

STATE OF CALIFORNIA  
**Budget Change Proposal - Cover Sheet**  
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 3600	Department <b>FISH AND WILDLIFE</b>	Priority No. 1
Budget Request Name 3600-300-BCP-DP-2016-A1		Program <b>2590 BIODIVERSITY CONSERVATION</b>	Subprogram

Budget Request Description  
 Proposition 1 Local Assistance Augmentation

Budget Request Summary

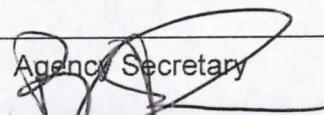
The Department of Fish and Wildlife (Department) requests an increase of \$20 million Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1) for Fiscal Year (FY) 2016-17 to provide increased grant funding and for provisional language providing authority to award eligible grants from the FY 2015-16 grant solicitation cycle for watershed restoration projects. Upon completion of the first round of grant notifications the Department has seen a larger demand in grant requests than initially anticipated. The additional local assistance authority will allow the Department to award a greater amount of grant funding for valuable watershed restoration projects.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR       SPR      Project No.      Date:

If proposal affects another department, does other department concur with proposal?  Yes       No  
*Attach comments of affected department, signed and dated by the department director or designee.*

Prepared By	Date	Reviewed By	Date
Department Director 	Date 3/29/16	Agency Secretary 	Date 3/29/16

**Department of Finance Use Only**

Additional Review:  Capital Outlay     ITCU     FSCU     OSAE     CALSTARS     Dept. of Technology

BCP Type:       Policy       Workload Budget per Government Code 13308.05

PPBA	Original Signed by Amanda Martin	Date submitted to the Legislature 4-1-16
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## Analysis of Problem

### A. Budget Request Summary

The Department of Fish and Wildlife (Department) is requesting \$20 million Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1) for Fiscal Year (FY) 2016-17 to provide greater grant funding and authority to award eligible grants from the FY 2015-16 grant solicitation cycle for watershed restoration projects (See Attachment 1). Upon completion of the first round of grant notifications the Department has seen a larger demand in grant requests than initially anticipated. The additional local assistance authority will allow the Department to award a greater amount of grant funding for valuable watershed restoration projects and will expedite processing of awards for eligible grant applications received in the 2015-16 solicitation.

### B. Background/History

The California Water Code (CWC) §§ 79737 and 79738 authorize the Legislature to appropriate \$372.5 million to the Department to fund multi-benefit ecosystem and watershed protection and restoration projects. With Proposition 1 funding, the Department created two competitive grant programs, one focusing on watershed restoration and protection with statewide importance and the other focusing on ecosystem restoration and fish production to benefit the Sacramento-San Joaquin Delta. FY 2015-16 was the first year for the Department to receive a Proposition 1 appropriation, totaling \$35.6 million, of which \$31.4 million was appropriated for local assistance grants.

The Department's FY 2015-16 Proposition 1 grant cycle provided valuable information on the demand for Proposition 1 grant funding and the quality of project proposals the Department received. The Department received 190 proposals requesting a total of approximately \$218 million in funding. Due to funding constraints, the Department was only able to issue 24 grants before granting all local assistance authority for FY 2015-16. The Department received high quality proposals in excess of \$20 million for projects which were unable to be funded. Due to the positive feedback and high demand for the FY 2015-16 grant cycle the Department anticipates the same level of interest for Proposition 1 funding in FY 2016-17.

#### Workload History

Workload Measure	PY - 4	PY - 3	PY - 2	PY - 1	PY	CY
Applications Received,						190
Grants Awarded						24

### C. State Level Considerations

The California Water Action Plan (CWAP) was developed by the Administration in 2014 in response to sustained drought conditions, and the anticipation of future droughts, with the goals of providing reliable water supply, restoring important wildlife habitat and species, and making the state's water systems and environment become more resilient. This plan identifies specific actions to be taken by state agencies, including the Department, in collaboration with federal, local and tribal governments and a wide range of partners to achieve these goals. The CWAP places significant emphasis on the need for collaboration between state, local, regional, federal agencies, as well as non-governmental organizations, to achieve the plan's goals. The CWAP is consistent with the goals of Proposition 1, and will be used by the Department for guidance in prioritizing and selecting projects for funding through the competitive process established by Proposition 1.

## Analysis of Problem

### D. Justification

Currently the Department has an annual Proposition 1 appropriation of \$36.5 million (\$32.9 million in local assistance funds and \$5.1 million in state operations). This request accelerates \$20 million in additional local assistance funding and authorizes awards for projects from the Proposition 1 FY 2015-16 grant solicitation cycle.

Based on the high demand and quality proposals requesting these funds in the FY 2015-16 grant cycle, this proposal requests an additional \$20 million in local assistance funds available for grants for the FY 2016-17 grant cycle amounting to a total of \$52.9 million. Of the \$52.9 million, up to \$20 million will fund eligible proposals received during the FY 2015-16 grant solicitation cycle. Existing staff will perform the duties that are required to implement programs required by Proposition 1 and support the Department's grant cycle processes.

### E. Outcomes and Accountability

Projects will be selected through a publicly vetted competitive process, based on criteria developed by scientific staff to ensure that they are consistent with the requirements of Proposition 1. Scientific and administrative staff will conduct ongoing monitoring of fiscal and programmatic compliance with the bond act as projects progress. Grantees will be required to submit reports upon completion of the projects to demonstrate successful implementation of the project in accordance with the grant agreement.

Following the guidance provided by the CWAP, the Department's implementation of Proposition 1 will focus on achieving the following outcomes: restoration of fish and wildlife habitats in coastal watersheds, mountain habitats and the Delta; restoration of endangered salmon to California rivers; acquiring and more efficiently using water for wetlands; eliminating barriers to fish migration; assessing fish passage at large dams and enhancing flows in stream systems.

Workload Measure	CY	BY	BY+1	BY+2	BY+3	BY+4
Applications Received,	190	180	160	160	150	150
Grants Awarded	24	35	24	24	24	24

### F. Analysis of All Feasible Alternatives

Alternative #1: Approve additional \$20 million one-time local assistance funding in FY 2016-17 and authorize the Department to award eligible grant proposals from the FY 2015-16 grant solicitation cycle. (See Attachment 1)

Cost: \$20 million

Advantages: Additional local assistance will enable the Department to provide more funds for high quality projects that will contribute to meeting the objectives of the California Water Action Plan.

Disadvantage: The increased funding request is based on one round of grant funding proposals, there is no guarantee the same level of interest will be generated in the second round of grant proposals.

Alternative #2: Partial approval of \$20 million proposal.

## Analysis of Problem

Cost: \$15 million

Advantage: The Department would be able to award grants to the most qualified proposals that would have been denied under the FY 2015-16 funding plan.

Disadvantage: Under this alternative, while the Department would potentially fund additional projects, there would not be as many funds to support the bulk of qualified projects. This could also result in delays in achieving California Water Action Plan objectives.

### **G. Implementation Plan**

Upon approval of the proposed provisional language, the Department will award up to \$20 million to eligible grant proposals from the FY 2015-16 grant solicitation cycle; any balance of the \$20 million augmentation will be awarded through the 2016-17 grant solicitation.

### **H. Supplemental Information**

Provisional language is attached

### **I. Recommendation**

The Department recommends Alternative 1, approve an additional \$20 million in local assistance funding in FY 2016-17 and provide provisional language authorizing the awards for eligible proposals from the FY 2015-16 grant solicitation cycle as proposed (See Attachment 1), so that the Department is able to fully and efficiently implement the requirements of Proposition 1 resulting in protection and restoration of important watersheds throughout California.

Attachment 1

“3600-101-6083—For local assistance, Department of Fish and Wildlife, payable from the Water Quality, Supply, and Infrastructure Improvement Fund of 2014.....~~32,990,000~~ 52,990,000”

Schedule:

(1) 2590-Biodiversity Conservation Program.....~~32,990,000~~ 52,990,000

Provisions:

1. The funds appropriated in this item are available for expenditure or encumbrance until June 30, 2018.
2. The funds appropriated in Schedule (1) are available for local assistance or capital outlay.
3. Of the funds appropriated in this item, up to \$20,000,000 may be available for eligible proposals received for the 2015-16 Watershed Protection and Restoration Grant Program. “