

October 30 2006

To: Morro Bay National Estuary Program Executive Committee  
Morro Bay National Estuary Program Implementation Committee  
Bay Foundation of Morro Bay  
Central Coast Regional Water Quality Control Board

From: Dan Berman, Program Director, MBNEP

**RE: Summary Status Report on the Morro Bay Restoration Fund**

**Summary Financial Report as of 9/30/06**

(in millions)

Original Restoration Fund value:	\$3.66
Total Expenditures:	\$2.959
Allocations not yet spent	<u>\$1.258</u>
Total Allocations:	\$4.217
Total Cash Remaining:	\$2.281
<i>Minus</i> allocations not yet realized	<u>-\$1.258</u>
<b>Total available for allocation:</b>	<b>\$1.023</b>

The Morro Bay Estuary Restoration Fund (Restoration Fund) was established with a value of \$3.66 million dollars in 1997. The Restoration Fund is dedicated to the implementation of the Morro Bay CCMP, with the limitation that the Restoration Fund is not to be used for education and outreach projects, staff salaries, and other overhead and administrative costs.

The Restoration Fund is to be spent or obligated by June 30<sup>th</sup>, 2009. Thus the funds were not intended to serve as an endowment, although they continue to earn modest investment returns even as they are being spent. Approximately \$4.217 million dollars have been allocated, and \$1.023 million dollars have yet to be allocated (Figure 1). The bulk of the allocations have gone to Land and Easement Acquisition (27%), Watershed Restoration (43%) and the ACOE Habitat Restoration Feasibility Study (18%). Monitoring efforts to track ecological health and assess the effectiveness of our efforts have accounted for 8% of allocations, and the final 3% falls in a catch-all "other" category, mostly small pollution prevention efforts. (Figure 2).

The Consent Decree funds have been used to leverage significant funding from other sources towards CCMP implementation. The total allocations to date of \$4.217 million dollars have helped implement projects with an estimated total value of \$21.35 million, a leveraging a ratio of roughly 4 to 1 (Figure 3). Much of the leveraging is due to land and easement acquisition, where \$1 million of consent decree funds has helped bring in over \$13 million in other funds, predominantly California bond money provided through the State Coastal Conservancy and the Wildlife Conservation Board. Restoration Fund expenditures also continue to help the MBNEP meet our matching fund requirements for our annual federal Estuary Program funds.

With the help of the Consent Decree funds, over 3000 acres of valuable habitat have been permanently protected through acquisitions and easements, work has been initiated on each of the 62 Action Plans in our CCMP, and over a third of the Action Plans are either complete or fully in place and ongoing. The MBNEP is leading implementation efforts for multiple TMDLs, as well as collecting valuable data to assess implementation progress. Our ongoing support of the Resource Conservation District's 'Project Clearwater' has helped lead to Farm and Ranch Conservation Plans being created and implemented throughout the watershed by private landowners.

The Morro Bay National Estuary Program and the Bay Foundation of Morro Bay would like to thank the Regional Board for the ongoing opportunities these funds provide for improving water quality in the Morro Bay Watershed and Estuary. We are proud of the significant work that has been achieved to date and look forward to further progress implementing the Comprehensive Conservation and Management Plan for Morro Bay.

Sincerely,

A handwritten signature in cursive script that reads "Dan Berman". The signature is written in black ink and is positioned below the word "Sincerely,".

Dan Berman  
Program Director  
Morro Bay National Estuary Program

:Figure 1

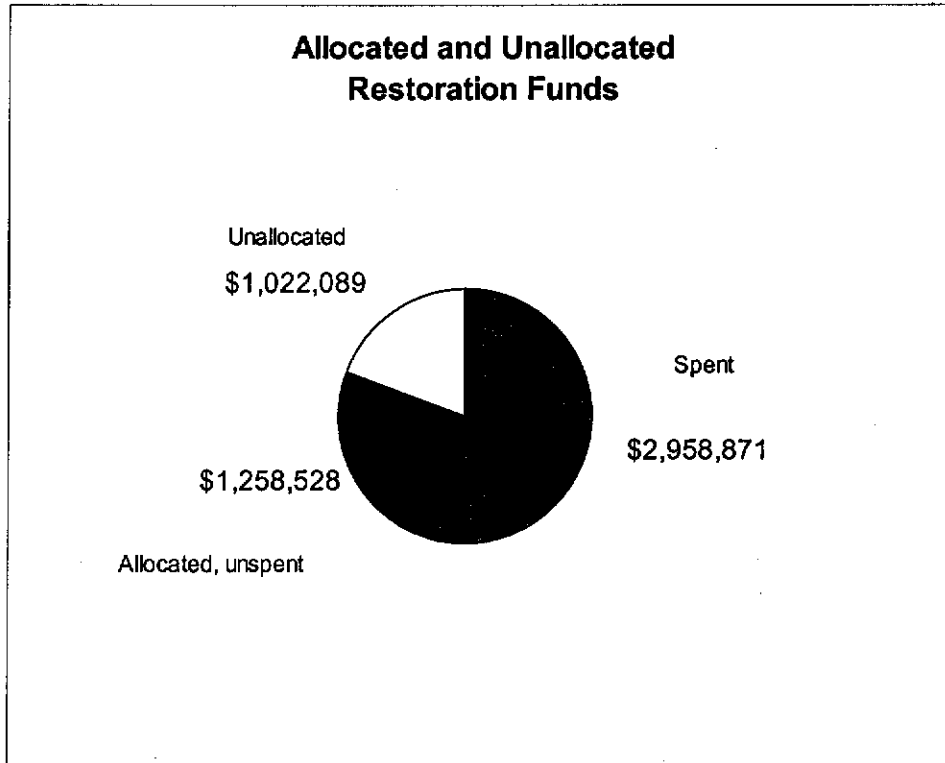


Figure 2:

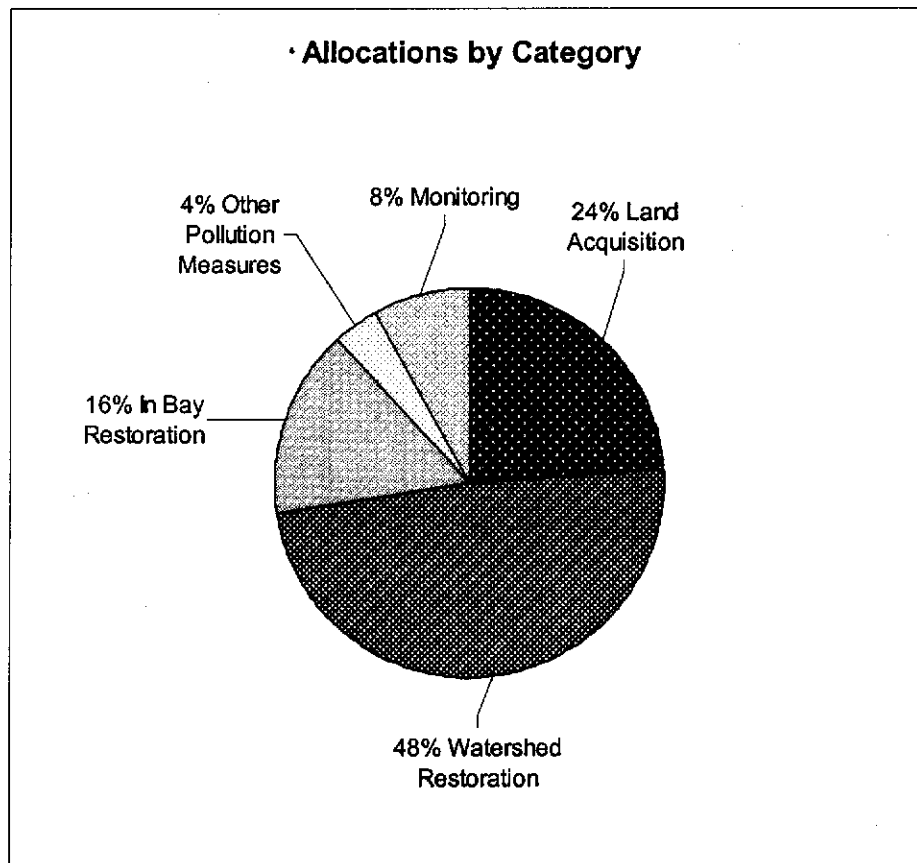


Figure 3:

