

**EAST CONTRA COSTA COUNTY
HABITAT CONSERVATION PLAN ASSOCIATION (HCPA)
EXECUTIVE GOVERNING COMMITTEE**

DATE: January 10, 2003
TO: Executive Governing Committee (EGC)
FROM: Member Agency Staff
SUBJECT: Addendum to Meeting Packet for EGC Meeting on Thursday, January 16, 2003 at the Pittsburg City Council Chambers

The next meeting of the East Contra Costa County Habitat Conservation Plan Association (HCPA) Executive Governing Committee (EGC) is scheduled for Thursday, January 16, 2003, 5:30 pm to 7:00 pm at the City of Pittsburg Council Chambers on 65 Civic Drive. This meeting was rescheduled from December 12, 2002 and the meeting packet distributed for that meeting date is largely still current and will be discussed on January 16, 2003 (for the convenience of EGC Members, this packet includes a duplicate copy of the December 12 packet with outdated pages marked). Staff have prepared and attached an addendum to the December 12 meeting packet that contains the following new or updated documents:

- Updated EGC Roster
- Updated staff report for agenda items 8a and 8b related to the budget (the new report is identical in content, but we attempted to describe the concept of interim expenditure limits more clearly and specifically in the revised staff report)
- Updated Revised HCPA Budget (we have received an additional \$14,000 in revenue since December (interest on the State Route 4 Bypass Authority contribution) and the fund-raising section has been updated to show that we have now submitted a \$35,000 grant request to the County Fish and Wildlife Propagation Fund)

Please have your agency post a copy of the meeting agenda in accordance with the requirements of the Brown Act.

If you need additional information regarding this meeting please contact John Kopchik of the Contra Costa County Community Development Department at (925) 335-1227(email: jkopc@cd.co.contra-costa.ca.us).

We look forward to seeing you on January 16 at 5:30pm.

Attachments.

HCPA Executive Governing Committee Roster

1-9-03

First Name	Last Name	Agency/Organization	Title	Alternate?
Bill	Hill	City of Brentwood	Council Member	
Milan "Pete"	Petrovich	City of Brentwood	Council Member	yes
Gregg	Manning	City of Clayton	Council Member	
David	Shuey	City of Clayton	Council Member	yes
Pat	Anderson	City of Oakley	Council Member	yes
Jeff	Huffaker	City of Oakley	Council Member	
Aleida	Rios	City of Pittsburg	Council Member	
Michael	Kee	City of Pittsburg	Council Member	?
Federal	Glover	Contra Costa County Board of Supervisors	Supervisor District 5	yes
Donna	Gerber	Contra Costa County Board of Supervisors	Supervisor District 3	
Elizabeth	Anello	Contra Costa Water District	Vice-President	
Bette	Boatmun	Contra Costa Water District	Director	yes
Beverly	Lane	East Bay Regional Park District	Director	yes
Ted	Radke	East Bay Regional Park District	Director	

**EAST CONTRA COSTA COUNTY
HABITAT CONSERVATION PLAN ASSOCIATION (HCPA)
EXECUTIVE GOVERNING COMMITTEE**

DATE: January 16, 2003 (containing minor revisions to December 12 version)
TO: Executive Governing Committee (EGC)
FROM: Member Agency Staff
SUBJECT: HCPA Budget Discussion and Review (agenda item #8a and 8b)

RECOMMENDATION

- 1) ACCEPT update report on HCPA finances.
- 2a) PROVISIONALLY APPROVE revised HCPA Budget and Fund Raising Strategy for purposes of planning fund-raising efforts and for operation of the HCPA in interim period before a budget is officially approved; ;
- 2b) SET an interim expenditure limit of \$113,092 on the \$327,136 in new tasks included in the revised HCPA Budget; and
- 2c) SCHEDULE a final decision on revised HCPA Budget in 8 months time when more information on fund raising is available.
- 3) REVIEW Preliminary Contingency Strategy.
- 4) INITIATE Phase 2 of the project.
- 5) AUTHORIZE staff to issue a modified Notice to Proceed letter to Jones and Stokes raising the interim payment limit on that contract of \$342,908 by \$80,000 to \$422,908.
- 6) AUTHORIZE staff to further raise the interim payment limit for Jones and Stokes if outside funds are received for budget augmentation items 3 and 4 (Additional Covered Species and Biology Upgrade: Small Scale Features) by an amount equal to the amount of funds received.

DISCUSSION

Financial status overview: As of December 4, 2002, the HCPA has expended a total of \$338,379 (including services billed but not yet paid). Revenue committed or received is approximately \$780,000. Attached please find a revised HCPA Budget with summary information on revenues, previously budgeted expenditures, and recommended budget augmentations. A proposed fund-raising strategy is also provided. This staff report and the related attachments discuss the Budget and Fund Raising Strategy in more detail.

Fund-raising update: As forecast at the September EGC meeting, the U.S. Fish and Wildlife Service (“USFWS”) and the California Department of Fish and Game (“CDFG”) have approved a second “Section 6” grant award to the HCPA in the amount of \$160,000 (including CDFG overhead), bringing our gross total of Section 6 grant awards to \$260,000. Fish and Game staff assigned to our project are in the process of requesting a \$40,000 augmentation to our grant award for this year from unclaimed funds awarded to other jurisdictions.

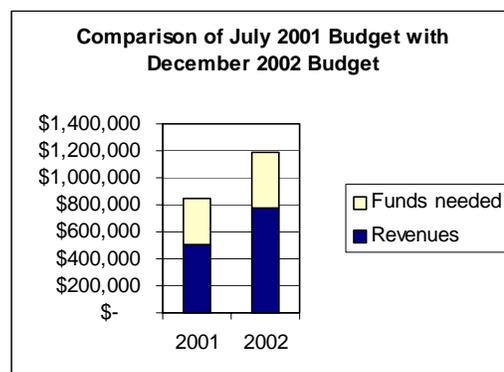
Revised Budget: A revised Recommended Budget is presented in an attachment to this staff report. In the revised Budget, Member Agency Staff recommend augmenting budgeted expenditures by \$327,136 to cover new tasks and also recommend including a 10% contingency reserve for planning purposes. Additional detail and background on the Budget are provided below and in the following attachments:

- Overview of Recommended Budget Augmentation, a one page color table that summarizes six categories of recommended new tasks and expenditures. The overview table provides the staff recommendation for each category, as well as the rationale, and the recommended source of funding to cover these new costs.
- Overview of Recommended Budget Augmentation & Funding Sources, a 1-page pie chart.
- Details of Recommended Budget Augmentation, a four page color table that describes and explains line items in each of the six categories of recommended new expenditures. For some of the more detailed line items—such as the NCCP Upgrade--supplemental attachments are provided with more detail on the work to be performed.

Background on Recommended Budget: To develop the HCPA Budget, staff performed a detailed review of the existing HCPA budget and scope and identified additional necessary tasks. Staff have attempted to recommend a budget that is realistic and that reflects experience gained during Phase 1 of the project. The following principles underlie the staff recommendations:

- It is important to identify potential new expenditures as early in the process as possible. Raising funds from grants requires significant lead-time. To maintain project schedule and momentum, fund-raising efforts need to be forward-looking.
- We must plan for contingencies. The work required to complete an HCP cannot be precisely forecast because regulations may change and because sponsors must satisfy not only diverse constituencies but also a wide range of permitting agencies. We cannot produce an alternative to the uncertain project-by-project regulatory process without confronting some of that uncertainty in the HCP planning process.
- It is better to try to raise more money than we need than not enough.
- The HCPA Public Involvement Program is integral to the success of the planning effort. Recommendations from the Science Advisory Panel and the Coordination Group should be heeded when possible.
- We must balance the need for developing a plan that is as thorough and comprehensive as possible and that satisfies as many agencies and interests as possible with the limitations of funding and cash flow. Staff have recommended a budget that includes tasks that we feel contribute substantially to our outlook for success and does not include other potential tasks we felt failed to meet the cost-benefit test. For example, 1) we propose spending much less on developing the NCCP Planning Agreement than other HCPs; and 2) we do not propose a comprehensive inventory of all small-scale biological features, only an inventory of those features that both contribute to landscape-level conservation planning and that carry a reasonable price tag.

Budget context: From the start, the HCPA project has had less revenue than estimated expenses:



This situation tends to be the rule rather than the exception in conservation planning, with many HCPs operating on much less seed money and proceeding with frequent stops and starts as they await grant money. Our plan is fortunate to have had a substantial contribution of local funds up front and to have been successful so far with grants. Comparatively, the HCPA effort is less expensive overall than other efforts and attempts to produce more with less money. For example, other plans are spending close to \$500,000 for CEQA/NEPA compliance alone (we plan to spend \$120K) and about \$100,000 to prepare an NCCP Planning Agreement (we plan to spend less than \$10,000), though the other plans are more ambitious. We are confident that our grant success and cost-effectiveness can continue, but this should not obscure the fact that we remain in a position of having less money at present than will be required to complete the project.

Specific budget augmentation recommendations: The following recommendations are repeated, justified, and explained in the attached tables, but the recommended actions for each of the six budget augmentation categories are summarized below to make the requested EGC actions as clear as possible. For some categories, we recommend not only a budget amount but also an interim expenditure limit. The purpose of stipulating an interim payment limit is to allow us to plan for contingencies. Many of these new tasks need to be done now to not hold up other aspects of the project and to keep costs as low as possible. Other tasks can and should wait so that, in about 9 months time when we will have some information on the status of various funding requests, we will have flexibility to adjust our plans if we receive less funding than we hoped for. It should also be noted that all expenditure authorizations are further constrained by interim payment limits we have set on consultant contracts.

Item 1: Previously approved and/or unavoidable budget adjustments

Budget amount: \$31,592

Interim expenditure limit: \$31,592

Recommendation: Augment budget to include these expenses and authorize expenditures within interim contract payment limit for Jones and Stokes.

Item 2: NCCP Upgrade

Budget amount: \$76,454

Interim expenditure limit: \$35,000

Recommendation: Augment budget to include these expenses and authorize expenditures up to \$35,000 within interim contract payment limits.

Item 3: Enhanced Endangered Species Act Coverage: Additional Covered Species

Budget amount: \$48,000

Interim expenditure limit: \$0

Recommendation: Provisionally augment budget to include these expenses. Authorize expenditures if dedicated funding is secured. If only partial funding is secured, authorize staff to prioritize additional species and add as many as can be funded.

Item 4: Biology Upgrade: Small Scale Features

Budget amount: \$35,000

Interim expenditure limit: \$0

Recommendation: Provisionally augment budget to include these expenses. Authorize expenditures if dedicated funding is secured.

Item 5 : Enhanced Public Involvement

Budget amount: \$64,590

Interim expenditure limit: \$40,000

Recommendation: Augment budget to include these expenses and authorize expenditures of up to \$40,000 within interim contract payment limit. Reconsider remainder in 9 months if fund-raising efforts unsuccessful.

Item 6: Increased staff support

Budget amount: \$71,500

Interim expenditure limit: \$6,500

Recommendation: Augment budget to include these expenses and authorize expenditures of up to \$6,500 within interim payment limit.

Fund-Raising Strategy: Staff recommends that the EGC approve the fund-raising strategy presented on page 2 of the recommended budget and authorize staff to pursue and apply for funds from the sources identified.

Preliminary Contingency Strategy: The analysis below considers potential approaches for addressing funding shortfalls. Staff recommends that the EGC review the Preliminary Contingency Strategy and direct preparation of a more detailed plan in 9 months should we be faced with a projected funding shortfall.

S c e n a r i o	Hypothetical Reduced Funding Level	Cuts needed from \$1,191,136 budget	Tasks to consider cutting	Incre- mental Cost Savings	Comments
A	\$779,762	\$411,374	Wetlands permitting All budget augmentations except item 1 (but cut fish analysis) and except NCCP Planning Agreement Negative declaration rather than EIR/EIS	\$75,000 \$293,516 About \$50K	Chance of receiving any permits or producing an approvable plan is very small. Resources agencies would almost certainly insist on EIR/EIS. Wetlands permits is a principle of participation. Inadequate staff support. Better to suspend project pending new funds.

B	\$975,000	\$216,136	Remainder of NCCP upgrade (item #2) not authorized for expenditure	\$41,454	Partial NCCP upgrade would hurt chances for approving NCCP. Inadequate staff support would require major reduction in project oversight and in public involvement. Elimination of augmentation items #3 and #4 would reduce effectiveness and acceptability of plan. Overall chances of receiving permits and producing an approvable plan substantially reduced.
			Augmentation item #3: additional covered species	\$48,000	
			Augmentation item #4: Biology Upgrade	\$35,000	
			Remainder of Public Involvement Upgrade (item #5) not authorized for expenditure	\$24,590	
			Remainder of increased staff support (item #6) not authorized for expenditure	\$65,000	
C	\$1,125,000	\$66,136	Remove three species from augmentation item #3: additional covered species	\$22,500	Public involvement program would suffer from fewer meetings, fewer interim products, and no extended analysis of multiple impact scenarios. Mapping component of NCCP could perhaps be performed by County, but not assured.
			Remainder of Public Involvement Upgrade (item #5) not authorized for expenditure	\$24,590	
			Mapping portion of NCCP Upgrade	\$15,000	

Alternative Budget Scenarios: The hypothetical Contingency Strategy scenarios presented above may also serve as a guide to framing alternatives to the Recommended Budget presented by staff, should the EGC wish to explore these.

Staging Budget Decisions: As mentioned previously, the Budget and the expenditure authorizations recommended by staff were designed with a nine-month review in mind. By that time, we will know more about the success of our fund-raising efforts with Congress, Section 6 grants, etc. The recommended expenditure limitations authorize work on tasks that are necessary in the short term, but leave us in a position to cut back on the project should fund-raising efforts be unsuccessful. For example, it would be possible to shift to Contingency Strategy B (above), the \$975,000 strategy, in 9 months if fund-raising efforts were not successful. Including the full costs of new tasks in the budget provides a clear fund-raising goal; including the expenditure limitations allows us to maintain flexibility should we be faced with tough decisions in the future.

Authorization to Modify Notice to Proceed Letter: The HCPA's contract with Jones and Stokes includes an overall payment limit of \$705,400, but also includes provisions for setting an interim payment limit through the issuance of Notice to Proceed Letters. As authorized by the EGC in September, the interim payment limit is currently set at \$342,908. Staff recommends a \$80,000 increase to the interim payment limit to cover additional work on Phase 2. The HCPA currently has enough funds in its account to cover the \$80,000 increase and all other existing obligations. If dedicated outside funds are received for budget augmentation items #3 and #4 (Additional Covered Species and Biology Upgrade: Small Scale Features), staff requests authorization to raise the interim payment limit by an amount equal to the amount of funds received.

EAST CONTRA COSTA COUNTY HABITAT CONSERVATION PLAN ASSOCIATION

Recommended Budget

January 16, 2003

REVENUE (Current)

		<u>Deposited in HCPA account</u>
CCWD	\$325,000	\$325,000
Route 4 Bypass	\$114,056	\$114,056 ¹
City of Clayton	\$11,762	\$10,000
EPA Grant (Approved)	\$75,000	\$50,000
CCWD (FESA Map Transfer)	\$40,000	\$40,000
FWS/CDFG Section 6 Grants (approved)	<u>\$228,000²</u>	<u>awaiting contract³</u>
Total current revenue	\$793,818	\$539,056

EXPENSES (previously budgeted)

	<u>Total estimated</u>	<u>Billed to date</u>
Jones & Stokes (Project Consultant)	\$716,400	\$287,263
County - Coordinating Agency	\$100,000	\$39,853
Independent Science Review (including J&S)	45,000	\$11,263
Business Expenses	<u>4,600</u>	<u>\$0</u>
Total previously budgeted expenses	\$866,000	\$338,379

RECOMMENDED BUDGET AUGMENTATION (additional tasks)(see attached for details)

	<u>Total recommended</u>	<u>Billed to date</u>
Jones & Stokes (Project Consultant)		
Remove legal sub-consultant so we can contract directly (\$41,500)		n/a
Additional tasks	<u>\$250,636</u>	n/a
J&S SUBTOTAL	\$209,136	n/a
County - Coordinating Agency	\$50,000	n/a
Legal support from Resources Law Group		
Tasks originally budgeted for JSA subconsultant	\$41,500	n/a
Additional tasks	<u>\$25,000</u>	n/a
RLG SUBTOTAL	\$66,500	n/a
1/5th Share of Institute for Ecological Health Lobbying	<u>\$1,500</u>	n/a
Total recommended budget augmentation	<u>\$327,136</u>	n/a

¹ The State Route 4 Bypass Authority to provided \$14,056 in interest as well as the \$100,000 committed

² Our total award amount is \$260K, but we understand that about \$32K will be retained for CDFG admin.

³ Section 6 grant funds are dependent on the HCPA executing a NCCP Planning Agreement and preparing a NCCP. Preparing a NCCP will have additional costs (about \$76K) that are included in the recommended budget augmentation.

Previously budgeted expenses	\$866,000
Recommended budget augmentation	+ <u>\$327,136</u>
Total recommended expense budget	\$1,193,136
10% contingency reserve	+ <u>\$119,314</u>
Total recommended expenses + reserve	\$1,312,450
Current revenue	- <u>\$793,818</u>
Additional funding needs (total)	\$518,632
Reserve funds committed by CCWD ⁴	- <u>\$32,500</u>
Additional funding needs(minus CCWD contrib.)	\$486,132
Non-CCWD portion of contingency reserve	- <u>\$86,814</u>
Additional funding needs (w/out reserve)	\$399,318

Fund Raising Strategy

Potential Source	Amount to be Requested for HCPA	When may we know if request was successful?
1) Five-County request to Congress for FY'04	\$500,000	Preliminarily in July 2003; Final word in October 2003
2) Augmentation to Section 6 grant awarded this year	\$40,000	Spring of 2003
3) Section 6 grant	\$200,000	September 2003
4) County Fish and Wildlife Propagation Fund (for small scale features mapping (budget item #4)) (grant application submitted 12/31/02)	\$35,000	February 2003
5) Development community (for enhanced permit coverage (additional covered species) (budget item #3)	Up to \$48,000	February 2003
6) CALFED Bay-Delta Program	??	??
7) Other sources (future permit seekers, augmentation of EPA wetlands grant, other grants etc.)	??	??
TOTAL	\$823,000 +	

⁴ Article 14 of the HCPA Agreement provides that, if outside funding cannot be found, CCWD will contribute half of contingency funds up to a maximum contribution of \$32,500 to the contingency reserve.