

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

Fiscal Year 16-17	Business Unit 3850	Department Coachella Valley Mountains Conservancy (CVMC)	Priority No. 1
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Budget Request Name 3850-002-BCP-BR-2016-GB	Program 3180	Subprogram
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Budget Request Description
 Coachella Valley Multi-Benefit Ecosystem and Watershed Protection and Restoration Projects Grant Program (Fund 6083)

Budget Request Summary
 This proposal would provide \$6.81 million from the Water Quality, Supply and Infrastructure Improvement Act of 2014 (Proposition 1) in FYs 2016-17 through 2019-20 for the Coachella Valley Mountain Conservancy to successfully implement the remaining years in its competitive Multi-Benefit Ecosystem and Watershed Protection and Restoration Projects Grant Program. Projects would directly implement the objectives of Proposition 1 and the California Water Action Plan within the Coachella Valley.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
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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
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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:
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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 <i>[Signature]</i>	Date 2/3/16	Reviewed By <i>[Signature]</i>	Date 2-5-16
Department Director <i>[Signature]</i>	Date 2/3/16	Agency Secretary <i>[Signature]</i>	Date 2/8/16

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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A. Budget Request Summary

The Coachella Valley Mountain Conservancy (Conservancy) requests \$6.81 million from the Water Quality, Supply and Infrastructure Improvement Act of 2014 (Proposition 1) to successfully implement the remaining years in its competitive Multi-Benefit Ecosystem and Watershed Protection and Restoration Projects Grant Program (grant program). Funded projects would implement the objectives of Proposition 1 and the California Water Action Plan within the Coachella Valley.

The full request amount represents the remaining portion of the total \$10 million in Proposition 1 funding designated for the Conservancy, which local agencies and nonprofit organizations can reasonably commit to using during the next four fiscal years. The request would appropriate \$1.95 million for fiscal years (FY) 2016-17 through 2018-19 and \$960,000 in FY 2019-20.

B. Background/History

On November 4, 2014, the voters enacted Proposition 1, Section 79731(c), which allocated \$10 million to the Conservancy for multi-benefit water quality, water supply, and watershed protection and restoration projects. The Conservancy has worked with Natural Resources Agency (Agency) staff to establish specific guidelines for evaluating projects through the process set forth in Proposition 1, which has resulted in the competitive grant program discussed here. These guidelines establish the types and priorities of projects that meet the project criteria dictated in Proposition 1 and fit within the statutory mission of the Conservancy, as stated in Public Resources Code, Section 33500 *et seq.*

In FY 2015-16, the Conservancy received \$2.5 million in funding to implement the first year of the competitive grant program. It was noted in late 2015 that the Conservancy's ongoing Proposition 1 local assistance funding (from FY 2016-17 through 2019-20), as reflected in the Natural Resources Proposition 1 Rollout Plan, did not reconcile with what was represented in the Department of Finance's system, although program delivery funding was available through the entire intended period. This request seeks to correct that error.

C. State Level Considerations

The Conservancy has worked closely with staff from Agency and the other state conservancies over the past year to develop its grant program so that it may be used to meet the mandates of Proposition 1 efficiently and expeditiously over the next four years. The Conservancy's grant program will implement the California Water Action Plan and, in so doing, contribute long-term solutions to many drought issues. Further, the Conservancy is working cooperatively with the Salton Sea Authority and various local water districts to promote joint projects that leverage additional funding, thereby increasing the effectiveness of state funding in implementation of the California Water Action Plan.

D. Justification

The requested funding directly aligns with state policy, as reflected by the statutory language in Proposition 1, which allocates \$10 million in funding to the Conservancy to implement the California Water Action Plan. The request for the next four fiscal years represents the remainder of capital funding available to the Conservancy and attempts to balance the urgency of drought response with a realistic assessment of the capacity of Conservancy staff and local public and nonprofit entities to implement projects that strictly fulfill the objectives of Proposition 1. The requested funds will be used for the development of thoughtful project proposals, meaningful review by experts, and later, for the grants themselves, which will be made by the Conservancy board at public meetings.

Moreover, it will allow the Conservancy to continue working in partnership with numerous cities, special districts, and nonprofit organizations that have already begun to design innovative proposals to respond to the drought in anticipation of Proposition 1 funds being available over the next several years. Finally, the Proposition 1 grant program aligns closely with and supports the Conservancy's strategic plan by improving the quality of the watershed land that the Conservancy has conserved over the past twenty five years.

This funding will most directly benefit the Coachella Valley; however, it will have indirect advantages for other areas by diminishing the demand on state water resources, preventing undesirable environmental

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impacts of drought like dust storms and unhealthy levels of particulate pollution, and enhancing habitats and natural features within lands that are essential to nearby watersheds, including the Salton Sea and Imperial Valley.

E. Outcomes and Accountability

Similar to initial outcomes, ongoing outcomes for individual projects will be measured through the regular reporting required by each grant agreement, with reports to be posted publicly on the internet. Ongoing compliance also will be required by each agreement, including long-term operational requirements as appropriate (e.g., management and monitoring for acquisition projects, regular monitoring, and testing and analysis for restoration projects). Ongoing operational data will also be posted on the internet. Based on these data, the Conservancy will annually estimate and analyze the cumulative contributions of the grant program to implementation of the California Water Action Plan.

F. Analysis of All Feasible Alternatives

Alternative 1: Approve proposed funding as requested. This will provide funding on a timely basis and enable the Conservancy to continue operating its Proposition 1 grant program in order to implement the California Water Action Plan within the Coachella Valley

Alternative 2: Deny funding as requested. Denial of the proposal will halt the Conservancy's grant program and thus delay any progress toward the statutory objectives of Proposition 1, namely to implement the California Water Action Plan expeditiously within the Coachella Valley in order to respond to the ongoing drought emergency.

G. Implementation Plan

In order to ensure that the Conservancy has sufficient funds to fulfill its mission and the mandates of Proposition 1 via its competitive grant program, it is crucial that this proposal be effective July 1, 2016. The Conservancy has several pending grant applications totaling \$1.7 Million that are currently going through environmental review needed in order for the Conservancy Board to make final funding decisions later this year. Also, the Conservancy recently issued a Notice for Funding Availability (NOFA) with a deadline of June 17, 2016. Applications for funding will be reviewed and presented to the Board for funding decisions in Fall, 2016. Another NOFA will be issued in September, 2016, with award decisions expected in early 2017, and two to three additional NOFAs are expected to be issued in 2017. Conservancy staff is currently provided technical assistance to several potential applicants with the aim of facilitating quality applications to permit use of the Proposition 1 funding to battle the ongoing drought as expeditiously as possible.

H. Supplemental Information

See attached.

I. Recommendation

Approve the request for a total of \$6.81 million in funding from Proposition 1 over the next four fiscal years (FYs 2016-17 through 2019-20). This will enable the Conservancy to successfully implement its competitive grant program and fulfill the mandates in Proposition 1.

To implement this proposal for a local assistance program, the following provisional language is requested:

3850-101-6083—For local assistance, Coachella Valley Mountains Conservancy, payable from the Water Quality, Supply, and Infrastructure Improvement Act of 2014.....\$1,950,000

(1) 3180—Coachella Valley Mountains Conservancy.....\$1,950,000

Provisions:

(1) The funds appropriated in this item are available for expenditure for capital outlay/local assistance until June 30, 2019.

BCP Fiscal Detail Sheet

BCP Title: Coachella Valley Multi-Benefit Ecosystem and Watershed Protection and Restoration
Projects Grant Program

DP Name: 3850-300-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	1,950	1,950	1,950	960	0
Total Operating Expenses and Equipment	\$0	\$1,950	\$1,950	\$1,950	\$960	\$0
Total Budget Request	\$0	\$1,950	\$1,950	\$1,950	\$960	\$0

Fund Summary

Fund Source - Local Assistance						
Water Quality, Supply, and						
6083 - Infrastructure Improvement Fund of 2014	0	1,950	1,950	1,950	960	0
Total Local Assistance Expenditures	\$0	\$1,950	\$1,950	\$1,950	\$960	\$0
Total All Funds	\$0	\$1,950	\$1,950	\$1,950	\$960	\$0

Program Summary

Program Funding						
3180 - Coachella Valley Mountains Conservancy	0	1,950	1,950	1,950	960	0
Total All Programs	\$0	\$1,950	\$1,950	\$1,950	\$960	\$0