

EXECUTIVE OFFICER SUMMARY REPORT
June 9, 2006

ITEM: **8**

SUBJECT: **Capital Outlay Budget Change Proposals for FY 07-08**
The Executive Officer will inform the Board of seven Capital Outlay Budget Change Proposals (COBCPs) recently submitted to the Resources Agency. Based on the Conservancy's Five Year Strategic and Infrastructure Plan, each proposal requests budget increases for FY 07-08 (in capital outlay funds or budget authority). Information only, no Board action. (*Deborah Jayne*)

PURPOSE: Information item. This item is included to inform the Board of seven Capital Outlay Budget Change Proposals (COBCPs) recently submitted to the Resources Agency.

DISCUSSION: In order to effectively conduct its statutory mission, the Conservancy must secure an adequate capital outlay budget of its own. It has always been the Conservancy's intent to submit its first COBCP requests upon completion of its Five Year Strategic and Infrastructure Plan (Plan). Adoption of the Plan is considered a necessary prerequisite to COBCP submittal because the Plan provides the essential supporting documentation and justification of the fiscal need requested in the COBCPs.

After considerable research, Conservancy staff identified three small pots of remaining unallocated, unappropriated Proposition 40 bond funds for three specific purposes: \$1.4 million for Agricultural Lands; \$1.6 million for Historical and Cultural Resources; and \$569,000 for Beaches, Watershed and Water Quality. Each purpose is fully consistent with one of the major programs identified in the Plan.

In May of 2006, the Executive Officer submitted seven COBCPs to the Resources Agency requesting a total of \$6.25 million in Capital Outlay funds or budget authority. To be consistent with the Plan, the first four COBCPs request funding on a programmatic rather than project-specific basis. Three

additional COBCPs were submitted requesting 1) Federal Trust Fund Authority; 2) re-appropriation of any Proposition 40 River Parkway Funds earmarked for the San Diego River that remain unencumbered on June 30, 2007; and 3) General Fund Loan Authority.

The attached Table 1 provides a summary of the Conservancy's seven COBCPs. Note in particular the funding sources requested for each COBCP, including the General Fund Bond Funds and the Environmental License Plate Fund (ELFP), or other Special Funds. In addition, the paragraphs below summarize the general and specific purpose of each COBCP.

COBCP #1 – Land Conservation-Ag Lands – \$2.5 million (Priority 1)

The purpose of the requested appropriation is to advance the Conservancy's *Land Conservation Program* by funding high priority projects which acquire, preserve and improve agricultural lands within the San Diego River Area. Specifically the funds will be used to (1) acquire agricultural lands in El Monte Valley that are currently on the market facing imminent risk of conversion to urban land uses; and (2) provide assistance to landowners as needed to preserve working landscapes. The Conservancy will employ acquisition in fee simple, conservation easements, assistance to farmers, grants to Conservancy partners, and other tools as needed for agricultural land preservation. The requested appropriation will be extensively leveraged with partner contributions.

COBCP #2 – Recreation and Education - \$750,000 (Priority 3)

The purpose of the requested appropriation is to advance the Conservancy's Recreation and Education Program by funding high priority projects which provide and enhance recreational and educational opportunities within (or about) the San Diego River Area. Specifically, the funds will be used to (1) develop San Diego River trail segments in the headwaters, El Monte Valley, Lakeside, the City of Santee, and the City of San Diego; and (2) pay for the cost of printing and distributing an educational book for children about the San Diego River entitled "Nico the Gnatcatcher and the Upside Down River" that was recently written by a local 7th grade class.

COBCP #3 – Historical & Cultural Resources Restoration & Preservation - \$2.5 million (Priority 2)

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 from the Cedar Fire, and restore and protect its 3.5 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.

COBCP #4 – Water Quality & Natural Flood Conveyance - \$569,000 (Priority 4)

The purpose of the requested appropriation is to advance the Conservancy's *Water Quality and Natural Flood Conveyance Program* by funding high priority projects which protect and improve the beaches, watersheds, and water quality within the San Diego River Area. Specifically the funds will be used to conduct a comprehensive Hydrology Assessment of the San Diego River Watershed and to create a set of tools to provide decision-makers with the information needed to make informed land use decisions and policy. The Hydrology Assessment will be conducted in coordination with several Conservancy partners who will contribute both expertise and funding to the project, ensuring that the requested appropriation is well leveraged.

COBCP #5 – Federal Trust Fund Authority - \$1.2 million (Priority 5)

The purpose of the Federal Trust Fund Authority is to allow the Conservancy to receive Federal funds resulting from appropriation requests and federal grant programs for which the Conservancy has already or will apply. To date the Conservancy has requested federal appropriations from the Department of Food and Agriculture and the Department of the Interior. Entities to which the Conservancy intends to make grant application include the U.S. Environmental Protection Agency (e.g., USEPA Wetland Protection and Development and numerous other grant programs); U.S. Fish and Wildlife Service; the National Oceanic and Atmospheric Administration (Department of Commerce); the National Marine Fisheries Services; and other Federal entities.

COBCP #6 – Prop 40 River Parkway Balance – up to \$7.8 million (Priority 6)

The purpose of the requested appropriation is to ensure that no funds are lost to reversion in the unlikely event that any funds remain unencumbered on June 30, 2007. Appropriation of any remaining balance into the Conservancy's budget will also facilitate funding of local projects.

COBCP #7 – General Fund Loan Authority – up to \$5 million (Priority 7)

The purpose of the General Fund Loan Authority is to provide a source of funds (cash flow) with which the Conservancy may pay advance expenditures until reimbursements are received. This source of funds is requested because the Conservancy is relatively new and has never had its own source of upfront funds with which to pay expenditures in advance and then be reimbursed in arrears.

LEGAL CONCERNS: None.

FISCAL IMPACT: None.

SUPPORTING DOCUMENTS:

1. Table 1. Summary of Seven Conservancy COBCPs by Program, Funding Source, and Total Funding Request
2. Capital Outlay Budget Change Proposal package sent to Resources Agency in May, 2006.
 - a. Cover letter to Mr. Patrick Kemp of Resources Agency
 - b. Land Conservation COBCP and Federal Impact Worksheet
 - c. Recreation and Education COBCP and Federal Impact Worksheet
 - d. Natural and Cultural Resources Preservation and Restoration COBCP and Federal Impact Worksheet
 - e. Water Quality and Natural Flood Conveyance COBCP and Federal Impact Worksheet
 - f. Federal Trust Fund Authority COBCP and Federal Impact Worksheet
 - g. Prop 40 River Parkway Balance COBCP and Federal Impact Worksheet
 - h. General Fund Loan Authority COBCP and Federal Impact Worksheet

RECOMMENDATION: No Action.