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1450 Halyard Drive, Suite 6
West Sacramento, CA 95691
www.deltaconservancy.ca.gov

Proposition 1 Grant Program Approved Projects and Current Solicitation Updates

Staff Report

CURRENT SOLICITATION UPDATE

The Delta Conservancy received five full proposals for the 2016-2017 fiscal year solicitation of the Ecosystem Restoration and Water Quality Grant Program (Proposition 1 Grant Program). In total, applicants requested \$6.4 million. All proposals have been reviewed by Delta Conservancy staff and by at least two 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.

In addition to review by the Professional Review Panel, legal counsel, and the Conservancy's Administrative staff (conflict of interest, audit findings, and financial systems review), the Conservancy has solicited and considered comments from:

- Delta Stewardship Council (adaptive management, best available science, and Delta Plan consistency review)
- Office of the Delta Watermaster (water rights review)
- Relevant local governments and districts, water agencies, and tribes (general review and comment)

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

During the 2015-2016 funding cycle, the Conservancy approved or reserved funding for nine projects that requested approximately \$6.3 million in grant funding. One project has withdrawn from the program, leaving eight remaining projects with a total funding request of \$5.9 million. The *Habitat Improvement for Swainson's Hawk at Elliott Ranch* (Prop 1-Y1-2015-014) project has been withdrawn from the Delta Conservancy's grant program. On February 24, 2017, the Conservancy received notice from the applicant, Environmental Defense Fund, that the landowner no longer wishes to move forward with the project.

The Conservancy has fully executed three grant agreements, *Lower Marsh and Sand Creek Watershed Riparian Restoration Planning* (Prop 1-Y1-2015-019), *Fish Friendly Farming Certification Program for*

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the Sacramento-San Joaquin Delta (Prop 1-Y1-2015-005), and *Wildlife Corridors for Flood Escape on the Yolo Bypass Wildlife Area* (Prop 1-Y1-2015-016).

In Jan 2017, American Rivers submitted their first quarterly report and invoice for the *Lower Marsh and Sand Creek Watershed Riparian Restoration Planning* project (Prop 1-Y1-2015-019). The grantee met with various partners to begin planning the programmatic CEQA document for the Marsh and Sand Creek watersheds and began discussions about stormwater treatment design and revision of Contra Costa County's Stormwater 3C Handbook.

The first progress reports and invoices for the projects *Fish Friendly Farming Certification Program for the Sacramento-San Joaquin Delta* and *Wildlife Corridors for Flood Escape on the Yolo Bypass Wildlife Area* are due by April 30, 2017. The latter project has completed its landowner access agreement with the landowner, California Department of Fish and Wildlife, meeting the first condition of the grant agreement.

At this time, Conservancy staff is working with all other conditionally approved and reserved funding projects to ensure that they move forward in a timely manner. One grant agreement is being routed for signature:

1. *Paradise Cut Conservation and Flood Management Plan* (Prop 1-Y1-2015-012)

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

2. *Sherman Island Wetland Restoration Project Phase III* (Prop 1-Y1-2015-008)
3. *Three Creeks Parkway Restoration Project* (Prop 1-Y1-2015-009)

The *Paradise Cut Flood and Conservation Easement Acquisition* project (Prop 1-Y1-2015-010) satisfied the conditions of approval placed upon their proposal and staff is requesting approval of the project under agenda item 10.

In May of last year, the Board reserved funding for the *Yolo Bypass Wildlife Area Habitat and Drainage Improvement Project* (Prop 1-Y1-2015-003; submitted by Ducks Unlimited) until March of 2017, conditional upon the completion of CEQA process. Due to the need to coordinate between State funders, this project has been delayed and has not completed the CEQA process by the Board's March deadline. Project proponents received funding to complete CEQA from the California Department of Fish and Wildlife (CDFW) Prop 1 grant program. Developing and executing the grant agreement with CDFW took three months longer than expected, delaying the start of the project. Further, the preparation of the Initial Study took longer than anticipated due to some evolution in the project description and the complexity of the multiple project components. At this time, the project proponents have completed the Administrative Draft Initial Study for CEQA and submitted it to CDFW for their internal review. Once comments are received, the document will be finalized by the end of March and circulated for a 30-day public review period. Following public review, project proponents expect it will take between 6 and 8 weeks to respond to comments, prepare findings, prepare a

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Mitigation Monitoring and Reporting Program, and schedule approval through CDFW. The project proponents anticipate completing the CEQA process by late June or early July. This project has been awarded implementation funding through the CDFW Prop 1 grant program. The Conservancy is working with CDFW and project proponents to coordinate grant management of the project.

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. One project has withdrawn from the program, leaving eight remaining projects with a total funding request of \$5.9 million in grant funding.

Each of the eight projects has been assigned a Conservancy staff member who is acting as the project manager for that grant. Grant project 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 project 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.

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, followed by a second cycle in the 2016-2017 fiscal year. The Conservancy anticipates administering at least one grant cycle each fiscal year, with a third grant solicitation period opening in late summer of 2017 and funding being awarded in spring of 2018. The Grant Program is competitive, with a concept

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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.

Contact Person

Laura Jensen, Program Manager
Sacramento-San Joaquin Delta Conservancy
Phone: (916) 375-2087