1-27-1993

Annual Environmental Report of the Governor 1991 and 1992

Office of the Governor

ANNUAL ENVIRONMENTAL REPORT OF THE GOVERNOR

1991 and 1992

Governor Pete Wilson
State of California

December 1992

Printed on recycled paper

GOVERNOR PETE WILSON

January 27, 1993

TO: MEMBERS OF THE LEGISLATURE AND CITIZENS OF CALIFORNIA

California's commitment to our environment is unequaled. Our state's natural beauty, and the need to safeguard our air, water, and lands remains a primary priority of state government.

The actions taken by my Administration during the past two years to fulfill the public's expectations for a clean, safe, and productive environment are described in the attached Annual Environmental Report and message. This Report and message are prepared pursuant to Government Code section 12805.5, and contain the environmental policies of this Administration, significant events of 1991 and 1992, along with recommendations for improving environmental programs in the coming years.

We have already found many new ways to make environmental programs more efficient. We have created Cal/EPA to coordinate and improve the efficiency of environmental quality programs, implemented a long-term water policy seeking to meet the needs of our cities, agriculture, and environment, and began permit and regulatory reform contained in bills passed by the Legislature and signed into law in 1992. We also established a comprehensive energy strategy and instituted the Natural Communities Conservation Planning program as a means of preserving diverse species while encouraging economic growth.

SACRAMENTO, CALIFORNIA 95814 (916) 445-2841

As much as we have accomplished to date, we must continue to better integrate our environmental and economic goals. As cited by the Council on California Competitiveness and the ADEPT report, we must shift from our current system of single purpose, uncoordinated, and overly complex regulations and permits administered by a multitude of agencies. The procedural maze that has evolved over time no longer serves the needs of a society seeking to implement both environmental and economic goals.

Environmental and economic progress must proceed together, and we can accomplish this through reforms to clarify the regulatory requirement and to consolidate our permitting processes. The public demands certainty in what is required to protect the environment, and this must be our goal in reforming a system currently known more for overlap and delays than for its successes.

We should also use our environmental standards as a basis for economic growth. California's lead in environmental technologies and services must be maintained through a partnership between the public and private sectors, and we must ensure that regulatory barriers that otherwise will cause this competitive lead to shift to other states and other nations do not hinder us.

We all share a vision for California. It is one in which we maintain our tradition of stewardship and leadership in environmental protection and economic growth. In the coming year, my Administration stands committed to working with you on this common goal.

Sincerely,

PETE WILSON

ANNUAL ENVIRONMENTAL REPORT OF THE GOVERNOR

TABLE OF CONTENTS

I. INTRODUCTION

California has led the nation and often the world in its devotion to a clean, safe, and productive environment. This commitment is evidenced in the high standards we have set to protect the quality of our air, water, land, natural resources, and thus our quality of life.

Poised on the brink of the next millennium, California now finds this commitment challenged on many levels:

- Our population now stands at 31 million, and projections show continued additions of 600-800,000 new Californians each year. This growth puts pressure on our traditional environmental programs to continue their past successes in light of ever-increasing demands on our natural resources and environment. For with this growth comes new needs for jobs, housing, recreation, and environmentally safe living conditions that prior generations knew as the norm. The face of this future growth--increasingly multi-racial--demands that we strive to maintain the same opportunities prior generations knew, through balanced attention to all of society's needs. This same growth--along with more cars, more waste, more demands on water and our other resources--also means the focus of the environmental programs must continue to shift from the traditional "end of pipe" pollution control, to a greater effort on pollution prevention needed to address the individually-small but collectively-significant effects from the everyday activities of this large a population.

- Environmental programs, as elsewhere in government, face increased scrutiny in seeking new public funds. The current economic conditions combined with existing statutory and constitutional spending formulas mean few new resources are available for any public agency, and often mean painful but necessary reductions. The U.S. Environmental Protection Agency estimates that currently, some two percent of the nation's gross national product is devoted to environmental protection. That agency estimates that recent federal legislation will raise the nation's environmental investment to three percent. This allocation of new resources promises to attain significant benefits through protection of public health and preservation of our natural resources. But the scale of this new commitment at a time of recession demands that further innovation, new initiatives, and strengthening of existing programs first be sought from within through greater efficiency, coordination of existing resources, and a proper scaling of administrative effort to the risks posed to the public and the environment.

- California is no longer a golden island. We face increasing competition at home and abroad as we seek to ensure adequate job opportunities for our citizens. But jobs do not

mean we should sacrifice the environment. Our commitment to a quality environment is key to our competitive edge; it is the reason why many of us moved here in the first place, and the reason why entrepreneurs take root and struggle to keep their businesses growing in this State. But commitment to environmental standards should not be confused with unquestioning acceptance of the current regulatory maze developed over the past. Our multiple agencies with overlapping responsibilities, our past focus on single-purpose programs at the expense of integrated environmental management, our propensity to respond to crisis rather than management through long term planning have created one of the most complex regulatory systems in the world.

Much of this system is necessary, but other aspects only produce delay and confusion to business and the public. And in this process, no one is served. Business must face extended delays and added costs rather than receive clear directions on the measures they must institute to ensure environmentally safe operations. The public must face frustration in dealing with an uncoordinated bureaucracy more attuned to process rather than decisions on the measures needed to protect their health and the natural beauty they love. Government in California must become more responsive--not just individual agencies, but the composite of those agencies acting together. California can remain golden and green, but together, we must craft the delivery systems to serve as the model of an advanced economy with equal devotion to its environmental needs.

Meeting these challenges is not the job of any one agency. For in some respect, all agencies of the State affect the health and course of our environment:

- The new Cal/EPA brings the environmental quality agencies under one umbrella. The departments, offices, and independent boards of this agency now have the opportunity of directing an integrated approach to protecting public health through pollution prevention and environmental protection.

- The boards, departments, and commissions of the Resources Agency are charged with conserving the State's natural resources, and ensuring proper management of this base for a sustainable economy.

- The Office of Planning and Research is statutorily entrusted with overall planning integration and with developing Statewide land use planning and environmental impact policies.

- The departments and commissions of the Business, Transportation & Housing Agency are responsible for providing increased mass transit and other measures to lessen Californians' dependence on single occupancy automobiles, and thus improve air quality and our energy mix. These programs also focus on ensuring a healthy economy necessary to support investments in environmental quality. Recently, this agency also has been working with the environmental agencies to spur investment and export trade

in environmentally-related products. Finally, the Department of Housing and Community Development, through financial assistance and the review of housing elements of local general plans, seeks to provide affordable housing within all existing communities. This lessens the pressures for sprawl which has negative environmental impacts on land use and air quality.

- The programs of the Health and Welfare Agency focus on protection of public health. Frequent interaction continues between the public health experts of this agency and the environmental risk assessment and risk management agencies under Cal/EPA and Resources Agency.

- The Department of Agriculture is charged with preserving agricultural resources, which as a land use plays a key role in growth management and which as a source of jobs represents the largest component of California's resource-based industries.

- The Department of Finance plays an integral role by seeking stable funding for all of the entities responsible for protecting the State's environment.

From the multi-agency Growth Management Task Force, to the reorganization creating Cal/EPA, to the inter-agency efforts to produce a more coordinated permit system, State agencies are now demonstrating that the only effective way to balance environmental and economic concerns is to avoid single-purpose agendas. We must instead work cooperatively toward solutions. The end result is a better quality of life for all Californians.

To move this agenda, our environmental programs will be guided by the following policies:

- **Greater integration and coordination among the individual programs and with other levels of government.** Our environmental programs have largely evolved to deal with only one part of the environment. Their past successes have created the building blocks for effective overall protection, but we must start thinking of the environment as a whole and craft our management and protection strategies accordingly. Similarly, we must stop thinking of the environment as a separate part of government or as a separate movement within society. Everything we do as agencies--indeed, everything we do as individuals--affects the quality of our environment. The environmental ethic must be integrated into all actions of government.

- **Protection of public health as the underlying principle upon which California's environmental programs are built.** Evidence of this deep commitment can already be found within the California Clean Air Act, containing the most stringent health-based air quality standards in the country; the State's water quality standards; and the strict coastal and ocean protection programs. Present and future activities will continue to focus on identifying those activities, processes and substances presenting the greatest risk

to public health and the environment and acting to minimize public exposure. Increased pollution prevention will be a key aspect in protecting public health.

- **Consistent and evenhanded enforcement.** Laws have no meaning if they are not backed up with a commitment to aggressive enforcement. Similarly, laws will not be respected if enforcement varies by region, facility, and agency. We must establish clear and concise guidelines for the standards and practices expected of the regulated community, along with certainty in the penalties they will face if they do not comply. By doing so, we will establish a level playing field whereby businesses that invest in the required pollution control and prevention practices will not be placed at a disadvantage with their competitors that do not. The end result will be better protection of public health.

- **Pollution prevention rather than end-of-pipe pollution control.** The early years of environmental programs focussed on removing visible pollution--cleaning our waters, air, and contaminated lands. This experience has shown the tremendous costs of cleaning up after the fact. Protection of our environment can be less costly and more certain if we establish the practices to prevent pollution in the first place.

- **Environmental protection as a critical underpinning of our economy.** All Californians are environmentalists. We all live here and demand a quality of life where it is safe to live and raise our children, and where we can enjoy the natural splendors of this State. We must not fall prey to those who argue that we must make a choice between the environment and the economy. Nor should we be dissuaded by claims that environmental investment is a drain on our economic resources. Indeed, sustainable management of all of the State's resources is absolutely essential to our future prosperity. Environmentally sound economic development is a strategic choice on the direction of our economic growth, and we must seize on our environmental ethic as a challenge to drive economic opportunities. These opportunities abound throughout the State; a few examples include the following:

  - applying the assets in our defense-based industries to develop electric transportation technologies essential to our clean air and energy goals;

  - turning our solid waste problem into recycled feedstocks supporting new businesses and new products;

  - shifting from toxic generation to create a new business sector based on pollution prevention;

  - transforming wastewater disposal into expanded water supplies through reclamation; and

- treating the billions of federal dollars to be devoted to military base clean-ups not as a one-time expense, but as an investment for training, research and development, and creation of a California-based remediation industry to expand our export base to Asia, Eastern Europe, and other industrializing areas that now recognize the societal benefits of a healthy and safe environment.

The elevation in importance of environmental issues is not unique to California; industrialized nations throughout the world are facing environmental degradation compounded by population pressures. The need to invest in environmentally sound technologies to protect human health, natural heritage, resource-dependent industries, and to ensure economic progress is recognized in such diverse places as Eastern Europe, the former Soviet Union, and our trading partners in Mexico, Japan, and the rest of the Pacific Rim.

California is poised as no other state, or even country, to provide environmentally superior technologies to the rest of the world. A nation-state focused on meeting the needs of the world market, California has traditionally anticipated the changing demands of evolving economies, pushing the curve on technological and social trends. In striving to meet the State's stringent environmental standards, Californian businesses are grasping the opportunity to be world leaders in the burgeoning environmental industries.

The greatest challenge will be to ensure that the environmental innovations developed in California translate into jobs for Californians; we must reap the benefits of the entrepreneurial base which is developing clean industries, and increased source maximization and energy efficiency. As is clear from the programs and initiatives described in the following pages, the State government has a structure in place that can aggressively take on these environmental challenges while increasing the State's economic competitiveness.

II. THE YEAR IN REVIEW

The first 22 months of the Wilson Administration have seen new challenges to State government and have placed new demands on the environmental programs in their role of protecting public health and our natural resources. Earthquakes in Northern and Southern California, the fifth year of drought, several events demonstrating gaps in our response structure to handle rail spills, the Oakland fire, a killer freeze, an infestation of whiteflies, the aftermath of riots in south central Los Angeles, the San Diego sewage spill, and the continuing recession have stirred State government to seek new ways to perform better and more efficiently. The State has to be prepared to respond to crisis, and to take the quick actions needed to restore disaster sites back to safe and productive uses. The State has to avoid creating crisis, and ensure our planning is proactive, coordinated, and forward-looking to meet the needs of a growing population and economy. The State must seek new ways to meet our goals of a safe, clean, and accessible environment in an era of tight public finances.

At the same time, the State of California is faced with great opportunities. California's programs have shown solid success in cleaning up and preserving our environment. Even in the face of dramatic population growth, our water is cleaner, our air quality continues to improve, our energy base is more diversified, exposure of the public to toxics is reduced, and more of our natural resources have come under protection and sustained management. Our environmental programs continue to be national and international models, and we can build from this base to create ever more effective means to meet our goals. Over the past 22 months, the Wilson Administration has moved in many areas to renew the State's commitment to effective and aggressive environmental protection.

This Annual Environmental Report of the Governor describes the many different actions now underway by the Administration. This report is pursuant to SB 1021 by Senator Gary Hart [Statutes of 1991, Chapter 777], which requires the Governor to annually report specified information on environmental developments, forecast future trends, summarize State policies and actions related to environmental developments and trends, and evaluate economic and human health costs of resource depletion, pollution, and changes in environmental quality. As this document is the first Annual Environmental Report to be produced under the new law, it focuses on the basic policies, developments, and trends related to protection of California's environment. Work is now underway in various agencies and offices to develop focussed information on the specified economic and human health costs, notably a comprehensive risk assessment now underway by Cal/EPA, a review of methodologies for assessing the costs and benefits of environmental regulation currently proposed by Cal/EPA, and the growth management studies

of the Office of Planning and Research. The results of this work will be contained in future Annual Environmental Reports.

The following section presents the basic policies, developments, and trends in existing efforts of the environmental programs. Section III of this report lays out various opportunities for new initiatives to prevent pollution, improve environmental quality, and protect natural resources.

A. Creation of Cal/EPA

In April of 1991, Governor Wilson formally proposed the creation of the California Environmental Protection Agency (Cal/EPA). In so doing, the Governor fulfilled a campaign promise to coordinate the State's environmental quality programs and assure that there is a cabinet level voice for environmental quality in concert with the natural resource protection responsibilities of the Secretary for Resources.

As a result of the reorganization process, Cal/EPA currently consists of:

- The Office of the Secretary
- Air Resources Board
- Department of Pesticide Regulation
- Department of Toxic Substances Control
- Integrated Waste Management Board
- Office of Environmental Health Hazard Assessment
- State Water Resources Control Board and Regional Water Quality Control Boards

These programs now fall under Cal/EPA as a result of the reorganization process under State law. In addition, the Administration continues its willingness to work with the Legislature to seek companion statutory changes.

The boards, offices, and departments now under Cal/EPA represent the basic programs necessary to improve the efficiency and effectiveness of the State's environmental protection efforts. As part of the reorganization process, the Governor committed to continue evaluating additional State programs that may be appropriate for inclusion in the environmental quality agency, for future consideration through legislation.

As set forth in the Cal/EPA reorganization, the key purpose of the new agency is to achieve the following policies:

- **Set program priorities based on protection of public health.** The most urgent attention must be turned toward those processes, substances, and activities which present the greatest risk to public health and the environment.

- **Base program decisions on scientifically valid analyses and conclusions.** Decisions to set risk-based priorities must be based on rigorous and internally consistent science, at the level widely recognized to be the best available.

- **Protect through pollution prevention.** Government working with business should act to prevent the creation of pollution in the first instance; it is not sufficient, from an environmental or economic standpoint, to focus solely on pollution as it exits the pipe or the stack.

- **Achieve environmental protection in concert with other societal goals.** Environmental protection and economic progress should be viewed as complementary--not competing--goals. Where traditional command and control regulation can be effectively supplemented by environmentally protective and legally enforceable market incentive arrangements, new initiatives should be undertaken. Government should encourage research and development of environmentally protective technologies, and strive to apply the forces of the free market for environmental improvement.

- **Apply enforcement consistently and fairly.** Vigorous, predictable enforcement must be a standard for the environmental programs. Enforcement not only protects the public health, but also creates an "even playing field," whereby good corporate citizenship is not undercut by competitors' avoidance of environmental regulations.

- **Ensure public involvement.** The regulatory decision-making process must remain open to the public as far as possible, seeking consensus with and support from the national government, other branches of State government, local government, industry, agriculture, environmental groups, community groups, and concerned citizens.

In addition to these specific policies, the new Cal/EPA also now provides a primary point of contact and authority for the State environmental quality programs; assures that there is a Cabinet-level voice for environmental protection within the Governor's decision-making process; allows smoother, more coordinated government action to meet environmental needs; and provides the forum for the programs to identify areas for the reduction of overlapping and redundant bureaucracies which do not efficiently protect the environment.

In its formative months, Cal/EPA has moved the environmental agenda through the following actions:

- Instituted regular coordination opportunities among the constituent boards, departments, and offices. Established working groups which now exist at the executive officer level, regional levels, and within the programs at functional levels such as enforcement, permitting, legislation, and public information.

- A uniform environmental permit and uniform permit appeal process is now under development. A discussion paper was released in March 1992 containing draft options

for achieving greater coordination in the environmental permit processes, and public comments have been obtained through a series of public meetings and written comments. Cal/EPA has moved forward to implement individual items covered by the recommendations, but the majority of these reforms will be put in place based on details to be developed by several task forces now being formed.

- Established independent review panels for the new departments and risk assessment office. Program reviews have been completed for the new Department of Toxics and Proposition 65 process, and implementation of the recommendations are now underway. A similar review is now underway for the Department of Pesticides.

- Initiated the California Comparative Risk Project, designed to identify and rank the most important environmentally based threats to our ecosystems, public health, and society, and to identify ways to reduce these threats. The results will be used to shape a strategic plan to address the State's most pressing environmental problems.

- Helped to facilitate permitting and resolve permit conflicts on individual projects. Cal/EPA receives numerous requests to assist on specific permitting problems. If the issue falls within the authority of only one board or department, the issue is assigned to that program for resolution. However, many situations involve more than one board or department and can also involve a related local or federal authority. In these cases, Cal/EPA has brought together the involved parties, and has facilitated coordinated actions. Specific examples include: assisted a company seeking to recycle used oil filters, which entailed questions of air quality, recycling goals, and hazardous waste; worked with the Office of Permit Assistance, Department of Commerce and other State agencies, assisting siting for a major paper recycling plant, which will accommodate about one-third of California's newspaper and magazine solid waste; and stabilizing an abandoned oil refinery/terminal where no one agency had clear authority over the site.

- Initiated a process for regulatory improvements on issues which cut across the different environmental protection programs. Cal/EPA has requested suggestions where improvements can be made to the existing regulatory procedures, and an Agency working group investigates specific recommendations as they are received.

- In July 1991, Cal/EPA played a key role in the response to the spill of metam sodium into the Sacramento River near Dunsmuir. Within hours of the spill, response staff from Cal/EPA and its boards and departments were on the scene to assist the Department of Fish and Game, which served as the lead State response agency. As the cleanup operations continued, specific solutions were shown to have differing cross-media impacts to air, water, and land. Cal/EPA convened the necessary technical meetings to balance the various response options, and quickly craft the optimal solution. Cal/EPA has continued coordination among its programs for the ensuing investigations and legal actions.

- In Spring 1992, Cal/EPA assisted local governments in the immediate aftermath of civil unrest in South Central Los Angeles County. Cal/EPA provided technical assistance and resources to expedite area clean-ups immediately after the civil unrest. Subsequent actions to assist local communities affected by the civil unrest are now under the Governor's LA Recovery Cabinet Coordinating Committee. Specific items include development of local permit streamlining and CEQA guidelines prepared by OPR, a One Stop Permit and License Center to consolidate and expedite State activities related to jobs expansion in the area, and pollution prevention assistance to area businesses.

- Substantially increased public outreach and public information activities. During most of 1991, Cal/EPA operated with only limited staff. As a result, public outreach and public participation could not receive the attention necessary for a successful environmental program. As external affairs and public information staff has been brought on board, extensive new efforts have begun to open the needed communication lines with environmental and community groups, business, the public, and the Legislature. More regular meetings are now being held with various interest groups. A regular newsletter is published for outside groups and for communication with board and department staffs. "Brown bag" meetings are used to provide board and department line staff an informal opportunity for discussions with Agency staff. A series of formal advisory committees are now being established to provide more regular channels for communication directly to the Secretary. Cal/EPA is also proceeding with a proposed investigation of "environmental justice" issues, involving an assessment of how environmental burdens are distributed throughout the State's socio-economic groups.

- In July, 1991, the State Water Resources Control Board adopted the "Water Quality Control Plan for Salinity in the San Francisco Bay/Sacramento - San Joaquin Delta Estuary" (Plan). This Plan, which establishes new water quality standards for salinity, temperature and dissolved oxygen in the Bay and the Delta, was one component of the Water Board's ongoing process of establishing water quality standards and water right decisions to restore and protect the ecosystems of the Bay and Delta. Based on their conclusion that these new standards were inadequate to protect the Bay and the Delta, the U.S. Environmental Protection Agency disapproved these standards in September, 1991, and has proceeded to promulgate federal water quality standards for these water bodies.

  Since September, 1991, Secretary Strock, his staff and representatives of the Water Board have met a number of times with representatives of U.S. EPA, to forge a solution that will be acceptable to both the State and Federal governments. In April, Governor Wilson announced his water policy, which had been developed by representatives of his office, Cal/EPA, the Water Board, Resources Agency and other organizations within the Administration. A basic element of the policy is a mandate for the Water Board to establish, by the end of 1992, interim water quality standards, operational modifications, and flow requirements, to begin the restoration of the health of the ecosystems of the Bay and Delta.

- During 1991 and 1992, Cal/EPA worked closely with the Governor's office, with its Boards and Departments and with the Legislature to gain passage of significant environmental legislation. These efforts proved successful, as several key environmental bills were passed by the Legislature and signed by the Governor. These legislative accomplishments in 1991 include:

  - a suite of bills to improve the State's ability to prevent or respond to environmental disasters, such as the spill of metam sodium into the Sacramento River {SB 48 (Thompson), AB 151 (Katz), AB 684 (Moore) and SB 152 (Killea)};

  - bills to improve the regulation of pesticides, through the filling of gaps in toxicological information {AB 1742 (Hayden) and SB 550 (Petris)};

  - a bill which specifies conditions to be met for locating waste facilities on Indian lands within California {AB 240 (Peace)}; and

  - a bill to phase out rice straw burning in the Sacramento River Valley by 2000 {AB 1378 (Connelly)}.

  Significant legislation from 1992 include:

  - bills to implement the recommendations of the Department of Toxics' 90 Day Program Review Committee and the Department's New Directions {SB 2057 (Calderon), SB 1726 (Calderon), SB 2056 (Calderon), and AB 1772 (Wright, Polanco, Lempert)};

  - bills to streamline the environmental permit process {AB 1772 (Wright, Polanco, Lempert), AB 2466 (Farr), AB 2781 (Sher), and AB 3765 (Mays)};

  - amendments to the California Clean Air Act to make its implementation more effective while reducing the economic disincentives to economic growth {AB 2783 (Sher)};

  - a bill to standardize chemical reporting data, thereby reducing costs for industry compliance which providing a more comprehensive and reliable data base for the agencies and the public {SB 1524 (Killea)}; and

  - creation of the San Gabrial Basin Water Quality Authority to clean up groundwater contamination in the basin {SB 1679 (Russell)}.

B. Program Planning and Integration

Because of the multiplicity of State and local agencies involved and because of the interdisciplinary nature of many environmental issues, program and planning integration and coordination is crucial to successful resolution of environmental problems. Under Governor Wilson, the Governor's Office of Planning and Research (OPR) has taken the lead in coordination within many areas and has taken important steps towards fulfilling the statutory d ties set out in the Government Code in legislation authored by then Assemblyman Pete Wilson in 1970. The same commitment to applying multi-agency expertise to the State's pressing needs has been shown by various lead agencies in other areas such as water policy, coastal and marine protection, and disaster response.

Specific efforts have covered program and planning integration in the following areas:

- OPR has led a team of interagency State planners in a study of State agency plans, from which recommendations are being developed for planning coordination. The goal is to achieve consistency among the many interrelated State plans, to provide a clear blueprint for California in the coming decade and to present a common vision in the State standards which local government and business must follow.

- Chaired by OPR, the Growth Management Council brought together all Cabinet agencies and many of their constituent programs to consider how California can become better prepared to manage growth and its consequences on the economy, environment, infrastructure, and public services.

- The Resources Agency has led the Drought Action Team and the Long-Range Water Policy Task Force to address our immediate water needs, and to institute the reforms needed to prevent future shortfalls through improved management of our water resources.

- The Resources Agency, OPR, and Cal/EPA co-hosted the "Sierra Summit" to lay out strategies for protecting the Sierra Nevadas.

- Through an interagency committee chaired by Resources Agency and drawing on the environmental, business, resource, and planning agencies, the State energy planning process was reinvigorated. Based on the Biennial Report of the California Energy Commission, a consistent set of energy policies was released as the Governor's Energy Plan, to be applied throughout State government actions.

- The State response to rehabilitate closed federal military bases and expedite their return to productive use has brought together the environmental and business agencies under the lead of OPR, with particular emphasis on Cal/EPA's role in base cleanup.

- OPR, BT&H, and Cal/EPA have assisted local governments in South Central Los Angeles in their immediate clean-up and recovery efforts. These same agencies have

developed a long term redevelopment effort in conjunction with the local agencies, designed to produce needed job opportunities. A key component of this effort is greater coordination among the planning and environmental agencies, to secure sound growth policies, ensure environmental safety, but also to reduce unnecessary red tape that could otherwise delay job-producing investment. These efforts have been brought together under a One Stop Permit and License Center. The Center coordinates State agency decisions for businesses seeking to remain, expand, or locate within the Los Angeles Revitalization Zone. The Center also brings together State business assistance services, to make these more accessible to the businesses and citizens of South Central Los Angeles County.

- Cal/EPA, Department of General Services, and Department of Finance are developing a strategy to ensure compliance of State facilities with State and local environmental regulations. Compliance must be maintained not only to meet the letter of the law, but also to set a model of the actions government expects of the private sector. This effort will first focus on compliance with the new air district regulations now being developed in response to the federal and California Clean Air Acts. Once the compliance plan for air quality is completed, this effort will be expanded to other environmental media.

- The Office of Permit Assistance, Cal/EPA and BT&H have cooperated in structuring an interagency approach to permit streamlining (see section on "Permit Reforms" below).

- Information Management. Successful information management is critical to the success of environmental management and protection, yet current systems within the State are fragmented and incomplete. OPR is currently chairing a Task Force charged with recommending organizational and inter-governmental changes to enhance California's ability to use Geographic Information System (GIS) technology in a cost-effective way. Coordinated permit tracking is a focus of the Administration's permit reform working group. In addition, Cal/EPA is pursuing the following actions:

  - The boards, departments, and offices under Cal/EPA maintain separate and incompatible data bases for their regulated facilities. The Agency is now focussed on enhancing its ability to use this information by integrating key facility identification information into one data base, the Facility Inventory. The consolidated information will identify which facilities are regulated under which programs, summarize the regulatory status of individual facilities, and will serve as the basis for integrated approaches to environmental planning, permitting, and enforcement.

  - Existing reporting systems within the Cal/EPA programs sometimes collect duplicative, irrelevant, and/or inadequate data from regulated facilities. SB 1524 by Senator Killea [Chapter 684, Statutes of 1992] is a first step in addressing this problems, by standardizing chemical reporting data, thereby cutting costs for industry compliance with environmental laws while providing a more comprehensive and reliable data base for use by the agencies and the public. Efforts will continue to

streamline the reporting processes, which will improve the quality of data collected while reducing the reporting burden on the regulated community. This approach is also being attuned to assist with integrated pollution prevention activities.

C. Human Health and Welfare

The Office of Environmental Health Hazard Assessment (OEHHA) was created within Cal/EPA to provide scientific and technical expertise in assessing the human health risks of chemicals in the environment. Its primary role is to perform or review risk assessments for various Cal/EPA programs, as well as other State and local agencies. In fulfilling this role, OEHHA provides technical and scientific support, consultation and training to State regulators, local government agencies and the public. This Office provides an independent source of scientifically-sound risk assessments, separate from but available to the risk management agencies. Specific functions include:

- Joint responsibilities with the Department of Pesticide Regulation in evaluating issues related to pesticide, public health and occupational health.

- Review standards and risk assessments for hazardous waste incinerators considered for permitting by the Department of Toxics, and assess risk to the communities on or near hazardous waste sites.

- Develop air, water, and sediment quality standards in support of the Air Resources Board, State Water Resources Control Board, and the Office of Drinking Water programs, and develop permissible exposure levels for chemicals for fish and food in support of the Department of Fish and Game and the Food and Drug Branch of the Department of Health Services.

- Develop risk based standards for carcinogens and reproductive toxicants for the implementation of Proposition 65. Develop risk assessment guidelines used by Cal/EPA programs in developing chemical standards and criteria.

Late in 1991, Cal/EPA convened an expert panel to review the implementation of Proposition 65 under the Office of Environmental Health Hazard Assessment. Based upon that review, Cal/EPA announced in March 1992 its intention to take the following actions:

- Establish a panel of State scientists to handle Proposition 65 listing issues.

- Empanel two advisory committees; one on cancer risk assessment, and the other on reproductive risk assessment.

- Convene a workshop on warning issues.

- Dramatically escalate the designation of regulatory levels.

- Convene a workshop on exposure averaging.

- Clarify which discharges or exposures are below the "detectable amount."

- Convene a workshop on the discharge prohibition.

The Department of Health Services retains several programs that explicitly combine public health and environmental issues. These include the following:

- Under the federal Low-Level Radioactive Waste Policy Act of 1980 and its 1985 amendments, the State of California is required to establish a waste facility within its borders for the disposal of low-level radioactive waste generated by medical, industrial, and academic institutions. Alternatively, the State can enter into compacts with other states to establish a regional facility for such waste. California has entered into such a compact with Arizona, North Dakota, and South Dakota and will be the first State to host a disposal facility for the compact.

  Under California law [Chapter 1177, Statutes of 1983], the Department of Health Services is directed to enter into a contract with a private firm for the construction and operation of a low-level radioactive waste disposal facility in California. The Department is currently completing the actions necessary to conduct a final public hearing by an administrative law judge on scientific and safety issues associated with the proposed facility in Ward Valley which is 20 miles west of Needles in San Bernardino County.

  The State of California, through its University of California academic and research programs, State hospitals, State colleges, and State agencies generates approximately 17 percent of California's radioactive waste. The balance of the waste is generated as a result of medical research, radiopharmaceutical production, other production and the power industry. Responsible disposal of low-level radioactive waste at a well-sited, appropriately designed and appropriately operated and monitored facility is important to California's public health and environment and its economic vitality.

- The Childhood Lead Poisoning Prevention Act of 1987 [Chapter 481, Statutes of 1986] requires medical laboratories in California to report to the DHS all measured blood lead levels exceeding 25 ug/dL. Since 1987, DHS has received over 23,000 blood lead reports involving adults. For the cases with elevated blood lead levels, follow-up of the individuals and, when indicated, contact with the physician and employer is conducted to ensure adequate treatment and to identify the source of the lead exposure. From the first four years of the lead report follow-up, the following results were seen:

  - 49 percent of the reported individuals are of Spanish surname;

- 95 percent are men;

- 67 percent of the lead reports originate from individuals in Los Angeles County; and

- 81 percent of the companies associated with the lead report cases fall into one of the following industrial groups: lead, battery, secondary lead smelter, pottery, foundry, radiator repair, firing ranges, and brass pipe and valve manufacturing.

- With the implementation of SB 240 by Senator Torres [Chapter 798, Statutes of 1991], a fee-based Occupational Lead Poisoning Prevention Program will be created to maintain the lead report follow-up activities already cited. In addition, the program will be expanded to include more extensive evaluations of worksite and take-home lead exposure, detection of previously unidentified risk factors, recommendation of strategies for the prevention of occupational lead exposure, and training of employers, employees, and health professionals in the prevention of occupational lead poisoning.

- The Childhood Lead Poisoning Prevention Program (CLPPP) has turned its focus from characterizing the extent and nature of lead poisoning, to actual implementation of a comprehensive detection and prevention program. The current program goals focus on providing health care providers, local health departments, and the public with educational and institutional tools necessary to begin addressing what the US Centers for Disease Control proclaim as "the most common and societally devastating environmental disease of young children." To achieve the goals of having all young children evaluated for lead poisoning and ultimately ending this preventable disease, the CLPPP, along with other agencies, has initiated an aggressive and extensive educational and implementation campaign to reach health care providers, local agencies, and parents for detection of poisoning, identification and management of sources, methods for medical intervention, and prevention. Lead poisoning adversely affects the intelligence and capability of a child to function and compete in an increasingly complex world. Even a slight loss in cognitive ability in the overall population can have devastating societal effects. The commitment to end lead poisoning will permanently benefit all in California.

- California continues to be one of the country's leaders in the protection of the quality of its drinking water. The adoption of new standards and requirements over the past several years will assure the safety of our drinking water for all of the State's citizens. Admittedly, these new requirements are posing some financial difficulties for small water systems, but past drinking water bond acts are assisting these smaller systems in the construction of needed water treatment facilities.

  In addition to assuring that our drinking water is free of harmful chemicals and other contaminants, the Office of Drinking Water is working to develop measures which will assist in augmenting our water supplies which have been severely impacted by the drought. Criteria and guidelines will be issued in 1992 which are designed to increase the amount of groundwater being recharged with reclaimed wastewater. Other guidelines

are being developed to increase new industrial and community uses of recycled water for various purposes. California intends to work with Congress and federal agencies over the next year to develop more cost effective drinking water regulations and to reduce the financial impacts of unfunded federal mandates on California water utilities.

- California Indoor Air Quality Program/Personal Exposure Assessment Program. Every year, businesses in California lose millions of person-days in productivity as a result of sick leave. A substantial fraction of this lost productivity is due to health complaints that are believed to be related to the air quality in the building in which employees work (so-called "sick building syndrome"). Within the State, both ARB and the Department of Health Services (DHS) have projects underway to address this issue.

  Since 1986, the ARB has carried out a non-regulatory Indoor Air Quality/Personal Exposure Assessment Program that includes research, exposure estimation, development and publication of indoor air quality guidelines, public education, and other activities. These efforts to understand and reduce exposure to indoor air pollutants are important because people spend a majority of their time indoors where many pollutants, especially many toxic air contaminants, are found at higher levels than found indoors.

  The ARB has sponsored pioneering studies of exposure to toxic air pollutants, including several in conjunction with DHS and USEPA. The ARB efforts have resulted in estimates of indoor exposure levels for 12 toxic air pollutants required by California Health and Safety Code Section 39660.5. An indoor air quality guideline for formaldehyde has also been developed and distributed showing ways to reduce indoor exposure to this pollutant. Other guidelines are currently being developed to reduce exposure to indoor combustion pollutants and other toxic gases. The ARB works closely with DHS, the Energy Commission, and other government agencies in its efforts to achieve healthful indoor air quality.

  The California Indoor Air Quality Program (CIAQP) within the DHS provides much-requested technical assistance to State and local agencies in investigating both sick building syndrome and other outbreaks of health problems related to indoor air quality, such as Legionnaires' Disease. The CIAQP is presently completing work on non-binding guidelines for the prevention of exposure to organic chemicals in new and newly-renovated office buildings. These guidelines, developed with the cooperation of building designers, owners, and managers; manufacturers of building and furnishing products; groups representing building occupants; and indoor air scientists, will provide the building and building management industry with the information necessary to: (1) prevent many cases of sick building syndrome; and (2) take appropriate, cost-effective, and legally-defensible action when the problem does arise. These guidelines represent a cooperative effort among all interested parties in reducing the high costs associated with problem buildings, and consequently the costs of doing business in California.

- The Shellfish Sanitation Program within the Environmental Health Division of the Department of Health Services is responsible for regulating shellfish harvesting operations within the State. The program monitors the quality of the shellfish growing waters, conducts bacteriological analyses of shellfish meats, and samples commercial and sport-harvested shellfish for naturally occurring biological toxins in order to ensure public health protection for those who consume shellfish.

  A close working relationship has been developed with the commercial shellfish industry in an attempt to improve its competitiveness. In one case, program staff worked with a large north coast shellfish operation to develop a new harvest management plan. This effort resulted in an increase in harvest during the first year (1990-91) of 25 percent; the estimate for the current year's harvest is 108 percent higher than it was two years ago. This cooperative approach has more than doubled production at a company that was considering leaving the State; now they are hiring more workers from the community. All this has been done without compromising public health protection and has reduced the amount of time program staff have had to spend at the site.

- The Medical Waste Management Program within the Environmental Health Division of the Department of Health Services worked cooperatively with the health care community and the waste management industry to establish the new Medical Waste Management Act authored by Assemblyman Hayden [Chapters 1613 and 1614, Statutes of 1990]. The Act, which became effective January 1, 1991, established safe and appropriate standards for handling medical waste. The Act removed medical waste from the hazardous waste regulatory system and established medical waste as a separate waste stream with handling requirements more appropriate to the level of risk to human health and environment. The clarification enabled many health care facilities to reduce waste handling costs by no longer paying for special handling of waste that does not pose a risk to public health.

D. Pollution Prevention

Pollution prevention as a strategy offers the potential for more effective achievement of environmental goals, while at the same time making more efficient use of society's resources. Preventing pollution at the source means fewer resources spent cleaning up problems. Pollution prevention is also often achieved through energy conservation, recycling, and more efficient use of production inputs, all of which also result in more efficient and competitive business. Current efforts in this vein include:

- Green Lights is a voluntary, non-regulatory program sponsored by USEPA that encourages corporations, public agencies, and other entities to install energy efficient technologies. These technologies dramatically reduce energy consumption while they deliver the same or better quality lighting. Participants that commit to Green Lights will profit by lowering their electric bills, and they will also reduce the air pollution from electricity generation.

On May 31, 1991, Governor Wilson signed a Memorandum of Understanding with USEPA, making California the first state to become a Green Lights partner. California agreed to assess State-owned buildings during the next five years and upgrade those buildings with energy efficient lighting technologies where economically feasible. To increase participation, Cal/EPA has taken the lead in soliciting additional partners into the Green Lights program. Cal/EPA has and will continue to contact both local governments and major corporations in California to introduce them to the benefits of the Green Lights program and urge their participation. Since California became a Green Lights partner, over 28 corporations have joined the program, and all 5 major electric utilities in the State have signed on as Green Lights partners. Within State facilities, 18.7 million square feet of space have already been upgraded. This figure represents 14.8 percent of the State's total, and savings of 27.9 kWh per year or 4 percent of the State energy bill. The State has also surveyed and funded an additional 8.1 million square feet of office space to be retrofitted in the coming year.

- The Department of Toxics has maintained an effective pollution prevention program focussed on reducing the generation of incinerable hazardous wastes. This strategy was developed as one means to respond to the current lack of in-State incinerator capacity, and to reduce the need for future construction of such facilities.

  DTSC established California's Incinerable Hazardous Waste Minimization Project (IHWMP) in 1990. The goal of this voluntary program is to reduce incinerable waste by 50 percent by the end of 1992. DTSC met with 50 of the State's largest generators and 71 percent agreed to accept the State's assistance in helping them reduce their waste. The results of the program after two years have shown that incinerable waste can be reduced significantly without the wastes being shifted to out of State facilities. To date, the industries participating in the project have reduced their waste stream by 49 percent as compared to a 29 percent reduction for the Statewide generators' totals. It appears that the goal of 50 percent reduction is attainable and may well be exceeded by the end of 1992.

  As part of its response to the 90-Day Review of the Toxics Program, the Department also crafted a separate, New Directions document. A key component of the Department's proposals is an expanded emphasis on pollution prevention as one part of an overall approach to resolving the State's hazardous waste problems. The specific proposals are now being implemented through the Department's reorganization.

- DTSC's Pollution Prevention and Regulatory Assistance Program has produced 19 industry specific waste minimization audit studies for use by the industry. The cost associated with implementing the recommended waste minimization options in these studies ranged form a few dollars for making simple improvements in housekeeping and minor process modifications, to tens of thousands of dollars for installing recovery or treatment units. The benefits realized from implementing such improvements include reductions in material purchase and waste disposal costs, as well as a reduction in the

liability associated with generating, handling, and disposing of hazardous waste. The economic benefits of implementing pollution prevention programs at the industrial level are clearly documented and can provide California industries with a strong competitive edge. DTSC has distributed approximately 200,000 pollution prevention documents within the last year.

- Local Government Pollution Prevention Support. DTSC continues to support the implementation of pollution prevention programs at the local level. The Department participates in three local government pollution prevention committees Statewide and has realized that by supporting local governments' efforts to implement pollution prevention, the Department has leveraged scarce funds and increased its effectiveness in furthering the effort to reduce toxic pollutants.

- The State's solid waste programs now emphasize recycling and reuse, as an alternative to continued reliance on land disposal. The Department of Conservation administers the beverage container recycling program. The Integrated Waste Management Board administers a comprehensive program designed to divert 25 percent of solid waste from landfills by 1995, and 50 percent by the year 2000. A key component of this effort is the fostering of technologies and business development based on product manufacturing from recycled materials.

E. Growth Management

California's population is growing rapidly. In the 1980s, California grew by over six million people to approximately 30 million. This rapid growth is expected to continue, with current projections of 36 million people by the year 2000. This level of accelerated growth presents many challenges and opportunities for California.

To prepare the State with the necessary plans and strategies to reduce the negative effects of growth, Governor Wilson issued Executive Order W-2-91 shortly after taking office last year to create a Growth Management Council (Council). The Council is chaired by the Director of OPR, and OPR acts as staff to the Council. The Council is composed of Cabinet Secretaries and department directors whose areas of responsibility are germane to growth management issues. Under the Executive Order, the Governor directed the Council to formulate and present recommendations to him on managing California's growth.

In 1991, the Council met regularly to study growth in California and undertook a number of public outreach efforts as part of this process. The Council met with members of the Legislature to discuss current legislative proposals on growth management. The Council also met with various special interest groups, including those representing the environment, local government, business, education, and agriculture to solicit their views about a Statewide plan for growth management. The Council held 13 public hearings last summer across the State, receiving statements from over 500 individuals in little more than a month. In addition to the

hearings, OPR administered both a survey and a questionnaire on growth management issues which was distributed to local government and to leaders and policy makers throughout California.

OPR and the Council have also jointly released a series of interim publica ons treating various aspects of growth management. These publications include:

Local and Regional Perspectives on Growth Management
1991 Local Government Growth Management Survey
Other States' Growth Management Experiences
Models of Regional Government
Analysis of the 1990 Census in California
Growth Management and Public Opinion
Urban Growth Boundaries
Planning and Growth Management
Conflict Resolution Mechanisms in Growth Management
Growth Management Legislation and Proposals
The Regions of California
Growth Management and Environmental Quality
Transportation Planning and Growth Management
Urban Growth Management Through Transportation Corridors

Other publications are in process.

The Growth Management Council is currently finalizing its recommendations for consideration by Governor Wilson.

F. Resourceful California

In 1991, the Resources Agency launched an ambitious 14-point program for the continuing stewardship of California's rich variety of resources entitled "Resourceful California." This program spans the broad range of the Agency's jurisdiction and serves as the Resources Agency's on-going agenda for resource stewardship. The challenge is to create and implement innovative policies that will fully and responsibly conserve the State's diverse resources; encourage sustainable, long term economic development; and promote partnerships between the public, private and nonprofit sectors. Preventing damage to our natural resources today is much easier--and much less costly--than the uncertain task of trying to repair poisoned wetlands or ravaged mountains in the future. Several major elements of "Resourceful California" are as follows:

- **The California Heritage Lands Bond.** This bond initiative--as originally proposed--would have raised $628 million for a variety of activities, including the acquisition of old growth forests; the urgent needs in California's State parks; the needs of the State's three

regional State conservancies; wetlands protection; the acquisition and restoration of endangered riparian habitat; and the acquisition of habitat for some of the other threatened and endangered species. Legislation containing the bond proposal--AB 72 by Assemblyman Cortese--was not approved by the Legislature.

- **Reform of State Forestry Practices.** Governor Wilson is committed to timber reform based on the principles of sustainable, saw-timber forestry; continued productivity of healthy watersheds, fisheries, and wildlife; limits on clear cutting; protection of old growth forests; and diversity of plant and animal species. The Governor proposed the Grand Accord, a delicate balance between the needs of the environment and the economy. This package of balanced forestry reform was rejected by the Legislature, without passage of alternative means to balance the needs of California's forestry-based jobs with sustainable forest protection.

- **Reduction of Conflict in the Protection of Endangered Species and Their Habitat.** The Wilson Administration is fully committed to enforcing the Endangered Species Act, but also recognizes the need to seek new, creative solutions to anticipate future endangered species controversies. On October 10, 1991, Governor Wilson signed into law historic legislation introduced by Assemblyman Kelley [Chapter 765, Statutes of 1991], which established a new, far-reaching process for long-term habitat conservation. The process, called Natural Communities Conservation Planning (NCCP), provides for the protection of multiple species by anticipating their needs before they become threatened or endangered, and provides a system for long-term planning of development and growth in areas of important habitat. NCCP is based on formal conservation plans that are agreed to voluntarily by landowners, developers, conservationists, and public officials at all levels of government, and that set out the conservation needs of the targeted area and identify areas that are appropriate for responsible growth and development. A pilot program of the NCCP program was established for the threatened Coastal Sage Scrub habitat in Southern California.

- **Creation of a Riparian Habitat Conservation Program.** On October 10, 1991, Governor Wilson signed into law [Chapter 762, Statutes of 1991] legislation by Senator Hill which creates a Riparian Habitat Conservation Program within the Wildlife Conservation Board. The program will develop partnerships between government agencies and private organizations in its efforts to achieve the conservation of valuable riparian habitat. Funding for the Program will be achieved in part by funds made available through the enactment of Chapter 821, Statutes of 1991, sponsored by Senator Milton Marks. This new law will increase the Environmental License Plate Fund by $6.5 million annually.

- **Creation of a Comprehensive Model Wetlands Program.** In conjunction with the USEPA and the Wetlands Consensus Project, the Administration is developing a comprehensive wetlands conservation plan to ensure no net loss of existing wetlands in the short-term and an increase in wetlands in the long-term. The Plan will address the

State's involvement in regulation, acquisition, restoration, and management of wetlands. The Resources Agency was successful in gaining the State's inclusion in the US Department of Agriculture's Wetlands Reserve Program, which will enable farmers to conserve their wetlands by selling easements to the Federal government.

- **Increased Local Opportunities for Protecting Parks and Open Space.** The Resources Agency worked with the Legislature on several pieces of legislation to achieve this goal, including Senate Constitutional Amendments 11 and 18 by Senator Morgan and Senator Hill, respectively. In 1992, two significant pieces of legislation brought into being long-sought park developments. AB 2452 by Assemblyman Costa [Chapter 1012, Statutes of 1992] established the the San Joaquin River Conservancy to acquire and manage public lands with the San Joaquin River Parkway. AB 754 by Assemblyman Bates [Chapter 1254, Statutes of 1992] authorized the East Bay Regional Park District to act as the agent of the State for the acquisition and development of a State park located on the east shore of San Francisco Bay.

- **Better Utilization of Marginal Farmland for Water Conservation and the Development of Wildlife Habitat, while Increasing Protection of Prime Agricultural Land.** The Resources Agency has established an interagency Agricultural Task Force and has also helped to develop policy options for the Council on Growth Management on the preservation of prime farmland.

- **Increased Efforts to Provide for Protection and Wise Use of Coastal Resources through a Strengthened Coastal Commission.** In 1991/92, the Commission's general fund budget has increased by 12 percent, and includes a general fund augmentation of $656,000 as an initial step in providing the fund with adequate resources. In addition, Governor Wilson signed into law several pieces of legislation designed to strengthen the Commission, in particular Chapter 761, Statutes of 1991, by Senator Davis which provides the Commission with the authority to issue cease and desist orders--the greatest enhancement of the Commission's authority since the establishment of its legislative charter in 1976. SB 1449 by Senator Rosenthal [Chapter 955, Statutes of 1992] further authorizes the Commission to impose administrative fines for any violations of a coastal permit.

G. Permit Reform

California's current permitting structure is marked by a multitude of permits issued by many different State, local, and federal agencies. Although individual agencies have sought to reduce the administrative burdens and red tape within their individual processes, the need for business and local governments to pursue numerous permits from numerous agencies has added substantially to the time required for project decisions to be made in this State. The end result for any project of significance can be one of frustration. On the part of business, this frustration is reflected in added costs and time delays to get a final decision, either positive or negative.

On the part of local governments seeking to construct facilities, this frustration is shown in added costs levied on diminishing tax dollars. On the part of the public, the frustration is in response to government which appears unable to make a decision, lengthy and multiple processes in which the public must spend their limited time attempting to get government to respond to their concerns, and uncertainty in whether the environmental protection measures they desire will be put into place.

Pursuant to Executive Order W-32-92, the Office of Permit Assistance (OPA) within OPR is chairing an interagency group of the environmental and business agencies to explore options to achieve greater coordination and clarity in the State permits and related review functions. This group is also seeking to identify opportunities to incorporate federal permits into the final recommendations, along with opportunities to work with local agencies as they issue their permits.

Cal/EPA has also developed a set of draft recommendations specific to the State permits issued by its constituent boards and departments. This effort has proposed various streamlining measures specific to these State permits, but the broader purpose of these recommendations is also to develop tools to achieve greater coordination and integrated pollution prevention among the Cal/EPA programs. To ensure a broad-based, public participation process, specifics of the Cal/EPA recommendations will be developed through several outside task forces composed of representatives from local government, environmental and community organizations, business, labor, and the Legislature.

Several bills were also enacted in 1992 to help streamline the current permitting process without compromising the environmental standards:

- AB 3511 by Assemblyman Jones [Chapter 1306, Statutes of 1992] requires State agencies, in developing administrative regulations, to consider the potential fiscal impact on all businesses rather than just small business enterprises.

- AB 1772 by Assemblymembers Wright, Polanco, and Lempert [Chapter 1345, Statutes of 1992] implements the Department of Toxics' tiered permitting system, thereby installing a permitting process that is tailored to the hazards presented by various waste streams.

- AB 2466 by Assemblyman Farr [Chapter 1200, Statutes of 1992] requires Cal/EPA and its boards and departments to comply with the provisions of the Permit Reform Act of 1981. The required actions under this bill are already contained with the Agency's March 1992 permit reform recommendations.

- AB 2781 by Assemblyman Sher [Chapter 1096, Statutes of 1992] requires local air districts to establish permit streamlining and small business assistance programs. Air districts with populations larger than 250,000 must adopt regulations to expedite the

review of permits, and to create programs to assist small business with complying with complex air quality regulations.

- AB 2848 by Assemblywoman Bentley [Chapter 567, Statutes of 1992] requires air districts over a population of 1 million to determine, prior to adopting rules or regulations, if the new rules alleviate a specific problem.

- AB 3359 by Assemblyman Sher [Chapter 1112, Statutes of 1992] allow State water quality permits and certifications to continue without the additional time required for review by the Office of Administrative Law.

H. Energy and the Environment

The integral link between energy and the environment was the key nexus used to develop the Governor's Energy Strategy. The level of energy use and the sources of our energy supplies have direct effects on the types of waste streams and emissions subject to environmental controls. Similarly, energy production and distribution facilities have differing effects on the environment depending on the type of energy involved.

Announced in 1991, the 1992-93 California Energy Plan provides the basis for State energy policy and actions. The Governor's Energy Plan is based on three concepts: energy efficiency, energy diversity and competition, and using market forces to balance economic health and environmental quality. More specifically, the policies and initiatives listed in the Governor's plan include the following:

- Increased efficiency should supply most of California's new energy needs because it is usually the least expensive and most environmentally benign option.

- The State should require the most cost-effective and efficient operation of its existing electricity generation, transmission, and distribution systems to minimize the economic and environmental impacts of existing and new construction.

- California should continue to pursue cost effective diverse energy supplies and the commercialization of new technologies to improve energy security and environmental quality.

- New vehicle, engine, and fuel technologies should be demonstrated and commercialized in California to provide transportation energy security, price competition, and environmental quality.

- Transportation Energy Demand Forecasts should be integrated in the next State Energy Plan to assist State and local agencies in reaching solutions in transportation, energy and environmental problems.

- The full costs and benefits of environmental impacts should be included in the economic evaluation of all proposed energy activities to capture the full benefits of the marketplace.

- Coordinated transmission system planning and open transmission access which does not increase ratepayer costs should be promoted to optimize the economic use of the State's transmission facilities and to reduce environmental and land-use impacts.

- Until an electric generation procurement methodology that values environmental costs and benefits associated with various generation technologies is established, a specific portion of future electrical generating capacity needed for California should be reserved or "set-aside" for renewable resources. This interim reserve will diminish reliance on carbon-intensive resources, stimulate in-State economic growth, and enhance the continued diversification of California's resource mix.

I. Compliance Assistance

The California Business Environmental Assistance Center (BEAC) is California's resource and referral clearinghouse for small business owners. Owners and entrepreneurs can call an environmental "help-line" (800-352-5225) to determine which codes and regulations need to be adhered to in order to operate or open a business. The BEAC has an in-house database with the latest regulatory, technical, training, and employment information in a wide range of industries. In addition, the BEAC also provides direct services such as compliance counseling, applied technology counseling, including energy conservation retrofit, workshops and conferences, information on financial assistance, a database listing of available consultants, and business development tracking.

Since April 1991, BEAC has served over 600 clients Statewide. Based upon an average number of employees of the companies served so far, it is estimated that over 6000 employees of California companies have benefitted from this program. The number of jobs created or retained as a direct result of the program is difficult to determine, but there are a number of cases of clients who indicated that the information or assistance requested was critical to site location, expansion, or retention decisions. Additionally, the number of businesses and jobs impacted by the program's services can also be measured by the significant number of businesses impacted by the new Cal/EPA programs, air district, or other regulator's rules. While the exponential economic development effect of providing compliance assistance services is not readily quantifiable, it is a fairly simple task to illustrate the potential for such an effect. For example, the BEAC assisted a small company with the approval and permitting process for a recently implemented rule that enabled the company to secure a contract with a major aerospace company. Thus, the supplier and the aerospace company benefitted, as well as the local communities (via dollar infusion into retail, service, and housing sectors). Conversely, if the company had not received assistance and was unable to remain economically viable, going out of business, or relocating outside of the State, or country, the same parties would suffer.

Future plans for the environmental assistance plan include establishing a limited BEAC in Northern California, and support the existing BEAC in Southern California. The two BEACs will work in coordination with the economic development arm of Commerce in assisting new and existing businesses in complying with environmental regulations. BEAC services will be integrated into the current menu of services offered by the Small Business Development Centers (SBDCs), of which there are currently twenty-three Centers Statewide.

The Office of Permit Assistance (OPA), located within the Governor's Office of Planning and Research is another resource available to those in need of compliance assistance. OPA operates as a clearinghouse for permit information and helps to identify regulatory requirements for those seeking permits. Each year, OPA publishes the "California Permit Handbook" which describes all of the major local, state and federal permit requirements.

In accordance with the recommendations contained within Cal/EPA's March 1992 permit reform recommendations, the boards and departments within the Agency are now in the process of establishing and/or improving their regulatory and compliance assistance functions:

- Air Resources Board in October 1992, approved its plan for a program to help small businesses to comply with the requirements of the Clean Air Acts. Portions of the program will include interagency efforts through increased resources to the BEAC, Small Business Development Centers, Office of Emergency Services, and Department of Toxic Substances Control. In addition, the Air Board will designate a Small Business Ombudsman to assist businesses requiring operating permits through representation before permitting agencies, information dissemination, and compliant resolution. A Compliance Advisory Panel to be appointed by the Governor, Legislature, and Chair of the Air Board will monitor the program and provide periodic recommendations for improvement and revising information documents to be more understandable by the regulated community.

  The Air Board also provides compliance assistance in other areas, including:

  - The Compliance Assistance Program interprets complex air quality rules and trains small businesses on how to attain compliance. The information is provided in many, easy to understand formats.

  - Creation of a $7 million bond program, in cooperation with the Pollution Control Financing Authority, that makes low cost, long term loans available to purchase pollution control equipment for small businesses.

  - A Best Available Control Technology clearinghouse, which is a one-stop information source where businesses can get information about the types of pollution control equipment that is required for all types of emissions.

- Development of a simple, easy-to-use computer model to help small businesses conduct risk assessments at low cost.

- Department of Toxic Substances Control has created a new branch within its Pollution Prevention and Regulatory Assistance Division to provide compliance assistance to small business. Within each regional office, the Department has also established an ombudsman, with staff dedicated to industry compliance and assistance. Under the Department's fee-for-service contained within AB 3541 by Assemblyman Lempert [Chapter 1117, Statutes of 1992], small businesses can now obtain at reasonable cost the help of an experienced Department inspector or permit writer to assist them in achieving compliance. This program includes an amnesty provision allowing the correction of minor violations--detected during the course of the assistance effort--without penalty.

- Integrated Waste Management Board operates a comprehensive regulatory assistance program, serving both local government agencies and private companies which own and operate solid waste landfills. The program includes a toll-free hotline to provide information to the public and the regulated community, as well as numerous workshops and meetings to disseminate information. Staff with the Board's Planning and Assistance Division, and Permitting and Compliance Division are assigned to provide on-going technical assistance and guidance. Business incentives are also availble, such as the development of recycling market development zones, and low interest loans to foster improved markets for recyclable materials.

- Department of Pesticide Regulation oversees the County Agricultural Commissioners, who in turn maintain various headquarter and field offices in which they certify private applicators, issue permits to use certain restricted pesticides, conduct inspections of application sites, and perform local enforcement of pesticide laws and regulations. The Commissioners also assist individuals with compliance with pesticide use requirements and safe use and disposal of pesticides.

- Cal/EPA works with its constituent programs to coordinate actions in cases where permits or other decisions are required for the same facility from more than one of the Agency's boards and departments. Cal/EPA convenes permit teams, resolves specific permitting or regulatory conflicts, and works with the boards and departments to develop administrative changes and legislative proposals where appropriate to prevent similar conflicts from arising in the future.

J. Air Quality

Within Cal/EPA, the Air Resources Board (ARB) has primary responsibility for protecting air quality in California by establishing ambient air quality standards for specific pollutants, controlling emissions from motor vehicles and consumer products Statewide, identifying and

controlling toxic air contaminants, and approval of local and regional air district plans to control stationary sources of air pollution.

The responsibility for controlling air pollution from stationary and some area-wide sources is primarily vested in county and regional air quality districts. California has 34 regional and local Air Quality Management Districts (AQMDs) and Air Pollution Control Districts (APCDs). These districts are also responsible for implementing transportation control measures that improve air quality by reducing vehicle activity.

The air program has achieved significant success in improving California's air quality, even in the face of tremendous population and economic growth over the past few decades. Continued improvements to our air quality and movement towards attainment of the air quality standards calls for new measures and new ways of approaching air pollution control in this State. Market-based incentives in particular promise to yield substantial progress in reaching the standards, while at the same time retaining needed flexibility in the response by industry in how those standards will be met.

ARB is continuing to develop additional control measures for motor vehicles, transportation control measures in coordination with transportation agencies, improvements to consumer products, and expanded use of clean fuels. Collectively, the sources affected by these measures cause about two-thirds of the State's urban smog problem. Specific programs now underway include the following:

- Clean Fuels and Clean Vehicles. Mobile sources constitute the single largest source of air emissions in the State, and any progress in meeting the air quality standards must include a continued, aggressive program to foster cleaner vehicles in the State. California has led the nation in working with the automobile industry on emission control devices. However, even with today's vehicles, the emission reductions per vehicle are soon to be outstripped by the sheer growth in the number of vehicles in the State.

  To continue progress in reducing vehicle emissions, ARB has chosen to consider the problem as one that looks at both vehicles and fuels through a Clean Fuels/Low Emission Vehicles Program. The program combines advances in clean fuels with new engine technologies. This program and the use of Low Emission Vehicles (LEVs) will be phased in over a number of years, gradually reducing the average emission standard for the new car fleet. The aim of the program is for 75 percent of all new cars sold in California to be LEVs by 2003, and 10 percent of new cars sold in the State to be Zero Emission Vehicles (ZEVs) in the same year. The ZEV quotas are likely to be met by electric vehicles now under research and development by several companies.

  ARB's Clean Fuels/Low Emission Vehicles program employs market-based principles and provides flexibility for auto manufacturers with fleet average emission standards. Auto manufacturers have to produce specified percentages of ZEVs by the target date. However, other percentage requirements can be met by any combination of the TLEVs

(Transitional Low Emission Vehicles), LEVs, ULEVS (Ultra-Low), or ZEVs as long as the emissions do not exceed the fleet average standard for the year. Manufacturers have the flexibility to decide how quickly to act and which technologies are the most competitive. Companies introducing LEVs prior to the deadlines are also eligible for credits, a situation which already has been achieved by the certification of the Ford Escort/Mercury Tracer as the first TLEV.

Two bills enacted in 1992 are intended to support introducion of clean vehicles. AB 3052 by Assemblyman Polanco [Chapter 762, Statutes of 1992] requires an interagency Consumer Recharging/Refueling Infrastructure Master plan to support electric and other clean fuel vehicles. AB 3236 by Assemblyman Polanco [Chapter 790, Statutes of 1992] allows the Employment Training Panel to allocate up to $7 million annually to fund employment research and demonstration projects designed to encourage the development of new industries, including the electric and clean fuel vehicle industry.

To address the fuel component, the ARB has set fuel standards which must be met by reformulated gasoline or other clean fuels. As part of this program, rules adopted in 1991 will reduce smog producing and other pollutants in gasoline. Other new gasoline reformulation requirements will increase oxygen in gasoline during the winter months beginning in 1992, to reduce carbon monoxide levels during the winter when they pose the greatest health risk. Reformulation requirements will also affect diesel fuels beginning in 1993, with resulting reductions in smoke and other emissions from diesel vehicles. Both the diesel and reformulated gasoline regulations are framed in a way which increases petroleum refinery flexibility in meeting the new requirements.

- Other Motor Vehicle Efforts. Setting emission control equipment standards ensures that new vehicles will have reduced emissions, but this equipment must remain in good working order throughout the life of the vehicle if the clean air benefits are to continue. Recent programs adopted by the ARB will reduce further pollution from California vehicles by improving the dependability of emission control systems in day-to-day use. Improved "On Board Diagnostic" systems will alert owners of small to medium sized cars and trucks as soon as there is a failure in the vehicle's emission control capacity. When the vehicle is taken in for repair, these same diagnostic systems will help the mechanic pinpoint the exact repair needed. For large trucks, buses, and other "heavy duty" vehicles, improved day-to-day operations will result from a new ARB roadside inspection program. By spotting emissions systems failures and requiring repairs, this program will ensure better maintenance of pollution control systems on these vehicles. SB 1404 by Senator Hart [Chapter 972, Statutes of 1992] also establishes a program to apply advanced air pollution detection technology such as remote sensors to identify high polluting vehicles. These devices may prove useful to supplement enforcement activities under the existing Smog Check program.

- Market Incentives. Through their RECLAIM program, the South Coast Air District has proposed the most significant effort to institute market-based pollution control in the

country. This program would establish a system of tradeable emission credits, which would be discounted over time to reflect the requirements for district-wide annual emissions reductions of five percent. This approach is intended to require industry to meet their current emission control requirements, but to provide them with maximum flexibility in how to comply and to provide significant incentives for business to control emissions beyond what is required by regulation. The District staff currently is scheduled to present the detailed proposal to their Board in Fall 1992, and ARB staff is currently providing extensive technical assistance.

A similar market-based approach was instituted through AB 1378 by Assemblyman Connelly [Chapter 787, Statutes of 1991], to control air pollution from rice straw burning. This bill will phase out rice straw burning from 1992 to 2000, while allowing rice growers to trade or sell credits for the tons of air pollutants reduced by not burning rice in the field.

- California Clean Air Act. As authored by Assemblyman Byron Sher, the California Clean Air Act requires each district that is designated nonattainment to adopt a plan that will attain the State ambient air quality standards. Plans were required to be completed by mid-1991, and are now being reviewed and approved by the ARB at public hearings throughout the State. District plans must achieve standards as expeditiously as practicable and for non-attainment districts, must contain sufficient measures to reduce emissions by an average of five percent per year. Federal law contains a similar standard, generally an average of three percent per year. If a district demonstrates that reductions of five percent per year cannot be attained, State law requires that the plan contain all feasible measures.

  AB 2783 by Assemblyman Sher [Chapter 945, Statutes of 1992] contains several reforms to the Clean Air Act to reduce the compliance burden on California's economy while still maintaining progress towards the clean air standards. Specific provisions include: requires the Air Resources Board to periodically review the criteria for designating an air basin attainment or nonattainment and revise the criteria for developing and reviewing those criteria; requires the Air Board to complete a feasibility study on employing air quality models and other analytical techniques relating to emission control measures every 3 years; revises the pollutant transport provisions to be addressed in air quality plans; increases the exemption levels from emission offset requirements to 15 tons for new sources in districts classified as "serious;" and establishes expedited procedures for environmental review of oil refinery retrofits needed to produce clean reformulated gasoline.

  AB 1572 by Assemblyman Campbell [Chapter 1252, Statutes of 1992] conforms the penalty provisions of the State Clean Air Act with the federal Clean Air Act.

- Air Toxics Contaminant Program. A comprehensive approach has been taken by ARB which seeks to identify, reduce, and prevent the use and release of harmful toxic air

contaminants. AB 1807 [Chapter 1047, Statutes of 1983], by Assemblywoman Tanner created the Toxic Air Contaminant Program with a two phase approach--the identification (risk assessment) and control (risk management) of toxic air contaminants. Since 1984, the ARB has identified 17 substances as toxic air contaminants and adopted control measures which reduce toxic emissions from over 2000 facilities Statewide. These control measures have addressed the highest risk facilities in California and have controlled the targeted emissions by at least 90 percent, and up to 99.9 percent in some cases. Several of these regulations incorporate pollution prevention principles. As a result of the Federal Clean Air Act Amendments, new requirements will be placed on the states for control of toxic air contaminants, and modifications to the ARB program will be necessary to comply with these new provisions.

- Air Toxics "Hot Spots" Information and Assessment Program. Until recently, little data was available to assess the amounts and types of toxic chemicals which might pose a public health threat when released into the atmosphere. AB 2588 [Chapter 1252, Statutes of 1987], by Assemblyman Connelly created the Air Toxics "Hot Spots" Information and Assessment Program to collect emission data, to identify facilities having localized impacts, to ascertain health risks, and to notify residents of significant risks. To date in the first phase of the program, over 3000 facilities have submitted emissions inventories. AB 2728 by Assemblywoman Tanner [Chapter 1161, Statutes of 1992] contains provisions to coordinate the State air toxics program with the implementation of the federal hazardous air pollutant program. SB 1731 by Senator Calderon [Chapter 1162, Statutes of 1992] standardizes the methods to be used by "hot spots" facilities when preparing health risk assessments and establishes procedures for reducing toxic chemical emissions from facilities which pose a significant public health risk.

- Consumer Products Program. The ARB adopted the nation's first regulations to reduce smog producing compounds from consumer products. This will be achieved while still ensuring a wide variety of product choices for consumers. By focusing only on amounts of pollutants actually reaching the air through setting performance standards, the program allows each producer to use its lowest cost compliance methodology. The ARB is now working on enhancements to the program which will further increase producer flexibility in meeting emissions control requirements.

- Business Assistance. As described under the earlier section on Compliance Assistance, the Air Board is now in the process of establishing a comprehensive compliance assistance program to meet the requirements of the federal Clean Air Act and implement the Cal/EPA permit reform recommendations. In addition, the Department of Commerce has a direct loan program to assist businesses in complying with air quality regulations. The California Loan for Environmental Assistance Now (CLEAN) was initiated in April 1992. This program has been established specifically to help to finance the purchase of equipment or production practices that will bring a small business into compliance with air district pollution regulations. The maximum loan amount is $750,000, and the minimum loan amount is $10,000. The interest rate is tied to the rate paid on the taxable

bonds which are going to be sold by the California Pollution Control Financing Authority (CPCFA). CPCFA is creating the loan pool. Equipment and/or real estate can be used as collateral. The term of the loan is up to seven years.

K. Transportation

Decisions concerning the State's transportation system cut across many environmental issues, and 1991 was a landmark year for California's Transportation programs in many ways. There were many changes made in policy direction for the Department of Transportation (Caltrans) that improve its ability to plan and program in ways that benefit the economy and improve the environmental conditions of the State. These trends were recently captured by Congress in a policy statement for the Intermodal Surface Transportation Efficiency Act of 1991 signed by President Bush in December 1991. The initial two paragraphs of the policy read as follows:

> "It is the policy of the United States to develop a National Intermodal Transportation System that is economically efficient, environmentally sound, provides the foundation for the Nation to compete in the global economy and will move people and goods in an energy efficient manner.
>
> The National Intermodal Transportation System shall consist of all transportation in a unified interconnected manner, including the transportation systems of the future, to reduce energy consumption and air pollution while promoting economic development and supporting the Nation's pre-eminent position in international commerce."

These thoughts reflect the attitudes and working position of the transportation community in California today and have resulted in an emerging partnership of environmental and economic interests that will help the State's economy and improve the environment during the 1990s.

Specific activities include:

- In December 1991, the Director of Caltrans issued his policy on Air Quality and Energy. This completed a two year effort to reach agreement on policy with ARB and California Energy Commission. This memo establishes policies supporting the Federal and State Clear Air Acts and the California Energy Plan in all Caltrans activities.

- In November 1991, the Director issued his policy on Transportation Corridor Studies, requiring early identification of transportation problems and partnership interests to find solutions on transportation issues with the involvement of impacted local and regional agencies, private sector interests, and community and environmental groups. This will include full analysis of modal options and demand management strategies.

- In conjunction with local and regional agencies and the private sector, the Department of Commerce is participating in three telecommunication centers demonstration projects in San Bernardino and Riverside Counties. Planning is underway to participate in an East Bay Center (San Francisco area). Federal Highway funding is being arranged for the San Francisco Bay Area project at two to five sites.

- In 1991, the U.S. Department of Energy approved Caltrans' proposal to allocate the $7.5 million in Petroleum Violation Escrow Account (PVEA) funds over a five year period from 1988-1992. The FETSIM program awards grants for local public agency staff work and signal controller hardware, where necessary. All of the $7.5 million has been encumbered for activities through 1992. Nearly 5800 signalized intersections have been re-timed with project results that show a reduction of 8 percent in fuel consumption and air pollution emissions and a 7.5 percent reduction in travel time. An annual fuel savings of 4000 to 6000 gallons per intersection has been achieved.

- Caltrans has a Resource Conservation Program which includes elements such as: highway materials recycling program; energy audits and retrofits at Caltrans Facilities and highway facilities; design and installation of photovoltaic systems; implementation of the Department's wind energy plan; expansion of the Department's telecommuting program; highway lighting and sign lighting; and alternative fuels program.

- Mass Transit is an important part of the Governor's transportation strategies. Improvements in mass transit include increased fuel efficiency and the development of alternative fuels as well as the development of coordinated mass transit systems. ARB is working with various transit districts around the State to strengthen mass transit in compact developments, including looking into corridors for higher density, maximum headway service. For example, Sacramento County is working on a comprehensive plan that would designate certain corridors for 15 minute headway. (A headway is the amount of time between buses or trains.) This plan includes planning for future commercial and industrial growth to take advantage of the mass transit grid being developed.

L. Toxic and Hazardous Waste

The Department of Toxic Substances Control (DTSC) was established within Cal/EPA to protect the public from the adverse effects of toxic substances and hazardous wastes. These objectives are accomplished by regulating the generation, treatment, storage, disposal, cleanup, and transportation of hazardous waste; by promoting source reduction of hazardous waste; and by promoting the use of alternative technologies. Prior to the establishment of Cal/EPA, the DTSC was operated as a division within the Department of Health Services.

Key activities underway related to toxic and hazardous waste include the following:

- 90-Day Review and New Directions Report. The State's hazardous waste management programs under the new Department of Toxic Substances Control address releases of toxic materials onto land, and provide a broader approach to reducing toxics use as a means of preventing future pollution. One of Cal/EPA's first actions was to undertake a broad review of this program. A 90-Day Program Review Committee integrated the work of nine separate task forces into a comprehensive set of recommendations for Cal/EPA and DTSC. In order to assure an informed examination, the review was led by key leaders from industry, environmental groups, and the Legislature, assisted by DTSC staff.

  This review was completed in December 1991, and DTSC's response was finished in April 1992. At the same time, the Department issued its own "New Directions" report that contained several additional proposals designed to move the program to one focussed more on pollution prevention. Together, these recommendations are being implemented through various administrative and legislative actions.

  As contained within the Department's proposals, the reforms to the toxics program include the following:

  - Promote the development of a California-based pollution prevention industry through grants, fiscal incentives, and technical assistance. Emphasize pollution prevention in the Department's programs.

  - Reform the current permit process through the creation of a tiered permit system, wherein the information and review required of a permit application is consistent with the public health risks posed by the applicant facility. Streamline the closure process, and provide consultative ombudsman services focussed on small business.

  - Ensure consistent enforcement throughout the Department's regions.

  - Ensure adequate in-State waste management capacity through a comprehensive approach: (1) encourage waste minimization to reduce the need for new treatment and disposal capacity; (2) review the land disposal restriction standards from a health based perspective; and (3) establish a permitting process for critically needed capacity of State-wide significance.

  - Ensure stable Department funding through: (1) internal redirection and efficiencies; (2) pay-as-you-go fees for service; (3) increase activity fees to cover full cost; and (4) pursue full site mitigation cost recovery.

  Many of these reforms are now underway through administrative actions. In addition, significant legislative reforms enacted in 1992 include the following:

- AB 1772 by Assemblymembers Wright, Polanco, and Lempert [Chapter 1345, Statutes of 1992] implements modifications to the Department's permit by rule program, and establishes a tiered permitting approach. These reforms will focus State and private industry resources on those toxic uses and treatment processes presenting the more significant risks to public health and the environment.

- AB 2280 by Assemblyman Elder [Chapter 743, Statutes of 1992] provides financial assistance for local training programs in the enforcement of hazardous materials laws for peace officers, local public health officers, and public prosecutors.

- AB 2481 by Assemblyman Brulte [Chapter 321, Statutes of 1992] consolidates current reporting requirements, and makes other changes related to the expenditure of funds for emergency response and clean ups.

- SB 1726 by Senator Calderon [Chapter 853, Statutes of 1992] requires reevaluation of hazardous waste treatment standards for which incineration is an option, removes the incentive to export hazardous wastes out of California, promotes source reduction, and allows additional time to develop in-State treatment capacity.

- SB 2056 by Senator Calderon [Chapter 1237, Statutes of 1992] creates a legal incentive for responsible parties to expedite hazardous waste site cleanups.

- SB 2057 by Senator Calderon [Chapter 1344, Statutes of 1992] enhances the State's ability to mitigate hazardous substances releases and enforce source reduction program requirements. Also encourages the recycling of ozone-depleting chlorofluorocarbons (CFCs).

- SB 1469 by Senator Calderon [Chapter 852, Statutes of 1992] changes hazardous waste disposal fees to eliminate the incentive for out-of-State shipment, and requires the Department of Toxics to implement a fee-for-service plan for permitting and site mitigation to improve financial accountability and expedite actions in these areas.

- Base Closure Task Force. California has more federal facilities, primarily military bases, with potential contamination problems than any other state. Of the 17 Department of Defense (DOD) facilities in California slated for closure by 1997, eight have been placed on the National Priorities List (NPL), and more listings are likely to occur within the next two years. To accelerate the cleanup and redevelopment of the closing military bases, Cal/EPA has initiated a base closure environmental task force in conjunction with USEPA, DOD, and OPR, who is coordinating the State's response to federal base closures under Governor Wilson's Executive Order W-21-91. This task force, known as the California Base Closure Environmental Committee (Committee) receives input from environmental representatives of the redevelopment agencies, prospective tenants, local communities, environmental groups and other interested parties on the issues related to base closures.

Meetings in 1991 focussed primarily on three issues: (1) legislation concerning compliance by closing military bases with environmental laws; (2) the procedures for releasing uncontaminated portions of bases for early redevelopment; and (3) the structure and relationships with local base closure committees. A draft proposal for identifying and releasing clean parcels has also been developed by the regulatory agency staffs.

Two principal issues remain to be resolved by the Committee. The first is the proper interpretation of Section 120(h)(3) of the Superfund Amendments and Reauthorization Act, which identifies the point at which all necessary remedial measures have been taken and the land is available for reuse. The other issue is whether clean parcels will be allowed by USEPA to be released for reuse, prior to the complete base being removed from the NPL.

- Federal Facilities Compliance and Enforcement. The Department of Toxic Substances Control (DTSC) fully applies all hazardous waste laws and regulations during its inspections at federal facilities, and vigorously pursues enforcement on violations found. All federal treatment, storage, and disposal facilities are inspected annually by either DTSC or the U.S. EPA. Last year, DTSC initiated 14 enforcement actions against federal facilities and settled three enforcement actions. DTSC plans to inspect 45 federal facilities in 1992-93.

- Rail Spills. In response to the railroad spill near Dunsmuir, the Legislature enacted several bills to reduce the risks of rail transportation of hazardous materials, and to improve the State's emergency response to such incidents. The specific bills include SB 48 by Senator Thompson [Chapter 766, Statutes of 1991], AB 151 by Assemblyman Katz [Chapter 763, Statutes of 1991], SB 152 by Senator Killea [Chapter 767, Statutes of 1991], and AB 684 by Assemblywoman Moore [Chapter 764, Statutes of 1991]. In particular, SB 48 established the RAPID (Rail Accident and Immediate Deployment) response force under Cal/EPA. This strike force draws on various resource and environmental agencies, and is required to develop a plan to prevent railroad spill accidents and deploy resources to respond to spills.

- Business Assistance. The Department of Commerce operates a direct loan program to assist businesses complying with State and Federal regulations. The Hazardous Waste Reduction Loan Program helps to finance the purchase of equipment or processes that will result in a net reduction in waste generation or lessens the hazardous properties of the waste. The maximum loan amount is $150,000, with a minimum amount of $20,000 and the interest rate is tied to the State of California Treasurer's Money Investment Fund rate. Approved equipment or processes can be used as collateral. The term of the loan is up to 7 years. In addition, the Repair Underground Storage Tank Loan Program helps to finance the replacement, removal or repair of petroleum underground storage tanks. The maximum loan amount is $350,000, with a maximum loan per tank of $50,000. The minimum loan amount is $30,000, and the interest rate is tied to the State of California State Treasurer's Money Investment Fund rate. Equipment or real estate can be used as

collateral. The term of the loan is up to twenty years if secured by real estate, or up to ten years if secured by equipment.

M. Solid Waste

Each year, Californians generate approximately 48 million tons of solid waste. As our population grows and the number of landfills becomes scarce, the need to deal with the solid waste problem becomes more critical. Developing a Statewide approach to reduce, reuse, and recycle ever-growing quantities of solid waste is the primary focus of the Integrated Waste Management Act of 1989 (Act) by Assemblyman Sher and related legislation which the newly established California Integrated Waste Management Board (CIWMB) has responsibility to implement. While the prior Board, since its origination in the mid-1970s, had focused on traditional disposal methods for solid waste such as landfilling and waste-to-energy, the emphasis of the Act on waste diversion requires the development of a new set of initiatives and programs.

The centerpiece of this effort is the development of comprehensive local plans to identify and promote programs to divert large quantities of materials from traditional disposal methods. Statutory diversion levels are set at 25 percent by the year 1995 and 50 percent by the year 2000. Included in this planning process is the need to identify the availability of extended landfill capacity to respond to the continuing need for this method of disposal. The required 50 percent waste diversion from solid waste landfills will be achieved through source reduction, recycling, and composting programs. The State is currently developing large scale implementation plans for these programs; their success will be evaluated by the Board through a cost/benefit analysis to be completed by 1995. AB 2494 by Assemblyman Sher [Chapter 1292, Statutes of 1992] streamlines the planning required of local agencies, and provides for regional attainment through collective efforts of the recycling goals.

The average Californian discards approximately 5.1 lbs of trash per day--up from 3.6 five years ago. With a projected increase in population, source reduction is pivotal to successfully meeting the waste diversion mandates of the Act. Many of the programs currently being developed to affect the quantity of waste generated involve extensive public education efforts along with methods to increase voluntary action through education, economic incentives, and regulations to reduce the quantity of waste generated in California. These programs identify "friendly packaging" and methods to reduce the quantity of waste generated by both public and private sector entities. Other programs assist businesses, such as manufacturers, in identifying methods to alter current procedures which will reduce the quantity and toxicity of waste generated.

Recycling has the potential to divert large quantities of waste from landfill. Of the 48 million tons of material discarded annually in California, approximately 5.5 million tons (11 percent) are now being recovered. The goal of the Integrated Waste Management Board is to increase that percentage by developing and expanding markets for secondary materials.

Recognizing that local governments individually cannot affect market capacity for collected materials and the demand for products manufactured with recycled content, the Board is implementing an array of programs essential to creating or enhancing market conditions for secondary materials. Programs to select specific market development zones throughout the State and accompanying low-interest loans for waste diversion activities within these zones are examples of the State's commitment to "reduce, reuse, and recycle." These programs are key to the success of local waste diversion programs, and the Board is already working with several project developers proposing recycling facilities and manufacturing plants based on recycled feed stocks.

While State and local efforts to achieve the 25 percent and 50 percent diversion mandates are ongoing, the continuing need for environmentally safe solid waste facilities should not be underemphasized. Working with local governments to achieve and maintain sufficient environmentally safe landfill capacity into the future is an integral component of successful integrated waste management.

The Resources Agency is also involved in recycling issues. Since its creation in 1987, California's Beverage Container Recycling Program under the Department of Conservation has been an outstanding success. In fact, after less than five years, recycling rates for all aluminum, glass, and plastic containers have reached an all-time high of 84 percent on average.

The program, however, was threatened by its very success as such high rates of participation were not provided for under the existing law, and AB 87 by Assemblyman Sher [Chapter 1266, Statutes of 1992] overhauls the program to respond to its deficiencies and revise processing fees on beverage-container manufacturers to ensure its continued financial viability. The system--under which beverage distributors pay in when containers are sold to retailers and the State pays out when containers are recycled--was not sufficiently funded to accommodate the high volume of containers being recycled. The pay-in/pay-out financing mechanism of the Program had to be reformed to avert insolvency. The Resources Agency and the Department of Conservation worked with the Legislature to develop and implement increased payments to be made by the distributors--a key reform to ensure that California continues to deal with its increasing waste material in a responsible and economically viable manner.

A continuing issue of concern related to both solid and hazardous waste has been several recent proposals for the siting of waste facilities on Native American lands. Hazardous waste facilities sited on these lands are still subject to regulation under the federal RCRA regulations, but comparable federal regulations have not yet been promulgated for solid waste facilities. In both cases, however, most State environmental law and regulations would not be applicable, although the potential clearly exists for impacts outside the tribal lands. AB 240 by Assemblyman Peace [Chapter 805, Statutes of 1991] established a framework to address this situation. Under this act, the State can enter into cooperative agreements with Native American Tribes to establish a tribal regulatory structure for waste facilities that is consistent with State environmental regulations. Under such an agreement, the Cal/EPA boards and departments will review the Tribal and federal permits to determine their functional equivalency with California's

environmental regulations. The act also preserves the State's ability to enforce its environmental statutes should a potential or actual threat to human health and the environment exist.

N. Water Quality and Supply

The five-year drought has highlighted the critical role of sustained water supply to California. Here, as elsewhere in the western United States, water quality and supply are inextricable. Supplies are limited, and quality determines just how much water supply is available.

Perhaps more than any factor, California's continuing population growth creates a certain need a consistent, long-term policy for ensuring access to a quality and sustained supply of water. Governor Wilson recognizes the need to directly address these challenges and to take affirmative, decisive action to conserve this critically important resource and to safeguard our long-term economic prosperity.

- Governor's Water Policy Task Force. In 1991, after five years of drought and a decade of unprecedented growth, California faced a potential crisis in its water supply. Additionally, the apparently severe decline in the health of the ecosystems in San Francisco Bay and in the Sacramento and San Joaquin River Valleys, as indicated by a rapid increase in listings of threatened and endangered species, has lent urgency to the need for the State to develop a long-term strategy to provide reliable supplies of water to environmental, urban, industrial, and agricultural uses.

  In September, 1991, Governor Wilson requested Resources Secretary Douglas Wheeler to convene a task force to provide recommendations for such long-term water policy options. Cal/EPA and OPR have been integral members of this task force along with the other resource and environmental agencies involved in water policy and regulation.

  As directed by Governor Wilson, the Task Force made the foundation of its work the principle that any successful statewide water strategy must concurrently serve the needs of the three major groups of water users traditionally at odds with one another -- cities, agriculture and the environment. The Governor has stressed that a comprehensive solution to the State's long term water needs can only be achieved when the State has moved beyond the incessant conflict that has paralyzed the California water dialogue for decades. Thus, the imperative underlying the long-term water policy developed by the Task Force was that none of the three major water interests could benefit at the expense of the others. Consensus is essential. An integrated policy framework embodying the interests of all three sectors was the objective.

  In January 1992, the Task Force made its final recommendations on a long-term State water policy to Governor Wilson.

- In a major address in San Diego in April 1992, Governor Wilson formally announced his new long term water policy framework. It is an integrated package, designed to guarantee safe, reliable water supplies through a number of interconnected and complimentary means -- legislative, regulatory, and voluntary. Again, the Governor stresses the necessity of the consensus and cooperation between urban, agricultural and environmental interests.

  The specific elements of the policy outlined by the Governor were:

  - Establish an Oversight Council assisted by a technical advisory panel to recommend long-term protection of the Bay-Delta system.

  - Establish through the State Water Resources Control Board, interim water quality standards for the Bay-Delta to protect fish and wildlife.

  - To improve water supply, construct flow control barriers, enlarge some channels, and shift pumping to winter months in the South Delta.

  - Construct three off-stream reservoirs (Los Banos Grandes, Los Vaqueros, and Domenigoni), which offer more environmentally acceptable means for water storage than conventional dams on flowing streams.

  - Complete negotiations for the transfer of the Central Valley Project from federal to State control.

  - Establish water transfer trading, based on specified criteria.

  - Develop Efficient Water Management Practices for agricultural water use, and incorporate water conservation practices in any permit issued by the Water Board.

  - Issue bonds for water reclamation facilities, and work with USEPA to remove obstacles to broader reclamation and reuse of water.

  - Provide technical assistance to local entities to improve management of groundwater resources for long-term, sustained safe yield.

  - Mitigate the impact of previous water projects on fish and wildlife by providing larger stream flows, greater Delta outflow, restoration of spawning gravel, and provision of fish screens and temperature control measures.

  - Assist local agencies with permits and technical assistance for the development of water desalination projects.

- Governor Wilson's Water Bank. Upon assuming office in January, Governor Wilson made a top priority of aggressively dealing with the economic and environmental dangers posed by the drought. On February 1, the Governor issued an Executive Order creating the Drought Action Team, an inter-agency panel chaired by the Secretary for Resources and designed to direct and coordinate the State's efforts to alleviate the effects of the drought. Within weeks, the Drought Action Team made a series of recommendations for action to the Governor.

  All of the recommendations were accepted by the Governor, and they included the adaption of local water conservation plans, increased protection and priority for fish and wildlife adversely impacted by the drought, and enactment of drought relief legislation. In addition, the Drought Action Team recommended the establishment of a "water bank," a State-operated brokering entity designed to allow for water transfers from farmers to urban, industrial, and other agricultural consumers without sufficient water supplies. Under the plan, the State would buy water from agricultural interests at a market-based rate and re-sell it to others, including cities and towns in need, at cost. Existing market forces would be utilized in order to meet the need of water users.

  After its quick implementation, the Water Bank proved to be a major success. The response from willing buyers and willing sellers was overwhelming. Approximately 850,000 acre-feet of water was acquired by the Water Bank, and over half of that was, in turn, purchased from the Bank to meet the demand of urban and industrial users. The remaining 400,000 acre-feet was later purchased back by the State and held in reserve for use in 1992.

- Water for the Environment. The water requirements of the environment have often been shortchanged in the complex supply and demand equations for this essential resource. Rivers, wetlands, and wildlife refuges all have basic needs for water that have often lost out to other important uses. After years of drought, however, the need of the environment for more water has become particularly severe. Rivers are drying up, wetlands disappearing, trees dying. Some species of fish and birds are facing extinction because of the deterioration of their habitats due to drought. For this reason, in 1991, Governor Wilson gave new priority to the environmental uses of water and strongly supported the second major recommendation of the Drought Action Team -- that action be taken to alleviate the environmental crises resulting from the drought.

  In designing a legislative package for Statewide drought relief, Governor Wilson provided $15.3 million for environmental benefits. Signed into law by the Governor on October 5, this new law represents the first State program ever to specifically address the damage done by drought to the State's natural resources. Among the uses of the funds are the purchase of water to used to increase flows and levels in critically low streams and lakes; removal and transfer of fish trapped by low water levels; development of alternative water supplies; and improvement of State fish hatcheries.

- Conservation. In 1991, Governor Wilson stressed the importance of conservation as an integral part of the State's efforts to both deal with the current drought and to help meet our long-term water demands. The Governor believes that the ability and willingness of all consumers of water to simply use less water is a significant component in the State's ability to reduce demand.

  The State responded to the strong call for water conservation. On average, Californians used 25-30% less water in 1991 than in 1990. This reduction in use includes an average savings of 25% among urban users and, in some other areas of the State, water use reductions of 30% or more.

  These dramatic water savings were achieved as a result of local water rationing programs and voluntary conservation on the part of domestic and industrial users. Among the conservation measures employed locally were the use of reclaimed water for industrial purposes an large landscape areas, and the replacement of older model toilets with low-flow models. There has also been savings realized through improved agricultural water efficiency. The Wilson Administration also has actively pursued a wide range of public education and outreach efforts to increase water conservation.

  In December, the Secretary for Resources and the Secretary for Environmental Protection represented the Administration in the signing of an historic Memorandum of Understanding on Statewide water conservation. Supported by water suppliers serving more than 80% of the State's urban water consumers, the agreement is designed to save 500,000 to one million acre-feet of water annually through the implementation of 16 "Best Management Practices" for water use. These include door and outdoor water audits and the installation of water-efficient plumbing fixtures such as low-flow toilets.

  Additional legislation signed into law in 1992 include:

  - AB 3030 by Assemblyman Costa [Chapter 947, Statutes of 1992] allows local public water agencies to develop groundwater management programs in unregulated groundwater basins, and to encourage conjunctive use of surface and groundwater.

  - AB 2897 by Assemblyman Cortese[Chapter 481, Statutes of 1992] extends the water-marketing laws that resulted in the creation of the State drought water bank.

  - AB 231 by Assemblyman Costa [Chapter 779, Statutes of 1992] encourages the use of alternative water supply sources that would otherwise affect the status of appropriative water rights.

  - AB 3012 by Assemblyman Frazee [Chapter 211, Statutes of 1992] establishes a permitting process under the Regional Water Boards to facilitate expanded use of reclaimed water.

- AB 2885 by Assemblyman Filante [Chapter 1049, Statutes of 1992] authorizes the Department of Water Resources to make grants and loans to specified local agencies from the California Safe Drinking Water Bond Act of 1988 and the Water Conservation Bond Act of 1988.

- Bay-Delta Issues. In 1987, the State Water Resources Control Board (SWRCB) initiated hearings to develop revised water quality standards and a revised water right decision for the San Francisco Bay/Sacramento-San Joaquin Delta estuary. This process previously was completed in 1978, in Decision 1485, but was contested in litigation which was finally resolved in 1986 in US v California, commonly known as the "Racanelli decision." The court directed the Board to proceed with its water quality standards and water right process, with the mandate that the Board take a "global perspective" and consider all relevant ecosystem factors and water right holders.

  In April, 1991, the State Board submitted its Water Quality Control Plan for Salinity in the Bay-Delta (Salinity Plan) to USEPA for approval. In early September, USEPA disapproved portions of the Salinity Plan, due to the alleged failure to provide adequate protection for the fish and wildlife resources of the Bay-Delta. On September 30, 1991, the State Board held a workshop to propose various alternative water allocation schemes, to be developed more fully in an environmental impact report (EIR). Monthly meetings are being held between Cal/EPA and USEPA Region IX to coordinate activities related to the Bay-Delta.

  As noted above, a major element of the Governor's new water policy for the State is the promulgation by the end of 1992 of interim standards for the Bay-Delta by the SWRCB. This is an essential first step toward ensuring the health of the ecosystem and stabilizing the hub of the State's water system. At the request of the Governor, hearings before the SWRCB were scheduled to begin in the summer of 1992.

  SB 1866 by Senator Johnston [Chapter 898, Statutes of 1992] establishes a 19-member Delta Protection Commission. This new body will prepare a long-term resources management plan for lands within the Delta that are outside existing urban limit lines or spheres of influence of local governments, in order to protect the Delta from impacts associated with land-based activities.

- San Francisco Bay Dredging. The State is currently working with all involved parties in an effort to develop environmentally sound and economically viable options for the disposal of material dredged from San Francisco Bay. Along with the US Army Corps of Engineers, USEPA, and various maritime industry, fishing, and environmental interests, the State is taking part in the San Francisco Bay Dredging Long Term Management Strategy (LTMS). The LTMS is a consensus-building, cooperative planning process which will result in a sound dredging and dredged materials disposal strategy for the next 50 years, allowing for the maintenance of shipping channels necessary for international trade while protecting the Bay's natural resources.

As many different State agencies are involved in the planning, permitting, and regulation of dredging and dredged material disposal for the San Francisco Bay-Delta system, it is important that a primary central contact for State policy is provided in order to avoid duplicative or competing efforts. Thus, Governor Wilson designated the Cal/EPA Secretary as State Coordinator for State agency participation in the LTMS and for the coordination of State agency policy and actions necessary for implementation of the LTMS recommendations. In carrying out these responsibilities, the Governor directed Secretary Strock to work closely with the Secretaries for Business, Transportation & Housing and for Resources.

As the LTMS is not slated to identify permanent disposal sites until 1994, and as requests for dredge material disposal will be made during this interim period, the Governor asked Secretary Strock to coordinate the actions of State and local agencies in permitting interim upland disposal sites, and to make every effort to expedite the California Environmental Quality Act review and permit processing. Upland sites have the potential to utilize dredged material in ways beneficial to the environment, thus turning a dredged material, once considered a waste, into a resource.

At this time, two such sites are being studied. The Sonoma Baylands Tidal Marsh Restoration project would return a 320-acre hay field adjacent to San Pablo Bay to tidal marsh, using approximately three million cubic yards of clean dredged material. The Montezuma Wetlands project is a private sector initiative that proposes to restore approximately 1800 acres of tidal and seasonal wetlands near the mouth of the Sacramento River by using about 20 million cubic yards of clean dredged material from San Francisco Bay's shipping channels and ports.

Currently, State agencies are also working on a number of issues designed to ensure more coordinated decision making related to Bay Area dredging. These include developing a recommended process to integrate actions on dredge permits as well as interim disposal sites permits; examining the current waste classification of dredged materials and developing options to reduce the current disincentives to beneficial reuse of the materials; and identifying options to address the broader economic disincentives related to use of upland disposal sites.

- Nonpoint Source Pollution. California's Water Quality Assessment established that nonpoint sources are the major causes of water pollution in California. The State Water Board is actively pursuing numerous pollution control programs to reduce nonpoint source pollution in California's watersheds. Some of the highlights of the Board's efforts include: approval of interim remediation measures at Penn Mine, designed to mitigate acid drainage from this abandoned mine; approval of loans and grants to assist agencies implementing nonpoint source control measures; significant progress in urban runoff control through permits and implementation of upslope management measures; and implementation of an operation plan to control agricultural drainage.

- Inland Surface Waters Plan. In April 1991, the State Water Board adopted the Inland Surface Waters Plan and Enclosed Bays and Estuaries Plan, as required by the federal Clean Water Act. In November 1991, USEPA's formal action on the plans included approval, disapproval, and deferral of action on various provisions. These plans incorporate by reference water body-specific beneficial use designations contained in the Regional Water Quality Control Plans or other Statewide plans. They also include narrative, toxicity, and numerical water quality objectives to protect human health and aquatic life.

  As adopted, these plans address about 68 of the priority pollutants identified in Section 307(a) of the federal Clean Water Act. The State Water Board is considering the adoption of additional objectives for other priority pollutants.

O. Coastal Resources

Throughout 1991, the Secretary for Cal/EPA served as the Governor's Outer Continental Shelf policy coordinator, a function that was transferred to the Secretary for Resources at the end of the year. Several issues still remain, however, where coordination between the two agencies continues:

- Monterey Bay National Marine Sanctuary. In Fall 1991, Governor Wilson along with members of the Congressional delegation called upon the National Oceanic and Atmospheric Administration (NOAA) to adopt the largest alternative for the proposed National Marine Sanctuary. President Bush agreed to the Governor's request, and as a result, waters off California now contain the largest marine sanctuary in the country. The Monterey Bay Sanctuary stretches from the northern boundary of San Luis Obispo County to Marin County.

  In pursuing this option, the Governor also highlighted two issues of concern with the proposed regulations. The proposed sanctuary was also the first to be adjacent to major urban areas, agricultural, and other human activities. This presence of intensive onshore and offshore issues required a cooperative effort between NOAA and the State to achieve the purposes of the sanctuary. Two key issues of concern were resolved as follows: (1) a cooperative agreement between NOAA and the State is being used to implement the sanctuary water quality regulations within State waters; and (2) clarification in the regulations ensures that the sanctuary designation will not preempt three candidate sites outside the sanctuary, that are being evaluated as permanent ocean disposal sites under the San Francisco Bay Long Term Management Strategy. In the case of water quality, the cooperative arrangement substantially increases the resources otherwise available to NOAA to ensure effective planning and enforcement of water quality regulations within the sanctuary.

- Offshore Oil and Gas. In 1991, Governor Wilson reiterated his opposition to new federal offshore oil and gas leasing by calling on the federal government to halt their plans for new lease sales off California. In their proposed 5-Year Oil and Gas Leasing Program, the US Department of the Interior had proposed leasing additional tracts off Santa Barbara and Ventura Counties. In the version of the leasing program released in May 1992, Interior accepted the Governor's requested changes, and no new lease sales are proposed off California until after the year 2000. In State waters, the Governor signed AB 888 by Assemblyman Mays [Chapter 835, Statutes of 1991], which prohibits new leasing for oil and gas in Southern California that had not previously been covered by the existing offshore oil and gas sanctuaries. AB 854 by Assemblyman Lempert [Chapter 1174, Statutes of 1992] and AB 10 by Assemblyman Hauser [Chapter 1173, Statutes of 1992] extend the oil and gas sanctuaries in Central and Northern California.

- Oil Spill Prevention and Response. The Lempert-Keene-Seastrand Oil Spill Prevention and Response Act [Chapter 1248, Statutes of 1990] established a comprehensive framework for preventing future oil spill catastrophes along California's coast. The Office of Oil Spill Prevention and Response under the Department of Fish and Game was created as the main preparedness and response organization, along with new responsibilities to the Coastal Commission, State Lands Commission, State Water Resources Control Board, and Office of Emergency Services.

  The Act mandates a time table for the Oil Spill Administrator to complete a variety of actions, including: (1) creation of planning committees, (2) adoption of improved prevention and cleanup technology, (3) and development of regulations for contingency planning, spill response, and financial responsibility. In its first year of operation, the new Oil Spill Office accomplished the following:

  - Established an Implementation Advisory Committee with members from private industry, environmental groups, and State and federal agencies.

  - Prepared interim oil spill contingency guidelines for operators of tankers, barges, and marine facilities.

  - Initiated development of a GIS system to provide a natural resources data base for oil spill response.

  - Responded to 395 oil spills, and conducted follow-up investigation on 101 of these spills.

  - Drafted regulations for internal review concerning bunkering and lightening, local government grants, vessel enforcement, loan administration, and fee regulations.

  - Established Crisis Communication Committee to develop detailed spill response public information policies and procedures.

- Developed a proposed Wildlife Rehabilitation Program.

California also continues to be active in regional oil spill prevention and response. Through the States/BC Oil Spill Task Force, California has joined with Oregon, Washington, Alaska, and British Columbia to establish coordinated response plans along the Pacific Coast. The Task Force has established procedures for mutual aid, technology sharing, and coordination of rule-making and response to federal oil spill activities in the US and Canada.

- Beach Closures. SB 1865 by Senator Hart [Chapter 961, Statutes of 1992] requires local health officers to report annually to the State Water Board on beach postings and closures. The bill also establishes criteria when, based on failure to meet federal coastal water quality standards, beaches are required to be posted with warning signs.

P. Pesticides

The Department of Pesticide Regulation (DPR) was established within Cal/EPA to administer and enforce State and federal laws and regulations governing the use of pesticides. Prior to the establishment of Cal/EPA, the new department operated as a division within the Department of Food and Agriculture. The major responsibilities of the Department are to: (1) evaluate and register all pesticides prior to sale or use in California; (2) identify and develop mitigation measures for potential risks from pesticide use; (3) promote worker health and safety by reviewing exposure studies and use practices; (4) assess environmental impacts of pesticides and identify, develop, and promote effective alternatives to pesticides; (5) ensure enforcement of State and federal laws and regulations governing pesticide use including licensing, permitting, product quality, and residue monitoring programs; and (6) collect, process and disseminate pesticide use information. Specific activities now underway include the following:

- Ground Water Protection Program. The current centerpiece of ground water protection is the Pesticide Contamination Prevention Act (PCPA) found in Article 15, Division 7 of the Food and Agricultural Code. Implemented by DPR, the PCPA provides mechanisms for identifying and tracking potential and actual ground water contaminants. It also establishes procedures for reviewing chemicals found in ground water or in soil as the result of agricultural use, and for the modifying of canceling use of such chemicals. The PCPA requires the Department to take specified actions which combine to form three major processes: (1) establishment of a data base of wells sampled for pesticides; (2) data collection and analysis, identification and monitoring of potential contaminants; and (3) review of findings of pesticide contamination and imposition of necessary mitigation measures. In implementing the PCPA, the Department works closely with the State Water Resources Control Board and the Office of Environmental Health Hazard Assessment.

- Birth Defect Prevention Act. The Birth Defect Prevention Act (Article 14, Division 7 of the Food and Agricultural Code) was enacted in 1984. The original law was amended in 1991 by legislation by Senator Petris (SB 550) and Assemblyman Hayden (AB 1742). This act requires the Department to acquire certain toxicological data for registered pesticides in order to make scientific determination that their uses will not cause significant adverse health effects. These data may include studies on the chronic toxicity, oncogenicity, teratogenicity, neurotoxicity, reproductive toxicity, and genotoxicity. This act prohibits the registration of any new pesticidal active ingredient if required mandatory health effects are missing, incomplete, or invalid. Pesticide active ingredients already registered that are identified as having the potential to cause significant adverse health effects, following a thorough review by department staff, will have their registrations canceled.

  In January 1992, the Department announced the beginning of suspension action against more than 3000 pesticide products whose manufacturers failed to meet a January 1 deadline to complete the required toxicity studies. Most companies have since submitted the required information. However, all studies must be submitted by June 15, 1992, or registration will be suspended for those products not complying with the requirements of the act.

- Pesticide Worker Safety Programs. Each year, teams in DPR conduct field studies to determine possible health risks to those who mix, load, and apply pesticides and to those working in fields and other places where pesticides have been applied. Reentry into treated agricultural areas and structural fumigation activities are examples of activities being monitored. The Worker Health and Safety Branch also develops new methods of measuring and predicting worker exposure to pesticides.

- DPR and Caltrans are involved in a cooperative program to reduce use of pesticides along highways. This cooperative work is aimed at reducing the amount of pesticides that pollute and contaminate ground water. DPR and Caltrans are working together to complete a pesticide management program for Caltrans.

Q. Food and Agriculture

Within the State, the California Department of Food and Agriculture (CDFA) is an active participant in the State's leadership in food safety issues. The overall goals of the Department include: provide leadership in the development of policy issues important to agriculture concerning the environment, natural resources, waste management, and food safety; support a productive and competitive agriculture industry while continuing to reduce immediate and future adverse environmental and food safety impacts by supporting research, demonstration and education programs; identify and promote economic opportunities for agriculture which are environmentally compatible and/or beneficial; and provide regulatory, technical and analytical support for other government programs which benefit agriculture and the environment.

Several other agricultural programs related to protection of the environment include:

- Agroforestry Demonstration Program. Located in the Agricultural Resources Branch, Inspection Services, the Agroforestry Demonstration Program seeks a farming solution to management of salts and selenium by the design of cropping systems, including irrigation management, water reuse, sequential use of increasingly salt-tolerant plants, and the ultimate treatment of a small volume of water. Cooperators include farmers, Resource Conservation District, water districts, DWR, CSUF, UCD, USDA-SCS, USBR, SWRCB.

- Fertilizer Research and Education Program. Funded by a tax on fertilizer, this program serves to develop effective strategies to reduce the likelihood of nitrate leaching in soil to contaminate groundwater. The program funds research, demonstration, and education projects for fertilizer best management practices, irrigation management, cover crops, and information dissemination.

- Renewable Resources Utilization. Through the Energy Crops Demonstration Program, farmers, with support from CDFA, county farm advisors, and universities, grow crops which have value as feedstocks to produce liquid, solid, or gaseous fuels, lubricants, and synthetic chemicals. SCR 27 [1991] by Senator Vuich, requests that the CDFA develop adaptive strategies for the utilization of agriculture waste and urban plant and animal waste. Chapter 787, Statutes of 1991, which phases out field burning of rice straw in the Sacramento Valley, requires the CDFA along with the ARB to assess other rice disease mitigation measures compared to burning, to determine if burned acres may be exceeded, and to establish a committee to assess alternative straw handling strategies other than burning.

- Conservation of Agricultural Land. CDFA provides information and technical assistance to local agencies and groups interested in conserving agricultural land. CDFA also reviews for adequacy more than 500 CEQA documents per year concerning projects which impact agricultural land. CDFA coordinates efforts with the Resources Agency, the Department of Conservation, OPR, local governments, California Farm Bureau Federation, American Farmland Trust, and others.

- Chemistry Laboratory Services. The Chemistry Laboratory Services in the Division of Inspection Services provides laboratory support to both the CDFA and DPR, including methodology development.

- Organic Program. This program, established by Chapter 1262, Statutes of 1990 by Assemblyman Farr, provides for the registration, and later certification of all producers, handlers, and processors of organic food. The program is coordinated with DHS and is industry funded.

- Biocontrol Programs. The Division of Plant Industry manages many programs to control and eradicate weed and insect pests. It has developed many biocontrol techniques which have successfully reduced or eliminated the use of synthetic chemicals in these programs. Programs include biocontrol of Hydrilla, Yellow Star Thistle, and puncture vine. The sterile fly release program for the Mediterranean Fruit Fly has significantly reduced and may eliminate aerial spraying of malathion. The successful Hawaiian rearing laboratory should provide an excellent model to establish a parallel facility in Mexico to combat the Mexican Fruit Fly. The Pink Boll Worm project has reduced the spraying of insecticides from 12 times a year to zero through the use of a sterile moth release program. Other special research includes alternatives to Ethylene Dibromide (EDB) fumigation and other alternatives to aerial spraying. CDFA is also responsible for the biocontrol program for the sweet potato and ash whiteflies.

- San Joaquin Valley Drainage. SB 1669 by Senator Hill [Chapter 959, Statutes of 1992] established the San Joaquin Valley Drainage Relief Program under the Department of Water Resources. Through a fund created by the legislation, the Department is able to purchase retirement land and enter into agreements with various agencies and water rights holders to provide for the purchase and management of water and specified agricultural land in the San Joaquin Valley.

III. OPPORTUNITIES

The years 1991 and 1992 were landmarks for California's environment and the protection of the State's valuable natural resources. Governor Wilson called for a responsive, integrated, and streamlined approach to deal with the State's environmental concerns. Although many different State agencies have input into the State's environmental laws and regulatory process, the issues raised and actions taken in 1991 demonstrated that cooperation among these organizations was not only possible, but essential.

Events of 1991 and 1992 also signaled a dramatic change in the environmental dialogue within the State. The actions of the State, the Competitiveness Council, and others attempted to make it clear that environmental improvement and economic progress are not only complementary but inseparable. This change in philosophy provides numerous opportunities for both the public and private sectors within the State:

- **Permit Reform.** As expressed in the findings of the Competitiveness Council, California's current maze of permitting agencies and permit requirements significantly adds to the time and cost of determining the environmental protection measures necessary to move forward with creation of new job opportunities in the State. We must seek new delivery systems that bring the responsible agencies together in more coordinated approaches that ensure full protection of the environment, but that also recognize the needs of the public and business in obtaining timely decisions by government. South Central Los Angeles is a classic example of this need. Government must act quickly in concert with the private sector to bring new jobs into this area. But at the same time, our decisions must be balanced, and in our urgency, we must not neglect the equally pressing need to protect the health of the citizens in this area. Permitting agencies at all levels of government must work together in planning, permitting, and delivering service.

  Cal/EPA has already circulated draft recommendations to coordinate the permits issued by the its environmental quality programs. For the coming year, a broader working group within the Administration and led by OPR is underway to institute comparable reforms in the other State permit programs, and will seek opportunities to establish coordinating mechanisms with federal agencies and local governments. The One Stop Permit and License Center is a focussed effort to move on this issue immediately, in order to ensure all efforts of the State are brought to bear on expediting revitalization of South Central Los Angeles.

- **Coordination in Decision Making.** One of the most challenging and yet important opportunities for the State is the continued integration of policy and planning activities. Environmental issues can no longer be viewed in a vacuum, nor can we afford to simply react to environmental concerns as they arise through crisis. By careful planning and proactive actions, the State can provide a tough, but consistent and understandable approach to environmental protection. With the creation of Cal/EPA, the State now has the opportunity to address environmental quality issues in a comprehensive and thorough manner. Another example of this new coordinated approach will be the State's commitment to resource stewardship based on biological diversity. Similar coordinated policy making has been taken in such areas as growth management, water supply, and energy strategy. The base for integrated planning has been set. The next stage is to ensure that the individual actions of each program maintain this global perspective through the creation of coordination mechanisms applied to the day-to-day activities of State government.

- **New Directions in Environmental Protection.** As the State works to strategically plan its future, new approaches to environmental protection must be explored. After more than two decades of experience, we have in many cases pushed the limits of existing control technology and the benefits from command and control regulation. These historical approaches will still maintain effective results into the future, but future progress in attaining our goals requires initiative and innovative thinking. Our pollution problems have changed from visions of pipes discharging raw effluent and smokestacks emitting unabated pollutants. These sources are now subject to rigorous control, and the future focus of environmental protection is in the less visible risks to public health and the cumulative results of 31 million citizens driving their cars, generating solid waste, using water, wanting access to parks and beaches, and seeking affordable housing outside urbanized areas. Few people intentionally harm the environment, but the sum total of our individual actions puts stress on our environmental systems. This diffused source of pollution requires new ways of thinking about how our protection programs operate.

  Pollution prevention, looking for opportunities to prevent pollution before it is created, should replace the historical approach of reacting to environmental degradation after it has occurred. Another opportunity is the broader use of market incentives to address resource management and environmental protection concerns. In contrast to the historical approach of regulatory "command and control," market based alternatives allow for a more flexible and economically realistic response to environmental protection issues. The Governor's proposed water policies, the South Coast Air District's RECLAIM program, our recycling efforts, and the Air Board's new direction in control of air emissions from consumer products stand as examples of allowing the free market to determine resource utilization.

- **Linkage Between Transportation, Air Quality, and Energy Strategies.** Our choices in transportation systems have major effects on our ability to maintain economic diversity and growth, attain air quality standards, and meet the energy diversity goals necessary

to sustain a stable and affordable energy supply. Our past dependence on the single occupant automobile powered by traditional fuels has produced unequaled individual mobility, but at the same time has created risks to public health and declines in the level of service provided by our transportation systems. Over 70 percent of the air pollution within California comes from automobiles. Our highways are marked by increasing congestion and individual frustration. Our energy mix is dominated by our use of gasoline, establishing California as the third largest consumer of oil in the world.

Many policies are now in place to respond to this situation. The Clean Vehicle and Fuels program of ARB will yield significant air quality benefits through cleaner vehicles and reformulated gasoline, and new energy diversification as zero emission vehicles are introduced. Further, California voters have agreed to expansion of our mass transit systems.

We have opportunities to achieve even greater benefits through greater coordination of the transportation, air, and energy policies. The State must now take the opportunity to seek ways, in coordination with industry, to speed the turnover of the fleet through market incentives and development of mobile source offsets. California's leadership in this field will benefit not only the State's air quality, but provide California with an industry and the technology to be leaders in this field worldwide. Expansion of mass transit is another area that will yield many opportunities in the future. Experience has shown that it is difficult and expensive to reduce total vehicle miles traveled if the public does not have viable transit alternatives. Instead, it is vital that the public and private sectors together must develop viable and workable options for mass transit. Until these options are available, our existing traffic control measures carry the risk of driving up the cost of commuting, the cost to the environment, and the cost to business with only limited benefits to our environment.

- **Sustained, Environmentally Responsible Economic Growth.** Economic development is vital to the future of the California and the prosperity of our increasingly diverse population. One avenue of economic development, as of yet largely unexplored, is the marketing and export of the advances made by California's "green" industries. California has long been known for its inroads in new technological fields, including biotechnology, environmental controls and remediation, and environmentally safe products and processes. The State's regulatory past has in part spurred many industries to develop, perfect, and market leading edge products and systems. The challenge before us now is to aggressively market these advances on the world stage. The State should work with industry to promote products or technologies that are "green;" these products are the wave of the future.

  In the near term, the State has adopted several approaches. First, the environmental and business agencies have worked cooperatively to coordinate permit processing on several major new industries seeking to locate in California. This case-by-case permit coordination is now being expanded to proactively screen sites for industries needed to

meet the State's environmental goals for recycling, and to aggressively work with existing businesses as a retention strategy.

Second, Cal/EPA will work with the Department of Commerce, other State and Federal agencies, the Legislature and private sector to target the development and application of innovative environmental technologies to critical, long-standing pollution problems that may take decades to cleanup using existing processes. Two possible pilot projects that could be considered are the San Gabriel Valley Superfund site and the toxic loading problems in South San Francisco Bay.

Third, the Resources Agency has sought to utilize existing market forces to encourage both responsible resource management and economic development. Prominent examples of this approach are: Governor Wilson's highly successful Water Bank, which enables willing buyers of water to find willing sellers in these times of severe drought, and the Governor's innovative Natural Communities Conservation Planning (NCCP) Program, which has provided incentives for both the development and environmental communities in southern California to come together to try to end the frustration and deadlock caused by the status of the California Gnatcatcher. These programs, and others which creatively exploit market forces, hold great promise for sustainable economic development.

- **Free Trade Agreement.** In June 1991, negotiations among the United States, Canada, and Mexico began on a North American Free Trade Agreement (NAFTA). All aspects of international trade among the three countries, including intellectual property, manufactured goods, and agricultural products are covered in the final agreement. Environmental issues associated with a NAFTA were considered on a separate, parallel track.

  During the past decade, population growth has skyrocketed on the Mexican side of California's southern border. This growth has outstripped the infrastructure of the Mexican cities along the border, resulting in severe pollution problems for air, water, and land resources on both sides. Due to financial incentives offered to corporations to site industrial facilities on the Mexican side of the border (the *maquiladora* program), industrial waste disposal has also exacerbated these environmental problems. Because of the environmental contamination along the California-Mexico border, California has particular interests in and concerns with the environmental consequences of NAFTA. The beginnings of solutions exist in such areas as the Tijuana sewage treatment system now under construction, but much more work remains to be done.

  As expressed by California during the NAFTA negotiations, work in the coming years must focus on the following:

  - Pesticides. Monitoring and enforcement must continue to maintain California's high standards.

- Hazardous Waste Disposal. Adequate and environmentally sound disposal facilities must be promptly located in Mexico to accommodate existing and future industrial facilities.

- Air Emissions Monitoring. Stricter emissions controls in Mexico must be monitored adequately.

- Enforcement. USEPA and Mexico must dedicate the necessary staff to enforce their respective environmental laws along the border.

- Public Works. Additional facilities to treat wastewater, provide transportation, and supply safe drinking water must be built by Mexico to match its needs in the border region.

- Expedited Transfer of Pollution Control Technology. Necessary pollution control technology must be made widely available in Mexico. Cooperative efforts now exist between Mexico and California's environmental agencies. These collaborative efforts should be expanded to provide new market opportunities for California environmental industries.

The numerous challenges facing California in the future--the demands on our air, water, land and natural resources, waste management, energy supply, and others--will be great. However, the State has now charted a course that demonstrates the only way to effectively balance environmental and economic concerns is to avoid single-purposeness and instead work cooperatively to ensure workable solutions. California now has the structure in place that can aggressively take on our environmental challenges while increasing the State's competitiveness. This structure will allow for California to preserve California's legacy of environmental stewardship as well as its reputation as a land of golden opportunity.