

EXECUTIVE OFFICER'S REPORT

March 24, 2006

1. Status of Conservancy's Acquisitions

One frustrating reality is that the Conservancy can not buy property if there is no property for sale. Working with our partners, (the Foundation, City, etc.), we are aware of and developing many potential acquisitions that are in various stages of readiness. Some are still very long term prospects, others are much closer, but none are "ready" now. The very few parcels that have been ready or near ready to move have been located just beyond the Conservancy's jurisdiction (.5 miles on either side of the centerline of the River). I think it is important for the Governing Board, the public, and folks in Sacramento to understand that the current lack of parcels for sale within our jurisdiction is the reason, and the only reason, we have not purchased land to date. We have funding available and we are ready to buy, as soon as a good opportunity arises.

With the Five Year Plan behind us, we will be increasing our efforts to work with property owners along the River's length. If you become aware of any potential opportunities for acquisition, please advise me.

2. Status of Original \$12 Million Prop 40 Appropriation to Resources Agency for San Diego River

The balance of original \$12 million appropriation to Resources Agency for the San Diego River was \$7.8 million when I came on board as your Executive Officer in mid April 2004. The first \$4.2 million went to the Lakeside's River Park Conservancy for an excellent Calmat acquisition in Lakeside.

In September 2004, this Governing Board approved the expenditure of approximately \$3 million of the original Prop 40 money on three additional projects: Eagle Peak Acquisition, Extension of Ocean Beach Bikeway, and Restoration of Mission Valley Preserve. Per the Board's decision, the San Diego River Park Foundation was to apply directly to Resources Agency for Eagle Peak, and the City of San Diego was to apply directly to Resources for the other two projects. Once awarded, this would bring the original Prop 40 balance down to \$4.8 million remaining.

The frustrating reality is that to date, one and half years later, not a single penny of the \$3 million has been spent and in fact grant agreements are not even in place. There are a variety of reasons. In the case of the City, the applications were submitted but deemed incomplete and have been going through a few rounds of re-submittals and augmentations. There has also been a change of key staff members at the City. In the case of the Foundation, the application was just recently submitted (near the end of December 2005) and it is currently under review by Resources. Many offers to assist with the applications were made along the way to both the City and the Foundation, but were not accepted.

Nevertheless, despite the reasons, the bottom line is that none of the \$3 million that you authorized 1.5 years ago has been spent or even encumbered. This does not look good. If you're a legislator looking at the Resources appropriation balance for the San Diego River, it still shows \$7.8 million unspent. Although this money is not within our budget or our control, it nevertheless reflects poorly on the Conservancy. I met with the staff person at Resources reviewing these three proposals while I was recently in Sacto. The good news is that it looks like things are finally moving and hopefully at least one of the grant agreements to the City should be issued shortly. I will continue to do what I can to facilitate the process on both ends.

3. Plans for Remaining \$4.8 Million of Original Prop 40 Appropriation

My plan for the remaining \$4.8 million has always been simple. That money would be dedicated to the first one or two good acquisitions within our jurisdiction that became available. I had often guessed the first opportunity would be in the City of San Diego, as their real estate people have been working on several parcels for some time and, as you may recall, even gave a presentation on several potential acquisition sites to this Governing Board on more than one occasion. The reality is that none of them have moved. We are still pursuing some of them with the City; others on our own, with the City's blessing.

Since it has become clear to me that you can't buy land if it's not for sale, I am recommending that we shift our attention temporarily to building various segments of the River Park trail. As you've seen, this is a big focus of the Five Year Plan; i.e., moving forward quickly with trail segments and signage to make the River Park a reality. Give the public something it can recognize, use, and enjoy ASAP. Begin to create the River Park on the ground, not just on paper.

With your blessing, I plan to ask our Consultant Ann Van Leer to work with me to develop a new Prop 40 application, to be submitted directly to the Resources Agency from the Conservancy, to begin to design and build trail segments with our partners and to put up uniform River Park signage along the River's length. This proposal is thoroughly consistent with our new Five Year Plan and also consistent with the goals and priorities of our partners. Mostly it will be a very prudent way to expend the remaining \$4.8 million (of the original \$12 million appropriation) while making a tangible, visible contribution to the Park, especially in the absence of immediate acquisition opportunities. We will continue to be vigilant in our search for new acquisition opportunities, while cultivating existing ones, and increasing our presence in the community of land owners.

With all available Prop 40 dollars spent or at least encumbered, we will be much better positioned to request new funding. It is important to show that the Conservancy has the capacity to use money wisely as well as, in a timely manner. In summary, I am seeking your general blessing to move forward with this new application to the Resources Agency for the remainder of the original Prop 40 funding.

4. Status of White Property Donation

Pursuant to your direction, the Conservancy is in the process of taking title to our first acquisition, the White property donation in the headwaters, which is 60% in our

jurisdiction. Overall we are making progress, but there have been several minor delays on various fronts: for example delays in finalizing our contract with our Phase 1 consultant, URS, and delays in scheduling the conduct of the Phase I site characterization due to a variety of factors including illness and most recently, snowfall on site. Nevertheless, the contract is now final and the Phase 1 field work should occur next week.

Another important delay has been the reluctance of the White family's consultant to provide necessary maps of the new parcel boundaries and the associated "wet stamp" required by the Department of General Services. The White family has been hesitant to hire a new consultant, since the existing one has been paid in advance for this work. However discussions are underway to decide the best course of action.

We will also begin working in earnest with the San Diego River Park Foundation to develop a solid "In Perpetuity Management Plan" for the site, which will be key to the success of the upcoming Department of General Services and Public Works Board review. In the big picture, progress is being made on this acquisition, but it is occurring slower than I had hoped. Our consultant, Ann Van Leer, is doing an excellent job prodding the process steadily along.

5. Status of Governor's Infrastructure Bond Appropriation for Conservancy and the Private Initiative

The Governor's original infrastructure Bond proposal did not include any funding for the state Conservancies or for resources, parks, and acquisitions in general.

The Senate bond bill included a \$10 million appropriation for the San Diego River Conservancy. The appropriation amounts in the senate bond bill were lifted from the SB 153 Chesbro proposal. You'll recall you adopted a resolution requesting an increase to this amount which I forwarded along with a letter to Senator Chesbro and other key folks. Our proposed \$10 million appropriation was the smallest appropriation for a state Conservancy; nevertheless it's an important start. Senator's Kehoe's office has indicated that our appropriation is the smallest because we are small, have no track record, and still have unspent Prop 40 funding remaining in the Resources budget.

Senate democrats were largely supportive of bond funding for parks and acquisitions (including our \$10 million appropriation), but failed to get the 2/3 majority needed to pass the bill by the deadline during the floor session. Senate republicans held out for more dams (greater surface storage). I was in Sacto to witness much of the stalling and action drama on the Senate side.

On the Assembly side, it is my understanding that the assembly bill included a \$20 million appropriation for the San Diego River Conservancy. This bill also failed to pass on the Assembly floor by deadline. Bottom line, the Governor's bond measure will not be on the June ballot. It is my understanding that efforts will resume for inclusion on the November ballot.

If all legislative efforts fail to get a resource bond measure on the ballot, then further hopes rest with the success of the private initiative by Joe Cave. I was very disappointed to learn that the San Diego River Conservancy is not included in the Cave's initiative (although there is money for San Diego, there is not money for our River Conservancy). This is especially disappointing in light of the fact that I believe every other state conservancy is funded in the private initiative, including the Santa Ana River Conservancy, which isn't even a state conservancy. Unfortunately, although I did talk to a Cave's staff person several months ago about our Five Year Plan under development, I did not understand the private initiative concept or its importance and apparently we have not had local stakeholders, members of the public, or supporters advocating on our behalf. Even more unfortunate, now that I do understand the big picture, the Cave's private initiative cannot be modified since it has already been released for public circulation.

In addition to not being included in the Cave's private initiative, as you know, we have also not participated (directly) in any of previous bond funding. With a Five Year Infrastructure Plan in place, a clear direction laid out, and a small but growing track record, I believe it is time for us to participate in state bond funding. Prior to our creation, the other state Conservancies have been well funded with Prop 12, 13, 40, and 50 direct appropriations. Since our creation, the newest of the state conservancies, the Sierra Nevada Conservancy has been well funded in the bond proposals and the private Cave's initiative proposal. When comparing us to them however, keep in mind that the Sierra Nevada's jurisdiction is millions of acres of mountains of statewide significance and that it was the first state conservancy created by the current Governor. It is also a major source of the State's drinking water supply. These facts greatly increase its priority ranking.

A large chunk of the "competing effectively game" is knowing what is going on and when it is going on and having connections with the right people. During my tenure as your Executive Officer to date, I have often learned of important opportunities the day before or the day after proposals were due. This situation however (especially regarding the private initiative), will not happen in the future (or at least not as often) as I am now *beginning* to understand the process, the components in the process, the key players, and the timing of the process.

Governing Board member support and intervention would be very helpful on this ongoing Bond issue. Now is the time if you are interested in participating. Public support would also be very helpful. To my knowledge we have not had local community folks in Sacto advocating on our behalf.

6. Executive Officer Trip to Sacto and Other Activities

Sacto Activities March 6-10:

- Spent a week in Sacto attending budget hearings on our budget and the budget of other state Conservancies and related departments.

- Was asked to address the members of the Assembly Budget Subcommittee Pre-hearing (consisting of key staff from Legislative offices, Department of Finance, and Resources). I used the opportunity to introduce the Conservancy, our new Five Year Strategic and Infrastructure Plan, and fiscal needs.
- Attended policy committee hearings on the Governor's Infrastructure bond and the Senate and Assembly bond recommendations.
- Met one-on-one with numerous policy and budget committee directors, consultants, staff, and a few legislative members, from both parties and both houses, especially the San Diego delegation. Again I used this opportunity to introduce the Conservancy, our new Five Year Strategic and Infrastructure Plan, and our fiscal needs. My intent is to make sure that key folks at Resources, Finance, and in the Capital know we exist and are aware of our fiscal needs.
- Attended Senate Floor Session on Bond measure.
- Overall productive and very educational trip. Made many new contacts. Reaffirmed previous contacts.

State Coastal Conservancy, March 3, 2006

- Participated in numerous meetings with key folks at State Coastal Conservancy (including Executive Officer, Assistant EO, our Council, Chief of Admin, and key staff members).
- Advanced several contracts, working relationships, and other areas of ongoing business.

San Diego Activities

San Diego City Council's Natural Resources and Cultural Committee:

Guest speaker on Conservancy's Interim Draft Five Year Plan, February 8, 2006

San Diego River Coalition:

Guest speaker on Conservancy's Interim Draft Five Year Plan, February 17, 2006

Mission Valley Community Council:

Guest speaker on Conservancy's Interim Draft Five Year Plan, March 15, 2006

7. 2007 Federal Appropriation Requests / Correction regarding 2006 Appropriation

The Conservancy has submitted two requests for federal appropriations for fiscal year 2007. The first was a duplicate of the federal appropriations request we submitted last year through the City of San Diego. We requested federal funding be awarded to the Cleveland National Forest (Department of Agriculture) for the acquisition of in-holdings near the River. This 2007 request was again submitted through the City of San Diego's Intergovernmental Relations Department.

I want to correct the record regarding our 2006 federal request. Just prior to my medical leave, I learned that the Conservancy and City were not successful in the 2006 federal appropriation for in-holding acquisitions as I had previously reported to you. Although the City genuinely believed that the appropriation to the Cleveland National Forest had been made as a result of our request, we were later informed by Cleveland that the appropriation it received was one it had received in the past and was not related to our appropriation request. Both City staff and I were extremely disappointed. Mr. Brent Eidsen, of the City's Interdepartmental Relations Department, has volunteered to address any questions you may have on the details of this misunderstanding.

This year we also submitted a new 2007 federal appropriations request through Congresswoman Susan Davis' office for additional funding for the conduct of our comprehensive Hydrology Assessment of the San Diego River Watershed. The funding would go through the Department of the Interior to the local Bureau of Reclamation office for technical and modeling assistance. If granted, the funding would augment an existing line item from a previous appropriation request made by the Foundation for San Diego River work.

8. Annual Form 700 and Ethics Training Certification

Each Board member was requested to submit their Form 700 Annual Statement and their Certification of Ethics Training to this office no later than March 15, 2006. If you haven't already done so, please submit both to Lisa Adams ASAP. To those members who have already submitted, thank you.