Ocean Protection Council
Proposed Funding Priorities
For Fiscal Year 2007/2008

I. Overview

The Ocean Protection Council (OPC) is charged with implementing the California Ocean Protection Act (COPA), signed into law by Governor Arnold Schwarzenegger on September 23, 2004. In June 2006, the OPC adopted its five-year strategic plan entitled "A Vision for Our Ocean and Coast." The strategic plan identifies six areas of focus: governance, research and monitoring, ocean and coastal water quality, physical processes and habitat structure, ocean and coastal ecosystems, and education and outreach. The OPC funding guidelines specify that priorities may be established each fiscal year depending on the source and availability of funding.

Adopted by California voters in November 2006, Proposition 84 allocated $90 million to the California Ocean Protection Fund to be used for ocean and coastal protection projects. On August 24, 2007, Governor Schwarzenegger signed the FY 07/08 Budget Act into law; this budget appropriated $28 million of Proposition 84 funds to the OPC.

According to the language of Proposition 84, the funds are to be allocated to the Ocean Protection Council Trust Fund and available for the purposes of projects consistent with COPA. Specific priorities of the bond also include (1) the development of scientific data needed to adaptively manage the state's marine resources and reserves, including the development of marine habitat maps, (2) the development and implementation of projects to foster sustainable fisheries using loans and grants, and (3) the development and implementation of projects to conserve marine wildlife. The purpose of this document is to establish the OPC's funding priorities for FY 07/08, and to provide project applicants with additional information regarding the types of directed projects and programs that the OPC plans to fund this year and next. If any of the priorities of Proposition 84 and COPA are not addressed in this fiscal year, they will be considered in future years.

The OPC's general funding guidelines and application can be found at the OPC website.

II. Priority Funding Categories for FY 07/08

The language of Proposition 84 and the Ocean Protection Trust Fund (Public Resources Code Section 35650) grant the OPC broad discretion to allocate funds to protect our coast and ocean. Selecting the project categories below involved some difficult decision-making. OPC staff strove to determine what projects from the OPC Strategic Plan are the highest priorities at this time and what issues can best be advanced with a relatively modest contribution of funds. The OPC will revisit these priorities throughout the year and make adjustments as necessary.

COPA directs the OPC to work with state agencies "to improve the effectiveness of state efforts to protect ocean resources." In preparing its strategic plan and 2008 funding priorities, OPC staff conducted extensive outreach with stakeholders throughout the state and with state and federal agencies responsible for ocean and coastal protection. We sought advice on how best to fulfill

COPA's mandates. Based on the feedback staff received, the OPC will give primary emphasis this year to the following Strategic Plan priorities: governance, research and monitoring, water quality, and ocean and coastal ecosystems.

1. ***Governance*: Focus on Climate Change**
   Climate change is the defining environmental issue of our time. Compelling evidence exists that the negative impacts to ocean and coastal resources from climate change will be substantial. Impacts include sea level rise, ocean acidification, and ocean regime shifts. Sea level rise will exacerbate the loss of beaches in California at the same time that California's population is increasing at the rate of approximately half a million people per year. How can California protect its valuable coastal assets from climate change impacts – particularly in and around beaches – to maintain wildlife and recreational opportunities for tourists and residents alike? OPC staff is working with the California Climate Action Team to answer these questions.

   The spring 2008 OPC meeting will focus on sea level rise. The twin goals of the meeting will be: (1) to identify the types of policy changes California may need to adapt to sea level rise; and (2) to determine the types of projects that should be funded to support those policy changes or provide data to better evaluate the range of policy choices.

2. ***Research and Monitoring:* Focus on Seafloor Mapping**
   One of the OPC's five-year strategic plan goals is to complete the mapping of the seafloor in California state waters (to 3 nautical miles offshore). This is consistent with Proposition 84 which states that "priority projects shall include… marine habitat maps." A complete state seafloor map will provide foundational data to support numerous management decisions, most notably those involving the establishment of marine protected areas (MPAs) in state waters. In selecting MPAs, the Fish and Game Commission will benefit greatly from the high quality maps we plan to produce. By early 2009, the Fish and Game Commission will likely be working on identifying a network of MPAs in a region of the state that does not have complete maps. Accordingly, we must begin now to collect the data needed to produce the appropriate seafloor habitat maps for future regions.

   To date, the OPC has completed maps for approximately one third of state waters. OPC staff estimates the total cost for the remainder of the coast to be approximately $25 million. Many other state and federal agencies have also indicated that they believe seafloor maps will help them make better management decisions. These agencies include the Department of Fish and Game, California Geological Survey, California State Parks, NOAA, USGS, and others.

   OPC may seek up to $7.5 million next fiscal year for a total OPC contribution of $15 million. This OPC investment will jumpstart the overall project and will help leverage contributions from the federal government and other sources.

3. ***Research and Monitoring:* Focus on High Priority State Needs**
   The OPC plans to continue the partnership with California's two Sea Grant programs for the purposes of funding a third round of scientific research supporting OPC research priorities, and will hear a full staff recommendation on this project at the winter 2008 meeting. In an effort to apply these funds to the highest priority and most useful research to

state management needs, the OPC Science Advisor will coordinate the development of a set of research priorities for the OPC to consider for 2008. Research priorities may include fisheries ecology, MPAs, climate change, sediment management, or invasive species.

The OPC also continues to support integrated ocean monitoring, with a focus on monitoring to support MPAs. Understanding the observed effects of MPAs requires monitoring oceanographic parameters (inside and outside MPAs) that affect species abundance, reproductive rates, and ecosystem health. Assessing larval dispersal, recruitment rates and diversity will help us better assess the effectiveness of our MPAs. Some additional assets may be needed to help answer these questions, but we can now begin to create effective management products from existing observing infrastructure. OPC staff will consider returning to the OPC with a proposal for spending up to $1 million this year from Section 6 below for this purpose in coordination with the statewide MPA Monitoring Enterprise.

4. ***Ocean and Coastal Water Quality:*** **Focus on Polluted Runoff**

Coastal runoff is the largest source of pollution impacting California's coastal waters. This non-point source pollution harms marine life, sickens surfers and beachgoers, and threatens California's $46 billion tourism-oriented, ocean-dependent economy. Low Impact Development (LID) is an innovative approach to development that aims to maintain the existing hydrology of a site and reduce the amount of polluted runoff caused by buildings and pavement. Studies show that as the amount of impermeable surfaces (e.g., roads, sidewalks, parking lots, roofs) increases in a watershed, water quality decreases. Significant declines in water quality can be seen when as little as 10% of the watershed becomes impermeable. LID principles seek to promote permeable surfaces, particularly in heavily urbanized areas.

Numerous government and private efforts to reduce polluted runoff are ongoing. For example, some communities currently use treatment systems to clean stormwater before it is discharged to the ocean. This can effectively remove some pollutants, but others remain untreated. This approach is also very costly; systems can cost many millions of dollars for each section of the city. If the OPC succeeds in encouraging communities to embrace LID, we will reduce the *sources* of pollutants and the corresponding need to eliminate them.

LID is enjoying increasing popularity in coastal communities, and the OPC plans to build on this momentum by continuing to promote LID to reduce ocean pollution from urban runoff. The winter 2008 OPC meeting will focus on LID and the policy approaches the OPC may advocate to advance the use of LID and thereby reduce negative impacts to ocean water quality. The OPC will also initiate a competitive grant process to seek projects that address polluted runoff in various ways, including by advancing LID in California by encouraging communities to remove impediments to LID. The OPC staff is in discussions with other state entities in an effort to increase the pool of funds available for LID projects.

5. ***Ocean and Coastal Ecosystems:*** **Focus on Salmon Statewide and in the Klamath Basin and on Fishery Management Plans**

Throughout California, freshwater habitat in coastal streams and rivers has been lost or degraded, which has resulted in severe impacts to fish populations that rely on those habitats. For example, the number of returning natural salmon spawners in the Klamath

River has decreased from over 1,000,000 to a few tens of thousands in recent years. In 2006, because of the low numbers of Klamath-system salmon, the Pacific Fisheries Management Council closed the commercial ocean fishery along 700 miles of coast from Monterey County in California to northern Oregon. This closure severely impacted fishermen and their communities along the coast, northern California tribes, and all people who rely on salmon.

The dramatic declines in salmonid populations in the Klamath and other California rivers is attributable to blocked passage caused by dams and other diversions, reduced water flows, degraded habitat, and other factors.

The restoration potential on the Klamath is perhaps as great as any other coastal river on the U.S. West Coast. Lessons learned within this watershed could be used to help restore and protect critical rivers and streams all along the west coast. The OPC is uniquely positioned to call attention to this restoration potential and to provide funding to improve management on the Klamath and other California rivers.

In late 2007, the OPC will initiate a competitive grant process to seek innovative projects that will contribute to improved management, enforcement, and understanding of river ecosystems in California – with particular emphasis on the Klamath Basin – and a better understanding of the economics of fisheries in key rivers.

6. Strategic Opportunity Grants

The OPC will accept funding applications on an ongoing basis for projects other than those in the five categories listed above. Priority will be given to innovative grants designed to:

- Improve management approaches and techniques for coastal and ocean resources
- Improve coordination or data sharing among local, state or regional entities
- Produce results that can be applied to other areas or regions

No RFP will be issued for these funds. Applications (see online application) will be accepted on an ongoing basis and funding decisions will be made prior to each quarterly OPC meeting.

The OPC anticipates that up to $1 million of these funds may be used to support the West Coast Governors' Agreement on Ocean Health.

7. OPC Projects

The OPC will use these funds for OPC-directed projects aimed at addressing issues such as once-through cooling, marine debris, and improved enforcement of environmental laws. In 2006, the OPC approved funding for an analysis of all coastal power plants in California that use once-through cooling, an antiquated technology that negatively impacts ocean wildlife. That analysis was recently completed and provided to the State Water Resources Control Board to help inform its decision regarding the regulation of once-through cooling in California. The OPC will engage in similar projects as the need arises throughout the year. For example, the OPC will establish a Science Advisory Team (SAT) whose principal role will be to provide answers to questions posed by the OPC. The OPC will provide the funding needed for staff to assist the SAT in preparation of its analyses.