STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 07/23)

Fiscal Year	Business Unit Number	Department
2025/26	3760	State Coastal Conservancy

Hyperion Budget Request Name	Relevant Program or Subprogram
3760-002-BCP-2025-MR	2805032 – Conservancy Programs

Budget Request Title
Coastal Resource Enhancement and Public Access Projects

Budget Request Summary
The State Coastal Conservancy (Conservancy) requests an appropriation of $10,725,000 from the Violation Remediation Account, a subaccount of the State Coastal Conservancy Fund (Fund 0565), and $12 million in reimbursements from Fund 0565 to fund coastal resource enhancement and public access projects statewide. Funds are requested to be available for encumbrance or expenditure through June 30, 2027 given the multi-year nature of projects.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed
☐ Trailer Bill Language ☒ Budget Bill Language ☐ N/A	N/A

Does this BCP contain information technology (IT) components? ☐ Yes ☒ No *If yes, departmental Chief Information Officer must sign.*	Department CIO	Date
	N/A	N/A

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No. N/A **Project Approval Document:** N/A

Approval Date: N/A **Total Project Cost:** N/A

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
Jamshed Samadi	5/14/2025	Evyan Sloane	5/14/2025
Department Director	**Date**	**Agency Secretary**	**Date**
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Department of Finance Use Only

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

Principal Program Budget Analyst	Date submitted to the Legislature
Lizzie Urie	5/14/2025

A. Problem Statement

The State Coastal Conservancy (Conservancy) requests an appropriation of $10,725,000 from the Violation Remediation Account (VRA) and $12 million in reimbursements from Fund 0565 to fund coastal resource enhancement and public access projects statewide. Projects funded by the VRA will be consistent with the purposes of payments received into the account and with the Memorandum of Understanding Between the California Coastal Commission and the Conservancy on the use and expenditure of Violation Remediation Account Funds. Funds may be used for studies, surveys and other activities needed to identify and evaluate resource enhancement, restoration or other projects authorized under Division 21 of the Public Resources Code. Funds may also be used for educational and interpretive facilities, materials, and events. Funds would be allocated as grants to public agencies and non-profit organizations or expended directly by the State Coastal Conservancy for these purposes.

Violations Remediation Account (VRA)

Penalties originating from settlements and judgments of Coastal Act violations resolved by the Coastal Commission (Commission) are collected by the Commission and then transferred to the Conservancy for deposit in the VRA. Funds from the VRA are held in the Coastal Conservancy Fund of 1976 (Fund 0565). The VRA was established in 1982 as an amendment to the Coastal Act of 1976 (Public Resources Code Section 30823 Disposal of Funds, Amended by Ch. 1618, Stats. 1982).

PRC Section 30823 states: *Any funds derived under this article (Article 2) shall be expended for carrying out the provisions of this division, when appropriated by the Legislature. Funds so derived shall be deposited in the Violation Remediation Account of the Coastal Conservancy Fund until appropriated.*

VRA funds held in the Conservancy Fund must be appropriated in the Budget Act in order to be expended for the intended purposes. Upon appropriation by the Legislature in the annual Budget Act, funds from the VRA are used by the Conservancy to carry out provisions of the Coastal Act. The funds have been used for a variety of projects along the coast including public access projects, access operations and maintenance, land conservation, and coastal resource enhancement.

Memorandum of Understanding

In 1986, the Commission and the Conservancy entered a Memorandum of Understanding that generally described the use of the VRA funds in accordance with the PRC Section 30823. In 2012 the Conservancy and the Commission entered an updated *Memorandum of Understanding Between the California Coastal Commission and the State Coastal Conservancy on the Use and Expenditure of Violation Remediation Account Funds* (MOU) for the same purposes. The 2012 MOU modified the procedure for expenditure of VRA funds to clarify the priorities for expending funds. The first priority is to expend funds in locations in close proximity to the geographical location of the violation. When that is impractical, priority is given to projects in the following priority: 1) the county of the violation location, 2) the region of the violation, 3) for agreed upon Commission and Conservancy special projects, and 4) for statewide programmatic purposes. In addition, the agreement allows for relatively small dollar amounts of settlements arising from a violation to be applied to specific access and restoration projects and more general statewide programs designed to promote compliance with coastal development permits and to further principal goals of the Coastal Act, including increasing public access to and along the coast, protecting sensitive habitats and preserving open space.

The Conservancy and Commission staff meet regularly to identify projects to be supported by the VRA funds, consistent with the MOU and the terms of deposits. VRA funds may be used for Division 21 purposes other than capital improvement projects; therefore, funds may be used to carry out studies, surveys and other activities related to project development such as grants and contracts to analyze and prioritize property acquisitions in specified regions, permit assistance programs, habitat surveys, and general watershed restoration plans. These funds may also be used to assist governmental agencies and nonprofit organizations to maintain and manage public accessways. In the past, the VRA funds were used for a variety of projects throughout California, including projects to acquire habitat areas, construct new beach stairways, and to improve the Commission's permit database.

The Conservancy last received an appropriation from the VRA in 2021-22. The 2021-22 VRA funds were used to support a variety of beach public access amenities planning and implementation projects primarily across southern California.

Resource History
(Dollars in thousands)

Program Budget	PY - 4	PY - 3	PY - 2	PY-1	PY	CY
Authorized Expenditures	2,000	0	1,500	0	0	0
Actual Expenditures	1,445	0	641	0	0	0

B. Justification

There is currently a balance of approximately $31.5 million available in the VRA. The Conservancy closely coordinates with the California Coastal Commission to assure that the amounts proposed for appropriation for projects leave enough available in the account to pay support and administrative costs for both agencies. The Conservancy is requesting an amount based on projects being considered for funding in consultation with the Commission.

The Conservancy has a backlog of projects that are appropriate for VRA and ready to utilize these funds that are consistent with the MOU and the Conservancy's Strategic Plan. Potential projects include:

- Access improvements at Montara State Beach in San Mateo County, at Cojo Jalama Park in Santa Barbara, and at Princess Street in San Diego.
- Construction of the California Coastal Trail in San Mateo County
- Habitat Restoration in Mission Bay in San Diego
- Lower Cost Coastal Accommodation Project in Los Angeles County

C. Departmentwide and Statewide Considerations

The funds proposed for appropriation in this request will be expended pursuant to the purposes of the VRA described above (PRC Section 30823), and consistent with the Conservancy's enabling legislation (Division 21 of the Public Resources Code), its 2023 Strategic Plan and several state policies and plans.

The Conservancy's current Strategic Plan was developed and adopted by the Conservancy in 2022 to provide an overall vision for the Conservancy's future and to identify a set of specific metrics by which to measure the accomplishment of that vision for 2023-2027. It is intended to communicate the Conservancy's priorities and the context of those priorities to the Legislature,

the California Natural Resources Agency, and to the Conservancy's control agencies, such as the Department of Finance. Based on analysis of issues facing the natural and recreational resources of the California coast and the San Francisco Bay Area, the Strategic Plan identified a comprehensive set of specific goals and measurable objectives for addressing these issues over a five-year period in each of the Conservancy's main programmatic areas: Public Access, Coastal Resources Conservation and the San Francisco Bay Area Conservancy Program.

The Conservancy will use the funds proposed for appropriation consistent with its enabling legislation (Division 21 of the Public Resources Code) and with the 2012 MOU with the Coastal Commission to implement a range of projects throughout the state that will help meet the number of Strategic Plan goals including the following:

- Benefit systemically excluded communities
- Return power to Tribes
- Support meaningful engagement by systemically excluded communities
- Support the Explore the Coast Program
- Expand accessibility
- Build trails
- Plan and construct recreation facilities and amenities
- Plan and construct piers and waterfront projects
- Conserve land
- Restore or enhance habitat
- Working lands projects
- Sea level rise adaptation
- Wildfire resilience
- Multi-benefit nature-based climate adaptation

D. Outcomes and Accountability

In addition to tracking payments to and expenditures from the VRA, the Conservancy provides an annual report to the Commission which accounts for all receipts and expenditures from the VRA and identifies which projects have been funded in whole or in part using VRA funds. The Commission reviews the Conservancy's accounting annually and provides a letter of concurrence or identifies inconsistencies with its records within sixty (60) days of receipt of the Conservancy's annual report. To the extent there are identified inconsistencies between the Commission and Conservancy records, the agencies meet and reconcile the accounting.

In addition to the reporting measures included in the 2012 MOU described above, all funds disbursed by the Conservancy through grants and contracts are actively managed by Conservancy staff to validate compliance with the relevant work plan and budget as well as all conditions placed on the grant or contract. Funds are disbursed in reimbursement for completed work and 5 percent of each payment is withheld by the Conservancy and released upon satisfactory completion of the project. Prior to approving the final grant payment, Conservancy staff conducts a project completion audit. This process includes review and approval of the final work product, a site visit and inspection where appropriate, and a review of the contract and project files to confirm that all required documentation is in place.

For projects involving construction, including environmental restoration and enhancement, the grantee must provide the Conservancy with an inspection report by a licensed architect or registered engineer or the grantee's Public Works Director certifying completion of the project according to the approved work program, and with "as built" drawings or photographs of the completed project. The grantee must also agree to manage and maintain the improvements consistent with the purposes of the awarded grant funds for an appropriate period, generally not less than twenty years.

The Conservancy has implemented a set of post-project monitoring protocols by which it tracks all its grants and projects to assure continued compliance with grant conditions and proper maintenance of the assets acquired or developed with the grant or contract funds.

The Conservancy also maintains a project management database through which it tracks progress of ongoing projects and grants and the results of post-completion monitoring. The contribution of each grant and project to the achievement of strategic plan goals and objectives is also tracked through the project management database. The Conservancy's Executive Director submits reports to the Conservancy annually which document the Conservancy's progress towards the achievement of the strategic plan goals and objectives.

The Conservancy anticipates funding at least six projects with this appropriation. Specifically, the Conservancy anticipates recommending funding for coastal trail and accessway construction projects along the San Mateo coast as well as construction of coastal accessways in southern California.

Projected Outcomes

Workload Measure	CY	BY	BY+1	BY+2	BY+3	BY+4
Coastal Resource Enhancement and Public Access Projects	0	3	2	1	0	0

E. Implementation Plan

The proposal will be carried out with existing staff and will not require additional equipment or resources. Upon the enactment of the Budget Act of 2025, the activities described in this proposal will be implemented based on factors specific to the grant or project being carried out. Factors such as readiness of plans, status of permits and environmental documentation, seasonal restrictions on construction, finalizing agreement with the Coastal Commission, and Conservancy staff workload are among those that will determine the timing of project initiation and the pace of completion. The Conservancy has requested funds in an amount that it can encumber and spend in the appropriation period based on its experience with previous and ongoing projects and an assessment of the capabilities of existing staff to initiate and complete new projects.

F. Supplemental Information (If Applicable)

In addition to the VRA funds requested, the Conservancy requests $12 million in reimbursement authority, for local assistance or capital outlay, to provide sufficient authority for reimbursable grants that the Conservancy receives from state and other entities. Currently, the Conservancy has a number of grants from the National Fish and Wildlife Foundation and the Wildlife Conservation Board that will support large-scale wetland restoration, sea level rise resilience, and salmonid restoration projects that require additional reimbursement authority in 2025-26.

BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: Coastal Resource Enhancement and Public Access Projects

BR Name: 3760-002-BCP-2025-MR

Budget Request Summary

Operating Expenses and Equipment

Operating Expenses and Equipment	FY24-25 Current Year	FY25-26 Budget Year	FY26-27 BY+1	FY27-28 BY+2	FY28-29 BY+3	FY29-30 BY+4
54XX - Special Items of Expense	0	22,725	0	0	0	0
Total Operating Expenses and Equipment	**$0**	**$22,725**	**$0**	**$0**	**$0**	**$0**

Total Budget Request

Total Budget Request	FY24-25 Current Year	FY25-26 Budget Year	FY26-27 BY+1	FY27-28 BY+2	FY28-29 BY+3	FY29-30 BY+4
Total Budget Request	**$0**	**$22,725**	**$0**	**$0**	**$0**	**$0**

Fund Summary

Fund Source

Fund Source	FY24-25 Current Year	FY25-26 Budget Year	FY26-27 BY+1	FY27-28 BY+2	FY28-29 BY+3	FY29-30 BY+4
Local Assistance - 0565 - State Coastal Conservancy Fund	0	10,725	0	0	0	0
0995 - Reimbursements	0	12,000	0	0	0	0
Total Local Assistance Expenditures	**$0**	**$22,725**	**$0**	**$0**	**$0**	**$0**
Total All Funds	**$0**	**$22,725**	**$0**	**$0**	**$0**	**$0**

Program Summary

Program Funding

Program Funding	FY24-25 Current Year	FY25-26 Budget Year	FY26-27 BY+1	FY27-28 BY+2	FY28-29 BY+3	FY29-30 BY+4
2805032 - Conservancy Programs	0	22,725	0	0	0	0
Total All Programs	**$0**	**$22,725**	**$0**	**$0**	**$0**	**$0**