



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** Planning &  
Development  
**Department No.:** 053  
**For Agenda Of:** October 7, 2014  
**Placement:** Set Hearing  
**Estimated Tme:** 15 minutes on 10/21/14  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department Planning and Development  
Director(s) Glenn Russell, Director, 568-2084  
Contact Info: Kevin Drude, Deputy Director, Energy Division, 568-2519

**SUBJECT:** Coastal Resource Enhancement Fund (CREF) 2015 Cycle

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**County Counsel Concurrence**

As to form: N/A

**Auditor-Controller Concurrence**

As to form: N/A

**Other Concurrence:** N/A

As to form: No

**Recommended Actions:**

That the Board of Supervisors:

- A. Receive and file the annual CREF Status Report (Attachment A); and
- B. Direct staff to commence the 2015 CREF cycle.

**Summary Text:**

A. *Annual CREF Status Report.* The Annual CREF Status Report (Attachment A) reviews the status of the 291 grants from CREF since 1988. The report organizes the CREF grants by district and then by category (acquisitions, capital improvements, planning and research, educational and equipment).

B. *Commencement of the 2015 CREF Cycle.* Staff recommends commencement of the 2015 CREF grant cycle, beginning with solicitation of proposals immediately and culminating with the Board's allocation of CREF grants proposed in March of 2015. Fees for the 2015 cycle are due in February and total \$675,500. The Fund Deferral Program in the CREF Guidelines, page 15, stipulates that half of each year's contributions be available to accrue for coastal acquisitions (see Background section below). In the 2015 CREF cycle, there would be \$337,750 available for coastal acquisitions, \$313,875 available for general allocation and \$23,875 in administrative costs.

## **Background:**

The County established CREF as a condition of permits for offshore oil and gas development and transportation projects; mitigation is provided through CREF for impacts to four categories of coastal resources: recreation, tourism, aesthetics, and environmentally sensitive resources (e.g., marine mammals and birds). The County must ensure that CREF fees are used to mitigate those impacts.

In April of 1990, the Board established the Fund Deferral Program in the CREF Guidelines to provide adequate funding for acquisition projects; the program defers 50% of each year's CREF fees to allow acquisition funds to accrue. The Program's purpose is deferred funds would be used at a point when the Board decides an appropriate project has been initiated. The Board has amended the CREF Guidelines in seven of the last eight cycles, changing the percentage amount of the annual CREF fees going to acquisitions.

- In the 2007-2009 cycles, at least 65% of the CREF fees were designated for acquisitions;
- In the 2010 cycle, 0% of the CREF fees went to acquisitions;
- In the 2011 cycle, 50% of the CREF fees went to acquisitions;
- In the 2012 cycle, 0% of the CREF fees went to acquisitions;
- In the 2013 cycle, 0% of the CREF fees went to acquisitions; and
- In the 2014 cycle, all funds were available for both general allocation and acquisition type projects.

Typically, the County solicits proposals to enhance coastal resources from County agencies and also organizations and non-profits outside the County. In the 2011 (general allocation only), 2012, and 2013 CREF cycles, the Board determined that, due to its budget situation, the CREF monies would go to County projects only and public solicitations did not occur. In the 2014 CREF cycle, the Board returned to its open solicitation to organizations and non-profits outside the County and County agencies.

## **Fiscal and Facilities Impacts:**

The Coastal Resource Enhancement Fund is funded by mitigation fees paid by developers of offshore oil and gas reserves. Fees to fund grants are received annually. CREF is included in the Coastal Mitigation Program of the Planning & Development Department's FY 14/15 Budget on page D-212. Administration of CREF is budgeted at \$23,875 for FY 2014-15 and would be deducted from the CREF fees. Administration of CREF includes update of the annual status report, solicitation and evaluation of grant proposals and recommendation of grant awards to the Board of Supervisors, preparing, monitoring and enforcement of CREF grant contracts, preparation and monitoring of the CREF budget, and responding to inquiries.

Currently, P&D has a total administrative/interest balance of \$13,700.54. This amount is composed of the remaining administrative balance from both the FYs 2012-13 and 2013-14 (\$6,877.73) and the interest balance that accumulated over the past two years (\$6,822.81). The current balance of \$13,700.54 plus future interest earnings in the FY 2014-15 will both serve as a contingency fund should administrative costs exceed the estimated budget, and to accumulate to fund future annual administrative costs. In each future cycle, staff will assess how much it may need to set aside from the CREF fees annually for administrative costs.

## **Attachments:**

Attachment A: Annual CREF Status Report

**ATTACHMENT A**

**Annual CREF Status Report**