

## **Background**

With each passing year the need to increase the amount of funding available to restore Sierra Nevada forests and watersheds to a state of resilience becomes more critical. Fire season started early this year with the Detwiler fire striking very close to home for employees of the Sierra Nevada Conservancy (SNC) Mariposa office. This fire emphasized the urgency and importance of the work that we do and the need for fresh, inventive ways to share information about current Sierra conditions and the need to manage Sierra forests to prevent future large, damaging wildfires and the damage they do in rural Sierra counties.

Under SNC Governing Board policy guidance, SNC staff tracks and pursues opportunities for increasing the amount of funding available to the SNC to put projects on the ground and develop communications materials with the goal of ensuring that key policy and decision-makers, urban beneficiaries, and the public understand the importance of the Sierra Nevada region and act to protect it.

## **Current Status**

### **Legislation**

#### **Cap-and-Trade**

In late June, the governor signed a new cap-and-trade bill which extends the cap-and-trade program through 2030. The good news is that the bill begins to recognize the importance of forested landscapes. Some of the highlights of [AB 398](#) (E. Garcia) of particular interest to the SNC include the following:

- The Sierra, and the benefits from it, is mentioned in the introduction to the document and recognized throughout.
- The cap-and-trade program remains in place.
- Carbon offsets may still be purchased (in limited amounts), but at least 50 percent of them must be spent on projects within the state, and forests are a potential investment strategy.
- Forests are listed as a reasonable expenditure of the greenhouse gas reduction fund.
- Greenhouse Gas Reduction Fund (GGRF) “replace[s] the moneys that would have otherwise been collected” through the State Responsibility Program: the program is suspended for the life of this section, or through December of 2030. Current, previously-collected SRA fees will be spent consistent with the subdivision establishing them.

Given increased access to the GGRF resources, as well as doing away with a funding pool that has not been spent to its full potential (SRA fees), this bill has the potential to significantly increase California’s investment in forested landscapes. Both bills were signed by the governor in late July.

### Parks Bonds and Initiatives

Two parks bonds ([AB 18](#), E. Garcia; [SB 5](#), DeLeon) remain unmoved in their second houses. Both have been assigned to committee, but hearings have not been scheduled. Both of these measures are commonly referred to as "Parks Bonds," however they provide a wider range of funding for natural resources related issues. AB 18 has not been amended since our last report, but SB 5 includes new language that allocated 50 percent of CAL FIRE's \$50 million forest restoration and fuels management directly to the SNC for projects in the Sierra Nevada region.

At the time of writing this report, AB 18 (total of \$3.1 billion) includes a total of \$50 million for the SNC (\$25 million in the conservancy allocation and \$25 million from a pot shared with CAL FIRE for work that reduces fire risk), while SB 5 (total of \$3.8 billion) provides \$55 million for the SNC. (\$30 million in the conservancy allocation and \$25 million from a pot shared with CAL FIRE for work that reduces fire risk.) As a reminder, Proposition 84 (2006) provided \$54 million to the SNC while Proposition 1 (2014) allocated \$25 million.

Currently, two natural resources-related initiatives have been filed with the Secretary of State and are currently [pending review by the Attorney General](#). The proponents of these initiatives are considering the legislature's potential action on the park bonds described above as they consider whether to move forward. There is also some discussion of the two measures being merged at some point. At the time of the writing of this staff report, the ballot measures are as follows:

1. The "[The Safe Drinking Water, Water Quality and Supply, Natural Resources Protection and Park Improvement Act of 2018](#)" was submitted by Joseph Caves of Conservation Strategies Group on July 3, 2017, and focuses on climate change and the need to manage water supply into the future. It includes consideration for public parks and open space.

This initiative includes \$200 million specifically for the SNC: \$150 million for the protection and restoration of Sierra Nevada watersheds, including projects consistent with the objectives of the Sierra Nevada Watershed Improvement Program, and \$50 million for the protection and restoration of rivers, lakes, and natural lands; improvement of public recreation facilities; and for grants to local agencies and nonprofit organizations to increase community access to parks and recreational opportunities for underserved urban communities.

2. The "[State Water Supply Infrastructure, Water Storage and Conveyance, Ecosystem and Watershed Protection and Restoration, and Drinking Water Protection Act of 2018](#)" was submitted by Gerald Meral on July 14, 2017. It focuses on a number of ways of increasing California's water supply, protecting environmental health and quality, and decreasing the effects of drought.

This initiative includes, in the definition section, the Sierra Nevada Watershed Improvement Program. It allocates \$200 million to the SNC for a variety of projects and benefits, and allows for the SNC to grant funding to federal agencies. It also includes significant funding for:

- Safe drinking water, water recycling and desalination, water conservation, and flood preparedness
- Water data measurement and collection
- “[P]rotection and restoration of forests, meadows, wetlands, riparian habitat, coastal resources, and near-shore ocean habitat”
- For the Wildlife Conservation Board, to increase surface and groundwater supply from landscape management
- Central Valley fisheries restoration
- Surface and groundwater storage and sustainability

### **Board Committee on Sustainable Funding**

The second meeting of the Board Committee on Sustainable Funding was held on August 7, 2017. Staff updated the Board on activities to date, including tracking legislation, reviewing and analyzing initiatives, and pursuing partner-based funding opportunities. Committee direction at the meeting included a request for the development of a cap-and-trade/GGRF memo outlining the legislative outcomes from this session and the potential opportunities that might come from that.

### **Connecting with Downstream Beneficiaries**

The fourth meeting of the Sacramento Uplands/Lowlands group will be held in mid-August. A funding mechanism such as Joint Powers Authority (JPA) has been discussed as a way to cement the working relationship between members, but it’s more likely that the group will settle on an on-the-ground project to test the partnership. They will discuss a number of legislative proposals at their August meeting.

A meeting is scheduled on August 11 to continue conversations with representatives of the Yuba County Water Agency (YCWA), the Tahoe National Forest (TNF), and the SNC. A topic for discussion is the possible interest of watershed investment by YCWA. The Yuba River watershed has been selected as a pilot for the Forest Resilience Bond concept (discussed in more detail in [Agenda item XII](#)) and has been identified as a “WIP watershed” by TNF.

### **Meetings and Tours Update**

The Mokelumne Watershed tour, aimed at bringing the Bay Area Caucus into the watershed that is source to much of their water, is currently being rescheduled for later this year (from a previously-identified date in late July).

The Sierra Water Work Group, an informal group of Integrated Regional Watershed Management (IRWM) planning areas throughout the Sierra and southern Cascades, got together in late July to discuss how to better advocate for California's headwaters. The SNC sponsored the event. Participants included Placer County Water Agency, the Association of California Water Agencies, Sierra Nevada Alliance, Sierra Business Council, California Department of Fish and Wildlife, Department of Water Resources, and tribal representatives. Over a day and a half, participants deliberated the information and policy gaps preventing Sierra interests from making progress in the California legislature. Much of this discussion centered on consistent messaging and outreach, and more diverse partnerships. The take-away from this event is a list of actions the group will engage in over the next two years, including broadening the interest group invested in the health of California's headwaters, writing up a one-page description of the benefits California's headwaters bring to the state as a whole, and better defining rural regions' needs around the definition for disadvantaged communities and how to better incorporate tribal needs into IRWM planning.

#### **National Disaster Resilience Competition (NDRC)**

The SNC staff is busy supporting the California Department of Housing and Community Development (HCD) in completing environmental reviews required by the National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA) for the NDRC Forest and Watershed Health Program. HCD, as the fiscal sponsor for the grant, is the lead agency/responsible entity for these reviews, but SNC is providing assistance in responding to public comments received during the public review period following HCD's notice of intent to adopt the Rim Recovery and Rim Reforestation Environmental Impact Statements (EIS) initially prepared by the U.S. Forest Service (USFS). The Center for Biological Diversity, the Sierra Club California, and the John Muir Project submitted comments to HCD opposing the adoption of the EISs on procedural grounds and urging HCD to withdraw from the NDRC grant. Local stakeholders remain supportive of the project and continue to be actively engaged. SNC and USFS staff hosted public meetings in Sonora and Groveland in June, and received positive feedback from attendees. Given the delays associated with responding to public comments and completing environmental reviews, it is likely that forest and watershed health work in the Rim Fire burn scar will not commence until 2018.

At the time of this writing, HCD and the Department of General Services are reviewing the Request for Proposals for Phase 1 of the Biomass Utilization Facility program funded by the NDRC grant. The selected consultant will conduct a detailed biomass feedstock analysis and feasibility study to assist in selecting a location, technology, and design for the facility to be built in Phase 2. SNC staff estimates that a consultant will be under contract by the end of September or early October and that Phase 1 will take 9 to 12 months to complete.

In addition to opposing the NDRC grant activities, the Sierra Club California has also launched a new campaign focusing on biomass energy in the state. Executive Officer

Jim Branham met with Kathryn Phillips, Director of Sierra Club California, to discuss the campaign in July. Previously, both the national and state chapters of the Sierra Club had remained mostly neutral on forest-based biomass projects. Now, however, Sierra Club California is concerned with the potential impacts to forests and wildlife habitat as well as the emission of greenhouse gasses and other air pollutants from bioenergy facilities.

The SNC and other state agencies remain supportive of the operation of existing biomass energy facilities and the development of small-scale biomass facilities as an alternative to the air quality emissions from piling and burning woody biomass removed during forest health projects, a source of renewable energy that can reliably meet peak energy demand, and to support economic growth in the Sierra Nevada.

### **Great Sierra River Cleanup and Sierra Nevada Watershed Protection Week**

This year marks the ninth year of the [Great Sierra River Cleanup](#) (GSRC) – an annual volunteer event that the SNC coordinates in conjunction with California Coastal Cleanup Day to encourage stewardship of California’s waterways from the source to the sea. This year’s GSRC will be held on Saturday, September 16, and on that day SNC will be supporting the work of numerous partners throughout the Region as they host cleanup events for volunteers in their communities. In past years, three to four thousand volunteers have turned out for the event, and we anticipate a similar number of volunteers again this year.

The GSRC also kicks off [Sierra Nevada Watershed Protection Week](#) which was designated by the legislature in 2015 to highlight the benefits the Region provides to the state and recognize the challenges the Region is facing. This year, staff is working with members of the legislature to develop a series of short promotional videos that highlight how the Sierra connects everyone in California, from north to south, and rural to urban areas. These videos will be released throughout Sierra Nevada Watershed Protection Week on SNC’s social media platforms and the series will be posted on our YouTube channel.

### **Next Steps**

Staff will continue to identify, track, and pursue policy and outreach opportunities in support of the Sierra Nevada Watershed Improvement program and SNC mission and goals.

### **Recommendation**

**This is an informational item only; no formal action is needed by the Board at this time, although Boardmembers are encouraged to share their thoughts and comments.**