

To: Members of the Legislature and the Citizens of California

Protecting and improving our environment and natural resources is one of California's most important challenges. Blessed with some of the nation's most beautiful and diverse landscape, the success of our stewardship will determine the environmental legacy we leave for coming generations.

Throughout my Administration, we have sought to move beyond the single purpose focus and confrontational atmosphere which defined early environmental policy making. Instead, I have established three guiding principles that have helped change that outmoded way of doing business: 1) environmental improvement and economic progress must go hand-in-hand; 2) regulatory processes can be simplified without compromising the underlying environmental standards; and 3) partnerships with key stakeholders are essential to the success of environmental programs.

These three principles - along with a strong commitment to enforcing environmental laws - serve as the foundation for state policy and the programs outlined in this report. Through our efforts and those of millions of concerned citizens, our environment has become cleaner, our resources are being more wisely used and the right of future generations to live in a clean, healthy environment is being secured.

I would like to thank all of those who have worked closely with us to achieve these goals. Through cooperation, understanding and common vision, we have been able to resolve issues which have historically divided us. I hope to have your continued support as we build upon these successes in the years ahead.



Sincerely,

Pat Wilson

The Governor's Office gratefully acknowledges the cooperation of all State agencies which contributed to the report, and the significant time and effort donated by staff as authors and editors. Those deserving special recognition for their efforts to coordinate the writing and editing of the report include:

- Kathryn Blankenburg, Integrated Waste Management Board
- Ava DeLara, Department of Pesticide Regulation
- Gina Durante, California Environmental Protection Agency
- Veda Federighi, Department of Pesticide Regulation
- Steve Hanna, Department of Toxic Substances Control
- Doug Hohman, Department of Toxic Substances Control
- Vic Holanda, California Trade and Commerce Agency/Office of Permit Assistance
- Frank Losco, State Water Resources Control Board
- Cynthia Marvin, Air Resources Board
- Andy McLeod, Resources Agency
- Donald Owen Jr., Air Resources Board
- Bev Passerello, Office of Environmental Health Hazard Assessment
- Jon Pederson, Air Resources Board
- Dan Pellissier, California Environmental Protection Agency
- Mike Placencia, Resources Agency
- Courtney Sakai, Resources Agency
- Ed Schneider, Air Resources Board
- Ann Shelby, Air Resources Board
- Val Siebal, California Environmental Protection Agency
- Fran Vitulli, State Water Resources Control Board

In addition, the Administration extends a special thanks to Christopher Peck of the Integrated Waste Management Board and Ken Selover of the California Environmental Protection Agency for their time and dedication committed to this report, and to Dale Oliver of the State Water Resources Control Board, for his graphic design and layout of this report.

ANNUAL ENVIRONMENTAL REPORT AND MESSAGE OF THE GOVERNOR 1995 -96

TABLE OF CONTENTS

Introduction	4
Trends in Environmental Quality	5
Governor's Initiatives	10
• Permit and Regulatory Reform	10
• Environmental Technology	23
• Pollution Prevention	30
• Comprehensive Habitat Conservation	33
• Public Assistance and Education	37
Air Quality Protection	44
Water Quality and Resources Protection	58
• Comprehensive Water Policy	58
• Ocean and Coastal Protection	65
• Water Quality	69
Natural Resources Management	73
Waste Management	81
• Hazardous Waste	81
• Solid Waste and Recycling	88

INTRODUCTION

This Environmental Report and Message of the Governor highlights the actions and accomplishments of the Wilson Administration during 1995 and 1996 to improve environmental protection and natural resource management while strengthening the economic competitiveness of California. This marriage of environment and economy is a hallmark of the Governor's philosophy which led in 1991 to the creation of the California Environmental Protection Agency (Cal/EPA), the creation of the California Trade and Commerce Agency, and the promulgation of Resourceful California by the Resources Agency. This Annual Environmental Report and Message is prepared pursuant to Government Code section 12805.5.

TRENDS IN ENVIRONMENTAL QUALITY

Despite California's rapid growth in population and transportation over the past decade, the state's air and water continue to get cleaner; toxic and solid waste disposal rates are on the decline. Key trends in environmental quality are highlighted beginning on page seven.

GOVERNOR'S INITIATIVES

At the beginning of his Administration, Governor Wilson identified key objectives he believed were essential to advancing California's high environmental standards, while at the same time reforming unnecessary regulatory process. In addition, the Governor stressed the need for cooperative partnerships and the utilization of market forces to achieve sound long-term natural resource management. All of his key initiatives — from regulatory reform to new environmental technology development to habitat conservation — build on this standard-process distinction. Progress resulting from the Governor's initiatives is highlighted on pages 13 through 46.

PROGRESS AND ACCOMPLISHMENTS

The Environmental Report and Message also summarizes accomplishments in protecting air quality, water resources, managing California's natural resources, and reducing the volume of hazardous and solid wastes. Pages 47 through 96 highlight the activities of the Wilson Administration in support of these programs during 1995 and 1996. Improvement to the state's air quality, reduction and diversion of solid waste, and increased wetlands and habitat conservation have been most significant.

TRENDS IN ENVIRONMENTAL QUALITY

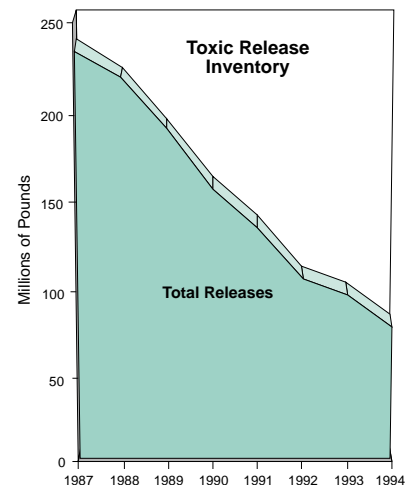
Environmental indicators are quantitative measurements used to evaluate overall environmental quality, trends in environmental quality over time, and the relative success of environmental regulatory programs in maintaining and improving environmental quality. The Wilson Administration initiated in 1995, for the first time in the state's long history of environmental regulation, an effort to track such indicators across all three environmental media — air, water, and land.

Overall, the environmental indicators demonstrate a significant improvement in California's environmental quality.

MULTI-MEDIA TOXIC RELEASES

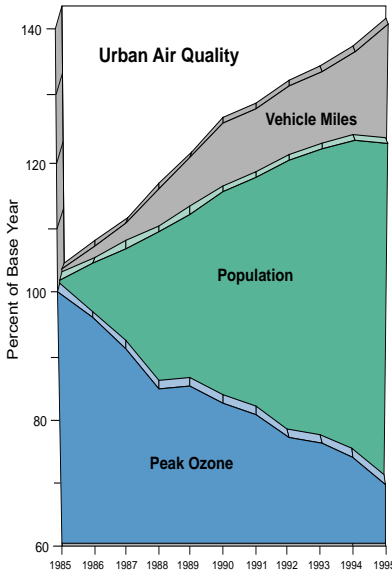
The Toxic Release Inventory (TRI) tracks and reports manufacturer discharges of listed chemicals. TRI data collated for California in 1994 (the most recent data) reveal a dramatic drop in overall chemical releases of 68 percent compared to 1987, when the Inventory began. The inventory relates to exposure reduction and the potential for exposure.

- Air releases of TRI chemicals have decreased by 59 percent since 1987.
- Releases of TRI chemicals to land onsite have decreased 90 percent and offsite shipments have decreased 73 percent since 1987. These measurements are based on the pounds of pure chemical released.
- Discharges of TRI chemicals to surface water have decreased by 81 percent and discharges to publicly-owned treatment works have decreased by 67 percent since 1987.



Air quality trends reflect the success of California's air quality programs.

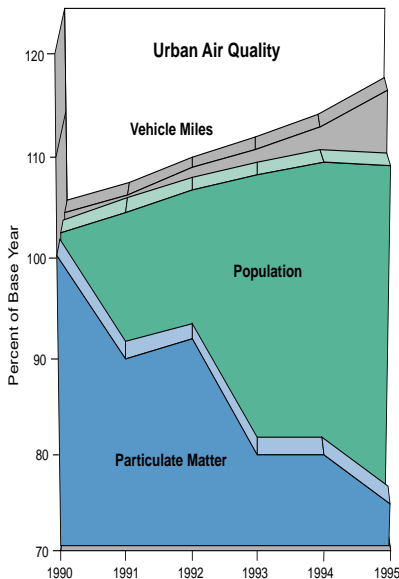
Ozone



Ozone, or smog, is formed when reactive organic gases (ROG) and oxides of nitrogen (NOx) react in sunlight, making summer the peak ozone season. ROG and NOx are emitted from many activities, including operation of motor vehicles, application of solvents and coatings, and combustion processes.

- Despite California's growth in population by 21 percent, ozone pollution has declined more than 30 percent since 1985.
- The greatest gains have been made in the most populated areas of the state. During the last ten years, peak levels of ozone in the Los Angeles area have dropped over 25 percent and annual exposure to smog is down about 50 percent.
- Even with these gains, California still dominates the U.S. smog "top ten" with five of the areas with the highest ozone levels and eight of the areas with the most frequent violations of the federal standard.

Particulate Matter



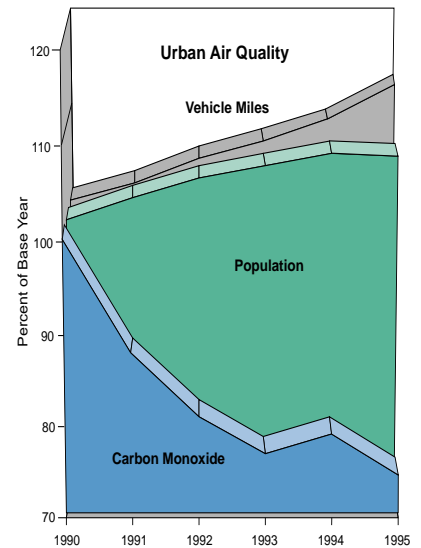
Particulate matter (or PM) is a complex mix of pollutants, such as nitrates, sulfates, heavy metals, smoke, and dust. Current state and federal regulatory requirements target PM₁₀, particles less than ten microns in size, which are easily inhaled into the lung. New federal standards are being considered which will regulate exposure to smaller PM_{2.5}. Particulates can be directly emitted from primary sources, like fires and dust from unpaved roads, or can be formed as a secondary pollutant in the atmosphere by the reaction of chemical precursors, like NOx.

- Monitored statewide peak levels of PM₁₀ in urban areas have declined by 25 percent since 1990.
- Emission trends for different sources vary. Emissions from primary sources such as carbon monoxide are increasing with population growth, while formation from secondary sources such as ozone is decreasing due to ROG and NOx controls.

Carbon Monoxide

Carbon monoxide (CO), which peaks in winter, is directly emitted from motor vehicles and, to a lesser extent, stationary combustion sources.

- CO levels have also declined by 25 percent since 1990 in response to control efforts, primarily cleaner vehicles and fuels. The slight increase between 1993-1994 was due to variation in weather conditions during that period.
- The introduction of oxygenated gasoline, in November 1992, was the final step needed to bring most areas of the state into attainment with air quality standards for CO. In April 1996, the Air Resources Board approved a request to U.S. EPA to redesignate ten areas to attainment for the national CO standard.



Air Toxics

Air toxic emissions have decreased almost 60 percent over the past nine years as a result of state control measures for cancer-causing pollutants such as benzene, as well as through voluntary reductions.

- Mandatory industry and vehicle/fuels measures will reduce toxic emissions by over 25 million pounds per year when fully implemented by 2010.
- California businesses have voluntarily reduced air toxic emissions by nearly 2 million pounds since 1989.

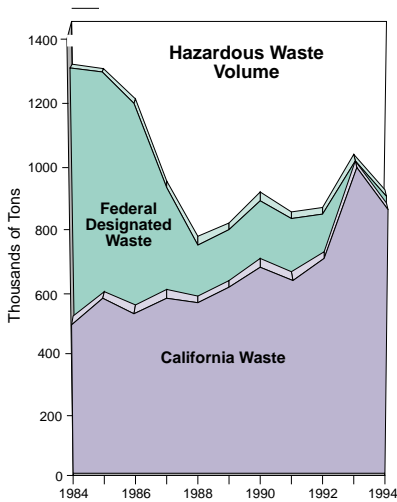
WATER QUALITY

Water quality in California has improved dramatically since enactment of the Porter-Cologne Act in 1970 and the federal Clean Water Act in 1972 through the permitting of discrete "point source" discharges. "Nonpoint" pollution, such as stormwater and agricultural runoff, however, is much more difficult to control and represents up to 80 percent of the state's remaining water pollution problems.

Water quality in the state's lakes, rivers and streams, and coastal areas is assessed by the State Water Resources Control Board and Regional Water Quality Control Boards. Their 1994 assessment, reported in the Environmental Indicators Report, shows that:

- Of the over 20,000 miles of rivers and streams assessed — less than ten percent of the state total — water quality in 54 percent is judged fair to good. Twenty percent is considered impaired, with insufficient data available to rate 25 percent of the river and stream mileage assessed.
- Water quality of over 50 percent of the 1.67 million acres of California lakes is rated in fair to good condition, while 25 percent is judged to be impaired. Data is insufficient to rate another 20 percent.
- Water quality of 74 percent of the nearly 500,000 acres of estuaries, bays, and harbors is impaired.
- Ocean and open bay water quality is judged to be good along 85 percent of the state's 1,100 miles of shoreline.

HAZARDOUS WASTE

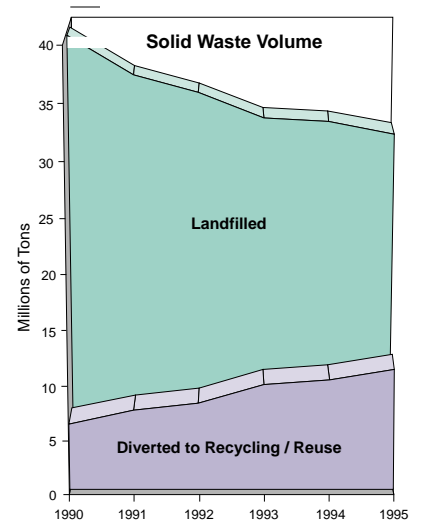


While the number of businesses regulated and the number of hazardous waste shipments have increased significantly during the past decade, the generation of hazardous waste has declined. Federal designated waste has decreased, while California hazardous waste, primarily used oil, has increased.

- Federal hazardous waste, defined by the federal Resource Conservation and Recovery Act (RCRA) has decreased 32 percent since 1984.
- The volume of non-federal hazardous waste has increased almost 75 percent. Most of this increase is due to the increased recycling of used oil.
- Hazardous waste shipments have grown in number from 88,000 in 1984 to over 500,000 in 1994. Over the same period, the number of businesses regulated has increased dramatically, up from approximately 20,000 to almost 300,000.
- Remediation waste has increased during the past decade due to increased hazardous waste site cleanup.

SOLID WASTE

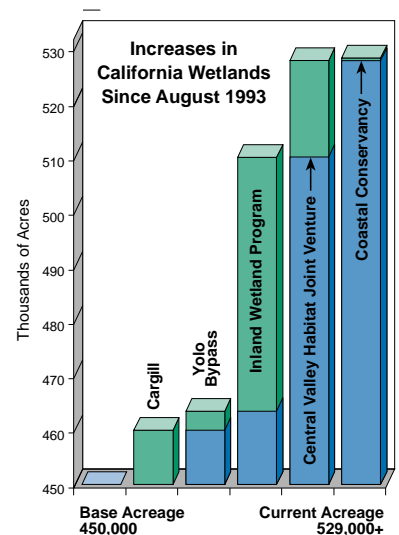
Despite population increases, the amount of nonhazardous solid waste generated in California — about 45 million tons — is the same in 1995 as it was in 1990. Per capita waste disposal (including commercial, industrial, and construction/demolition wastes) has fallen from 7.3 pounds per person per day to 5.7 pounds. Waste diversion to recycling and reuse programs has risen from 14 percent in 1990 to over 25 percent in 1995.



WETLANDS CONSERVATION

In August 1993, Governor Wilson unveiled a new state wetlands policy designed to achieve a net long-term increase in the quantity and quality of wetlands, while providing a more streamlined regulatory process for the management of wetlands and promoting cooperative partnerships for wetlands conservation.

Since the implementation of the Governor's new policy, the quantity of permanent, functioning wetlands has increased by approximately 78,000 acres. As a result, the state is approximately one-third of the way to meeting the Wilson Administration's goal of an additional 225,000 acres of acquired, restored, and/or enhanced wetland habitat by 2010.



GOVERNOR'S INITIATIVES

Several key initiatives anchor Governor Wilson's efforts to improve California's environmental regulatory and resource management programs: reforming unnecessarily complex permit processes; supporting the state's vigorous environmental technology industry, which builds upon our strict environmental standards; preventing pollution at the source rather than treating it at the "end of the pipe"; employing cooperative public-private partnerships; and instituting integrated ecosystem management and biodiversity programs.

Cabinet-level Secretaries for Environmental Protection, Resources, and Trade and Commerce are spearheading the Governor's initiatives. The Wilson Administration's progress and accomplishments in this area are summarized on the following pages.

PERMIT AND REGULATORY REFORM

Reforming the environmental permitting process while maintaining California's historic commitment to high environmental standards remains one of the most important goals of the Wilson Administration. Indeed, the Governor's distinction between environmental standards and the permitting process has been a key improvement in the environmental dialogue.

Coordinating permits and other common-sense regulatory reforms offers numerous benefits. From an organizational perspective, permit coordination and consolidation instills an integrated, cross-media perspective in historically single media programs. From a permit applicant's perspective, it means fewer conflicts and delays in obtaining operating approvals. The goal must be ensuring clean and safe operations, and the

costs to achieve this goal should not be excessive. A cross-media perspective means that permit decisions can be made with the goal of protecting the environment as a whole, avoiding disparate decisions that merely shift pollution to another place or another media. Avoiding interagency conflicts through more efficient permitting procedures means devoting fewer public resources to those conflicts, and more on effective regulation to protect the environment. Most importantly, from the perspective of the environment, permit reform provides a more effective level of protection, particularly when it leads to more rapid achievement of high environmental standards through the use of new environmental technologies.

Through a cooperative working effort between the Administration and the Legislature, the 1993-94 legislative session saw the passage of the most significant body of regulatory reform legislation in the nation. These reforms were implemented in 1995, and addressed all aspects of Cal/EPA programs: creation of a consolidated permit process to simplify multiple-permit situations; elimination of statutory overlap; reforms to the risk assessment process; specific requirements for economic considerations in rulemaking; fee reform; and equipment certification to replace existing permit requirements. A commitment to quality management and efficiency in the regulatory programs has become the standard.

Regulatory Improvement Initiative Reforms

“We commend Cal/EPA for the efforts already underway to reduce the burden of California environmental regulations during the past several years.”

*Santa Clara Valley
Manufacturing Group*

In October of 1995, Cal/EPA and its constituent boards, departments, and offices held five public workshops at various locations throughout California. The purpose of these workshops was to obtain input from regulated industries, small businesses, environmental groups, and the general public on efforts to eliminate or modify regulations, as ordered by Governor Wilson's Executive Order (W-127-95). In response to several hundred written and verbal comments, Cal/EPA boards, departments and offices repealed or modified more than 4,000 regulations. Those regulations were found to add no environmental benefit and were redundant or overly burdensome. Progress on program recommendations received at the workshops is being tracked and maintained on Cal/EPA's Internet Home Page.

Permit Consolidation Zones

Building on the framework established by SB 1185 of 1993 (Bergeson/Chapter 419), which fostered permit reform through the creation of a consolidated permit agency process, SB 1299 was enacted in 1995 (Peace/Chapter 872) to strengthen this initiative by creating Permit Consolidation Zones on a pilot basis in twenty communities throughout the state. Senate Bill 1299's fundamental premise is that a single compliance document can be issued to a business to replace otherwise required individual environmental permits. Compliance plans would present a comprehensive statement of environmental operating parameters defining a business's environmental obligations. Once the program is in place, SB 1299 will allow businesses in approved Permit Consolidation Zones to submit a single application covering their environmental permits. SB 1299 allows for an expedited permitting process and ensures that businesses receive adequate guidance to complete their applications in a timely manner.

Permit requirements must be tailored to the level of risk of the activity being regulated. The traditional approach requiring the same level of permits for high- or low-risk activities makes no environmental or economic sense. Where applicable, other tools such as general permits, permit by rule, and de minimis standards will be used. Efforts to utilize tiered and general permit options include:

- Creation of tiered permitting systems—by the Department of Toxic Substances Control (DTSC) and the Integrated Waste Management Board (IWMB)—that do away with the traditional one-size-fits-all approach and replace them with systems in which the level of control and reporting is commensurate with the risk imposed by the facility or operation. This results in the exemption of many low-risk activities from permitting, in others merely notifying the permitting entity, and in an overall streamlining of permit and reporting requirements.
- Adoption of general permits (both state and federal) for many categories of discharges by the State Water Resources Control Board (SWRCB) and the Regional Water Quality Control Boards (RWQCBs). A general permit specifies conditions for groups of similar discharges,

Tiered and General Permits



Through 1995, over 12,000 facilities operated under the industrial storm water general permit; more than 5,300 operated under the general permit for construction activities.

and individual dischargers need only show on their applications that they fit within the general permit limitations. This cuts permit processing time by several weeks and promotes consistency for industry. Legislation signed by the Governor in 1995—Senate Bills 572 and 205 (Kelley / Chapters 421 and 613)—authorizes the SWRCB to issue statewide general waste discharge requirements.

- Proposed delegation of federal Clean Water Act Section 404 dredge-and-fill permits—the primary federal permit where delegation currently is not possible in California. Through a grant from the U.S. Environmental Protection Agency, the San Francisco RWQCB would be issued a general 404 permit, and specific projects would be addressed through the existing 401 certification process. Consistent with the Governor's Wetlands Policy, Cal/EPA is in discussions with the Corps of Engineers on crafting a delegation agreement.

Unified Program and CUPAs

CUPAs combine six existing hazardous waste/material programs into one. 56 local entities will now do the environmental protection work previously performed by nearly 1400 entities.

In 1995, Cal/EPA established a unified hazardous waste and hazardous materials management regulatory program (Unified Program) pursuant to Senate Bill 1082 (Calderon / Chapter 418, Statutes of 1993). The Unified Program will be implemented by local agencies (such as county, city, or Joint Powers Agency) approved by the Secretary for Environmental Protection as Certified Unified Program Agencies (CUPAs). To be approved, a CUPA must establish a program which consolidates, coordinates, and makes consistent the administrative requirements, permits, inspection activities, enforcement activities, and fee systems for six existing programs dealing with: (1) hazardous waste generators and onsite treatment; (2) the spill prevention counter measures and control plan requirements of aboveground storage tanks; (3) underground storage tanks; (4) hazardous material release response plans and inventories; (5) risk management and prevention; and (6) certain Uniform Fire Code requirements.

The Unified Program regulations became permanent on January 31, 1996 after an extensive public review and comment period. A total of 97 counties, cities, and local districts applied in January 1996 to become CUPAs under this program.

Expediting Toxic Site Cleanup

For a host of legal, regulatory and financial reasons, it can be years before contaminated sites are cleaned up. Several efforts are underway to expedite site cleanup in California.

- A single state or local agency can be designated to oversee all applicable laws for a cleanup action, easing the burden for responsible parties of coordinating with multiple agencies. The lead agency designation process was authorized in 1993 by AB 2061 (Umberg/Chapter 1184) and amended in 1994 by SB 923 (Calderon/Chapter 435). Lead agencies were designated for 46 applicants through October 1996.
- Senate Bill 923 established the "California Expedited Remedial Action Reform Act of 1994". This pilot project is designed to improve the Department of Toxic Substances Control's site remediation process, and will include up to 30 hazardous substance sites. Pilot project sites will be designated by Cal/EPA's Site Designation Committee created for the lead agency program under AB 2061. Through 1996, 10 sites were designated under the provisions of this program.
- Cal/EPA's Department of Toxic Substances Control is fostering successful partnerships with developers, community groups and other stakeholders to demonstrate how revitalization of "brownfields" sites is good for the environment and the economy. Brownfields are properties with significant potential for redevelopment or reuse that lie fallow due to actual or perceived contamination. Improving the economic and environmental value of such properties creates a unique opportunity for business, government and community leaders to revitalize depressed areas. DTSC has been an a national leader in returning brownfields properties into productive uses by developing and implementing incentives for removing economic and liability barriers.
- Senate Bill 1248 (O'Connell/Chapter 671) was enacted in 1995 and formally recognizes local agency cleanup programs. It allows a local health or environmental health agency to enter into a written agreement with a responsible party for the supervision of the cleanup of a simple waste release. The local agency can supervise the remedial action taken at a site, set cleanup goals, and certify that the cleanup goals were accomplished.



Carson Mall (above), rising on the site of the old Golden Eagle Refinery in Carson (below), will create over 2,000 jobs and generate millions of dollars annually in city and state sales revenue.



- A limited liability exemption for lenders has been established with the passage of SB 1285 (Killea / Chapter 612) in 1996. Lenders and fiduciaries will be exempted from unwarranted liability resulting from the release of hazardous materials on property in which they have a legal interest and in which they did not "directly" cause or contribute to the release or potential release of a hazardous substance.
- A private site management program was created within DTSC as a result of AB 1876 (Richter / Chapter 1820, Statutes of 1995). This program permits qualified professionals to conduct cleanups of low-level hazardous substance sites with limited state oversight. This new law also expanded the Registered Environmental Assessor (REA) program, administered by the Office of Environmental Health Hazard Assessment (OEHHA), by creating two levels of registration — Class I and Class II environmental assessors. Final regulations for Class I assessors have been completed. OEHHA and DTSC continue work on regulations for the Class II assessors. Only Class II assessors are eligible to act as private site managers.
- Conditions for establishing containment zones in groundwater basins have been developed by the State Water Resources Control Board (SWRCB). Establishing such zones formally recognizes situations where groundwater objectives cannot be reasonably achieved, thus preventing the expenditure of resources in a futile attempt at complying with applicable water quality standards. After several hearings that stretched through 1995 and 1996, the SWRCB adopted the containment zone policy in October 1996. A review committee established to consider implementation issues first met in December 1996.
- The SWRCB oversees more than 760 sites requiring cleanup where the responsible parties agree to reimburse state costs. Cost recovery for state involvement in these cleanups is nearly 100 percent.

The voluntary cleanup program and the expedited remedial action pilot program provide an opportunity to test a variety of innovative approaches that reduce the time and costs associated with investigating and remediating contaminated properties. Using these programs, remediation strategies are developed based on the ultimate planned use of the property, and cleanup activities are determined on a case-by-case basis based on cost-effectiveness. Prospective purchasers are provided with liability protection, which is essential for reducing the risk in redeveloping sites.

Unified Environmental Statute

California environmental law has grown, piece-by-piece over many years. Most laws were enacted in reaction to specific events or emerging issues. Generally, these new laws focused upon a single environmental challenge. Consequently, as a body, California environmental law contains overlapping, redundant and even conflicting statutes and regulations. While this knotted weave ensures a worthy level of protection for the environment, it does so in an inefficient and costly manner.

To address this problem, Governor Wilson in his 1994 State-of-the-State Address announced an effort to evaluate the extent to which California environmental law could be melded into a comprehensive, unified environmental statute. Cal/EPA has convened legal experts, industry and environmental representatives, and individuals experienced in administering environmental law to develop such a proposal. Their study, released in 1996, addresses laws within the jurisdiction of Cal/EPA relating to air and water quality, solid and hazardous waste, pesticides, and scientific risk assessment. The study also recommends a means of achieving an integrated, multi-media approach to ensuring the same level of environmental protection more efficiently and more cost-effectively.

Reducing Abandoned Oil and Gas Wells

In 1996, Governor Wilson strongly supported and signed into law SB 2007 (Costa/ Chapter 537) to reduce the number of orphaned and abandoned oil and gas wells that create safety hazards and impose environmental and financial burdens on the State. SB 2007 establishes a financial incentive for well operators to restart production of ownerless and long-term idle wells.

The bill allows the State to waive the operators fee of about \$100 per year per well for 10 years. The bill also makes it easier for the State to determine who is responsible for abandoned and orphaned oil and gas well cleanup, and strengthens the oversight authority of the Department of Conservation. The oil and gas industry pays a per-barrel assessment that goes into a \$500,000 fund used by the Department of Conservation for the plugging of abandoned wells, which typically costs \$20,000 per well. Currently, it is estimated that there are about 1,200 orphaned wells still capable of producing worthwhile amounts of oil and gas.

Electricity Restructuring

Early in his Administration, Governor Wilson issued a mandate to the Public Utilities Commission (PUC) to lower the price of electricity and end excessive and expensive over-regulation. In December 1995, the PUC approved a plan changing the system for charging for electricity, which would become the foundation for restructuring the state's power industry.

In 1996, Governor Wilson actively supported and signed AB 1890 (Brulte / Chapter 854) instituting the nation's first plan to deregulate electricity through competition. The deregulation plan balances California's need for reducing electricity costs while addressing the environmental consequences of energy use. The plan lays out a five-year transition period during which the state's utility industry will be opened to true competition. Specifically, the plan:

- Breaks up California's \$21 billion electricity monopoly, allowing consumers to choose their energy providers by shopping for the best price in a competitive market
- Guarantees consumers a 20 percent reduction in rates by 2002
- Expands an existing revenue bond program for infrastructure to repay the utilities for a portion of their capital costs, giving the utilities a greater ability to reduce electricity rates
- Provides \$62.5 million annually from 1998 through 2001 for research and development towards a public benefit, such as improved air quality
- Directs the California Energy Commission to develop a market-based mechanism to allocate a total of \$540 million of ratepayer funds among the state's existing, new, and emerging renewable resource providers, in an attempt to make them competitive with cheaper natural gas technology

The Energy Commission is in the process of holding a series of public hearings and workshops to gather input on the plan and deregulation process from various stakeholder groups. By March 1, 1997, the Commission must make recommendations to the Legislature on supporting renewable energy facilities.

CEQA Reform

In 1994, Governor Wilson supported and signed the following California Environmental Quality Act (CEQA) reform measures:

- SB 749 (Thompson/Chapter 1230) limits the discussion of "not potentially significant" effects in environmental impact reports (EIRs). This bill also codified the concept of a "mitigated negative declaration" and limits the definition of "project" to only those activities that may cause a direct physical change or a reasonably foreseeable indirect change in the environment.
- SB 517 (Bergeson/Chapter 300) allows Superior Court judges to invite parties of a CEQA lawsuit to consider resolving the dispute through mediation.

Governor Wilson continues to support substantial reforms that are designed to achieve CEQA's important objectives, but that also discourage frivolous lawsuits and reduce project costs associated with time-consuming CEQA litigation. The Governor's ongoing reform efforts seek to abolish the "fair argument" standard, limit attorney's fees, require opponents to post bonds to receive preliminary injunctive relief, and establish an environmental baseline by reference to the project application date.

Proposition 65 Reform

Proposition 65 was designed to provide the public with information about substances which may increase the risk of cancer or reproductive toxicity in exposed individuals. Cal/EPA's Office of Environmental Health Hazard Assessment (OEHHA) is working to ensure that new scientific information is incorporated into the process, and that the requirements of the proposition are clearly communicated to affected parties. In particular, observers have pointed out that some lawsuits filed under Proposition 65 do not contain all the information needed to handle them in an efficient and health-protective manner. To address these issues and improve the Proposition 65 process generally, OEHHA is pursuing several reforms.

- Regulations are being developed in cooperation with the Attorney General to specify the information that must be contained in a 60-day

notice of intent to sue by private parties. This will relieve businesses and government enforcers of the unnecessary burden of inadequate notices. Draft regulations were released for public comment in the spring of 1996; formal rulemaking commenced in June 1996.

- OEHHA is proposing procedures to govern removal ("delisting") of a substance that has been previously placed on the Proposition 65 list by the OEHHA Science Advisory Board. Implementation of a delisting procedure will provide a formal means to address circumstances where new scientific information suggests that the listing is no longer appropriate. Proposed delisting procedures have been provided for review and comment to the public and to the Proposition 65 Review Committee of the OEHHA Science Advisory Board.
- The Office of Environmental Health Hazard Assessment has worked to open up the process to obtain information and initiate dialog on important and evolving scientific findings pertaining to the administrative listing mechanisms provided under Proposition 65 that allows for the decisions of an authoritative body. An authoritative body is defined as being recognized as having scientific expertise, such as the U.S. EPA. This process now provides for preliminary identification by staff of chemicals which may meet the listing criteria, and, importantly, outreach and request for relevant and pertinent data. This allows for outside parties to submit additional information or updated data that may not be readily available to state scientists.
- The Office of Environmental Health Hazard Assessment is coming to closure on a prioritization process for determining which compounds are considered first for the Proposition 65 list. Using the application of sound science, this process will ensure that the compounds that pose the highest threat of cancer, birth defects or other reproductive harm be considered first. The prioritization process has evolved and been improved by open public discussion and comment on OEHHA's draft proposals.
- To assist businesses in understanding Proposition 65 and meeting its requirements, OEHHA has prepared a "plain English" description of the Proposition, available in pamphlet form and on the Internet. Subsequent efforts will provide tools to assist with compliance.

Risk Assessment Advisory Committee

The Risk Assessment Advisory Committee (RAAC) — created by SB 1082 of 1993 (Calderon/Chapter 418) — is a panel of distinguished scientists, drawn from outside state government, with expertise in disciplines related to risk assessment. The RAAC's purpose was to conduct a comprehensive review of the policies, methods and guidelines used by the boards, departments and offices of Cal/EPA in the identification of chemical toxicity. The Committee's draft report was completed in 1996, and recommended changes to the State's practices of chemical hazard identification and assessment which ensures that they are based on sound scientific knowledge, methods and practices. They are now being implemented by executive order from Governor Wilson.

The Office of Environmental Health Hazard Assessment has entered into a memorandum of understanding (MOU) with the U. S. Environmental Protection Agency (U.S. EPA) National Center for Environmental Assessment. This MOU will ensure close cooperation and consistency between the California Environmental Protection Agency and U.S. EPA in many areas, including chemical specific risk assessments, new risk assessment scientific advances, and implementation of the revised U.S. EPA cancer guidelines.

State/Federal Harmonization

In many cases, greater harmony between state and federal regulations is possible. Cal/EPA is moving forward with U.S. EPA to harmonize regulatory requirements, as evidenced by the following examples:

- Since 1991, the Department of Pesticide Regulation (DPR) has made significant progress in harmonizing pesticide registration and risk assessments with U.S. EPA. Over the last four years, DPR has reduced the time for principal scientific reviews by 41 percent.

Other actions DPR has taken to harmonize the registration process with U.S. EPA include:

- Streamlined the registration process for microbial pesticides and for chemicals that meet U.S. EPA's criteria for reduced risk by allowing concurrent application to DPR at the same time application for registration is filed with U.S. EPA.

- Established a program to look at pesticides that are registered nationally with U.S. EPA but not yet registered in California which may enhance pest management practices.
- Established a registration harmonization program with U.S. EPA to eliminate unnecessary duplication with the federal government and allow DPR to better focus limited resources.

In March of 1995, DPR and U.S. EPA's Office of Pollution Prevention and Toxic Substances entered into an MOU regarding pesticide registration. Now, the two agencies are sharing reviews of acute toxicity data and are reviewing the data in the same way.

- OEHHA's Risk Assessment Advisory Committee (RAAC), discussed above, also was tasked with comparing state policies, methods and guidelines for the identification and assessment of chemical toxicity with those of the U.S. EPA and the National Academy of Sciences. The RAAC recommendations will lead towards greater consistency in the areas of hazard identification, dose-response evaluation, exposure assessment and risk characterization as well as on issues that cut across several of these areas.
- In summer 1995, the Department of Toxic Substances Control (DTSC) initiated an evaluation of all aspects of California's hazardous waste management regulatory program which differ from the federal Resource Conservation and Recovery Act (RCRA) program. This "Regulatory Structure Update" (RSU) project will assess each area where California exceeds or differs from the federal program, with a view towards retaining, modifying or eliminating state requirement/standards based on current science. External stakeholders have played a major role in identifying the regulatory issues as well as evaluation of potential alternatives. All project tasks will be completed by mid-1997.
- The Air Resources Board (ARB) has aligned the state air quality planning process and deadlines with the federal process. ARB has also worked aggressively to reduce the new paperwork requirements of the federal Title V air permits, and has initiated a similar effort on the Title III air toxics requirements.

Environmental Reporting and Monitoring

Reporting and managing environmental monitoring information electronically provides significant efficiencies to State agencies, and burden relief to businesses with multiple permits and overlapping monitoring requirements. The Wilson Administration is continuously examining environmental data and reporting activities in order to take advantage of the growing electronic data management capabilities of state government. Current electronic reporting and monitoring efforts include:

- Cal/EPA's first annual Environmental Indicators Report — with quantitative measurements which can be used to evaluate overall environmental quality, trends in environmental quality over time, and the relative success of environmental regulatory programs — was released in April 1995, and it was updated in 1996.
- A pilot electronic reporting program in Santa Clara and San Mateo counties was created when the Governor signed AB 3537 in 1994 (Sher/Chapter 1112). This joint project, involving state and local government, industry, and environmental organizations and demonstrating the benefits of electronic reporting of environmental monitoring, was completed in 1996.
- The Department of Pesticide Regulation's California Electronic Data Transfer System (CEDTS) streamlines and simplifies pesticide use reporting. Twenty California counties began using CEDTS and receiving data electronically from pest control operators and growers in 1996.
- DPR was awarded a U.S. EPA Environmental Technology Initiative grant in September 1995 to establish an area-wide, computer-based crop disease forecasting system in California which could reduce the use of pesticides for disease control.
- Cal/EPA is an active participant in the federal Toxic Release Inventory (TRI) program. This effort tracks annual emissions of listed chemicals into the air, water, and land by large manufacturers. California's TRI data demonstrate a consistent reduction in the volume of chemicals released to the environment.
- The capability to anticipate problems that emerge in the future represents a potentially powerful planning tool for California's environmental protection programs. The Emerging Environmental

"This initiative, the nation's first statutory authority, launched by Governor Wilson and the California Legislature, is connecting government and business to the information superhighway, with tremendous potential for reducing paperwork, cost and time. It is a win-win situation for California government, California industry, and California's valuable natural resources."

*Faye Beuby, Romic
Environmental Technologies*

Challenges Program has arisen out of recognition within Cal/EPA of the significant benefits that may be derived from efforts to prevent the occurrence of future problems, or minimize their impacts. Under the program, the Office of Environmental Health Hazard Assessment (OEHHA) will develop the capability to identify environmental issues that may pose challenges to Cal/EPA boards and departments over the next five to ten years. OEHHA has set a goal to provide, to the policy-makers in Cal/EPA and its boards and departments, science-based predictions on environmental issues that are within their regulatory purview.

- The Department of Conservation, Division of Oil, Gas, and Geothermal Resources has partnered with Lawrence Livermore National Laboratory to improve access to data on oil and gas wells. Well data and production/injection statistics will be placed on the Internet. This project will provide a basis for future electronic permitting.

ENVIRONMENTAL TECHNOLOGY

In his 1993 State of the State Address, Governor Wilson outlined a vision of California capitalizing on new environmental opportunities around the world with its unique combination of high environmental standards and innovative technology industry. To take full advantage of such opportunities, Cal/EPA, the Trade and Commerce Agency, and key stakeholders from industry, academia, the financial and legal communities, and public interest groups formed the California Environmental Technology Partnership (CETP). This public-private initiative released a ten-year strategic plan in January 1994. Updated annually in 1995 and 1996, the CETP Strategic Plan identifies barriers and recommends solutions to strengthen technological advancement, regulatory and user acceptance, and export. Fostering the development and use of better, lower cost technologies will enable California businesses to maintain a competitive advantage while simultaneously improving the environment.

Technology Certification

To overcome inconsistent standards, user uncertainty, and other barriers for new technologies, CETP recommended a voluntary state-run environmental technology certification program that independently evaluates manufacturer's claims. Responding to industry's

recommendation, legislation authorizing the Department of Toxic Substances Control to certify hazardous waste-related technologies was enacted in September 1993 through Assembly Bill 2060 (Weggland / Chapter 412). The department quickly implemented its pilot program, developing procedures and practices while concurrently certifying technologies. Building further on stakeholder input, Cal/EPA's certification program expanded the following year to include air pollution control equipment through Assembly Bill 3215 (Pringle / Chapter 429, Statutes of 1994). During 1995 and 1996, the Air Resources Board conducted a pilot program, developing procedures and criteria as well as pre-certifying air-related technologies.

To coordinate the expanding certification activities, the Office of Environmental Technology (OET) was established in July 1995 within the Air Resources Board. Using standardized guidelines, procedures, and rules, the OET provides the administrative infrastructure for Cal/EPA's Environmental Technology Certification Program so it is consistent and efficient. Working together, DTSC, ARB, and OET have certified 42 technologies through 1996.

The passage of Assembly Bill 1943 (Bordonaro / Chapter 367) in August 1996 added authority to evaluate and certify more types of technologies for all media (i.e., air, water, land, etc.). Cal/EPA's boards, departments, and offices may now certify scientific and engineering findings about a manufacturer's performance claims for equipment and processes designed to prevent, manage, treat, or cleanup air, water, solid waste, toxics, and pesticide-related pollution. As an urgency measure, the State Water Resources Control Board (SWRCB) is developing initial certification activities targeting water quality-related technologies.

In a few short years, Cal/EPA's Environmental Technology Certification Program moved quickly from a private sector idea, through pilots, to full-scale operation that now addresses all environmental media. The program has also gained notable recognition, both nationally and internationally. The Ford Foundation and the John F. Kennedy School of Government at Harvard University selected the California Environmental Technology Certification Program as a winner from more than 1,500 applicants for the 1996 Innovations in American Government Award. This award, considered among the nation's most prestigious public service prizes, honors programs and policies that represent creative, highly effective government efforts to meet public needs. As part of this award, a \$100,000 grant will enhance Cal/EPA's efforts to

"The California certification gives a company and its product a lot of credibility. We know it opened a lot of doors...and it has really carried us — more than we ever anticipated — into Far Eastern markets."

*T.F. Purifiner, Inc.
national sales manager
Ken Heckman, in
Environmental Science and
Technology, February 1995*

"For 10 years the Innovations Awards have honored government at its best. These example of effective government have produced extraordinary results for Americans. They are helping to restore faith in government's ability to solve tough problems."

*Susan V. Berresford,
President of the Ford
Foundation, Innovations
in American Government*

disseminate more broadly the program, its successes, and technical transfer information about certified technologies.

To enhance acceptance of environmental technologies - especially those that are Cal/EPA certified - beyond its borders, California has formed a number of interstate and international technology partnerships. These initiatives, which have attracted wide national interest and funding from federal agency participants, include:

- ***Interstate Technology and Regulatory Cooperation*** - California and Texas promoted the formation of an Interstate Technology and Regulatory Cooperation (ITRC) Working Group. ITRC seeks to promote the development, acceptance, and interstate deployment of innovative environmental technologies, working in cooperation with federal agencies and stakeholders. The U.S. Department of Energy (DOE) supports the ITRC by providing funding, specialized laboratories, technical expertise, and other resources.
- ***Six State Memorandum of Understanding*** - In April 1995, the states of New Jersey, Illinois, and Massachusetts joined California in a Memorandum of Understanding (MOU) to foster cooperative testing, technical transfer, and approval of environmental technologies. In 1996, New York and Pennsylvania became partners in the MOU. The "Six State MOU" has set an ultimate goal of permit reciprocity for technologies evaluated in the signatory states. A Six State pilot project is now underway evaluating 12 technologies which represent a broad range of media and technology types (from pollution prevention to remediation). This pilot program will be used to gather the information needed to define a process for the reciprocal evaluation, acceptance and approval of environmental technologies among the six states.
- ***Bavaria*** - In April 1995, Cal/EPA and the Bavarian State Ministry for Regional Development and Environmental Affairs signed an MOU. The MOU calls for the creation of a working group to promote environmental and renewable energy technologies. Both parties have agreed to work to mutually accept the environmental technology evaluations and certifications of their respective agencies.
- ***Canada*** - Working cooperatively during 1996, Cal/EPA shared information about the California Environmental Technology Certification Program with Environment Canada and Industry

Canada. The Canadian national government has developed plans to replicate the Cal/EPA program, beginning in 1997. From the initial mutual collaboration, Cal/EPA and Environment Canada entered into an MOU in September 1996. The MOU formalizes an agreement to investigate eventual reciprocity between Canada's verification and California's certification programs. The two programs have already exchanged information about protocol development and biotechnologies.

Governor Wilson's policy to ensure that economic progress and environmental improvement go hand-in-hand includes promoting the transfer of environmental technologies to other nations. Since California's world-leading environmental standards prompt the development of cutting-edge technologies, nations with similar high standards and emerging nations establishing new standards are promising markets for these exciting technologies. To advance these technologies, California officials joined with private companies and federal trade agencies on environmental trade missions and conferences. These efforts in Germany, Canada, Mexico, China, Thailand, and Indonesia produced substantial contracts in 1995 and lay the foundation for vibrant trade in the years ahead. This program was transferred to the Trade and Commerce Agency in 1996, where efforts will continue to build on these achievements.

The Air Resources Board (ARB) worked directly with the state's oil refiners and automakers, other state, local and federal agencies, and a wide variety of environmental groups to develop specifications for one of the most significant pollution-reduction measures ever undertaken in California. The introduction of California's Cleaner Burning Gasoline in the Spring of 1996 represented a culmination of more than five years of cooperative effort. Because of Cleaner Burning Gasoline, emissions of smog-forming compounds from gasoline-powered engines were reduced approximately 15 percent. This measure alone is equivalent to entirely eliminating emissions from 3.5 million vehicles. One key element of the measure is the flexibility to use alternative formulas that are equally effective in reducing emissions. Refineries are making widespread use of this provision to increase the supply and to lower the cost of producing the fuel.

International Technology Transfer



State assistance to California environmental technology businesses generated \$14 million in exports in 1995, with \$64 million in contracts under negotiation.

Cleaner-Burning Gasoline

"Californians breathed easier last summer - literally Regulators in Sacramento and the petroleum industry both deserve credit for that... in an era in which too many are too willing to doubt government's ability to improve the environment, clean gas in California stands out."

*Sacramento Bee Editorial
"Clean gas: Cleaner air"
November 8, 1996*



To examine the performance of new cleaner-burning fuels, ARB carried out an extensive testing program throughout 1995. More than 800 vehicles and numerous other engines, such as lawn mowers, motorcycles, jet skis and pleasure boats, were tested using cleaner-burning gasoline. More than 5 million miles were driven and no increases in fuel-related problems were found. Technical experts from the auto and oil industries and from ARB concluded that Cleaner Burning Gasoline performed as well as

conventional gasoline. Statewide use of Cleaner Burning Gasoline confirmed these findings.

“Cleaner Burning Gasoline is one of the cheapest and most immediate ways of reducing emissions of unhealthy pollutants from gasoline-powered vehicles and equipment. Its use will benefit all Californians.”

Janet Hathaway, Senior Attorney, Natural Resources Defense Counsel

By reducing harmful emissions from California’s 24 million motor vehicles as well as the wide array of gasoline-burning equipment, Cleaner Burning Gasoline is playing a leading role in reducing health effects from air pollution. The effects of the fuel were seen immediately at the State’s air quality monitors. 1996 was the cleanest year on record in the Los Angeles area. Ozone levels were down by about ten percent in Northern California and benzene, the most important toxic compound emitted from vehicles, was cut in half.

Casting Emission Reduction Project



ARB was also an active supporter and participant in the Casting Emission Reduction Project (CERP), an industry-government partnership. The goal of CERP is to enhance the competitiveness of U.S. foundries in the international market by helping the American foundry industry develop less polluting and more cost-effective metal casting technologies. The objective is to develop new materials, processes or equipment for metal casting which will produce high quality components yet will not negatively impact the environment. A pilot “Foundry of the Future” is currently being installed in a 60,000 square foot building at McClellan Air Force Base in Sacramento. ARB provided technical assistance to the project including consultation, permit assistance, source testing and training.

Photochemical Assessment Monitoring

ARB has worked directly with instrument manufacturers to develop cost-effective and technically feasible instrumentation needed for federally mandated Photochemical Assessment Monitoring Stations (PAMS). As a result of this effort, a carbonyl sampler is presently available and a direct reading non-methane hydrocarbon analyzer will soon be available for international marketing. ARB continues to coordinate the development of air monitoring instrumentation nationwide.

During 1995, the Integrated Waste Management Board (IWMB) approved 11 additional Recycling Market Development Zones throughout California, bringing the statewide total to 40. Since 1993, the zone loan program has funded 52 loans worth \$21 million for California businesses to expand the state's recycling-based manufacturing capacity. The program now serves 66 percent of the state's population and has resulted in over 626 jobs saved or added to California's economy with a diversion of 1.5 million tons/year of waste from landfills.

Recycling Market Development

"The RMDZ loan program is the most positive of all the stuff in solid waste, and is the one area where we can replace the kinds of jobs we've been losing in this state and nation."

*Louise Aiello, Contra Costa
RMDZ Administrator*

During the 1994/95 fiscal year, the IWMB awarded \$1.3 million in grants under its Used Tire Grant and Loan Program to promote innovative research, foster new business opportunities, and encourage local-level programs promoting alternative uses for used tires. Grants totaling \$800,000 were awarded in the 1995/96 fiscal year.

Used Tire Research and Development

The California Electronic Data Transfer System (CEDTS) was developed by the Department of Pesticide Regulation (DPR) in cooperation with the University of California and the Kern County Agricultural Commissioners Office. The system streamlines and simplifies pesticide use reporting. All users of agricultural pesticides, including farm operations, parks, golf courses and others are required to provide site-specific documentation of every pesticide application. CEDTS allows pesticide use reports to be transferred via modem and local telephone lines from pest control

Electronic Data Transfer

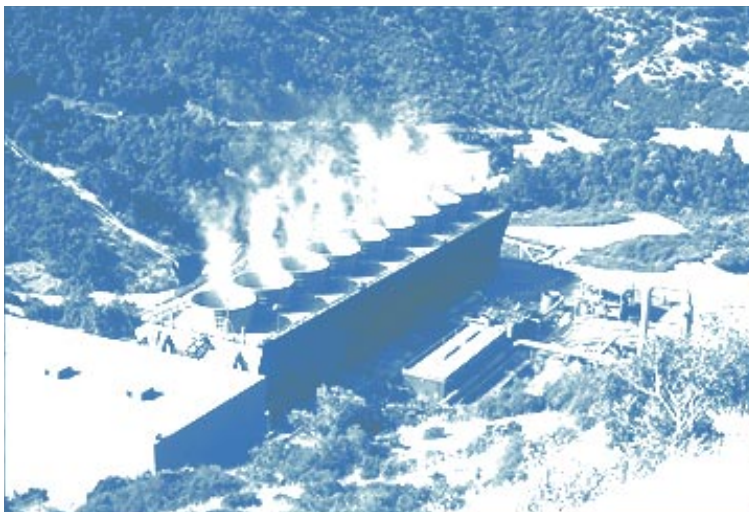
operators, growers and other pesticide applicators to the county agricultural commissioners' offices. This new system reduces errors and paperwork, and saves time and money for pesticide users as well as regulators. DPR worked closely with the agricultural community and software developers to design, demonstrate and implement CEDTS. In 1995, twelve California counties went "on-line" and began receiving data electronically from pest control operators and growers.

Beneficial Organisms

DPR has distributed over 22,000 copies of its publication *Suppliers of Beneficial Organisms*. The publication is an important source of information for those who want to control pests with reduced application of pesticides. Worldwide distribution of the publication assists companies in their marketing efforts by exposing their products to a broader customer base.

Revolving Fund Loans

The State Water Resources Control Board (SWRCB) provides low-interest loans to public entities for construction of sewage facilities, estuary enhancement projects, non-point source corrective actions and water reclamation. In fiscal year 1994-95, the SWRCB issued \$130 million in loans and \$92 million in 1995-96. Two loans from the State Revolving Fund were approved for innovative technology approaches to sewage treatment:



- \$8 million to Lake County Sanitation District for a wastewater disposal transport system to provide water for underground injection at the Geysers Geothermal area in order to provide more steam to generate electricity; and
- \$5 million to the City of Livermore for construction of a reverse osmosis treatment plant to remove salts before the water is used for groundwater recharge.

POLLUTION PREVENTION

Air Resources Board

Many of the Board's programs promote pollution prevention, usually through reformulation of products that produce pollution under normal use, through changing of manufacturing processes, or through reducing activities that cause pollution. Consumer products, aerosol coatings, and cleaner gasoline regulations adopted by the Board are all pollution prevention strategies.

Department of Toxic Substances Control

The Department of Toxic Substances Control's pollution prevention program has been in existence for 10 years. The industry assistance efforts from past years are ongoing. Technical information on pollution prevention technologies and strategies continue to be developed and distributed to the regulated community. In 1995 and 1996, assessment of source reduction opportunities for the paints and coating industry, polymer and resin industry, and metal finishing industry were completed under DTSC's source reduction planning program. Also reviewed were opportunities for parts cleaning involving 111-TCA. In September of 1995 new source reduction plans were required. DTSC requested submittal of plans from the petroleum industry, Department of Defense, and hospitals in 1996.

Department of Pesticide Regulation

Increasing numbers of pesticide users in California are turning to reduced-risk methods of controlling pests. DPR's *Pest Management Strategy* delineates the Department's role in encouraging this voluntary adoption of reduced-risk pest management practices. DPR's policy is that regulatory authority will not be used to mandate or license reduced-risk pest management but will be used to remove barriers to adoption of innovative new practices. The strategy defines the department's long-term goals for increasing the voluntary adoption of reduced-risk pest management practices and identifies the approach needed to achieve these goals. The strategy also provides a framework against which DPR can evaluate its current and future activities.

IPM Innovators. In 1994, DPR established the IPM (Integrated Pest Management) Innovators program as part of its commitment and



mandate to encourage the development of environmentally-sound pest management programs. This program also gives recognition to individuals and groups that have demonstrated leadership in voluntarily implementing reduced-risk pest management systems — in agricultural and nonagricultural sectors — through its annual IPM Innovator award. Since beginning the program, DPR has presented 27 agricultural and nonagricultural groups with its IPM Innovator award.

To further expand the adoption of IPM Innovator principles, DPR began a series of Grape IPM Innovator workshops in 1995. The purpose of these workshops was to bring Innovator award recipients together with others interested in adopting reduced-risk solutions to pest problems. Speakers at these workshops shared the different commodity and community problems they faced in implementing IPM projects, and how, by working together, they found productive, profitable solutions to pest problems. Because of these workshops, DPR has had follow-up meetings with several new and existing groups interested in expanding the use of reduced-risk pest management options.

In 1996, DPR continued its Grape IPM Innovator workshops and held an Avocado IPM Innovator workshop in the fall. In addition, DPR is also providing grower organizations and community groups with assistance in identifying funding sources to conduct IPM research, implement technologies, and form more innovator groups. Recent legislation has also given DPR another tool to encourage alternative pest management systems. SB 1752 allows DPR to use funds from its Food Safety Account for its “Pest Management Grants” (formerly known as DPR’s “Innovations in Pest Management Grants”) program. These grants provide support for new groups to set up implementation projects incorporating the use of innovative reduced-risk practices. DPR funded 24 projects in 1996 and circulated a request for proposals to fund projects in 1997.

Integrated Waste Management Board

Waste prevention is at the top of California’s integrated waste management hierarchy. The IWMB’s waste prevention activities include the following innovative programs to recognize and encourage the waste reduction efforts of California businesses:

- The Integrated Waste Management Board’s Waste Reduction Awards Program (WRAP) annually recognizes outstanding voluntary efforts by

California businesses to reduce nonhazardous waste through prevention, reuse and recycling, to procure recycled-content products, and to promote employee and customer awareness. Over 1995 and 1996, WRAP recognition was bestowed on 662 California businesses, including nearly 100 Target Stores each year. "WRAP of the Year" awards were initiated in 1996, recognizing ten especially noteworthy businesses which demonstrated how waste reduction makes good business sense.



1996 "WRAP of the Year" Awards

<i>Target Stores, statewide</i>	<i>Hewlett Packard Company, Roseville</i>
<i>South Bay Medical Center, Redondo Beach</i>	<i>Amdahl Corporation, Sunnyvale</i>
<i>Dole Fresh Vegetables, Inc., Salinas</i>	<i>San Diego Wild Animal Park</i>
<i>Beaulieu Vineyards, Rutherford</i>	<i>The Walt Disney Co. (Disneyland Resort,</i>
<i>Mad River Brewing Company, Blue Lake</i>	<i>Anaheim; Walt Disney Imagineering, Glendale;</i>
<i>Sierra-at-Tahoe, Twin Bridges</i>	<i>and Walt Disney Studios/Corporate, Burbank)</i>

The IWMB established the California Materials Exchange (CALMAX) program in 1991 as an informational forum to help find alternative uses for nonhazardous discards. Through this program, businesses, industry, and other organizations can find markets for unwanted materials, reduce disposal costs, and provide free or inexpensive materials to others. Collection and maintenance of material information has been outsourced to a private vendor since the program's inception. Historically, CALMAX has distributed a free bimonthly catalog to a growing readership (over 10,000 in 1996), and operated an on-line bulletin board system (BBS) for modem access.



In 1996, CALMAX established a presence on the World Wide Web, providing customers with user-friendly Internet access to constantly updated CALMAX listings (<http://www.ciwmb.ca.gov/mrt/calmax/calmax.htm>). Use of this evolving technology is expected to reduce program costs by decreasing reliance on the printed catalog. As part of a larger Border Zone WasteWise project involving the cities of San Diego and Tijuana, CALMAX added a targeted bilingual supplement to encourage cross-border reuse activities along the California/Mexico border.

Overall, the CALMAX program conservatively estimates that in excess of 300,000 tons of material have been exchanged through the CALMAX program, saving California businesses more than \$3 million in disposal and procurement costs.

COMPREHENSIVE HABITAT CONSERVATION

Biodiversity



When Governor Wilson took office, he introduced a new innovative approach to the protection and sustainable use of California's natural resources. The Governor's orientation is grounded in a recognition and appreciation of the state's "biological diversity" — the complex and interrelated systems that are present in the natural world. For example, instead of identifying and managing trees, lands, and wildlife as separate elements, biodiversity acknowledges all components as a coordi-

nated system, such as habitats, watersheds, and ecosystems.

According to a July 1996 report by Defenders of Wildlife, California has the best laws, policies and programs of any state to protect biological diversity.

While Governor Wilson's approach is straightforward, it represents a fundamental and necessary shift from the insufficient species-by-species, site-by-site conservation traditionally promoted by government.

Biodiversity promotes common sense, preventative strategies that protect valuable natural resources while avoiding the social and economic disruption that often results from previous inadequate, piecemeal management of wildlife and natural resources.

In September 1991, an unprecedented agreement was signed by 10 state and federal land managing agencies and the University of California to cooperate, communicate, and foster regional efforts to promote biodiversity conservation. The agreement established the California Biodiversity Council, comprised of the directors of the signatory agencies. The Council serves as a regular forum in which public agencies, the private sector, and the nonprofit community can work to heighten cooperative efforts at biodiversity conservation. Since its creation, more than 20 additional members have joined the council, including regional associations of county supervisors and the California Association of Resource Conservation Districts.

In July 1996, Defenders of Wildlife, a national nonprofit environmental organization, released a new report titled, *Saving Biodiversity: A Status Report on State Laws, Policies and Programs*. The report ranked California the highest of any state overall in its efforts to protect wildlife and ecosystems. Among the elements of California law and policy cited in

the report are the Wilson Administration's innovative, habitat-based Natural Community Conservation Planning (NCCP) Program and the State's commitment to promote biodiversity conservation.

Natural Community Conservation Planning

Governor Wilson's NCCP pilot program is an unprecedented effort by government, landowners, environmental groups, and others to protect the integrity of an entire ecosystem and to permit compatible growth and economic development. The NCCP program was formed by Governor Wilson in 1991, and seeks to prevent the confrontations and gridlock to economic development that result from the listing of individual species under the Endangered Species Act (ESA).

The program represents a fundamental shift from the traditional single-species, approach to conservation to a broader and more integrated approach centered on the preservation of entire habitats and their resident species. NCCP is a voluntary and cooperative approach that protects wildlife and habitat before it becomes so fragmented and degraded by development or other uses that an ESA listing is required.

The initial application of the pilot program is in the 6,000 square mile coastal sage scrub habitat of Southern California that is home to the California gnatcatcher and more than 90 potentially threatened or endangered species. This much fragmented habitat encompasses large parts of San Diego, Riverside, and Orange counties, in addition to parts of Los Angeles and San Bernardino counties, and is a region that houses nearly half of the state's population. Recent accomplishments in the NCCP include:

- The Orange County Board of Supervisors approved the Central/Coastal NCCP, which will guide habitat conservation and compatible land use in more than 209,000 acres of developed land and open space in two non-contiguous areas of Orange County, including the establishment of a permanent reserve of about 38,000 acres. The Central/Coastal NCCP is part of a county-wide plan that comprises more than 340,000 acres, will protect at least 42 species, and formally involves thirteen cities and five major landowners.

"(NCCP is) the nation's biggest and boldest attempt to reconcile urban development with the natural landscape,"

New York Times
February 27, 1996

- In San Diego County, three major plans covering more than 1.3 million acres are being implemented, including the 580,000 acre Multiple Species Conservation Program, which has gained initial city approval.
- A 30-year agreement was signed by various local, state, and federal agencies to implement the Habitat Conservation Plan in Riverside County. This agreement created a reserve of more than 43,000 acres designed to protect the endangered Stephen's Kangaroo Rat, and will save Riverside County approximately \$1.6 million in management costs. The Habitat Conservation Plan will be combined with other ongoing efforts to develop multiple species plans for an area of more than 260,000 acres.

Governor Wilson proposed \$7 million for land acquisition under the NCCP program in his 1996-97 budget. In addition, the Governor has worked closely with the federal government on funding for NCCP, and the 1997 federal budget proposes \$8 million for land acquisition.

Conservation Banking



Like a mitigation bank, conservation banks are designed to focus on the conservation of biological resources that are high priorities in specific regions. Further, conservation banks are designed to address the protection of habitat types and resident species at the same time. Specifically, the Governor's policy seeks to encourage banking in those parts of California that are engaged in regional habitat protection on a formal basis,

such as the NCCP program. At the end of 1996, there were approximately 40 conservation banks in 12 counties, comprised of land worth at least \$40 million.

Endangered Species Act Reform

The Federal Endangered Species Act (ESA), passed by Congress in 1973, has had a significant impact on every part of California. Each one of the state's 58 counties is home to at least one endangered species, and more than one-third of the candidate species for listing identified by the U.S. Fish and Wildlife Service reside in California.

However, state and federal laws have not kept pace with rapid changes in the scientific understanding of the relationships between species and their habitats, increased pressure on limited natural resources, and economic and fiscal realities. The ESA represents the approach to conservation that was favored in the 1970s, but has failed to stem the decline of species, often results in the survival of a species in small and fragmented populations, and causes unnecessary economic and social dislocation.

Therefore, Governor Wilson has consistently proposed the following changes to the state and federal ESAs:

- A move away from a reactive, species-by-species approach to the protection of entire habitats and their resident species.
- Reforms to make the ESA more workable, accountable and reflective of economic needs, including the explicit requirement that the economic consequences of a listing decision be considered.
- More efficient coordination of state and federal endangered species activities.
- New, targeted approaches to funding that would reduce the burden on private property owners of protecting threatened or endangered species.
- Accelerated training for state and federal biologists in larger-scale habitat protection as part of local government land use processes.
- Development of special incentives for private property owners to manage their land in a way that promotes the protection of wildlife at risk.
- Assurance of ample time for public review and comment on proposals to put a plant or animal on California's threatened or endangered list.

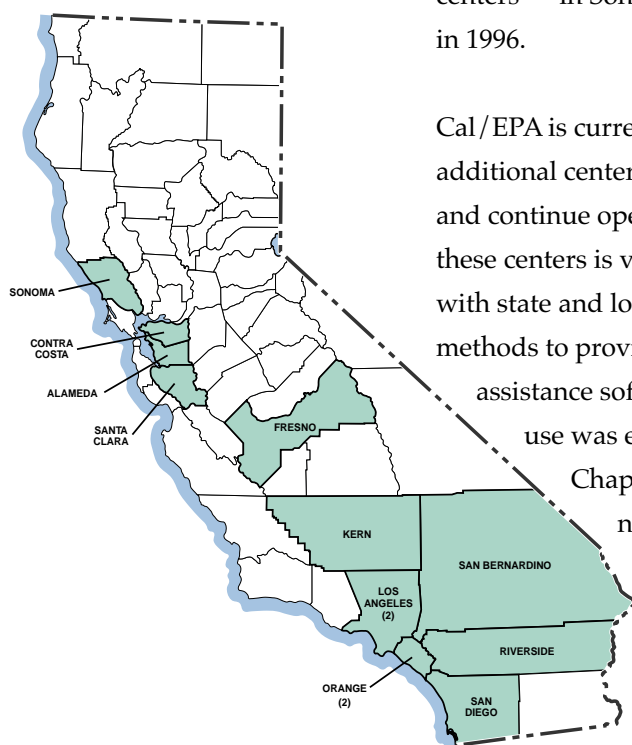


PUBLIC ASSISTANCE AND EDUCATION

Opening the regulatory process to the public and to regulated businesses is one of Governor Wilson's primary objectives. For environmental regulatory programs, this means educating the public about the process and requirements of environmental permitting, as well as increasing access to permitting entities. The Administration's efforts in this area have focused on expanding the Permit Assistance Centers throughout the state and developing business assistance tools to ease the burden of regulatory compliance. In addition, Cal/EPA and Resources Agency boards and departments, and the California Trade and Commerce Agency provide materials on California environmental quality and regulation for the public, teachers and students, small businesses, foreign visitors, and community and civic leaders.

Permit Assistance Centers

Established by Governor Wilson in cooperation with local governments, there are now thirteen fully operational one-stop permit assistance centers that combine all state, regional, and local permitting, three new centers — in Sonoma, Alameda, and Southern California — were opened in 1996.



Cal/EPA is currently working with local governments to establish additional centers to meet the needs of businesses to expand, relocate, and continue operations in the state. The existence and expansion of these centers is vital to create a centralized point of contact for businesses with state and local permitting issues. The centers are using a variety of methods to provide assistance, including project managers, permit assistance software, and toll-free "800" numbers. In 1995, the centers' use was expanded — as directed by SB 1257 of 1994 (Ayala/Chapter 34) — to assist defense installations convert to nonmilitary use.

To further assist permit applicants, each Cal/EPA program and regional office has established an *Ombudsman* as a single point of contact to work with applicants and the public to clarify permit requirements and resolve conflicts.

Business Assistance

Business assistance programs are provided by Cal/EPA and the California Trade and Commerce Agency. Within each Cal/EPA board, department, and office, business assistance activities enhance customer service and make regulatory agencies more accountable to their stakeholders.

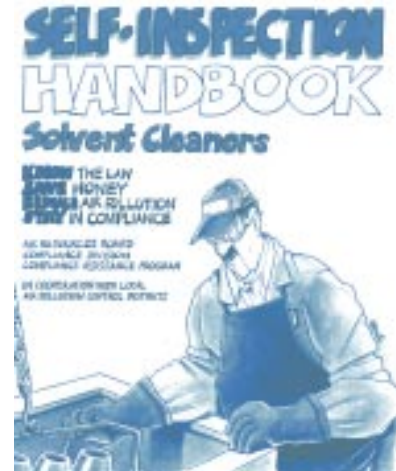
The Air Resources Board (ARB) has developed a multi-faceted Business Assistance Program to help business in meeting California's air quality requirements. In addition to the ARB Ombudsman, who serves as an advocate for businesses with grievances against the ARB, the program includes:

- Electronic access to information on current federal, state, and local air laws and regulations; listings of available documents and publications; and news on current and future control efforts.
- A toll-free "helpline" to answer questions about air pollution requirements.
- Telephone referral to federal, state, and local environmental agency contacts.
- A quarterly Business Assistance Newsletter mailed to 4,000 businesses and business assistance agencies.
- A Compliance Assistance Program that uses various tools to help business clearly understand air pollution requirements and control techniques.

These services were augmented in 1996, when the ARB added a pollution prevention training effort, an Internet clearinghouse on Best Available Control Technology and available pollution prevention resources, and an easy-to-use computer model to help small businesses conduct risk assessments at low cost.

California Trade and Commerce Agency's Office of Permit Assistance (OPA) acts as an advocate for business by cutting red-tape to give permit streamlining issues a "business perspective."

The Office of Permit Assistance coordinates with all environmental permitting and reviewing state and local agencies to resolve policy issues dealing with job-inducing development projects. OPA mediates permit disputes between



ARB's Self-Assessment Handbooks use a comic book format with self-evaluation checklists to make air quality rules understandable to those working "hands on" with polluting equipment or processes. This approach has reduced regulatory violations by up to 80 percent. Handbooks now cover 15 industries and are produced in several languages.



state or local agencies and applicants; provides local permit streamlining technical assistance to local governments; identifies permits and associated entitlement processes for individual development projects; and provides land use dispute mediation services under California planning and zoning law, Government Code section 66031.

A Regulatory Review Unit was created within the Trade and Commerce Agency in 1995, in response to SB 1082, signed by Governor Wilson in 1993 (Calderon/Chapter 418). The Unit reviews all proposed state agency regulations for economic impact to business.

The Department of Toxic Substances Control continues to provide its consultative services program to the regulated community. Staff provide low-cost audits to identify and remedy potential non-compliance with the hazardous waste laws and regulations. DTSC has assisted over 70 facilities throughout California.

Help Desk

Cal/EPA's "Help Desk" fields over 9,000 questions on environmental issues yearly. In 1995, the Help Desk responded to over 3,000 requests for business assistance materials, and processed approximately 1,000 requests for reports from the Facility Inventory data base. The Help Desk can be reached electronically via Cal/EPA's Internet Home Page or toll-free at (800) 808-8058.

Environmental and Economic Leadership Awards

In 1993, Governor Wilson initiated the Governor's Environmental and Economic Leadership Awards to honor individuals, organizations, and companies whose achievements demonstrate successful resource conservation, environmental protection, and economic progress. Awards are given for Environmental Economic Partnerships, Environmental Management, Innovation, and Environmental Restoration and Rehabilitation.

Environmental and Economic Leadership Award Winners

1995

Central Basin Municipal Water District, *Water Reuse Partnership*
Southern California Edison, *Invest SCE*
Vandenberg Air Force Base, *Environmental Management Program*
Fibreboard Corporation, *California Spotted Owl Management Program*
Sanitation Districts of Los Angeles County, *Clean Fuels from Landfill Gas*
Cargill Salt, *Napa Marsh Wildlife Reserve*
Center for Conservation Biology at Stanford University, *NCCP Scientific Review Panel*

1996

Allegiance Healthcare Corporation (formerly Baxter Healthcare Corporation)
Lockheed Martin, *Skunk Works' Environmental Protection Program*
City of Berkeley, *Environmental Economy Program*
Santa Barbara County Air Pollution Control District, *Clean Fuels and Energy Program*
Eco-Scrap, Inc., *Old Vehicle Scrapping Program*
Safety Clean Corporation, *Cyclonic Parts Cleaner*
Metropolitan Water District of Southern California / Riverside County Habitat Conservation Agency,
Lake Matthews Multiple Species Habitat Conservation Plan
Kaiser Ventures, Inc., *The California Speedway Brownfield Redevelopment Project*
Westlake Farms, Inc., *Demonstration Wetlands*

Environmental Education

Cal/EPA, the Resources Agency and the California Department of Education cooperatively formed the California Environmental Education Interagency Network (CEEIN), an interactive network comprised of education coordinators from all three agencies. CEEIN representatives meet monthly to facilitate the exchange of ideas and resources to promote quality environmental education materials and programs to educators around the state.



In 1995, Mrs. Jane Rowland's class (above) from Redway Elementary School in Humboldt County won an all expenses paid trip to Disneyland.

In 1996, Mr Neubacher's class from El Verano in Sonoma County won the award and trip.

In one of its first major efforts, CEEIN partnered with the Walt Disney Company to promote the *Jiminy Cricket Environmental Challenge*, a statewide environmental education contest targeting fifth-grade classes. The purpose of this partnership is to inspire and reward students who pledge to make changes in everyday habits that will improve the environment. *Environmental Challenge* also provides incentives to teachers for

promoting challenging projects as part of their classroom curriculum. State agencies representing CEEIN offer resources to participating teachers on a broad range of environmental themes and promote the contest at workshops and conferences around the state.

The first year of the *Environmental Challenge* culminated on Earth Day 1995. More than 345 classes and over 15,000 California fifth graders participated. The overwhelmingly enthusiastic response by educators and their students has inspired its organizers to make the *Environmental Challenge* an annual event. Participation in the second *Challenge* grew in 1996, with more than 514 classes and over 16,000 fifth graders taking part.

School waste prevention and diversion programs are encouraged through statewide training and technical assistance by the Integrated Waste Management Board (IWMB). In 1995, a statewide newsletter, *Reusable School News*, was initiated to facilitate communication and coordination between school districts. Fifty-eight percent of California's 964 school districts participated in a 1996 waste reduction survey. Survey results are being used to plan future school-based waste reduction activities.

Technical concepts and instructional strategies on the top-scoring curriculum *Closing the Loop* were updated in 1995, and the content revised for use in California. Between 1995 and 1996, the IWMB conducted more than 75 *Closing the Loop* teacher workshops, training over 1,500 teachers in using the curriculum, which also is now available in Spanish.

Electronic Access

Governor Wilson has continually worked to improve public access to government and information. Cal/EPA and the Resources Agency have been trendsetters in providing environmental information through the Internet.

CERES (the California Environmental Resources Evaluation System; <http://www.ceres.ca.gov>), the on-line site developed by the Resources Agency, is one of the world's largest and most comprehensive compendiums of information on natural resources and the environment. In addition to direct Internet access to all Resources Agency departments and programs, CERES provides millions of pieces of information, including reports and statistical data on nearly any natural science subject, photo libraries, video and audio files, and satellite imaging maps. New projects include:

- CERES has created the Land Use Planning Network (LUPIN). LUPIN is a comprehensive, interactive tool designed for land use planners that will include all of California's county general plans, environmental assessment data, and other related information — and will make California the first state in the nation to develop such a database.
- CERES is near completion on a digital data catalog of all the holdings of the Resources Agency. CERES is also developing an Environmental Information Thesaurus which will provide a standardized set of searchable keywords, allowing the entire environmental on-line community to quickly and easily find information in the global network.

In 1996, on-line access to California's environmental regulatory agencies increased dramatically. Cal/EPA and all of its boards, departments, and offices now maintain Internet home pages that offer information on hot topics, updates on rulemaking activities, and allow for the electronic submittal of questions in several areas.

For example, the Department of Pesticide Regulation has established a Home Page site that provides growers with information that will help protect endangered species. In California the potential for conflict between endangered species and pesticide use is magnified in that more than one-third of the state's land is used for agriculture, and 15 percent of

the state's land area encompasses endangered species habitat. Many habitats adjoin agriculture on one or more sides. Because agriculture is such an important industry to California, the economic impact of pesticide use restrictions can be severe. Yet protecting threatened or endangered species from pesticide exposure is also important. DPR has developed a highly detailed electronic mapping system defining the habitats of federally-listed endangered species in the state and placed this information on its Home Page. By knowing where an endangered species habitat is located, farmers, ranchers, and pest management experts can develop targeted pesticide control practices around the species habitat. This helps provide protection for the species while allowing most economic benefits of pesticide applications to continue.

State of California Electronic Environmental Yellow Pages

Cal/EPA

<http://www.calepa.ca.gov>

Department of Toxic Substances Control

<http://www.calepa.ca.gov/dtsc.htm>

Office of Environmental Health Hazard Assessment

<http://www.calepa.ca.gov/oeaha>

Integrated Waste Management Board

<http://www.ciwmb.ca.gov>

State Water Resources Control Board

<http://www.swrcb.ca.gov>

Department of Pesticide Regulation

<http://www.cdpr.ca.gov>

Air Resources Board

<http://www.arb.ca.gov>

Trade and Commerce Agency

<http://www.ca.gov/commerce/>

Office of Permit Assistance

<http://www.ca.gov/commerce/permits/main.html>

Regulatory Review Unit

<http://www.ca.gov/commerce/rru/>

Resources Agency

<http://www.ceres.ca.gov/cra/>

CERES

<http://www.ceres.ca.gov>

Department of Conservation

<http://www.consrv.ca.gov>

Department of Fish and Game

<http://www.dfg.ca.gov>

Department of Forestry and Fire Protection

<http://www.fire.ca.gov>

Department of Parks and Recreation

<http://www.ceres.ca.gov/parks/dpr.html>

Department of Water Resources

<http://www.dwr.water.ca.gov/>

California Conservation Corps

<http://www.ceres.ca.gov/ccs/ccs1.html>

AIR QUALITY PROTECTION

The California air quality program is the most effective in the nation, with many of the State's programs pre-dating federal requirements under the Clean Air Act. As a result, California has made steady progress in reducing air pollution. Ambient pollutant levels and emission trends reflect the success of California's air quality programs. The State's air pollution control program has lowered pollutant levels in many areas, and has held levels of the most difficult pollutants constant in some high growth areas. These improvements have taken place despite substantial growth in population and vehicle usage.

In California, the state Air Resources Board, Bureau of Automotive Repair and Department of Pesticide Regulation work together with 34 local air districts and the U.S. Environmental Protection Agency to improve air quality.

The goal of California's air quality programs is to achieve health-based air quality standards. Both state and federal law require that air quality standards be achieved as expeditiously as possible. Air quality standards for pollutants such as ozone, carbon monoxide, and particulate matter represent goals intended to ensure that all Californians breathe healthful air. Encompassed within that goal is protection of the most vulnerable Californians, often children and those with health problems. Air toxics legislation addresses another part of the health effects picture. While California's air quality goals are challenging, the progress that has been made is impressive.

Air Quality Regulation in California: Who's Responsible?

State

State Ambient Air Quality Standards

Standards for motor vehicles, fuels, off-road equipment, consumer products, toxics, and pesticides

Approval of state and federal air quality plans

Local

Rules and operating permits for stationary and area sources (factories, power plants, service stations, dry cleaners, etc.)

Adoption of local air quality plans

Federal

National Ambient Air Quality Standards

Standards for interstate transportation (interstate trucks, trains, ships, planes) and farm and construction equipment

Approval of State Implementation Plans (SIPs)

CLEAN AIR PLAN FOR OZONE

The federal Clean Air Act of 1990 set new deadlines for meeting national air quality standards, based on the severity of the air pollution problem, and added interim progress requirements as well.

- California has the nation's most challenging air pollution problem, with five areas defined as "serious" or "severe" for ozone pollution, as well as the nation's only extreme area - the South Coast counties of Los Angeles and Orange, plus portions of Riverside and San Bernardino.

The California Clean Air Act of 1988 established planning requirements to ensure that all feasible measures are taken to achieve the state's more health-protective ozone standard. The California Act requires areas that comply with the federal standard to continue progress towards meeting California's standard.

The State Implementation Plan (SIP)

SIP Areas and Deadlines

1999 - San Diego County
San Joaquin Valley

2005 - Ventura County
Sacramento Region

2007 - Southeast Desert

2010 - South Coast

California took a significant step towards reducing public health risk when the Air Resources Board approved the 1994 State Implementation Plan (SIP) for Ozone. The SIP complies with the requirements of the Clean Air Act by demonstrating how six areas in California will meet the federal ozone standard by the applicable date.

California's 1994 SIP is the most comprehensive ozone plan in the nation; it also marked the first time that California has fully demonstrated attainment by the Clean Air Act deadlines for all areas of the State. On September 25, 1996, U.S. EPA formally approved the California SIP as the State's blueprint for healthy air.

Governor Wilson has directed the Air Resources Board to continuously review progress on SIP implementation to ensure that the most cost-effective measures are used to meet the air quality standards.

Based on the strength of the SIP, California's own plan officially replaced U.S. EPA's onerous Federal Implementation Plan (FIP) for the State. The FIP resulted from outdated requirements of the 1977 Amendments to the

"Through today's action, the U.S. EPA again recognizes California's leadership in crafting the most comprehensive and innovative smog reduction plan in the nation"

*James M. Strock
Secretary for Environmental Protection
(September 26, 1996)*

Clean Air Act and would have imposed economically disruptive controls on California. In 1995, legislation pushed by the Wilson Administration eliminated the FIP, along with the threat of federal takeover of California's air quality programs.

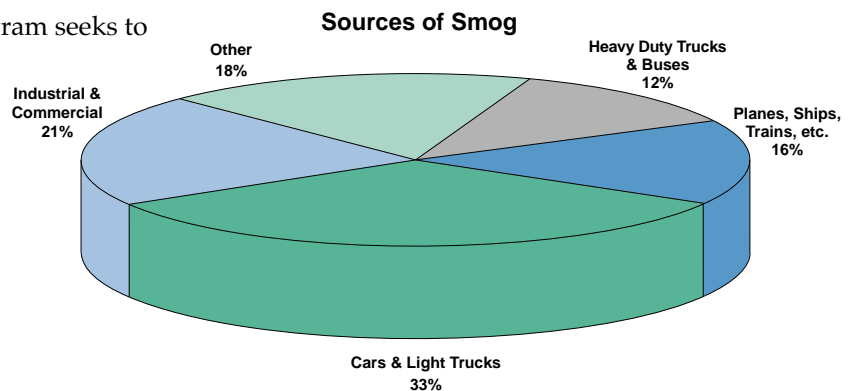
Despite greater than 30 percent projected growth between 1990 and attainment, California's existing air pollution control program will offset that growth and reduce emissions by an additional 20 to 35 percent. These gains are significant, but they are not enough to bring all areas into attainment with the federal ozone standard. California must develop, adopt, and implement new measures to make up the difference. The SIP identifies additional state, local, and national strategies that are needed to meet the interim milestones and ensure attainment by the federal deadline. The strategies in the SIP will also result in significant progress towards the state ozone standard, as well as standards for particulate matter.

"The Wilson Administration, our Congressional delegation, local leaders, and a broad coalition of industry groups are all in agreement that California must control its destiny...The SIP represents California's vision of a clean air future, one that is our own, and contributes to the health and well-being of all Californians."

*John D. Dunlap, III
ARB Chairman
(September 26, 1996)*

MOBILE SOURCE PROGRAM

The State's mobile source control program seeks to reduce emissions from almost every kind of vehicle and type of mobile equipment, plus their fuels. As cars and light-duty trucks become cleaner, other mobile sources (like off-road equipment, locomotives, and marine vessels) will contribute a larger share of future emissions. New initiatives will focus on these sources as well.

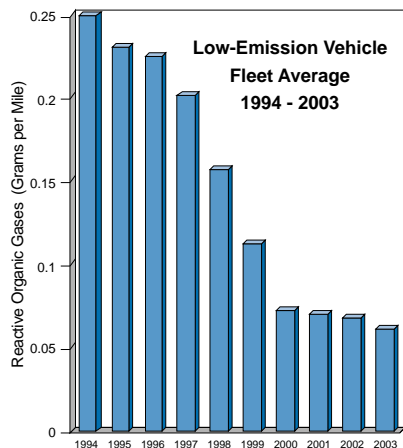


Motor Vehicles

California's Low-Emission Vehicle (LEV) program requires progressively cleaner vehicles as we move into the 21st century. The program establishes fleet-average standards for new cars, a market-based strategy that allows manufacturers to use their most cost-effective mix of control technologies and fuels to achieve the overall emission reduction target.

- The Air Resources Board certified the first gasoline-powered engine to meet the Low-Emission Vehicle standard in 1995 and eight other models in 1996. In addition, ARB certified a natural gas-powered engine that meets the even cleaner Ultra Low-Emission Vehicle standard. By 1996, about one-quarter of all new vehicles met one of the low-emission standards.
- As part of its ongoing assessment of the Zero-Emission Vehicle (ZEV) program, the Air Resources Board revised the interim requirements to provide for a market-driven introduction of ZEVs. In March 1996, ARB amended the ZEV regulation to allow more time for the development of advanced battery-powered vehicles. ARB retained the requirement that ten percent of new cars and light-trucks sold in California in 2003 and beyond have zero emissions. To ensure technology development in the near term, ARB negotiated agreements with the seven major auto manufacturers to introduce advanced battery ZEVs for demonstration purposes between 1998 and 2000. The agreements also call for the manufacturers to market low-emission vehicles nationwide, beginning in 2001. As a result, cars brought from other states to California will be cleaner.

In 1996, ARB also formed a Zero-Emission Vehicle Implementation Advisory Committee to monitor the development of the ZEV market and infrastructure, and to review progress made by the auto manufacturers in designing and building ZEVs.



- In September 1995, the Air Resources Board established a program pursuant to SB 2050 (Presley / Chapter 1192) requiring smog index labels on new vehicles to help consumers identify the least-polluting vehicles.
- In 1995, California emission standards for lawn and garden equipment took effect. New two-stroke engines (used in leaf blowers and weed trimmers) are up to 50 percent cleaner and new four-stroke engines (used in mowers, edgers, and tillers) are up to 80 percent cleaner.
- Since 1996, new California buses are 20 percent cleaner and new heavy-duty construction and mining equipment is over 50 percent cleaner.

- On-Board Diagnostic systems on 1996 and later vehicles will alert vehicle owners of emission control system failures and help mechanics pinpoint the specific causes of the failure.

Clean Fuels

The Air Resources Board's clean fuels program, including both gasoline and diesel fuels, complements the clean vehicle program. Together with clean vehicles, clean fuels are essential to meeting air quality objectives. Cleaner fuels provide immediate benefits by reducing emissions of ozone-forming gases, particulates, and toxic pollutants from existing vehicles and equipment.

- Cleaner Burning Gasoline, introduced statewide in 1996, reduces smog precursors by 15 percent, the equivalent of removing 3.5 million vehicles from the road. Air monitoring confirmed significant benefits from the new fuel. Compared to 1994 and 1995 (after adjusting for weather differences), average ozone levels on the smoggiest days in Summer 1996 were 18 percent lower in the South Coast, 11 percent lower in Sacramento, and 10 percent lower in the Bay Area.

Cleaner Burning Gasoline has also reduced toxic pollutants from gasoline-powered vehicles and equipment. Monitoring in Northern California showed that airborne levels of benzene, a human carcinogen, dropped more than 50 percent between 1995 and 1996. Cleaner Burning Gasoline contains about half as much benzene as conventional gasoline.

Studies of car performance and fuel economy confirmed that Cleaner Burning Gasoline performed the same as the fuel it replaced, except for a slight (about one percent) decrease in fuel economy.

- Cleaner diesel fuels, introduced in 1993, also reduce vehicle emissions, cutting oxides of sulfur by over 80 percent and particulate matter by 25 percent. During the introduction, ARB and California Energy Commission staff actively monitored the supply and price of diesel fuel, and aggressively investigated and resolved issues as they arose.

New Initiatives

Mobile Source SIP Strategy

- Successfully implement existing program
- Develop new technology performance standards
- Accelerate the voluntary retirement of older vehicles
- Use market incentives/credits for cleaner vehicles
- Push for national standards for federal sources

New mobile source measures must provide over half of the emission reductions identified in the 1994 Ozone SIP. The SIP calls for additional emission reductions from light- and medium-duty vehicles through expanded use of low-emission technology. However, the biggest source of new emission reductions will be heavy-duty trucks and off-road equipment, since these sources have not been as well-controlled in the past.

- In coordination with the broader community, the Air Resources Board is developing the regulatory framework for a private, market-based program to voluntarily retire or scrap high-emitting cars and light trucks, beginning in 1997.
- In 1995, the Air Resources Board adopted the first mobile source measure in the Ozone SIP. New medium-duty gasoline-fueled vehicles (like sport utility vehicles, small shuttle buses, delivery vans, and motor homes) will be over 40 percent cleaner in 1998 as a result.
- In 1996, ARB also improved California's ability to assess the impacts of motor vehicles on air quality when it released an updated emission model. The model is used to estimate emissions from all on-road motor vehicles in California. Improvements to the model include: incorporating the benefits of new regulations; reflecting more accurately how people operate their cars; adjustments for high-emitting vehicles; and better estimates of emissions when cars are started.

National Standards

In the 1990 Amendments to the Clean Air Act, Congress gave the federal government exclusive authority, and the parallel responsibility, to regulate interstate trucks registered outside California, most farm and construction equipment, trains, ships, and planes. These federal sources account for an increasingly larger portion of the air pollution problem as California continues to reduce emissions from sources under state and local jurisdiction. The SIP relies on U.S. EPA to develop effective national emission standards for the sources that California cannot legally or practically regulate.

- In July 1995, the Air Resources Board, U.S. EPA, and national engine manufacturers signed a landmark "Statement of Principles" agreement that commits to development of a tighter national emission standard for new heavy-duty trucks and buses. In September 1996, ARB negotiated a similar agreement for cleaner engines in new diesel-powered farm and construction equipment. These agreements represent major steps towards achieving the reductions from federal sources envisioned in California's SIP.
- In 1996, the Air Resources Board, local air districts, U.S. EPA, and other stakeholders began working together through a public consultative process to identify appropriate strategies to reduce emissions from trains, ships and ports, and planes and airports.

"We now look to the federal government to keep its side of the bargain by adopting national standards for federal sources which will not disadvantage California businesses and will provide clean air benefits to California and the rest of the nation."

*Governor Pete Wilson
(March 4, 1996)*

SMOG CHECK

In March 1994, the Wilson Administration and a nonpartisan group of key legislators negotiated a landmark agreement with U.S. EPA for an innovative enhanced vehicle inspection and maintenance program - known as Smog Check. The enhanced provisions are required in the urbanized portions of the six SIP areas in California. In addition, many improvements apply to the basic Smog Check program in place in the rest of the state. The improved California program will achieve significant emission reductions (over 500 tons per day in 2000), which are critical to the California SIP for both ozone and carbon monoxide. Smog Check will provide over one-fourth of all the new emission reductions needed to meet federal requirements between 1996 and 2000.

California led the fight against the federal mandate to separate inspection and repair services. The federal proposal would have required annual inspections on all vehicles at 200 centralized, test-only stations, threatening thousands of jobs in the State's smog check industry. Instead, California insisted on a flexible, technologically-advanced program that retained biennial inspections at the existing network of over 5,000 private test-and-repair stations for most vehicles.



The new program relies on high technology to reduce cost and inconvenience for motorists. As a result, the majority of vehicles will go to private test-and-repair stations; high-emitting vehicles will go to the test-only facilities. California is further boosting the effectiveness of the program with improved testing equipment, technician training, consumer education, and increased enforcement.

- In 1995, California completed a comprehensive pilot program to assess the effectiveness of the Smog Check design and the Bureau of Automotive Repair finalized the regulations governing the program.
- In 1996, the Bureau of Automotive Repair introduced many of the new program requirements statewide. In response to consumer concerns, the Bureau of Automotive Repair implemented administrative improvements to increase convenience. Legislation AB 2515 (Bowler / Chapter 1088) signed by Governor Wilson further expanded consumer choice by establishing “Gold Shield” stations where all vehicles can be tested and repaired.
- In 1996, Governor Wilson further directed the new Inspection and Maintenance Review Committee to hold state-wide meetings to develop further reforms to ensure consumer convenience while meeting the clean air standards.

CONSUMER PRODUCTS PROGRAM

The billions of individual household products and personal care items used every year by over 32 million Californians contribute to the smog problem. Consumer products are responsible for 15 percent of the volatile emissions from non-vehicular sources, equivalent to the pollution from about 4.5 million cars. By 1999, adopted Air Resources Board measures for over 25 types of products will reduce emissions by 30 percent. These measures limit the volatile content of a product, but also provide alternative approaches that allow manufacturers to meet the emissions target at a lower cost. In 1995 and 1996, the Air Resources Board approved several applications for alternative approaches and provided more flexibility to consumer products manufacturers.

- Using the Innovative Product Provision, a manufacturer can reduce emissions to an equivalent level without changing a product's formula (for example, by changing a product's delivery system so that less is used per application). The Air Resources Board has approved eighteen innovative product applications.
- The Alternative Control Plan allows a manufacturer to avoid reformulating an existing product by instead introducing another product with VOC levels well below the standard. In 1995, the Air Resources Board approved the first Alternative Control Plan application from a manufacturer, for three product lines (24 individual products).

PESTICIDE STRATEGY

As part of the 1994 Ozone SIP, the Department of Pesticide Regulation (DPR) committed to reduce 1990 levels of VOC emissions from pesticide application 20 percent by 2005 in the SIP areas. Voluntary measures are the primary strategy, with regulatory backup as needed to achieve the reductions.

- In 1995, manufacturers finished reporting the VOC content of each pesticide. Data on VOC content, combined with annual Pesticide Use Reports, provided the basis for significant improvements to the State's emission inventory for pesticides in 1996.
- DPR is committed to adopting regulations by June 1997 to achieve the VOC reduction goals.

MARKET INCENTIVES TO IMPROVE AIR QUALITY

Environmental agencies are working to bring about a cleaner environment through new and more efficient ways of doing business in California. The State is implementing market-based approaches to air quality for both mobile sources and consumer products.

- In 1995 and 1996, the Air Resources Board expanded state guidelines for mobile source credits to include heavy-duty trucks and off-road diesel engines in the program. The State is also working to identify incentives for cleaner truck engines and developing a voluntary, statewide car scrappage program.
- The aerosol paints measure adopted by the Air Resources Board in 1995 includes an emissions averaging or “bubble” provision that offers manufacturers greater flexibility.

TRANSPORTATION AND AIR QUALITY

While enormous strides in technology continue to cut tailpipe pollution from new vehicles, Californians are also making more trips and driving farther. The State's air and transportation agencies are working to ensure that technological gains in reducing mobile source pollution are not overwhelmed by growth in vehicle use.

California continues to pursue strategies to promote less polluting travel habits. Ridesharing programs, including expanded carpool lanes, have placed California's urban areas ahead of the nation in carpooling rates. Public education programs aimed at consolidating vehicle trips are particularly important on high pollution days.

- In 1995 and 1996, the State's air and transportation agencies worked together to ensure that clean air plans and transportation plans were consistent and that transportation projects were not delayed. The agencies also pushed for further simplification of related federal regulations to reduce the administrative burden on states and local agencies.

PARTICULATE MATTER ACTIVITIES

Particulate pollution is a statewide problem. Federal and state requirements focus on particulate matter less than 10 microns in diameter (PM₁₀), because these particles can be inhaled into the lungs. California is home to ten federal PM₁₀ nonattainment areas and four of the nation's five "serious" areas. Many of the Air Resources Board's existing and planned ozone programs contribute significant particulate matter reductions, but more are needed.

In 1995 and 1996, California strengthened the base of scientific knowledge on particulate matter and developed federal PM₁₀ attainment plans. Plans for the "serious" areas must be adopted by the local air district, approved by the Air Resources Board, and formally submitted to U.S. EPA in 1997.

- The Air Resources Board was a co-sponsor of a joint government-industry program, completed in 1996, to improve the technical tools for PM₁₀ planning in the South Coast. The program provided improved monitoring, emission inventory, and air quality modeling data to support the South Coast Air Quality Management District's PM₁₀ plan. A key component of the District's multi-pollutant 1997 Air Quality Management Plan, the PM₁₀ element demonstrates attainment of the federal standards by 2006. To reduce PM₁₀ emissions, the plan relies primarily on ozone strategies, supplemented with local dust control measures.
- The Air Resources Board is a major contributor and participant in the California Regional PM₁₀ Study, a collaborative effort to identify the causes of high PM₁₀ levels in the San Joaquin Valley. Field studies completed in 1995 are helping to evaluate how dust from roads and agricultural harvesting practices impacts PM₁₀ levels. Round-the-clock air monitoring conducted in late 1995 is improving understanding of the nature and extent of high PM₁₀ levels.

This information also adds to the technical foundation for the San Joaquin Valley Unified Air Pollution Control District's draft PM₁₀ plan, which was released in November 1996. The draft plan focuses on ozone controls and dust strategies, and commits to work with

"Serious" Particulate Matter Areas

Coachella Valley
Owens Valley
San Joaquin Valley
South Coast

farmers to identify ways to reduce dust from agricultural operations. Since farmers are new stakeholders in the Valley's air quality efforts, outreach has been an integral part of the planning process.

- The Air Resources Board is also providing technical assistance to the Great Basin Unified Air Pollution Control District to support development of the PM₁₀ plan for the Owens Valley. High PM₁₀ levels in this area are due to dust from a dry lake bed, created in the early 1900s when the City of Los Angeles diverted water from Owens Lake. As a result, the District and the City share responsibility for reducing PM₁₀ levels. In October 1996, the District released an analysis of five potential control strategies to that will be evaluated prior to development of an attainment plan.
- The Air Resources Board worked closely with the South Coast Air Quality Management District in the development of the PM₁₀ control program for the Coachella Valley. In 1995, the area attained the federal PM₁₀ standard with the help of dust control strategies. The District is preparing a formal request for redesignation, along with a maintenance plan to ensure continued attainment.
- Rice straw burning is a contentious issues in the Sacramento Valley. The Air Resources Board in partnership with the American Lung Association, Sacramento Valley rice growers and other concerned groups have been searching for alternatives to open burning of rice straw.

In 1996, ARB assisted in a test project to use Sacramento Valley rice straw in paper production. In the Spring of 1996, 28 tons of rice straw were delivered to Vulcan, Alberta, Canada, and were processed by Canadian Flaw Pulp, Ltd. of Vancouver, Canada. The pulp was delivered to Smurfit Newsprint Corporation of Oregon and made into paper.

Seven newspapers, the Los Angeles Times, Sacramento Bee, San Jose Mercury News, Orange County Register, Santa Rosa Press Democrat, Santa Barbara Press and the Paradise Post will be using the newsprint.

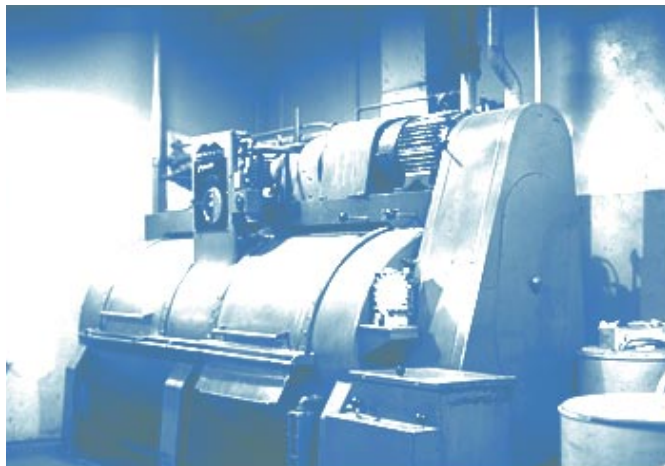
NEW FEDERAL AIR QUALITY STANDARDS FOR OZONE AND PARTICULATE MATTER

The Clean Air Act requires U.S. EPA to periodically review federal air quality goals, known as the National Ambient Air Quality Standards (NAAQS), to reflect new health effects information. On November 29, 1996, U.S. EPA proposed to revise the existing health-based standards for ozone and PM₁₀. U.S. EPA also proposed to create additional standards for fine particulate matter (PM_{2.5}) in recognition of the distinct characteristics of this component of PM₁₀. U.S. EPA is scheduled to issue a final decision in June 1997, after reviewing public comments on the proposal. Although air quality standards are appropriately based on public health concerns, implementation policies incorporate practical and economic considerations as well.

- In 1996, the Air Resources Board began meeting with the local air districts, other state agencies, and industry representatives in response to U.S. EPA's expected actions. A joint task force is working to identify the potential impacts of U.S. EPA's proposals on California and to seek consensus on recommendations for implementation policies.

AIR TOXICS PROGRAM

California has led the nation in reducing the risk from air toxics emitted by both stationary and mobile sources. The Air Resources Board establishes statewide control measures that the local air districts adopt and implement. Since 1984, California has identified nearly 200 substances as toxic air contaminants and adopted eight measures that address the sources posing the greatest statewide health risks. These measures affect over 7,000 sources, many near residential areas, and require 75 to 99.9 percent control of air toxics. State vehicle and fuel standards further reduce emissions of toxic pollutants.



- In 1995, the Air Resources Board audited over 300 facilities affected by its toxics control measures. Over 80 percent of the facilities were in full compliance with the locally-implemented rules. About ten percent had emissions-related violations, while the other ten percent had recordkeeping violations alone.
- California has developed a comprehensive environmental training program for the state's 4,800 dry cleaning facilities. The program emphasizes pollution prevention and addresses air, water, waste, and worker safety concerns.
- Under the Air Toxics "Hot Spots" Program, California identifies individual sources of air toxics, evaluates the associated health risk, and reduces significant risks. In 1995 and 1996, the Air Resources Board approved amendments to streamline the Hot Spots Program, cutting costs while retaining the elements that address significant-risk facilities. To assist facilities in complying with the risk reduction requirements, the Air Resources Board developed pollution prevention checklists for six industries in 1996.

As the federal air toxics program slowly emerges, the Air Resources Board is working to assure smooth integration with California's existing, more effective programs. The Air Resources Board heads a national effort to simplify and streamline the requirements for delegation of the federal toxics program to states.

- California submitted the nation's first "equivalency" application in 1995, requesting approval from the U.S. EPA to implement the Air Resources Board's more health-protective dry cleaning regulation in place of the federal standard. U.S. EPA approved the request in 1996, eliminating the need for overlapping requirements.

WATER QUALITY AND RESOURCES PROTECTION

COMPREHENSIVE WATER POLICY

In 1992, Governor Wilson provided California with the state's first comprehensive water policy framework in a quarter century. The policy addresses California's long-term water needs and is predicated on the reality that the state's water challenges will persist beyond any drought or other "short-term" reduction in supply. The Governor's policy is also based on the following tenets:

- The State of California, not the federal government, has the responsibility to make and implement the vital decisions about the state's water resources, and
- The major water sectors in California — agricultural, urban and environmental — must be brought together to forge a solution that meets the needs of each.

Bay-Delta Accord

Governor Wilson and his comprehensive water policy played an integral role in forging the historic Bay-Delta Accord that was signed in December 1994 by the state and federal governments, in conjunction with agricultural, environmental, and urban water interests. The multi-faceted Accord provides a mechanism to ensure additional water for the aquatic resources of the San Francisco Bay-Sacramento/San Joaquin Delta estuary while improving the reliability of the water supply for the state's farms and city dwellers.



Specifically, the Accord created the CALFED Bay-Delta Program — a cooperative effort between state and federal agencies, and all relevant stakeholders, to determine solutions for the long-term management of the Bay-Delta.

In September 1996, CALFED announced three alternative solutions for the Delta that will undergo a rigorous review leading to the recommendation of a final Bay-Delta solution in late 1998. All of the alternatives call for extensive habitat restoration, widespread water conservation and reclamation, and multiple measures to protect water quality and stabilize levees. The alternatives differ primarily in their approach to conveying water.

On May 22, 1995, the State Water Resources Control Board (SWRCB) — consistent with the Accord — adopted a Water Quality Control Plan for the San Francisco Bay-Sacramento/San Joaquin Delta. This Plan was largely the product of a water quality planning process which sought consensus among many of California's major water interests on Delta standards that would both improve aquatic habitat and water supply reliability.

The signers of the Bay-Delta Accord agreed to institute environmental projects to protect and maintain the habitats of the region while long-term solutions are developed. The Wilson Administration has actively worked to facilitate these projects. In 1995, the first projects were approved, including a real-time fish monitoring program, fish ladders and screens, riparian habitat restoration, and a pesticide control program.

- A first-of-its-kind fish screen project to protect endangered fish in the Suisun Marsh was unveiled in October 1996. The project replaces five intake structures that divert water from Montezuma Slough into managed wetlands in Suisun Marsh. The new, gravity-flow intakes feature cone-shaped, low-maintenance screens that will prevent fish from being diverted from the marsh's primary nursery habitat and becoming stranded in the wetlands.

- In Butte County, the M&T/Parrott pumping plant will be relocated to a site on the Sacramento River, where new pumps will be constructed with fish screens to eliminate adverse effects on fish populations. Originally constructed in the early 1900s along Big Chico Creek, a tributary of the Sacramento River, the existing pumps are unscreened and can impact fish populations, such as steelhead and Chinook salmon, as they migrate to and from the creek.
- In 1995, the Biologically Integrated Orchard System (BIOS) program for almonds was expanded into Colusa, San Joaquin, and Madera counties. The BIOS Program is an information and technology transfer and pollution prevention program, which seeks to restore Bay-Delta habitat conditions through the reduction of the use of harmful pesticides within the Bay-Delta.

Proposition 204

State and federal funding for the Bay-Delta Accord is a key to providing adequate water for California’s future. In 1996, Governor Wilson actively supported and signed SB 900 (Costa) which put a \$995 million water bond on the November ballot. In November 1996, voters overwhelmingly approved SB 900, which appeared on the ballot as Proposition 204, the Safe, Clean, Reliable Water Supply Act.

Proposition 204 is a balanced and sensible approach to meeting California’s water needs. It will provide a continued safe and reliable water source for domestic, municipal, and industrial needs. Proposition 204 will also provide continued adequate long-term supplies for agriculture at a reasonable cost, and will support the protection of the state’s environment and ecosystems. The \$995 million is divided as follows:

- \$390 million for the Bay-Delta Ecosystem Restoration Program as defined by CALFED, the coalition that is carrying out the historic 1994 Accord to fix the Bay Delta;
- \$193 million for the Delta Improvement Program in the Bay-Delta watershed;
- \$235 million for the Clean Water and Recycling Program to improve water quality and promote water recycling and reuse;

- \$117 million for projects statewide that enhance water supplies and improve water management and demand management, including \$10 million for Lake Tahoe; and
- \$60 million for flood control and prevention.

Governor Wilson's efforts were also critical in obtaining a full commitment from Congress towards finding and implementing a Bay-Delta solution. In September 1996, Governor Wilson met with Speaker Newt Gingrich to discuss the need for a commitment by the federal government that it will meet its financial responsibilities under the Bay-Delta Accord which was signed in 1994.

Speaker Gingrich and the California Congressional delegation were successful in securing a pledge by the federal government of a total of \$429 million to implement the Bay-Delta Agreement. The pledge provides for three annual authorizations, for later appropriation by Congress, of \$143 million beginning in Federal Fiscal Year (FFY) 1998. In October 1996, President Clinton signed the 1997 Omnibus Appropriations Act authorizing the \$429 million pledged for solving the environmental and water supply problems in the San Francisco Bay-Delta.

In November 1996, Governor Wilson called on President Clinton to provide complete federal funding for the unique Bay-Delta ecosystem program. In his letter, Governor Wilson urged the president to fully fund the \$143 million pledged for Bay-Delta improvements in FFY 1998, citing the overwhelming state support shown in the wide passage of Proposition 204, and the unprecedented support for the Bay-Delta ecosystem restoration, including virtually the unanimous support of the California Congressional delegation, environmentalists, farmers, and urban water users.

Additional Storage Facilities

In 1995, Governor Wilson endorsed three planned offstream facilities that will help to meet future water demand. In May 1995, the Secretary for Resources joined the leaders of the Los Angeles Metropolitan Water District and other officials at the dedication of the Eastside Dam, a project undertaken by the Metropolitan Water District in Riverside County. The Los Vaqueros facility in Contra Costa County is scheduled

for construction by the end of the decade and the Los Banos Grandes Reservoir in Merced County is currently under planning by the Department of Water Resources. In addition, as described in the state’s water plan, Governor Wilson supports the addition of a new reservoir south of the Delta.

Water Banks and Transfers

In 1991, one of Governor Wilson’s first actions was to establish the Drought Water Bank, a state-administered program facilitating the transfer of water from willing sellers to buyers. The water bank has been beneficial in meeting the critical needs of water users. Since the creation of the water bank, more than 980,000 acre-feet of water has been sold to the bank.

Land Retirement Programs

In 1991, Governor Wilson signed SB 1669 (Hill/Chapter 959) creating the unique San Joaquin Valley Drainage Relief Program, facilitating the transfer of surplus water that otherwise would have been used for irrigation on farmland with poor drainage. This largely self-financing program allows landowners to voluntarily retire farmland by compensating them with proceeds from the sale of water from the purchased land. In his 1996-97 budget, the Governor proposed \$1.2 million for the program. The first funding of \$1 million was received in 1995.

Water Conservation

In 1991, the Wilson Administration and the State Water Conservation Coalition entered into a historic memorandum of understanding (MOU) designed to save approximately one million acre-feet annually through the implementation of “16 Best Management Practices” for municipal water use.

Since 1992, the Wilson Administration has actively worked with the agricultural community on the development of a MOU, comparable to that in place for urban users, on agricultural water management practices. An interim MOU was signed in 1992 and a final MOU is currently under negotiation.



In 1995, Governor Wilson signed AB 1845 (Cortese/Chapter 330) requiring the more than 400 agencies that deliver nearly all of the municipal and industrial water to prepare demand management plans.

As a result of these efforts, the Department of Water Resources estimates that the state saved 750,000 acre-feet of water from 1990 to 1994.

Water Recycling

Recognizing the importance of reclaimed water in California's future water management plans and policies, representatives of federal, state, and local government, and water agencies signed a proclamation in 1994 affirming their support for water recycling. Those signing included the State Water Resources Control Board, Department of Water Resources (DWR), Department of Health Services, U.S. Bureau of Reclamation, U.S. EPA, and the California Water Reuse Association.

Under the direction of Governor Wilson, in 1994, DWR has incorporated local water recycling plans into the California Water Plan with goals for the state to recycle 700,000 acre-feet by 2000 and one million acre-feet by 2010.

Water reuse is vital for California; however, the federal Clean Water Act presents obstacles to the beneficial reuse of water in warmer climates. Consequently, Governor Wilson and DWR are actively working to shape federal legislation addressing water reuse and other critical issues.

Watershed Management

In 1995, the SWRCB adopted a strategic plan committing to start implementation of a watershed management approach throughout the State and Regional Boards. The Plan contains specific goals and achieving these goals will depend on a detailed Watershed Management Initiative (WMI) which will begin statewide in 1997-98 with selected RWQCBs implementing the initiative on a pilot basis sooner. The benefits of the WMI will be achieved through a pooling of resources, coordination and cooperation of watershed stakeholders, focused attention on point source and nonpoint source water quality problems and solutions, and prioritization of the activities of each RWQCB.

Groundwater Protection and Management

Cal/EPA, in cooperation with the U.S. EPA, has initiated an effort to define the general policy direction for protecting the state's groundwater. Options will focus on advancing the state's groundwater protection efforts and developing a comprehensive state groundwater protection program.

A draft State Management Plan (SMP) for pesticides and groundwater protection has been completed by the Department of Pesticide Regulation. The SMP describes the state's efforts to prevent pesticide contamination of groundwater, and to address pesticides already detected in groundwater.

In 1992, the Governor signed AB 3030 (Costa/Chapter 947) authorizing local water agencies to adopt groundwater management plans.

In October 1995, in a survey conducted by the Association of California Water Agencies, 30 agencies responded that they have adopted AB 3030 groundwater plans and 60 agencies claimed to be in a groundwater basin that is managed by a second agency or court ruling.

The Department of Pesticide Regulation (DPR) is working with the University of California (UC) Cooperative Extension on an outreach program to prevent groundwater pollution by pesticides in grape and citrus producing areas of Tulare and Fresno counties. The presence of herbicides used primarily in grape and citrus production is documented in several hundred Fresno and Tulare County wells. While most of the detections in groundwater are below maximum contaminant levels protective of human health, the purpose of this preventative program is to eliminate future degradation in groundwater quality. Through this voluntary cooperative program, DPR is requesting the assistance of local growers, pest control advisors, commodity groups, UC Cooperative Extension, and pesticide registrants to identify and demonstrate site-specific practices for groundwater protection.

In 1995, the UC Cooperative Extension and DPR began holding meetings of agricultural management advisory groups in the southern San Joaquin Valley. The advisory groups, consisting of cooperating growers, pest control advisors, and farm advisors, will identify management practices for on-farm testing. Pesticide registrants have also been notified and asked to provide technical input. Field trials for evaluating the practices were scheduled to begin in the spring of 1996.



Water Quality Enforcement Policy

In April 1996, the SWRCB adopted a statewide water quality enforcement policy and accompanying guidance.

Adoption of this policy reflects the broad regulatory authority to protect water quality in California held by the SWRCB and the nine Regional Water Quality Control Boards. Timely and consistent statewide enforcement of these laws is critical to protect the environment and ensure polluters do not gain unfair advantage over their competitors.

The policy adopted by the SWRCB underwent extensive revision since it was first released for comment in 1994. A work group comprised of several RWQCB and SWRCB staff provided input and both a public workshop and hearing were held during 1995-96. Current versions of the policy and guidance were revised in response to comments. In addition, the policy includes a new section which discusses voluntary disclosure of violations by a discharger and the guidance document includes a new section addressing recent changes to the Public Resources Code affecting SWRCB and RWQCB enforcement activities at solid waste facilities.

While current regulatory activities at the RWQCBs already include enforcement activities, adoption of this policy will help to clarify how these activities are to be conducted.

OCEAN AND COASTAL PROTECTION



California's vast and diverse ocean resources are a defining element of the state, spanning more than 1,100 miles of spectacular coastline. At the same time, California's ocean resources provide important economic benefits to the state. In 1992, ocean-dependent industries contributed \$17.3 billion and more than 370,000 jobs to California's economy.

Improving Coastal Protection

Throughout his career, Pete Wilson has been a strong and vocal advocate for coastal protection. As an Assemblyman, he sponsored legislation to create the Coastal Commission. Though defeated, these bills led to the passage of Proposition 20 in 1992, creating the Commission.

As Governor, Pete Wilson reinvigorated the Commission after years of attacks on its authority, giving it new enforcement powers and additional resources.

As one of his first acts in office, Governor Wilson increased the Commission's budget by six percent — the first increase after years of reduced funding in the 1980s. In 1991, the Governor signed SB 317 (Davis/Chapter 761) tripling the amount of penalties that can be assessed for violations of the Coastal Act. The Governor also enacted eight other pieces of legislation giving the Commission the authority to issue cease-and-desist orders for illegal development and additional enforcement powers.

In September 1992, the Monterey Bay National Marine Sanctuary was officially designated by the National Oceanic and Atmospheric Administration (NOAA). As a result of Governor Wilson's leadership and direction, the NOAA adopted the largest option considered for the Sanctuary, comprising more than 5,300 square miles from the San Francisco Peninsula to San Luis Obispo County. The Sanctuary encompasses about 25 percent of the state's coastline and is the nation's largest protected marine zone.

The Wilson Administration continues to take an active role in the operation and management of the Sanctuary. Since its designation, the state has provided personnel for the Sanctuary's Water Quality Protection Program, the Sanctuary Advisory Council, and a variety of technical committees.



Monterey Bay National Marine Sanctuary

The Morro Bay Task Force, an organization of over 60 members, including representatives of the SWRCB and Central Coast Regional Water Quality Control Board, worked seven years to produce a watershed management plan and to achieve designation of Morro Bay as a national estuary. Their efforts were rewarded when, in July 1995, Morro Bay was named to the National Estuary Program and received a \$900,000 grant. Morro Bay now joins San Francisco Bay Estuary Project, Monterey Bay National Marine Sanctuary, and Santa Monica Bay Restoration Project, as coastal areas receiving special focus from the state and federal governments.

Offshore Oil Leasing

Governor Wilson has been a consistent opponent of increased offshore oil and gas leasing off the California coast.

In 1994, the Governor signed AB 2444 (O'Connell/Chapter 970) permanently banning new oil and gas exploration and protection in state-controlled waters. In addition, Governor Wilson and others have successfully urged the federal government to ban all oil and gas leasing in federal waters off the California coast until the year 2002, an action establishing the same protections that Governor Wilson instituted under state law.

In September 1996, Governor Wilson signed AB 3044 (Olberg/Chapter 776) which will streamline and expedite repair and maintenance procedures that protect the environment from potential oil spills. The bill enables the owner, operator, or lessee of a commercial or industrial facility or structure to obtain assistance in consolidating and expediting the permits required to undertake non-emergency maintenance and repairs. This bill also designates the State Office of Oil Spill Prevention and Response (OSPR) in the Department of Fish and Game as the lead agency in coordinating oil spill injury assessment, restoration, and recovery.

San Francisco Bay Estuary Project



Since he was a U.S. Senator, Pete Wilson has been a strong proponent for the protection and efficient management of the San Francisco Estuary. In 1993, Governor Wilson gave conditional concurrence to the U.S. EPA's Comprehensive Conservation and Management Plan (CCMP), a federal-state plan for the restoration and protection of the San Francisco Bay under the San Francisco Estuary Project (SFEP).

The Governor's concurrence with the CCMP provided the basis for the state to implement a variety of programs to improve the environmental health of the estuary. The state is currently funding 83 actions recommended by the CCMP and is committed to spend more than twice as much as the federal government on actions recommended in the plan.

Ocean Resources

Governor Wilson has been a strong advocate in the ongoing efforts to obtain a workable, long-term plan for the protection and management of the State's precious ocean resources. In July 1995, the Resources Agency released the draft California's Ocean Resources: An Agenda for the Future, a strategy to ensure comprehensive and coordinated management, conservation, and enhancement of California's ocean resources.

The draft Agenda recommends better coordination of the many agencies and programs of ocean and coastal jurisdiction, emphasizing the need to recognize inter-relationships between the many elements of the ocean ecosystem. The draft Agenda also calls for improved water quality monitoring and management of fishery stocks, improved coordination for port development, and continuation of the moratorium on future offshore oil and gas leases. After extensive public review and comment, the draft document is under revision and will be released in the first quarter of 1997.

To help achieve the State's ocean resource management goals, the Resources Agency is organizing an international conference for March 1997. The California and the World Ocean conference in San Diego will provide professionals and the public the opportunity to review, discuss, and bring forth additional approaches to the issues, findings, and recommendations presented in the Agenda. More than 800 attendees, representing nine nations, will meet for four days of technical sessions, plenary panels, workshops, and tours.

The Ocean Plan sets physical, chemical, biological, and bacteriological water quality standards for protecting beneficial uses of the state's ocean waters. In August 1995, the SWRCB held a public hearing on potential amendments addressing high priority issues raised by the public during the most recent Ocean Plan triennial review. Revisions are under review and will be scheduled for future public discussion.



Ocean Water Quality

Los Angeles County Coastal Protection

To more fully address the problem of urban runoff polluting Los Angeles County coastal waters, the Los Angeles Regional Water Quality Control Board in July 1996 unanimously approved a comprehensive storm water permit for the county and 85 cities. The Board's action brought to a successful conclusion a year of consensus building in which key stakeholders met two to three times monthly to develop mutually agreeable permit language.

The permit was supported by such diverse organizations as NBC Entertainment, the Olvera Street Merchants, over 20 chambers of commerce, the L.A. County Board of Realtors, the cities of Los Angeles, Santa Monica and Malibu, Southern California Gas Company, Southern California Edison and Carl's Jr. Over 200 letters of support were sent to the Board by businesses, and over 2,000 more by concerned individuals.

WATER QUALITY

Nonpoint Source Pollution

The SWRCB is currently implementing a management plan to address major nonpoint source pollution problem areas. A review of nonpoint source pollution, using ten Technical Advisory Committees, was initiated in 1995. Participating public and private stakeholders include: irrigated agriculture, nutrient management, pesticide management, confined animal facilities, grazing, abandoned mines, urban runoff, hydro-modification and wetlands, on-site sewage disposal systems, and boating and marinas. Recommendations and Best Management Practices developed by these committees were adopted by the SWRCB in 1995.

Water Quality Planning

Highlights of water quality planning activities in 1995 include:

- ***Inland Surface Waters Plan/Enclosed Bays and Estuaries Plan.*** Eight public advisory task forces assisted in the development of statewide plans for addressing toxic pollutants. The recommendations of the task forces are being considered by the SWRCB in developing a new Inland Surface Waters Plan and a new enclosed Bays and Estuaries Plan.
- ***Basin Plans.*** Eight updated Basin Plans were completed in 1995 by the Regional Water Quality Control Boards. The remaining plans were completed in early 1996. These plans are the "blueprints" for implementing water protection in each region. They draw upon best science, pollution prevention provisions, and full partnership with regional stakeholders.

Storm Water Pollution Control

Through the SWRCB Storm Water Program, two statewide permits have been adopted — one for construction activities and the other for general industrial activities. Dischargers are required to eliminate most non-storm water discharges, to develop a Storm Water Pollution Prevention Plan for identifying and implementing control measures to minimize pollutants in storm water runoff, and to monitor their discharges. Through November, 1995 more than 12,000 industrial facilities submitted notices of intent to comply with the statewide industrial general permit. Over 5,300 construction operations submitted notices of intent to comply with the general construction permit. Regional Boards have issued storm water permits to major municipalities.

The Clean Water Act requires that discharge permits be re-issued every five years. Thus the SWRCB began the process of re-examining the original permit for industrial activities. Public workshops and a hearing were held. The SWRCB is projected to adopt the newly proposed permit in January 1997.

Underground Fuel Storage Tanks

In October 1995, the Lawrence Livermore National Laboratory, under contract to the SWRCB, issued a report to assist the Board in revising California's leaking underground fuel tank cleanup process. The report concluded that the impact of leaking underground petroleum tanks on human health, the environment or groundwater was very limited. In areas studied, 90 percent of fuel leak plumes in groundwater traveled less than 250 feet. The logical explanation for this is the biodegradation of hydrocarbons. The report's authors concluded that costs of cleaning up leaking tank sites are often inappropriate when compared to the magnitude of the impact on groundwater resources. They also concluded that current cleanup goals are derived from policies inconsistent with the current state of knowledge and experience.

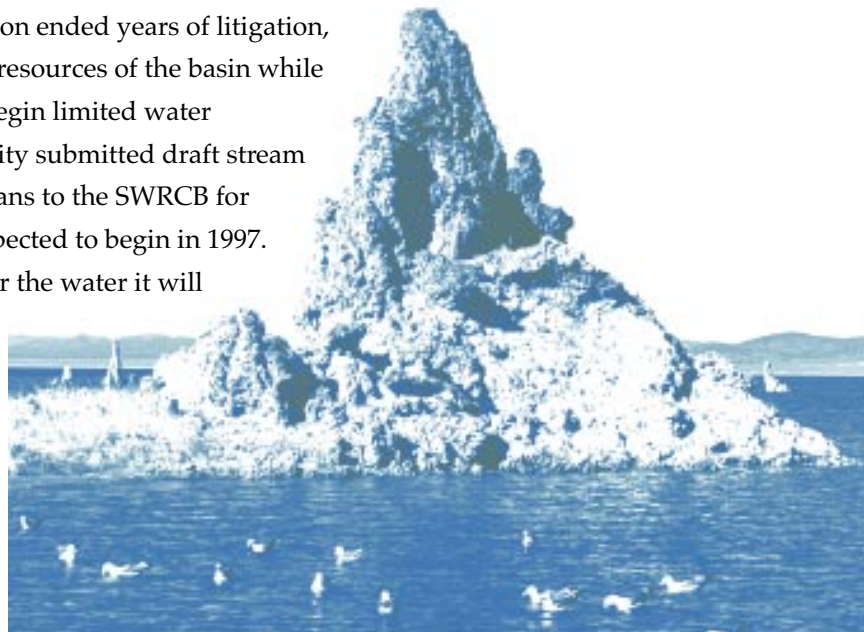
In light of these findings, the SWRCB's executive director advised the Regional Boards to consider the study in evaluating remediation options for low-risk tank sites. SWRCB staff began work on revising the state's current underground tank cleanup policy.

SWRCB Strategic Plan

Over 190 recommendations were submitted to the SWRCB as a result of the 1994 external program review of water quality programs. To incorporate these recommendations in new strategic directions and to plan implementation, the SWRCB in 1995 developed a strategic plan. The plan, adopted by the board in June 1995, provides mission, vision, and value statements and describes five strategic goals and followup initiatives for the SWRCB and the nine Regional Boards. Initiatives address priority concerns related to watershed management, compliance assistance, training, data management, and water rights.

Mono Lake

On September 28, 1994, the SWRCB unanimously voted to amend the City of Los Angeles' water right licenses to divert water from four tributaries of Mono Lake. The decision ended years of litigation, began restoration of the public trust resources of the basin while gradually allowing Los Angeles to begin limited water diversions. In December 1995, the City submitted draft stream and waterfowl habitat restoration plans to the SWRCB for review. Restoration activities are expected to begin in 1997. To assist the City in compensating for the water it will not be able to divert from Mono Lake, the SWRCB and Department of Water Resources together have budgeted \$36 million over a four-year period, ending in 1997-98, to be made available to the City for water conservation and reclamation programs.



DPR-SWRCB Agreement

The Department of Pesticide Regulation and the SWRCB developed the *California Pesticide Management Plan for Water Quality* to protect surface and ground water from pesticides. The plan encompasses the development and use of preventive activities and practices to protect the beneficial uses of the state's waters. It identifies the roles of both agencies regarding water quality protection and pesticide regulation and promotes interagency sharing of information relating to the study of pesticides and regulatory efforts.

NATURAL RESOURCES MANAGEMENT

In 1993, as one of his first steps in office, Governor Wilson introduced a new and innovative approach to resources management and conservation. The Governor's approach identifies and seeks to protect the state's large natural systems — its biodiversity — such as habitats, watersheds, and ecosystems. The Governor's philosophy promotes preventive, common sense solutions and represents a fundamental and necessary shift from traditional and inadequate species-by-species, site-by-site conservation methods, thus avoiding social and economic disruption.

The Wilson Administration has instituted comprehensive habitat conservation plans for the coastal sage scrub habitat of Southern California, which are highlighted in the *Governor's Initiatives* section of this report, as well as programs for the conservation of wetlands, forests, rivers and riparian habitats, and agricultural land.

Wetlands Protection and Preservation

In 1993, Governor Wilson initiated a new state wetlands policy to:

- Reverse the current decline in California's wetlands base;
- Achieve an overall increase in the quantity, quality, and permanence of wetlands throughout California; and
- Reduce procedural complexity and confusion in the administration of wetlands conservation programs.

Since the implementation of Governor Wilson's new policy, the quantity of permanent, high-quality wetlands has increased by more than 78,000 acres for a total of more than 529,000 acres. A central element of the Governor's policy is the establishment of cooperative, regional wetlands strategies. There are three major wetlands areas in California:

Central Valley. In the Central Valley, where the majority of the state's wetlands exist, the Governor is aggressively supporting the work of the Central Valley Habitat Joint Venture. This program is a collaborative effort of public agencies, landowners, and farmers and seeks to protect wetlands supporting 4.7 million wintering waterfowl.



In addition, consistent with the Joint Venture, the Governor's policy makes a priority of working cooperatively and constructively with the entire agricultural community towards effective wetlands conservation. The Wilson Administration has been a major supporter of the public-private Ricelands Habitat Partnership in the Sacramento Valley, which allows for the off-season flooding of rice fields in order to support waterfowl habitat. Governor Wilson also supported the creation of the multi-party Yolo Bypass Project, which established an additional 3,500 acres of wetland habitat.

San Francisco Bay Area. In 1994, Governor Wilson directed the purchase of 10,000 acres of wetlands in northern San Francisco Bay from Cargill Salt Company — the largest public acquisition of tidal wetlands in the history of California.

The Wilson Administration is also supporting the Sonoma Baylands Restoration Project, a collaborative effort involving the Coastal Conservancy and other state, federal, and local partners. This project will provide an option for the Bay Area ports to dispose of spoils from dredging activities which, in turn, will be used by Sonoma County to recreate approximately 320 acres of historical tidal marsh.

The Wilson Administration has been an active participant in the creation of the San Francisco Bay Joint Venture, a public/private partnership of nineteen public agencies, environmental organizations, business groups, and agricultural interests who have joined forces to protect and restore wetland habitat throughout the San Francisco Bay Area. In September 1996, a formal working agreement establishing the goals of the Joint Venture was signed. The Joint Venture is focused on completing habitat acquisition and restoration projects using non-regulatory methods such as leveraging existing resources, developing new funding sources, and creating unique partnerships.

Southern California. In Southern California, the Governor's policy provides for the establishment of a joint venture to bring together public and private parties to develop a partnership in conserving Southern California wetlands. The state is assisting in the effort to restore the 350-acre Batiquitos Lagoon in San Diego County and is developing a regional wetlands strategy for this area. The Wilson Administration remains committed to pursuing every possible means to break through the two decades of impasse on protecting and restoring degraded wetlands at Bolsa Chica in Orange County.

Protecting Rivers and Riparian Habitat

In 1991, Governor Wilson initiated and signed SB 906 (Hill/Chapter 762) creating a Riparian Habitat Conservation Program within the Wildlife Conservation Board (WCB), to develop partnerships between government agencies and private organizations for the conservation of valuable riparian habitat. Since its creation, the program has acquired and



improved more than 12,000 acres of riparian habitat. Examples include:

- In 1994, the program purchased more than 270 acres of riparian habitat and natural lands on Rank Island on the San Joaquin River in Fresno County containing a forest of sycamores, cottonwoods, willows, and oaks.
- In 1995, the program initiated a partnership in Glenn, Colusa, and Tehama counties involving ranchers, the California Waterfowl Association, and the Natural Resources Conservation Service that will help to restore over 10 miles of riparian habitat, develop more than 645 acres of nesting habitat for waterfowl and ground-nesting birds, and create 13 brood ponds.
- Also, in 1995, the WCB approved a grant to the San Joaquin River Parkway and Preservation Trust for a project to protect, restore, and enhance 40 acres of riparian habitat on the San Joaquin River. This project will help meet the goals of the San Joaquin Parkway Plan.
- In 1996, the WCB approved grants of more than \$2.2 million for two acquisitions in Sacramento County. The WCB funding was combined with other federal funds to complete the acquisition of the Valensin

Ranch, which added a total of more than 4,200 acres to the Nature Conservancy's Cosumnes River Preserve, a cooperative public/private project.

- In 1996, the WCB approved a grant to the Glenn County Resource Conservation District to fund a cooperative project to restore and protect more than 134 acres of riparian and wetland habitat on a private cattle ranch. This project involves the active participation by the landowner with other public agencies.
- Also in 1996, the WCB approved a grant to the Sacramento River Discovery Center for a project to restore a 13-acre area within the Sacramento River riparian corridor to riparian forest. This project features a partnership between local schools, government agencies, nonprofit organizations, and dozens of local citizens and landowners.

The program is also assembling a statewide database and Geographic Information System (GIS) on existing riparian habitat. The first phase of the inventory has integrated riparian and aquatic data for 13 of the state's 160 river basins and survey results of more than 1,000 river managers and scientists. The second phase is now underway and has data for 27 additional river basins. With this information resource managers, land use planners, and developers can better manage and protect riparian areas.

Protection of Prime Agricultural Land

In 1995, Governor Wilson strongly supported and signed the Agricultural Land Stewardship Act (SB 275/Costa/Chapter 931) creating a key new tool for the preservation and enhancement of agricultural lands. The Act established a voluntary program which provides funding for cities, counties, and nonprofit land trusts to purchase development rights, known as agricultural conservation easements, in perpetuity from farmland owners. Under the program, a farmer receives a one-time payment in exchange for conservation easement rights. The farmer then owns and agrees to keep the land in agricultural production for at least 25 years.

The Agricultural Land Stewardship Program is administered by the Department of Conservation and seeks to:

- Encourage long-term private stewardship of agricultural lands
- Protect farming and ranching activities, and the agricultural economy of rural communities
- Encourage improvements to enhance long-term sustainable agricultural uses
- Encourage orderly and efficient urban growth

Governor Wilson's 1996-97 budget provided an initial \$1 million for the Agricultural Land Stewardship Program. In September 1996, as the result of the active lobbying of the Wilson Administration, the U.S. Department of Agriculture (USDA) announced that \$2 million, made available in the 1996 Farm Bill, would be given to the State to be used for programs to protect farmland through the purchase of easements. The USDA funding can be used to provide up to 50 percent of the costs of purchasing conservation easements. The first Federal grants were expected to be available in late 1996 or early 1997.

In addition, Governor Wilson has continually been a strong advocate for funding and maintaining the Williamson Act. Currently, nearly 70 percent of the state's prime agricultural land, an area of approximately 16 million acres, is protected under the Williamson Act. In 1993, the Governor signed SB 683 (Committee on Budget and Fiscal Review / Chapter 65) increasing Williamson Act subventions by 150 percent to \$35 million, benefitting all of the 47 counties participating in the program.

In 1994, Governor Wilson created a Williamson Act Advisory Committee to review the effectiveness of the program and examine other tools that could be used to protect agricultural land and open space. This Committee met for the first time in June 1995, and reported its findings in December 1996.



Forest Protection and Management



In 1995, the California Conservation Corps (CCC), devoted 3.25 million hours to natural resource work and disaster recovery, including a million hours of stream enhancement work along the North Coast.

The Corps is also one of the state's premier emergency response forces. In 1995, the CCC assisted with flood work in 89 different locations. The Corps also has performed other disaster recovery work, including firefighting, forest rehabilitation work, and oil spill cleanup.

forest lands. The Grand Accord was a proposal with wide backing and received the support of a majority of conservation organizations and the timber industry. Unfortunately, the Grand Accord was rejected by the Legislature.

However, the Grand Accord set the stage for substantial reforms in the state's forestry practices through administrative means. In 1992, Governor Wilson proposed a series of reforms, similar to those in the Accord, to the state Board of Forestry. In 1993, the Board of Forestry adopted the following measures:

- Sustained yield management by all forest resource owners, either by retaining substantial forest cover or balancing harvest and growth over a 100-year cycle;
- Maximum clear cuts of 20-40 acres, down from 80-120 acres, and other requirements for clear cuts;
- Mandatory notification to downstream landowners before timber harvesting plans are approved; and
- An analytical approach for the protection of wildlife species associated with late successional forest stands.

Governor Wilson recognizes that a balanced, long-term approach to the management and conservation of California's forests is necessary to ensure both the state's environmental and economic well-being.

In 1991, the Governor introduced the Grand Accord, a major policy initiative for timber reform that proposed significant revisions to promote sustained yield, protect old growth, and limit clear cutting of

Northern California Forests

Governor Wilson is a strong advocate for the protection of the forest habitats of threatened and endangered species. The Governor also recognizes the need to achieve the delicate balance between economic growth and production, and the preservation of natural resources.

In response to the Clinton Administration's plan for the Northern Spotted Owl, Governor Wilson asserted that California's forests are unlike those in Oregon or Washington. Specifically, the Governor pointed out: (1) Northern California's fire and forest environments are unique in ecology and climate; (2) California has a strong system of forest practice and is already burdened with restrictive federal management; and (3) California has vast private forest lands that must be included in any ecosystem plan.

Governor Wilson is taking additional steps to ensure that the state's interests are represented under the Clinton plan. In 1995, California was the first state to form a Community Economic Revitalization Team (CERT) to help timber-dependent communities inhabited by the Northern Spotted Owl obtain the economic relief promised under President Clinton. The Governor also directed the Resources Agency to serve as the primary coordinator and facilitator between federal officials and local communities. Since 1993, \$120 million has been delivered to Northern California communities.

The California Trade and Commerce Agency provides a capital lending program called the Old Growth Diversification Revolving Loan Fund. Loans are intended to create and retain jobs in areas of California affected by timber harvest reductions and sawmill and related plant closures. In 1995, \$690,000 was lent to 14 eligible businesses.



Governor Wilson has long supported the protection through public acquisition of the Headwaters Forest in Humboldt County. In September 1996, Governor Wilson called on Pacific Lumber to delay planned salvage harvest operation and to again negotiate with the State and Federal governments on public acquisition.

On September 28, the State, the Federal government, and Pacific Lumber reached an agreement in principle on the acquisition and protection of the Headwaters Forest. Below are the primary components of the agreement.

- Approximately 5,800 acres of old-growth redwoods and associated forests are to be acquired from Pacific Lumber by the State and Federal governments. This new Headwaters preserve will include the approximately 3,200-acre Headwaters Forest, an approximately 2,400 acre buffer zone, and the 425-acre Elk Head Springs Grove.
- Approximately 9,600 acres of forest will be purchased by the State and Federal governments from the Elk River Timber Company. Of that amount, approximately 1,700 acres — including a 150-acre buffer along the North Fork of the Elk River — will be added to the proposed Headwaters preserve and will receive full protection. The remaining 7,900 acres will be transferred to Pacific Lumber.
- Thus, a total of approximately 7,500 acres of virgin and second generation old growth will be acquired from the public and receive permanent protection. This includes approximately 5,800 acres from Pacific Lumber and approximated 1,700 acres from the Elk River Timber Company.
- Pacific Lumber and the Elk River Timber Company will receive a total of \$380 million in land and assets from the Federal government (\$250 million) and the State (\$130 million).
- During the next 10 months, Pacific Lumber will not conduct any logging activities in the areas designated to be conveyed to the public in the agreement.
- During the next 10 months, for all of its approximately 190,000 acres of remaining forest land, Pacific Lumber must: 1) submit and receive approval of a Habitat Conservation Plan from Federal authorities, and 2) submit and receive approval of a Sustained Yield Plan from the State of California. The agreement in principle will not be final until these plans are submitted and approved.

WASTE MANAGEMENT

HAZARDOUS WASTE

California has long been a national leader in hazardous waste management, with comprehensive programs emphasizing protection of public health and the environment from improper handling or disposal of hazardous chemicals. In recent years, the focus of the State's efforts has rested on reforming regulations, assisting industry to achieve compliance, cleanup of contaminated sites and targeting enforcement actions on unsafe facilities. In refining its regulatory program, California has endeavored to bring a balanced, common sense approach to managing hazardous wastes and to work closely with local government, businesses and all stakeholders.

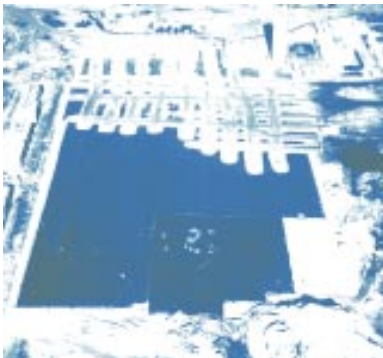
Additionally, the face of hazardous waste management changed considerably with the creation of the State's Unified Program. The Unified Program was created to consolidate, coordinate, and make consistent all or part of six existing state programs. Under the program, a local agency, such as a county, city, or joint powers agency, will apply to Cal/EPA to be certified as a Certified Unified Program Agency (CUPA), responsible for implementing the Unified Program within its jurisdiction. A CUPA must establish a program which consolidates the administrative requirements, permits, inspection activities, enforcement activities, and hazardous waste and hazardous materials fees within its jurisdiction.

Brownfields Reform

While it is important to clean up all contaminated sites which degrade the environment, industrial sites in the urban core warrant special attention. Once cleaned, these often abandoned "brownfield" sites can be reused to generate jobs in inner cities. California leads the nation in the use of innovative tools designed to speed cleanup actions and remove the stigma attached to such blighted areas.

To address some of the major "brownfields" issues and remove or lessen the liability that prospective purchasers face, the Department of Toxic Substances Control, with key external stakeholder input, has developed a Prospective Purchaser Policy. This policy recommends how to enter into a Prospective Purchaser Agreement (PPA), includes a model PPA (which includes a covenant not to sue) and application form, and outlines eligibility criteria. The process has been streamlined to reduce negotiation and state review time, lower transaction costs, ensure statewide consistency, and promote compliance with current settlement practices and procedures. The policy outlines several other options that prospective purchasers may pursue to limit their potential liability.

Several successful cleanups progressed in 1995:



Kaiser's Fontana steel plant site soon will be home to the new Penske Superspeedway, with initial seating for over 75,000 racing fans.

- Prospective purchaser agreements led to the cleanup of an oil refinery site and development of a giant retail mall, as well as helping the cleanup of a former hazardous waste landfill in Southern California which is proposed to be the home of the largest "outlet" mall in the United States.
- A portion of the old Kaiser Steel site was certified clean, leading to the groundbreaking for construction of a new auto racing track.



- The old Southern Pacific railyard site in downtown Sacramento continues to undergo transformation — including construction of a new federal courthouse — through voluntary cleanup agreements with the state and city.

- The Culver City Kite retail park, providing 100 new jobs and \$55 million in sales annually, was built on a cleaned-up location which once housed welding and auto wrecking businesses.
- A 30-acre portion of the Port of Long Beach has been cleaned up and developed as the main U.S. processing center for delivery of Toyota vehicles — generating 170 new jobs and tax revenues of \$10 million a year.
- A former burn dump in Lemoore was cleaned up allowing the construction of 36 single-family homes by Self-Help Enterprises.
- A registered historical landmark building at the Minarets Ranger Station, North Fork, Sierra National Forest, has been restored following cleanup of agricultural chemical contamination.
- After languishing for decades, 80-acres of a former explosives plant, the Trojan Powder Works site, was remediated providing for the development of 600 single-family homes and townhomes, as well as redevelopment of 420 acres of wetlands along the San Leandro shore of San Francisco Bay.

The reuse of these previously contaminated sites and others throughout California is in the best interest of the environment, property owners, surrounding communities, and the public.

Five California cities have been awarded grants under the U.S. EPA Brownfields Pilots Program. Receiving National Pilot Project Awards are the cities of Emeryville, Richmond, Sacramento and Stockton. The city of San Francisco has been granted funding under the Regional Pilots Program.

Cal/EPA, spearheaded by the Department of Toxic Substances Control, sponsored two well-attended brownfields conferences, one in San Francisco in March 1996 and one in Orange County in September 1996. The conferences offered the latest information on state and federal programs to encourage brownfields remediation.

Regulatory Structure Update

The Regulatory Structure Update initiated in mid-1995 represents the Department of Toxic Substances Control's (DTSC) most ambitious initiative currently underway to reform the complex system of hazardous waste management in California. Through this effort, DTSC is spearheading a comprehensive review of hazardous waste streams and activities regulated by California law but not federal law. The goal of this review is to identify and change those requirements which, based on current science, are deemed overly restrictive, duplicative or which provide little or no added measure of protection for public health or the environment. The project is focusing on the definition of certain waste designations and their environmental impact, differences between the state and federal regulatory practices, and universal wastes. Throughout this review, DTSC will apply the most recent scientific developments in examining California's waste management system, and use the results to revise the current structure in a manner that will protect public health and the environment while allowing greater flexibility and simplicity.

Enforcement/Permit Backlog Elimination

Over the past two years, DTSC has instituted a major initiative to reduce the backlog of enforcement actions and permit applications.

Enforcement Backlog. Recognizing that untimely enforcement actions delay compliance, mitigate the deterrent effect, and create continued or increased workload, DTSC developed the enforcement backlog reduction project in 1994. All backlogged cases were identified, priorities were assigned to each, and target dates for resolution assigned. By July 1996, 100 cases had been resolved, three cases had settlement agreements drafted and were going through the signature process, and the remaining five cases which involved complex legal, policy, or strategic issues will be completed in early 1997. With completion of the enforcement backlog reduction project, DTSC will track all of its enforcement actions to ensure they are handled in a timely manner and that no future enforcement backlogs are created.

Permitting backlog. In 1994, DTSC identified 138 hazardous waste facilities which were still operating under Interim Status but required final determination for permit application or closure plans. This backlog subsequently grew to 183, as some facilities have multiple units requiring different types of permit actions. A backlog reduction plan to address this issue was developed by DTSC in 1994, as mandated by AB 901 (Polanco/Chapter 1104, Statutes of 1994). Since then, significant progress has been made in achieving the goals of the plan, with over half of the projects/ actions now completed. In the reporting period from July 1993 through August 1996, the permitting program completed the following permitting actions: 126 projects have been completed/ dropped; 50 projects have final determinations scheduled for FY 1996/97 and seven projects have final determinations scheduled for FY 1997/98.

Harmonization

In 1995, Cal/EPA and the United States Environmental Protection Agency (U.S. EPA) held high-level meetings to discuss key areas to “harmonize” the respective efforts of California and U.S. EPA for greater efficiency and a stronger partnership.

As part of this cooperative effort, DTSC and U.S. EPA Region 9 established a workgroup to better coordinate activities at facilities which are regulated under both the federal government’s Resource Conservation and Recovery Act (RCRA) and the State of California’s laws. The existing State/U.S. EPA workgroup is addressing enforcement, permitting and state grant issues. From the perspective of some members of the regulated community, permitting, corrective action and inspections occur independently with seemingly little coordination between the state and federal regulatory authorities. DTSC and U.S. EPA Region 9 are working to gain close cooperation on facility inspections as well as information management and local government training. The result of this effort will be a clear delineation of U.S. EPA’s role in supporting California’s authorized RCRA program. Any duplication, overlap and unnecessary federal involvement with RCRA-regulated facilities will be eliminated. The effort is also targeting efficiency improvements that California may be able to pilot test for the U.S. EPA.

Military Base Closure/Reuse



Reuse has resulted in the creation of 3,500 new jobs in California and future reuse activities at these sites will increase the economic benefits to the state.

DTSC's Office of Military Facilities (OMF) has responsibility for coordinating all environmental work by California state agencies at approximately 150 operational and closing military bases, as well as former defense sites in California. OMF also works directly with the Department of Defense, the military branches, U.S. EPA and other public and private entities to formulate cleanup policies, expedite the reuse of closing bases, encourage the development and use of new cleanup technologies, and foster public participation in the cleanup process.

Of the approximately 90,000 acres of land from all closing bases in California, over 37,000 acres are now being reused or are ready for reuse, and work is underway on the remainder. This reuse has resulted in the creation of over 3,500 new jobs in California and future activities at these sites will increase the economic benefits to the state.

From 1993 to 1996, the Defense Adjustment Matching Grant Program within the California Trade and Commerce Agency administered \$2.5 million in matching grants to 33 eligible communities impacted by base closure. This funding is applied to community development purposes such as land use planning by amending General Plans or California Environmental Quality Act (CEQA) documents to accommodate new economic development.

Reducing Overlaps

In 1995, a framework for resolving jurisdictional overlap between DTSC and the Regional Water Quality Control Boards (RWQCBs) was developed in response to Senate Bill 1082 of 1993 (Calderon/Chapter 418), which directed Cal/EPA to remove regulatory overlap at hazardous waste facilities. Additionally, the Regulatory Structure Update program review is considering the adequacy of regulatory requirements by other departments and agencies as a criteria in deciding which DTSC requirements should be kept or eliminated.

DTSC and the RWQCBs are implementing the framework to eliminate overlap on permitting, monitoring and inspection, and corrective action at these facilities. DTSC will incorporate the RWQCB's waste discharge requirements into a unified hazardous waste facility permit, and provide additional inspection and enforcement functions to cover non-hazardous as well as hazardous components, subject to the hazardous waste permit. The RWQCBs will issue discharge requirements on facilities that currently do not have them in accordance with the federal RCRA requirement when those permits are renewed, and will defer inspections of facilities to DTSC.

The majority of environmental crimes are prosecuted at the local level, requiring the use of fiscal resources that are often seriously impacted by local government budget shortfalls. Cal/EPA, through its Assistant Secretary for Law Enforcement and Counsel, has mobilized Agency resources to forge local, state, and federal partnerships in the formation of task forces that greatly enhance local criminal prosecution capabilities. In the past year, the number of counties participating in task forces dedicated to detecting, investigating and prosecuting environmental crime has risen from 16 to 50 of the state's 58 counties. The result has been an increase in prosecution of serious and intentional violations involving environmental damage or threats to human health and safety. The task force approach is crucial in Cal/EPA's effort to promote a balanced, uniform and predictable approach to environmental enforcement on a statewide basis. DTSC's Compliance Division, as well as ARB, and the Regional Water Quality Control Boards, are providing substantial technical resources to support these efforts. Five DTSC staff have been designated to provide routine technical support to the prosecutor-led task forces that now meet in nearly every part of the state. Additional DTSC staff participate in sampling and other activities that provide essential evidence through in-depth investigations and service of search warrants.

District Attorney Strike Force

In February 1995, DPR and the county agricultural commissioners jointly implemented guidelines to enhance uniform enforcement of state pesticide laws and regulations. Uniform enforcement of pesticide regulatory requirements helps to protect the health and safety of farm workers and pesticide handlers throughout the state. Consistent enforcement responses will discourage businesses from ignoring requirements that protect people, property, and the environment, and level the playing field for businesses that strive to follow regulatory requirements.

SOLID WASTE AND RECYCLING

Governor Wilson has long sought to combine the state recycling programs and reform them to market-based efforts. In the absence of complete reform by the Legislature, the Administration continues to reform individual elements, remove duplication, and increase coordination.

Californians in 1995 produced the same amount of nonhazardous solid waste — about 45 million tons — as they did in 1990. Yet, per capita disposal of waste in landfills (including commercial, industrial, and construction/demolition wastes) has fallen from 7.3 pounds per person per day to 5.7 pounds.

In 1990, California embarked upon a dramatic new approach to nonhazardous waste management, emphasizing waste prevention, recycling and composting. Statutory waste diversion goals are set at 25 percent by the year 1995 and 50 percent by the year 2000. Under Governor Wilson, these goals are being met. Waste diversion to recycling and reuse programs has increased from 14 percent in 1990 to over 25 percent in 1995.

Markets for Recyclable Material

Talco Plastics received \$1.45 millions in loans from the IWMB to expand its recycling of post-consumer plastics in the Los Angeles and Long Beach areas. The company converts post-consumer plastics to high quality plastic pellets used by other manufacturers to produce new plastic products. The loans are enabling Talco to divert 17,500 tons of plastic from landfills yearly.

Recycling markets have always been the key to the State's recycling goals. Some of the major market development program activities are:

- **Buy Recycled Program.** The Buy Recycled Program has embarked on an ambitious plan to encourage the procurement of recycled content products and promote California's policy to "buy green." In 1995, the Integrated Waste Management Board (IWMB) and the Department of Conservation adopted the "Private Buy Recycled Strategy" to harness the purchasing power of individual companies by creating alliances with private industry, local government, and other involved parties.
- **Recycling Market Development Zone Program.** A national model for recycling market development, the Recycling Market Development Zone (RMDZ) program provides assistance to both new and expanding recycling businesses in California. The RMDZ program operates very similarly to traditional economic enterprise zone programs, providing technical and financial assistance to recycling businesses that site or expand within the zones. Eleven new RMDZs were established in 1995, bringing the statewide total to 40.

- **Recycling Market Development Zone Loan Program.** A primary incentive of the RMDZ program is the availability of low-interest loans to manufacturers of recycled products who are located within a zone. During the two-year period of 1995 and 1996, 18 loan applications were funded totaling \$8.5 million. During these years, 290,000 tons of secondary materials were consumed by companies awarded RMDZ loans. Since 1993, more than 1.5 million tons of secondary materials have been consumed by companies under this program.
- **Compost Market Development Programs.** In 1995, a major breakthrough in developing markets for compost from urban green material and other feedstocks was achieved through voluntary compost quality guidelines for agricultural applications. Agricultural applications represent by far the largest end-use for compost, and municipal green material (such as residential ward waste and commercial landscape waste) comprises the single largest individual component of California's waste stream.



The IWMB contracted with the University of California (UC), local governments, and UC Cooperative Extension to use compost or mulch in three-year agricultural demonstrations beginning in June 1994. Numerous farmers, farm advisors, and compost/mulch producers are participating. Involved parties for the five demonstrations came up with approximately \$500,000 of in-kind contributions, leveraging the \$488,500 provided by the IWMB.

Cooperating farmers in Alameda, Fresno, Monterey, San Benito, Santa Clara, Stanislaus, and Tulare counties have established plots using yard-trimmings compost or mulch in their agricultural production. Crops such as peaches, sweet corn, watermelons, tomatoes, lettuce, onions, cotton, and nursery stock are grown in soil amended with materials made primarily from yard trimmings.

Waste Stream Diversion

California's integrated waste management programs center on activities to divert solid waste from landfill disposal. For the most part, these activities take place at the local level. State programs contributing to this effort include:

Meeting the 25 percent waste diversion goal in 1995 was a landmark achievement for California cities and counties.

- ***Review of Countywide Integrated Waste Management Plans.*** A Countywide Integrated Waste Management Plan must demonstrate how cities and counties will meet the mandated diversion goals of 25 percent by 1995 and 50 percent by 2000. A key element of the IWMB's review of these plans is to assist cities, counties, and regional agencies in assessing the viability of waste reduction ideas, recycling market development strategies, and other solid waste diversion programs and activities. By the close of 1996, plans for meeting the diversion goals were submitted by 91 percent of the state's 530 cities and counties. Eighty-six percent of these local plans were fully approved by the IWMB; an additional eight percent of the plans received conditional approval.
- ***Project Recycle.*** Project Recycle is intended to maximize waste diversion from state facilities as an example for other public and private institutions. Project Recycle coordinates waste reduction programs statewide, providing for the collection of all recyclable materials, implementing waste prevention techniques, conducting waste audits, assisting in the procurement of supplies made with recycled content, and training staff. In 1995, more than 900 Project Recycle programs collected over 25,000 tons of material for recycling. By year end in 1996, 1,072 programs collected more than 27,000 tons of material, bringing the two-year total to over 52,000 tons of material collected for recycling.

- **Used Oil Programs.** From 1995 to 1996, recovery of used lubricating oil generated in California rose from 64 percent to 70 percent, with a two-year total of 113 million gallons recovered. Still, an estimated 55 million gallons was unaccounted for over this period and were likely disposed of in the trash or otherwise illegally disposed. Nearly \$17.6 million was awarded through 355 Block Grants to local governments for reimbursement of used oil collection programs. An additional \$15.1 million was awarded in over 300 Opportunity Grants to local governments for new program efforts to increase used oil recovery levels.

Solid Waste Permit Reform

Over the past two years, the Wilson Administration, working with the Legislature, has made significant reforms to California's solid waste regulatory process - eliminating duplication and conflict with other agencies, streamlining reporting requirements, and simplifying the permitting process. A 10 percent reduction in state fees for landfills took effect in 1994, and the cap on future fees has been lowered by 20 percent.

Pursuant to the Solid Waste Disposal Regulatory Reform Act of 1993 (AB 1220, Eastin/Chapter 656), the IWMB and the State Water Resources Control Board are overhauling existing landfill management programs in order to eliminate duplicative and often conflicting regulatory requirements, site review, and enforcement practices of the two agencies. Business and local government stakeholders are participating extensively in the rewrite of consolidated landfill regulations, which will be issued in 1996.

A tiered permit program was instituted in 1995, in which facilities will be permitted commensurate with the nature of their operation. The regulatory tiers provide five levels of oversight, ranging from exclusion to a full permit. The next step — placement of the varying waste management operations within the tiers — began in 1995 as well. Compost and contaminated soils operations were placed within the tiers in 1995; future work on the regulatory tiers will focus on material recovery facilities/transfer stations/recycling operations, and facilities which handle special wastes like sewage sludge, ash, and construction/demolition debris.

Beverage Container Recycling



Under the Wilson Administration, the statewide beverage container recycling rate has increased on average 11 percent to a total rate of 81 percent, and more than 70 billion containers have been recycled. However, the beverage container recycling program was created at a time when economic, social, and technological conditions were considerably different than today. Governor Wilson recognizes that this program's success may occur at a greater cost than it otherwise might with a broader recycling infrastructure.

Governor Wilson continues to support measures to improve the state's recycling programs. In 1995, the Governor signed SB 1178 (O'Connell/Chapter 624) as a step towards establishing a free-market recycling program, which is responsive to the consumer's needs, without subsidizing private participating entities.

The first comprehensive study of all aspects of the recycling program is currently underway. Results from this study will provide policy makers with the information needed to consider changes to the program.