

Meeting Date: February 15, 2017

Page 1



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Proposition 1 Grant Program Update

Staff Report

2016-2017 GRANT CYCLE 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 project (category 1) and four of which are for implementation projects (category 2). In total, applicants requested approximately \$6.4 million. Delta Conservancy staff has conducted a preliminary review of proposals to identify any issues that require legal review. Staff is now evaluating and scoring proposals. All proposals have been provided to the Professional Review Panel for their review and evaluation. 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 is working with the following entities to solicit their comments on the proposals received:

- 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 consider all comments received when making recommendations to the Board. Funding recommendations will be brought to the Board for consideration and approval at the April 26, 2017 Board meeting.

ACTIVE GRANTS UPDATE

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 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). These grants will be managed to ensure that the projects meet their stated objectives.

Meeting Date: February 15, 2017

Page 2

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

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)

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. However, the project proponents are negotiating a funding agreement amongst the parties 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 Thursday, February 16th. 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

The Conservancy's Proposition 1 (Prop. 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 2016-2017 fiscal year, the Conservancy ran its second grant cycle for the Prop. 1 Grant Program. The Conservancy anticipates administering at least one grant cycle each fiscal year for five years. 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.

Meeting Date: February 15, 2017
Page 3

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 is available for the grant program.

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