

Background

At its meeting on June 5, 2008, the SNC Board approved the *2008-09 Proposition 84 Grants Guidelines*, including minor modifications to the allocation formula for this fiscal year's Proposition 84 funds (total of \$17 million) to allow more flexibility in addressing areas of greatest need based on application submittals. This year's approved formula includes:

- o Competitive Grants – \$7 million
- o Subregional SOGs – \$6 million total (\$1 million per Subregion)
- o Region-wide SOGs – \$1 million
- o Unallocated – \$3 million

At the October 2, 2008 meeting, the Board approved a staff recommendation that the SNC award approximately \$14 million in the current fiscal year (with unallocated \$3 million remaining available for award over the next two fiscal years. This allows for the future award of approximately \$10 million per year in 2009-10 and 2010-11. With this action, the 2008-09 Expenditure Plan is identified in the table below.

2008-09 Expenditure Plan (amounts are approximate)	
2007-08	\$ 16 million
2008-09	\$ 14 million
2009-10	\$ 10 million
2010-11	\$ 10 million

To date, \$34 million has been appropriated to the SNC for grant allocation, with an additional \$15.5 million anticipated for FY 2009-10 (subject to appropriation in the State budget).

Current Status

Status of 2008-09 Grant Applications

The SNC received 120 SOG applications by the September 2 deadline. A total of 32 SOGs are being recommended for approval at this meeting and 1 SOG was approved under the delegated Executive Officers authority.

(Note: ***SOG 1s are for*** smaller acquisition or site improvement/restoration projects of between \$5,000 and \$250,000; and ***SOG 2s are*** for all other projects (anything other than acquisition or site improvement/restoration) up to \$500,000 maximum).

As noted at the October Board meeting, the first round SOG applications were overwhelmingly SOG 2s (by a ratio of 5 to 1). This ratio is similar to the 2007-08 SOG

applications; however the SOG 1 grant limit was raised from \$100,000 to \$250,000 with the anticipation that we would see more SOG 1 applications, consistent with the stated preference for “on-the-ground” projects. It is possible that the requirement for having completed CEQA documentation as part of the application may have been a factor in the lack of SOG 1s. If that is the case, we hope to see more SOG 1 applications come in during the second round of SOG funding that will occur later this fiscal year.

Grant Management Workload

Based on current information, it is estimated that by the end of this fiscal year, the SNC could have between 225 and 275 active grants that will need to be managed by SNC staff. SNC management is evaluating appropriate grant-related workload for staff to ensure adequate oversight and responsiveness to current grantees. At the same time, SNC staff is also involved in assisting potential new applicants with project development and application process support, as well as a variety of other non-grant related activities, such as the annual conference, annual report, climate change initiative and other Regional programs.

Next Steps

In order to provide for the “on the ground” focus identified in the current guidelines and to address workload and effectiveness considerations, staff recommends that the Board consider a revised grant allocation plan for 2009-10. Given that changes may affect potential applicants for the current year (the possibility that certain types of grants may not be available in the next fiscal year), staff has brought the issue to the Board for discussion and direction at this time. It is also recommended that future year allocations be guided by the results of current year and 2009-10 grant allocation (on-the-ground versus other projects) and ongoing workload considerations.

One option that staff is considering would be to limit grant awards in 2009-10 to a single round, with a primary focus on projects currently provided for in Competitive and SOG 1s (acquisition and site improvement). The SNC may also consider utilizing some portion of the funds for a more focused programmatic effort (for example, assisting local governments with sustainable planning efforts). This approach would allow the SNC to focus resources on the type of projects that will result in on-the-ground results, helping to meet the direction provided by the SNC Board in June. It will also allow staff to devote adequate time for oversight and assistance relating to active projects, as well as allowing time to implement non-grant related activities being undertaken to further meet the Conservancy’s mission.

The primary impact to current operations would be that most projects currently considered under the SOG 2 category (with the possible exception of pre-project due diligence projects) would not be eligible in 2009-10. However, we believe that we have provided substantial opportunity for capacity-building and other types of grant projects in

the first two years of our grant making program, making it important to focus in the near-term on ensuring that sufficient on-the-ground benefits result from bond expenditures. Staff will also consider options for providing support for projects that would no longer be considered in the grant process through the use of the delegated Executive Officer's authority and the use of base budget funds.

Recommendation

It is recommended that staff be directed to provide the Board with a draft grant allocation plan for 2009-10 that addresses the concerns relative to “on-the-ground” projects and workload considerations as described above. Following Board review and comment, staff will develop guidelines to implement the plan, with final Board approval, following public review and comment, anticipated in June 2009.