

RESOURCES

Resources Agency programs protect and restore California's natural resources for current and future generations. The state's diverse natural attributes include stunning coastlines and lakes, spectacular forests, vast fish and wildlife habitats, rich farmlands, and extensive mineral resources. Agency programs also protect the public by suppressing wildfires, constructing flood control levees, and permitting safe power plants. These programs not only contribute to the state's unique quality of life, but are also critical to sustaining a vibrant economy.

The proposed budget was constructed first by computing the workload budget funding level. From the workload budget, adjustments are made to reflect specific policy adjustments and reductions, including budget-balancing reductions. With these adjustments, the Governor's Budget provides approximately \$13.1 billion and 17,020.9 positions to protect and manage California's natural resources in 2008-09. Change Table RES-01 illustrates the significant changes to the Resources Agency's budget.

WORKLOAD BUDGET

- A workload budget reflects what a given program will cost next year under existing law and policy.
- Government Code Section 13308.05 defines workload budget as the budget year cost of currently authorized services, adjusted for changes in enrollment, caseload, or population, and other factors including inflation, one-time expenditures, federal and court-ordered mandates.

Change Table RES-01

Resources Agency — Changes by Broad Categories

	2007-08			2008-09		
	General und	Other unds	Positions	General und	Other unds	Positions
2007 Budget Act	\$1,674,007	\$11,517,427	16,557.0	\$1,595,121	\$10,230,692	16,557.0
Workload Adjustments						
Alternative and Renewable Fuel and Vehicle Technology Program (AB 118)	—	—	—	—	100,891	5.7
California Energy Resources Scheduling (CERS) Adjustments	—	-53,297	—	—	-264,85	—
E-Fund Deficiency	136,000	—	—	—	—	—
Proposition 1E	—	—	—	—	323,100	11.3
Proposition 84	—	—	2.8	—	785,381	78.8
Updated Expenditure Estimates - Beverage Container Recycling Funds	—	96,633	—	—	194,814	—
Carryovers/Reappropriations: Resources Bond Funds	—	265,612	—	—	-72,435	—
Employee Compensation/Retirement	10,766	27,959	—	13,023	31,117	—
One-Time Cost Reductions	—	- , 87	—	-66,544	-878,486	-20.0
Full-Year Cost of New Programs	—	198	2.8	2,261	23,969	101.3
Other Workload Adjustments	4,147	395,716	17.7	157,027	-118,463	72.6
Infrastructure Adjustment	-16,435	757,965	—	39,247	979,427	—
Totals, Workload Adjustments	\$134,478	\$1,489,599	23.3	\$145,014	\$1,104,510	249.7
Policy Adjustments						
Wildland Firefighting Initiative	—	—	—	—	33,113	387.6
Other Policy Adjustments	—	12,611	—	5,475	-3,79	123.1
Totals, Policy Adjustments	\$0	\$12,611	—	\$5,475	\$29,322	510.7
Total Adjustments	\$134,478	\$1,502,210	23.3	\$150,489	\$1,133,832	760.4
udget Prior to Reductions	\$1,808,485	\$13,019,637	16,580.3	\$1,745,610	\$11,364,524	17,317.4
udget-Balancing Reductions^{1/}	-\$4,204	\$0	—	-\$89,271	\$44,200	-296.5
Governor's Budget	\$1,804,281	\$13,019,637	16,580.3	\$1,656,339	\$11,408,724	17,020.9

^{1/} These dollars and PYs are included in the General Government agency; therefore, not included in each agency's totals in the applicable Summary Schedules.

* Dollars in Thousands

PROPOSED WORKLOAD BUDGET

The major workload adjustments for 2008-09 include the following:

- One-Time Cost Reductions—The Budget reflects decreases of \$66.5 million General Fund and \$878.5 million in other funds, including the following significant reductions:
 - General Fund: \$47.3 million to remove 2007-08 funding for lining of the All-American Canal.
 - Various reductions related to numerous expiring one-time bond fund appropriations for Resources Agency departments.
- E Fund Deficiency—The Budget reflects a current year increase of \$136 million General Fund to reflect the Department of Forestry and Fire Protection's (CAL FIRE) emergency fire suppression expenditures during the October 2007 Southern California wildfires.

PROPOSED BUDGET-BALANCING REDUCTIONS

Total budget-balancing reductions for the Resources Agency amount to \$4.2 million in 2007-08 and \$89.3 million and 296.5 positions in 2008-09. These reductions assume necessary statutory changes will be enacted by March 1, 2008.

Programs exempted from reductions include Paterno judgment payments, Colorado River Quantification Settlement Agreement projects, lease payments securing lease revenue bonds, and CAL FIRE's emergency fire suppression expenditures.

The major reductions in 2008-09 are described below:

- \$1.2 million in 2007-08 and \$3.8 million and 5.7 positions in 2008-09 for the California Conservation Corps' Training and Work Program. This reduction will eliminate 75 of 1,310 existing corpsmember slots.
- \$44.7 million and 361 positions for CAL FIRE's Fire Protection Program. This reduction will shift funding for 20 one-engine fire stations, 11 conservation camps, and 1 helitack base from the General Fund to the Insurance Fund, and will be supported by a surcharge on commercial and residential property insurance policies.

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- \$3.0 million and 20.9 positions for CALFIRE's Resource Management Program. This reduction will reduce funding for fuel treatment activities and the review of timber harvest plans.
- \$1.4 million in 2007-08 and \$3.6 million and 20.9 positions in 2008-09 for the Department of Fish and Game's (Fish and Game's) Biodiversity Conservation Program. This reduction will reduce funding for habitat restoration projects and the review of timber harvest plans.
- \$2.6 million for Fish and Game's Enforcement Program. This reduction will eliminate 38 fish and game warden positions, out of 370 existing enforcement positions. These wardens are responsible for enforcing fish and game laws, inspecting vessels for quagga mussels, and protecting sensitive populations of marine species.
- \$1.0 million in 2007-08 and \$13.3 million and 129.2 positions in 2008-09 for the Department of Parks and Recreation's (Parks) state park system. This reduction will close 48 state parks out of 278 existing parks and reduce seasonal lifeguards at state beaches in Orange, San Diego, and Santa Cruz Counties by a minimum of 50 percent. See Figure RES-01 on the following page.
- \$5.4 million for the Department of Water Resources' (DWR) Flood Management Program. This reduction will be partially offset because Proposition 1E and Proposition 84 funds are available for erosion repair, sediment removal, and Delta levee projects.

OTHER SPECIAL SESSION ISSUES

The Governor has called a Special Session of the Legislature to immediately address the budget and cash shortfall. Included in the Special Session is a proposal to revert \$30 million General Fund for deferred maintenance at state parks. Parks is currently spending \$75 million on deferred maintenance projects. These funds were originally appropriated in the Budget Act of 2006 and were made available for expenditure until June 30, 2012. A portion of the funds have not yet been spent. Consequently, Parks will disencumber and revert a total of \$30 million as a budget-balancing current-year reduction. Proposition 84 provides \$400 million for various state park improvements, and this reversion will be backfilled with a \$30 million augmentation from these Proposition 84 funds.

Figure RES-01



PROGRAM ENHANCEMENTS AND OTHER BUDGET ADJUSTMENTS

Despite the need for significant General Fund reductions to ensure a balanced budget, the Governor's Budget includes the following major program enhancements to protect the natural resources of the state.

IMPROVING FIRE PROTECTION

The 2007 fire season was one of the worst on record. The October 2007 Southern California wildfires burned 517,267 acres, destroyed 3,204 structures, and resulted in 10 deaths and 139 injuries. The total cost of fire suppression efforts for the Southern California wildfires is estimated at \$139.4 million.

To prevent catastrophic fires from occurring in the future, the Budget proposes \$33.1 million Insurance Fund and 387.6 positions to enhance CAL FIRE's fire protection capabilities, including:

- \$28.9 million and 1,100 seasonal firefighters to staff all 336 state fire engines with full four-member crews during peak and transition fire seasons. The current standard is a three-member crew per engine. The additional firefighters will increase fire-fighting effectiveness by improving deployment, reducing fatigue, and accelerating equipment movement.
- \$4.2 million and 3.8 positions to install GPS tracking on key pieces of equipment, such as fire engines and aircraft, linked to computer-aided dispatching. GPS permits real-time monitoring of equipment position and movements and enables instant dispatching and faster redeployment of resources.

Additionally, the Budget proposes a multi-year expenditure plan to enable CAL FIRE to purchase eleven new, all-weather, 24-hour firefighting helicopters over the next six years. These new helicopters will replace CAL FIRE's existing fleet of Vietnam-era helicopters, which are restricted to daytime and mild weather conditions. These helicopters will improve CAL FIRE's ability to effectively respond to intense and frequent wildland fires, as well as other disasters such as earthquakes and floods.

These CAL FIRE proposals are components of a comprehensive Wildland Firefighting Initiative. For additional information, see the Wildland Firefighting Initiative discussion in the Legislative, Judicial, and Executive Chapter.

The Budget also includes \$3 million General Fund and 28.5 park ranger positions to improve the detection and prevention of fires in state parks. According to several documented reports, the November 2007 Malibu fire appears to have started in Malibu

Creek State Park. Additional park ranger patrols will reduce the risk of catastrophic fires starting in fire-prone state parks.

FLOOD PROTECTION

The devastation resulting from the failed levees in New Orleans during and after Hurricane Katrina in 2005 called attention to California’s aging levees. To prevent a Katrina-like event from occurring in California, Governor Schwarzenegger has made improving flood protection a high priority. In 2006, new general obligation bonds (Proposition 1E) for flood control system improvements and levee repairs was one of the primary components of the Governor’s Strategic Growth Plan. In 2007, the Governor signed legislation that requires the development of a comprehensive Central Valley Flood Protection Plan by 2012.

To address the state’s urgent flood control needs, the Budget includes \$598.3 million from Proposition 1E and Proposition 84 bond funds and 14.2 new positions for the following activities:

- \$461.1 million and 14.2 positions for the Flood SAFE California Program. This program will provide subventions to help local governments protect their communities from flooding, enhance emergency preparedness and flood response, and provide grants to local governments for urgent repairs and improvements of levees in the Central Valley and the Delta.
- \$126.5 million for levee evaluations and the repair of critical levee erosion sites.
- \$10.7 million for five flood control capital projects: Mid-Valley Area Levee Reconstruction, South Sacramento County Streams, West Sacramento Project, Merced County Streams, Sutter Bypass, and for feasibility studies on additional projects.

The Budget also provides \$2 million General Fund to establish a new Central Valley Flood Protection Board within DWR, as specified by Chapters 365 and 366, Statutes of 2007. The new board will assume the

PROPOSITION 1E

The Disaster Preparedness and Flood Prevention Bond Act of 2006 (Proposition 1E) provides \$4.1 billion in general obligation bonds for the following levee repair and flood control activities:

- \$3.0 billion—Central Valley and Delta flood control system repairs and improvements.
- \$500 million—Flood control subventions outside the Central Valley.
- \$300 million—Stormwater flood management outside the Central Valley.
- \$290 million—Flood protection corridors and bypasses and floodplain mapping.

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responsibilities of the former State Reclamation Board, approve a Central Valley Flood Protection Plan by July 1, 2012, and ensure that cities and counties consider flood risks when making land use and development decisions.

PROPOSITION 84

In recent years, California's voters have approved a series of bonds to protect and enhance the state's natural resources. Propositions 12, 13, 40, and 50 have made available a total of \$10.1 billion dollars that has been used by local governments and state agencies for a wide variety of activities such as water conservation, acquisition of land to protect wildlife habitats, and restoration of damaged ecosystems.

Most recently, the voters approved Proposition 84, which authorizes an additional \$5.4 billion in general obligation bonds for water, flood control, natural resources, park, and conservation projects. The Governor's Budget proposes the expenditure of \$1 billion in Proposition 84 funds for natural resources programs in 2008-09, including:

- \$350 million and 9.5 positions for DWR for regional projects that increase water supplies, encourage water conservation, improve water quality, and reduce dependence on exported water.
- \$89.1 million for the State Coastal Conservancy to restore coastal wetlands and watersheds and promote public access to the coast.

PROPOSITION 84

The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) provides \$5.4 billion in general obligation bonds for the following activities:

- \$1.5 billion—Drinking water and water quality projects
- \$800 million—Flood control
- \$65 million—Statewide water planning and project design
- \$928 million—Protection of rivers, lakes, and streams
- \$450 million—Forest and wildlife conservation
- \$540 million—Protection of beaches, bays, and coastal waters
- \$500 million—Parks and nature education facilities
- \$580 million—Sustainable communities and climate change reduction

- \$26.4 million for the Ocean Protection Council to develop marine protected areas and enhance habitat for marine species.
- \$33.3 million for the California Conservation Corps and local conservation corps for public safety and watershed restoration projects, as well as grants to local corps for acquisition and development facilities to support local corps programs.
- \$16.7 million for Parks for deferred maintenance, interpretive exhibits, and cultural and natural stewardship projects at state parks.
- \$15.8 million and 10.5 positions for DWR to complete feasibility studies for surface water storage projects, evaluate climate change impacts on the state's water supply and flood control systems, and develop a strategic plan for the sustainable management of the Sacramento-San Joaquin Delta's water supplies and ecosystem.
- \$10.8 million and 2.8 positions for Fish and Game for environmental and ecosystem restoration activities at the Salton Sea.

ALTERNATIVE AND RENEWABLE FUEL AND VEHICLE TECHNOLOGY PROGRAM

The Budget includes \$100.9 million Alternative and Renewable Fuel and Vehicle Technology Fund and 5.7 positions for the California Energy Commission to prepare guidelines and provide grants, loans, and other appropriate measures to public agencies, public-private partnerships, and other entities to develop alternative fuels and related technologies, including electricity, ethanol, renewable diesel, natural gas, hydrogen, and biomethane, among others. The development of these fuels and technologies will help reduce California's dependence on petroleum-based fuels.