

Meeting Date: January 25, 2017

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Proposition 1 Grant Program Approved Project and Current Solicitation Updates

Staff Report

CURRENT SOLICITATION UPDATE

The Delta Conservancy's second grant cycle closed on Friday, January 13, 2017. The Conservancy received five full proposals, one of which is for a planning projects (category 1) and four of which are for implementation projects (category 2). In total, applicants requested \$6.4 million. All proposals will be reviewed by Delta Conservancy staff and by external reviewers on the Professional Review Panel. The Professional Review Panel consists of State and federal agency experts from the Delta Protection Commission, California Department of Fish and Wildlife, Department of Water Resources, U.S. Fish and Wildlife Service, and the National Oceanic and Atmospheric Administration. The attached table provides an overview of the proposals received and the reviewing agencies. Conservancy staff will determine funding recommendations, and will bring these to the Board for consideration and approval at the April 26, 2017 Board meeting.

APPROVED PROJECT UPDATE

The Conservancy has fully executed two grant agreements, Lower Marsh and Sand Creek Watershed Riparian Restoration Planning (Prop 1-Y1-2015-019) and Fish Friendly Farming Certification Program for the Sacramento-San Joaquin Delta (Prop 1-Y1-2015-005). These grants will be managed to ensure that the projects meet their stated objectives. The first progress report for Lower Marsh and Sand Creek Watershed Riparian Restoration Planning is due by January 31, 2017, and the first progress report for Fish Friendly Farming Certification Program for the Sacramento-San Joaquin Delta is due by April 30, 2017.

At this time, Conservancy staff is working with all other conditionally approved and reserved funding projects to ensure that they move forward within the timeframes initially approved by the Board. Two grant agreements are being routed for signature:

1. Habitat Improvement for Swainson's Hawk at Elliott Ranch (Prop 1-Y1-2015-014)
2. Wildlife Corridors for Flood Escape on the Yolo Bypass Wildlife Area (Prop 1-Y1-2015-016)

Two draft grant agreements are currently under development and will be routed by the end of January:

1. Paradise Cut Conservation and Flood Management Plan (Prop 1-Y1-2015-012)
2. Sherman Island Wetland Restoration Project Phase III (Prop 1-Y1-2015-008)

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Funding has been approved for the Three Creeks Parkway Restoration Project (Prop 1-Y1-2015-009), and the grant agreement for this project is currently being drafted. The project proponents are negotiating a funding agreement that must be finalized prior to moving forward with the execution of the grant agreement.

The Paradise Cut Flood and Conservation Easement Acquisition project (Prop 1-Y1-2015-010) is on track to meet its deadline for removing conditional approvals. This project will be brought before the Board at the March meeting.

The Yolo Bypass Wildlife Area Habitat and Drainage Improvement Project (Prop 1-Y1-2015-003) has been awarded implementation funding through the California Department of Fish and Wildlife's (CDFW) Prop 1 grant program. The Conservancy is working with CDFW and project proponents to coordinate grant management of the project. A meeting of all parties is scheduled for Wednesday, January 18th. Due to the need to coordinate between State funders, this project has been delayed and is unlikely to complete their CEQA process by the Board's March deadline. More information about the status of the project will be provided at the next Board meeting in March.

BACKGROUND

At the May 25, 2016 and June 27, 2016 Board meetings, the Delta Conservancy's Board approved, conditionally approved, or reserved funding for nine projects that advance ecosystem restoration, water quality, and agricultural sustainability in the Delta. These projects requested approximately \$6.3 million in grant funding.

Each of the nine projects has been assigned a Conservancy staff member who is acting as the grant manager for that grant. Grant managers are responsible for working with grantees to gather all of the required information needed prior to drafting a grant agreement. Once the required information has been gathered, the grant manager drafts the scope of work and budget for the grant agreement, then hands off the grant agreement to the administrative team to review and assemble the complete grant agreement, and to route it for execution. Complete grant agreements will first be sent to the Conservancy's legal counsel for review, then to the grantee for signature, and finally executed by the Conservancy's Executive Officer.

The attached tracking sheet lists all of the 2015-2016 projects for which the Board approved, conditionally approved, or reserved funding. Project information, Board action, and comments/notes are included for all projects. For conditionally approved projects, the tracking sheet also lists the items required for full approval, the date by which those items are required, and the date that they were received (if applicable). For all projects for which funding has been reserved, the Conservancy must make Responsible Agency findings under CEQA. As grant agreements are executed, this information will be filled out, as well.

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The Conservancy's Proposition 1 Ecosystem Restoration and Water Quality Grant Program is focused on restoring Delta ecosystems, improving water quality, and enhancing agricultural sustainability. The Grant Program identifies projects to protect and restore California rivers, lakes, streams, and watersheds that may be funded with Prop. 1 funding (Sec. 79732 *et seq*). Both Prop. 1 and the Conservancy's enabling legislation emphasize focusing on projects that use public lands and that maximize "voluntary landowner participation in projects that provide measurable and long-lasting habitat or species improvements in the Delta."

During the 2015-2016 fiscal year, the Conservancy ran its first grant cycle for the Prop 1 Grant Program. The Conservancy anticipates administering at least one grant cycle each fiscal year for five years, with a third grant solicitation period opening in Fall 2017 and funding being awarded in Spring 2018. The Grant Program is a two-part competitive program, with a concept proposal solicitation open to the public, and a full proposal solicitation open to qualifying concept proposal applicants. Full proposals are subject to a rigorous scoring and evaluation process by both staff and an external review panel, and are recommended based upon score and funding availability.

BUDGET

Proposition 1 identified \$50 million for the Delta Conservancy "for competitive grants for multibenefit ecosystem and watershed protection and restoration projects in accordance with statewide priorities (Sec. 79730 and 79731)." For the 2015-2016 fiscal year, \$9.3 million was allocated to the Conservancy for the Ecosystem Restoration and Water Quality grant program. For the 2016-2017 fiscal year, \$10 million will be available for the grant program.

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