

STATE COASTAL CONSERVANCY

10-YEAR FUNDING PLAN

In the 2011-12 Budget, the State Coastal Conservancy (Conservancy or Coastal Conservancy) was directed to develop a long-term plan for funding the agency:

“On or before January 10, 2013, the State Coastal Conservancy shall submit a long-term plan for the State Coastal Conservancy spanning a 10-year period starting in 2013-14. The plan shall include funding needs should no new bond funds be made available, staffing reduction plans, and options for continued support for core functions (including the Ocean Protection Council).”

At no time in its 36 year history has the Conservancy had a single, sustained source of funds for its operations or its projects. Over the years, bond funds have come and gone, federal support has waxed and waned, and there have even been appropriations from the General Fund to support the Conservancy’s operations. Now the Conservancy is clearly in a period of transition. During the past decade, the Conservancy was entrusted with \$960 million in bond funds. The small percentages allowed for the administration of the bonds have supported the agency during this period and are expected to pay for much of the agency’s operation during the next few years. The Conservancy still has about \$160 million of bonds that it will administer over the next seven years.

Assuming there is no new bond, the Conservancy will need to find new sources of funding to pay for its work. It will shift its focus from grant administration back to its traditional role of providing technical assistance and facilitating regionally important, complex projects. This plan identifies many possible sources of funding for the Conservancy’s work, but many of these strategies will require Conservancy staff to focus their effort on raising funds both for the agency and its projects rather than on implementing our mission. Funding is needed to support the Conservancy’s operation to ensure that the agency is able to continue to advance the state’s goals of coastal conservation. Absent a new bond, the Conservancy staff will shrink over the next decade, as the workload associated with the bond fund management diminishes.

This year, the administration is proposing moving the Ocean Protection Council away from the State Coastal Conservancy to the Natural Resources Agency. Assuming that proposal is approved, this plan does not address funding for the Ocean Protection Council.

What is the Coastal Conservancy?

California is blessed with one of the most beautiful coastlines in the world. The coast is an environmental, recreational and economic asset for our state, attracting tourists and enriching our quality of life. Two out of every three Californians lives in a coastal county and millions of visitors come to our coast each year. The coast is also a major economic driver in the

state: the National Ocean Economics Program found that in 2000 the total gross state product of California's coast and ocean was approximately \$42.9 billion and it supported almost 700,000 jobs. Its prime agricultural lands support valuable specialty crops that grow in few other locations. California's beaches are one of the state's most prized recreational amenities. Wetlands, sand dunes, lagoons and other coastal natural resources provide important habitat for rare species, nurseries for our commercial fisheries, and flood protection for our communities. Coastal watersheds provide clean water, support important forest lands, and are critical habitat for salmon and other fish.

The people of California have long recognized the value of our coast and have consistently supported stewardship of its resources. In the 1960s, environmental activists prompted legislation to protect the shoreline of San Francisco Bay, and in the 1970s, California voters enacted Proposition 20, a grassroots initiative to preserve the natural beauty of the outer coast. Together these laws established that the coast and Bay shoreline are important natural resources for the benefit and enjoyment of all of the people of California. As Proposition 20 states "it is the policy of the State to preserve, protect, and where possible, to restore the resources of the coastal zone for the enjoyment of the current and succeeding generations".

California manages its coastal resources with two strong regulatory agencies that limit harmful impacts to coastal resources: the [California Coastal Commission](#) (Commission), which regulates development along the state's coastline; and the [San Francisco Bay Conservation and Development Commission](#) (BCDC), which regulates development of the San Francisco Bay shoreline.

A key strength of California's strategy for coastal protection is that it does not rely on regulation alone. The Coastal Conservancy was created in 1976 to work pro-actively and in partnership with local governments, nonprofit organizations, and other agencies. The Conservancy was created to implement projects that protect coastal resources; expand public access to the coast; enhance its natural resources and support coastal-dependent economic development. The Conservancy's mission is to act with others to preserve, protect and restore the resources of the California coast, ocean, and the San Francisco Bay Area. Our vision is of a beautiful, restored and accessible coastline, ocean and San Francisco Bay Area.

Why the Coastal Conservancy is important?

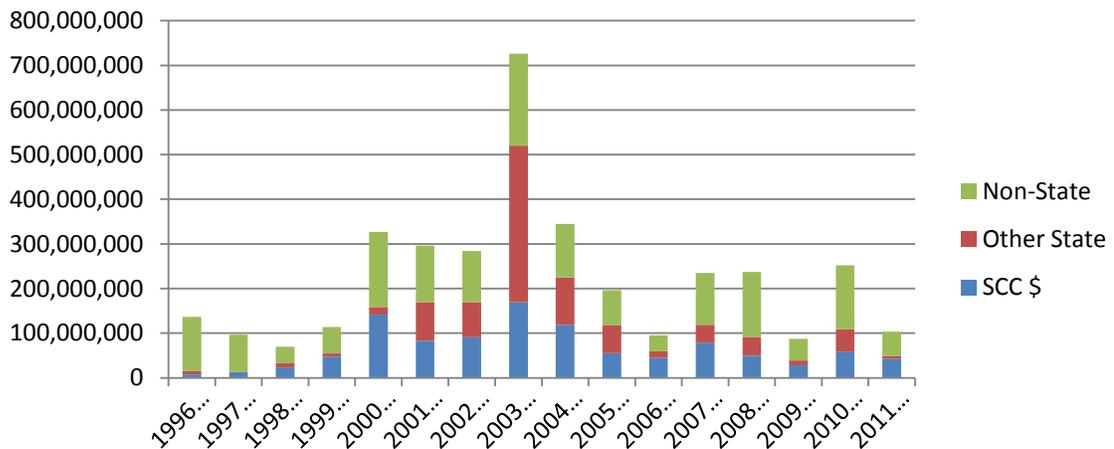
The Coastal Conservancy was the first of the state's conservancies, created out of recognition that collaborative, creative, non-regulatory efforts were needed to achieve the state's goals of coastal conservation. The Legislature explicitly recognized that regulatory programs alone would not achieve our goals. In many instances it is cheaper, faster, and more effective to achieve conservation through collaborative projects rather through contentious regulation.

Since the Coastal Conservancy was created, nine more state conservancies have been created. Each of them covers a specific geography of the state, and each conservancy has a wide variety of different tools it can use to solve the unique resource issues that it deals with. Like the Coastal Conservancy, the other state conservancies were created in the belief that there was a need for a nimble, non-regulatory approach to conservation within their specific

geographies. All of California’s conservancies are facing, to some degree, the same kinds of financial issues that the Coastal Conservancy is. While this report presents a scenario for how the Coastal Conservancy can continue to work in the absence of future bond money, many of the strategies we cover may be applicable to other state conservancies.

The Conservancy acts in partnership with local governments, engaging when statewide interests are at stake. Goals such as the provision of clean water, protection of biodiversity, and completion of regional trails contribute to all of our well being and quality of life but cannot be implemented solely at a local level. Watersheds cross county lines, rivers meander through multiple cities, wildlife migrate and trails cross jurisdictions. Although there are many fine local government and non-governmental conservation agencies in this state, they cannot be expected to keep an eye on the big picture of California’s resources; inevitably they will have concerns that are purely parochial. The Conservancy works on behalf of the citizens of California, developing innovative projects to protect and enhance significant coastal resources for the benefit of all.

There is considerable evidence that protecting existing natural resources is more cost-effective than restoring them after they are degraded. The conservancy model also enables the state to offer incentives to attract and obtain matching funds from local, federal and private funds to protect resources, thereby resulting in a relatively lower cost than a purely state purchase and ownership conservation model. Over the past 15 fiscal years (ending with fiscal year 2011), the Conservancy authorized \$1,052,521,838 for its projects. For every dollar the Conservancy provided, our projects received more than \$2.50 in matching funds. Non-state sources including local, federal and private partners provided \$1.6 in matching funds, while other state agencies provided \$0.90. Over the past 25 years, Conservancy funds have been matched on average \$2.80 to \$1.



The Conservancy is a problem solving agency, emphasizing on-the-ground accomplishments and science-based planning. Good planning is at the core of the Conservancy’s approach; we have funded hundreds of regional and watershed plans that include technical assessments of resource and recreational issues, and recommendations for priority activities, projects and other management measures and solutions. The Conservancy

works on a range of geographic scales to plan and implement projects that achieve multiple objectives, such as restoration of habitats, completion of trails and recreational amenities, and economic enhancement of urban waterfronts.

Conservancy staff adds value by its combination of technical knowledge, commitment to community involvement, skill at communicating the needs of the coast and San Francisco Bay region to decision makers, and experience in helping to address coastal issues. In updating the Conservancy's strategic plan, we conducted more than 130 interviews with key partners and stakeholders. During these interviews, comments about the Conservancy were overwhelmingly positive; the Conservancy is viewed as a highly collaborative, responsive, efficient, innovative, and problem-solving agency. Many people commented that the Conservancy's staff is highly valued by local partners for their competence, expertise and credibility.

Accomplishments

The Coastal Conservancy has played a critical role in shaping the coastal landscape that we see today. Since its creation, the Conservancy has completed more than 1,500 projects, building hundreds of miles of trails, constructing hundreds of public access facilities, and preserving hundreds of thousands of acres of wildlife habitat, coastal farmland, and scenic open space. Many of the most-loved scenic, natural, and recreational resources of the California coast and the San Francisco Bay Area have been protected by the work of the Conservancy and its many partners.

Over the past decade, the voters of California have entrusted the Conservancy with nearly \$1 billion in bond funds to protect coastal resources and improve public access to the coast. These funds have allowed the Conservancy and its partners to implement very significant projects, protecting more than 189,000 acres, building more than 240 miles of trails; and enhancing more than 18,400 acres of coastal habitat. Many projects that had been planned for decades were able to be implemented as a result of this enormous public investment.

Improving Public Access. From Crescent City to Tijuana, the Conservancy is building new stairways, opening coastal accessways, providing beach wheelchairs, restoring light houses, installing interpretive signs, and supporting nature education centers.

Protecting Natural Lands and Open Space. The Conservancy is working to conserve scenic open space and coastal habitat along the coast and around the San Francisco Bay. Land conservation preserves critical habitat, supports local agriculture, prevents sprawl, and creates recreational opportunities.

Restoring Coastal Wetlands. Tens of thousands of acres of coastal wetlands are being restored along the coast and around the Bay, reversing a century of wetland destruction and providing habitat for birds, fish and other species. These projects provide the public opportunities to experience nature, protect against future flooding, sequester atmospheric carbon, and improve water quality.

Completing Regional Trails and River Parkways. The Conservancy is building regional trails along the coast, including the California Coastal Trail, the San Francisco Bay Trail, the San Francisco Bay Area Ridge Trail, the Santa Ana River Parkway, and the San Diego Bayshore Bikeway.

Preparing for Climate Change. The Conservancy has led some of the nation's first managed retreat projects to help prepare the coast for the impacts of future sea level rise. We have also implemented projects to restore eelgrass and native oyster habitat and to study their potential for reducing wave energy and protecting inland areas from sea level rise and storm surge.

Leading Multi-Agency Partnerships. Around the state, Coastal Conservancy staff have led multi-agency partnerships to improve coordination, integration, and help speed implementation of important resources conservation projects. These initiatives include the Southern California Wetlands Recovery Project and the Integrated Watershed Restoration Program on the central coast.

The Conservancy plays an important role in protecting and improving the state's coastal resources. It accomplishes more than a regulatory program could achieve. The Conservancy solves problems, facilitates agreements, overcomes permit roadblocks, and coordinates agencies. The Conservancy leads many planning efforts, working collaboratively with local agencies to advocate for regional and statewide interests. The Conservancy is able to bring in significant matching funds even when there isn't a lot of state funding for these projects. Here are a few examples of specific projects where the Conservancy has played a critical role:

Fort Bragg Waterfront Redevelopment . For over a century, the city of Fort Bragg in Mendocino County had a coastline dedicated to industrial timber production and was closed to the public, until Georgia-Pacific closed operations in November 2002. Faced with the challenge of redeveloping nearly three miles of urban coastline, the city turned to the Conservancy for assistance. The Conservancy provided seed funding and significant staff resources to help conduct public outreach and market studies, facilitating community input into an economic development plan for restoration and reuse of the site.

Top priorities of this plan included remediation and reuse of the site and restoring public coastal access to Fort Bragg's citizens and visitors. The Conservancy played a key role in realizing the vision for coastal access at the site, providing \$4.2 million in funds to acquire a continuous coastal trail corridor and parkland along the waterfront (matched by a \$3,310,560 donation of land from Georgia-Pacific), helping spur the remediation of the site, and providing \$1,362,000 towards development of the coastal trail and other amenities. The Conservancy also provided funding to the city to acquire additional property for the future site of a marine science center.

The city's acquisition of its public shoreline has leveraged more than \$7 million of other local, state and federal funding for development of recreational and interpretive amenities. Conservancy staff has continued to help throughout, providing technical and planning assistance, developing funding sources, and assisting with design and permitting challenges. Ultimately, the project will open Fort Bragg's coastline to the public for the first time in

generations, creating more than four miles of trail from the Pudding Creek Trestle on the north to the Noyo River Bridge on the south. The heart of Fort Bragg will finally be reconnected to its coast through renewed access, daylighted creeks, and restored coastal habitats, public amenities, and education.

Napa River Flood Protection Project. The Napa River caused extensive repeated damage to downtown Napa for many decades. Beginning in 1944, the U.S. Army Corps of Engineers (Corps) developed alternative flood control projects designs, but failed to obtain local support due to concerns about the project design, costs and environmental impacts. In the 1990s, concerned about yet another failed flood control program, the local flood control district initiated a new planning approach that included local businesses, environmental organizations, and public agencies, including the Coastal Conservancy.

For six months, Conservancy staff assisted this planning effort, identifying and designing alternative flood protection projects with the goal of developing a plan that provided flood protection to the community while maintaining a “living river.” Conservancy staff conducted research on various planning and funding topics and made presentations to up to 300 participants. The Conservancy was able to do what other agencies or non-governmental organizations were not able to do, acting quickly to provide targeted funding to assess technical issues that if not addressed, would result in a loss of over \$20 million in federal funds for flood protection. For example, technical work funded by the Conservancy demonstrated that removal of levees below the city of Napa would reduce flood levels in downtown and allow for restoration of over 600 acres of wetlands.

The Conservancy’s staff work and targeted technical assistance is credited with addressing technical questions and helping resolve regulatory issues, enabling the Corps, the community and other agencies to agree on a final project. Today, the Napa River Flood Control Project is a national model for multi-benefit flood protection. The Conservancy helped resolve critical issues and create an effective, environmentally favorable flood protection project implemented primarily with federal and local funding.

South San Francisco Bay Salt Ponds Restoration – The acquisition of 15,100 acres of salt ponds in San Francisco Bay in 2003 enabled landscape-scale planning for wetlands restoration, flood protection, and public recreation in the South San Francisco Bay. Senator Dianne Feinstein brokered the acquisition from Cargill, working with a mix of federal, state and private foundation funds. The private foundations were very interested in ensuring the success of the project and requested the Conservancy’s involvement as a coordinator of the planning effort. In cooperation with the landowners (U.S. Fish and Wildlife Service and California Department of Fish and Wildlife), the local flood management agencies (Santa Clara Valley Water District and Alameda County Flood Control District), as well as U.S. Geological Survey and others, the Conservancy ran a scientifically-sound, publicly-supported planning process, which was completed in late 2008. The first wetland restoration and public access construction began the following year and close to 3,000 acres of wetlands have been restored or enhanced and three miles of trails have been built to date. The Conservancy is also working with Santa Clara Valley Water District and the Corps on the integrally-related South San Francisco Bay Shoreline Study

to address flood risk in Silicon Valley (both now and in the future given sea level rise) and to develop and implement alternatives for flood protection and wetlands restoration along the Santa Clara County shoreline.

Without the Conservancy, it would have been very challenging for all the project partners to work so closely together and maintain a regional and multi-objective perspective. While each of the involved agencies is committed to the project, each has their own geographic and programmatic interest areas. The Conservancy, through its staff expertise, its funding for planning and project management, its efforts to secure and manage federal grants, and its big-picture, multi-objective view, has kept the project on track and moving forward through implementation.

Carmel River Restoration (San Clemente Dam Removal). The Conservancy has been essential to the effort to remove San Clemente Dam and restore the Carmel River. The 106-foot-high dam was built in 1921 as a water storage reservoir and is owned by California American Water Company (CalAm). The reservoir is now 95 percent filled with sediment, and the dam no longer serves any function. Twenty years ago, the Department of Water Resources determined the dam could fail in a severe earthquake or flood. CalAm proposed to address this safety issue by buttressing the dam in place. However, the Conservancy recognized that removing the dam would not only solve the safety issues, but also increase spawning and rearing habitat for federally-listed steelhead trout, re-establish natural sediment supply to the beach, and potentially protect over 900 acres of watershed lands. For these reasons, the Conservancy has advocated for a cooperative dam removal project.

The project is now poised to begin construction this summer as a public-private partnership. CalAm will contribute \$49 million for the removal, the same amount it would have cost to buttress the dam. CalAm will also donate the dam site and surrounding land holdings to the Bureau of Land Management. State, federal and private partners will contribute up to \$35 million to pay for the additional costs of the deconstruction. During the past five years, the Conservancy has commissioned technical analysis of the dam removal project and has led the effort to work with CalAm, National Oceanic and Atmospheric Administration and other stakeholders to implement the cooperative project. The Conservancy has secured the state, federal and private funding; negotiated the project implementation agreements; assisted with project design review; worked to secure all necessary permits; and helped identify a long-term landowner.

Southern California Wetlands Recovery Project. The Conservancy has been responsible for staffing the Southern California Wetlands Recovery Project (WRP) since its creation in 1997. The WRP is a partnership of 19 state and federal agencies, created to increase the pace and effectiveness of coastal wetland and watershed acquisition, restoration and enhancement in Southern California. The WRP has successfully developed regional wetland monitoring programs, has advanced the science behind restoration, and has strengthened inter-agency coordination in implementing these projects

Since its inception, 82 of the regionally prioritized projects have been completed. More than \$580 million dollars has been spent on the 82 completed work plan projects, with state

funding matched with a 2-1 ratio. The WRP has also supported more than 90 community restoration grants, funded primarily with settlement funds, to support community-based wetland restoration projects.

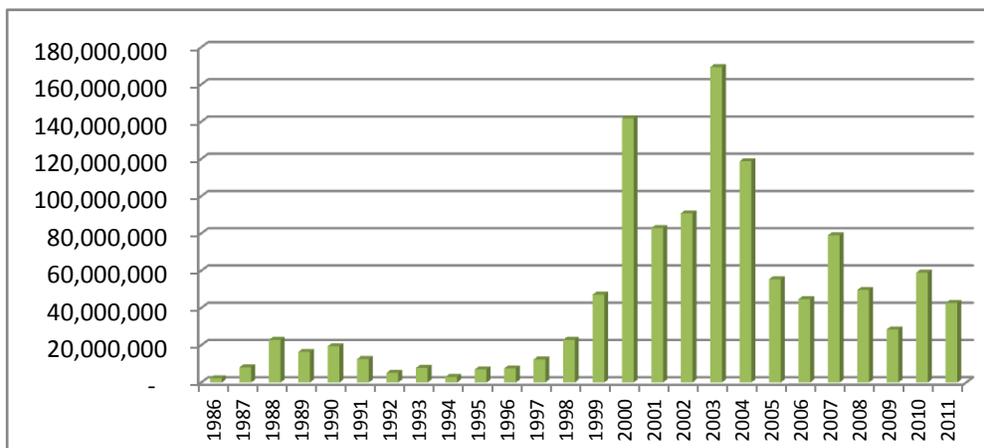
Current Funding for the Conservancy

About \$160 million remains from the Conservancy’s previous bond allocations for projects. Each bond act included specific language governing the use of its funds. In many cases, funds are restricted to specific geographic areas or specific projects. Almost half of the remaining bond funds must be used for specific purposes. For planning purposes, we anticipate that the Conservancy will receive about \$5 million per year for its projects from other sources, including Habitat Conservation Fund, Violation Remediation Account and Coastal Access funds.

The [Conservancy’s 2013-18 Strategic Plan](#) identifies specific goals and numeric objectives that the Coastal Conservancy will achieve over the next five years. For each of the goals, we have identified numeric objectives under two funding scenarios. The first scenario assumes that there are no new bond funds available to the Conservancy. The second funding scenario assumes that a new statewide bond measure passes sometime in or after 2014 and provides an additional \$400 million for the Coastal Conservancy. The difference in what can be accomplished is striking. For example, with existing funding we expect to restore 2,465 acres of wetlands, but with new bond funds, we could restore 13,400 acres.

Throughout its history (and during the past decade), the Conservancy has played a role beyond grant administration. The chart below shows the total amount the Conservancy

authorized for its projects and grants each fiscal year for the past 26 years. It is only during the past decade that the Conservancy has been a major funding agency.



A commitment is needed to fund the Conservancy’s operation into the future. Without funding to continue the operation of the Conservancy, we will have to eliminate staff. The Conservancy staff brings knowledge, planning, problem-solving and technical skills to address natural resource and public access issues of statewide importance. Assuming there will be less funding for grant-making, there remain important roles for the Conservancy staff to help preserve the resources of the coast and improve public access. As an example, Conservancy staff have experience and proven success obtaining outside funding and securing grants to support our projects.

Conservancy staff currently coordinate many regional conservation efforts across multiple jurisdictions, building partnerships and facilitating coordination among federal, state and local interests to achieve conservation goals. These regional efforts develop plans, address emerging issues, and identify and implement priority projects. The Conservancy helps resolve potential permit roadblocks and coordinates agencies (such as facilitating joint agency review of projects) to support implementation of regionally important projects. This work is of significant value to our state, even when there is limited funding for state grant making. Loss of Conservancy staff would impact many important efforts around the state where they are leading efforts to advance coastal protection. Examples of the programs that could be impacted include:

- Southern California Wetland Recovery Project
- Bay Area Ecosystem Climate Change Consortium
- Tijuana River Valley Recovery Team
- Humboldt Bay Sea Level Rise Adaptation Planning
- Santa Cruz County Integrated Watershed Restoration Program

Without a new source of funding for the Conservancy, project funds will become increasingly scarce. As a result, the Conservancy will focus on completing projects that we have worked on for years. It is unlikely that we will initiate any new, large scale, long-term projects. As an example, absent new bond funds, it is unlikely that the Conservancy will enter into any more cost-sharing agreements with the U.S. Army Corps of Engineers for new ecosystem restoration projects. During the past 10 years, Conservancy staff led implementation of many regionally significant projects. Absent adequate funding, the Conservancy would not be able to continue work on many important and ongoing projects. In fact, the Conservancy has already begun to turn down regionally important projects due to a lack of funding. Here is a partial list of the ongoing projects that might be halted and new projects we have already turned down:

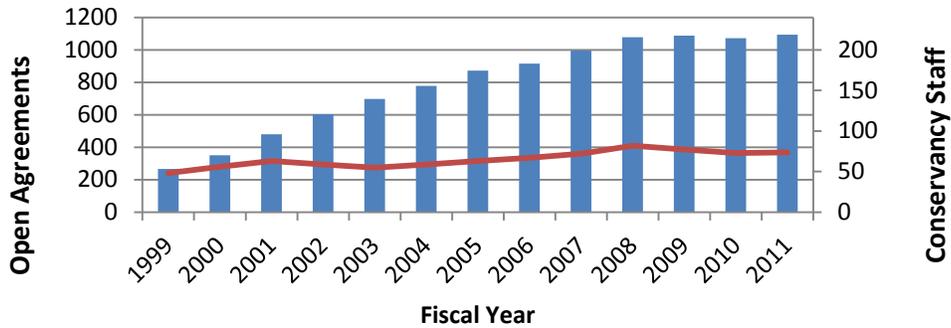
- Lost Coast Redwood and Salmon Initiative
- Klamath River Forest Conservation Acquisition
- Fort Bragg Waterfront Redevelopment
- Eureka/Arcata Rail with Trail
- Implementation of Humboldt Bay Sea Level Rise Adaptation
- South Bay Salt Pond Restoration and Silicon Valley Flood Protection
- Invasive Spartina Project
- San Francisco Bay Trail, Bay Area Ridge Trail and San Francisco Bay Area Water Trail
- Bel Marin Keys Restoration
- Santa Cruz Mountain Land Conservation
- Coastal Trail in Big Sur
- Monterey Bay Trail
- Carpinteria Dunes Boardwalk
- Matilija Dam Removal
- Ormond Beach Wetlands Restoration
- Santa Clara River Parkway

- Malibu Beach Access
- Ballona Wetlands Restoration
- Los Cerritos Wetlands Restoration
- Santa Ana River Parkway
- San Diego Coastal Trail and Bayshore Bikeway
- Restoration of the Tijuana Estuary and Tijuana River Valley

Without funding for its operation, the Conservancy would not be able to meet its ongoing obligations to monitor completed projects or state property interests, accept Offer To Dedications, or support coastal infrastructure (physical and natural, as identified in the Department Of Finance Infrastructure Plan) to keep pace with the state's growing population, changing land use, and emerging challenges such as climate change impacts. For example, the following activities would be compromised:

- Completion of the Coastal Trail, and loss of some opportunities to acquire key connections of land that become available on the market;
- Many of the state's most critically threatened habitats will be lost, degraded or remain of poor quality;
- Streams and watersheds will suffer loss of key ecological functions;
- Marine water quality and habitats will continue to degrade;
- Agricultural and working forests will continue to be converted to other uses and local rural economies will suffer;
- Some of the last remaining opportunities to preserve and enhance open spaces and critical habitat and recreational corridors on a landscape scale will be lost;
- Key economic generators and urban recreational and educational facilities, whose value will rise as the population grows, will remain in less than optimal condition, or not be developed at all;
- The state will be less able to prepare its citizens for the physical, economic, recreational and ecological impacts from a changing climate.

Many Conservancy projects take many years to implement, so there is a significant ongoing workload associated with the large number of grants made in past years, including ongoing obligations to monitor the performance of its construction and acquisition projects for 20 years. One measure of the workload for Conservancy staff is the total number of open agreements. Open agreements include all projects currently being implemented and those with ongoing monitoring requirements. The following table shows that the number of open agreements has continued to increase over the past decade, far in excess of staff increases. In 1999, we had about six open agreements per staff person; in 2010 we had almost 15 open agreements per staff person. Addressing the existing workload is an important factor in this long-term plan, as the Conservancy will need adequate staff to complete existing projects and to implement the new initiatives described in this plan.



Plan for Future Funding of the Conservancy

The Conservancy was created as an entrepreneurial agency and has never had a dedicated source of funds to pay for its operation. It has used a variety of mechanisms to fund its operation throughout its history, including grant repayments, land sales, and other state funds. The Conservancy received General Fund support from 1998 to 2002 in amounts ranging from \$200,000 to \$2.5 million per year. The Conservancy has long planned for its operation funds over a five year period. This document is our first plan that identifies funding sources and operational costs for the next 10 years.

The 10 Year Funding Plan is provided in Table 1. The table is divided into three main sections: Funding Resources, Operational Costs and Available Resources. For each year of the plan, Available Resources shows the total revenue, costs and balance of funds available for the Conservancy. The Coastal Conservancy Fund of 1976 (Fund 0565) is the Coastal Conservancy’s current main support item and serves as our agency’s support cost financial clearing account. According to the fund condition statement, Fund 0565 had a balance of \$3,618,000 at the beginning of fiscal year 2012-13. The plan covers fiscal years 2013-14 through fiscal years 2022/23, through fiscal years 2011-12 and fiscal years 2012-13 are included in the plan for reference.

In presenting this plan, the Conservancy has assumed that there would be no new bond funds and has assumed that the Conservancy would largely be responsible for raising the funding to support its ongoing operation. These assumptions will shift the work of the Conservancy toward projects that generate funding, such as implementing mitigation projects, rather than on those projects that are the state’s highest priority in terms of coastal resources. There are many important types of projects that will be de-emphasized in this approach, including climate change adaptation and public access projects.

The strategy includes assumptions about both revenue generation and cost savings. As we implement this plan, we will monitor our progress achieving the revenue targets and savings identified in this plan. We will adjust our programs, operation and focus based on our performance. We also expect that the plan will need to be revised and updated over the next 10 years.

Table 1 – State Coastal Conservancy’s 10-Year Funding Plan
(\$ in 1,000s)

	FY 11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
FUNDING												
Bond Funds	2000 Park Bond (Prop.12) for Support	1,510	2,009	1,750	750	775	0	0	0	0	0	0
	2002 Park Bond (Prop.40) for Support	2,019	1,011	1,000	339	0	0	0	0	0	0	0
	2002 Water Bond (Prop.50) for Support	716	1,054	750	750	250	0	0	0	0	0	0
	2006 Water/Park Bond (Prop 84)for Support	1,650	2,954	3,300	4,200	4,000	3,200	2,500	1,800	0	0	0
	2006 Water/Park Bond (Prop 84)for Support(OPC	1,080	590	0	0	0	0	0	0	0	0	0
New Revenue	Environmental License Plate Fund	1,495	1,562	0	1,500	1,500	1,500	1,500	1,500	3,000	3,000	3,000
	Violation Remediation Account	0	0	144	50	50	50	50	50	50	50	50
	Carbon Revenue: Forests	0	1,000	0	0	0	0	750	750	750	1,000	1,500
	Management of Mitigation and Other Funds	0	0	190	200	200	200	200	200	200	200	200
	Grants for Conservancy Staff	471	350	350	500	500	500	500	500	500	500	500
	Fee for Service	0	74	74	74	74	150	150	150	150	150	150
	Habitat Conservation Fund (Prop 117)	0	0	200	200	200	200	200	200	200	0	0
	Joint Ventures	0	0	0	0	0	0	0	50	50	150	150
	Bay Restoration Authority	0	0	0	0	0	0	0	0	0	0	0
Deposits	Tijuana Settlement		1,900									
	Victorine Ranch Property Sale			3,000								
	Caspar Headlands				400							
	El Nido Property Sale					1,000						
TOTAL	8,941	12,504	10,758	8,963	8,549	5,800	5,850	5,200	4,900	5,250	5,550	5,550
OPERATING COSTS												
Salaries & Benefits	6,895	6,830	6,270	6,270	6,080	6,080	5,890	5,890	5,700	4,275	4,275	4,275
Facilities & Utilities	449	450	450	450	450	450	450	450	450	450	450	450
Other OE&E	702	542	488	488	473	473	459	459	445	343	343	343
Contracts	1,111	1,111	650	650	500	500	500	500	300	300	300	275
ProRata (Assume 7% of total budget)	644	621	190	550	525	525	511	511	483	376	376	374
TOTAL	9,801	9,554	8,048	8,408	8,029	8,028	7,810	7,810	7,378	5,744	5,744	5,717
AVAILABLE RESOURCES												
TOTAL FUND RESOURCES		12,504	10,758	8,963	8,549	5,800	5,850	5,200	4,900	5,250	5,550	5,550
TOTAL EXPENSE		9,554	8,048	8,408	8,029	8,028	7,810	7,810	7,378	5,744	5,744	5,717
NET		2,950	2,710	555	520	(2,228)	(1,960)	(2,610)	(2,478)	(494)	(194)	(167)
BALANCE	3,618	6,568	9,278	9,833	10,354	8,125	6,166	3,556	1,078	584	390	223
EXPENSE ASSUMPTIONS												
Total Staff	78	76	66	66	64	64	62	62	60	45	45	45
\$/staff (in thousands)			95	95	95	95	95	95	95	95	95	95
subtotal w/o prorata	9,157	8,933	7,858	7,858	7,503	7,503	7,299	7,299	6,895	5,368	5,368	5,343
ProRata = 7% of total	644	621	190	550	525	525	511	511	483	376	376	374

Funding

The top section of Table 1 shows the planned sources of funding to pay for the Conservancy's operation. The section is divided into three sections: Bond Funds, New Ongoing Funding Sources, and One Time Deposits. For each funding source, this document explains the source, our assumptions and basis for the numbers in the plan, and identifies any actions needed to implement the plan.

Bond Funds

The small percentage of the bond funds allowed for administration have supported the agency during the past decade and are expected to pay for much of the agency's operation during the next two years. The Conservancy still has about \$160 million of bonds that it will spend over the next five years. This plan assumes that the Conservancy will continue to receive small amounts of bond administration from propositions 12 and 50 through fiscal year 2015-16 and from Proposition 40 through fiscal year 2014-15

Proposition 84 (unlike Propositions 12, 40 and 50) only allows for 5 percent to be used for "bond administration." The Conservancy expects to continue to receive bond administration funds from Proposition 84 through fiscal year 2018-19. Because Conservancy staff work both implementing some capital projects and administering grants for other projects, staff time is tracked in a timesheet database by project. For the limited number of projects where the Conservancy is implementing the project, rather than administering the grants, these staff costs will be charged against the Conservancy's capital allocation from Proposition 84, not its administrative allocation. Examples of projects where the Conservancy staff are actively implementing projects include: restoration of Hamilton Wetlands, South Bay Salt Pond restoration, Salt River restoration project, and the removal of San Clemente Dam.

- Action needed: Legislative approval of planned bond administration funds.

Annual Revenues

There are many sources of revenue that we have identified to support the ongoing operation of the Conservancy. The Conservancy is already receiving some funding from many of these sources, though this plan identifies opportunities to increase funds received and to develop a more focused effort to recover operating costs from them. In addition, the plan identifies a few new sources of funds that could be used to support the Conservancy. Each of these funding sources is explained below.

a. Environmental License Plate Funds (ELPF)

The California Environmental License Plate Fund receives revenue from the sale of personalized motor vehicle license plates by the Department of Motor Vehicles. Funds are expended pursuant to Division 13.5 of the Public Resources Code and are used to fund budgets of the various state boards, commissions and departments that are consistent with the specified purpose of the fund. From fiscal year 2005-06 through fiscal year 2012-13, the Coastal Conservancy received between \$1.2 and \$1.5 million in ELPF funds for the administration of the Ocean Protection Council. The Coastal Conservancy is the only state

conservancy that does not receive ELPF for its own operation. Other conservancies receive various amounts of ELPF, ranging from 5 percent to 100 percent of their support budgets. In fiscal year 2012, on average, other conservancies received 60 percent of their operating budget from ELPF. The plan requests that the Coastal Conservancy initially receive \$1.5 million (about 18 percent of its budget) from ELPF, increasing to \$3 million (about 50 percent of future operating budget) in the out years.

Currently all of the available ELPF is provided to various state agencies to support their operations. In order for the Conservancy to receive funds, there would either have to be an increase in ELPF revenue, cost savings from an existing program, or redistribution of the existing funds.

- Action needed: Appropriation from ELPF to the Conservancy of \$1.5 million, starting in FY 14/15 and increasing to \$3 million per year in fiscal year 2019-20.

b. Violation Remediation Account

Funds originating from settlements of Coastal Act violations resolved by the Coastal Commission are transferred to the Coastal Conservancy for deposit in the Violation Remediation Account (VRA). Funds in the VRA are managed by the Coastal Conservancy under the terms of a Memorandum of Understanding (MOU) with the Coastal Commission. That MOU was recently updated and signed by both agencies. A detailed [report](#) on the VRA was presented to the Coastal Commission in July 2011. Between 2001 and 2011, a total of \$5,276,225 was deposited in the VRA account. These funds are generally spent on projects in the area of the violation, although expenditures also included \$1,136,000 for the Commission to upgrade its permit database. The remaining balance of current funds available is \$1,824,225.

The Coastal Conservancy has never used any of the funds in the VRA for support costs. However, under the terms of the revised MOU, the Conservancy is allowed to take up to 10 percent of each appropriation for support costs. The plan assumes that the Conservancy will receive 10 percent of future VRA funds for its management costs. It also assumes that deposits into the VRA remain at the rate of \$500,000 per year which is consistent with the average amounts deposited over the past decade. VRA revenues are extremely volatile from year to year and are unlikely to be deposited at a constant rate.

Although the Conservancy's Baseline Support Funding Realignment budget change proposal includes only 5 percent of the VRA appropriation for support, the Conservancy believes that a 10% level is appropriate and justifiable.

- Action needed: Consideration by the administration and the Legislature of additional justification for providing 10 percent of each VRA appropriation for support in fiscal year 2013 and beyond.

c. Sustainable Forests – Carbon Credits and Offsets

The Coastal Conservancy has long helped to fund acquisition of timber land along the north coast. Bond funds have been used to protect these lands from subdivision, to protect sensitive habitats, and to ensure that they are operated as sustainable forests. For many of these forests, sustainable management practices enable the forest manager to sell carbon

credits under the existing voluntary carbon protocol. When the Conservancy provided funding for the Garcia Forest, it was anticipated that the forest would be managed in a manner that would generate revenue. The Conservancy's grant included provisions to require profit sharing. As a result of the carbon revenue on this property, the Conservancy anticipates a payment of \$1 million in fiscal year 2012-13.

This plan anticipates funding future acquisitions of timber land, consistent with our broader goals and priorities, but with a specific intent of generating carbon offsets through sustainable forest management that could be sold under the new carbon market. Some portion of the proceeds from this sale of carbon offsets would be returned to the Conservancy to continue its work. Although there is some uncertainty in the carbon market, we believe there may be other opportunities to fund forest conservation and recoup a portion of the revenue generated from sale of carbon credits or offsets.

We are in negotiations with a nonprofit organization to acquire a specific property that would provide returns of \$750,000 per year starting in fiscal year 2017-18. We expect that the value of the returns would increase over time and with another, smaller forest transaction, we could achieve the revenue projections in this plan.

- Action needed: The Conservancy has not identified any specific action that it needs at this time to implement this funding strategy. As specific proposals are developed, we may identify areas where we need assistance.

d. Mitigation and Management of Project Funds

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. The Conservancy has received mitigation funds from a variety of sources, including the Bay Conservation Development Commission related to the San Francisco Bay Bridge and an in-lieu fee program for wetland impacts in the Calleguas watershed in Southern California.

The plan anticipates expanding in-lieu fee programs and mitigation agreements under which the Conservancy collects and administers funds to implement specific projects. This strategy will provide funding for Conservancy projects and its operation. The Conservancy is currently working with the partner agencies of the Southern California Wetlands Recovery Project to develop a regional in-lieu fee wetland mitigation program. Agency partners in the WRP are very supportive of this concept as it would allow the Conservancy to aggregate mitigation funds to implement regionally important projects rather than small acre-by-acre mitigation projects. The Conservancy is also exploring opportunities to work with Caltrans on a larger scale. The Conservancy has implemented a number of mitigation projects for Caltrans but always on a project-by-project basis. The Coastal Conservancy was named by the State Water Board to manage funds generated from power plants that choose to continue use once through cooling technology during a period of time while that technology is phased out. These funds will be available after 2015; the guidelines determining the amount of money and its uses are still being developed. Finally, we are exploring partnerships with utilities and other entities

where the Conservancy would manage funds and implement a coastal resource enhancement projects in conjunction with their permit requirements.

Many of these funds allow for a percentage (in most cases 10 percent) of the funds to be used for project administration. There is currently \$590,000 in the Coastal Trust Fund that will be used for the Conservancy's administration over the course of project development and implementation. The plan anticipates using that money over the next five years. The plan also anticipates adding an additional \$1 million in mitigation funds with 10 percent used for administrative costs, starting in fiscal year 2013-14 and increasing to \$2 million per year in fiscal year 2019-20.

- Action needed: The Conservancy has not identified any specific action that it needs at this time to implement this funding strategy. As specific proposals are developed, we may identify areas where we need assistance.

e. Grants for Staff

The Conservancy has been very successful in applying for and being awarded grants to fund our projects. When we had sufficient operating funds, we preferred to direct the full amount of grant funding to project implementation and provided staff costs as an in-kind match. In the future, we will seek to increase the amount of staff costs that we recover from all incoming grants, and to use our grant writing skills to apply for grants that would fund staff to implement projects themselves.

The plan anticipates that we achieve \$350,000 in staff costs through outside grants this year and next year. That amount would be increased to \$500,000 per year for all of the following years. We believe this is an attainable target but will require significant staff effort, especially as federal funds may be diminishing.

- Action needed: Our ability to send two people to Washington D.C. twice per year has been critical to our success in securing federal funds. We will continue to need out-of-state travel authorization to obtain significant federal support for our programs.

f. Fee for Service

Several other state conservancies have approached the Coastal Conservancy about providing administrative services to them, including human resources, information technology, and accounting. To the extent that we can achieve efficiencies providing these services to other agencies, these agreements could help support the Conservancy and potentially save costs for our partner agencies. This past year, we entered into an agreement with the Tahoe Conservancy to provide human resources support for that agency. The plan anticipates continuing our agreement with the Tahoe Conservancy which is generating \$74,000 per year and expanding (doubling) fee for service activities in fiscal year 2016-17.

Achieving the projected revenue may require staff reorganization as we will need additional staff to provide those services paid for by other agencies.

- Action needed: The Conservancy has not identified any specific action that it needs at this time to implement this funding strategy. As specific proposals are developed we may identify areas where we need assistance.

g. *Habitat Conservation Funds*

Proposition 117 of 1990 created the Habitat Conservation Fund (HCF) and requires an annual commitment of funds into the HCF for 30 years. Proposition 117 did not create a new source of funding; the money transferred into HCF comes from other sources within the state budget. In recent years, the Legislature has used bond acts to fund the HCF. The Legislature may appropriate up to \$4 million per year to the Conservancy from HCF until fiscal year 2019.

The Conservancy has never used any of its HCF appropriation for support, however this year we submitted a budget change proposal requesting that 5 percent of our HCF appropriation (\$200,000 per year) be used for support. We anticipate continuing to ask this appropriation for support through fiscal year 2019.

- Action needed: Legislative approval to use 5 percent of each HCF appropriation for support from fiscal year 2013 through fiscal year 2019.

h. *Joint Ventures*

The Conservancy is currently exploring projects that it could implement in partnership with local entities that achieve the Conservancy's mission, serve the public, and provide a future return to the agency. One specific project we are pursuing involves partnering with a local port district to develop low to moderate cost visitor accommodations near Morro Bay. As part of the project, the Conservancy would enter into a revenue sharing agreement with the port district.

Based on the revenue projection from this project, the Conservancy expects to receive \$50,000 in revenue in fiscal year 2018-19 and 2019-20 and \$100,000 per year the following three years. The plan assumes that these revenues are achieved and that the Conservancy identifies one more joint venture that generates \$50,000 per year in revenue for three years, starting in fiscal year 2020-21.

- Action needed: The Conservancy has not identified any specific action that it needs at this time to implement this funding strategy. As specific proposals are developed, we may identify areas where we need assistance.

i. *San Francisco Bay Restoration Authority Local Tax Measure*

The San Francisco Bay Restoration Authority (Authority) is a regional government agency created by state law. Staffing for the Authority is currently being provided by the Conservancy and Association of Bay Area Governments as allowed by statute. The Authority is charged with raising and distributing funds for the restoration of San Francisco Bay and its shoreline and is exploring local/regional revenue options. Many of the Conservancy's San Francisco Bay projects could be implemented using these funds, and the Authority could choose to use the Conservancy to administer its funds.

There is a great deal of uncertainty as to how large a local revenue source might be. Further, no decisions have been made about which entities would manage the funds and whether any of the funds could be used for Conservancy support. For those reasons, no values have been assigned to this funding source.

- Action needed: The Conservancy has not identified any specific action that it needs at this time to implement this funding strategy. As specific proposals are developed, we may identify areas where we need assistance.

One-Time Deposits

The Conservancy has identified four specific sources that will result in one-time deposits into the Coastal Conservancy Fund. Each of these sources is described below.

a. *Tijuana Settlement*

In 1998, the Conservancy granted funds to the county of San Diego for the purchase of land in the Tijuana River Valley. The funds for this acquisition came from a special appropriation from the Wildlife Conservation Board (WCB.) The source of these funds was the Habitat Conservation Fund and the Natural Resources Infrastructure Fund. The amount of the WCB contribution for the acquisition of the now condemned property was approximately \$477,000.

In 2006, the federal government condemned a portion of that land to construct the border fence project. The Coastal Conservancy had a deed restriction on the county's land requiring that it be used for park and habitat purposes. The condemnation violated that deed restriction, making the Conservancy a real party in interest. The Conservancy, in partnership with the county, challenged the federal valuation of the condemned property. The Conservancy supported many technical studies and the attorney general's office to pursue this case over the ensuing six years. In May 2012, the federal government offered to settle the case. Although the settlement is not final, we expect that the Conservancy will be able to repay the WCB its \$477,000 and will receive an additional \$1.9 million in exchange for agreeing to cease its litigation.

b. *Victorine Ranch*

The Coastal Conservancy owns a 100-acre property (consisting of three separate parcels) at the Victorine Ranch subdivision in Big Sur, six miles south of Carmel-by-the-Sea and east of Highway 1. It was purchased in 1987 as a proposed receiver site for a transferrable development credit program that was created for the Big Sur area of Monterey County. The idea behind the program was to transfer development credits away from properties within the critical viewshed. The Conservancy secured two credits when it purchased a property west of Highway 1 in Big Sur and extinguished all development rights on that property.

The Conservancy has worked with the Coastal Commission to put easements on its property to preserve viewsheds, sensitive habitat, and two future trail corridors. The final step of the project is to sell the 100 acres and the two transfer of development credits. The Conservancy approved the sale of the property in 2000 but never completed it. The sale of the

property will be done through an auction in spring 2013. The Conservancy anticipates requiring a minimum bid of \$3 million for the property.

c. *Caspar Beach*

In 1999, the Conservancy awarded \$1,792,000 to the Mendocino Land Trust (MLT) to acquire the Caspar Beach property in Mendocino County. Funding for the project came from a special appropriation of General Fund to the Conservancy specifically for acquisition of the property. The approximately 70-acre property included one-half of a popular beach (the other half of the beach was already owned by State Parks), a half mile of riparian corridor along Caspar Creek, a sitka spruce forest, and a flat, marine terrace area that was previously used for agriculture and zoned for residential use. At the time of the Conservancy project approval, it was recognized that not all the property was needed for public access and resource protection, and MLT expected to sell the marine terrace portion on the private market, and the balance of the property was to be transferred to State Parks Funds from the sale of the home site parcel, less the land trust's reasonable costs, were to be returned to the Conservancy.

Transfer of the beach, forest and trail portions of the property to State Parks occurred in February 2012, after MLT worked through a variety of issues with State Parks, dealt with encroachment issues from neighboring landowners, and constructed a section of the coastal trail through the property. In order to prepare the 11-acre home site parcel for sale, MLT has had to work through a number of additional boundary and encroachment issues with neighboring properties. MLT is currently working to resolve the final remaining boundary issue, which is expected to be completed by late 2013, and will then market the property in early 2014. The sales price will be determined by the market at that time, but the Conservancy anticipates at least \$400,000 will be returned to the agency.

d. *El Nido Subdivision*

The Coastal Conservancy owns 183 lots (about 65 acres) in the El Nido small-lot subdivision in the city of Malibu in the Santa Monica Mountains. The Conservancy acquired these lots in order to implement a Transfer of Development Credit (TDC) program in the El Nido subdivision whereby the development potential on small, environmentally sensitive lots was permanently extinguished. The majority of the lots were given to the Conservancy by the county of Los Angeles. As a result of the program, the Conservancy now owns two building sites (on 14 lots) and 169 lots with deed restrictions prohibiting any future development.

The final stage of the El Nido Restoration Program is the sale of all of the Conservancy's holdings back into the private market with all of the development potential limited to the two building sites. Under an existing agreement with Los Angeles County, the Conservancy has agreed to divide the proceeds of the program. The Conservancy had sold its entire TDC inventory by the early 1990's, but, as with Victorine Ranch, the final sale of the property was never completed. Staff is now working with the county to update our agreement and to update the plan for disposition of the Conservancy's property. It is complicated by the nature of the subdivision, possible need for road abandonment, and lot ties. We expect to be able to sell all of the Conservancy's properties, including the two buildable lots, by fiscal year 2015-16 and

estimate that after dividing the proceeds with the county, the Conservancy would receive \$1 million from that sale.

Operating Costs

The bottom section of the plan outlines projected operating costs for the Coastal Conservancy over the next 10 years. Over the past two years, we have reduced our overall support budget by about 20 percent. This reduction was achieved through attrition, voluntary reductions in staff hours, greater efficiency in use of materials, and less travel. Over the past five years, between 60 and 75 percent of the Conservancy's operating budget paid for the cost of our staff. The remaining operating budget is spent on facilities and utilities, contracts, travel, communications, equipment, postage, pro-rata charges and other operating expenses.

For the purpose of this plan, we based expected expenditures on past year actual and projected savings rather than on the budgeted amounts. This plan includes the actual expenditure for fiscal year 2011-12 for reference and projected expenditures for fiscal year 2012-13 and beyond. As mentioned earlier, we assume that the Ocean Protection Council will be moved to the Natural Resources Agency and have reduced the fiscal year 2013-14 budget accordingly.

Staffing Plan

The plan assumes a reduction in staff of 10 positions in fiscal year 2013-14, reflecting the transfer of the Ocean Protection Council and the elimination of two now vacant positions. The plan then keeps the Conservancy staff at a level of 66 with a gradual reduction of 6 positions between fiscal year 2013-14 and fiscal year 2019-20 reflecting possible staff retirements, other attrition or, if needed, layoffs. The Conservancy currently has about seven employees over the age of 60. Finally, we project a staff reduction of 15 positions in fiscal year 2020-21, this will be about the time we complete administering most bond projects, although there will be ongoing project monitoring obligations.

The staffing plan seeks to achieve a difficult balance. To successfully implement this plan we will need to have enough staff to complete our existing bond management responsibilities while also investing staff time in developing each of the funding ideas discussed above. While the plan recommends staff reductions, it also preserves enough staff resources to develop these new resources and to continue to achieve our mission.

The estimate of staff costs is based on an estimated average cost per person of salaries and benefits over five of the last six years. We did not include the cost for staff in fiscal year 2009-10 in the average because the costs that year were reduced by the furloughs. A generous estimate of the cost for salary and benefits¹ for our staff is \$95,000 per person. This plan does not delve into detailed planning about which positions could be eliminated and how that would affect cost savings. Obviously not all positions cost the same amount.

¹ Benefits are consistent with the State Administrative Manual rate of 36 percent

Other Operating Expenses

We expect to continue to reduce non-staff operating costs as well. We have created an internal staff committee to look at our operational costs to identify new ideas for how to save money. That committee is charged with making recommendations to reduce non-staff operating expenses by an additional 10 percent. For the purpose of this plan, we have grouped operating expenses into four major categories, described below.

a. *Rent*

Expenditures for facilities and utilities are currently \$450,000 per year and the current lease runs through November 2014. Currently, our rent, including office space and utilities, is \$2.04 per square foot. We have just begun to negotiate a new lease, it is likely that our rent will increase but we will also reduce the amount of space we need due to staff reductions. We are hopeful we can negotiate to keep costs about the same for another three to five years. Although our staff size will continue to shrink during the duration of this plan, we have kept the facilities and utilities costs constant assuming that rents will continue to go up but our space needs will shrink.

b. *Contracts*

This budget item refers to internal and external contracts for services. In the past few years, the Conservancy has entered into a number of contracts on behalf of the Ocean Protection Council. Next year, we expect that this amount will decrease dramatically, from \$1,100,000 down to \$650,000. For the purpose of this plan, we expect that the total amount of contracts will step down as our overall support budget decreases. Our strategic plan calls for the Conservancy to rely less on outside contractors and to do more with our existing staff.

c. *Other OE&E*

This budget item covers all other expense categories. The budgeted amount for the current year is \$542,000. For the purpose of this plan, we assume that we achieve a 10 percent reduction in this budget item next fiscal year. Because the proposed 10 percent reduction target is on top of prior reductions, we did not further reduce this item based on the smaller staff size in fiscal year 2013-14. For the remainder of the plan, we estimate that this item would be a function of staff size, so as the size of the staff shrinks, the budget for this item shrinks proportionally.

d. *Pro Rata*

Pro Rata is the amount charged to eligible funds to pay for central costs of state government. In general, over the past several years, the Conservancy's pro rata has varied widely because only certain funding sources trigger pro rata. In fiscal year 2013-14, the Conservancy's pro rata will drop from \$621,000 to \$190,000 primarily because we will no longer receive the ELPF to fund the Ocean Protection Council. For the purpose of this plan, we assume that we will receive ELPF in future years and that the pro rata will be about 7 percent of total support budget or about \$500,000 per year.

For the sake of simplicity, there are no assumptions of inflation built into either the funding sources or the costs for the purpose of this plan. Several of the proposed funding sources would be affected by inflation, including the VRA depositions, mitigation, and fee for service. Likewise, staff costs and other operating expenses will also be affected by inflation. However, the effect of inflation on staff costs is complicated because most of our staff are covered under collective bargaining agreements and we have an older workforce where many staff are already at the top of their salary steps.

Conclusion

This 10-Year Funding Plan provides a roadmap for how the Conservancy could increase and diversify its funding to support its ongoing operation. The plan identifies many possible sources of funding for the Conservancy's work, but many of these strategies will require Conservancy staff to focus on raising funds both for the agency and its projects rather than on implementing our mission. We acknowledge that executing this plan will require changing what we do and putting more energy into work associated with revenue. Ideally, some state funding would support the Conservancy's core operation to ensure that the agency is able to continue to advance the state's goals of coastal conservation. We believe that we can meet this challenge without losing sight of our mission to protect the coast of California.

Absent a new bond, the Conservancy staff will shrink over the next decade, as the workload associated with the bond fund management diminishes. The Conservancy will return its focus from grant administration back to its traditional role of providing technical assistance and facilitating regionally important, complex projects. As noted throughout this document, we will need the support of the administration and the Legislature to successfully implement this plan. Finally, we will need to continue to monitor our funding situation and adjust as we go along with the understanding that if we fall short of our revenue targets, we will have to reduce staff and expenses, but if we are able to raise additional revenues, there will be opportunities to expand programs.