



# Memo

Date: September 29, 2016  
To: State Coastal Conservancy Board  
From: Sam Schuchat, Executive Officer  
Mary Small, Deputy Executive Officer  
CC: Oversight Members  
RE: First Annual Proposition 1 Grant Program Report

---

The Water Quality, Supply, and Infrastructure Improvement Act of 2014 (“Prop 1”) was approved by voters in November 2014. Chapter 6 of Prop 1, includes \$100.5 million to be administered by the State Coastal Conservancy (Conservancy). The Conservancy received its first appropriation from Prop 1 on July 1, 2015. This report summarizes the first year of the Conservancy’s Prop 1 Grant Program.

The Conservancy has completed three grant rounds under its Prop 1 Program. Applications from the fourth round are under review; a fifth project solicitation is currently posted on the Conservancy’s website, with applications due on October 3, 2016. Of the first four rounds, two were open grant rounds and two targeted Conservancy strategic priorities. The first targeted round focused on projects that benefit anadromous fish. The fourth grant round targeted urban greening projects in Los Angeles County; these applications are still being reviewed.

In the first three completed rounds, the Conservancy received 150 proposals requesting \$109 million. Of those:

- Conservancy staff recommended funding 40 proposals for \$17.9 million;
- The amounts requested have ranged from \$25,000 to over \$20 million;
- The amounts recommended for award range from \$25,000 to \$2.5 million.
- In the fourth round, the Conservancy received 19 applications requesting \$21.5 million.

Including the projects considered at its September 2016 meeting, 26 projects have been brought to the Conservancy for approval under the Prop 1 program. Fourteen projects have been recommended at a staff level but have not yet been brought to the Conservancy Board. Projects are brought to the Conservancy for approval when they are ready for consideration, including having completed CEQA and refined scopes, and when Conservancy staff has the capacity to manage the project. Conservancy staff tries to be as responsive to project timelines as possible

## ***PROPOSITION 1 GRANT PROGRAM ANNUAL REPORT***

in scheduling Conservancy Board consideration; thus some projects from Round 3 may be approved before projects from Round 1 because of construction schedules or other project considerations. A complete list of the project recommended for funding are posted on the Conservancy website and attached in a table at the end of this report.

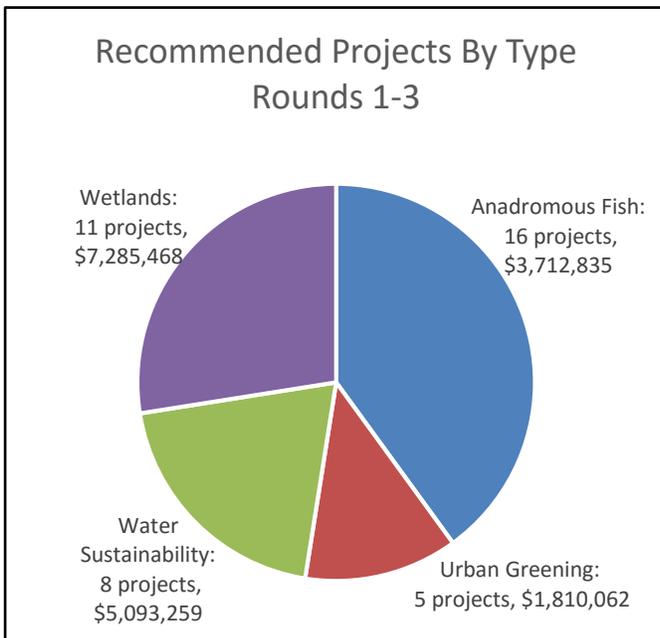
Consistent with the Conservancy's Prop 1 Guidelines, only projects that scored above 75 have been recommended for funding. Every grant round, the requests have far exceeded available funds and many good projects have been left unfunded. Some applications have been turned down because they were ineligible for Prop 1. For example, some projects weren't consistent with Chapter 6 of Prop 1 or in one or two cases the project implemented a mitigation requirement. Other projects failed to score well because the actual project was not well defined or far enough along in development to be clearly explained. Some applicants applied to the Conservancy for the same project in subsequent grant rounds.

### **Coastal Conservancy Prop 1 Priorities**

In June 2015, the Conservancy adopted its Prop 1 Grant Program Guidelines and an update to the Conservancy Strategic Plan that identified four priorities for Prop 1 expenditure. These priorities are:

- Water Sustainability
- Protect and Enhance Anadromous Fish Habitat
- Wetland Restoration
- Urban Greening

These priorities were developed by analyzing the overlap between the purposes of Chapter 6 of Prop 1, the programmatic authorities in the Conservancy's enabling legislation, and priorities in existing state plans, particularly the CA Water Action Plan. In addition, we considered priority



issues within our jurisdiction and consideration of what sorts of projects are most likely to achieve multiple benefits, serve disadvantaged communities, and result in quantifiable outcomes.

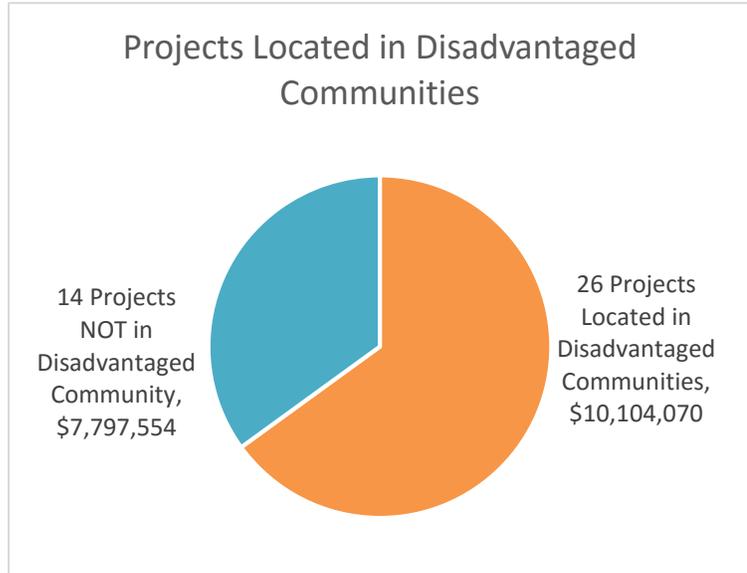
In the first three rounds, the Conservancy staff recommended funding 40 projects. Of these projects, 16 benefit anadromous fish, 11 projects enhance wetlands, 8 improve water sustainability and 5 are urban greening projects. All of the 19 projects under consideration in round 4 are urban greening projects. In addition, all projects have multiple benefits but for this report, they are assigned to a primary priority.

**PROPOSITION 1 GRANT PROGRAM ANNUAL REPORT**

**Disadvantaged Communities**

Prop 1 defines “Disadvantaged Communities” as communities with an annual median household income that is less than 80 percent of the statewide annual median household income (Water Code § 79702(j)). The Conservancy’s Prop 1 Guidelines give preference to projects that benefit Disadvantaged Communities, either by being located in a Disadvantaged Community or by providing direct, tangible benefits such as job training. Chapter 6 of Prop 1 does not have a specific target for the percent of grants to be awarded to projects that benefit Disadvantaged Communities.

This chart shows that 65% of the projects recommended for funding (and 57% of the dollars) were for projects located in Disadvantaged Communities.



**Matching Funds**

The Conservancy’s Prop 1 Guidelines distinguish between matching funds from other state sources and non-state matching funds. For purposes of scoring we do not count other state funds as match, however the support from multiple state programs may show leverage and widespread support for a project. In aggregate, the \$17.9 million recommended for Prop 1 funding is matched with \$42.4 million in non-state funding and an additional \$86 million of other state funds. In aggregate, the Conservancy continues to leverage its funding significantly, for these initial Prop 1 projects the total leverage was more than \$8 of matching funds for every \$1 of Conservancy funds. However, matching funds vary enormously depending on the project. There is an urban greening project in Richmond that has no match, while in the recent South Bay Salt Pond authorization include more than \$22 million in matching funds.

**Coordination with Other Proposition 1 Funders**

Chapter 6 of Prop 1 provides funding to several agencies to support related project purposes. The Conservancy is actively coordinating with these agencies to ensure that funds are directed to highest priority projects and further state plans such as the California Water Action Plan. During the past year, the Conservancy has met regularly with the California Department of Fish and Wildlife (DFW), the Wildlife Conservation Board, the California Natural Resources Agency, the Ocean Protection Council and some other state conservancies to coordinate Prop 1 implementation. Conservancy staff have responded to multiple requests for information and examples from our grant programs to assist agencies with less experience making grants.

**PROPOSITION 1 GRANT PROGRAM ANNUAL REPORT**

Conservancy staff are participating on a DFW technical review panel and staff from DFW helped score some of the Conservancy’s Prop 1 proposals.

In addition, Conservancy staff have applied for and received several Prop 1 grants. Some of these grants were awarded to the Conservancy and others were awarded to project partners for projects the Conservancy has helped plan and develop. The table below shows the Prop 1 funding from other agencies awarded to Conservancy projects this year.

<b>Project Name</b>	<b>Grantor</b>	<b>Amount</b>
<i>Grants Directly to Coastal Conservancy</i>		
South Bay Salt Ponds	DFW	\$5,000,000
Invasive Spartina Project	DFW	\$3,000,000
Cardiff Living Shoreline	OPC	\$2,195,932
<b>Subtotal</b>		<b>\$10,195,932</b>
<i>Grants to Coastal Conservancy Projects</i>		
Salt River Restoration Project	DFW & OPC	\$2,367,438
Upper Devereaux Slough Restoration	DFW & OPC	\$1,997,095
<b>Subtotal</b>		<b>\$4,364,533</b>

**Proposition 1 Guideline Revisions**

Based on our experience with the first year of Prop 1 grant administration, staff is recommending revisions to the Conservancy Guidelines. The proposed revisions reduce the annual grant rounds from four to three and clarify some of the project scoring criteria to help both applicants and reviewers.