

Protecting the Environment

California is a land of rare grace and beauty. Not only are its people ethnically and culturally diverse, but the richness and diversity of its natural resources provide a unique quality of life which must be preserved for current and all future generations. Encompassing approximately 156,000 square miles, the Golden State ranges from majestic Mount Whitney at 14,495 feet in the rugged Sierra Nevada Mountains to the blistering depths of Death Valley at 282 feet below sea level. The awe-inspiring beauty of the Big Sur coastline, the warm and inviting beaches of Southern California, vast forests, rivers, lakes, meadows, wetlands, and deserts, as well as diverse wildlife and extensive riparian habitats, water quality, and mineral resources are unsurpassed.

Much has been accomplished in the past year to preserve and protect our environment, including appropriation of \$157.0 million for major restoration of state parks and preservation of natural, cultural, and historic resources; appropriation of \$158.0 million for land acquisitions to preserve open spaces, protect natural habitats, and enhance public access; phaseout of the use of MTBE as a gasoline fuel additive to protect the state's fresh water supplies; and steps to prevent development of oil leases off California's breathtaking coast.

Building on these accomplishments and establishing a long-range investment strategy, the Governor's Budget includes approximately \$3.5 billion for natural resources and \$1 billion for environmental protection. This funding supports a number of key policy initiatives that integrate and maximize the resources of the various boards and departments within the Resources and California Environmental Protection (CalEPA) Agencies to better preserve and protect the state's natural heritage. These initiatives include:

- Developing a new Natural Heritage Preservation tax credit to encourage preservation of habitats and open space.
- Improving air quality by replacing older diesel engine school buses and encouraging the use of cleaner alternative fuels.
- Increasing efforts to protect children from harmful effects of environmental pollutants.
- The continued commitment to address environmental restoration and water management in the San Francisco Bay and the Sacramento-San Joaquin River Delta through the CALFED program.
- Expansion and integration of watershed assessments on the North Coast.
- Acquiring and restoring vital wetlands.
- Protecting and restoring the environmental quality of Lake Tahoe and the Tahoe Basin.
- Enhancing enforcement of environmental protection laws and improving the quality of the state's water.

The Administration also supports two major bond issues that will appear on the March 2000 ballot—"The Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Bond Act of 2000" (\$2.1 billion), and "The Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Act" (\$1.97 billion). The Parks measure will provide \$905.0 million to local governments for parks, youth centers, and environmental enhancement projects; \$525.0 million to restore and improve state parks and cultural and natural resources; and \$670.0 million for coastal acquisitions, acquisition and restoration of wildlife habitat, Lake Tahoe (\$50.0 million), and farmland protection (\$25.0 million). The Water Bond includes \$630.0 million for water supply, reliability, and infrastructure projects; \$468.0 million for watershed protection; \$355.0 million for clean water and water recycling programs; \$292.0 million for flood protection; \$155.0 million for water conservation; and \$70.0 million for safe drinking water.

Natural Heritage Preservation Tax Credit

In keeping with the Administration's commitment to wise stewardship of California's priceless resources, the Budget proposes a one-time \$100 million state tax credit to safeguard unique natural habitats and open space—the largest state tax credit ever offered to preserve and protect California's natural treasures. This program reflects the Administration's philosophy of encouraging collaborative approaches rather than regulatory mandates, and will be available as an incentive to landowners of unique properties who are willing to enter into a public-private partnership to protect California's natural legacy.

Air Quality and Alternative Fuels

California faces the toughest air quality challenges in the nation. The 2000-01 Budget proposes a major investment in air quality improvement and reduction of toxic emissions. Some of the most noxious contributors to air pollution are school bus diesel engines; diesel engines are known sources of carcinogens. The Administration proposes to make an unprecedented commitment to ridding California's roadways of these polluters through a \$50 million buy-back program to exchange pre-1977 dirty school buses for safe and clean alternative fuel buses.

In addition, the Administration expands on its commitment to alternative fuels. The 2000-01 Budget proposes \$31.9 million to fund innovative alternative fuels projects, including:

- \$14.4 million to purchase alternative fuels vehicles for the state fleet and provide related fueling facilities.
- \$6.0 million to establish a clean fuels infrastructure for public agencies.
- \$5.0 million to provide incentives for the purchase of hybrid electric and fuel cell vehicles.
- \$5.0 million to purchase fuel cell buses for local transit agencies.
- \$1.5 million to study and develop hydrogen-fueling infrastructure.

Children's Health

Increasingly, scientific evidence has shown that children are physiologically more susceptible to environmental pollutants than adults. For example, a child's immune system is still developing well into adolescence and is not as robust as an adult's immune system. Existing environmental risk assessment tools and protocols, however, do not consider these differences between children and adults.

To address the unique needs of children, the Budget proposes \$5.2 million for the following activities:

- **Air Resources Board**—\$1.0 million to assess indoor air quality in portable classrooms (\$100,000 of this amount is in the Department of Health Services' budget).

- **Pesticide Regulation**—\$608,000 to implement pest management plans at schools to reduce the use of pollutants and exposure of children to those pollutants.
- **Toxic Substances Control**—\$2.8 million to investigate and provide technical assistance related to the cleanup of hazardous materials at school sites.
- **Environmental Health Hazard Assessment**—\$843,000 to evaluate cancer risks to children from exposure to toxic chemicals and develop risk assessment guidelines.

CALFED

CALFED is a joint federal and state effort that includes environmentalists, business leaders, agricultural interests, and representatives of local governments to study and recommend policy directions and goals to address the state's long-term water needs. Recommendations will include water development, conservation, transfer, and quality issues in order to ensure that California will continue to have a reliable, affordable, and sufficient supply of high-quality water. Specific goals also include restoration of the central valley rivers and the Sacramento-San Joaquin River Delta.

The program includes three phases. Phase I, completed in 1996, identified Bay-Delta problems and three potential solutions. Phase II includes completion of draft environmental impact reports and announcement of the preferred alternative. Phase III will implement a solution.

The 2000-01 proposed budget includes \$136.1 million as follows:

- \$51.5 million from Proposition 204 for Bay-Delta ecosystem restoration projects.
- \$18.2 million to monitor fish populations—particularly threatened or endangered salmon and steelhead.
- \$54.0 million for CALFED support and ecosystem restoration (\$34.0 million) and to investigate water storage solutions and options (\$20.0 million).
- \$10.0 million to assist public water agencies mitigate the impact of water shortages.
- \$2.4 million for water quality activities.

North Coast Watershed Assessment

The North Coast Watershed Assessment program will develop baseline information on watershed conditions that will be used to develop a scientific framework for improving a range of watershed protection, conservation, and restoration programs. This marks the beginning of a six-year effort to assess one million acres per year and better understand the linkages between past and ongoing land use activities, geomorphic processes, aquatic and terrestrial habitat, and responses of coastal salmon and steelhead populations to restoration efforts. Specific activities totaling \$11.3 million (\$9.5 million General Fund) include the following:

- **Department of Conservation**—\$4.9 million to map and analyze landslide areas, in-stream sediment, and soil erosion data, and to implement a competitive grant program for resource conservation districts involved in watershed restoration activities.
- **Department of Fish and Game**—\$4.1 million to analyze factors which limit salmon growth in each watershed, such as woody debris, sedimentation, water temperature, and shade. The Department will join with watershed groups, landowners, and stakeholders to work on salmon restoration projects.
- **Department of Forestry and Fire Protection**—\$1.3 million to evaluate timber management and land use impacts on watershed and fish habitat.
- **Water Resources Control Board**—\$581,000 to compile and interpret water quality data, and determine the usefulness of that data in implementing water quality protection requirements.

- **Department of Water Resources**—\$382,000 to analyze stream flow and hydrologic data in five river basins: Albion, Gualala, Big River, Mad River, and Redwood Creek.

Inland and Coastal Wetlands

Wetlands provide critical habitat for plants, birds, fish, and other aquatic life forms. They provide water quality protection and improvement, soil erosion prevention, flood control and groundwater recharge, and food and shelter for resident and migratory bird populations as well as freshwater and marine fish. Today, California has only 10 percent of the wetlands that existed before settlement by Europeans. The Central Valley once was the home to approximately four million acres of wetlands; today, those wetlands have diminished to 300,000 acres. Only 5 percent of the state's coastal wetlands remain intact.

To rebuild the state's wetlands inventory, the Budget proposes an additional \$46.5 million in the following departments:

- \$25.0 million—Wildlife Conservation Board for wetlands acquisitions and restorations.
- \$13.5 million—State Coastal Conservancy for the Hamilton Airfield Wetlands Restoration project.
- \$8.0 million —State Coastal Conservancy for the Elkhorn Slough Wetlands Acquisition and Restoration project (\$4 million) and the Carmel River Lagoon Wetlands project (\$4 million).

Lake Tahoe

The environmental quality of Lake Tahoe and the Lake Tahoe Basin has declined rapidly over the past four decades as tourism and recreational demands have increased. Since 1968, the lake has lost more than 30 feet of transparency and is currently losing clarity at a rate of almost 1.5 feet per year. In an effort to mitigate environmental degradation in the area, California signed a Memorandum of Understanding (MOU) in 1997 with the federal government and the State of Nevada to implement an Environmental Improvement Plan at a cost of \$908.0 million over the next ten years. California's share of this commitment is \$274.0 million. The federal government has committed to \$300 million, and the State of Nevada has committed to \$85.0 million. The remainder will be funded from local and private sources.

Since the signing of the MOU, California has appropriated \$47.7 million towards fulfillment of its commitment. The Governor's Budget reaffirms that commitment by proposing an additional \$19.5 million to acquire property, preserve and restore wetlands and habitat, enhance public access and recreation, and protect air and water quality. A Lake Tahoe interagency task force also has been formed to further refine needs, funding strategies, and implementation mechanisms.

Water Quality

Much has been done to date to address water pollution problems from sources that can be identified as directly causing the problem. However, pollution from less direct sources, also known as nonpoint source pollution, has only been partially addressed to date and is much more difficult to resolve. Measures to control nonpoint source pollution typically involve pollution prevention and education efforts, monitoring, and working with the multiple sources of pollution to develop mitigation strategies.

The Budget proposes \$9.7 million to implement a Water Quality initiative to restore the quality of water in impaired water bodies throughout the state. The initiative will expand on current efforts to develop and implement total maximum daily loads (TMDLs) and identify additional impaired water bodies by assessing the cause of the pollution and developing appropriate solutions in conjunction with the stakeholders and local and federal agencies. This funding will allow the Water Resources Control Board to evaluate all 160 watersheds in the state every five years.

Environmental Protection

Enforcement of environmental laws helps protect the state and its citizenry from the ill-effects of environmental pollution. The CalEPA has emphasized programs that assist businesses and industry in complying with environmental regulations and will continue to provide such assistance. Greater enforcement needs have been identified, however, in order to fully protect public health and the state's environment.

The Budget strengthens environmental protection efforts by including \$4.9 million for an integrated statewide enforcement program as follows:

- **Toxic Substances Control**—\$2.9 million to increase compliance inspections, shorten the amount of time needed between identifying a problem and taking action, and increase criminal and civil legal actions when necessary.
- **Water Resources Control Board**—\$1.1 million to take actions against those who habitually discharge pollutants into the state's water supply, and identify water diversions requiring a permit.
- **Pesticide Regulation**—\$471,000 to evaluate the effectiveness of the Statewide Pesticide Enforcement Database as a tool for strengthening local enforcement efforts, and provide funding for the increased number of investigations that are expected to result from increased enforcement.
- **Air Resources Board**—\$431,000 to expand training to local governments on environmental law enforcement.