

COASTAL CONSERVANCY

Staff Recommendation

January 18, 2007

CALIFORNIA COASTAL AND OCEAN PROJECTS FUNDING STUDY

File No. 001-07

Project Manager: Neal Fishman/Carol Arnold

RECOMMENDED ACTION: Consideration and possible authorization to disburse up to \$90,000 to the Monterey Bay Aquarium Research Institute to carry out an economic study of existing state expenditures and to identify funding gaps for California coastal and ocean restoration and protection programs and projects.

LOCATION: Statewide

PROGRAM CATEGORY: Coastal and Marine Resources Protection

RESOLUTION AND FINDINGS:

Staff further recommends that the Conservancy adopt the following findings: Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31000 *et seq.* of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes disbursement of an amount not to exceed ninety thousand dollars (\$90,000) to the Monterey Bay Aquarium Research Institute (MBARI) to carry out an economic study evaluating existing state expenditures and funding gaps for the protection and restoration of California coastal and ocean resources, subject to the condition that prior to the disbursement of any Conservancy funds, MBARI shall submit for review and approval of the Executive Officer of the Conservancy, a work program, budget, schedule, and any contractors and subcontractors to be employed to complete the study.”

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

1. The proposed project is consistent with Chapter 5.5 (regarding coastal and marine resources protection) of Division 21 of the Public Resources Code.
2. The proposed project is consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy of January 24, 2001.
3. MBARI is a private 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 California Public Resources Code.”

PROJECT SUMMARY:

This project will result in the completion of an economic study evaluating existing state funding expenditures and identifying funding gaps for California coastal and ocean restoration and protection programs and projects. This study is a priority of the Ocean Protection Council's Strategic Plan (OPC Plan).

California's ocean resources – its beaches, ports, off-shore and on-shore habitats, and nearby urban areas – are of tremendous value to both the state's economic health and quality of life for its over 34,000,000 residents. The National Ocean Economics Program, formerly headquartered at California State University at Monterey and now at MBARI, has estimated California's ocean economy at \$43 billion, making it the largest in the United States. Yet, like coastal and ocean resources world-wide, California's are vulnerable.. Within the last six years, two groundbreaking reports on the status of world oceans - the first the product of the U.S. Commission on Ocean Policy, the second, by the Pew Oceans Commission - identified alarming trends in ocean resource management that have led to depleted fish populations, degraded wetlands and polluted coastal waters.

California is recognized as a leader within the burgeoning field of coastal zone and ocean management and as such is well-positioned to implement pioneering projects and policies that will serve as models to other states and nations attempting to restore and protect our valuable marine resources. Yet little is known regarding the actual amounts spent on ocean protection and restoration in California by state agencies and departments, whether there are duplications, and most importantly, what the expenditures are relative to the real needs in order to identify funding gaps. For this reason, the OPC Plan recommends this study as an important step in maximizing the effectiveness of funds spent to protect and conserve California coastal and ocean resources.

A general outline of tasks to be accomplished by this project is provided below:

1. Identify expenditure categories and funds spent by state agencies and departments responsible for managing water, land and other resources related to coastal and ocean resource protection and restoration.
2. Establish clear guidelines to obtain accurate data on spending within the categories based upon a precise definition of coastal and ocean-related investments.
3. Develop a survey that can be submitted to all relevant agencies and departments to obtain budget information consistent with the established guidelines.
4. Send the survey to targeted agencies and departments to be completed by their budget offices and helping them to extract the requested information.
5. Organize and evaluate the survey results.
6. Analyze program priorities as reflected in the OPC Plan.

7. Develop a gap analysis based upon the results of the survey and the review of program priorities to identify needed funding to implement the full range of projects and programs recommended in the OPC Plan.

With its emphasis on state-of-the art ocean research, MBARI is uniquely positioned to carry out this project. MBARI is in the forefront of coastal and ocean research, employing some of the top scientists in the world. The study will be conducted by MBARI personnel, including the world-renowned ocean economist, Judith Kildow, the director of MBARI's National Ocean Economics Program. The National Ocean Economics Program has extensive experience in all areas related to the monetary value of ocean resources, as well as in projecting costs associated with sustainable management of those resources.

Site Description: The project will focus on programs and projects related to coastal and ocean protection and restoration within California's coastal and ocean jurisdiction.

Project History: The OPC Plan recommends the completion of several economic studies to understand the monetary dynamics behind coastal and ocean resource protection and restoration programs and projects in California. As recommended in the OPC Plan, staff has recently initiated a study to evaluate potential future funding sources for such programs and projects. The second study recommended by the OPC Plan is the one now proposed by MBARI and described in this recommendation. Staff believes that this study would complement the efforts already underway to assure that priorities for ocean protection and restoration can be accomplished.

PROJECT FINANCING:

Coastal Conservancy	\$90,000
MBARI (in-kind)	5,000
Total Project Costs:	\$95,000

The expected source of funds for this project is the 06/07 appropriation to the Conservancy from the California Environmental License Plate Fund. The Environmental License Plate Fund may be used only to support identifiable projects and programs of state agencies, local governments, private nonprofit environmental and land acquisition organizations and private research organizations which have a clearly defined benefit to the people of the State of California and one or more of a number of specified purposes, including protection, enhancement and restoration of fish and wildlife habitat and related water quality (Public Resources Code §21190(e)). In addition, and in furtherance of these purposes, money in the fund may be expended, upon appropriation by the Legislature, pursuant to Division 26.5 of the Public Resources Code, the Ocean Protection Act (Public Resources Code §21190.5). These funds were appropriated to the Conservancy in FY 06/07 explicitly for ocean protection purposes, in accordance with the budgetary process provided in the Environmental Protection Program (Environmental License Plate) legislation, Public Resources Code §§21191-21193. As discussed in detail below, the project is consistent with the Ocean Protection Act and with Chapter 5.5 (Section 31220) of Division 21, Public Resources Code.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

This project is consistent with Chapter 5.5 (regarding coastal and marine resources protection projects) of Division 21 of the Public Resources Code, in the following respects:

Under Section 31220(a), the Conservancy may award grants to public agencies and nonprofit organizations to protect and restore coastal and marine water quality and habitats. The goal of this study is to provide essential economic data that will better equip agencies and departments of the state to implement coastal watershed, water quality, sediment management and marine resource protection and restoration projects.

Section 31220(b) permits the Conservancy to award a grant for an ocean and marine resources protection project only if the project achieves one or more objectives, including the protection and restoration of fish and wildlife habitats, and the reduction of threats to coastal and marine fish and wildlife, but also if the project provides for activities consistent with Division 26.5 (commencing with Section 35500). The proposed project will provide for activities consistent with the Ocean Protection Act by helping to develop a financial framework to support coastal and marine resources protection and restoration programs.

More specifically, the Ocean Protection Act declares that good governance and stewardship of ocean resources necessitate more efficient and effective use of public funds; and that the state needs to coordinate governance and stewardship of the state's ocean to identify priorities, bridge existing gaps, and ensure effective and scientifically sound approaches to protecting and conserving the most important ocean resources (Public Resources Code §35505(d) and (e)). A primary purpose of the Act is to integrate and coordinate the state's laws and institutions responsible for protecting and conserving ocean resources to improve coordination and management of state efforts to protect and conserve the ocean by establishing a cabinet level oversight body – the Ocean Protection Council – responsible for identifying more efficient methods of protecting the ocean at less cost to the taxpayers (Public Resources Code §35515). The proposed study is consistent with these legislative purposes and will assist the Council to fulfill its responsibilities and accomplish one of the major goals of its Strategic Plan. The project is consistent with Goal A, Objective 1a, of the OPC Plan to maximize the effectiveness of funds spent to protect and conserve coastal resources by completing “a comprehensive study of all state agency budgets and ocean protection activities...[including] an assessment of existing special funds and whether those funds have been fully expended in existing operating budgets, an assessment of the range of existing and potential uses for any identified funds, and an assessment of whether there is a duplication of fund efforts.” This project will include all of these tasks.

CONSISTENCY WITH CONSERVANCY'S STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):

The Conservancy's Strategic Plan was adopted in 2003, prior to the enactment of the Ocean Protection Act and of Chapter 5.5 of Division 21 of the Public Resources Code. However, as discussed above, the project is consistent with the Ocean Protection Council's Strategic Plan and will help to implement it. It is also generally consistent with Goal 6 (to improve water quality, habitat and other coastal resources within coastal watersheds and the ocean) and Goal 14 (to improve strategic planning, productivity of staff, decision making, and coordination with other organizations) of the Conservancy's Strategic Plan.

**CONSISTENCY WITH CONSERVANCY'S
PROJECT SELECTION CRITERIA & GUIDELINES:**

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines adopted January 24, 2001, in the following respects:

Required Criteria

1. **Promotion of the Conservancy's statutory programs and purposes:** See the "Consistency with Conservancy's Enabling Legislation" section above.
2. **Consistency with purposes of the funding source:** See the "Project Financing" section above.
3. **Support of the public:** The Ocean Protection Council's Strategic Plan had extensive public input in developing priorities for coastal and ocean protection and restoration programs and projects, including this study.
4. **Location:** The study will focus on projects and programs undertaken by state agencies and departments within California's coastal and ocean management zones.
5. **Need:** Without Conservancy funding, this study would not be possible.
6. **Greater-than-local interest:** The focus of the study will be the coastal and ocean management zones within the entire state, serving the needs of all regions.

Additional Criteria

7. **Urgency:** Without a clear picture of financial resources currently being devoted to coastal and ocean protection and restoration, it is impossible to predict the extent of funding needed to accomplish the priorities of the OPC Plan.
8. **Innovation:** This project will be undertaken by MBARI, one of the most innovative ocean research institutions in the world. MBARI staff will use state-of-the-art economic research tools to gather and analyze data. This will assist others involved in coastal and ocean management to undertake similar studies within their jurisdictions.
9. **Readiness:** MBARI is ready to proceed on the project.
10. **Realization of prior Conservancy goals:** "See "Project History" above."
11. **Cooperation:** The project will be a cooperative effort of MBARI and California state agencies and departments with responsibilities for coastal and ocean resource protection and restoration.

COMPLIANCE WITH CEQA:

The proposed study is not a "project" for purposes of the California Environmental Quality Act because it has no potential for resulting in either a direct or reasonably foreseeable indirect physical change in the environment. Pursuant to 14 California Code of Regulations Section

15262, a “project” does not include government fiscal activities, organizational or administrative activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.