

STATE OF CALIFORNIA
CAPITAL OUTLAY
BUDGET CHANGE PROPOSAL (COBCP)
COVER PAGE (REV 03/04)

DEPARTMENT OF FINANCE
915 L Street
Sacramento, CA 95814
IMS Mail Code: A15

BUDGET YEAR 2007-08

ORG CODE: 3845 COBCP NO: 07/08:03 PRIORITY: 2 PROJECT ID: 38-07-030

DEPARTMENT: SAN DIEGO RIVER CONSERVANCY

PROJECT TITLE: **Historical & Cultural Resources Restoration & Preservation**

TOTAL REQUEST (DOLLARS IN THOUSANDS): \$2,500 MAJOR/MINOR: MA

PHASE(S) TO BE FUNDED: VARIOUS PROJ CAT: _____ CCCI/EPI: _____

SUMMARY OF PROPOSAL:

Appropriate to the San Diego River Conservancy two million, five hundred thousand dollars (\$2,500,000) comprised of the following fund sources: (1) the remaining \$1,603,000 balance of the unallocated, unappropriated portion of Proposition 40 Section 5096.610(d) for Historical and Cultural Resources (available for multiple departments); (2) \$400,000 of General Funds; (3) \$250,000 of future Park/Water/Conservation Bond funds; and (4) \$250,000 of Environmental License Plate Funds. The requested appropriation would be extensively leveraged with partner contributions.

The purpose of the requested appropriation is to fund high priority projects that restore and preserve the enormous wealth of historical and cultural resources within the San Diego River Area including 29 registered State Historic Landmarks and 4 National Historic Landmarks. Today many of these irreplaceable archaeological treasures remain largely unprotected, threatened, and deteriorating. The Conservancy's highest priority is the Old Mission Dam and Flume Restoration Project which will repair severe damage to the Dam and restore its six-mile hand-made tile flume. Another high priority project is the Presidio Park Slope Preservation Project which will repair and stabilize a failed slope that is currently threatening the invaluable archaeological resources atop Presidio Park.

The Conservancy is relatively new and has never had its own capital outlay/local assistance appropriation with which to conduct its statutory mission (Capital Outlay Budget = \$0). Application is currently underway for the entire remaining balance of the original Prop 40 River Parkways appropriation earmarked for the San Diego River (which is a line-item in Resources Agency's budget). In addition the Conservancy has in the past, is now, and will continue in the future to actively seek funding from numerous other state, federal, local, and private funding sources as described in Section A (and detailed in Appendix 1). In the meantime, the Conservancy requests this modest appropriation to advance its "*Natural and Cultural Resources Restoration and Preservation Program*" and specifically to restore the Old Mission Dam and Flume, the Presidio Park Slope, and other historically significant resources within the San Diego River Area some of which are currently threatened, disappearing, or at-risk of being damaged further or lost forever.

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HAS A BUDGET PACKAGE BEEN COMPLETED FOR THIS PROJECT? (E/U/N/?): N

REQUIRES LEGISLATION (Y/N): N IF YES, LIST CODE SECTIONS: N/A

REQUIRES PROVISIONAL LANGUAGE (Y/N) N IMPACT ON SUPPORT BUDGET:

ONE-TIME COSTS (Y/N): FUTURE COSTS (Y/N): FUTURE SAVINGS (Y/N): N

REVENUE (Y/N): N DOES THE PROPOSAL AFFECT ANOTHER DEPARTMENT (Y/N): -

N IF YES, ATTACH COMMENTS OF AFFECTED DEPARTMENT SIGNED BY ITS DIRECTOR OR DESIGNEE.

SIGNATURE APPROVALS:

PREPARED BY DATE

REVIEWED BY DATE

DEPARTMENT DIRECTOR DATE

AGENCY SECRETARY DATE

DOF ANALYST USE

DOF ISSUE # PROGRAM CAT: PROJECT CAT: BUDG PACK STATUS:

ADDED REVIEW: SUPPORT: TIRU: FSCU: OSAE: CALSTARS:

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Using the attached page, follow the format outlined below and fully address all of the items. Use addition pages as needed. Certain projects may require additional information. Questions should be referred to DOF.

A. PURPOSE OF THE PROJECT: (problem, program need, infrastructure deficiency)

Purpose

This proposal requests appropriation to the San Diego River Conservancy (Conservancy), the remaining balance of \$1,603,000 of the unallocated, unappropriated portion of Proposition 40 Section 5096.610(d) funds¹. This section of Proposition 40 is designated for the protection of Historical and Cultural Resources² but is not designated to a particular agency. The San Diego River Conservancy requests this appropriation for the purpose of funding high priority projects to restore, preserve, and protect historical and cultural resources within the San Diego River Area, with emphasis on “at-risk” resources.

The Conservancy further requests a modest appropriation from each of the General Fund, future Bond Funds, and the Environmental License Plate Fund (ELPF) or other suitable Special Funds. Appropriations from these three sources would be used by the Conservancy to augment the Prop 40 Section 5096.610(d) funds as needed to accomplish high priority historical and cultural restoration projects within its jurisdiction³. These three sources would also serve as a source of readily available flexible funds to cover any upfront project costs and to react quickly to new threats or brief windows of opportunity.

Problem

The San Diego River Conservancy has a clear statutory mandate, a recently adopted Five Year Strategic and Infrastructure Plan, a newly established *Natural and Cultural Resources Restoration and Preservation Program*, and dozens of irreplaceable historical/cultural resources within its jurisdiction including 29 registered State Historic Landmarks and 4 National Historic Landmarks. Several of these well-known historic landmarks, (as well as many unknown sites) are in serious need of restoration and protection. The Conservancy however has never had funding appropriated to its Capital Outlay Budget with which it can conduct its statutory mission and its *Natural and Cultural Resources Restoration and Preservation Program*. Compounding the lack of funding problem is the fact the some of the resources are “at-risk” i.e., in urgent need of repair or protection to prevent catastrophic failure or continued loss due to vandalism or accidental damage.

A secondary problem is the Conservancy’s lack of readily available flexible funds to cover any necessary upfront costs and to react quickly to new threats or brief windows of opportunity.

Program Need, Urgency and Nexus to Prop 40

The San Diego River’s statewide and national significance is due in large part to its very rich endowment of exceptional cultural, historical, and archaeological resources. The San Diego River Area boasts many California (and West Coast) “firsts” including the State’s first Mission, first dam, first engineered irrigation system, and first presidio (European settlement). Each of these, and many others, serve as irreplaceable windows into San Diego’s humble beginnings

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and the Spanish missionary's ever present struggle to achieve a consistent water supply necessary for their very survival.

Today the very same archeological treasures that earned the San Diego River Area its title as the "Birthplace of California" and the "Plymouth Rock of the West Coast" remain largely unprotected, threatened, and deteriorating. The \$2.5 million requested in the COBCP will be used to fund projects that repair, restore, preserve, and protect the highest priority and most at-risk of these priceless treasures. Two of the highest priorities projects are described below.

The Old Mission Dam and Flume

The "Old Mission Dam/Flume Restoration and Preservation Project" will repair a 19 foot section of the dam which was severely damaged by fire crews using bulldozers at night to create firebreaks during the October 2003 fire storms⁴. The project will also analyze a range of stabilization methods and employ the best to fully stabilize the dam⁵. Equally important, this project will restore and preserve the remains of the gravity fed tile-lined flume that once conveyed River water to the Mission San Diego de Alcalá and the Padres agricultural fields six miles away.

In the naturally arid coastal region that would become San Diego, the Old Mission Dam and flume system was constructed out of necessity between 1813 and 1819 by Christianized Kumeyaay Indian laborers and Franciscan missionaries. Today, the Pacific Coast's first dam is credited by many California water professionals as an "engineering marvel" that made the establishment of the San Diego pueblo (town) possible.

Today the ruins of the flume are the most at-risk and urgent component of the project. Over the past 200 years the hand-made flume tiles have endured numerous assaults including significant loss by flood, removal by pioneers for roofing materials and later by souvenir gatherers, vandalism, accidental impact, and repeated fires, etc. In a recent accident, a heavy equipment operator accidentally plowed through the valuable flume leaving a bulldozer blade-sized gash⁶.

The Presidio

The original mission was first built atop the southwestern-most valley wall (bluff) of San Diego River (Mission Valley) overlooking the mouth of the River at its entry to the Pacific Ocean. Although the Mission was moved shortly after it was built to its present upstream location, due to the need for a reliable source of year-round water, the original mission site would become the first Presidio, i.e., European settlement on the West Coast. Today Presidio Park marks the original site of California's first mission, San Diego Royal Presidio Archaeological Site, the Junipero Serra Museum, and the surrounding Marston Wall.

The Presidio Park Slope Preservation Project would repair and stabilize a large portion of the underlying slope (valley wall) that supports present day Presidio Park. The slope was damaged during the heavy rains of 2004-2005 and poses an imminent danger to the valuable San Diego Royal Presidio Archaeological Site, the Junipero Serra Museum, and the surrounding Marston Wall above. This project is also considered at-risk and urgent since further slope failure currently threatens some of San Diego's most valuable archaeological and historical resources.

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Approximate Project Costs and Leveraging

The requested appropriation will be used to help fund the two projects above as well as other high priority historical restoration projects. The Conservancy's *Five Year Strategic and Infrastructure Plan* (Plan) identifies the following three subprojects under Project 2 of its *Natural and Cultural Resources Restoration and Preservation Program*:

- (2.2) Historic Mission Dam Dredging Project, estimated at \$1.2 million;
- (2.3) Presidio Park Slope Preservation Project, estimated between \$7-8 million; and
- (2.1) Kumeyaay Lake and Berm Restoration Project, estimated at \$3.3 million.

The requested appropriation will be leveraged extensively with the City of San Diego and perhaps other partners. It's important to note that the City has identified its own source of significant but partial funding for both Projects 2.2 and 2.3. In addition the City has already initiated work (or will shortly) on both projects (see footnote 4). The requested appropriation will be used to continue work on a later phase of these multi-phased projects.

Conservancy's Total Fiscal Need

To put this \$2.5 million request in perspective, the Conservancy's recently adopted Five Year Strategic and Infrastructure Plan estimates the Conservancy's total capital outlay funding need at approximately **\$164.5 million**⁷. This is the estimate of the total cost for the Conservancy to conduct its statutory mission over the upcoming five year planning period. It is based on the projected costs of conducting the Conservancy's four major Programs and 30 implementing Projects. The *Natural and Cultural Resources Restoration and Preservation Program* alone, which has an initial five year objective of accomplishing at least three high priority projects, is estimated to cost in excess of **\$11.5 million**. This estimate however does not include funds to cover any necessary upfront costs and to react quickly to new threats or brief windows of opportunity.

Past and Future Conservancy Efforts to Secure Funding

Although the San Diego River Conservancy is still in its infancy, it has already taken significant steps to secure funding (or related budget authority) necessary to conduct its mission. See Appendix 1 for discussion of Conservancy's efforts to secure funding.

To date the Conservancy has successfully secured a \$240,000 award from the City of San Diego as mitigation for alleged discharges of sewage into the San Diego River.⁸ These funds are currently earning interest in a Special Deposit Fund Account and can be used for capital outlay purposes. The Governing Board has formally designated these funds for use as seed money to initiate the Conservancy's comprehensive Hydrology Assessment of the San Diego River Watershed, currently in the early design stages. However since this \$240,000 is the only source of readily available funds that the Conservancy can use for capital outlay purposes, it is temporarily being used (borrowed) to cover the required upfront costs associated with White property donation (104 acres) to which the Conservancy is currently taking title. It will also be used to pay the upfront costs for several other acquisitions the Conservancy is actively pursuing.

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In addition, the Conservancy has applied for several state and local grants and other funding opportunities. In anticipation of receiving state and local funds, the Conservancy requested and was granted \$500,000 of Reimbursement Authority.

The Conservancy has also applied for three federal appropriations. In anticipation of receiving federal funding, the Conservancy is submitting a COBCP requesting Federal Trust Fund Authority along with this COBCP (we are submitting a total of seven COBCPs).

Strong Partner Support / Highly leveraged

A cooperative partnership between the Conservancy and the City of San Diego already exists. The partners will work together to ensure that the State's \$2.5 million is highly leveraged to provide maximum restoration and preservation per dollar. The City has identified significant funding for the first phases of the two highest priority projects (described in this COBCP) and has already initiated phase 1 restoration work on them (or will shortly). Both are multi-phased projects.

Consequences of Not Granting this COBCP

If the funding for this Historical and Cultural Resources Restoration COBCP is not awarded, high priority resources may not be protected (or fully protected) and such irreplaceable resources may be degraded or lost forever.

Measures of Success

Successful use of the requested appropriation will be measured in terms of:

- Number of cultural and historic sites restored and preserved

Additional Important Information in Appendices

In order to keep the body of this document concise and focused, I have provided two important Appendices with relevant additional information for your consideration.

Appendix 1

Appendix 1 provides information on each of the following topics:

Past and Future Conservancy Efforts to Secure Funding

- *Two 2007 Federal Appropriation Requests*
- *Supplemental Environmental Project (SEP) to Local Transit District*
- *Cave's Water and Parks Private Initiative for Nov 2006 Ballot*
- *Resources' Prop 40 River Parkways Funds for San Diego River (\$3 million)*
- *Plans for Resources' Remaining \$5 million Prop 40 River Parkway Funds*
- *Support BCPs for 2007*
- *Reimbursement Authority*
- *Federal Appropriation for FY 2006*
- *Consolidated Grant, State Water Resources Control Board*
- *Prop 50 Integrated Regional Water Management Plan (IRWMP)*
- *Southern California Wetlands Recovery Project (SCWRP)*

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Why Should Funds be Appropriated to the San Diego River Conservancy?

- *Strong Partner Support / Highly leveraged*
- *Demonstrated Need*
- *Specific-Purpose Prop 40 Funds Match Conservancy Needs*
- *Strong Public Support*
- *Allows Conservancy to Build Track Record*

Justification for General Funds Request

- *Need and Request*
- *No Prop 12, 13, 40, 50 Appropriations*
- *Not in Private Initiative*
- *No Tidelands Oil Revenues Funds*
- *Unanticipated State Revenues*
- *Flexible Funding Source Needed (for upfront acquisition costs, etc.)*
- *General Funds Support State Conservancies*
- *Local Funding Sources are Not Available*

Bond Fund Request

ELPF / Special Fund Request

Appendix 2

Appendix 2 provides the big picture overview of the Conservancy's total COBCP Request including:

Background: Information about Conservancy's statutory mission, Five Year Plan, four major Programs and 30 implementing projects.

Map: Newly developed GIS based map of the San Diego River Watershed identifying the Conservancy's statutory jurisdiction and major River reaches.

Table 1: Summary table of all seven COBCPs included in this year's COBCP package and requesting a total of \$6.5 million.

B. RELATIONSHIP TO THE STRATEGIC PLAN: (relevance of problem/need to mission and goals)

The San Diego River Conservancy has full authority to conduct the projects proposed in this COBCP. This COBCP is entirely consistent with, and in furtherance of, the Conservancy's enabling statute, statutory mission and objectives, and the "*San Diego River Conservancy's Five Year Strategic and Infrastructure Plan 2006-2011*" (Plan)⁹. Specifically, all of the historical and cultural restoration projects identified in Section A above and many more of a similar nature, effectively implement the Conservancy's

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Natural and Cultural Resources Restoration and Preservation Program and its Project 2 and component projects 2.2, 2.3, 2.1 (See pages 37-39 of the Plan).

Historical and Cultural Resources Restoration and Preservation COBCP

This COBCP is fully consistent with the Conservancy's *Natural and Cultural Resources Restoration and Preservation Program*, one of its four major programs. The Conservancy objective implemented by the *Natural and Cultural Resources Restoration and Preservation Program* is to protect and preserve cultural and historic resources within the San Diego River Area¹⁰.

The five year goal of the *Natural and Cultural Resources Restoration and Preservation Program* is to undertake three high priority historical and cultural restoration projects within the San Diego River Area.

The *Natural and Cultural Resources Restoration and Preservation Program* is being implemented by way of its Project 2 and 3 component projects as shown below:

Project 1: Protect and Preserve Cultural and Historic Resources

Under Project 2, the Conservancy and its partners will repair, restore, and preserve historical resources by appropriate methods on a project by project basis.

- (2.2) Historic Mission Dam Dredging Project
- (2.3) Presidio Park Slope Preservation Project
- (2.1) Kumeyaay Lake and Berm Restoration Project

C. ALTERNATIVES: (for each, describe the proposed alternative and provide a brief summary of scope, cost, funding source, program benefits, facility management benefits, and impact on support budget)

Alternative #1: Provide funding at recommended level of \$2,500,000, a portion of which is from the unallocated, unappropriated Section 5096.610 (d) of Proposition 40 funding which can only be used for the proposed purposes of preserving valuable historical and cultural resources as described in Section A above.

Alternative #2. Rely exclusively on existing local funds to address problem and need. This would mean that the stated public benefits (preservation of historical resources within the San Diego River Area) would be greatly reduced since local funds are generally not available or are very limited at this time.

Alternative #3. Appropriate a lesser level of funding than requested for the purposes of the San Diego River Conservancy's *Natural and Cultural Resources Restoration and Preservation Program*. Any amount of funding will be appreciated and used efficiently. However Proposition 40 5096.610 (d) funds can only be used for the protection of historical resources and, at a minimum, should be appropriated to the San Diego River Conservancy for this purpose.

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D. RECOMMENDED SOLUTION:

1. Which alternative and why?

The Conservancy is recommending alternative 1. By preserving San Diego's threatened and disappearing historical and cultural resources the remaining balance of Prop 40 Section 5096.610 (d) funds will have important multiple and direct public benefits to the residents, tourists, and economy of San Diego and California.

The remainder of Section 5096.610 (d) funds should be appropriated to the Conservancy because they are an outstanding match for a significant documented Conservancy need and a high priority problem for which other funds are not currently available.

Some of the most irreplaceable local, state and federal historical landmarks within the San Diego River Conservancy's jurisdiction are *threatened, disappearing or at-risk* of being damaged further or lost forever. The requested appropriation will allow the Conservancy and its partners to take action to ensure that San Diego River Area treasures are restored and preserved for future generations and all time.

In evaluating this COBCP it is important to keep in mind that the Conservancy has in the past, is now, and will continue in the future to make a significant concerted effort to secure the capital outlay funding needed to conduct its *Natural and Cultural Resources Restoration and Preservation Program* and other Programs. Such efforts are described in Appendix 1 of this document. The Conservancy is neither complacent nor relying upon State funding for the conduct of its mission. The Conservancy will continue to seek out and apply for any and every state, federal, local, and private funding opportunity that is appropriate and seen as a worthwhile investment of staff time to pursue.

2. Detail scope description.

Provide funding to the San Diego River Conservancy from Proposition 40 Section 5096.610 (d) and three other state sources for the purpose of undertaking projects to restore and protect historical and cultural resources within the San Diego River Area with special emphasis on preserving threatened, disappearing, and at-risk resources.

3. Basis for cost information.

Cost estimates are based upon best available and most current market driven costs. They are educated, reasonable, and location specific estimates arrived at in consultation with the Conservancy partners, but they are not precise calculations.

This proposal would use a limited amount of funds to provide large public benefits, but represents only a small portion of the Conservancy's overall fiscal need for historical and cultural resources restoration and preservation as identified in the Conservancy's Five Year Strategic and Infrastructure Plan. This COBCP is an excellent match with the Conservancy's needs and an efficient investment of the remaining Prop 40 Section 5096.610 (d) funds that can not be allocated for other purposes.

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4. Factors/benefits for recommended other than the least expensive alternative.

This proposal uses funds from a limited funding source that can only be used for the stated programmatic purposes. In addition, the proposal requests modest appropriations from the General Fund, future Bond Funds, and ELPF or other applicable Special Fund to augment the remaining Prop 40 Section 5096.610 (d) funds. The later sources are more broad and flexible in their intended uses.

The requested \$2.5 million appropriation represents only a very small fraction of the identified need. Less funding will address an even smaller fraction of the need and will realize commensurately less public benefit.

Please see Appendix 1 which provides additional justification for the overall \$2.5 million request as well justification for the use of the remaining Prop 40 Section 5096.610 (d) funds, General Fund, future Bond Funds, and ELPF or other applicable Special Funds.

At a minimum, the Conservancy is requesting appropriation of the balance of Prop 40 Section 5096.610 (d) funds.

5. Complete description of impact on support budget.

There will be no impact on the Conservancy's support budget.

6. Identify and explain any project risks.

There are no risks associated with this type of conservation program.

7. List requested interdepartmental coordination and/or special project approval (including mandatory reviews and approvals, e.g. technology proposals).

No interdepartmental coordination, reviews or approval are required for the expenditure of these funds.

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End Notes:

¹

Unallocated Prop 40 Bond Funds <http://www.4050bonds.resources.ca.gov>

Prop 40 Section	Public Resource Code	Department/Program	Available Balance
5096.610(d)	5096.652(a)	(Multiple Departments): Historical and Cultural Resources	\$1,603,000

² Public Resources Code Section 5096.652 (a) states that funds pursuant to this section “shall be available for the acquisition, development, preservation, and interpretation of buildings, structures, sites, places, and artifacts that preserve and demonstrate culturally significant aspects of California’s history and for grants for these purposes”.

³ General Funds, Bond Funds and ELPF or other Special Funds may also be used to support non-agricultural projects as well.

⁴ The October 2003 Cedar Fire was the largest in California’s recorded history. The fire followed the San Diego River downstream from its headwaters into the City of San Diego, burning over 74% of the San Diego River Watershed.

⁵ The Old Mission Dam/Flume Restoration and Preservation Project will begin upon completion of the City of San Diego’s Old Mission Dam Dredging Project to remove excess silt buildup behind the dam. The dredging project contract is in place and work is scheduled to begin shortly. The dredging project is funded by the City’s Prop 40 Per Capita allocation.

⁶ A large portion of the flume runs through a large privately owned and currently operating sand and gravel mining operation. Other significant segments of the flume pass through the City’s Mission Trail Regional Park and a US Navy golf course.

⁷ The total funding need was derived by estimating the costs of each program and implementing project. Project cost estimates were provided by the anticipated lead project partner and based upon best available and most current cost information. They are educated, reasonable, and location specific estimates but are not precise calculations.

⁸ The \$240,000 award was part of a larger settlement between the City of San Diego and the Regional Water Quality Control Board in 2005. \

⁹ A copy of the Conservancy’s “Five Year Strategic and Infrastructure Plan, 2006-2011 is enclosed in this COBCP Request package and may also be accessed at <http://sdrc.ca.gov>. A copy of the Plan has previously been submitted to the Department of Finance.

¹⁰ Although the enabling statute does not specifically direct the Conservancy to protect the River’s historical and cultural resources in the same direct way that it requires habitat and wildlife protection, it does nevertheless clearly articulate that the River’s cultural and historical resources are of value to both the State and the Nation. Furthermore, the statute indicates that it is the Legislature’s intent for the Conservancy to consider the recommendations in the San Diego River Park Conceptual Plan when conducting its mission. The San Diego River Park Conceptual Plan, June 2002 specifically identifies three objectives that are mentioned and inferred in the Conservancy’s statute, but not directly identified as statutory objectives. These three additional objectives are 1) build a River Park and Trail; 2) protect cultural and historical resources, and 3) provide public access to the River. These three additional Conceptual Plan objectives are fully consistent with the Conservancy’s overall mission and statute and the Governing Board had decided, as a matter of policy, to incorporate them into the Conservancy’s objectives.

Appendix 1

Past and Future Conservancy Efforts to Secure Funding

Two Federal Appropriation Requests for 2007

The Conservancy has submitted two requests for 2007 federal appropriations; one through the Department of Agriculture (via City of San Diego) and the second through the Department of Interior (via Congresswoman Susan Davis). In both cases, if successful, the funding would be appropriated to the Conservancy's local federal partner (i.e., the Cleveland National Forest and the Bureau of Reclamation) who would conduct the proposed projects on the behalf of the Conservancy. Both federal appropriations requests are pending.

Supplemental Environmental Project (SEP) to Local Transit District

The Conservancy has submitted an SEP application to the San Diego Metropolitan Transit District to obtain funding for the Conservancy's Hydrology Assessment of the San Diego River Watershed. Decision is pending.

Cave's Water and Parks Private Initiative for Nov 2006 Ballot

Although the Conservancy does not have its own specific line item appropriation in the Cave's initiative, it is eligible to receive significant funding from the State Coastal Conservancy under Chapter 7, Protection of Beaches, Bays and Coastal Waters (assuming voter approval). Section 75060(f) makes \$27 million available to the Coastal Conservancy for the protection of San Diego Bay and coastal watersheds.

The San Diego River Conservancy will submit well developed project proposals to the Coastal Conservancy requesting funding. The Conservancy will also request funding from the Wildlife Conservation Board. In addition, the Conservancy will submit competitive applications to the Resources Agency, State Water Resources Board, Department of Water Resources, Department of Parks and Recreation, and other departments for various pots of funding included in the initiative such as River Parkways, Urban Streams, etc. The Conservancy may also explore urban greening funds in the initiative.

Resources' Prop 40 River Parkways Funds for San Diego River -- \$3 million

Current status: Three applications, totaling approximately \$3 million, are currently under review by the Resources Agency.

When the Conservancy brought its Executive Officer on board in late April 2004, there was approximately \$7.8 million (of the original \$12 million) remaining in Resources' Prop 40 River Parkway line-item for the San Diego River. In September of 2004, the Executive Officer recommended and the Conservancy Governing Board unanimously approved three excellent projects and the use of approximately \$3 million in Prop 40 River Parkway funds to support them.

The Board requested the lead partner for each project to submit application directly to the Resources Agency for Prop 40 funding. The City of San Diego submitted two applications (bicycle path development project and habitat restoration project) and the San Diego River Park Foundation submitted one application (acquisition in headwaters). Both have also submitted additional requested information. The Conservancy has remained in contact with both the applicants and the Resources Agency throughout the review process. The Conservancy has and will continue to facilitate completion of the application review process in any way it can and within the shortest possible timeframe.

Current Plans for Resources' Remaining \$5 million Prop 40 River Parkway Funds

Current status: Application, totaling approximately \$5 million, is currently under development by the Conservancy and will be submitted to Resources ASAP.

The San Diego River Conservancy is currently preparing a multi-project, multi-partner application for the entire remaining \$5 million balance of Prop 40 River Parkway funds. The Conservancy's application(s), which will be submitted directly to Resources, requests Prop 40 River Parkway funds for the design and construction of multiple trail segments along the length of the River as well as some very recently available acquisitions which we are currently pursuing and intend to secure as quickly as possible.

We are proposing the development of trail segments (of varying lengths) for the headwaters, El Monte Valley, Lakeside, the City of Santee, and the City of San Diego and we are currently working closely with our partners to develop application for each segment. Partners include the Cleveland National Forest, the County of San Diego, the City of Santee, City of San Diego, the Endangered Habitats League, the San Diego River Park Foundation, the San Diego Bicycle Coalition and other members of the San Diego River Coalition. We are also currently working closely with the Department of Fish and Game and US Fish and Wildlife to address each of the many complex CEQA issues that have arisen to date.

Our Prop 40 application will also request funding for several newly available acquisitions we are currently pursuing. These include one exceptional two-mile long parcel (currently in bankruptcy court) and several parcels in El Monte Valley. We will also request funding for a conservation easement we are pursuing.

Previous Informal Plans for Remainder of Prop 40 River Parkway Funds

Since late April 2004, the City of San Diego has on more than one occasion presented status reports to the Governing Board on four to six potential acquisitions it has been pursuing. These were believed to represent the best, highest priority opportunities within the City for Prop 40 funding. In Sept 2004, the Governing Board gave its blessing to develop these potential acquisitions ASAP and voted to informally support any or all of the six parcels for potential future Prop 40 funding. To date, some of these acquisition efforts continue to be viable but are not yet ready for purchase. The Conservancy will continue contact with City real estate representatives and the landowners as appropriate. When and if the landowners become ready to sell, the Conservancy will be there to assist them.

Support BCPs for 2007

The Conservancy also plans to submit Support BCP requests for 2007.

Reimbursement Authority

The Conservancy plans to request increased Reimbursement Authority by way of the Budget Revision process, as needed.

The Conservancy further intends to aggressively pursue other additional appropriate federal, state, local, and private funding sources as they arise in the future. In addition, the Conservancy has also applied for several past sources of funding as summarized below.

- ***Federal Appropriation for FY 2006***
- ***Consolidated Grant***
- ***Prop 50 Integrated Regional Water Management Plan (IRWMP)***
- ***Southern California Wetlands Recovery Project (four proposals)***

Why Should Funds be Appropriated to the San Diego River Conservancy?

Strong Partner Support / Highly leveraged

A cooperative network of partners is already assembled that will strongly support the Conservancy's efforts and will ensure that the State's investment is highly leveraged to provide maximum conservation per dollar.

Demonstrated Need

The Conservancy's *Five Year Strategic and Infrastructure Plan* clearly documents and demonstrates the Conservancy's need for \$164.5 million over the upcoming five year planning period. This modest COBCP requests only a minute fraction of the total needed, but will result in an important early Conservancy success. In addition, a readily available flexible funding source is needed to cover the upfront costs of acquisitions, move rapidly in the market, and take advantage of limited windows of opportunity.

Specific-Purpose Prop 40 Funds Match Conservancy Needs

Prop 40 Section 5096.610(d) funds are limited to the conservation of Ag lands which is a high priority for the Conservancy. This is a good match of specific-purpose funding with a specific-purpose need. Appropriation of the remaining Ag land funds to the Conservancy would be an outstanding investment of the State's limited resources.

Strong Public Support

The Public has demonstrated strong support for the Conservancy, its mission, and Five Year Strategic and Infrastructure Plan and each of its four major programs and thirty implementing projects.

Allows Conservancy to Build Track Record / Demonstrate Value-Added

Appropriation of \$2.5 million to the Conservancy will allow it to grow its much needed track record. The San Diego River Conservancy is anxious to move forward with projects of this nature because in addition to directly achieving its mission, they also help to cultivate the Agency's new track record. This Administration has provided an opportunity for the San Diego River Conservancy to demonstrate its ability to both obtain/spend dollars and to consummate projects within its jurisdiction efficiently.

The Conservancy is requesting these, and other funds, in order to demonstrate its capacity to secure and efficiently expend money, as well as to demonstrate its value-added (i.e., show the value of, and need for, this Conservancy to advance the statutory objectives and the community vision of protecting the special resources of the San Diego River).

Justification for General Funds Request

Although we are very aware of the constraints and competitive pressures on the General Fund, the Conservancy believes that its unique circumstances warrant your consideration of a moderate appropriation of General Funds for the following reasons:

- ***Need and Request:*** Because the Conservancy needs \$164.5 million in capital outlay funding and because there are presently very few sources from which to obtain capital outlay funding, the Conservancy is requesting a modest appropriation of General Funds. This appropriation will provide needed resources to advance the Conservancy's *Natural and Cultural Resources Preservation and Restoration Program* while allowing the Conservancy the time to develop more reliable longer-term sources of funding.

- **Secondary Need for Available Flexible Funding:** In addition the Conservancy needs access to an immediately available flexible funding source to cover the necessary upfront costs of acquisitions (e.g., options, appraisals, Phase 1 site assessments, DGS/PWB approvals). Without such funds, the Conservancy (and its partners) will likely not be able to move quickly enough to take advantage of fleeting windows of opportunity for acquisitions. An available flexible source of capital outlay funds also provides the opportunity to undertake unscheduled projects at the Governing Board's discretion. The General Fund is an excellent source of flexible capital outlay funding for any of the Programs and purposes of the Conservancy.
- **No Prop 12, 13, 40, 50 Appropriations:** Since the Conservancy was not yet created, it has not received a direct appropriation from any of the recent Bond Acts, Propositions 12, 13, 40, and 50. In contrast, the other state Conservancies have received significant appropriations from these Bond Acts. The Conservancy requests an equitable share of all remaining existing bond funds as well as all future bond funds.
- **Not in Private Initiative:** The Conservancy is not included in the upcoming Water and Parks (Cave's) Private Initiative for the November 2006 ballot. All other state conservancies have specific allocations (including one non-state conservancy). For this reason, we are requesting your consideration of alternate capital outlay funding to allow the Conservancy to conduct its statutory mission.
- **No Tidelands Oil Revenues Funds:** The Conservancy has not participated in any funding from the Tidelands Oil Revenue Fund. In contrast, many other state Conservancies have received significant funding from this Special Fund source. Revenues remaining in the oil fund now will be directed to the General Fund. Since the Conservancy has been left out of all Tidelands Oil Revenue funds to date, a General Fund appropriation could potentially help us capture a small amount of funding from this source (or otherwise replace it).
- **Unanticipated State Revenues:** The State is reporting revenues estimated at more than \$5 billion ahead of predictions (\$4 billion this year and \$1 billion next). A moderate appropriation from the General Fund would allow the Conservancy to participate in the State's revenue surplus.
- **General Funds Support State Conservancies:** It is my understanding that many of the other state conservancies are currently receiving or have received General Funds at some point throughout their history. The San Diego River Conservancy is seeking many other funding sources but is also requesting equitable state funding. Access to State funds is one of the key functions of a state chartered Conservancy and one of the primary reasons the San Diego River Conservancy was created.
- **Local Funding Sources are Not Available:** The Conservancy understands that the Agency and Department of Finance wants the Conservancy to obtain local funding. Accordingly the Conservancy has and will continue to seek local funding, however it is currently not available. If local funds had been available, there would likely not have been as compelling of reason to create the Conservancy.

Bond Fund Request

In order to accomplish its statutory purpose of acquiring public lands, it is important for the Conservancy to participate equitably in any future state General Obligation bond funds. The Conservancy has not directly participated in any existing bond funds and has been omitted from the upcoming Cave's private initiative. For this reason the Conservancy is requesting Agency's assistance in securing appropriations from any possible future or existing Bond Funds. In addition to needing bond funds to conduct the Conservancy's core Programs, Bond Funds would also provide a much needed source of readily available flexible funds to pay upfront costs and seize fleeting windows of opportunity.

ELPF / Special Fund Request

Although we are well aware that ELPF revenues are declining and over-allocated, the Conservancy is never-the-less requesting your consideration of providing a small amount of funding from ELPF or any other Special Fund source for which we may be eligible. In addition to needing ELPF (or other Special Funds) to conduct the Conservancy's core Programs, ELPF/Special Funds would also provide a much needed source of readily available flexible funds to pay upfront costs and seize fleeting windows of opportunity.

Appendix 2

Five Year Strategic and Infrastructure Plan, 2006-2011

On March 24, 2006, the Governing Board of the San Diego River Conservancy (Conservancy) adopted its first “Five Year Strategic and Infrastructure Plan, 2006-2011” (Plan) (see endnote 4). Derived from the statutory objectives specified in the San Diego River Conservancy Act, the mission of the Conservancy as stated in the Plan is:

The mission of the San Diego River Conservancy is to further the goals of its enabling legislation (i.e., land conservation, recreation and education, natural and cultural resources preservation and restoration, water quality and natural flood conveyance), by conserving and restoring its land and water for the enjoyment of present and future generations. This mission will be accomplished in part by building, with our partners, a San Diego River Park and hiking trail stretching from the headwaters to the Pacific Ocean.

The Plan also defines the strategy by which the Conservancy will conduct its statutory mission during the upcoming five year planning period. Specifically, the Plan defines the Conservancy’s four major Program areas, each embodying one or more of the statutory objectives specified in the San Diego River Conservancy’s enabling statute, Public Resources Code, Division 22.9, Section 32630. The Conservancy’s four major Programs are:

- 1) Land Conservation;
- 2) Recreation and Education;
- 3) Natural and Cultural Resources Preservation and Restoration; and
- 4) Water Quality and Natural Flood Conveyance.

In addition, the Plan further defines a set of projects through which each Program will be implemented. In all, there are a total of thirty implementing projects.

Overview of COBCP Request Packet

The San Diego River Conservancy currently has a Capital Outlay Budget of \$0. In order to conduct its basic statutory mission, it is essential for the Conservancy to secure an adequate capital outlay budget of its own. The Conservancy respectfully requests the Agency’s and Department of Finance’s support in securing the capital outlay funds (and additional budget authority) needed by the Conservancy to conduct its statutory mission.

For your convenience, an overview table summarizing the Conservancy’s entire COBCP Request Packet is attached as **Table 1**. As shown, our overall Request Packet consists of seven COBCPs, four of which are programmatic each corresponding to one of the Conservancy’s four major Programs. The programmatic COBCPs request small appropriations from multiple sources of specific-purpose and general-purpose funding. Together the four programmatic COBCPs request a total of \$6.25 million of new capital outlay funding. The remaining three COBCPs do not request new funding, but request instead a specific change in our budget authority or budget language to provide additional capacity for the Conservancy to carry out its mission (while developing its track record and other reliable funding sources).

Table 1. Summary of Seven Conservancy COBCPs by Program, Funding Source, and Total Funding Request

<i>SDRC Program Number and Name</i>	<i>COBCP Number and Title</i>	<i>COBCP Priority</i>	<i>Approx Prop 40 Fund Request</i>	<i>Approx General Fund Request</i>	<i>Approx Bond Funds Request</i>	<i>Approx ELPF / Special Funds Request</i>	<i>Federal Trust Authority Request</i>	<i>Reapprop- of Remaining R. Parkway Funds after 06 /30/07</i>	<i>General Fund Loan Amount Request</i>	<i>Approx Total Program Funding Needed</i>
1. Land Conservation	07/08:01 Land Conservation	1	<i>Prop 40 Ag Lands \$1.4 Million</i>	<i>\$.6 Million</i>	<i>\$.25 Million</i>	<i>\$.25 Million</i>	—	—	—	<i>\$.25 Million</i>
2. Recreation & Education	07/08:02 Recreation & Education	3	—	<i>\$.25 Million</i>	<i>\$.25 Million</i>	<i>\$.25 Million</i>	—	—	—	<i>\$.75 Million</i>
3. Natural & Cultural Resources Preserv & Restoration	07/08:03 Cultural & Historical Resources Preserv & Restoration	2	<i>Prop 40 Historical and Cultural Resources \$1.6 Million</i>	<i>\$.4 Million</i>	<i>\$.25 Million</i>	<i>\$.25 Million</i>	—	—	—	<i>\$.25 Million</i>
4. Water Quality & Natural Flood Conveyance	07/08:04 Water Quality & Natural Flood Conveyance	4	<i>Prop 40 Beaches, Watershed, & Water Qual \$569,000</i>	—	—	—	—	—	—	<i>\$.5 Million</i>
—	07/08:05 Federal Trust Fund Authority	5	—	—	—	—	<i>1.2 Million</i>	—	—	—
—	07/08:06 Prop 40 River Parkway	6	—	—	—	—	—	<i>Up to \$7.8 Million</i>	—	—
—	07/08:07 General Fund Loan	7	—	—	—	—	—	—	<i>Up to \$5 Million</i>	—
Total	—	—	<i>\$.3.5 Million</i>	<i>\$.1.25 Million</i>	<i>\$.75 Million</i>	<i>\$.75 Million</i>	—	—	—	<i>\$.6.25 Million</i>
