

Background

With the passage of Proposition 1, [Funding for Water Quality, Supply, Treatment, and Storage Projects Water Bond](#), an allocation of \$25 million is provided for the Sierra Nevada Conservancy (SNC). The language in the Proposition provides that the funds be used for “competitive grants for multi-benefit ecosystem and watershed protection and restoration projects in accordance with statewide priorities.” Obviously these type of projects are consistent with SNC’s efforts under Proposition 84 and provide a perfect fit for our current efforts to improve Sierra watersheds. Proposition 1 also identifies a number of appropriate uses for these funds under the Chapter allocating funds to the SNC, many of which are consistent with projects the SNC has funded in the past (see Attachment A).

Current Status

The SNC is awaiting final word on whether funding for this program will be proposed in the 2015-16 State Budget, approval of which would make funds available on July 1, 2015. Anticipating this possibility, SNC staff is working with the Natural Resources Agency and the Department of Finance to provide requested information. Staff has proposed a plan of three appropriations over the next five years. Initial planning anticipates appropriations of approximately \$10 million (2015-16), \$7 million (2017-18) and \$6 million (2019-20), accounting for the estimated \$23 million that will be available for grant awards. SNC also anticipates the 5% administration funding will be made available to assist SNC in implementation of the grant program.

Significant funding in Proposition 1 is available to a variety of state agencies, as well as other funding sources, to address many of the issues in which the SNC has previously invested grants funds. For example, the Department of Fish and Wildlife has \$285 million available for watershed restoration outside of the Delta, as well as \$ 25 million in Cap and Trade Auction Revenue for wetland and mountain meadow restoration. CalFire is currently implementing their \$42 million Cap and Trade funding program, as well as the State Responsibility Fees grant program, primarily focused on private lands. The Department of Water Resources also is allocated and additional \$810 million for funding of projects identified through the Integrated Regional Water Management Program, \$13 million of which will be expended in the Mountain County Overlay area. Potential funding for Abandoned Mine Land restoration exists in a number of sections of the Bond. The SNC plans on working closely with other state agencies and potential grantees to maximize investment in the Sierra Nevada from these and other funds.

Given this situation, and given the limited amount of funding available to the SNC, staff is recommending that the initial year of Proposition 1 grant funding be targeted on projects addressing forest health, consistent with the Board’s previous direction identifying this issue as the organization’s top priority. As the SNC moves forward with the Sierra Nevada Watershed Improvement Program, high priority projects will be identified and will likely be strong candidates for grant funding.

This direction is clearly consistent with the provisions Chapter 6 of Proposition 1 (Attachment A), which includes, among others, the following allowable uses for funds:

- ✓ *Implement fuel treatment projects to reduce wildfire risks, protect watersheds tributary to water storage facilities, and promote watershed health.*
- ✓ *Protect and restore rural and urban watershed health to improve watershed storage capacity, forest health, protection of life and property, stormwater resource management, and greenhouse gas reduction.*
- ✓ *Implement watershed adaptation projects in order to reduce the impacts of climate change on California's communities and ecosystems.*

Proposition 1 also includes a couple of provisions that guide development of guidelines that are different than the requirements of Proposition 84:

- ✓ Each Agency receiving funding shall hold three public meetings to solicit input, one each in Northern, Central and Southern California. As you may recall, the SNC has regularly used public workshops in the development of our Proposition 84 Guidelines and will schedule these workshops in our Region to meet this requirement and solicit public input.
- ✓ Guidelines must be approved by the Secretary for Natural Resources and provided to the legislature. We anticipate working closely with the Natural Resources Agency as we develop the guidelines and welcome their engagement, advice and approval.

The SNC will also consider the California Water Action Plan, the 2014 California Water Plan, Safeguarding California, the California Bioenergy Action Plan and other relevant guidance in the development of the Guidelines.

Next Steps

Following direction from the Board regarding this approach, staff will pursue the following proposed schedule for Guideline development:

- DRAFT Grant Guidelines Released for Public Comment – February 2, 2015
- Submit Grant Guidelines to Natural Resources Agency – February 5, 2015
- DRAFT Grant Guidelines to SNC Board – March 5, 2015
- Revisions made at Board meeting Released – March 12, 2015
- Three (3) Public Meetings – March 16 – 27
- Deadline for Receiving Public Comments – March 27, 2015
- Submission of Grant Guidelines to Natural Resources Agency – April 1, 2015
- Grant Guidelines Finalized in Preparation for the SNC Board Meeting – May 5, 2015
- SNC Board Meeting – FINAL Grant Guidelines – June 4, 2015
- Submission of ADOPTED Grant Guidelines to CA Legislature – June 10, 2015

Staff will coordinate Guideline development with the Natural Resources Agency, as well as other state agencies with funding consistent with the SNC's statutory programs.

Recommendation

Staff is recommending that the Board approve the proposed focus and plan for development of Proposition 1 Guidelines.