

CALIFORNIA COASTAL COMMISSION

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DATE: July 24, 1997

TO: Coastal Commissioners

FROM: Peter M. Douglas, Executive Director
James W. Burns, Chief Deputy Director

SUBJECT: **PROPOSED BUDGET AUGMENTATIONS FOR FY 1998/99**
(For Discussion and Action at the August 12–15, 1997, Commission Meeting)

EXECUTIVE SUMMARY

Staff is recommending augmentations to the FY 1998/99 budget that would restore the Commission's ability to address its most urgent needs and most important responsibilities. We believe our proposals are reasonable, warranted, and based upon actual operating experience and requirements. We recommend that the Commission authorize staff to prepare fourteen budget change proposals (BCPs) and submit them to the Secretary for Resources and the Department of Finance for consideration and inclusion in the Governor's FY 1998/99 Budget. The BCPs will request a \$2.793 million increase in budget and a 24.2 personnel years increase in staff.

The following table lists the BCPs in order of priority by funding source, number of budgeted positions requested, the dollar amount requested, and the Strategic Plan objectives met by the BCP.

FY 1998/99 BUDGET CHANGE PROPOSALS

BCP DESCRIPTIONS				<u>PY</u>	<u>BUDGET</u>	<u>STRATEGIC PLAN OBJECTIVE</u>
FUNDING SOURCE — ENVIRONMENTAL LICENSE PLATE FUND						
BCP 98-01	Environmental Education/Adopt-A-Beach			2.7	\$ 219,000	5.3, 5.4, 5.5
	Environmental Education Clerical Support	1.0 OT	\$ 57,000			
	Public Outreach Assistant	1.0 SSA	\$ 60,000			
	Environmental Interns	1.0 ESI(B)	\$ 52,000			
	Grants for Nonprofit Organizations		\$ 50,000			
FUNDING SOURCE — GENERAL FUND						
BCP 98-02	Information Systems/Computer Mgt			1.8	\$ 295,000	2.4, 4.4, 5.1, 5.11, 6.2, 6.9
	Staff Information Systems Analyst (Supvsr)	1.0 SISA	\$ 85,000			
	Associate Information Systems Analyst	1.0 AISA	\$ 80,000			
	Maintenance Contracts		\$130,000			
BCP 98-03	Geographic Info Systems/Cartography			1.9	\$ 160,000	4.4, 5.10, 6.9
	GIS/Cartographers	2.0 CPA II	\$160,000			
BCP 98-04	Technical Services			0.9	\$ 79,000	4.3, 7.5
	Biologist	1.0 ES III	\$ 79,000			
BCP 98-05	LCP Implementation and Periodic Review			4.8	\$ 400,000	2.3, 5.6, 5.9, 6.9, 7.3
	Coastal Planners	5.0 CPA II	\$400,000			
BCP 98-06	Public Information			0.9	\$ 78,000	5.1, 5.6, 5.7, 5.8, 5.11, 6.6, 7.3
	Information Officer I	1.0 IOI	\$ 78,000			
BCP 98-07	Administrative Services			2.7	\$ 189,000	2.4, 4.5, 6.7
	Personnel Assistant	1.0 SSA	\$ 62,000			
	Accounting Technician	1.0 AT	\$ 57,000			
	Clerical Support	1.0 OT	\$ 57,000			
	Contract for Records Management		\$ 13,000			
BCP 98-08	Local Assistance for LCP Completion			0.0	\$ 500,000	2.1, 2.2

<u>BCP DESCRIPTIONS</u>				<u>PY</u>	<u>BUDGET</u>	<u>STRATEGIC PLAN OBJECTIVE</u>
BCP 98-09	Legal Services			1.9	\$ 162,000	1.3, 3.2, 4.6, 4.7, 5.9, 6.1, 6.5, 7.1, 7.3
	District Staff Counsels	2.0 SC(B)	\$162,000			
BCP 98-10	North Coast Area Office			1.8	\$ 357,000	6.8
	Area Office Manager	1.0 CPM	\$ 91,000			
	Clerical Support	1.0 OT	\$ 57,000			
	One Time Costs Moving & Equipment		\$139,000			
	Continuing Operating Costs		\$ 70,000			
BCP 98-11	Intern Program			4.8	\$ 260,000	7.4
	Interns	5.0 ESI(B)	\$ 260,000			
BCP 98-12	Training Budget			0.0	\$ 30,000	4.1, 4.2
BCP 98-13	Equipment-Vehicle San Diego			0.0	\$ 19,000	All
BCP 98-14	Equipment-Copy Machine Long Beach			0.0	\$ 45,000	All
TOTAL	STATE FUNDS FOR STAFF AND OPERATIONS			24.2	\$2,793,000	

Motion:

I move that the Commission approve the budget submitted by staff and that fourteen BCPs, totaling approximately \$2.793 million and 24.2 personnel years, be submitted to the Resources Agency and Department of Finance for consideration in the Governor's FY 1998/99 Budget.

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THE BUDGET PROCESS

Proposed Budget

Commission staff develops a budget for the Commission's approval and the Commission acts on the proposed budget at its July or August meeting. The proposed budget describes the augmentations to the Commission's Baseline Budget that the staff would like the Commission, Resources Agency, and Department of Finance to consider in developing the Governor's Budget for FY 1998/99 (July 1, 1998 – June 30, 1999).

Baseline Budget

The Department of Finance begins working with Commission staff to develop a Baseline Budget in July. The Baseline Budget is an estimate of the cost in the next fiscal year (FY 1998/99) of carrying out our core program at the same level as the current year (FY 1997/98).

Budget Change Proposals

State agencies must prepare Budget Change Proposals (BCPs) for any changes they desire to make in their next year's budget. We normally prepare BCPs to request the staff levels and funding we believe necessary to meet all of our major program responsibilities.

For administrative purposes, the Coastal Commission is within the Resources Agency; therefore, the Commission's BCPs are submitted to the Secretary for Resources for approval. BCPs are usually submitted to the Resources Agency in August. BCPs approved by the Secretary are forwarded to the Department of Finance for consideration. The Department of Finance will not consider any BCP that has not been approved by the Secretary for Resources. The Department of Finance can independently deny or amend a BCP. The Secretary for Resources and Department of Finance officials meet with the Commission's Executive Director in October to discuss the Commission BCPs. BCPs approved by the Resources Agency, Department of Finance, and the Governor are incorporated into the Governor's Budget.

Governor's Budget

The Governor must submit his budget to the Legislature by January 10 each year. The Governor's Budget identifies the prior year's expenditures (FY 1996/97), the current year's appropriation (FY 1997/98), and the proposed budget for the next year (FY 1998/99). In

recent years, the Commission's appropriation has been in the neighborhood of \$10–11 million, \$6–7 million in state funds and \$2–3 million in federal funds.

Legislative Action

The Governor's Budget is embodied in Budget Bills introduced into both houses of the Legislature. Both the Senate Budget and Fiscal Review Committee and the Assembly Budget Committee, working through their subcommittees, schedule hearings on each agency's budget.

The Joint Legislative Budget Committee maintains an independent staff, known as the Legislative Analyst's Office, which reviews the Governor's Budget and recommends actions to the Legislature on the budget. The Legislative Analyst's report on the Governor's Budget is released in February, and it is usually the focal point for discussing each agency's budget during fiscal subcommittee hearings from March through May.

Each of the Legislative Budget Subcommittees makes its recommendations to its respective full Budget Committee. After passing the Budget Committees, the Budget Bills have to be passed by the Legislature by a two thirds vote in each house. If there are differences in an agency's budget reported out of the two houses, as was the case for the Commission's budget this year (FY 1997/98), the agency's budget goes to the Budget Conference Committee for resolution.

Eventually, the Legislature passes a Budget Bill, which may include an appropriation that is the same as, lower than, or more than that proposed in the Governor's Budget. Constitutionally, the Budget Bill must be passed by the Legislature and submitted to the Governor by June 15th. This date is sometimes missed, as it was this year.

Governor's Action

The Budget Bill passed by the Legislature is transmitted to the Governor who has twelve days within receipt, or until June 30, to veto specific line items in the budget. The Governor can only delete items from the budget; he cannot add any new items or increase any amounts in the budget. Constitutionally, the Governor is suppose to sign the Budget Bill by June 30th. However, this date is also sometimes missed. Upon signature, the Budget Bill becomes the Budget Act and it represents the detailed work program for each state agency for the fiscal year. Items vetoed by Governor may be restored by the Legislature upon two thirds vote in each house.

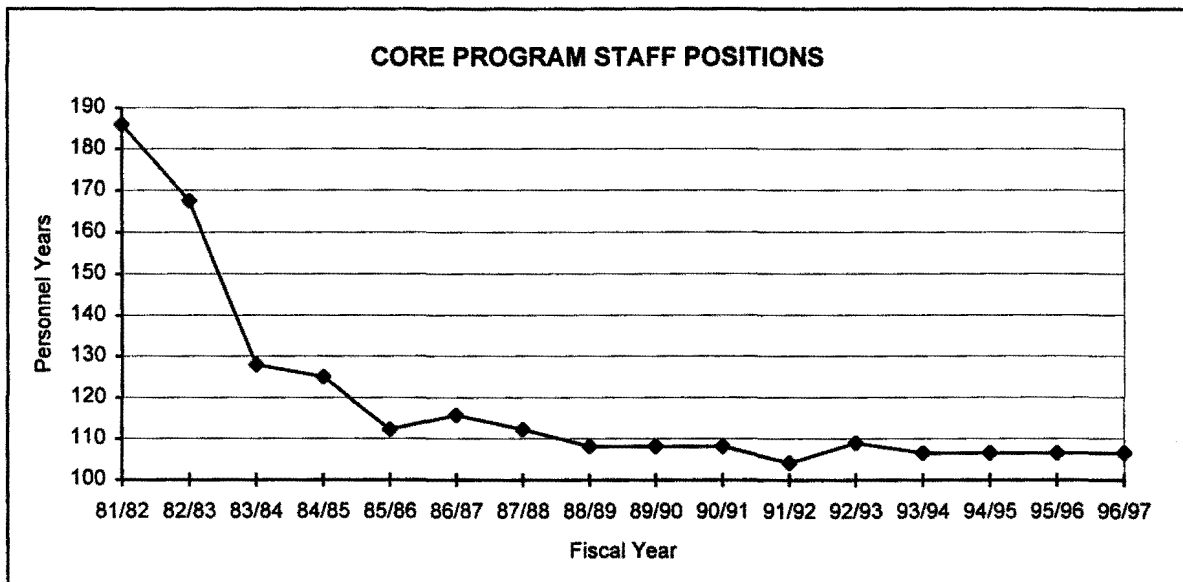
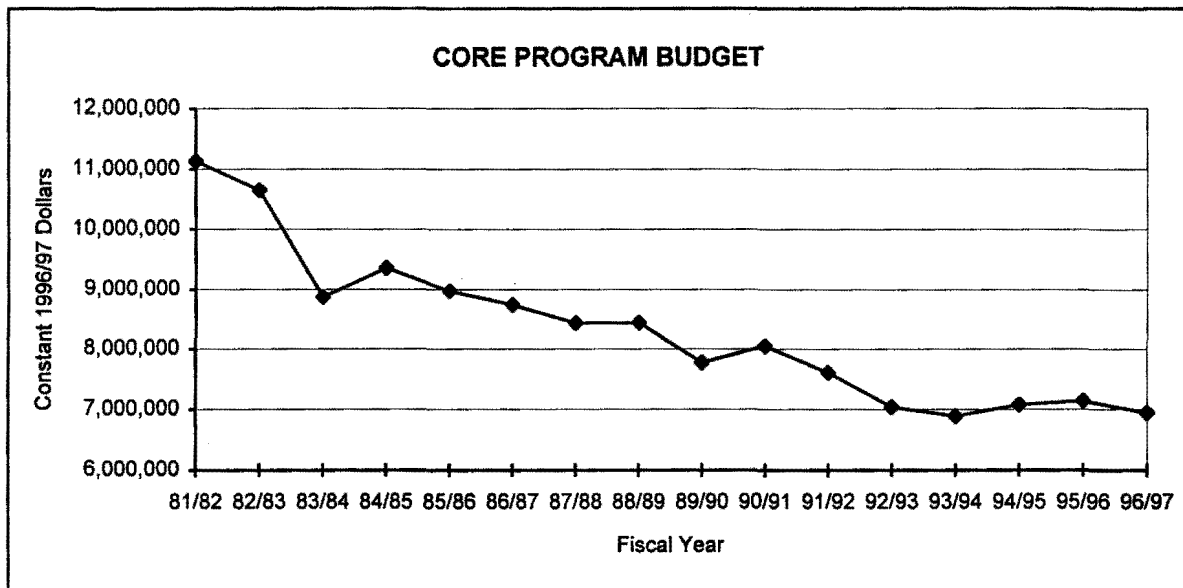
Budget Adjustments After the State Budget Has Been Enacted

Generally, an agency can move funds from one line item in its budget to another if the change is within certain limits. Some items (i.e., Out of State Travel and Equipment) cannot be changed without the Department of Finance's approval.

Changes that would increase an agency's total appropriation or spending authority are accomplished through use of a Budget Act Section 28 Letter. The Commission prepares a Section 28 Letter whenever a new federal grant is received after the State Budget has been enacted. We cannot expend any funds from a new grant until the Section 28 Letter is approved. Our Section 28 Letters must be approved by the Resources Secretary, the Department of Finance, and the Joint Legislative Budget Committee. Changes approved in this manner are effective only for the fiscal year in which they are approved.

COASTAL COMMISSION'S BUDGET HISTORY FY 1981/82 THROUGH 1996/97

In FY 1981/82, prior to George Deukmejian becoming governor, the Commission had a state budget of \$6.668 million (equivalent to \$11.134 million in 1996/97 dollars) and a staff level of 185.9 budgeted positions. During his two terms as governor (1983 through 1990), George Deukmejian reduced the Commission's state budget by 27 percent to \$7.779 million (1996/97 dollars) and reduced the staff level by 42 percent, to 108.1 budgeted positions. He also forced closure of the Commission's North Coast District Office in Eureka (1985). These actions were not related to the Commission's workload and permanent responsibilities, but were based on the governor's desire to eliminate the Coastal Commission.



In his first budget in FY 1991/92, Governor Pete Wilson proposed a 12 percent increase in funding for the Commission to: re-establish a north coast area office and increase the north coast staff by two positions; increase the enforcement staff by three positions; and add a position for the Adopt-A-Beach/Conservation Education Program. Unfortunately, this budget increase was wiped out by an across-the-board General Fund cut which was necessary to balance the state budget. In FY 1991/92, the Commission's budget decreased two percent and we lost 4.0 positions.

Governor Wilson's FY 1993/94 budget included three additional enforcement positions for the Commission and these positions were authorized by the Budget Act of 1993. However, an unallocated General Fund reduction triggered after the budget passed, forced us to eliminate 4.5 positions, including the three new enforcement positions.

No other significant budget changes were proposed specifically for the Commission in the other budget years, FY 1994/95 through 1996/97. By FY 1996/97 (the fiscal year that ended June 30, 1997), the state budget for the Commission's core program was \$6.948 million, 38 percent lower than in FY 1981/82 and staff level was 106.5 budgeted positions, 43 percent lower than in FY 1981/82.

These reductions in budget and staff have forced the Commission to operate for over fourteen years at levels well below that necessary to carry out all of its statutory responsibilities. During this period, the Commission's work has been driven primarily by statutory requirements and deadlines set by the state Coastal Act, federal Coastal Zone Management Act, and state Permit Streamlining Act. Many critical activities that should have had priority were terminated or deferred. For example, the Commission:

- Terminated local assistance grants to coastal jurisdictions for local coastal program (LCP) development and completion (37 LCPs and 45 areas of deferred certification are currently not effectively certified);
- Has not provided coastal jurisdictions with the technical and legal assistance they need to develop, certify, and implement their LCPs;
- Deferred the periodic evaluation of certified LCPs (periodic reviews for 50 jurisdictions are currently overdue, some by as many as 11 years);
- Accumulated a backlog of unresolved enforcement cases and has delayed the preparation of the administrative records necessary to bring several legal challenges to trial in a timely manner;
- Placed strict controls on staff travel to proposed development sites, to meetings with local officials, government agencies and permit applicants, and to Commission meetings;

- Has not opened many new accessways for public use (only 19 percent of the 1,260 offers to dedicate access easements have been accepted);
- Deferred long range coastal planning; and
- Only recently became involved in nonpoint source pollution control as a result of a federal mandate.

Additionally, the impacts on staff have also been substantial. For example:

- Staff training is almost nonexistent;
- Staff have had to pay for their own travel and registration fees at conferences;
- Layoffs and hiring freezes have been imposed that ultimately increase the workload for the remaining staff;
- Staff has been equipped with antiquated computers (Wang), and when new PCs have been provided, training and technical support has been deficient; and
- Most of the staff hired over the past five years have had to be hired as limited-term appointments (i.e., the terms of their employment are limited to the duration of the federal grants that support their positions). This makes it very difficult to recruit and retain experienced staff.

STATUS OF THE FY 1997/98 BUDGET

Governor's Coastal Initiative

Within his FY 1997/98 budget, Governor Wilson proposed a coastal initiative which included components previously identified by the Coastal Commission as essential to the successful achievement of its mission. The governor's budget proposed:

\$500,000 to the Resources Agency to purchase data processing/computer equipment and to provide technical services to the Commission in order to install modern computers and a permit tracking system;

\$100,000 to the Commission to develop, in cooperation with the Coastal Conservancy, a comprehensive coastal access implementation plan; and

\$500,000 to the Commission to provide grants to local governments for completing and implementing their local coastal program.

Coastal Commission's Request to Augment Governor's Coastal Initiative

Although the governor's budget proposed additional funding for the coastal program, the budget was still insufficient to carryout the Commission's most urgent, ongoing needs. Therefore, the Commission requested the Resources Agency, governor, and legislature to amend and augment the governor's coastal initiative by:

Amending the \$500,00 allocated to local assistance grants for LCP completion to \$340,000 for local assistance grants and \$160,000 for two permanent coastal program analysts to manage the local assistance grant program and to help local governments complete and implement their LCPs;

Adding \$86,000 for a permanent water quality planner to work on the completion and implementation of the federally-mandated Coastal Nonpoint Source Pollution Control Program;

Adding \$192,000 for three permanent coastal program analysts to reduce the backlog of enforcement cases and to work with other state, federal, and local agencies to create enforcement task forces in the central and north coast districts; and

Adding \$67,000 for a permanent geologist to provide technical assistance to the Commission's regulatory, planning, and energy programs.

Assembly Budget Subcommittee

On May 6, 1997, Assembly Budget Subcommittee #3 on Resources approved the appropriation of \$500,000 to the Resources Agency to develop the Commission's computer system, and also approved the following appropriations to the Coastal Commission:

- \$ 100,000 for one limited-term position to develop an access implementation plan;
- \$ 340,000 for local assistance grants;
- \$ 160,000 for two limited-term positions to work on LCP completion;
- \$ 186,000 for two limited-term positions to work on water quality planning;
- \$ 192,000 for three limited-term enforcement positions; and
- \$ 87,000 for one limited-term geologist position.

Senate Budget Subcommittee

On May 8, 1997, the Senate Budget and Fiscal Review Subcommittee #2 on Resources, Environmental Protection, Judiciary, and Transportation approved the appropriation of \$500,000 to the Resources Agency to develop the Commission's computer system, and also approved the following appropriations to the Coastal Commission:

- \$ 100,000 for one limited-term position to develop an access implementation plan;
- \$ 86,000 for a permanent water quality planner position;
- \$ 192,000 for three permanent enforcement positions; and
- \$ 87,000 for a permanent geologist position.

The Senate Subcommittee did not approve any funding or positions for LCP completion.

Conference Committee

Because the Assembly and Senate actions on the Commission's budget were not identical, the Commission's budget was sent to the Conference Committee for final resolution. The Conference Committee approved the following appropriations:

- \$ 160,000 for two permanent positions to work on LCP completion;
- \$ 340,000 for local assistance grants;
- \$ 86,000 for a permanent water quality planner position;
- \$ 92,000 for three permanent enforcement positions; and
- \$ 87,000 for a permanent geologist position.

Legislative Action/Governor's Action

This staff report assumes the Legislature and Governor will pass the State Budget with the same positions and funding for the Coastal Commission as was passed by the Conference Committee. If the Legislature or Governor eliminates any of these positions or funding, this staff report will be amended at the Commission's August meeting to include requests for these positions in FY 1998/99.

COMPARISON OF FY 1995/96, 1996/97, AND 1997/98 BUDGETS

FY 1995/96 Actual	Budget	Positions
General Fund	\$ 5,741,000	
Environmental License Plate Fund	1,223,000	
Subtotal Core Program	\$ 6,964,000	106.5
Reimbursements	496,000	6.9
Federal Funds	3,556,000	24.3
Total	\$ 11,016,000	137.7

FY 1996/97 Estimated	Budget	Positions
General Fund	\$ 5,650,000	
Environmental License Plate Fund	1,298,000	
Subtotal Core Program	\$ 6,948,000	106.5
Reimbursements	437,000	6.9
Federal Funds	3,238,000	12.0
Total	\$ 10,623,000	125.4

FY 1997/98 Estimated	Budget	Positions
General Fund	\$ 7,818,000	
Environmental License Plate Fund	0	
Subtotal Core Program	\$ 7,818,000	113.1
Reimbursements	437,000	6.9
Federal Funds	2,393,000	5.6
Total	\$ 10,648,000	125.6

Coastal Commission's 1997/98 Budget Improved, but Still Inadequate

Even though state funding for the Commission's core program budget for FY 1997/98 compared to FY 1996/97 has been increased by 12.5 percent (\$870,000*) and the staff level by 6.2 percent (6.6 budgeted positions*), there is still a continuing deficiency in state funding for the Commission's operations. The new budget does not include any cost of living adjustments to pay for increased office rents (up \$55,000 this year), staff merit salary increases (up \$75,000 this year), increased Commission meeting room rental rates, increased per diem rates for travel expense reimbursements, etc.

The Commission will have about \$2.393 million in federal funds in FY 1997/98. Although we will receive \$2.125 million in new federal Coastal Zone Management Act (CZMA) section 306 and 309 grants in FY 1997/98, this is considerably less than what we have received in the past. In the past, we received more CZMA section 309 funds in addition to section 308 and 6217 funds. We rely on portions of these grants to support core program costs as well as the costs for completing grant-specific tasks that required additional staff, additional travel, etc. Some of the federal money (\$268,000) in our FY 1997/98 budget comes from FY 1996/97 grants that were carried over to the end of the federal fiscal year, September 30, 1997. We have some additional grant applications pending for federal funding, so the exact amount of federal funding for FY 1997/98 is not known at this time. Federal funds will continue, by necessity, to make up about 80 percent of our core program's Operating Expenses and Equipment (OE&E) budget.

* Although the budget augmentation for FY 1997/98 totaled \$965,000 and 7.4 budgeted positions, reductions in General Fund and Environmental License Plate Fund would have reduced the Commission's budget by \$95,000 and 0.8 budgeted positions. Therefore, the net increase for FY 1997/98 after the budget augmentation is \$870,000 and 6.6 positions (refer to the table on page 13 that compares the FY 1995/96, 1996/97, and 1997/98 budgets).

ESTIMATED FY 1997/98 BUDGET¹

	Dollars	Budgeted Positions ²	Authorized Positions ²
General Fund.....	\$ 6,853,000	105.7	111.3
Budget Augmentations ³	965,000	7.4	8.0
Total State Funds for Core Program	\$ 7,818,000	113.1	119.3
BCDC ⁴ Reimbursement (Personnel & Accounting)	61,000	2.0	2.1
DFG ⁵ Reimbursement (Oil Spill Program)	376,000	4.9	5.2
Total Reimbursements.....	\$ 437,000	6.9	7.3
Federal Coastal Management Grant CZMA 306	1,900,000	0.0	0.0
CZMA 309 Federal Grant	225,000	1.7	1.7
Contracts/Grants Carried Over from FY 1996/97	268,000	3.9	3.9
Total Federal/Other Funds.....	\$ 2,393,000	5.6	5.6
TOTAL BUDGET FROM ALL SOURCES.....	\$ 10,648,000	125.6	132.2

¹ Budget for 7/1/97 – 6/30/98 does not include funds passed through to other agencies (e.g., BCDC and State Coastal Conservancy (SCC)), funds that will carry over into FY 1998/99, funds for a federal Interagency Personnel Act position (NOAA/EPA), funds that may be awarded to us under pending grant applications, or the \$500,000 appropriated to the Resources Agency to develop our computer system.

² Agencies are authorized to fill a specific number of positions, expressed as personnel years (PY). The Department of Finance has estimated that on average, an agency will have 5 percent of its authorized PY vacant during the year because of delays in recruiting and hiring staff. Since not all authorized PY are filled at any one time, it is unnecessary for the state to provide funds to pay the salaries for all authorized positions. Therefore, the State Budget shows: Authorized PY - 5% Salary Savings = Budgeted PY. Although we may fill all of the 119.3 Authorized PY for our core program in FY 1997/98, we are not funded to exceed 113.1 PY.

³ Budget Augmentations

Program	Dollars	Budgeted Positions	Authorized Positions
Access	\$ 100,000	0.9	1.0
LCPs	500,000	1.9	2.0
Water Quality	86,000	0.9	1.0
Geology	87,000	0.9	1.0
Enforcement	192,000	2.8	3.0
Total.....	\$ 965,000	7.4	8.0

⁴ San Francisco Bay Conservation and Development Commission

⁵ Department of Fish and Game

PROPOSED FY 1998/99 BUDGET AUGMENTATIONS

Even with the budget augmentations received in FY 1997/98 (July 1, 1997 through June 30, 1998), the Commission will continue to operate at a level well below that necessary to carry-out all of its statutory responsibilities. This is the direct effect of past budget cuts and staff reductions.

For FY 1998/99, staff is proposing a budget increase of \$2,793,000 and 24.2 personnel years. We believe this level of staffing and operating funds would enable the Commission to carry out its most important mandated duties and responsibilities. Toward that end, we are confident that a review of our budget proposals will demonstrate they are reasonable, warranted, and based on actual operating experience and requirements. Our BCPs request:

- \$ 169,000 from the California Beach and Coastal Enhancement Account within the Environmental License Plate Fund to support two permanent staff positions and one intern (2.7 PY) for our Environmental Education/Adopt-A-Beach-Program
- \$ 50,000 from the California Beach and Coastal Enhancement Account to provide grants to nonprofit organizations for environmental education programs
- \$ 165,000 to support a computer specialist/supervisor and an assistant to manage our computer systems (1.8 PY)
- \$ 130,000 to contract with information technology experts to maintain our computer system
- \$ 160,000 to support two geographic information systems/cartography specialists (1.9 PY)
- \$ 79,000 to support a biologist (0.9 PY)
- \$ 400,000 to support five coastal program analysts (4.8 PY) to work on local coastal program implementation and periodic reviews
- \$ 78,000 for a public information officer (0.9 PY)
- \$ 176,000 for three administrative services positions (2.7 PY)
- \$ 13,000 to contract with a records management expert to help us develop a plan for storing our records electronically
- \$ 500,000 to provide local assistance grants to local governments to develop their LCPs
- \$ 162,000 for two staff counsel positions (1.9 PY) for our district offices
- \$ 357,000 to re-establish and staff a North Coast Area Office (1.8 PY)
- \$ 260,000 to support five Environmental Intern positions (4.8 PY)
- \$ 30,000 to support deferred staff training
- \$ 19,000 for a replacement vehicle for our San Diego office
- \$ 45,000 for a replacement copy machine for our Long Beach office

The following paragraphs provide a synopsis of each BCPs proposed by staff. They are listed by the funding source and priority. Additionally, they cite their consistency with the objectives of the Commission's Strategic Plan (A list of our Strategic Plan Objectives is included as an appendix to this report—See page 29).

ENVIRONMENTAL LICENSE PLATE FUND

BCP 98-01 Environmental Education/Adopt-A-Beach

Appropriate a total of \$219,000 from the California Beach and Coastal Enhancement (CBCE) Account (derived from the sale of Coastal License Plates) to: (1) support two permanent positions (a Staff Services Analyst and an Office Technician) and one temporary help position (Environmental Services Intern) (\$169,000 for 2.7 PY) to improve the Commission's ability to increase public awareness and participation in Adopt-A-Beach, Coastweeks, and Coastal Cleanup Day activities; and (2) provide \$50,000 (or more, depending on the amount available from the CBCE Account) in grants to nonprofit organizations to help develop and implement a coastal and marine environmental education program that includes outreach to schools, youth organizations, the business community and the general public, with a particular focus on multicultural and ethnic involvement.

Permanent staffing (1.8 budgeted PY) is needed so we can continue the Commission's environmental education and public involvement efforts. These activities are periodically supported by grants and assistance from corporations and other government agencies. The Commission, however, needs permanent as well as temporary help staff to respond to public inquiries; develop, update, revise and disseminate the Commission's public education materials; supervise volunteers working on the Coastal Cleanup Day and Adopt-A-Beach Programs; and to expand coastal awareness and outreach efforts. One of the positions that is requested in this BCP was included in Governor Wilson's FY 1991/92 budget for the Commission, but had to be eliminated because of an unallocated General Fund budget cut in FY 1991/92.

We also need funds to provide grants to nonprofit organizations for environmental education activities. We especially want to provide financial assistance to our network of Coastal Cleanup Day volunteers. There are 40 county coordinators and over 800 beach captains who need help in reproducing and mailing Coastal Cleanup Day materials, producing beach banners, operating toll-free phone numbers for Cleanup Day inquires, renting buses to transport school children to the beach for Coastal Cleanup Day, etc.

This BCP is consistent with the objectives of the Commission's Strategic Plan, specifically objectives 5.3, 5.4, and 5.5.

STATE GENERAL FUND

BCP 98-02 Information Systems/Computer Management

Appropriate a total of \$295,000 to support the Commission's new computer system. We need \$85,000 to support a Staff Information Systems Analyst (supervisor) position (0.9 PY) to manage the Commission's statewide information storage and data processing functions and \$80,000 to support an Associate Information Systems Analyst position (0.9 PY) to service information systems in the Commission's southern California offices. A computer systems manager is needed to supervise the information systems staff that manages the Commission's information gathering, storage, and retrieval functions. Additionally, \$130,000 is needed for contractual services to ensure that technical assistance for maintaining the system is available to all our offices.

In FY 1997/98, the Commission will move from its antiquated Wang word processing equipment to a PC based system developed, installed, and tested by the Resources Agency's CERES staff and consultants. Although the Resources Agency's budget will support computer and networking functions for the Commission in the current year (FY 1997/98); funds are not permanently in the Commission's budget to support permanent information systems positions and maintenance contracts to ensure the successful management of the new system.

This BCP is consistent with the objectives of the Commission's Strategic Plan, specifically objectives 2.4, 4.4, 5.1, 5.11, 6.2, and 6.9.

BCP 98-03 Geographic Information Systems/Cartography

Appropriate \$160,000 to support two geographic information systems (GIS)/cartography specialists (1.9 PY) to assist with the GIS and mapping elements of local coastal programs, permits, boundary determinations, etc. The Commission currently has on its staff only one permanent cartographer and two limited-term GIS assistants (funded through June 30, 1998 to work on a federal grant and to work on the coastal access implementation plan). We need to make these limited-term GIS assistants permanent to work on the backlog of cartographic work and to continue developing and maintaining a geographical information system for the coast.

The cartographic work that needs to be completed includes map production and analytical work to determine jurisdictional boundaries for public trust lands, permits, appeals, and categorical exclusion areas; preparing staff reports regarding permit and appeal area jurisdictions; analyzing proposed boundary adjustments; preparing multiple resource and hazard maps, graphics and exhibits to assist the Commission in its enforcement program; determining local and regional land use patterns through map and aerial photo

interpretation to assist in identifying development issues and constraints; reviewing the map and resource elements of LCPs; providing natural resource and related coastal zone data to local governments in support of work on LCPs; participating in technical task forces and advisory committees on coastal resource and hazard mapping and data dissemination; coordinating with property owners, local governments, community groups, the business community, and state and federal agencies to assure a consistent approach is taken to the administration of Commission jurisdictional boundaries, as well as to the identification of coastal resources and hazards; and evaluating the geographic information systems (GISs) being used by other agencies and acquiring and developing GIS elements useful to the Commission in carrying out California's Coastal Management Program.

This BCP is consistent with the objectives of the Commission's Strategic Plan, specifically objectives 4.4, 5.10, and 6.9.

BCP 98-04 Technical Services

Appropriate \$79,000 to support an Environmental Specialist III or equivalent class to work on a wide range of marine and terrestrial biological issues regarding wetlands, aquaculture, ocean resources, riparian habitats, artificial reefs, rare and endangered species, mitigation banking, restoration, monitoring and the impacts of development on coastal biological resources. The Coastal Commission currently has only one specified biological position (Environmental Specialist IV) to serve as a biological specialist for the entire coast. The workload is far beyond what one individual can do. The Commission has broad ranging responsibilities to ensure that coastal biological resources are properly addressed in all its actions on permits and LCPs. As well, recent court decisions have increased the need for science-based biological evidence in the Commission's decisions.

The biologist would provide advice to all the Commission offices on a wide range of marine, wetland and terrestrial biological issues and assist the Coastal Commission staff and local governments in permit application review and LCP policy review. The biologist would also represent the Commission on important statewide committees and technical advisory groups dealing with issues such as wetland mitigation, wetland regional planning, resource identification and protection, marine fish hatcheries, and terrestrial habitat issues.

This BCP is consistent with the objectives of the Commission's Strategic Plan, specifically objectives 4.3 and 7.5.

BCP 98-05 LCP Implementation and Periodic Review

Appropriate \$400,000 to support five Coastal Program Analyst II positions (4.8 PY) to conduct periodic reviews of certified LCPs. Although the Coastal Act mandates that LCPs

be evaluated at least once every five years, due to consistent budget constraints the Commission has completed only two LCP reviews. Reviews for 50 jurisdictions (consisting of 76 LCP segments) were overdue on July 1, 1997, some by as much as eleven years. Some of these aging LCPs contain provisions which are inconsistent with recent court decisions, have permitting procedures that need to be streamlined, or have land use designations and development standards which are no longer appropriate. The Commission has developed procedures for conducting regional reviews of LCPs so that several LCPs can be evaluated at the same time. This regional approach (developed under the federal CZMA 309 ReCAP grant) also provides an assessment of the cumulative effects that implementation of certified LCPs has had on selected coastal resources. Since federal funds are not available to conduct additional regional periodic LCP reviews, state funds are needed.

The Commission also has an increasing number of LCP amendments to process each year. In FY 1981/82, the Commission had 19 LCP amendments on its agenda; in FY 1995/96 there were 87 and in 1996/97 there were 94. Normally, each LCP amendment submittal contains numerous individual amendments which are often complex, dealing with controversial planning issues and thus require substantial Commission staff time to process.

This BCP is consistent with the objectives of the Commission's Strategic Plan, specifically objectives 2.3, 5.6, 5.9, 6.9, and 7.3.

BCP 98-06 Public Information

Appropriate \$78,000 to support an Information Officer I position (0.9 PY) to help applicants and others having business before the Coastal Commission understand the Commission's regulatory processes and procedures, and to improve public participation and understanding of California's Coastal Management Program. The Commission wants to continuously improve its procedures to be "user friendly" — to make its procedures known and easy to follow, to streamline procedures, eliminate "red tape," and to otherwise improve its customer service. This is all part of the Commission's wish to have in place, a comprehensive program to inform the public of the activities and objectives of the Commission. We need an Information Officer to establish and maintain cooperative working relations with applicants, the public and the news media; administer our public information program (ensure our publications are revised, current and available, staff are informed and available to answer inquiries, etc.); maintain the Commission's internet webpage; conduct customer surveys; develop written guidance; and conduct public workshops.

This BCP is consistent with the objectives of the Commission's Strategic Plan, specifically objectives 5.1, 5.6, 5.7, 5.8, 5.11, 6.6, and 7.3.

BCP 98-07 Administrative Services

Appropriate a total of \$188,000 to: (1) support three administrative services positions (a Staff Services Analyst, a Sr. Account Clerk, and an Office Assistant) (2.7 PY) to improve the Commission's ability to meet the workload in personnel, accounting, and clerical support functions; and (2) contract with a records management expert to help us develop a plan for managing and storing our records electronically.

Personnel. The Personnel Office has a staff of only two and one half positions, a Staff Services Manager I, Personnel Assistant, and a half-time Office Assistant. The workload in personnel exceeds the ability of the staff to complete tasks in a thorough and timely manner. Work is currently being handled on a crisis basis, with less urgent issues being delayed or postponed indefinitely. Delays in reclassifying positions, conducting exams, recruiting staff and filling vacant positions, conducting adverse actions to correct employee performance problems, and coordinating the Employee Assistance Program adversely impact the Commission's ability to carryout its Coastal Act responsibilities. A Staff Services Analyst is needed to assist the Staff Services Manager with the most complex and pressing personnel matters.

Accounting. The Accounting Office is also not able to keep up with its workload. Travel expense claims are taking from three to four weeks to process rather than one to two weeks; permit fee refunds are taking approximately three to six months, rather than one month; monthly claim schedules are delayed from one to two months; and cash-flow problems (delayed invoicing) commonly occur near the end of the fiscal year due to the overall delay in the accounting processes. Additionally, because of the backlog of work, the year-end process of CALSTARS entry and adjustments and filing of financial reports to the Controller's Office continue to be delayed. In order to comply with state requirements of the separation of duties within the Accounting function, several accounting duties, which are most appropriately handled by accounting staff, have had to be assigned to non-accounting staff. A Senior Accounting Clerk is needed to maintain the proper separation of duties within the areas of cash receipts and disbursements, accounts receivable, and CALSTARS information processing; process invoices for payment through the State Controllers Office via the on-line system; reconcile accounting system reports; audit travel claims; maintain accounting contract files; manage the Transit Discount Program; and assist with other accounting functions, such as warrant register transactions, monthly time reports, and preparing revolving fund checks.

Clerical Support. Clerical support to all units in the Commission's headquarters office is also deficient. An Office Assistant is needed to help with the duplication and mailing of Commission meeting packets; provide coverage for clerical staff absences due to sick leave, vacation, and parental leave; etc. When clerical staff are not available to answer telephones, type staff reports, duplicate reports for the Commission meeting, etc., staff reports are late, causing delays in mailing Commission meeting materials.

Records Management. The Commission has accumulated and continues to accumulate thousands of boxes of records that it must maintain. We currently have over 3,000 boxes of records stored in State Archives (at the State Records Center in Sacramento) at an on-going cost of \$13,000 per year. Because of storage problems of its own, State Archives is now accepting records on a very limited basis. Consequently, we need more space to store archived records in our offices. In addition to the records which can be archived in Sacramento for long-term storage, we are leasing a total of 8,150 square feet of storage space in our five offices for frequently used records at an annual cost of \$205,000. This represents 12% of our total annual rent. Records are accumulating at a rate of 250 square feet per year. Obviously, we need to reduce the volume of records we must store.

Document imaging would allow us to store some files electronically, which would reduce our storage space needs and would facilitate the process of retrieving and distributing records. The indexing and search features of the software managing the electronic records would allow staff to carry out searches for specific issues, staff reports, and Commission action on similar projects.

The Commission needs to undertake a records management study that considers the conversion of all of our important records to electronic format. A study of this type, performed by consultants contracting with the Department of General Services, would cost about \$13,000. The consultants would be responsible for evaluating current document workflow and records retention requirements, and preparing a Feasibility Study for the implementation of a records conversion project.

This BCP is consistent with the objectives of the Commission's Strategic Plan, specifically objectives 2.4, 4.5, and 6.7.

BCP 98-08 Local Assistance

Appropriate \$500,000 for Local Assistance so the Commission can provide financial support to local governments for preparing their LCPs. Although \$340,000 was appropriated for local assistance grants in our FY 1997/98 budget, no funds are available to local governments for LCP preparation in FY 1998/99. Many prominent local entities, such as the cities of Los Angeles, Malibu, Seal Beach, and Newport Beach, do not have certified LCPs. Requests for local assistance grants from these and other local governments will exceed the \$340,000 appropriated in FY 1997/98. In addition to state funds for Local Assistance, federal funds (up to \$300,000 per year) used to be budgeted for Local Assistance grants. These federal funds are now required to help offset deficiencies in the Commission's operating budget (OE&E). No state funds have been appropriated since FY 1992/93 to the Commission on State Mandates to reimburse local governments for their LCP development and implementation costs.

The absence of funds for Local Assistance grants and the suspension of reimbursements for state mandates (SB 90) contribute to delays in LCP completion. Although 37 LCP segments remain to be certified, no state or federal funds are budgeted in FY 1998/99 to assist local jurisdictions with the costs of completing their LCPs.

This BCP is consistent with the objectives of the Commission's Strategic Plan, specifically objectives 2.1 and 2.2.

BCP 98-09 Legal Services

Appropriate \$162,000 to support two Staff Counsel positions (1.9 PY) to improve the Commission's ability to enforce the Coastal Act and to prevent and defend the Commission from adverse litigation. The two additional staff counsels would be assigned to work in our two area offices which currently do not have on-site staff counsels (Long Beach and Ventura). This would improve our ability to provide our district staff with legal advice on permit applications, findings, Coastal Act interpretations, recent court decisions, enforcement, etc.

The Commission must act on literally hundreds of regulatory decisions that affect coastal development, local governments, and the four major ports of southern California. Our legal workload has increased significantly as new court decisions have revised the interpretations of property rights, takings and other laws. Legal staff must now advise other staff on how to avoid adverse litigation and how to comply with the court-imposed requirements resulting from cases such as: *First Lutheran Evangelical Church of Glendale v. City of Los Angeles*, 1987; *Nollan v. California Coastal Commission*, 1987; *Surfside Colony Ltd. v. California Coastal Commission*, 1991; *Lucas v. South Carolina Coastal Council*, 1992; *Transamerica Realty Services Inc. v. California Coastal Commission*, 1994; *Healing v. California Coastal Commission*, 1994; *Dolan v. City of Tigard*, 1994; etc. Without adequate legal staff, the potential for more lawsuits and costs to the state will increase. Our legal staff is essential to minimize litigation.

Some of the duties of the legal staff include providing on-going legal advice to Commissioners and staff on how to comply with the Coastal Act, CEQA, federal Coastal Zone Management Act, and general government laws; providing legal review to ensure the legal adequacy of permit and planning actions, thereby avoiding costly litigation to the state due to challenges, and where challenges occur, limiting judgments (including court costs, attorney's fees and damages) against the state; reviewing and preparing enforcement cases prior to referral to the Attorney General's Office, which ensures that a large number of cases can be settled without litigation costs to the state; providing legal advice to city attorneys and county counsels to assist them in developing and complying with their local coastal programs; representing the state in appeals to the Secretary of Commerce under the Coastal Zone Management Act; formulating and revising regulations

pursuant to Administrative Procedure Act; providing support to the Attorney General's Office on the Commission's litigation; and assisting the Commission's management in adverse personnel actions.

This BCP is consistent with the objectives of the Commission's Strategic Plan, specifically objectives 1.3, 3.2, 4.6, 4.7, 5.9, 6.1, 6.5, 7.1, and 7.3.

BCP 98-10 North Coast Area Office

Appropriate \$357,000 to reopen the North Coast Area Office in Eureka. This office has been closed since August 1985. One time costs for reopening the office would total \$139,000, while continuing costs would total \$218,000 [\$70,000 to maintain an office in Eureka and \$148,000 to support an area office manger and a clerical position (1.8 PY)].

All planning and regulatory work for the north coast is carried out by staff working in the Commission's Headquarters Office in San Francisco. This remote staffing is inefficient and hampers the Commission's ability to carry out its regulatory and planning responsibilities for 40 percent of the coast. Because the North Coast Area Office is in San Francisco, many hours distant from much of the planning area, interaction with residents and businesses in the north is achieved only at substantial cost in time and money — spent either by Commission staff, local government, permit applicants, or the public. As a result, little personal contact occurs and most business has to be conducted by telephone. The cost of this long distance business is substantial for all parties.

On March 14, 1991, the Commission voted to open a North Coast Area Office after receiving considerable local government, legislative, and public support. Reopening the Eureka office and increasing the north coast staff by two positions was authorized in Governor Wilson's FY 1991/92 budget. If we had not had major funding reductions in the FY 1991/92 budget, this office would have been reopened.

This BCP is consistent with the objectives of the Commission's Strategic Plan, specifically objective 6.8.

BCP 98-11 Intern Program

Appropriate \$260,000 to support five Environmental Services Interns (4.8 PY). The Commission's intern program has been suspended for several years as a result of the lack of funds. The program, when funded, was focused on training recent college graduates and graduate students for future employment with the Coastal Commission, San Francisco Bay Conservation and Development Commission, and the Coastal Conservancy.

The Commission used interns to assist its regular staff in carrying out their Coastal Act responsibilities. With respect to any internship program the Commission uses, the Coastal Act [Section 3001(d)] states that the Commission shall make the best efforts to ensure that the participants in the program reflect the ethnic diversity of the state and are provided an educational and meaningful experience.

The five Environmental Services Interns requested would receive advanced practical training, supervised experience in various professional areas related to environmental science, and the opportunity to familiarize themselves with the state's professional work in coastal management.

The Commission needs to reactivate this program and to actively recruit and train highly qualified entry level professionals. Additionally, recruitment and involvement in coastal management work by persons of color should be actively pursued. Links with minority communities need to be expanded to increase awareness about California's coastal program, its importance to all Californians, and to ensure that the special needs of such communities are understood by the Commission and its staff and are reflected in the work of the agency.

This BCP is consistent with the objectives of the Commission's Strategic Plan, specifically objective 7.4.

BCP 98-12 Training Budget

Appropriate \$30,000 to support staff training. Staff training has been reduced severely in recent years as budget cuts have reduced our operating budgets. Rather than cut critically needed positions with the unallocated budget cuts, we chose to cut our travel and training budgets. Our training budgets in FYs 1995/96 and 1996/97 were \$1,000 and \$4,000, respectively. As a result, staff training has been almost nonexistent and staff have had to pay for most of their own training. For example, our reimbursements to staff for attending the recent "California and the World Ocean 97" conference were limited to \$45 (one-half of the registration fee) for each staff member attending the conference and \$250 for each staff member speaking on the conference program. This was insufficient to pay for airfare, lodging, meals, etc. for the four-day conference.

The Commission has a continuous need to improve the overall quality of its staff's performance, especially to respond to ever-changing job demands (e.g., computer competence). One way of accomplishing this is by recruiting and selecting qualified and capable people as new employees. This alone, however, does not suffice. We also must undertake a systematic program to build the skills of our current employees and help them grow to full potential within the organization. Our primary means for accomplishing this should be through training and development programs.

Training teaches employees skills that will make them more effective in their current jobs. Development builds skills and abilities that employees will need to perform effectively in future positions. The ultimate objective of both training and development is to ensure that the Commission will always have a sufficient number of people with the skills and abilities needed to attain the organization's objectives.

Commission staff needs training in negotiating, writing, public speaking, team building, motivation, basic supervision, conducting performance appraisals, leadership, improving service to the public (our customers), computer technology, environmental impact assessment, and emerging coastal and ocean management issues.

This BCP is consistent with the objectives of the Commission's Strategic Plan, specifically objectives 4.1 and 4.2.

BCP 98-13 Equipment — Vehicle San Diego

Appropriate \$19,000 to purchase a new minivan for the Commission's San Diego office. The office's current minivan will be eight years old in 1998 and will have over 120,000 miles on its odometer by July 1998. At that point, it will no longer be reliable transportation.

This BCP is consistent with the objectives of the Commission's Strategic Plan.

BCP 98-14 Equipment — Copy Machine Long Beach

Appropriate \$45,000 to purchase a new copy machine for the Commission's Long Beach office. The office's current copy machine will be ten years old in 1998 and will have exceeded its life expectancy of seven years. Downtime has increased; the machine requires servicing three to four times a month. Copy machine breakdowns make it difficult to reproduce staff reports in time for Commission meeting mailings.

This BCP is consistent with the objectives of the Commission's Strategic Plan.

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FOR THE COASTAL COMMISSION



APPENDIX A
THE CALIFORNIA COASTAL COMMISSION'S
STRATEGIC PLAN GOALS AND OBJECTIVES



JUNE 1997

**CALIFORNIA COASTAL COMMISSION'S
STRATEGIC PLAN GOALS AND OBJECTIVES**

Goal 1. Improve protection of coastal and ocean resources.

- Objective 1.1 Reduce polluted run-off
- Objective 1.2 Strengthen oil spill program
- Objective 1.3 Ensure follow-up and compliance on all major permit conditions

Goal 2. Improve assessment and management of impacts of development in the coastal zone.

- Objective 2.1 Reinstate mandate to complete LCPs
- Objective 2.2 Target staff assistance to complete uncertified LCPs
- Objective 2.3 Conduct at least one Regional Cumulative Assessment Program (ReCAP) review of development impacts each year
- Objective 2.4 Improve information systems to facilitate future ReCAP reviews

Goal 3. Improve shoreline access opportunities for the public.

- Objective 3.1 Prepare and implement a Public Access Action Plan that includes (1) mapping and field checking of all Offers-to-Dedicate (OTDs), deed restrictions, and other legal documents that secure public access; (2) prioritization of all OTDs; (3) methods to achieve opening of the accessway by year 2000; (4) priority links in the Coastal Trail
- Objective 3.2 Develop improved Commission findings, for use in conjunction with seawalls, supporting public access requirements and long-term needs for mitigation of impacts
- Objective 3.3 Seek innovative ways to reduce costs for the public to get to the shoreline

Goal 4. Enhance staff capabilities and expertise on technical and other subjects.

- Objective 4.1 Provide a training budget for Commission staff of approximately \$300/person (\$30,000)
- Objective 4.2 Conduct an all-staff conference once each year
- Objective 4.3 Expand the technical expertise available to the Commission for its regulatory and planning work
- Objective 4.4 Ensure each district office has access to GIS information, aerial photography, and land parcel information at usable scales
- Objective 4.5 Expand resources of the Administration Division
- Objective 4.6 Enhance the enforcement program in each office
- Objective 4.7 Enhance legal services

Goal 5. Enhance the Coastal Commission's leadership role in coastal zone management and in the provision of information regarding coastal and ocean resources.

- Objective 5.1 Improve public information provision
- Objective 5.2 Educate young people about coastal management and marine sciences through creation of a National Sea Camp
- Objective 5.3 Develop education program that addresses water quality programs
- Objective 5.4 Complete and update series of Coastal and Marine Educational Resource Directories
- Objective 5.5 Maximize benefit to Commission programs from "Whale-Tail" license plate program
- Objective 5.6 Develop agency newsletter for local governments (like "Local Assistance Notes") and/or others interested in the Commission's programs
- Objective 5.7 Prepare "25-year report" on the Commission's work and what has been accomplished

- Objective 5.8 Establish agency speaker's bureau
- Objective 5.9 Provide information to staff of the Commission and of local governments on property rights law
- Objective 5.10 Create Coastal Atlas of mapped information for the use of the public and of staff
- Objective 5.11 Expand information about the Commission's programs and coastal management available on the Commission's Website on the Internet (CRIC)

Goal 6. Strive to make the Commission's regulatory and planning processes more effective, efficient, and user-friendly.

- Objective 6.1 Streamline the Commission's coastal permit and Local Coastal Program procedures
- Objective 6.2 Pursue information system strategy that: puts computer on every staff person's desk; results in an effective, networked system; implements a statewide coastal permit tracking system; provides staff training, e-mail, usable databases; puts in place necessary technical computer service staff; includes GIS spatial information components
- Objective 6.3 Undertake an audit of the Commission's performance
- Objective 6.4 Enhance staff communications with the public and with other Commission offices
- Objective 6.5 Revise and improve the Commission's administrative regulations
- Objective 6.6 Evaluate public, applicant, and "customer" comments regarding the Commission's services
- Objective 6.7 Improve efficiency in management of the Commission's files
- Objective 6.8 Open North Coast Commission Office
- Objective 6.9 Convert certified LCPs into digital format

Goal 7. Develop innovative approaches to carrying out the Commission's programs, including inter-agency, inter-disciplinary, and volunteer approaches.

- Objective 7.1 Create multi-agency Enforcement Task Forces in additional regions of the coastal zone, modeled on the Santa Monica Mountains Task Force
- Objective 7.2 Enhance staff teamwork on various issues, modeled on the BEAR task force
- Objective 7.3 Target local government assistance efforts where they will do the most good
- Objective 7.4 Develop intern program with focus on cultural diversity
- Objective 7.5 Actively participate on special task forces such as Seismic Survey, Energy Facility Abandonment, Pipeline Transportation, and Wetlands Mitigation Banking task forces

APPENDIX B
THE CALIFORNIA COASTAL COMMISSION'S
BUDGETING, ACCOUNTING, AND STAFFING PROCESSES



JUNE 1997

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THE BUDGET PROCESS

Fiscal years for State purposes run from July 1 through June 30. In State budget jargon, the fiscal year which will begin on July 1, 1997, is referred to as the "Current Year" (FY 1997/98) and the following fiscal year as the "Budget Year" (FY 1998/99).

A. Program Baseline Budget.

Budget preparation for the Budget Year normally begins in the summer of the Current Year. During July and August, the California Department of Finance (Finance), which prepares the Governor's Budget and oversees the management of funds for the Administration, works with each State agency to develop a Baseline Budget. Essentially, a Baseline Budget is an estimate of what it will cost in the Budget Year to continue the same programs at the same level as in the Current Year. Thus, the Baseline Budget is usually the Current Year's budget adjusted for inflation and expected price increases.

In developing the Baseline Budget, Finance normally does not substantively evaluate the programs that will be supported by the budget. Instead, Finance evaluates the agency's estimates of the costs of continuing the programs in the Budget Year. Of course, this process will change if there has been a Legislative amendment affecting the program, a revision of the Administration's policy, evidence that an agency has been misusing or mismanaging its funds, an external development which affects State budget planning (such as a downturn in the economy, depletion of the State budget surplus, or demise of a Federal program), or if an agency is placed under the Governor's Performance Budgeting Program. If Finance has some doubts about a program, it can "sunset" or delete an entire program and that forces the agency to rejustify the program by preparing a Program Base Analysis. Finance may also approve a program budget, but stipulate that all the positions that will arise from approval of the budget will terminate on a certain date.

B. Performance Budgeting.

In 1993, the Administration established Performance Budgeting pilot projects in four departments. The Legislature responded to the Governor's initiative by enacting the Performance and Results Act of 1993, which authorized continuing efforts to implement such projects. In the words of the Act, "The Legislature has an interest in improving the delivery of governmental services through the use of strategic planning and performance measurement. Strategic plans and budget contracts will provide managerial accountability and flexibility to State agencies and departments that participate in a performance budgeting pilot program."

Although the Coastal Commission is not a participant in the pilot projects, it may come under Performance Budgeting in the future. Therefore, Performance Budgeting is discussed here. State agencies currently under Performance Budgeting include:

- Department of Parks and Recreation,
- Department of Consumer Affairs,
- Department of General Services,
- Department of Toxic Substances Control, and
- California Conservation Corps.

Performance Budgeting allocates resources based on an expectation of performance levels, where performance is measured in specific, meaningful terms. It focuses on outcomes, rather than inputs or processes, in deciding how to allocate resources. Performance Budgeting, aimed at bringing more responsibility and economy to State government, ties funding levels directly to cost savings, customer service, and management responsibility. Unlike traditional workload budgeting, where managers who discover new ways of delivering services at lower costs often find their budgets reduced, managers in the Performance Budgeting Program can be awarded for innovation.

Performance Budgeting requires budget writers and program managers to determine the best method for maximizing program performance and enhancing service delivery, given a realistic level of available funding. The essential elements of Performance Budgeting include:

- An emphasis on long-term strategic planning;
- Development of performance measures;
- Benchmarks for operational efficiency;
- Annual budgetary contracts;
- Operational flexibility;
- Incentives for performance and efficiency; and
- A commitment to quality improvement.

C. The Commission's Budget Programs.

The Commission has three Budget Programs: (1) Coastal Management, (2) Coastal Energy, and (3) Administration and Support Activities.

1. Coastal Management Program

The objective of this program is to provide for the permanent management and protection of California's coastal resources. This objective is accomplished by:

- Preparing and certifying Local Coastal Programs (LCPs) to bring the general plans and implementing ordinances of coastal governments into conformity with the policies of the California Coastal Act;

- Regulating development in the coastal zone to ensure that all development is consistent with the policies of the Coastal Act while the LCPs are being prepared;
- Permanently regulating development on tidelands, submerged lands, and public trust lands;
- Monitoring, enforcing, and processing appeals of certain types of local decisions made under certified LCPs;
- Reviewing Federal projects and activities to ensure that these activities are consistent with the California Coastal Management Program;
- Addressing those coastal issues that cannot be adequately addressed by local governments alone;
- Protecting and increasing public access to the coastline; and
- Providing technical information and assistance to local governments in the implementation of their LCPs.

2. Coastal Energy Program

The objective of this program is to provide for the permanent management and protection of California's coastal resources while at the same time ensuring that State and national energy concerns, which are afforded special treatment in the Coastal Act, are addressed.

This objective is accomplished by:

- Including energy components in the LCPs of local jurisdictions that are facing significant energy development;
- Requiring amendment of LCPs that would prevent needed energy development if the development would otherwise conform with the Coastal Act;
- Regulating coastal energy development under a special Coastal Act policy which allows approval even if a development would not meet other policies of the Act;
- Regulating oil and gas drilling offshore California to ensure that this drilling will be consistent with the California Coastal Management Program; and
- Designating areas where the location of thermal electric generating plants would conflict with the objectives of the Coastal Act.

3. Administration and Support Activities Program

This program provides general management guidance and administrative support to the Commission. It includes executive, accounting, business services, personnel, and clerical support services.

D. Budget Change Proposal.

A Budget Change Proposal (BCP) is required whenever it is necessary to change an agency's Baseline Budget. A budget change may arise because the Legislature or the Governor has assigned new responsibilities and tasks to an agency that require additional

funds and personnel. A budget change may also arise because of significant increases in costs, such as leasing new office space. A change in the source of funding would require a BCP. A BCP would also be required if the agency decided it was necessary to undertake additional work that cannot be done with current staffing and budget.

For administrative and budgetary purposes, the Commission is within the Resources Agency; therefore, none of the Commission's budget matters is officially considered by the Department of Finance until the Secretary for Resources includes it as part of his/her budget proposal. If the Resources Secretary does not support a particular budget request, it will not be reviewed by Finance for inclusion in the Governor's Budget. Moreover, Finance can deny or amend our budget request even though the Resources Agency Secretary endorses it. Thus, the Commission's budget goes through at least two reviews by the Administration before it gets to the Governor. The Governor normally follows Finance's recommendations, however, past governors have been known to make revisions to specific elements in the Commission's budget.

E. Governor's Budget.

The Governor must submit his budget to the Legislature by January 10 each year. The Governor's Budget identifies the Prior Year's expenditures, the Current Year's appropriation, and the proposed expenditure for the Budget Year. In recent years the Commission's appropriation has been in the neighborhood of \$9 to \$11 million — \$6 to \$7 million in State funds and \$2 to \$3 million in Federal funds.

Expenditures are arrayed in three ways in the Governor's Budget:

- (1) Summary Of Program Requirements;
- (2) Summary By Object (Line Items); and
- (3) Reconciliation with Appropriations (Funding Source).

A copy of the Governor's FY 1997/98 Budget for the Commission is included with this report. The Governor's Budget shows the Commission's funding sources:

- State General Fund,
- California Environmental License Plate Fund,
- Federal Trust Fund, and
- Reimbursements.

Other State agencies having more complex programs may list scores of accounts. The Commission receives most of its funding from the State General Fund. The Budget Act, discussed below, both appropriates State funds and authorizes expenditure of Federal funds.

If the Governor's Budget does not include elements that the Commission wants included in its budget, the Commission may raise this issue during Legislative budget hearings with the hope of having these elements added to the budget by the Legislature. However, it is normally better to wait until the following year's budget cycle to raise the issue with the Administration rather than going around the Administration to the Legislature.

F. Legislative Action.

The Governor's Budget is embodied in Budget Bills introduced into both houses of the Legislature. Both the Senate Budget and Fiscal Review Committee and the Assembly Budget Committee, working through their subcommittees, schedule hearings on each agency's budget. The Joint Legislative Budget Committee maintains an independent staff, known as the Legislative Analyst's Office, which reviews the Governor's Budget and recommends actions to the Legislature on the various budget proposals. The Legislative Analyst's report on the Governor's Budget is printed in February each year, and it is usually the focal point for discussing each agency's budget during fiscal subcommittee hearings. Neither the Legislative Analyst nor the Legislators, however, confine themselves to reviewing only the proposed changes in an agency's budget or even to budgetary matters. The entire substance, operation, and need for virtually everything an agency does can be evaluated by the fiscal subcommittees. Each of the subcommittees makes its recommendations to its respective full committee. If there are differences in an agency's budget reported out of the two houses, as has been the case for the Commission's budget on several occasions, the matter goes to conference. Thus, including the Legislative Analyst's review, the Commission's budget and program are subjected to about five reviews in the Legislature.

Eventually, the Legislature passes a Budget Bill, which includes an appropriation for the Commission. Constitutionally, the Budget Bill must be passed by the Legislature and submitted to the Governor by June 15th, but that date is sometimes not met. All differences between the Governor's Budget and the Budget Bill are identified in a separate document known as the Change Book.

G. Blue Line.

The Budget Bill passed by the Legislature is transmitted to the Governor who has twelve days within receipt or until June 30 to "blue line" or veto specific line items in the Budget. The Governor, however, cannot add any new items or increase any amounts in the Budget. Once the Governor signs the Budget into law, it represents the detailed work program for each State agency for the fiscal year. Constitutionally, the Governor must sign the Budget Bill by June 30th, although this date is sometimes missed. Upon signature, the Budget Bill becomes the Budget Act for that year. Items vetoed by Governor may be restored by the Legislature upon two thirds vote by both houses.

H. Expenditure of Funds.

The Budget Act appropriates funds and authorizes their expenditure. Under the State Constitution, the Governor has the responsibility for administering the State's Budget. The Department of Finance is the agency that carries out this authority.

I. Budget Adjustments.

Generally, an agency can unilaterally adjust its budget — move funds from one line item to another — through the use of a Transfer of Budget Allotment (TBA), if the change is within certain limits.

There are exceptions, however, referred to as "Control Items." Funds cannot be moved into or out of Control Items without Finance's approval. Personal Services funds cannot be moved to Operating Expenses and Equipment (OE&E), or the reverse, without Finance's approval; and within OE&E, funds cannot be transferred into or out of Travel-Out-Of-State and Equipment line items without Finance's approval.

Changes to the adopted budget that would not increase the total appropriation or spending authority of an agency, but which would change expenditures in one of the Control Items, are accomplished through the use of a Budget Revision (BR). Budget Revisions must be approved by Finance.

Changes to the adopted budget that would increase the total appropriation or spending authority of an agency by \$200,000 or more are accomplished through use of a Budget Act Section 28 application. If the Commission wanted to revise its budget in a manner that would involve hiring additional staff or spending additional funds, it would have to prepare a Section 28 application. A Section 28 application prepared by the Commission must be approved by the Resources Secretary and Department of Finance. Then the Section 28 application must be submitted to the Joint Legislative Budget Committee. If the Section 28 application is not rejected by the Joint Legislative Budget Committee within 30 days of receipt, the change is authorized. Changes approved in this manner are effective only for the fiscal year in which they are approved. All new positions authorized by a Section 28 application automatically terminate at the end of the fiscal year and must be fully justified and approved by the Administration and the Legislature through the formal budget process before they can be continued into the next fiscal year.

J. Funding.

The Commission has four funding sources: (1) State General Fund, (2) California Environmental License Plate Fund, (3) Federal Trust Fund, and (4) Reimbursements.

1. General Fund

The General Fund is the predominant fund for financing State operations. The primary sources of revenue for the General Fund are personal income, sales, bank, and corporate taxes.

2. Environmental License Plate Fund

The Environmental License Plate Fund (ELPF) was established in 1970 by the Marks-Badham Environmental Protection and Research Act. The source of revenue for this fund is the sale of personalized motor vehicle license plates. The program is administered by the Secretary for Resources. ELPF may be used only for one or more of the following purposes:

- Control and abatement of air pollution;
- Acquisition, preservation, or restoration of natural areas or ecological reserves;
- Environmental education;
- Protection of nongame species or threatened and endangered plants and animals;
- Protection, enhancement, and restoration of fish and wildlife habitat and related water quality;
- Purchase, on an opportunity basis, of real property consisting of natural areas for state, local and regional parks; and
- Reduction or minimization of the effects of soil erosion and the discharge of sediment into Lake Tahoe.

In 1994, SB 1411 was passed which amended California Vehicle Code section 5067 to provide for the creation of a coastal license plate. Proceeds from the sales of these plates, after deducting normal license fees and Department of Motor Vehicles administrative costs, are deposited in the Environmental License Plate Fund, one half directly to the fund and one half to a new account, the California Beach and Coastal Enhancement Account. Funds within the California Beach and Coastal Enhancement Account are appropriated to the Coastal Commission by the legislature for expenditures for the Adopt-A-Beach program, the Beach Cleanup Day program, coastal public education programs, and grants to local governments and nonprofit organizations for the costs of operating and maintaining public beaches related to these programs. Any funds remaining in the account at the end of the fiscal year are to be allocated to the Coastal Conservancy, after appropriation by the legislature, for coastal natural resource restoration and enhancement projects and for other projects consistent with Public Resources Code section 31000, et seq. (the Conservancy's statutes).

3. Federal Trust Funds

Most of the Commission's Federal funds are received in the form of grants under the Federal Coastal Zone Management Act (CZMA). Because of restrictions in both State and

Federal law, only one State agency is designated as the recipient of such grants; in California, it is the Coastal Commission. Therefore, Federal funds for the San Francisco Bay Conservation and Development Commission (BCDC) and the State Coastal Conservancy (SCC) are included in the Commission's budget. The BCDC and SCC, therefore, apply for their Federal grants through the Coastal Commission, and the grants they receive are passed through to them by way of Reimbursements from the Coastal Commission.

In the past, there were several types of Federal grants that the Commission could apply for and receive; some of these have disappeared as a result of federal budget cuts. The two major grants we rely upon are CZMA Section 306 grants for implementing California's Coastal Management Program and CZMA Section 309 grants for improving/enhancing California's Coastal Management Program.

The CZMA Section 306 grants the Commission receives help support operating expenses for the Commission's Regulation of Coastal Development Program (permits, appeals, federal consistency, and permit monitoring and enforcement) and Local Coastal Program (LCP development, certification and implementation; periodic LCP reviews; and local assistance). The Federal/State funding match for CZMA Section 306 grants is 50/50, meaning that the State must provide at least 50 percent of the funds for these programs. Additionally, the terms and conditions of the CZMA 306 grants provide that Federal funds may not be used to supplant State or other funds that would be available in the absence of Federal funds; in other words, Federal funds may be used only to augment State funds.

CZMA Section 309, as amended in 1990, established a voluntary, coastal zone enhancement program to encourage states to develop program changes in eight specific enhancement areas (wetlands, coastal hazards, public access, marine debris, cumulative impacts, special area management planning, ocean resources, and energy and government facility siting). Under this program, the Secretary of Commerce is authorized to make grants to states to develop and submit for Federal approval, program changes that support attainment of the objectives of one or more of the enhancement areas. Section 309 requires the Office of Ocean and Coastal Resource Management (OCRM) to identify, after consultation with the state, the state's priority needs for improvement; to evaluate and rank state funding proposals; and to make grants to the state (through NOAA grants) for carrying out the approved program enhancements.

CZMA Section 6217, as amended in 1990, requires each state with a Federally-approved coastal management program to develop a program for controlling nonpoint sources of pollution affecting coastal waters. This program requires the California Water Resources Control Board (SWRCB) and the California Coastal Commission to develop and implement a Coastal Nonpoint Pollution Control Program through complimentary changes to the State's Federally-approved Water Quality and Coastal Management Programs. California's Coastal Nonpoint Pollution Control Program (CCNPCP) was submitted to the National

Oceanic and Atmospheric Administration and the Environmental Protection Agency for joint review and approval on September 28, 1995. We are currently working with the SWRCB to respond to the Federal agencies' comments and recommendations and to revise our CCNPC submittal so it can be certified by the Federal agencies. Failure to develop a Federally-certifiable program would result in cuts in Federal funding for our Coastal Management Program (CZMA grants) as well as cuts to the SWRCB for Clean Water Act grants (CWA section 319 grants).

4. Reimbursements

The Commission receives Reimbursements from the San Francisco Bay Conservation and Development Commission (BCDC) and the Department of Fish and Game (DFG). The Commission is reimbursed by the BCDC for the personnel and accounting work we do for them and by the DFG for our participation in the Oil Spill Prevention and Response Program (pursuant to SB 2040 of 1990).

K. Budget Administration.

The Commission's Chief Deputy Director is responsible for preparing and monitoring the Commission's budget, cash flow, and other fiscal matters. He/she advises the Executive Director on all budget matters, however, the Executive Director has ultimate responsibility for the budget. The Budget Act, Board of Control Rules, and the Government Code provide that State officers or employees are expressly forbidden from making any expenditure which is not authorized in the Budget Act without receiving advance approval in writing from the Department of Finance. Any officer or employee who takes such action without Finance's approval is personally liable for the amount of such unlawful indebtedness.

THE COMMISSION'S BUDGET

A. General.

All payments for Commission expenses are made by the State Controller. Funds appropriated by the Budget Act, or received in the form of grants, are deposited with the State Treasurer, recorded by the State Controller, and can be released only if properly authorized.

B. Details.

Following is a discussion of the various "Line Items" contained in the Commission's budget.

1. Personal Services

Generally, State employees are paid monthly. Time sheets are submitted monthly and verified by the employee's supervisor and the Commission's administrative staff. Staff Benefits is the amount carried within the Commission's budget to pay the State's share for health, vision, and dental insurance; retirement; OASDI; Worker's Compensation; and other employee benefits. Rates and specific amounts are determined by employee organization contracts, the Department of Finance, the Department of Personnel Administration, legislation, and Administration policy. Funds are transferred directly from the Controller to the appropriate State Department (e.g. General Services, Public Employees Retirement System, etc.).

2. Operating Expenses and Equipment (OE&E)

General Expense. This is the catch-all category of expense that includes office supplies, library purchases, freight, photography, office equipment maintenance contracts, minor equipment costing less than \$5,000 (e.g., desks, bookcases, computers, printers, cameras, and calculators), and other administrative expenses. Up to \$100 can be spent on such material through the use of a Sub-Purchase Order. Sub-Purchase Orders are reviewed by the Department of General Services and the Controller's Office, and if there is misuse or abuse, an agency can be prohibited from using them further.

The Commission has Delegated Purchasing Authority which must be justified and renewed annually with the Department of General Services' Office of Procurement. Under this authority, the Commission may purchase higher cost items when such purchases conform with the State's rules, as well as with Procurement Policies and Procedures that have been approved by the Department of General Services.

Major purchases, such as for office supplies, are made through the General Services Stores Catalog. General Services purchases large volumes of paper and office supplies and receives a substantial discount; therefore, State agencies are required to purchase these supplies from General Services.

Printing. This category covers the costs for printing such things as annual reports, special reports, pamphlets, blueprints, etc.; for purchasing photocopy paper; and for photocopier maintenance contracts. All printing must be done by the State Printing Plant in Sacramento unless the State Printer approves the use of a private printing contractor for a particular job. For example, the Commission received permission from the State Printer to have the "Coastal Access Guide" and "Coastal Resource Guide" published by the University of California Press.

Communications. This category includes telephone line charges, telephone calls, and telecopier expenses. The Commission's administrative staff verifies telephone bills and reviews telephone use for abuse or questionable charges.

Postage. This category includes mailing, courier service, and postage meter rental.

Travel-In-State. Staff travel, including per diem, car rental, airline tickets, etc., must be authorized in advance by the employee's supervisor. Day-to-day operation of State vehicles for traveling to meetings or for site inspections is monitored through a monthly review of each vehicle's log and through General Services charges for State cars. All travel expense reimbursements are monitored through the use of an Expense Claim (the same form used by Commissioners for claiming per diem reimbursements). Claims for reimbursements must be supported by receipts and must conform to Board of Control rules.

Travel-Out-Of-State. All out-of-state travel must be approved in advance by the Resources Agency, the Department of Finance, and the Governor's Office. Claims must be supported by receipts and must conform to Board of Control rules.

Training. This includes tuition and registration fees for supervisory training, computer training, and training to develop and maintain skills in evolving technical areas related to ocean and coastal resource management.

Facilities Operation. This is the cost for renting the Commission's offices and facilities for Commission meetings. The rents are paid by the State Controller through the transfer of funds from the Commission's account to the Department of General Services, which determines where all State agency offices are located, designs the office space, negotiates leases, and pays the monthly rent.

Contract and Professional Services — Interdepartmental. These are contracts with other State agencies or with local governments. Examples include the Department of Conservation, Department of Fish and Game, etc. All contracts over \$1,000 must be approved by the Commission before they can be executed. Although the Commission has been delegated authority to enter into interagency contracts, all contracts are reviewed by the Department of General Services for conformance to the State Contract Act. Defective contracts can be rescinded. Disbursement of funds under these contracts is made by the State Controller upon submission of a verified invoice, and only if there is an executed contract on file with the Controller.

Contracts and Professional Services — External. State agencies cannot utilize the services of private consultants or contractors if another State agency can provide the services or State civil service employees could be hired to perform the work. At the Commission, most external contracts are for professional consultant services. In most

cases, a contract can be awarded only after a Request for Proposal or Request for Bid process has been completed. The availability of the contract must be published in the State Contracts Register which is distributed to firms throughout the State. With limited exceptions and pursuant to State regulations, all State agencies entering into contracts must have statewide participation goals of not less than 3 percent for certified Disabled Veteran Business Enterprises, not less than 15 percent for certified Minority Business Enterprises, and not less than 5 percent for certified Women Business Enterprises. Contracts with a dollar amount of \$10,000 or less may be exempted from these requirements. All contracts over \$1,000 must be approved by the Commission before they can be executed. No competitive bid is required for contracts of less than \$500. The Department of General Services, which reviews the contract process for conformance with the Contract Act, will not approve a contract if the process is defective. Payment is similar to the internal contract process described previously.

Data Processing. This category includes the cost of maintaining computers and purchasing computer supplies, software, and accessories.

Central Administrative Services. This is a prorated cost that the Department of Finance charges for the Commission's use of services from other State agencies such as Finance, General Services, State Police, Attorney General, State Controller, etc. In 1992, the Attorney General adopted a procedure that requires General Fund client agencies (including the Coastal Commission) to reimburse the Attorney General's Office for legal services rendered in excess of a specific number of hours budgeted by the Attorney General. The Attorney General allocates hours to each agency based on the average number of hours that the Attorney General's Office has worked for that agency over the past three years. The Commission, therefore, has been forced to reduce its requests for the Attorney General's Office assistance to stay within budget. Since the Commission has little control over litigation and its need for the Attorney General's services, the budgeted hours have been exceeded on occasion. Although the Commission has exceeded its allocation in the past, the Commission has not yet had to pay the Attorney General's Office for these excess hours. The Resources Agency has rescued the Commission and other departments by establishing a pool of its departments' hours wherein unused hours can be shifted to agencies, such as the Coastal Commission, who exceed their allocations.

Equipment. All equipment purchases of \$5,000 or more are controlled by the Department of General Services and by the Department of Finance. Part of the budget approval process includes the preparation of an inventory to identify the amount and type of equipment proposed for purchase in the Budget Year. For major equipment (vehicles, large photocopy machines, etc.) Budget Change Proposals must be prepared. Approval by the Department of Finance is required both for the line item amount and the type of equipment.

The purchase of equipment is controlled by an elaborate system administered by the Department of General Services. The need for each piece of equipment must be justified. If it is replacement, provision for disposal of the old equipment must be made. Expensive equipment requires an even more justification. For example, office automation equipment (computerized word and data processing hardware) requires an extensive Information Systems Plan and Feasibility Study Report which must be approved by the Department of Information Technology before the Department of General Services will begin the bid and procurement process. Purchase of new filing cabinets or storage shelves requires an updated Records Retention Schedule that has been approved by the Department of General Services.

3. Local Assistance

When adequate State General Fund or Federal CZMA 306 funds are available, the Commission awards grants to local jurisdictions for developing and implementing their LCPs. In recent years, however, no General Fund appropriations have been made to the Commission for Local Assistance Grants and because of budget cuts, the Commission has had to retain all of its CZMA 306 funds to cover deficiencies in its own operating budget. When Federal funds are available for Local Assistance, there are certain restrictions on how the Federal Funds may be used by local jurisdictions. Grants are limited to costs of preparing zoning ordinances (Phase III grants), permit start-up (Phase IV), and the implementation and improvement of certified LCPs that have been approved by OCRM and incorporated into California's Coastal Management Program (Phase V).

FISCAL CONTROLS

A. State Audits.

All State agencies are subject to fiscal controls, audits, and other reviews of their budgets and expenditures. All of the Commission's fiscal transactions are covered by ongoing reviews by various State control agencies to ensure that the Commission's procedures and activities conform to the many and varied regulatory processes. Following is a brief description of the State audit process as it applies to the Commission.

The Commission is normally subject to audits by three State agencies, authorized under the California Constitution and/or Government Code:

1. State Controller's Office

The State Controller has authority under the California Constitution to perform a pre- and post-review of all claims for payment presented by State agencies.

2. Department of Finance

State agencies are usually audited once every two years by the Department of Finance. The cost of audits are borne by the agencies being audited.

3. Bureau of State Audits

The Bureau of State Audits provides independent audits of the programs and fiscal operations of State government. By performing financial, performance, and investigative audits, and by performing other special duties, the State Auditor provides the Legislature, Governor, Milton Marks Commission of California State Government Organization and Economy, and citizens of the State with objective information about the State's financial condition and the performance of the State's many agencies and programs. The Bureau of State Audits was created by the enactment of Chapter 12, Statutes of 1993, (SB 37), and continues many of the responsibilities of the former Office of the Auditor General.

B. Federal Grant Controls.

The Commission receives grant funds under the Federal Coastal Zone Management Act (CZMA) through the Office of Ocean and Coastal Resource Management (OCRM) in the U.S. Commerce Department's National Oceanic and Atmospheric Administration (NOAA). The CZMA imposes limitations on what these funds may be used for as well as requirements as to what they must be used for. The Federal funds are also subject to all of the State's controls on the expenditure of funds. To receive Federal funds, the Commission's staff prepares a work program, budget, and background information which is incorporated into California's Federal grant application. The Federal grant application also includes the funding requests of the BCDC and the Coastal Conservancy. The Federal grant typically includes specified tasks which the Commission must complete as well as special grant conditions.

Prior to applying for any Federal grant that is not included in the budget approved by the Governor, the Commission must submit a grant request form to the Secretary for Resources and the Department of Finance for review and approval. Following Resources Agency and Finance approval, the grant request must be evaluated and approved by the Governor's Office.

Two different types of evaluations are used to ensure that the Federal CZMA funds are used properly.

- The first is a program evaluation conducted by the OCRM (under CZMA Section 312), usually every two years, to ensure that the funds have been used in accordance with the grant conditions and that the Commission is properly carrying out its Federally-approved management program for the California coastal zone.

Upon completion of a State's program evaluation, the OCRM issues its Federal Evaluation Findings and Recommendations.

- The second type of evaluation is a financial audit conducted by the U.S. Department of Commerce to ensure that proper procurement processes, accounting practices, and fiscal controls are being used. Commerce will accept audits carried out by the Controller, Department of Finance, or the State Auditor that meet Commerce standards.

C. Disbursements Controls.

The Commission's financial officers are authorized to sign checks drawn on the Commission's and the BCDC's Revolving Funds. Commission staff will sign only when proper documentation exists and a request of disbursement has been approved by the Executive Director or Chief Deputy Director.

All disbursements are reviewed by the State Controller for authority, propriety, and justification. If there appears to be any divergence from sound accounting principles, or if there is abuse or misuse of State funds, the agency immediately comes under scrutiny by the Controller.

D. Revolving Fund.

The State Accounting System allows an agency to have a Revolving Fund if the agency can demonstrate that it meets certain criteria. The Commission's accounting section meets these criteria and can, therefore, draw checks against its Revolving Fund and the BCDC's Revolving Fund.

State regulations require that expense claims (such as Commissioner per diem and employee travel expenses) be paid from the Revolving Fund. The Fund is also used to pay bills that require immediate response for such things as enrollments, invoices from small businesses, postage meter refills, and miscellaneous office supplies. Requests for such checks must be accompanied by justification and documentation. Checks are written to the addressee (e.g., a postage meter refill would be written directly to the U.S. Postal Service, a salary advance would be written to the employee, checks written for invoices are to the vendor, etc.). After payment from the Revolving Fund, invoices are scheduled for payment by the State Controller from the General Fund. When the funds are received, they are used to reimburse the Revolving Fund.

Larger invoices, or invoices that do not require immediate payment, are not paid through the Commission's Revolving Fund, but are processed directly through the Controller. All invoices submitted to the Controller require documentation (e.g., goods have been received, services provided, conformance to contract requirements met, etc.). The State

Controller takes an average of 20 days to pay invoices; at certain times of the year, this can go up to 45 days. Therefore, every effort is made to pay small vendors and contractors from the Revolving Fund to avoid this delay.

E. Petty Cash.

The Commission has several petty cash accounts, one in headquarters and one in each area office. Emergency expenditures are paid out-of-pocket by staff and then claimed on a reimbursement form, or are paid by a check written against the Revolving Fund.

F. Revenue.

The only significant revenue received by the Commission is in the form of permit application fees. Checks for applications are logged, a notation is made in the permit file that the fee was received, and the check is delivered to the Commission's accounting office where it is again logged. It is then processed and transmitted to the State Controller for entry into the Commission's revenue account. These funds are not added to the Commission's budget, but instead go directly to the State General Fund.

Personnel

A. General.

The Commission has little discretion over the salaries and benefits its employees receive. Most salaries are based on statewide personnel classifications and salary ranges established through negotiations between employee unions and the Department of Personnel Administration.

Recently, the Administration proposed ending automatic pay increases for State employees in favor of a Pay for Performance program that would give managers wider discretion to reward workers for good performance and penalize those with weak performance. This program would eliminate automatic merit salary increases and cost of living adjustments. The program was initiated in January 1995 for managerial and supervisory classes, but can only be established for rank-and-file employees through negotiations with employee unions.

In recognition that most of an agency's budget is spent on personnel, the Governor's Budget and the State's administrative controls not only restrict the amount of money allocated to an agency for personnel but also restrict the number of personnel. Positions are expressed in the budget as personnel years (PY). One personnel year is one position for 12 months; however, one PY is not necessarily one person. A PY may be filled by one

or more persons. For example, two people can share a position, each working one-half time. They would each be 0.5 PY. Each agency is allocated an authorized PY level in the State budget. Typically, not all authorized positions are filled at any one time because of the inevitable delays in finding and hiring replacements for staff who resign, transfer, or retire. Therefore, it is unnecessary for the State to provide funds to pay the salaries of all the authorized positions since some positions will be vacant and the funds would go unused. Instead, a Salary Savings, expressed in both dollars and PY, is incorporated into each agency's budget. For example, if the Commission's Authorized staff level was 100.0 PY, 5.0 PY would be required for Salary Savings and the resultant Budgeted staff level would be 95.0 PY. Although we could fill up to our authorized level of 100.0 PY, we would not be funded to exceed 95.0 PY.

Any proposal to increase the number of Authorized or Budgeted PYs in the Governor's Budget must be included in a Budget Change Proposal and approved by the Resources Agency, the Department of Finance, incorporated into the Governor's Budget, reviewed by the Legislative Analyst, and approved by the Legislature. In addition, the Department of Personnel Administration and the State Personnel Board review such requests to ensure that the proper classification and level for the proposed position have been determined and justified.

B. Selection of Staff.

Although Section 30335 of the California Coastal Act clearly establishes the Commission as an "appointing authority," this authority is limited because all personnel at the Commission are hired and work under the provisions of the State Civil Service Code, with the exception of the Executive Director, who is exempt from Civil Service and serves at the pleasure of the Commission.

The rest of the staff is subject to laws and rules established and administered by the State Personnel Board (SPB), the Department of Personnel Administration (DPA), and by collective bargaining contracts between the State and employee organizations. The Commission may request that a certain position be reclassified or upgraded, but we must provide substantial justification for the proposed change and the request must be approved by the DPA.

An Authorized Position must generally be filled from a civil service list established for that classification of position. Individuals are placed on lists by taking examinations administered by the Commission. The examinations involve reviews of applications, written tests, interviews, or some combination of these. In most cases, the Commission selects people who placed within the top four ranks of an exam. State employees working in other agencies in positions paying about the same as the Commission's vacant position may request transfer into that vacant position. During periods when overall State

employment is being reduced, the Commission is restricted to hiring individuals who have been, or are about to be laid off from another State agency. The State Personnel Board (SPB) maintains a State Restriction of Appointments Program (SROA) which is administered by the DPA. The SPB maintains lists of positions/classes having surplus employees — that is, lists of classes and people who have been, or are about to be, laid off — and these lists of surplus employees must be used and/or cleared before a vacant position can be filled. This ensures that laid off employees with reinstatement rights and State employees faced with layoff are given a chance to transfer into vacant positions.

The hiring of State employees is monitored closely by the DPA and SPB to ensure that all laws, rules, and regulations pertaining to State employment have been met. Finally, labor organizations that represent staff members under collective bargaining agreements with the State can legitimately become involved in Commission decisions that affect employee discipline and the working conditions of staff.

Within the Commission's and other State agencies' Personal Services budget is a Temporary Help category. This provides a "blanket" from which the agency can pay employees for overtime, hire staff on an emergency basis, hire interns under the SPB's Environmental Services Intern Program (Civil Service classes of Student Assistant, Graduate Student Assistant, and Environmental Services Intern), and hire other Civil Service classes on a temporary, limited term, or intermittent basis. Overtime pay uses funds from the Temporary Help blanket but not PYs. Temporary Help employees use both the Temporary Help blanket funds and PYs. Temporary Help and Limited Term employees normally do not receive all the benefits that permanent employees receive (i.e., they receive health, but not vision and dental insurance benefits).

Attachment: Governor's FY 1997/98 Budget

APPENDIX C
GOVERNOR'S FY 1997/98 BUDGET
FOR THE COASTAL COMMISSION



3680 DEPARTMENT OF BOATING AND WATERWAYS—Continued

STATE BUILDING PROGRAM EXPENDITURES	Actual 1995-96*	Estimated 1996-97*	Proposed 1997-98*
Balance available in subsequent years	\$1,293	-	-
Unexpended balance, estimated savings	-85	-	-
TOTALS, EXPENDITURES (Capital Outlay)	\$4,498	\$5,917	\$8,692

3720 CALIFORNIA COASTAL COMMISSION

The California Coastal Commission manages California's coastal resources. The commission is composed of 16 members, 12 voting and 4 nonvoting. The Governor; the Senate Rules Committee; and the Speaker of the Assembly, with confirmation of the Assembly Rules Committee; each appoints 2 public members and 2 locally elected officials. The 4 nonvoting ex-officio members are the Secretary for Resources, the Secretary for Business, Transportation and Housing, the Secretary for Trade and Commerce, and the chairperson of the State Lands Commission.

The Coastal Act of 1976 established policies with which "coastal zone" conservation and development decisions must comply. The "coastal zone" extends three miles seaward and generally about two miles inland. In particularly important and generally undeveloped areas where there can be a considerable impact on the coastline from inland development, the coastal zone extends as much as twelve miles inland. In developed urban areas, the coastal zone extends considerably less than 1,000 yards inland. The commission's jurisdiction does not extend into or around San Francisco Bay, where development is regulated by the San Francisco Bay Conservation and Development Commission.

The policies of the Coastal Act deal with public access to the coast, coastal recreation, the marine environment, coastal land resources, and coastal development of various types, including energy facilities and other industrial development. To carry out these policies, each local government within the coastal zone prepares a local coastal program (LCP) that reflects the policies of the Coastal Act. An LCP is composed of a land use plan (LUP) and implementing ordinances. Each LCP is submitted to the commission for review and certification of its adequacy. Until the LCP is certified, virtually all development within the coastal zone requires a coastal permit from the commission and a local permit from the city or county in which the development would be located. After certification of an LCP, the commission's regulatory authority over most types of development is delegated to the local government, subject to limited appeal to the commission. An alternative process is available to local government to assume authority for regulating most coastal development upon the certification of the LUP portion of its LCP. Under this option, all local decisions on coastal development permits are subject to appeal to the commission.

The Coastal Commission is also the designated State coastal management agency for the purpose of administering the federal Coastal Zone Management Act in California. Under the federal law, California receives financial assistance to develop and implement the federally approved California Coastal Management Program. The Federal Coastal Act gives the commission authority over federal activities otherwise not subject to State control.

Authority

Public Resources Code, Division 20, Sections 30000 et seq. and USC 1456 (Section 307, Federal Coastal Zone Management Act of 1972).

SUMMARY OF PROGRAM.

REQUIREMENTS	95-96	96-97	97-98	1995-96*	1996-97*	1997-98*
10 Coastal Management Program	97.2	94.6	90.3	\$9,829	\$9,658	\$9,972
20 Coastal Energy Program	6.0	6.0	6.0	522	528	528
30 Administration and Support						
Activities	23.4	23.2	22.1	1,740	1,812	2,209
Distributed Administration and						
Support Activities	-	-	-	-1,244	-1,244	-1,244
Net Totals, Administration	23.4	23.2	22.1	\$496	\$568	\$965
98 State Mandated Local Programs	-	-	-	169	-	-
TOTALS, PROGRAMS	126.6	123.8	118.4	\$11,016	\$10,754	\$11,465
0001 General Fund				5,741	5,650	6,250
0140 California Environmental License Plate Fund				1,223	1,298	1,242
0890 Federal Trust Fund				3,556	3,238	3,008
0995 Reimbursements				496	568	965

10 COASTAL MANAGEMENT PROGRAM

Program Objectives Statement

This program manages and protects California's coastal resources. Activities include: preparation and certification of LCPs; interim regulation of coastal zone development; the permanent regulation of development on tidelands, submerged lands, and public trust lands; monitoring, enforcement, and handling of appeals of certain local regulatory decisions; reviewing federal projects and activities for consistency with the California Coastal Management Program; the operation of a program to protect and increase usable areas for public access to the coastline; and the provision of technical information and assistance to local governments in the implementation of their LCPs.

Authority

Public Resources Code, Division 20, Sections 30000 et seq.

For the list of standard (lettered) footnotes, see the end of the Governor's Budget.

* Dollars in thousands.

3720 CALIFORNIA COASTAL COMMISSION—Continued

Major Budget Adjustments Proposed for 1997-98

- The following are components of the Governor's Coastal Initiative, that is designed to improve coastal stewardship:
- \$500,000 from the General Fund for grants to local governments to enable them to complete and implement state mandated Local Coastal Programs.
 - \$500,000 in reimbursements from the Resources Agency to update the Commission's computer information system and to develop and implement a statewide permit tracking system linked to CERES.
 - \$100,000 from the General Fund to provide support to the Commission to develop, in cooperation with the State Coastal Conservancy, a comprehensive coastal access implementation plan to identify and prioritize public access points along the California coastline.

20 COASTAL ENERGY PROGRAM

Program Objectives Statement

This program addresses State and national energy concerns, which are afforded special treatment in the Coastal Act and the federal Coastal Zone Management Act. These concerns are met by including an energy component in the LCPs of local jurisdictions facing significant energy development; regulating coastal energy development under special conditions which allow approval even if a development would not meet other policies of the act; regulating oil and gas drilling offshore to ensure that drilling will be consistent with the California Coastal Management Program; and designating, every five years, areas where the location of thermal electric generating plants would conflict with the objectives of the Coastal Act.

Authority

Public Resources Code, Division 20, Sections 30000 et seq. and U.S.C. 1456 (Section 307, Federal Coastal Zone Management Act of 1972).

98 STATE-MANDATED LOCAL PROGRAMS

Program Objectives Statement

This budget proposes to continue the suspension of the "Local Coastal Plans" mandate (Ch. 1330/76) which was first suspended in 1993-94. This results in an estimated savings of \$2 million in the 1997-98 fiscal year.

PROGRAM BUDGET DETAIL

PROGRAM REQUIREMENTS

10 COASTAL MANAGEMENT PROGRAM

	1995-96*	1996-97*	1997-98*
State Operations:			
0001 General Fund	\$5,050	\$5,122	\$5,222
0140 California Environmental License Plate Fund	1,223	1,298	1,242
0890 Federal Trust Fund	3,556	3,238	3,008
Totals, State Operations	\$9,829	\$9,658	\$9,472
Local Assistance:			
0001 General Fund	-	-	500
Totals, Local Assistance	-	-	\$500

ELEMENT REQUIREMENTS

10.10 Regulation of Coastal Development

State Operations:			
0001 General Fund	2,032	2,084	2,084
0140 California Environmental License Plate Fund	381	408	383
0890 Federal Trust Fund	1,404	1,254	1,066

10.20 Local Coastal Program

State Operations:			
0001 General Fund	1,938	1,952	1,952
0140 California Environmental License Plate Fund	391	419	394
0890 Federal Trust Fund	1,245	1,392	1,461
Local Assistance:			
0001 General Fund	-	-	500
Totals, Local Assistance	-	-	\$500

10.30 Planning and Support Studies

State Operations:			
0001 General Fund	1,080	1,086	1,086
0890 Federal Trust Fund	440	211	100

10.40 Federal Coastal Management Program

State Operations:			
0890 Federal Trust Fund	455	381	381

10.50 Coastal Access Program

State Operations:			
0001 General Fund	-	-	100
0140 California Environmental License Plate Fund	317	327	323

* Dollars in thousands.

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3720 CALIFORNIA COASTAL COMMISSION—Continued

10.60 Coastal Resources Information Center

State Operations:

0140 California Environmental License Plate Fund

0890 Federal Trust Fund

1995-96*

\$134

12

1996-97*

\$144

-

1997-98*

\$142

-

PROGRAM REQUIREMENTS

20 COASTAL ENERGY PROGRAM

State Operations:

0001 General Fund

\$522

\$528

\$528

PROGRAM REQUIREMENTS

30 ADMINISTRATION AND SUPPORT ACTIVITIES

Undistributed Administration

State Operations:

0995 Reimbursements

\$496

\$568

\$965

TOTALS, EXPENDITURES (State Operations)

\$10,847

\$10,754

\$10,965

PROGRAM REQUIREMENTS

98 STATE-MANDATED LOCAL PROGRAMS

Local Assistance:

Ch. 1330/76-Local Coastal Plans¹

\$169

-

-

Totals, Local Assistance

\$169

-

-

TOTALS, EXPENDITURES (Local Assistance)

\$169

-

\$500

TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)

\$11,016

\$10,754

\$11,465

¹ Mandate suspended pursuant to Government Code Section 17581.

SUMMARY BY OBJECT

1 STATE OPERATIONS

PERSONAL SERVICES

Authorized Positions (Equals Sch. 7A) ...

95-96

126.6

96-97

118.6

97-98

118.6

1995-96*

\$6,151

1996-97*

\$6,003

1997-98*

\$6,081

Total Adjustments

-

11.6

6.0

-

567

304

Estimated Salary Savings

-

-6.4

-6.2

-

-261

-253

Net Totals, Salaries and Wages

126.6

123.8

118.4

\$6,151

\$6,309

\$6,132

Staff Benefits

-

-

-

1,630

1,540

1,497

Totals, Personal Services

126.6

123.8

118.4

\$7,781

\$7,849

\$7,629

OPERATING EXPENSES AND EQUIPMENT

\$3,066

\$2,905

\$3,336

TOTALS, EXPENDITURES

\$10,847

\$10,754

\$10,965

RECONCILIATION WITH APPROPRIATIONS

1 STATE OPERATIONS

0001 General Fund

APPROPRIATIONS

001 Budget Act appropriation

1995-96*

\$5,572

1996-97*

\$5,613

1997-98*

\$5,750

Adjustment per Section 3.60

108

37

-

Reduction per Section 3.75

-28

-

-

Reduction per Section 3.90

-39

-

-

Totals Available

\$5,613

\$5,650

\$5,750

Unexpended balance, estimated savings

-41

-

-

TOTALS, EXPENDITURES

\$5,572

\$5,650

\$5,750

0140 California Environmental License Plate Fund *

APPROPRIATIONS

001 Budget Act appropriation

\$1,201

\$1,290

\$1,242

Adjustment per Section 3.60

22

8

-

TOTALS, EXPENDITURES

\$1,223

\$1,298

\$1,242

* Dollars in thousands.

3720 CALIFORNIA COASTAL COMMISSION—Continued

0890 Federal Trust Fund

APPROPRIATIONS	1995-96*	1996-97*	1997-98*
001 Budget Act appropriation	\$2,014	\$2,014	\$3,008
Budget adjustment	1,542	1,224	-
TOTALS, EXPENDITURES.....	\$3,556	\$3,238	\$3,008

0995 Reimbursements

Reimbursements	\$496	\$568	\$965
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$10,847	\$10,754	\$10,965

SUMMARY BY OBJECT
RECONCILIATION WITH APPROPRIATIONS

2 LOCAL ASSISTANCE

0001 General Fund

APPROPRIATIONS	1995-96*	1996-97*	1997-98*
001 Budget Act appropriation	-	-	\$500
295 Budget Act appropriation (State Mandates) ²	\$0	\$0	0
Prior year balances available:			
Chapter 241, Statutes of 1993 (State Mandates)	\$169	-	-
TOTALS, EXPENDITURES (Local Assistance)	\$169	-	\$500
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$11,016	\$10,754	\$11,465

² Pursuant to Section 17581 of the Government Code, mandates identified in the appropriation schedule of this item with an appropriation of \$0 and included in the language of this provision are specifically identified by the Legislature for suspension during the 1997-98 fiscal year: (Ch. 1330/76) Local Coastal Plans.

CHANGES IN

AUTHORIZED POSITIONS	95-96	96-97	97-98	1995-96*	1996-97*	1997-98*
Totals, Authorized Positions.....	126.6	118.6	118.6	\$6,151	\$6,003	\$6,081
Proposed New Positions:*				Salary Range		
Coastal Management Program						
Office Assistant	-	0.2	-	1,760-2,138	5	-
Management Services Technician	-	0.3	-	2,197-2,611	9	-
Environmental Analyst	-	0.3	-	2,996-3,602	13	-
Coastal Program Analyst I	-	2.9	0.2	2,996-3,602	125	7
Coastal Program Analyst II	-	5.0	3.5	3,602-4,346	261	182
Staff Information Systems Analyst	-	-	1.0	3,770-4,547	-	47
Coastal Program Analyst III	-	1.0	0.9	3,958-4,775	52	51
Environmental Specialist IV	-	0.8	0.4	4,045-4,883	34	17
Coastal Program Manager	-	0.2	-	4,346-5,244	13	-
Temporary Help	-	0.9	-	-	55	-
Totals, Proposed New Positions.....	-	11.6	6.0	-	\$567	\$304
Totals, Adjustments	-	11.6	6.0	-	\$567	\$304
TOTALS, SALARIES AND WAGES.....	126.6	130.2	124.6	\$6,151	\$6,570	\$6,385

* Positions limited-term to June 30, 1997.

3760 STATE COASTAL CONSERVANCY

Program Objectives Statement

The State Coastal Conservancy develops and implements programs to protect, restore and enhance resources in the coastal zone pursuant to the California Coastal Act of 1976. The State Coastal Conservancy:

- a) acquires agricultural lands to prevent the loss of such lands to other uses and to assemble such lands into parcels of adequate size to permit continued agricultural production;
- b) provides grants to local agencies for, or undertakes, projects designed to restore areas which may be adversely affecting the coastal environment or impeding orderly development due to poor lot layout, scattered ownerships, incompatible land uses, or other conditions;
- c) awards grants to local or State public agencies for, or undertakes, projects designed to enhance natural and scenic values threatened by dredging or filling, improper location of improvements and other conditions;

For the list of standard (lettered) footnotes, see the end of the Governor's Budget.

* Dollars in thousands, excluding salary range.