

A Framework for Financing Natural Community Conservation Planning

LEGISLATIVE ANALYST'S OFFICE

Presented To:

Assembly Water, Parks and Wildlife Committee

Hon. Joe Canciamilla, Chair





Financing Resources and Environmental Programs



LAO Framework for Financing Resources And Environmental Programs

- **General Purpose Funds** (including the General Fund and general environmental funds, such as the Environmental License Plate Fund) are appropriate funding sources when a state program benefits the general population, rather than clearly defined beneficiary groups.
- **Special Funds** (revenue from various user fees and regulatory fees).
 - ***“User” or “Beneficiary Pay” Fees.*** We think these fees are appropriate to cover the costs of programs that provide a direct benefit to an identifiable population or group.
 - ***“Polluter Pays” or Regulatory Fees.*** We think that it is appropriate to assess these fees on private businesses or landowners who use or degrade natural resources to pay for the costs imposed on the state by their use of the resources, including regulatory or restoration costs.
- **Combination of Special Funds and General Purpose Funds**
 - We think it is appropriate to fund programs that benefit a specific group or set of groups as well as the general population using a combination of special and general purpose funds.



The Department of Fish and Game (DFG) Relies on a Variety of Funding Sources

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Figure 1
DFG Funding Sources
2003-04^a

(In Millions)

Fund Source	Amount	Percent
Fish and Game Preservation Fund	\$90.9	33%
Federal funds	62.0	22
General Fund	41.2	15
Oil Spill Prevention and Administration Fund	20.3	7
California Environmental License Plate Fund	17.8	7
Other	43.6	16
Totals	\$275.8	100%

^a Governor's proposed budget for all of DFG's programs.

DFG Relies on Fees for Some Activities

DFG's fee revenues include, but are not limited to, the following fees:

- Sportfishing and Hunting Fees
 - Fisherman and hunters are required to obtain a license to fish or hunt in the state and to pay a license fee.
- California Environmental Quality Act (CEQA) Fees
 - Chapter 1706/90 (AB 3158, Costa) requires developers to pay a fee for each project subject to CEQA that may impact fish and wildlife. This fee can be used for DFG's environmental review costs and for wildlife management and restoration.
- Streambed Alteration Fees
 - Applicants for a streambed alteration permit must pay a fee.



The Department of Fish and Game (DFG) Relies on a Variety of Funding Sources

(Continued)



Additional Fee Opportunities at DFG

- Resource Assessment Activities (See *Analysis of the 2003-04 Budget Bill*, page B-53).
- Timber Harvest Plan Review and Enforcement (see *Analysis of the 2003-04 Budget Bill*, page B-60.)
- Natural Communities Conservation Planning (see discussion that follows).



Natural Community Conservation Planning



What Is NCCP?

- Authorized initially by Chapter 765, Statutes of 1991 (AB 2172, Kelley) as a pilot program.
- Chapter 4, Statutes of 2002 (SB 107, Sher) repealed AB 2172 and enacted a new NCCP Act.
- NCCPs are *regional* conservation and development plans that focus on large ecosystem-based planning areas. The NCCP process must ensure consistency with the federal and state Endangered Species Act (ESA).
- NCCPs are intended to facilitate economic development, while also protecting wildlife and plant species and their habitat.
- NCCPs are cooperative planning efforts among landowners, private interests and local, state and federal government.
- Department of Fish and Game (DFG) does the planning and implementing activities. The Wildlife Conservation Board and Coastal Conservancy do the land acquisitions.
- Implementation involves land acquisition by state, federal, and local agencies as well as private interests.
- Current law allows but does not require reimbursement for the state costs of implementing NCCPs.



Natural Community Conservation Planning



DFG's Role in NCCPs

- Chapter 4 authorizes DFG to assist public and private agencies in preparing and implementing NCCPs.
- DFG's activities include:
 - Resources inventory and preliminary planning.
 - Mitigation negotiations and agreements.
 - Land acquisition evaluation.
 - Interim monitoring and review.
 - Statewide coordination and oversight.
 - Provide local assistance grants to local entities.



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NCCP Funding History

Since the beginning of the NCCP program in 1992, over \$100 million in state funds has been spent by three state agencies for the program:

- DFG reports it has spent about \$16 million (mostly General Fund) on the NCCP program since 1992. This includes support and local assistance funding.
- The Wildlife Conservation Board (WCB) reports it has approved about \$83 million for NCCP acquisitions since 1995. Most of this funding has come from bond and special funds.
- The State Coastal Conservancy reports it has approved about \$5 million from the General Fund for acquisitions for NCCPs since 1999-00.

Governor's 2003-04 Budget Proposal

- DFG's 2003-04 budget includes about \$1.5 million (\$880,000 for support costs and \$600,000 local assistance) for the NCCP program.
- WCB and the State Coastal Conservancy are not able to estimate how much they will spend on NCCPs in 2003-04. The Governor's budget display does not specifically identify NCCP-related expenditures for these two departments.



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Issues for Legislative Consideration

- NCCP state expenditures are not specifically identified in the Governor's budget display.
- Future costs and funding sources are unspecified.
 - Lack of long-term funding plan for the state's role in NCCPs, including acquisitions and state support costs.
- Funding is not provided from all beneficiaries.
 - Private developers and landowners benefit from the planning process which allows development to proceed, but do not currently share in the state's costs for implementation and monitoring of NCCPs.



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Next Steps

- **Improving accountability of NCCP expenditures.**

- Require crosscut budget display of NCCP expenditures.

- **Improving budgeting for NCCP program.**

- Require DFG and the other state agencies implementing the NCCP program to develop a long-term funding plan for acquisitions and support costs of NCCPs.

- **Addressing funding mix for program.**

- Evaluate appropriate funding allocation between general purpose funds and fees.
- Evaluate fee mechanism to raise the fee revenues.