

**STATE COASTAL CONSERVANCY
PUBLIC MEETING MINUTES
October 1, 2015**

MEMBERS PRESENT:

Douglas Bosco (Public Member), Chairman
Ann Notthoff (Public Member)
Steve Kinsey, Coastal Commission Chair
Bryan Cash (Designated, Natural Resources)
Karen Finn (Designated, Dept. of Finance)

OVERSIGHT MEMBERS PRESENT:

Assembly Member Mark Stone

OTHERS PRESENT:

Sam Schuchat, Executive Officer
Amy Roach, Legal Counsel

LOCATION:

Town Hall
363 N. Main Street
Fort Bragg, CA

Chair Bosco, dedicated the meeting to Zeke Grader who passed away in early September from pancreatic cancer. Zeke grew up in Fort Bragg, and went on to become a tireless advocate for commercial fisherman and fisheries restoration projects; he was a strong supporter of the Conservancy.

Mayor Turner of Fort Bragg welcomed and thanked the Conservancy for all its work in Fort Bragg

Mendocino County Supervisor Carre Brown also thanked the Conservancy for all its work in Fort Bragg.

1. ROLL CALL

Douglas Bosco (Public Member), Chairman
Bryan Cash (Designated, Natural Resources)
Karen Finn (Designated, Department of Finance)
Steve Kinsey (Coastal Commission Chair)
Ann Notthoff (Public Member)

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2. **APPROVAL OF THE MINUTES** of the June 25, 2015 Conservancy’s public meeting.
Moved and seconded and approved by a vote of 5-0.

3. **APPROVAL OF THE MINUTES** of the June 25, 2015 Conservancy and Sacramento-San Joaquin Delta Conservancy joint public meeting.

Moved and seconded. Approved by a vote of 5-0.

4. **CONSENT ITEMS**

Chair Bosco asked if any member wanted items removed from the Consent Calendar. No items were removed.

A. **BRISBANE ACRES IV ACQUISITION**

Resolved:

“The State Coastal Conservancy hereby authorizes disbursement of an amount not to exceed sixty thousand dollars (\$60,000) to the City of Brisbane to acquire a 1.14-acre parcel within Brisbane Acres (the “property”), San Mateo County Assessor Parcel Number 007-481-040, San Bruno Mountain, City of Brisbane. This authorization is subject to the following conditions:

1. Prior to the disbursement of any Conservancy funds for acquisition, the City of Brisbane shall submit for review and approval of the Executive Officer of the Conservancy (“Executive Officer”) all relevant documents, including, without limitation, the appraisal, purchase agreement, escrow instructions, environmental assessment, and title report.
2. The City of Brisbane shall permanently dedicate the property for the purposes of open space, wildlife, and habitat preservation by recording an irrevocable offer to dedicate the property or other instrument approved by the Executive Officer.
3. Conservancy funding shall be acknowledged by erecting and maintaining a sign on the property or in a nearby public staging area, the design and location of which must be approved by the Executive Officer.
4. The City of Brisbane shall pay no more than fair market value for the property, as approved by the Conservancy, based on an appraisal of the property.”

Findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

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1. The proposed authorization is consistent with Chapter 4.5 of Division 21 of the Public Resources Code, Sections 31162 and 31163 regarding the protection of natural habitats and resources of regional importance within the San Francisco Bay Area.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.”

B. SF BAY TRAIL – PINOLE SHORES AND BAYFRONT PARK

Resolved:

“The State Coastal Conservancy hereby authorizes the Association of Bay Area Governments (ABAG) to disburse up to \$50,000 (fifty thousand dollars) of previously granted Conservancy funds to the East Bay Regional Park District (District) to construct an approximately 0.5-mile segment of the San Francisco Bay Trail between Pinole Shores and Bayfront Park in the City of Pinole, Contra Costa County, subject to the following conditions:

1. Prior to the disbursement of funds, ABAG shall submit for the review and approval of the Executive Officer of the Conservancy a final work program, schedule and budget, and a grant agreement between ABAG and the District.
2. ABAG shall ensure installation of signs acknowledging the Conservancy and displaying the Conservancy logo in a manner approved by the Executive Officer.”

Findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization is consistent with Chapter 4.5 of Division 21 of the Public Resources Code, regarding the improvement of public access to, within, and around the bay, coast, ridgetops and urban open spaces of the San Francisco Bay area.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
3. As a responsible agency, the Conservancy has independently reviewed and considered the information contained in the San Francisco Bay Trail: Pinole Shores to Bayfront Park Project Environmental Impact Report (EIR) certified by the District on January 10, 2012 pursuant to the California Environmental Quality Act, and finds that the proposed project, as modified by incorporation of the mitigation measures identified in the EIR, avoids, reduces or mitigates all of the possible significant environmental effects of the project to less than significant.”

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C. TWIN LAKES BEACHFRONT IMPROVEMENT PROJECT

Resolved:

“The State Coastal Conservancy hereby augments its October 2, 2014 authorization by authorizing the disbursement of up to an additional two hundred thousand dollars (\$200,000) to the County of Santa Cruz (County) to construct improvements to the California Coastal Trail and other access features at Twin Lakes State Beach, subject to the condition that, prior to the disbursement of these additional funds, the County shall submit for the review and written approval of the Executive Officer of the Conservancy a revised work program, including scope of work, budget and schedule.”

Findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization remains consistent with Chapter 9, Sections 31400-31410 of Division 21 of the Public Resources Code, regarding coastal access.
2. The proposed project remains consistent with the current Conservancy Project Selection Criteria and Guidelines.”

D. EEM GRANT APPLICATION

Resolved:

“WHEREAS, the Legislature and Governor of the State of California have enacted Section 164.56 of the California Streets And Highways Code establishing the Environmental Enhancement and Mitigation Program Fund, which is intended to provide grant funds to local, state and federal agencies and nonprofit entities for projects to enhance and mitigate the environmental impacts of modified or new public transportation facilities; and

WHEREAS, the California Natural Resources Agency has been delegated the responsibility for the administration of this grant program (“EEM Grant Program”), establishing necessary procedures and criteria, and is required to submit to the California Transportation Commission a list of recommended projects from which the grant recipients will be selected; and

WHEREAS, these procedures established by the California Natural Resources Agency (CNRA) require a resolution certifying the approval of an application by the applicant’s governing board before submission of the application to the CNRA; and

WHEREAS, the applicant, if selected, will enter into an agreement with the CNRA to carry out the Project, and

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WHEREAS, the White Slough Restoration Project (“White Slough Project”) involves the restoration and enhancement of 56 acres of tidal marsh on the Humboldt Bay National Wildlife Refuge in South Humboldt Bay, and

WHEREAS, the Klamath River Estuary Wetlands Conservation Project seeks to conserve over 117 acres of coastal lands at the mouth of the Klamath River in southern Del Norte County in order to protect the unique natural habitats that occur on the property and to keep this viable working ranch intact.

NOW, THEREFORE, BE IT RESOLVED that the California State Coastal Conservancy (Conservancy):

1. Approves the filing of applications for the White Slough Project and the Klamath River Estuary Wetlands Conservation Project; and
2. Certifies that its staff understand the requirements in the EEM Grant Program Guidelines;
3. Certifies that it will require the project property owners or others to have sufficient funds to operate and maintain the projects consistent with the land tenure requirements; or will secure the resources to do so; and
4. Certifies that it will require project property owners to record a document against the real property that protects the State’s interest in the property; and
5. Certifies that it will require the sub-grantees to comply with the provisions of the State Labor Code regarding payment of prevailing wages on projects awarded EEM Grant Program Funds; and
6. If applicable, certifies that it will require sub-grantees to comply with any laws and regulations including, but not limited to, legal requirements for building codes, health and safety codes, disabled access laws, environmental laws and, that prior to commencement of construction, all applicable licenses and permits will have been obtained; and
7. Certifies that the Conservancy will work towards the Governor’s State Planning Priorities intended to promote equity, strengthen the economy, protect the environment, and promote public health and safety as included in Government Code Section 65041.1; and
8. Appoints the Executive Officer, or designee, as agent to accept funds received from the EEM Grant Program, conduct all negotiations, execute and submit all documents including, but not limited to applications, grant agreements, payment requests etc., which

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may be necessary for the completion of the aforementioned projects.”

Finding:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization is consistent with the Conservancy’s statutory responsibilities under Division 21 of the Public Resources Code.
2. The proposed projects for which funds are sought are consistent with the current Conservancy Project Selection Criteria and Guidelines.”

E. RNSP BEACH WHEELCHAIRS

Resolved:

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed twenty-two thousand dollars (\$22,000) to the Redwood Parks Association to provide at least six beach wheelchairs for visitors to Redwood National and State Parks (“RNSP”), as well as small storage sheds to house the wheelchairs. Prior to the disbursement of any Conservancy funds, the Executive Officer of the Conservancy shall approve in writing:

1. A work plan for acquisition, maintenance, and storage of the wheelchairs and for making them available for their useful lifetime or five years, whichever is longer.
2. A signing plan to include signs bearing the Conservancy’s logo.
3. An agreement or agreements between the Redwood Parks Association and Redwood National Park and/or the California Department of Parks and Recreation to provide for public use and storage of the wheelchairs and publicity regarding their availability.
4. Evidence that all necessary permits and approvals have been obtained.”

Findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization is consistent with Chapter 9 of Division 21 of the Public Resources Code, regarding Public Access.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
3. Redwood Parks Association is a nonprofit organization existing under Section 501(c)(3) of the Internal Revenue Code and whose purposes are consistent with Division 21 of the Public Resources Code.”

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Moved as to all consent items and seconded. Consent items approved by a vote of 5-0.

• **EXECUTIVE OFFICER REPORT**

A. The 2016 Conservancy meeting schedule was moved and seconded. Approved by a vote of 5-0.

B. The Executive Officer discussed the purpose of the Non-profit Organization Pre-Award Questionnaire that will be used with Prop 1 applications. (memo and form attached to minutes)

C. Deputy Executive Officer, Mary Small updated the Conservancy on the Annual Financial Report.(attached to minutes)

D. Sheila Semans, Executive Director for the Noyo Center for Marine Science, showed a film about the Center's Blue Whale Project and plans for a facility in Fort Bragg.

E. There was no Legislative Report, most legislative bills became two-year bills related to Park bond and the Alejo Bill.

F. Chief Deputy Executive Officer Nadine Peterson is retiring in November and discussed her years and accomplishments at the Conservancy beginning in 1984.

Deputy Executive Officer Mary Small will become the new Chief Deputy and Amy Hutzell will become the new Deputy. Chief Council Glenn Alex will also retire in December.

NORTH COAST

6. ESTERO RANCH

Lisa Ames of the Coastal Conservancy presented the staff recommendation.

Speaking in favor of the staff recommendation: Amy Chesnut, Sonoma Land Trust; Dan York, The Wildlands Conservancy.

Resolved:

“The State Coastal Conservancy hereby authorizes disbursement of an amount not to exceed \$1,000,000 (one million dollars) to The Wildlands Conservancy (“TWC”) to acquire the 547-acre Estero Ranch property (Sonoma County Assessor’s Parcel No. 100-160-002) for the purposes of habitat protection, public access and agricultural preservation.

1. Prior to the disbursement of any Conservancy funds, TWC shall submit for review and approval of the Executive Officer of the Conservancy (the “Executive Officer”) all relevant acquisition documents, including, without limitation, appraisals, environmental assessments, title reports, purchase agreements, escrow instructions and documents of title.

2. TWC shall pay no more than fair market value for the property, as established in an approved appraisal.

3. TWC shall permanently dedicate the property for the purposes of protecting open space and

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agriculture, restoring wildlife habitat, and public access, in a manner acceptable to the Executive Officer.

4. Conservancy funding shall be acknowledged by erecting and maintaining on the property a sign, the design and placement of which has been reviewed and approved by the Executive Officer.”

Findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed project is consistent with the current Project Selection Criteria and Guidelines.
2. The proposed project is consistent with the purposes and objectives of the San Francisco Bay Area Conservancy Program, Chapter 4.5 of Division 21 of the Public Resources Code, Sections 31160-31165.
3. TWC is a private nonprofit organization existing under section 501(c)(3) of the U.S. Internal Revenue Service, and its purposes are consistent with Division 21 of the Public Resources Code.”

Moved and seconded Approved by a vote of 5-0.

7. ASSESSING SEDIMENT SUPPLY

Joel Gerwein of the Coastal Conservancy presented the staff recommendation.

Resolved:

“The State Coastal Conservancy hereby authorizes the acceptance of \$372,984 (three hundred seventy-two thousand nine hundred and eighty-four dollars) in federal grant funds from the U.S. Environmental Protection Agency (EPA) to assess sediment supply, sediment contaminants, water quality, and salt marsh sustainability in Humboldt Bay. The Conservancy further authorizes the disbursement of this amount for contracts with the U.S. Geological Survey (USGS), the University of California at Los Angeles (UCLA), and the University of California Sea Grant Extension (UC Sea Grant) to accomplish the assessment.

Prior to the Conservancy’s disbursement of funds, the respective contractors shall submit for the approval of the Conservancy’s Executive Officer the names and qualifications of any subcontractors to be employed; and evidence that all permits, approvals, and any access agreements necessary for the work have been obtained.”

Findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

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1. The proposed authorization is consistent with Chapter 5.5 (Coastal and Marine Resource Protection) and Section 31113 (climate change) of Division 21 of the Public Resources Code.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.”

Moved and seconded. Approved by a vote of 5-0.

8. JUGHANDLE CREEK FARM AND NATURE CENTER

Joel Gerwein of the Coastal Conservancy presented the staff recommendation

Speaking in favor of the staff recommendation: Helene Chalfin, Jughandle Creek Farm and Nature Center; Marie Jones, Jughandle Creek Farm Enhancement

Resolved:

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed \$600,000 (six hundred thousand dollars) to the Jughandle Creek Farm and Nature Center (“JCFNC”) to construct additional educational and lodging facilities and adopts the Mitigation Monitoring and Reporting Program attached as Exhibit 6 to the accompanying staff recommendation, subject to the following conditions:

1. Prior to disbursement of any Conservancy funds for the project, JCFNC shall submit for the review and approval of the Conservancy’s Executive Officer (“Executive Officer”):
 - a. A work program, schedule, and budget for the proposed project.
 - b. A plan for signage that acknowledges the Conservancy's funding assistance.
 - c. Evidence that all funds needed for the project have been secured.
 - d. Evidence that all necessary permits and approvals have been obtained.
 - e. The names and qualifications of all contractors JCFNC intends to retain to complete any portions of the project funded by the Conservancy funds.
2. Prior to commencement of the project, JCFNC shall enter into and record an agreement pursuant to Public Resources Code Section 31116(c) sufficient to protect the public interest and provide for maintenance of the project.
3. JCFNC shall ensure that the proposed project is consistent with all applicable federal and state statutes, regulations and guidelines governing access for persons with disabilities.
4. JCFNC shall acknowledge Conservancy funding by erecting and maintaining at the site a sign or signs consistent with the approved sign plan.
5. In implementing the project, JCFNC shall ensure compliance with all applicable mitigation measures and monitoring and reporting requirements for the project that are identified in the Initial Study and Mitigated Negative Declaration (IS-MND), attached to the accompanying staff recommendation as Exhibit 5, which was adopted by Mendocino County

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at the May 28, 2015 meeting of its Coastal Permit Administrator, and the Mitigation Monitoring and Reporting Plan attached to the accompanying staff recommendation as Exhibit 6, or in any permits, approvals or additional environmental documentation required for the project.”

Findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed project is consistent with the current Conservancy’s Project Selection Criteria and Guidelines.
2. The proposed authorization is consistent with the purposes and objectives of Section 31119 (Chapter 3) and Sections 31400 et seq. (Chapter 9) of Division 21 of the Public Resources Code, regarding educational projects and public access facilities, respectively.
3. The Conservancy has independently reviewed and considered the information contained in the IS-MND, pursuant to its responsibilities under the California Environmental Quality Act (“CEQA”), and finds that the proposed project as mitigated, avoids, reduces, or mitigates all of the possible significant environmental effects to a level that is less than significant and that there is no substantial evidence that the proposed project, as mitigated, will have a significant effect on the environment.
4. JCFNC is an organization existing under Section 501(c)(3) of the Internal Revenue Service Code whose purposes are consistent with Division 21 of the Public Resources Code.”

Moved and seconded. Approved by a vote of 5-0.

SOUTH COAST

9. ALISO AND WOOD CANYONS WILDERNESS PARK

Deborah Ruddock of the Coastal Conservancy presented the staff recommendation.

Resolved:

“The State Coastal Conservancy hereby authorizes the disbursement of one million dollars (\$1,000,000) to the County of Orange (“County”) for construction of a visitor-serving and administrative building, subject to the following conditions:

1. Prior to the disbursement of Conservancy funds, the County shall submit for the review and approval of the Executive Officer of the Conservancy (“Executive Officer”) a final work plan, including the names of any subcontractors to be used in the completion of the project, a project schedule and budget, and evidence that the County has obtained all necessary permits and approvals.

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2. The County shall acknowledge Conservancy funding by erecting and maintaining a sign or signs on the property, the design and location of which has been approved by the Executive Officer.”
3. The County shall implement feasible best management practices to reduce the project’s greenhouse gas emissions.

Findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization is consistent with Chapter 9 of Division 21 of the Public Resources Code (Sections 31400 – 31410), with respect to public access to and along the coast.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
3. The proposed project will serve more than local public needs.
4. The Conservancy has independently reviewed and considered the Mitigated Negative Declaration for the Aliso and Wood Canyons Wilderness Park Resource Management Plan, adopted by the Orange County Board of Supervisors on August 4, 2009 under the California Environmental Quality Act and attached to the accompanying staff recommendation as Exhibit 6, and finds that the proposed project, as mitigated, avoids, reduces or mitigates the possible significant environmental effects and that there is no substantial evidence that this project will have a significant effect on the environment.”

Moved and seconded. Approved by a vote of 5-0.

10. SAN DIEGO CANYONS PLAN

Julia Elkin of the Coastal Conservancy presented the staff recommendation.

Speaking in favor of the staff recommendation: Eric Bowlby, Director, San Diego Canyonlands.

Resolved:

“The State Coastal Conservancy hereby approves the disbursement of an amount not to exceed three hundred thousand dollars (\$300,000) to San Diego Canyonlands to complete public access and habitat restoration design plans for twelve urban canyons owned by the City of San Diego. Prior to the disbursement of funds, San Diego Canyonlands shall submit for review and written approval of the Conservancy’s Executive Officer a work program, including budget and schedule, and any contractors to be employed for these tasks.”

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Findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization is consistent with Chapter 5.5 of Division 21 of the Public Resources Code, regarding integrated coastal and marine resources protection.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
3. San Diego Canyonlands is a nonprofit organization existing under section 501(c)(3) of the U.S. Internal Revenue Code, and whose purposes are consistent with Division 21 of the Public Resources Code.”

Moved and seconded. Approved by a vote of 5-0.

11. CLOSED SESSION

Meeting closed to public at 12:25 pm for a closed session.

Meeting re-opened to public at 12:35 pm. Chairman Bosco reported that the Conservancy held a closed session to provide direction to its negotiator concerning terms of sale of Victorine Ranch Property (Monterey County Assessor’s Parcel Numbers 243-211-025, 243-211-026 and 243-221-019).

12. CONSERVANCY MEMBER COMMENTS

There were no Conservancy member comments.

13. PUBLIC COMMENTS ON NON-AGENDA ITEMS

There were no public comments.

14. ADJOURNMENT

Meeting adjourned at 12:40 pm.



Memorandum

From: Sam Schuchat
To: Coastal Conservancy Board
RE: Meeting Schedule in 2016
Date: October 1, 2015

Below is a schedule of dates for board meetings in 2016. The dates were approved by a vote of 5-0 and adopted at our meeting on October 1, 2015.

In putting the schedule together, we have avoided the meetings of the Coastal Commission and the Tahoe Conservancy¹. We have taken in to account the legislative schedule, and this meeting schedule also takes into account the major holidays.

January 28 Southern California

March 24

May 26 Sacramento

September 29

December 1

¹ Steve Kinsey is the Chair of the Coastal Commission, and Karen Finn serves on the Tahoe Conservancy.



SACRAMENTO - SAN JOAQUIN

DELTA CONSERVANCY

A California State Agency

STATE COASTAL CONSERVANCY/SACRAMENTO-SAN JOAQUIN DELTA CONSERVANCY
JOINT RESOLUTION

WHEREAS, The San Francisco Bay region and the Sacramento-San Joaquin Delta connect and together constitute the Bay-Delta region, which hosts the largest estuary on the west coast of North and South America; and

WHEREAS, The nine counties comprising the San Francisco Bay constitute a region with unique natural and outdoor recreational resources; and the San Francisco Bay is the central feature in an interconnected open-space system of watersheds, natural habitats, waterways, scenic areas, agricultural lands, and regional trails; and

WHEREAS, The Sacramento-San Joaquin Delta is a unique natural resource of local, state and national significance with distinct natural, agricultural and cultural values; and

WHEREAS, The Sacramento-San Joaquin Delta provides water to more than 25 million Californians and three million acres of agricultural land; and

WHEREAS, The State Coastal Conservancy, established in 1976, is charged with protecting, restoring, and enhancing the natural, open-space, agricultural, and urban resources of the coast and San Francisco Bay region, and providing access to these areas, working with local governments, other public agencies, nonprofit organizations, and private landowners; and

WHEREAS, The Sacramento-San Joaquin Delta Conservancy is charged with implementation of ecosystem restoration in the Delta and supporting efforts that advance environmental protection and the economic well-being of Delta residents; and

WHEREAS, the two conservancies each seek to protect wetlands, migratory waterfowl, anadromous and other fish, other wildlife; and recreational, economic, and tourist opportunities in the Bay-Delta region; and

WHEREAS, the Bay-Delta region provides homes and jobs to millions of people, and contributes many billions of dollars annually to the state's economy; and

WHEREAS, The warming climate has begun to cause sea level rise and other problems, adversely affecting plants, wildlife, agriculture, water resources, and infrastructure in the Bay-Delta region, and to increase saltwater intrusion; and

WHEREAS, through the California Water Action Plan, the Delta Plan, the San Francisco Bay Plan, and the California Eco Restore initiative, the Administration is committed to

**State Coastal Conservancy/Sacramento-San Joaquin Delta Conservancy
Joint Resolution, June 25, 2015**

restoration of wetlands and other sensitive habitats in the Delta and San Francisco Bay to enhance the Bay-Delta ecosystem and adapt to the changing climate;

NOW, THEREFORE, BE IT RESOLVED, That the State Coastal Conservancy and the Sacramento-San Joaquin Delta Conservancy recognize the interconnection and overlap between the San Francisco Bay region and the San Francisco-San Joaquin Delta and the need to work together to address issues of common importance to the area and the state, including protection and enhancement of natural and water resources, creation of economic, recreational, and tourist opportunities, and a changing climate; and be it further

RESOLVED, That the two agencies will work together to educate the public about the resources and problems of our overlapping regions; and be it further

RESOLVED, That the two agencies will identify and jointly implement, as appropriate, projects that benefit both regions and that implement, as appropriate, the California Water Action Plan, the Delta Plan, the San Francisco Bay Plan, the California Eco Restore Initiative, and the Economic Sustainability Plan for the Sacramento-San Joaquin Delta, working in consultation with the Natural Resources Agency, the Delta Stewardship Council, the San Francisco Bay Conservation and Development Commission, the Department of Fish and Wildlife, and the Delta Protection Commission; and be it further

RESOLVED, That the two agencies will work together to seek adequate public and private financial resources to meet their common goals in the Bay-Delta region.

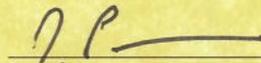
Resolution jointly adopted in Sacramento, California this June 25, 2015

STATE COASTAL CONSERVANCY

**SACRAMENTO-SAN JOAQUIN
DELTA CONSERVANCY**



Douglas Bosco, Chair



Jim Provenza, Chair



Memorandum to: Coastal Conservancy Board

From: Sam Schuchat, Executive Officer

Re: Nonprofit Accounting

Date: September 28, 2015

Really, what could be more exciting than accounting?

As you are probably aware, all of our grantees are subject to random audits by the Department of finance. The vast majority of these audits resulted in “no findings”, in other words no problems. During the past five or six years, we have, however, had three grantees whose audits uncovered problems, and the fourth had problems that Conservancy staff uncovered prior to an audit. There were some commonalities between all of these cases. Each audit involved small nonprofits with staffs of 5 people or less. They all involved accounting practices at the nonprofits, and specifically how these organizations accounted for their staff time and how they accounted for overhead and direct versus indirect costs. In no case was malfeasance involved; in all cases the work that the state of California was paying for was accomplished, and no one was stealing public funds.

Although the amounts of money involved are tiny compared to the grants we typically make per year, and the number of organizations involved is very small compared to the total number of grantees we have, all of these instances have been painful both for the Coastal Conservancy and of course for the nonprofits involved. In an effort to prevent these situations from rising in the future, we are now asking our nonprofit awardees to fill out the attached questionnaire prior to grant award. This questionnaire was developed by a small committee of Coastal Conservancy staff with input from a CPA and myself. The purpose of the questionnaire is to help our staff identify organizations that could benefit from some assistance prior to a grant. If any of the answers to these questions raise red flags, we can suggest ways that the involved nonprofit organization can beef up their internal systems, including finding a larger organization to partner with that has a fiscal agent.

Non-Profit Organization Pre-Award Questionnaire

All nonprofit organizations must complete this questionnaire and include it in their application.

CONTACT INFO

Organization			
Contact Person		Email	
Phone		Fax	

GENERAL INFORMATION

1. Please attach a copy of your most recent financial reports with your response to this questionnaire.
2. Have you had a financial audit within the last three years by an independent auditor? Yes No
If yes, please provide a copy of the audit report.
3. Does your organization have appropriate segregation of duties to prevent one individual from processing an entire financial transaction? Yes No
4. Does your organization have controls to prevent expenditure of funds in excess of what is approved in your project budget? Yes No
5. Does your organization have a conflict of interest policy? Yes No
6. How much unrestricted money does your organization raise annually?
7. Is there a Finance Committee of the board of directors, or does the Board make all financial decisions?
8. What are the Treasurer's duties?

CASH MANAGEMENT

9. Are grant funds accounted for through segregated accounts? Yes No
10. Are all disbursements properly documented with evidence of receipt of goods or performance of service? Yes No

PAYROLL

11. Does your organization have a time reporting system developed to determine and explain proper labor and overhead charges billed to the grant? Yes No
12. Have you developed procedures to ensure fair and competitive contracting? Yes No
13. Is there an effective system of identifying expenditures for time, travel and purchase of supplies to determine relevancy to individual grant projects? Yes No

PROPERTY MANAGEMENT

(Complete this section, if State grants will be used to purchase physical assets.)

- 14. Are detailed records of individual capital assets kept and periodically balanced with the general ledger accounts? Yes No
- 15. Are there effective procedures for authorizing and accounting for the disposal of property and equipment? Yes No

INDIRECT COSTS

- 16. Does the organization have an established methodology for calculating indirect costs or overhead? Yes No
- 17. Is this used consistently for all grants and contracts? Yes No

COST SHARING

- 18. Does the organization have a means to determine and document that it has met cost-sharing goals for each project? Yes No
- 19. Do your financial records identify the receipt and expenditure of funds separately for each grant or contract? Yes No

COMPLIANCE

- 20. Does your organization have a formal system for complying with the payment of prevailing wages? Yes No
- 21. Does your organization have a system in place to ensure it does not use contractors who may be suspended or debarred from receiving federal or state contracts? Yes No

I certify that the above information accurately represent the organization of which I am a representative.

Name of person completing questionnaire

Title

Signature

Date



Memo

Date: October 1, 2015
To: State Coastal Conservancy Board
From: Sam Schuchat, Executive Officer
Mary Small, Deputy Executive Officer
CC: Oversight Members
RE: Coastal Conservancy Financial Report

The state's fiscal year began on July 1st. This is the annual financial report to the Coastal Conservancy that provides an overview of the past year's expenditures and an overall picture of the agency's funding. This report is divided into two sections: 1) Support Funding and 2) Project Funding. The support funding section describes the budget for the operation of the Conservancy (including salaries, benefits, rent, etc.) and an update on our Long Term Financial Plan. The project funding section describes funding for implementation of Conservancy projects and grants.

Support Funding – Updated Long Term Financial Plan

In 2013, at the direction of the legislature, the Conservancy developed a ten year funding plan for the operation of the agency assuming there were no new bond funds. In the fall of 2014, the voters approved Proposition 1, a water bond that provides \$100.5 million to the Conservancy for its projects. A maximum of 5% (\$5,025,000) can be used for administrative costs and 10% (\$10,050,000) for planning and monitoring. This update to the long term financial plan focuses on the next five fiscal years and reflects the Proposition 1 funds and updated support costs.

The five year financial plan for the Conservancy's support budget is a conceptual roadmap for funding operation based on a few key assumptions. First, the plan assumes that starting in FY 17/18 the Conservancy begins to receive \$2,000,000 per year (20%) in baseline funding from the General Fund or ELPF or another source. Second, it assumes that the support expenditures stay level and then increase modestly by \$100,000 per year. The plan assumes that by continuing to monitor spending total increases can be contained while maintaining current staffing.

Five Year Financial Plan 2016-2021
(\$ in thousands)

	FY15/16	FY16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
General Fund or ELPF	175	175	2,000	2,000	2,000	2,000
Coastal Resilience Acct	200	-	250	250	250	100
Proposition 12	750	500	750	750	-	-
Proposition 40	600	1000	1,000	500	500	-
Proposition 50	200	200	-	-	-	-
Proposition 84	4,200	2000	2,000	1,500	1,000	700
Proposition 1	0	3000	2,000	3,000	3,000	3,000
Habitat Conservation Fund	200	200	200	200	200	-
Special Accounts (Coastal Access, Beach, Sea Otter, Violation Remediation...)	180	100	250	100	250	400
Incoming Grants	700	800	850	900	900	1,000
Coastal Conservancy Fund	2,195	1425	100	300	1,500	2,500
	9,400	9,400	9,400	9,500	9,600	9,700

The Coastal Conservancy remains the only state conservancy that does not receive a baseline appropriation of non-bond funding for its operation. As a result, the majority of our support budget continues to come from bond funds. The reliance on bond funds creates challenges because many of the centralized costs (FISCAL and Pro Rata) cannot be paid with bond funds, so the Conservancy's few other sources bear the burden of these costs. The Conservancy has diversified our funding to include small percentages from several funds and incoming grants. The number of sources contributing to the Coastal Conservancy's support budget creates many complications within the state budgeting system.

Diversifying Support Funds

Last year the Conservancy began using a small percentage of various funds to its support costs, including 5% of the Habitat Conservation Fund and 10% of the Violations Remediation Account, Sea Otter Account and newly created Coastal Resilience Trust Fund. In the future the Conservancy will seek similar approval for other funds such as the Coastal Access Account and California Beach and Coastal Enhancement Account. The percentages are relatively small but together these funds provide about \$580,000 in FY 15/16. Using these funds for support also reduces the amount available for projects and programs, such as the Explore the Coast Grants.

Incoming Grants

The Conservancy continued to apply for and receive outside grants to support our work. We reorganized staff to improve our ability to apply for, receive and manage incoming grants. Our staff has been very successful in our grant applications. As shown in the table, we have increased the amount awarded from incoming grants to pay for staff and operating costs in recent years. During the last fiscal year there was a drop in billing staff time to incoming grants. However, we have already billed more than \$125,000 for support costs this fiscal year, so the number should be higher next year. In addition, the Conservancy has been awarded a \$300,000 grant from NOAA to fund our staff work under the Coastal Zone Management Program.

Fiscal Year	Grants for Support
2009/10	\$57,500
2010/11	\$355,000
2011/12	\$834,000
2012/13	\$1,046,000
2013/14	\$538,000
2014/15	\$288,000

Operating Budget

Since FY 08/09, we have reduced our annual operating budget by 25% from \$11,882,000 to \$8,919,000 last year. We have eliminated sixteen authorized positions, including eight Ocean Protection Council positions moved to the Natural Resources Agency and eight Conservancy positions that were voluntarily abolished. We have also reduced travel, communications and consulting expenses. The following table shows the actual expenditures for the Conservancy's operation for the last six fiscal years and the budget for the current fiscal year.

Coastal Conservancy Operating Budget 2008–2015

(Dollars in 1,000s)

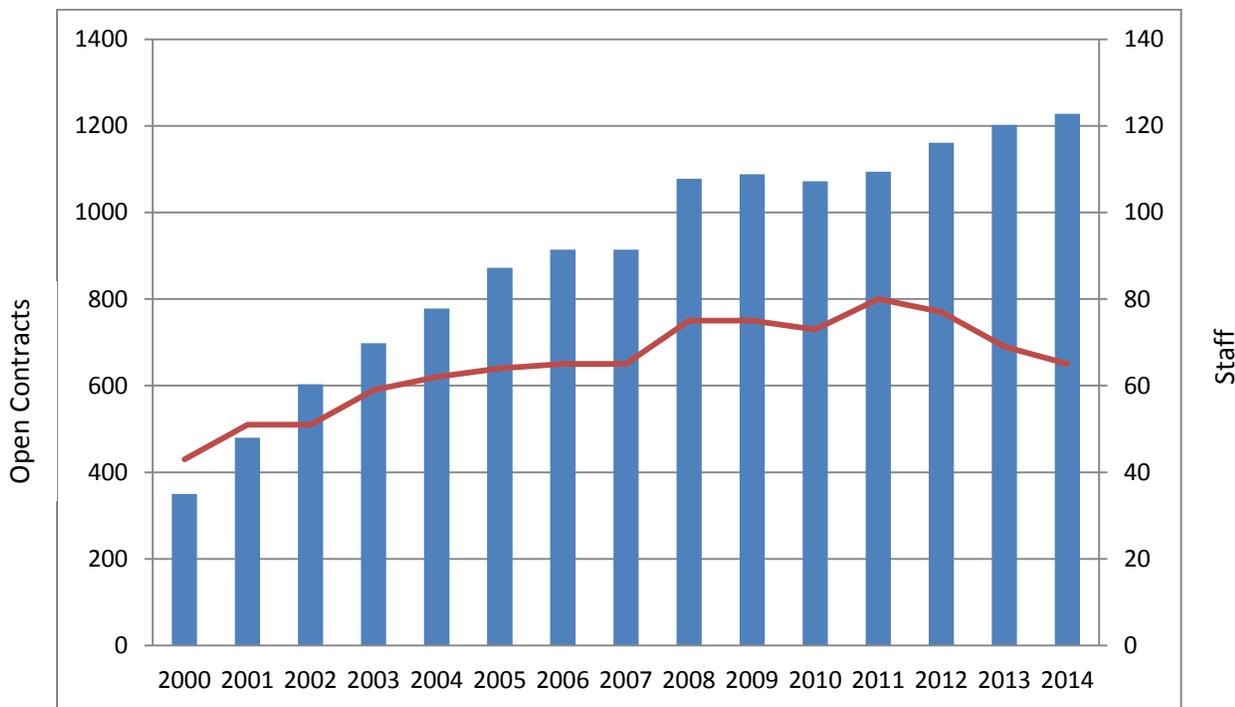
	10/11 Actual	11/12 Actual	12/13 Actual	13/14 Actual	14/15 Actual	15/16 Budget ¹
Staff						
Salaries	4,674	4,883	4,618	4,502	4,493	4,960
Benefits	2,206	2,446	2,008	1,859	2,143	2,220
<i>subtotal - Staff</i>	<i>6,880</i>	<i>7,329</i>	<i>6,626</i>	<i>6,361</i>	<i>6,636</i>	<i>7,180</i>
Expenses						
Travel & Training	225	238	187	205	172	250
Facilities & Utilities	467	449	435	465	1,347	730
General Expense & Equipment	201	193	142	178	77	200
Printing, Communication & Mail	11	110	85	78	79	130
Consulting – interdepartmental	238	274	687	116	67	180
Consulting - external	715	837	276	493	243	350
<i>Centralized Costs</i>						
Data Processing	165	152	97	164	100	140
Pro Rata	706	644	621	21	190	220
SWCAP	12	8	-	8	8	20
<i>subtotal OE&E</i>	<i>2,740</i>	<i>2,905</i>	<i>2,530</i>	<i>1,728</i>	<i>2,283</i>	<i>2,220</i>
Total Budget	9,620	10,234	9,156	8,089	8,919	9,400

¹ The FY 15/16 Budget is still being adjusted, these numbers are approximate.

Last year’s support expenditures were higher than the year before primarily because of the nearly \$1 million the Conservancy paid to Department of General Services for moving our office. The Conservancy received a one-time General Fund appropriation to cover these costs. In addition, our Pro Rata assessment increased from \$21,000 to \$190,000. The appropriation from the Coastal Resilience Account is being used for Climate Ready Grants, it is discussed in the project funding section even though the Governor’s Budget shows it as a support appropriation.

The Conservancy has already voluntarily given up eight positions and the five year plan does not call for further staff reductions. Our work load remains very high and there are many demands on staff time to provide technical assistance, especially on projects related to preparing for climate change. The Conservancy is involved in a number of large scale restoration projects and regional initiatives (e.g. the South Bay Salt Ponds, the Santa Ana River Trail) that are also very staff time intensive. In addition, new programs, such as Prop 1, take a great deal of staff time to develop, implement and manage. Finally, efforts to improve communication about the Conservancy’s work, such as social media, require additional staff time. The Conservancy management team will continue to evaluate opportunities to increase efficiency and reorganize while also planning for succession when key staff leave the agency.

As one measure of workload, the table below shows the Conservancy’s staff level plotted against the number of open contracts.

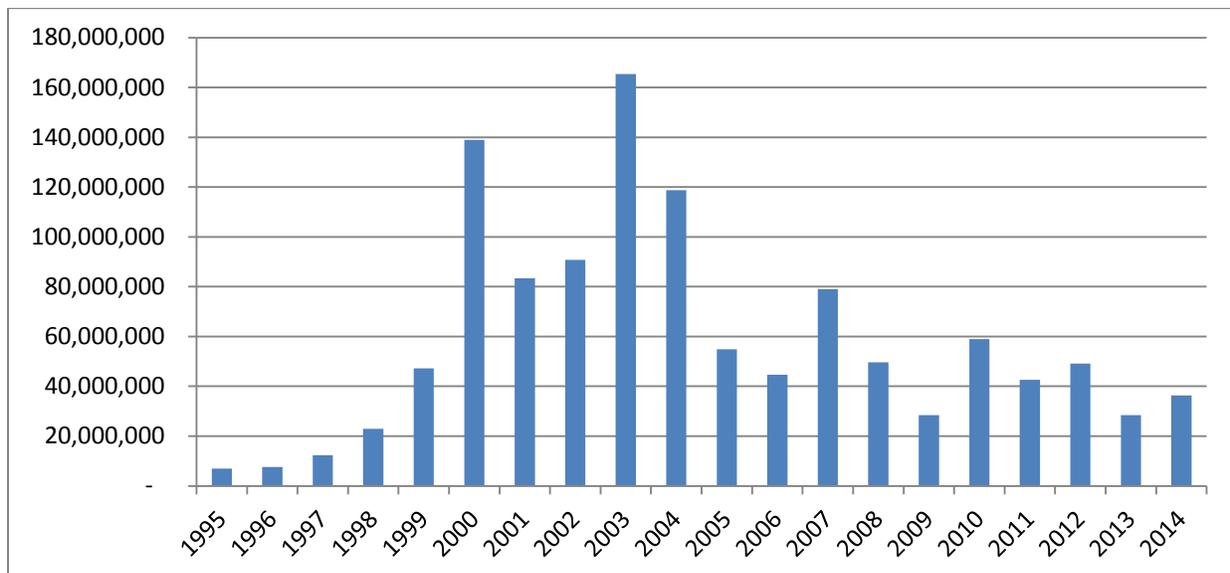


Project Funding

The Conservancy is a project implementation agency. Funding for projects are appropriated to the Conservancy for the purposes of making grants and entering into contracts; they are not used for our operating costs.

The Conservancy authorized \$36.2 million for projects last fiscal year. This is an increase from the \$28.4 million authorized the year before. The chart below shows the total amount that the Conservancy has authorized each fiscal year since 1992. Although not included in the chart, the Conservancy typically authorized less than \$20 million a year in the decade between 1986 and 1996.

Conservancy Authorizations 1995-2014



Almost half of the funding (\$16.3 million) authorized for projects last year came from Proposition 84. The Conservancy also awarded grants from various other sources including Proposition 12, Proposition 40, Proposition 50, the Habitat Conservation Fund, the Climate Resilience Account and Sea Otter Funds.

The table below shows approvals by funding source for the past three fiscal years.

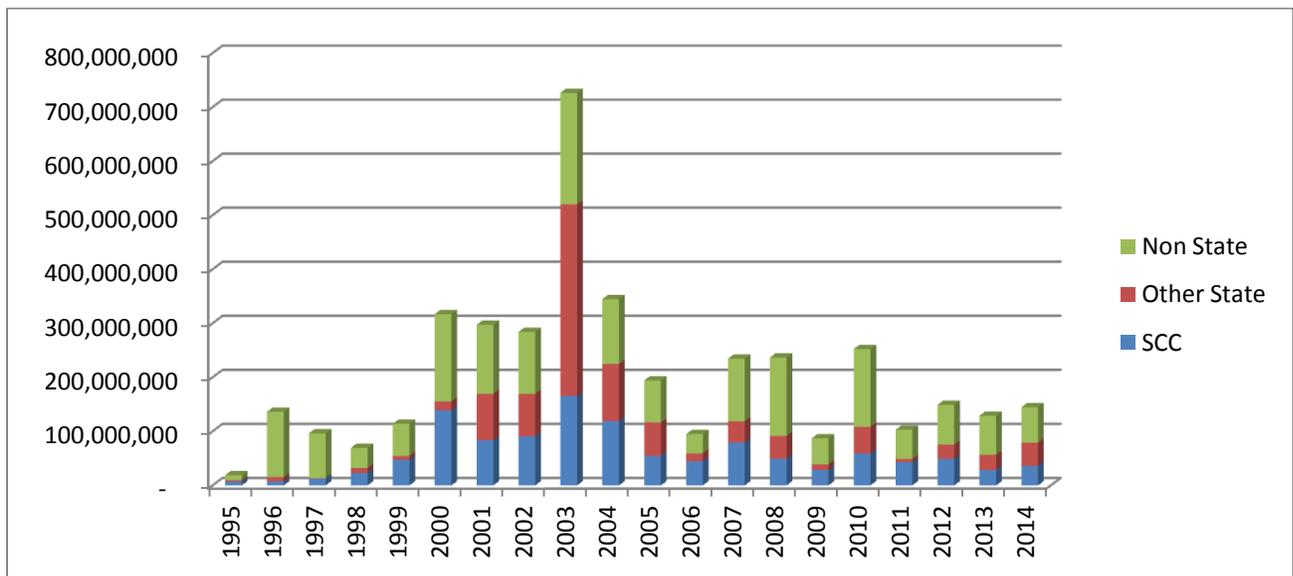
Bond Funds	FY 12/13	FY 13/14	FY 14/15
Proposition 12	2,000,000	2,500,000	3,378,000
Proposition 40	14,200,000	0	1,451,000
Proposition 50	1,200,000	0	5,961,000
Proposition 84	25,100,000	19,901,000	16,266,000

Annual Appropriations		FY 12/13	FY 13/14	FY 14/15
	Habitat Conservation Fund	630,000	2,943,000	6,718,000
	Violation Remediation	0	1,035,000	0
	Coastal Access Account	2,200,000	445,000	397,000
	California Beach & Coastal Enhancement Account	140,000	880,000	0
	California Sea Otter Fund	120,000	130,000	118,000
	Climate Resilience Account			1,100,000
Coastal Trust Funds				
	Coastal Trust Fund	4,890,000	618,000	842,000
	TOTAL	50,480,000	28,443,000	36,231,000

Matching Funds

Last year, the Conservancy authorized \$36.2 million for projects, which leveraged \$42.6 million in other state funds and \$65.5 million in non-state funds. In total, the Conservancy's funding was matched 3:1 last year. Since 1987, the Conservancy has authorized \$1.117 billion for its projects. Those funds have been matched by a total of \$2.897 billion. Matching funds came from other state sources (\$1 billion) as well as non-state sources including local, federal and private partners (\$1.897 billion). The chart below displays matching funds each year for the last 20 years.

Matching Funds - Conservancy Projects 1995-2014



Outside Grants

Conservancy staff continues to actively pursue outside grants to fund our projects and our staff working on those projects. The table below summarizes the grants awarded during the last six fiscal years. Between FY 10/11 and FY 12/13 we received more than \$18 million in grants for the San Clemente Dam project and more than \$10 million in Federal Recovery Act funds. Last year, staff obtained grants of more than \$7 million for our projects and staff. These grants will be expended over multiple years.

	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Project	4,149,468	13,872,419	17,367,461	25,038,054	4,887,742	6,678,163
Support	57,477	355,081	833,846	1,045,899	538,148	671,347
TOTAL	4,206,945	14,227,500	18,201,307	26,083,954	5,425,890	7,049,510

Disadvantaged Communities

The definition of Disadvantaged Community in the Water Bond, Proposition 1, is a community with an annual median household income that is less than 80 percent of the statewide annual median household income (Water Code § 79702(j)). Using this definition and the most recent census data, the Conservancy has analyzed the location of its projects.

Bond Funded Projects

The table below shows the percent of projects and percent of funding awarded to projects located near or within a Disadvantaged Community. The table includes a total of 1,643 Conservancy projects funded with Propositions 12, 40, 50 and 84.

	Percent of Projects	Percent of Funds
Within a 1/4 mile of a Disadvantaged Community	40%	40%
Within 1 mile of a Disadvantaged Community	54%	48%

Climate Ready

The Conservancy has held three separate Climate Ready Grant rounds and awarded a total of \$9.7 million to 42 projects. The table below shows the percent of projects and funding awarded in or near Disadvantaged Communities for the entire program.

	Percent of Projects	Percent of Funds
Within a 1/4 mile of a Disadvantaged Community	36%	41%
Within 1 mile of a Disadvantaged Community	60%	64%

Remaining Project Funds

Last November, voters approved Proposition 1, a water bond which provided \$100.5 million to the Conservancy. The Conservancy received its first appropriation of \$15 million of Proposition

1 funds in FY 15/16 and has released its first call for project proposals. The Conservancy also has remaining funds from bond measures approved over the past decade. The remaining balances are based on an estimate of the balance in the bond rather than current appropriations; as in past reports we have included anticipated future appropriations of bond funds in these totals. These totals do not include pending reimbursements.

The Conservancy has about \$220 million remaining in bond funds. Prop 12 and Prop 84 included language restricting funds to specific geographic areas or projects. Much of the remaining funds from those bonds are subject to these restrictions.

Bond	Total Available to Conservancy	Estimated Balance July 1, 2015
Proposition 1	\$100,500,000	100,500,000
Proposition 12	\$250,400,000	16,000,000
Proposition 40	\$240,000,000	14,500,000
Proposition 50	\$140,000,000	3,000,000
Proposition 84	\$360,000,000	86,000,000
<i>TOTAL</i>	<i>\$1,090,900,000</i>	<i>220,000,000</i>

In addition to the bond funds, the Conservancy receives annual appropriations from other funds for its projects. These sources include the Habitat Conservation Fund, the Coastal Access Account, the California Beach and Coastal Enhancement Account and the Sea Otter Funds. The Conservancy receives occasional appropriations from the Violation Remediation Account which comes from fines levied by the Coastal Commission against violators of the Coastal Act. The totals below reflect the amounts currently appropriated to the Conservancy.

	Balance July 1, 2015
Habitat Conservation Fund	19,657,000
Coastal Access Account	1,467,000
California Beach & Coastal Enhancement Account	1,170,000
Violation Remediation Account	1,500,000
Sea Otter Fund	118,000
<i>TOTAL</i>	<i>23,912,000</i>

Coastal Trust Fund

California Public Resources Code Section 31012 established the Coastal Trust Fund in the State Treasury, to receive and disburse funds paid to the Conservancy in trust. The funds within the Coastal Trust Fund include gifts, mitigation funds, in-lieu fees and other funds which have been given to the Conservancy in trust for specific purpose. Because of the inherent restrictions on these funds, these funds are not subject to appropriation by the legislature as part of the annual budget process. The Conservancy has about 50 subaccounts with a total of about \$16.5

million deposited in the Coastal Trust Fund. The Conservancy is required to obtain approval from the Department of Finance to create a new account within the Coastal Trust Fund. These funds can only be used for specific types of projects, and the majority of the funds are set aside to satisfy mitigation or permit conditions. Below is a list of the accounts and subaccounts and their current balance.

Name	Balance
Resource Enhancement Special Projects	7,387,000
Bay Conservation and Development Commission Permits	3,610,000
Coastal Commission In-Lieu Fees	2,994,000
Carlsbad Agricultural Improvement Fees	747,000
Malibu Access Fund	686,000
El Nido Restoration Project Account	291,000
San Francisco Bay Conservancy Account	155,000
Los Penasquitos Lagoon Enhancement Fund	316,000
San Joaquin Gnatcatcher Habitat	154,000
Malibu Beach Access Account	122,000
Coastal Resource Development Fund	78,000
Tijuana River	3,000
<i>TOTAL</i>	<i>16,543,000</i>

Some of the funds are quite recent, such as the account from Bay Conservation and Development Commission permits. However, some of these funds, such as the Malibu Access accounts, have been held in trust by the Conservancy for decades because we have been unable to implement a project that is consistent with the conditions on the money.

Reporting and Reconciling Trust Funds

When contributions to the Coastal Trust Fund are received by the Conservancy, we deposit them in the bank which transmits them to the state treasury. The Conservancy remits the funds to the State Controller's Office, specifying the Coastal Trust Fund subaccount to receive the deposit. The State Controller sends a journal entry to the Conservancy confirming the deposit and the Conservancy posts this information onto Department of Finance's CALSTARS database. At the end of every month, our accounting office reconciles the balances in the Coastal Trust Fund between the State Controller's Office and CALSTARS and our internal record, the Fund Balance Summary. This reconciliation checks our records of deposits, interest and expenditures against the State Controller's Office and the Department of Finance's. At the end of each fiscal year, the Conservancy verifies the balances with the State Controller's Office and CALSTARS to generate a year-end report which is submitted to the State Controller.