Proposition 1 Grant Program Cycle 4 Staff Recommendation

PROJECT OVERVIEW

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Mello/Jensen Heirs Sandhill Crane Preserve Conservation Easement</th>
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<tbody>
<tr>
<td>Applicant</td>
<td>Agricultural Natural Resources Trust</td>
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<tr>
<td>Project Number</td>
<td>Prop 1-1801</td>
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<tr>
<td>Project Type</td>
<td>Implementation</td>
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<tr>
<td>Funding Request</td>
<td>$2,306,951</td>
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<tr>
<td>County</td>
<td>Sacramento</td>
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<tr>
<td>Total Project Cost</td>
<td>$2,316,951</td>
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<tr>
<td>Score</td>
<td>78.1</td>
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<td>Funding Recommended</td>
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Staff Recommendation: Conservancy staff does not recommend that the Board approve funding for the Mello/Jensen Heirs Sandhill Crane Preserve Conservation Easement project (#Prop 1-1801) proposed by Agricultural Natural Resources Trust. This project scored more than 75 points, but is not recommended for funding for the following reasons.

1. The proposal did not include enough information about the project’s tasks and budget, including an estimate of the easement’s fair market value, to evaluate the eligibility and reasonableness of the proposed expenses.
2. The proposal did not demonstrate that the project team has sufficient ornithological expertise to implement a scientifically-robust project.

With additional information, staff may be able to recommend this project in the future. The project may be subject to other conditions of approval at the time of recommendation.

Staff prepared the text below based on staff’s best understanding of the information provided in the application. Conservancy staff and the Professional Review Panel (consisting of the following agencies: California Department of Food and Agriculture, California Department of Fish and Wildlife, Delta Protection Commission, Department of Water Resources, and United States Fish and Wildlife Service) have scored this proposal against the established criteria. Additional comments on the proposal have been provided by the Delta Stewardship Council, and any local governments and districts, water agencies, and tribes that responded to the local notification process.

PROJECT SUMMARY

The Mello/Jensen Heirs Sandhill Crane Preserve and Conservation Easement project is proposed to preserve Sandhill Crane habitat by placing a conservation easement on 275 acres of farmland. The applicant asserts that the easement would allow the land to continue to be farmed while ensuring that
it remains managed to benefit crane populations. This project is located in Sacramento County on Tyler Island (a map is included at the end of this document). The project site is privately owned and is currently farmed. The applicant has requested $2,306,951 from the Delta Conservancy for the proposed project. Cost share of $10,000 is provided by Agricultural Natural Resources Trust. This implementation project would provide benefits that will be maintained for at least 15 years.

This project has a proposed start date of December 2019. This project is categorically exempt from environmental review under CEQA pursuant to California Code of Regulations Title 14, Chapter 3, Article 19 Section 15313, subsection (a), and Section 15325, subsections (a) and (b), which exempts acquisition of lands for fish and wildlife conservation purposes, including preservation of fish and wildlife habitat; acquisition, sale, or other transfer of areas to preserve the existing natural conditions, including plant or animal habitats; and acquisition, sale, or other transfer of areas to allow continued agricultural use of the areas. None of the exceptions to the exemptions identified in California Code of Regulations Title 14, Chapter 3, Article 19 Section 15300.2 apply. Staff, therefore, concludes that the project is exempt from CEQA.

Due to missing materials, inconsistent information, an ineligible indirect rate, and a lack of justifications for proposed expenses, this proposal received an inadequate score on the evaluation criterion related to the budget. The budget tables provided did not include the required budget breakdown by task nor the budget justification table. The indirect cost exceeds the allowable 20% cap and non-acquisitions costs exceed the allowable 10 percent cap. Expenses were not well-explained within the text of the proposal, and some of the expenses listed in the proposal text did not match the expenses in the budget table. Reviewers felt that the expenses noted for subcontractors were unreasonable. Further, the applicant did not provide an estimate of the fair market value of the conservation easement, which accounts for $2,062,500 (89%) of the total proposed budget. An estimate of the land values in the area is provided, but the applicant did not describe and justify the proposed cost for the purchase of a conservation easement at the project site. An appraisal or estimation of fair market value is a requirement for all acquisition projects. A complete Financial Management Questionnaire and Cost Allocation Plan in the format specified by the Conservancy was also not provided with the application.

It is unclear how Conservancy funding would be used to implement this project. The task table includes redundant and possibly ineligible expenses related to reporting, permitting, environmental education, and stakeholder outreach. Tasks are not well described in the proposal. Because of the incomplete and inconsistent information presented in the budget section and the unclear description of the project’s tasks, the specific work for which Conservancy funds are sought is difficult to parse. Without more information to ascertain the eligibility of tasks and the reasonableness of the budget, it is impossible to determine eligible expenses from ineligible expenses.

It is unclear if the project team has sufficient expertise and partnerships to successfully carry out this project. During the technical review process, reviewers expressed concerns regarding the lack of biological expertise specific to Sandhill Cranes or birds more generally. The proposal does not make note of any team members who are qualified to assess how the land should be managed and monitored for Sandhill Cranes.
While it is possible that this project may be viable, the proposal lacks critical information and clarity which creates significant concerns that must be addressed before funding should be considered for the project.

**CONSISTENCY WITH STATE PRIORITIES**

The project is consistent with, and directly and specifically links to, multiple actions and priorities identified in Proposition 1, the California Water Action Plan, the Conservancy's enabling legislation and strategic plan, the Delta Plan and other state and regional plans. The project’s consistency with State plans is listed below.

**Proposition 1**
- Section 79732(a)(4): Protect and restore aquatic, wetland, and migratory bird ecosystems, including fish and wildlife corridors and the acquisition of water rights for instream flow.
- Section 79732(a)(12): Assist in the recovery of endangered, threatened, or migratory species by improving watershed health, instream flows, fish passage, coastal or inland wetland restoration, or other means, such as natural community conservation plan and habitat conservation plan implementation.

**California Water Action Plan**
- Action 3: Achieve the Co-equal Goals for the Delta.

**Delta Conservancy’s enabling legislation**
- Section 32366(b): The Conservancy shall use conservation easements to accomplish ecosystem restoration whenever feasible.
- This proposed acquisition project addresses the requirements of the Conservancy's enabling legislation (PRC section 32364.5(b)). The intended use of the property is wildlife-friendly agriculture, and the manner in which the land will be managed is as wildlife-friendly farmland by the landowner. The cost of ongoing operations, maintenance, and management will be provided by the landowner, which has demonstrated financial capacity to support those ongoing costs with income from row and field crops. The landowner will maintain responsibility for property taxes and assessments.

**Delta Conservancy’s Strategic Plan**
- Goal 1: Promote multi-benefit Delta working landscapes and a robust Delta tourism economy, in collaboration with local stakeholders and the Delta Protection Commission, to enhance the unique cultural, recreational, natural resource, and agricultural values of the Delta.
- Goal 2: Fund and implement high priority projects that increase Delta ecosystem viability through sustaining critical habitat, restoring ecological function, improving water quality, protecting listed species, increasing ecosystem diversity, and managing for climate change; and continue to work collaboratively to define multi-benefit restoration.

*The applicant provided information showing this project’s consistency with the Conservancy’s previous strategic plan. This information has been updated to show consistency with the Conservancy’s current strategic plan.*
Delta Plan
  • DP R10: Encourage Wildlife-friendly Farming

LOCAL SUPPORT
The proposal demonstrates local support from California State Senator Bill Dodd, Assembly Member Jim Frazier, local landowner Peter Campi, local landowner Mary Cattani, local landowner Tyler Island Habitat, and Reclamation District 563. The proposal details an approach to inform and consult with all affected parties and to avoid/reduce/mitigate conflicts with existing and adjacent land uses. The proposal does include a county resolution of support.

SCIENTIFIC MERIT
The proposal received an inadequate score for its scientific merit. During the technical review process, reviewers noted the applicant’s failure to cite best available science, to describe a scientifically relevant monitoring approach, and to detail the site’s vulnerability to climate change. As noted above, the proposal did not demonstrate that the project team has sufficient ornithological expertise to implement a scientifically-robust project.

CONCLUSION
Staff does not recommend awarding funding for the project at this time. Although this proposal received a score that met the 75-point minimum threshold that allows a project to be considered for funding, funding is not guaranteed based on score alone. The established process for this competitive grant program bars staff from communicating with applicants regarding their proposals until after funding recommendations are made public. However, because the proposal as submitted met the 75-point threshold, staff proposes to meet with the applicant, explain the concerns enumerated above, and discuss if they are able to address them. If the applicant is able to address the concerns to staff’s satisfaction, and if the Proposition 1 grant program continues to have funding available for Cycle 4 awards, staff will present (until a solicitation is released for Cycle 5) a recommendation to the Board to fund the projects. The project may be subject to conditions of approval at the time of recommendation. Currently, the Conservancy has funding available for this project.
Mello-Jensen Heirs Sandhill Crane Preserve
Agricultural-Natural Resources Trust