.1 million and 18 personnel years to expand the urban hunting and fishing programs in the San Francisco area, the Los Angeles basin, and Fresno;
- \$1.2 million to strengthen biologist's effectiveness through training and equipment including more scientifically productive use of the research vessel Mako and the replacement of marine research vessel and air boats;
- \$705,000 to expand the Fishing in the City Program; and
- \$621,000 for the development of regulations for the new endangered species statutes.

DEPARTMENT OF BOATING AND WATERWAYS

The Department manages boating safety and provides funding to maintain safe boating facilities. The Governor's budget proposes \$52.4 million, a decrease of \$9.4 million, from the current year.

MAJOR PROPOSALS

The major proposals for the Department of Boating and Waterways include:

- \$8.7 million for small craft harbor loans to public agencies;
- \$12.3 million for grants to construct new, and improve existing, boat launching facilities on lakes and rivers, and local assistance for small harbor loans;
- \$6 million for loans for private marina development and improvements; and
- \$1 million to remove abandoned vessels.

DEPARTMENT OF WATER RESOURCES

The Department manages the state's agricultural, environmental, industrial and municipal waters including operation of the State Water Project. The department also provides flood control forecasting and assistance to local agencies, and coordinates the state involvement in the CALFED Bay-Delta process. The Governor's budget proposes \$356.8 million or a 16.9 percent decrease from the current year (\$39 million General Fund).

MAJOR PROPOSALS

The major proposals for the Department of Water Resources include:

- \$12.1 million to continue support of programs that were funded by the California Water Fund;
- \$5.6 million for continued funding of the Governor's flood control program, and \$4.1 million for the removal of sediment deposits within the Colusa Bypass; and
- \$21.8 million (\$18.1 million General Fund) for three new and six continuing flood control projects.

Again this year, the Governor's budget does not propose funding for the local flood control subvention program. Last year's budget included \$60 million in Proposition 204 funds for the local flood control subvention arrearage, but more than \$150 million in state commitments to approved local flood control projects is still owed. Many regions of

California were severely impacted by last winter's floods and new local projects being developed in response to flooding will increase the program's needs. Any consideration, in either the budget or a bond, should address the state's ongoing role and obligation to all of the state's communities for flood control prevention and safety.

ENERGY RESOURCES, CONSERVATION AND DEVELOPMENT COMMISSION

The Energy Commission is responsible for encouraging efficient energy uses to assure a reliable energy supply. The Governor's budget proposes \$260 million, an increase of \$113 million or 45 percent.

MAJOR PROPOSALS

The major proposals for the Energy Commission include:

- \$700,000 from the Diesel Emission Re-education Fund to research and develop and demonstrate clean fuels technologies;
- \$951,000 to continue the Safe School Bus Clean Fuel Efficiency Demonstration Program;
- \$1.5 million from the Petroleum Violation Escrow Account for energy transportation projects; and
- \$37.9 million for the Research, Development, and Demonstration program.

In adopting last year's budget, the Legislature requested the Commission to conduct a fuel price and supply analysis of the alternatives to Methyl Tertiary Butyl Ether (MTBE). This is necessary in order to evaluate more environmentally sound alternatives available in the marketplace in case the use of MTBE can no longer be used.

DEPARTMENT OF FORESTRY AND FIRE PROTECTION

The Department of Forestry and Fire Protection provides fire protection services for rangelands, timberlands, and lands owned by the state or private agencies. The Office of Fire Marshal is responsible for protecting life and property from fire through the development of fire prevention regulations. The Governor's budget proposes total expenditures of \$437 million (\$291.9 General Fund), an increase of \$2.4 million.

MAJOR PROPOSALS

The major proposals for the Department of Forestry include:

- \$4.3 million from the General Fund to complete the funding for the acquisition of retrofitted air tankers;
- \$ 6.8 million from the General Fund to ensure initial attack fire fighting capabilities are fully staffed; and
- \$ 32.3 million from the General Fund for 60 major and minor capitol outlay projects.

THE DEPARTMENT OF CONSERVATION

The Department of Conservation is responsible for providing stewardship of the state's earth resources. The Governor's budget proposes \$378.5 million a decrease of \$22 million or six percent.

MAJOR PROPOSALS

The major proposals for the Department of Conservation include:

- \$3.7 million for the support of the Agricultural Land Stewardship program; and
- \$338.9 million and 181 personnel years for the support of the final year of the four-year Beverage Container Recycling and Litter Reduction Program. This is a reduction of \$1.5 million and 6.5 Personnel Years.

CALIFORNIA CONSERVATION CORPS

The California Conservation Corps (CCC) provides work and educational opportunities to assist youth in becoming more employable while protecting and enhancing California's natural and human resources. The Governor's budget proposes \$77.3 million for this program. This will increase the size of the CCC from 1,700 to 2,550 corps members, a 50 percent increase from 1994-95. The Governor's budget proposes to use \$8 million from the Petroleum Violation Escrow Account for low-income home weatherization to be done by the CCC.

COASTAL COMMISSION

The Commission manages California's coastal resources within the coastal zone. The Governor's budget proposes \$10.4 million, a decrease of \$1 million or ten percent from

last year's adopted budget and includes \$100,000 in General Funds for water quality contaminated sediment activities.

The Legislature last year increased the Commission's General Fund support by \$1.13 million for coastal access planning, computer system support, technical support for the Local Coastal Plan grant program, water quality contaminated sediment activities and grants for local governments to complete their plans. The proposed budget does not include continued funding for these initiatives and positions nor funding for support personnel to utilize the Commission's new computer system.

CONSERVANCIES

The **State Coastal Conservancy** assists in the preservation of sensitive or unique coastal property, increased public access to coastal areas, resolves coastal land disputes, and provides grants for various coastal activities. The Governor's budget proposes \$4.3 million for support and \$25.2 million for capitol outlay.

The **California Tahoe Conservancy** acquires, preserves, and manages lands in the Lake Tahoe Region to protect the natural environment, provide public access and recreational facilities, and preserve wildlife habitat. The Governor's budget proposes \$3.5 million and 28.5 personnel years for support, \$4 million for local assistance, and \$16.7 million for capital outlay.

The **Coachella Valley Mountains Conservancy** acquires and holds in open space mountainous lands surrounding the Coachella Valley and provides for public enjoyment of those lands. The Governor's budget proposes \$263,000, a 13 percent increase. This includes funding for the preparation of the Coachella Valley Multiple Species Habitat Conservation Plan.

The **Santa Monica Mountains Conservancy** acquires, restores, and consolidates lands in the Santa Monica Mountains Zone for park recreation and conservation purposes. The Governor's budget proposes \$594,000, a two percent increase.

The **San Joaquin River Conservancy** acquires and manages public lands within the San Joaquin River Parkway. The Governor's budget proposes \$195,000, a decrease of 20 percent. This reflects the transition of the Conservancy to an independent funding base for operational staff.

STATE WATER RESOURCES CONTROL BOARD

The State Water Resources Control Board is responsible for protecting water quality and maintaining water allocations. The Governor's budget proposes \$480 million, a decrease of \$40 million or 7.6 percent from the current year. Much of the decrease is from a one

time reauthorization in the Underground Storage Tank Cleanup Program in 1997-98. The Board proposes to perform 3,200 compliance inspections of permitted facilities and issue or update 940 water quality permits, issue 65 water rights permits, and adopt four major water rights orders.

MAJOR PROPOSALS

The major proposals for the State Water Resources Control include:

- \$500 million from the Underground Storage Tank Cleanup Fund for more than 5,000 owners of leaking tanks to ensure all underground storage tanks have been replaced, upgraded or taken out of service by the federal and state deadline of December 1998. More than \$2 billion is needed to complete this program. Testimony at Legislative oversight hearings has indicated that the clean up has been partial and deficient because of the lack of adequate funding at individual sites;
- \$7 million (\$2.6 million or 20 percent in new funds) from the Underground Storage Tank Cleanup Fund to reimburse eligible claimants for the costs of cleaning up underground storage petroleum tanks. Approximately \$1.2 million of the new funds replace a reduction in federal funding;
- \$2.5 million from the Waste Discharge Permit Fund to complete the Bay Protection and Toxic Cleanup Program which may complete the surveyance program;
- \$1.5 million to implement a five-year work plan for restoring and enhancing the surface water that has been polluted by acid drainage from Leviathan Mine;
- \$900,000 from the General Fund and the Waste Discharge Permit Fund and 12 personnel years for statewide enforcement and compliance. The Board asserts that this will result in a 20 percent increase in inspections of discharges of surface waters as well as additional enforcement actions; and
- \$367,000 from the Waste Drainage Permit Fund to increase funding for the confined animal regulatory program in the Central Valley.

AIR RESOURCES BOARD

The Air Resource Board (ARB) has the primary responsibility for protecting air quality through regulatory and investment programs. The Governor's budget proposes \$121.6 million, an increase of \$5 million or four percent.

MAJOR PROPOSALS

The major proposals for the Air Resources Board include:

- \$5.3 million from the General Fund and the Motor Vehicle Account to implement control strategies of the State Implementation Plan including technical work to address fine particulate air pollution and development of more effective regulations for emissions from consumer products;
- \$2.5 million from the General Fund to support demonstration projects in alternative uses of rice straw burning;
- \$483,000 to assess strategies for implementing the enhanced smog check program adopted last year by the Legislature; and
- \$832,000 and 7.6 personnel years to fund a Strategic Environmental Investigations Group to identify, investigate, and take enforcement actions against violators of air quality laws.

In reviewing the proposed budget, the Subcommittee will evaluate the fine particulate air monitoring to determine the program's effectiveness and the emission credit programs to determine the balance between actual emissions and credits issued.

DEPARTMENT OF TOXIC AND SUBSTANCE CONTROL

The Department is responsible for protecting the public health and the environment by regulating hazardous waste management activities, performing cleanup activities at sites contaminated with hazardous substances, encouraging pollution prevention, and providing regulatory assistance. The Governor's budget proposes \$135 million (\$31 million General Fund), an increase of \$8 million or 6.5 percent. The Department's budget is based on implementation of a new fee structure consistent with the Environmental Cleanup and Fee Reform Act of 1997, which reformed the financial support of the department.

MAJOR PROPOSALS

The major proposals for the Department of Toxic and Substance Control include:

- \$6.75 million from the Toxic Substances Control Account to fund the costs of a mandatory state match of the Federal Priority List (Superfund) sites for final remedial action and cleanup of state-only orphan sites;
- \$874,000 to augment the Clandestine Drug Laboratory Program;
- \$1 million to improve manifest tracking to ensure that toxic materials are transported safely, and disposed of properly as required in Legislation enacted last year, SB 660 (Sher), Chapter 870 of 1997. Before funds are appropriated the Department is required to provide the Legislature with an acceptable feasibility study;
- \$416,000 and six limited term positions to integrate the data from the manifest system to support hazardous waste investigations; and
- \$3.5 million in General Funds for partial repayment of a \$20 million General Fund loan.

In adopting the budget last year, the Legislature requested the Department to provide a report on the whether Department of Defense projects should be exempted from application of the California Environmental Quality Act. The Subcommittee will review this.

DEPARTMENT OF PESTICIDE REGULATION

The Department is responsible for regulating pesticide sale and use, including maintaining safety in the work place. The Governors budget proposes a slight increase in the \$48 million in expenditures. In reviewing the proposed budget the Subcommittee will evaluate the Department's programs to computerize enforcement, increase electronic access to toxicology reports, complete high priority risk assessments, workload standards and performance measures, and the status of alternative pesticide research.

INTEGRATED WASTE MANAGEMENT BOARD

The Integrate Waste Management Board has the responsibility for addressing the state's solid waste management needs and assisting local governments in reducing solid waste. The Governor's budget proposes \$74.3 million, a decrease of \$2 million.

MAJOR PROPOSALS

The major proposals for the Integrated Waste Management Board include:

- \$159,000 from the Used Oil Recycling Fund to establish a statewide program to reduce the illegal disposal of used oil filters and recover the oil that those filters contain; and

- \$1.5 million to implement a pollution prevention and education program for the Lake Tahoe Basin.

OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT

The Office of Environmental Health Hazard Assessment is responsible for protecting public health and the environment through scientific evaluation of risks posed by hazardous substances. The Office's primary role is to be the risk assessor for various programs under the California Environmental Protection Agency. The Governor's budget proposes \$11.2 million, a decrease of 5.7% for the current year. Much of OEHHA's fund base comes from reimbursements from departments for which they are conducting risk assessments. In 1997-98 \$6 million was received in reimbursements and in the Governor's proposed budget \$4 million are anticipate for 1998-99. To assure independent environmental and scientific analysis, consideration should be given to funding OEHHA across all CalEPA funding sources including the General Fund in a CalEPA-like model.