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April 22, 1982

Letter Report 214

Honorable Walter M. Ingalls
Chairman, and Members of the
Joint Legislative Audit Committee
925 L Street, Suite 750
Sacramento, California 95814

Dear Mr. Chairman and Members:

In response to a request by the Joint Legislative Audit Committee, we have reviewed specific aspects of the Task Force on California's Water Future (Water Task Force). This letter provides information about the establishment of the Water Task Force and about its financial operations. There have been no state funds appropriated to support the Water Task Force.*

Establishment of the Water Task Force

The Water Task Force is an advisory committee of the Commission for Economic Development. The Commission for Economic Development was established by statute to provide continuing bipartisan guidance for economic development in California. Since these statutory guidelines are broad, commission activities tend to reflect the interests of its members and leadership rather than specifically mandated duties. In carrying out its responsibilities, the commission can appoint advisory committees such as the Water Task Force. These advisory committees are usually established by the Lieutenant Governor, as chairman of the commission, without the vote of the commission members.

* The Fair Political Practices Commission is in the process of determining whether the Water Task Force should be classified as a political entity and, as such, be required to report all contributions it receives.

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On November 27, 1981, the Lieutenant Governor established the Water Task Force and defined the scope of its activities. The Lieutenant Governor, who is also an ex officio member of the Water Task Force, selected the other 19 members. Originally, 19 members were selected; however, one member resigned in April 1982. Members of the Water Task Force include representatives of industry, a state official, and members of the Legislature. Mr. A. Alan Post, chairman of the Water Task Force, is responsible for its administration and for carrying out its objectives. The commission does not directly oversee activities of the Water Task Force. The Water Task Force does, however, present progress reports to the commission at its meetings. Since November 27, 1981, the commission has met twice.

The Water Task Force is studying the impact of SB 200 (Chapter 632, Statutes of 1980) and ACA 90 (Resolution Chapter 49, Statutes of 1980) on the proposed peripheral canal. It is also assessing alternatives for providing California with an adequate water supply. It presented a report to the commission on its findings on April 15, 1982.

Financial Operations

The Water Task Force has contracted with California Research, a private firm, to receive and account for all of its funds. The chairman of the Water Task Force has sole responsibility for approving all expenditures. Section 14999.3 of the Government Code states that the commission's advisory committees are not to be supported with state funds. An official from the Lieutenant Governor's Office stated that as of April 12, 1982, private sources have contributed or have pledged to contribute approximately \$21,000 to the California Water Task Force Fund.* The Water Task Force has incurred expenditures of \$14,900. Approximately \$272 of these expenditures were initially paid out of the Lieutenant Governor's constitutional fund. However, the Water Task Force has since reimbursed this fund. The task force anticipates future expenses of approximately \$15,000.

* For this report, the Water Task Force provided a summary of its revenues and expenditures. When the Water Task Force has completed its activities, it will provide the Auditor General with a detailed financial statement.

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Although the Commission for Economic Development provides no direct funding to the Water Task Force, commission staff have provided support services, maintaining a link between the commission and the Water Task Force. The commission has requested a legal opinion on whether it should be reimbursed for these services.

Sincerely,

A handwritten signature in black ink, reading "Thomas W. Hayes". The signature is written in a cursive style with a large, sweeping initial "T".

THOMAS W. HAYES
Auditor General

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