

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

Fiscal Year 2016-17	Business Unit 3790	Department Parks and Recreation	Priority No. LA-1
Budget Request Name 3790-301-BCP-DP-2016-A1		Program 2855	Subprogram 027

Budget Request Description
 Local Assistance – Division of Boating and Waterways

Budget Request Summary

The Department of Parks and Recreation (Department), Division of Boating and Waterways (DBW) requests an increase of \$2,600,000 from the Public Beach Restoration Fund (PBRF) to administer its previously proposed Public Beach Restoration Act projects. Additionally, this proposal requests an increase of \$700,000 from the Harbors and Watercraft Revolving Fund (HWRF) to support a Beach Erosion Control project.

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 No	Code Section(s) to be Added/Amended/Repealed	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. <input type="checkbox"/> FSR <input type="checkbox"/> 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 Karen Dill	Date 3/11/16	Reviewed By 	Date 3.28.16
Department Director 	Date 3.28.16	Agency Secretary 	Date 3/28/16

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 Parks and Recreation (Department), Division of Boating and Waterways (DBW) requests an increase of \$2,600,000 from the Public Beach Restoration Fund (PBRF) to administer its previously proposed Public Beach Restoration Act projects. Additionally, this proposal requests an increase of \$700,000 from the Harbors and Watercraft Revolving Fund (HWRF) to support a Beach Erosion Control project.

Previously-requested funding was calculated based on an assumed 50-50 state-local cost-share ratio. However, the Public Beach Restoration Act requires the funding of the nonfederal project cost for restoration, nourishment, or enhancement of non-state public beaches to be 85 percent with a 15 percent match from local sponsors, provided as funds or in-kind services. The proposed increase of \$2,600,000 seeks to fix this technical funding discrepancy and provide the 85-15 state to local match ratio.

Harbors and Navigation Code § 69.9(b) specifies that any funding from PBRF must be split 40-60 between projects north and south of the border between the Counties of San Luis Obispo and Monterey, respectively. Since there were not sufficient projects in the northern region approved for Fiscal Year 2016-17, the Department requests provisional language that will allow for these critical projects to proceed regardless of geographic location.

Additional Request of \$2,600,000 from the PBRF:

- **Orange County Beach Restoration Project: Increase of \$1,200,000 from prior request of \$4,050,000 to a total of \$5,250,000**

The U.S. Army Corps of Engineers is paying 67% of construction costs, or about \$10.6 million. In this request, DBW proposes to pay the full nonfederal cost share for the State beaches in the project area, and 85% of the nonfederal cost share for non-state beaches. Without financial support from the State, the project likely could not be completed.

- **San Clemente Beach Restoration Project: Increase of \$1,400,000 from prior request of \$2,000,000 to a total of \$3,400,000.**

This grant will provide nonfederal matching funds for beach restoration in the area near San Clemente Pier to increase the width of the beach and protect vital infrastructure. The project area includes San Clemente State Beach. The U.S. Army Corps of Engineers is the project's lead agency. The City of San Clemente is the local partner for this project. Per the projects Feasibility Report Summary by the U.S. Army Corps of Engineers, April 2011, ... "Since the 1990's, the beaches in the study area have experienced gradual erosion due to the decrease of fluvial sand supply resulting from the damming and concreting of creeks and rivers, and urban development."

Restoration of beach areas near San Clemente Pier will be accomplished by placing large volumes of clean sand near the pier and allowing the sand to migrate to other beaches as it is moved by ocean waves and currents. This will restore beaches to widths that will better support and promote beach visitation and local tourism, improve and protect shorezone habitat, mitigate the effect of sea level rise, and protect public infrastructure such as roads and lifeguard facilities from damage or flooding during winter storm events. In addition, the project will protect a major strategic railway segment near the pier. With the beach nourishment project, protection of the railway will become part of a coordinated effort to protect assets throughout the project area. The project will also protect the San Clemente State Beach and other valuable recreational beaches nearby.

The U.S. Army Corps of Engineers is paying 65% of construction costs, or about \$7 million. In this request, DBW proposes to pay 85% the nonfederal cost share. Without financial support from the State, the project likely could not be completed.

Analysis of Problem

- **City of Monterey Sand Compatibility and Opportunistic Use (SCOUP) Study: NO CHANGE FROM THE ORIGINAL \$140,000 REQUEST**

This grant will provide funding to continue the City of Monterey's Sand Compatibility and Opportunistic Use Program (SCOUP) study project. The City will use the grant to address a recommendation from the Coastal Regional Sediment Master Plan (CRSMP) for Southern Monterey Bay that potential environmental impacts of sediment management be assessed through an initial study. This environmental document will assess the potential impact and possible mitigation actions for a regional sand management strategy (the SCOUP), including proposed sediment receiver sites, sediment source areas (upland, coastal and offshore), and sediment stockpile areas, as well as other general relevant recommendations contained within in the CRSMP. If DBW does not provide this grant funding, the project likely would not be completed.

Additional Request of \$700,000 from the HWRF:

- **County of Santa Cruz East Cliff Drive at Twin Lanes Beachfront Project: \$700,000.**

This grant will provide funding to help the county build a concrete seawall to protect public infrastructure, and will provide additional shoreline access benefits. This bluff protection structure will stabilize a portion of East Cliff Drive, which is a primary access route for the western portion of Santa Cruz's beach area and a location of several utility lines. The cost of the structure is estimated at \$2,400,000, and the total cost of all improvements related to the project (including the structure) is \$4,200,000. The County proposes to match DBW's \$700,000 contribution to building the structure with \$1.7 million of its own funding. In addition, the California Coastal Conservancy has approved \$250,000 for public access improvements near the structure, and the Santa Cruz County Regional Transportation Commission has approved \$200,000 for additional improvements in the project area.

B. Background/History

The Division of Boating and Waterways (DBW) administers grant programs that provide funds to local agencies. Grants are for boating access, construction projects, boating safety and education, abandoned vessel removal, aquatic invasive species control, and beach re-nourishment.

The Beach Erosion Control Program and the Public Beach Restoration Act were established with the intent of preserving and protecting coastal beaches, shoreline, habitat, and public infrastructure impacted by natural and human-induced shoreline instability. Respective authorities are found in Article 2.5, §§ 65.0-65.7, and Article 2.8 §§ 69.5-69.9 of the Harbors and Navigation Code. Generally these sections extend authority for the Department to cooperate with any local, state or federal public agency to study, prepare plans and to construct projects for stabilization of coastal shoreline or restoration of public beaches.

In 1999, the Public Beach Restoration Act was enacted by the Legislature, creating the current Public Beach Restoration Program administered by DBW. The Public Beach Restoration Act supports restoration, enhancement, and maintenance of one of California's most valued resources – public beaches.

Resource History (check numbers)
(Dollars in thousands)

Program Budget	2010-11	2011-12	2012-13	2013-14	2014-15
HWRF Beach Erosion Grant Funds	0	865	865	0	0
Number of HWRF Beach Erosion Grants	0	1	1	0	0
Public Beach Restoration Act (PBRA) Grant Funds	6,500	1,140	350	0	2,950

Analysis of Problem

Number of PBRA Grants	4	4	2	0	3
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C. State Level Considerations

The intent of local assistance grants is to provide necessary funds to local agencies throughout the state in order to support the goals and mission of the State as a whole. The Department's local assistance grants detailed in this request support the goals and mission of the Department and, more specifically, the mission of the DBW, which is "to provide safe and convenient public access to California's waterways and leadership in promoting safe, enjoyable and environmentally sound recreational boating." In addition, the grants for the Orange County and San Clemente projects will enable the local partners to provide the matching funds necessary to leverage \$18 million in federal funding.

D. Justification

The Department submitted a Budget Change Proposal (BCP) in the 2016-17 process. This request is technical in nature, and seeks to remedy funding issues in the initial proposal. Previously-requested funding was calculated based on an assumed 50-50 state-local cost-share ratio. However, the Public Beach Restoration Act requires the funding of the nonfederal project cost for restoration, nourishment, or enhancement of non-state public beaches to be 85 percent with a 15 percent match from local sponsors, provided as funds or in-kind services. The proposed increase of \$2,600,000 seeks to fix this technical funding discrepancy and provide the 85-15 state to local match ratio.

Additionally, the Department has reanalyzed the request for \$700,000 for Santa Cruz Beach Erosion Control project and has determined that the project is indeed critical and within the scope of the Beach Erosion Control Program.

Finally, this proposal includes provisional language to allow the Department to administer the Public Beach Restoration Program regardless of geographic location to ensure the program is still viable in the event that insufficient applications are received to satisfy the statutorily required regional split.

E. Outcomes and Accountability

Accountability for beach erosion control grants and beach restoration grants is ensured through controls, processes, and procedures in place to confirm contractual agreements are honored and deliverables are completed. The Department's general programmatic control requirements apply to these grant programs. Each project and/or grant is monitored by a project manager who ensures project activities continuously comply with grant agreements, and that State funds are used only to pay for approved project activities. Department staff, supervisors, and managers utilize CALSTARS expenditure data to monitor and track expenditures monthly.

Projected Outcomes (Dollars in thousands)

Workload Measure	2015-16	2016-17	2017-18	2018-19	2019-2020	2020-2021
HWRP Beach Erosion Grant funds awarded	0	700	2,000	1,000	1,000	1,000
Number of HWRP Beach Erosion Grants awarded	0	1	3	2	2	2
PBRF Grant funds awarded	4,849	8,790	0	2,000	2,000	2,000
Number of PBRF Grants awarded	6	3	0	2	2	2

F. Analysis of All Feasible Alternatives

Alternative #1: Approve the proposal as requested

Analysis of Problem

Advantage: This alternative allows the Department to provide funding for grants to various agencies, consistent with the Department's mission statement and intent of the funds.

The additional \$2,600,000 in PBRF will allow the program to meet the matching obligation set forth in HNC § 69.6(a)(5), which requires state funds to match local sponsorships 85 percent to 15 percent, respectively.

Furthermore, the \$700,000 increase from HWRF will allow for successful implementation of the Santa Cruz Beach Erosion Control project.

Disadvantage: Increased HWRF expenditures for the Department.

Alternative #2: Deny this proposal.

Advantage: No augmentation in funding would be required.

Disadvantage: This would leave the program unable to use the initially proposed appropriation of PBRF funds for this program. Consequently, local project sponsors may not be able to provide the non-federal matching funds necessary to secure federal financial support for projects. If they cannot, the projects may be cancelled, in which case the Department will fail to fulfill its mandate to cooperate with local agencies in beach erosion control and the stabilization of beaches and shoreline areas.

Alternative #3: Partially fund this request.

Advantage: If partial funding is provided for this program, the Department will only fund a fraction of the projects and activities proposed in this request.

Disadvantage: The partial funding may be inadequate for local project sponsors to provide the non-federal matching funds necessary to secure federal financial support for projects. If it is inadequate, the projects may be cancelled, in which case the Department will fail to fulfill its mandate to cooperate with local agencies in beach erosion control and the stabilization of beaches and shoreline areas.

G. Implementation Plan

Beginning July 2016, the Department will do the following:

1. Formally inform all grant applicants as to whether they received funding in the final State budget.
2. Enter into grant agreements with successful applicants. Each grant agreement shall include a detailed Scope of Work that will allow the Department to associate all expenditures of State funds with specific deliverables.
3. The Department will monitor and document project progress through completion, acceptance, and closeout. As part of this effort, the Department will process payment and reimbursement requests in accordance with grant agreement requirements, Department requirements, and State requirements.

H. Supplemental Information

See attached Provisional Language.

I. Recommendation

The Department recommends approval of Alternative #1, approve this proposal as requested in order to continue successful program implementation by providing local agencies with grants for boating recreation and resources related projects.

“3790-101-3001—For local assistance, Department of Parks and Recreation,
payable from the Public Beach Restoration Fund 6,190,000 8,790,000

Schedule:

- (1) 2855027 Beach Erosion Control..... 6,190,000 8,790,000
 - (a) Orange County Beach Restoration
Project.....(4,050,000) (5,250,000)
 - (b) San Clemente Beach Restoration
Project.....(2,000,000) (3,400,000)
 - (c) City of Monterey Sand Compatibility and
Opportunistic Use Plan (SCOUP)
Study.....(140,000)

Provisions:

1. Of the funds appropriated in this item, the department may allocate an amount not to exceed 3.7 percent of each project’s allocation, except to the extent otherwise restricted by law, to allow the department to administer its grants. Those funds shall be available for encumbrance or expenditure until June 30, 2022.
2. Notwithstanding section 69.9 of the Harbors and Navigation Code, the department may expend the amounts appropriated in this item for Public Beach Restoration Act Projects without consideration of geographic location.”

BCP Fiscal Detail Sheet

BCP Title: Public Beach Restoration Grant Program

DP Name: 3790-301-BCP-DP-2016-A1

Budget Request Summary

		FY16				
CY	BY	BY+1	BY+2	BY+3	BY+4	
Operating Expenses and Equipment						
54XX - Special Items of Expense	0	3,300	0	0	0	
Total Operating Expenses and Equipment	\$0	\$3,300	\$0	\$0	\$0	
Total Budget Request	\$0	\$3,300	\$0	\$0	\$0	

Fund Summary

Fund Source - Local Assistance

0516 - Harbors and Watercraft Revolving Fund	0	700	0	0	0
3001 - Public Beach Restoration Fund	0	2,600	0	0	0
Total Local Assistance Expenditures	\$0	\$3,300	\$0	\$0	\$0
Total All Funds	\$0	\$3,300	\$0	\$0	\$0

Program Summary

Program Funding

2855027 - Beach Erosion Control	0	3,300	0	0	0
Total All Programs	\$0	\$3,300	\$0	\$0	\$0