

Memorandum

To: Chairman and Commissioners

Date: August 7, 2001

From: 
Robert I. Remen, Executive Director

File No: K38.7
BOOK ITEM 2.1f
ACTION

Ref: **ENVIRONMENTAL ENHANCEMENT AND MITIGATION (EEM) PROGRAM
AMENDMENT**

Issue: The California State Coastal Conservancy requests that the Commission approve a significant scope reduction in the Conservancy's FY 1999-00 EEM Los Osos Coastal Dunes Acquisition project and that the Commission maintain the original \$500,000 project grant funding level.

Recommendation: Commission staff reviewed the Coastal Conservancy's request and based on input from the Resources Agency recommends that the Commission approve the project scope reduction from acquiring a 17.8-acre shoreline parcel and a 538-acre tidelands parcel to **acquiring only the 17.8-acre shoreline parcel**. In keeping with the Resources Agency's input, staff recommends that the Commission reduce the original \$500,000 EEM project grant by \$75,000 to \$425,000 so the original "75% applicant - 25% EEM grant" funding split is maintained for the project. Also, staff recommends that the Commission supplement with the freed-up \$75,000 the FY 1999-00 EEM City of Modesto, Hetch Hetchy Bicycle Trail project that had its funding reduced in order to stay within the \$10 million EEM program budget limit.

Background: The Coastal Conservancy's proposed scope change involves reducing the Los Osos Coastal Dunes Acquisition project from about 556 acres at a cost of \$2,000,000 with \$500,000 in EEM grant funding (a 75% applicant - 25% EEM grant funding split) to 17.8 acres at a cost of \$1,700,000 with \$500,000 in EEM grant funding (approximately a 70% applicant - 30% EEM grant funding split). The original project consisted of acquiring a developable 17.8-acre shoreline property containing coastal dune scrub and a small strip of salt marsh and a 538-acre tidelands parcel adjacent to the shoreline property. The Coastal Conservancy is experiencing a cost increase on the 17.8-acre shoreline property (from \$1,590,000 to \$1,700,000) and is unable to secure the 538-acre tidelands property. The Conservancy valued the tidelands parcel at \$410,000. The tidelands parcel is comprised of un-developable Morro Bay mud flats, the property owners now believe the mud flats are worth millions and are unwilling to sell to the Conservancy at a reasonable price. The Conservancy is now proposing to acquire only the 17.8-acre shoreline property and keep the entire \$500,000 EEM grant for that purpose. The original Los Osos Coastal Dunes Acquisition project was recommended for funding in excess of the Resources Agency's generally established limit of \$250,000 per EEM grant.

Commission staff requested formal input from the Resources Agency on the environmental value of the down-scoped project as proposed by the Coastal Conservancy, and on the appropriateness

of excess funding above the Resources Agency's generally established limit of \$250,000 per EEM grant for the reduced scope project.

The Resources Agency found the reduced scope project still provides an acquisition of high statewide significance that will serve to head off potential development and will protect tidelands habitat. The Resources Agency also indicates the reduced scope project still offers a significant leveraging of EEM grant funds, but recommends the Commission maintain the original project's funding share split of 75% applicant and 25% EEM grant funding. For the reduced scope Los Osos Coastal Dunes Acquisition project this translates to \$1,275,000 from Conservancy derived funds and \$425,000 from the EEM program a reduction of \$75,000 from the Coastal Conservancy's current request of \$500,000 in EEM grant funds.

Commission staff identified a FY 1999-00 EEM project that can be supplemented with the freed-up \$75,000. During the adoption of the FY 1999-00 EEM program the Commission reduced a City of Modesto, Hetch Hetchy Bicycle Trail project from the Resources Agency's recommended \$250,000 funding level to \$159,483 in order to stay within the \$10 million EEM program budget limit. Caltrans contacted the Hetch Hetchy Bicycle Trail's project manager to determine the status of the project. The project is designed and out to bid. The project manager indicated that restoring \$75,000 to the Hetch Hetchy project would be very beneficial to getting the project under construction.

Attachments

99-00 EEM Amendment August 2001 Book Item 2.1f Los Osos



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STATE OF CALIFORNIA

GRAY DAVIS, Governor
MARY D. NICHOLS, Secretary

July 20, 2001

REC'D BY CTC

JUL 24 2001

Robert Remen
Executive Director
California Transportation Commission
1120 N Street, MS-52
Sacramento, CA 94273-0001

Dear Mr. Remen:

This is in response to your July 9 request for input from the Resources Agency with regard to the State Coastal Conservancy request for a change in scope for the 1999-00 Environmental Enhancement and Mitigation (EEM) program grant for the Los Osos Coastal Dunes Acquisition project.

The State Coastal Conservancy proposes a significant reduction in scope from the project recommended by the Resources Agency to the California Transportation Commission. The applicant's original proposal included over 600 acres at an estimated cost of \$2,000,000 with the applicant to provide 75 percent or \$1,500,000 of costs and EEM funding of \$500,000 to provide for 25 percent of costs. As we understand the current proposal, the State Coastal Conservancy proposes to reduce the size of the acquisition to 17.8 acres at a cost of \$1,700,000 with the applicant's share of funding to be reduced to \$1,200,000 while maintaining EEM funding at \$500,000.

The Resources Agency finds that the reduced scope project still provides us with an acquisition of high statewide significance which will serve to head off potential development and protect tidelands habitat. Also, the project still offers us a significant leveraging of grant funds. The Agency therefore recommends approval of the reduced scope project with the applicant to maintain its originally proposed share of funding at 75 percent or \$1,275,000 and EEM funding of 25 percent or \$425,000.

If you have any questions please feel free to call me at (916) 653-9709.

Sincerely,

Don Wallace
Assistant Secretary of Finance and Administration
Resources Agency



California Transportation Commission

1999-00 EEM PROGRAM AMENDMENTS

Resolution G-01-__
Amending Resolution G-99-20

WHEREAS Streets and Highways Code Section 164.56, establishes the Environmental Enhancement and Mitigation Program; and

WHEREAS this program provides \$10 million annually for environmental enhancement and mitigation projects which are directly or indirectly related to the environmental impact of modifying existing transportation facilities or for the design, construction or expansion of new transportation facilities; and

WHEREAS the Resources Agency is charged with evaluating proposals submitted for this program and providing a list of proposals recommended for funding to the California Transportation Commission; and

WHEREAS the California Transportation Commission is responsible for awarding grants to fund proposals which are included on the list prepared by the Resources Agency; and

WHEREAS the Resources Agency prepared such a list and the Commission adopted such list on July 15, 1999; and

WHEREAS the California State Coastal Conservancy is unable to deliver project #125 its Los Osos Coastal Dunes Acquisition project as scoped in its original application; and

WHEREAS the California State Coastal Conservancy can deliver a reduced scope Los Osos Coastal Dunes Acquisition project; and

WHEREAS the Commission when adopting the 1999-00 EEM program list reduced project #10 a City of Modesto, Hetch Hetchy Bicycle Trail project from the Resources Agency's recommended \$250,000 funding level to \$159,483 in order to stay within the \$10 million EEM program budget limit.

NOW THEREFORE BE IT RESOLVED that the Commission revises the 1999-00 EEM program, by reducing the scope of project #125 the Costal Conservancy's Los Osos Coastal Dunes Acquisition project from acquiring a 17.8-acre shoreline parcel and a 538-acre tidelands parcel to acquiring only the 17.8-acre shoreline parcel.

BE IT FURTHER RESOLVED that the Commission revises the 1999-00 EEM program, by reducing the funding grant for project #125 the Costal Conservancy's Los Osos Coastal Dunes Acquisition project from \$500,000 to \$425,000 so the original "75% applicant - 25% EEM grant" funding split is maintained for the project.

BE IT FURTHER RESOLVED that the Commission revises the 1999-00 EEM program, by increasing the funding grant for project #10 the City of Modesto's Hetch Hetchy Bicycle Trail project from \$159,483 to \$234,483.

BE IT FURTHER RESOLVED that it is the intent of the Commission to de-allocate the \$75,000 from project #125 the Costal Conservancy's Los Osos Coastal Dunes Acquisition project and allocate the \$75,000 to project #10 the City of Modesto's Hetch Hetchy Bicycle Trail project, and that all funds allocated for the two projects should be expended on a timely basis, preferably by the end of State Fiscal Year 2001-02.