



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

APR 1 2004

Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable Darrell Steinberg, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Item 3900-001-0044, Support, California Air Resources Board

It is requested that Item 3900-001-0044 be increased by \$147,000 to fund the increased cost of Attorney General services. The Attorney General is authorized by the Government Code to increase the rates it charges to client agencies in order to recoup its costs. Due to the increased cost of personal services, including costs for staff benefits and facilities operations, the Attorney General has increased its attorney and paralegal rates effective April 1, 2004, and for the 2004-05 fiscal year. The \$147,000 requested represents the impact of this rate increase on the Air Resources Board for the 2004-05 fiscal year.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Robert Schladale, Principal Program Budget Analyst, at 916-324-0043.

DONNA ARDUIN
Director
By:

for MICHAEL C. GENEST
Chief Deputy Director

Attachment

cc: On following page

APR 1 2004

-2-

cc: Honorable Dede Alpert, Chair, Senate Appropriations Committee
Attention: Ms. Anne Maitland, Staff Director
Honorable Richard Ackerman, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Jeff Bell, Fiscal Director
Honorable Judy Chu, Chair, Assembly Appropriations Committee
Attention: Mr. Geoff Long, Chief Consultant
Honorable Rick Keene, Vice Chair, Assembly Budget Committee
Attention: Mr. Peter Schaafsma, Staff Director
Honorable Byron D. Sher, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Fran Pavley, Chair, Assembly Budget Subcommittee No. 3
Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Ms. Julie Sauls, Chief Consultant, Assembly Republican Leader's Office
Honorable Terry Tamminen, Secretary, California Environmental Protection Agency
Mr. Don Owen, Assistant Secretary, California Environmental Protection Agency
Mr. Alan C. Lloyd, Ph.D., Chairman, California Air Resources Board
Ms. Catherine Witherspoon, Executive Director, California Air Resources Board
Ms. Judy Tanimoto, Fiscal Officer, California Air Resources Board



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Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Items 3910-001-0226 and 3910-001-0387, Support, California Integrated Waste Management Board

Waste Tire Manifest Processing

It is requested that Item 3910-001-0226 be increased by \$195,000 and that Item 3910-001-0387 be amended to reflect this change. This funding is needed for 3.0 one-year limited-term key data operator positions in the Tire Facility Permitting and Hauler Registration Section within the Special Waste Division to process a backlog of approximately 25,000 tire manifests and logs into the Waste Board's database. The Board is required to track the generation, transport, and disposal of waste and used tires from approximately 13,000 generators, haulers, and end-use facilities, pursuant to the California Uniform Waste and Used Tire Manifest System established by Chapter 838, Statutes of 2000 (SB 876, Escutia).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Robert Schladale, Principal Program Budget Analyst, at 916-324-0043.

DONNA ARDUIN

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Chief Deputy Director

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Mr. Craig Cornett, Assembly Speaker's Office (2)
Ms. Julie Sauls, Chief Consultant, Assembly Republican Leader's Office
Honorable Terry Tamminen, Secretary, California Environmental Protection Agency
Mr. Don Owen, Assistant Secretary, California Environmental Protection Agency
Mr. Mark Leary, Executive Director, California Integrated Waste Management Board
Ms. Julie Nauman, Chief Deputy Director, California Integrated Waste Management Board
Ms. Elsie Brenneman, Budget Officer, California Integrated Waste Management Board



APR 1 2004

Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable Darrell Steinberg, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Item 3930-001-0106, Support, and Item 3930-101-0106, Local Assistance, Department of Pesticide Regulation

Attorney General Fees

It is requested that Item 3930-001-0106 be increased by \$26,000 to provide for increased Attorney General fees. The Attorney General is authorized by the Government Code to increase the rates charged to client agencies. Due to increased costs of personal services, including staff benefits and facilities costs, the Attorney General has increased attorney and paralegal fees to state agencies effective April 1, 2004 and for the 2004-05 fiscal year. The \$26,000 requested represents the impact of this rate increase on the Department of Pesticide Regulation for the 2004-05 fiscal year.

Local Assistance Subventions

It is requested that Item 3930-101-0106 be decreased by \$2,935,000 and that an equivalent amount be subvended from the Department of Pesticide Regulation Fund to County Agricultural Commissioners pursuant to Food and Agriculture Code Sections 12841 and 12844. This change will consolidate the Department's local assistance funding for restricted materials use permits with the Department's other local assistance pesticide enforcement grants and subventions. The consolidation will improve the efficiency of local assistance administration in both the Department and the offices of County Agricultural Commissioners by replacing two separate processes with a single process. The change will have no impact on the activities supported.

The effect of my requested action is reflected on the attachment.

APR 1 2004

-2-

If you have any questions or need additional information regarding this matter, please call Robert Schladale, Principal Program Budget Analyst, at 916-324-0043.

DONNA ARDUIN

Director

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Chief Deputy Director

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Ms. Elizabeth Hill, Legislative Analyst (4)
Ms. Diane Cummins, Senate President pro Tempore's Office
Mr. Craig Cornett, Assembly Speaker's Office (2)
Ms. Julie Sauls, Chief Consultant, Assembly Republican Leader's Office
Mr. Paul E. Helliiker, Director, Department of Pesticide Regulation
Mr. Paul H. Gosselin, Chief Deputy Director, Department of Pesticide Regulation
Ms. Joanne Payan, Assistant Director, Division of Administrative Services, Department of
Pesticide Regulation
Ms. Mieko Epps, Chief, Fiscal Services and Business Operations Branch, Department of
Pesticide Regulation



APR 1 2004

Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable Darrell Steinberg, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Items 3940-001-0001, 3940-001-0193, 3940-001-0418, 3940-001-0423, 3940-001-6013, 3940-001-6019, 3940-001-6022, and 3940-001-6031 and Addition of Item 3940-490, Support, and Items 3940-101-0001, 3940-101-0419, 3940-101-6013, 3940-101-6019, 3940-101-6022, 3940-101-6031, and 3940-491 Local Assistance, State Water Resources Control Board

Implementation of Waste Discharge Waivers

It is requested that Item 3940-001-0193 be increased by \$3,124,000 to provide funding for 22.3 positions (21.2 PYs) and one-time contract funding, and that Item 3940-001-0001 be amended to reflect this change.

Chapter 686, Statutes of 1999 (SB 390), and Chapter 801, Statutes of 2003 (SB 923), altered the manner in which the State Water Resources Control Board (Water Board) may issue waste discharge waivers, thereby increasing its workload. The Water Board was given authority to levy fees on individuals and businesses using waivers in order to fund the positions needed to perform waiver reviews. The additional fees will support the cost of this proposal.

Proposition 50 – Grant and Local Assistance Programs

It is requested that Item 3940-001-6031 be increased by \$1,398,000 to provide funding for 15.2 positions (14.4 PYs) to administer grant and local assistance programs, and that Item 3940-001-0001 be amended to reflect this change. It is requested that Item 3940-101-6031 be added, and available for expenditure until June 30, 2007, in the amount of \$10.0 million for the Groundwater Monitoring Program, and that Item 3940-101-0001 be added to reflect this change. In addition, it is requested that Item 3940-491 be added to reappropriate \$9.5 million for the Agricultural Water Quality program from Item 3940-101-6031, Budget Act of 2003.

In 2003-04, 9.0 positions were established as one-year limited-term to implement the Water Recycling and Agricultural Water Quality programs. Of these positions, it is requested that 5.2 positions (4.9 PYs) be continued to administer these two grant programs, and the balance, plus an additional 6.2 positions (5.9 PYs), be used to administer the CALFED, Small Community Wastewater Grants, Santa Monica Bay Restoration, and Integrated Regional Water Management programs. These positions will provide the Water Board with the additional staffing needed to encumber and commit existing bond funds.

Of the total \$165.4 million appropriated in 2003-04, only \$6.5 million is anticipated to be encumbered as of June 30, 2004. Of the remaining \$159.0 million, \$149.5 million will continue to be available for the Water Board to expend through June 30, 2006. For this reason, only \$10.0 million in additional Proposition 50 funds are proposed for appropriation. These funds will be made available for the Groundwater Monitoring program since this program will have all of its currently appropriated funds encumbered by June 30, 2004. Additionally, \$9.5 million previously appropriated in 2003-04 for the Agricultural Water Quality program is proposed for reappropriation.

It is also requested that the following provisional language be included in Item 3940-491:

1. Notwithstanding any other provision of law, the amount appropriated in this item shall be available for expenditure during the 2004-05 fiscal year to provide grants for projects to reduce or eliminate the discharge of agricultural pollutants pursuant to subdivision (d) of Section 30935 and Section 30940 of the Public Resources Code. These funds shall be available for grants to reduce agricultural discharges to surface or groundwater. Grants shall be given to projects with the greatest potential to reduce pollutants and protect water quality and that use qualified impartial experts to document and verify results through water quality monitoring or other means.

Proposition 13 – Accelerate Bond Program

It is requested that Item 3940-001-0418 be reduced by \$29,000 and Item 3940-001-0423 be reduced by \$227,000, Item 3940-001-6013 be increased by \$346,000, Item 3940-001-6019 be increased by \$304,000, and Item 3940-001-6022 be increased by \$180,000 to reflect the redirection of 4.0 positions from Proposition 204 funding to Proposition 13 and to provide funding for 6.0 new three-year limited-term positions (5.8 PYs), and that Item 3940-001-0001 be amended to reflect this change.

The Water Board projects a balance of \$127.4 million in unencumbered Proposition 13 funds as of June 30, 2004. These funds consist of appropriations from 2002-03 (\$57.3 million) and 2003-04 (\$70.1 million) and will continue to be available until June 30, 2005 and June 30, 2006, respectively. The 6.0 three-year limited-term positions (5.8 PYs) plus the redirection of 4.0 positions from Proposition 204 will enable the Water Board to accelerate the disbursement of Proposition 13 funds and complete the implementation of projects by June 30, 2007. In addition, it is requested that \$27.1 million be appropriated within the four program areas noted below because projects are ready to proceed for which funding has not yet been appropriated.

It is requested that the following Items be added and funding be made available for expenditure until June 30, 2007:

- Item 3940-101-0419, \$21,689,000 for Water Recycling
- Item 3940-101-6013, \$1,423,000 for Watershed Protection
- Item 3940-101-6019, \$1,047,000 for Nonpoint Source Pollution Control
- Item 3940-101-6022, \$2,941,000 for Coastal Nonpoint Source Pollution Control

These changes are also proposed to be reflected in Item 3940-101-0001.

Extension of Liquidation Period – Lake Tahoe Environmental Improvement Program

It is requested that Item 3940-490 be added to extend the liquidation period for Item 3940-001-0001, Budget Act of 2001. This extension will allow for the completion of several contract studies that will provide guidance for the Lake Tahoe Environmental Improvement Program.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Robert Schladale, Principal Program Budget Analyst, at 445-9694.

DONNA ARDUIN

Director

By:



for MICHAEL C. GENEST
Chief Deputy Director

Attachment

cc: Honorable Dede Alpert, Chair, Senate Appropriations Committee
Attention: Ms. Anne Maitland, Staff Director
Honorable Richard Ackerman, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Jeff Bell, Fiscal Director
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Attention: Mr. Geoff Long, Chief Consultant
Honorable Rick Keene, Vice Chair, Assembly Budget Committee
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Mr. Craig Cornett, Assembly Speaker's Office (2)
Ms. Julie Sauls, Chief Consultant, Assembly Republican Leader's Office
Honorable Terry Tamminen, Secretary for Environmental Protection
Mr. Donald Owen, Assistant Secretary for Fiscal and Administrative Programs, California
Environmental Protection Agency
Mr. Arthur G. Bagget, Jr., Chairman, Water Resources Control Board
Ms. Celeste Cantú, Executive Director, Water Resources Control Board
Mr. Bill Brown, Chief of Administrative Services, Water Resources Control Board



APR 1 2004

Honorable Wesley Chesbro, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Danny Alvarez, Staff Director (2)

Honorable Darrell Steinberg, Chair
Assembly Budget Committee

Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Item 3960-001-0014 and 3960-001-0557, and Addition of Item 3960-011-0294, Support, Department of Toxic Substances Control

Augmentation for Increased Cost of Attorney General Services

It is requested that Item 3960-001-0014 be increased by \$21,000 and Item 3960-001-0557 be increased by \$25,000 to provide funding for the increased cost of services provided by the Attorney General.

Transfer Authority for Oversight Costs

It is requested that Item 3960-011-0294 be added to provide authority to transfer approximately \$250,000 from the Removal and Remedial Action Account, Hazardous Waste Control Account (R&R Account) to the Toxics Substances Control Account (TSCA). Recent settlement agreements have provided funds for oversight costs, and were deposited in the R&R Account pursuant to current law. Funds deposited in the R&R Account, however, cannot be used to fund administrative costs. This request will allow these funds to be used to reimburse TSCA for the costs incurred by the Department of Toxic Substances Control to oversee hazardous waste removal and remediation at specific sites. Provisional language will allow the transfer amount to be based on the actual oversight costs (see Attachment A).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Robert Schladale, Principal Program Budget Analyst, at 445-9694.

DONNA ARDUIN

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Mr. Craig Cornett, Assembly Speaker's Office (2)
Ms. Julie Sauls, Chief Consultant, Assembly Republican Leader's Office
Honorable Terry Tamminen, Secretary for Environmental Protection
Mr. Donald Owen, Assistant Secretary for Fiscal & Administrative Programs, California
Environmental Protection Agency
Mr. Edwin Lowry, Director, Department of Toxic Substances Control
Ms. Leslie Frye, Deputy Director, Department of Toxic Substances Control

Attachment A

3960-011-0294 – For transfer from the Removal and Remedial Action Account to the Toxic Substances Control Account.....(250,000)

Provisions:

1. Notwithstanding any other provisions of law, upon request of the Department of Toxic Substances Control, the Controller shall transfer funds from the Removal and Remedial Action Account to the Toxic Substances Control Account in an amount sufficient to fund the Department's costs of providing oversight to sites with deposits in the Removal and Remedial Action Account. The amount of funds transferred for the oversight of a given site shall not exceed the amount deposited in the Removal and Remedial Account pursuant to the settlement for that specific site.



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Attention: Mr. Christopher W. Woods, Chief Consultant (2)

Amendment to Budget Bill Items 3980-001-0001 and 3980-001-0044, Support, Office of Environmental Health Hazard Assessment

It is requested that Item 3980-001-0044 be increased by \$2,123,000 and Item 3980-001-0001 be reduced by \$719,000. The funding is needed to permit the Office of Environmental Health Hazard Assessment (OEHA) to continue to provide services related to Mobile Air Source Criteria Pollutants and Toxic Air Contaminant assessments to interested parties, including the Air Resources Board, by backfilling General Fund reductions made in recent years. This fund shift will result in \$719,000 in additional budget year General Fund savings by charging all of OEHA's mobile air source emissions related workload to the Motor Vehicle Account.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Robert Schladale, Principal Program Budget Analyst, at 916-324-0043.

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Ms. Julie Sauls, Chief Consultant, Assembly Republican Leader's Office
Mr. Terry Tamminen, Secretary, California Environmental Protection Agency
Mr. Don Owen, Assistant Secretary, California Environmental Protection Agency
Ms. Joan E. Denton, Director, Office of Environmental Health Hazard Assessment
Mr. Val F. Siebal, Chief Deputy Director, Office of Environmental Health Hazard
Assessment
Ms. Margie J. Leary, Deputy Director, Regulatory Outreach and Support Program