

**Meeting Summary**  
**California Bay-Delta Public Advisory Committee (BDPAC)**  
**Working Landscapes Subcommittee (WLS)**  
**December 2, 2004; 9:00 am – 12:00 pm**

Working Landscapes Subcommittee web site:

<http://calwater.ca.gov/BDPAC/Subcommittees/WorkingLandscapesSubcommittee.shtml>

**Ken Trott** acted as co-chair of the meeting as Subcommittee Co-Chair **Denny Bungarz** was unable to attend. Self-introductions were made.

**1. Review of September 2, 2004 Meeting Summary**

The September 2, 2004 Subcommittee meeting summary which had been approved at the October WLS meeting was recirculated for review and approval. Tina Cannon, CDFG, was unable to attend the October meeting, but had corrections to statements attributed to her regarding the PILT work group. Her suggested corrections are attached. A typo was also discovered. The subcommittee approved the corrected meeting summary by consensus.

The October 7, 2004 meeting summary was still under review by CALFED staff. These will be brought for approval at the next meeting.

**2. Chair's Report**

**Ken Trott** reported that a memo from the Subcommittee under Co-Chairman Bungarz's signature had been forwarded to Chairman Gary Hunt, and was available as a handout. The memo reflected individual subcommittee member's concerns with the CALFED draft Finance Plan. The Finance Plan was the focus of the October WLS meeting.

**Carol Wright** with Sacramento River Preservation Trust asked if there was any way to tell if suggestions made by individuals at previous meetings had been acted upon. Having a list of action items at the agenda item at the end of a meeting summary was suggested as a way of keeping track. **Ken Trott** said that they would make this change in the meeting summary's format.

**Ken Trott** reported that he and **Jay Chamberlin**, CBDA ERP, have initiated discussions with CALFED program and agency staff about the focus and direction of the subcommittee. He said that, in part, these discussions are in preparation for meeting with the work group that was formed by the WLS to update the Subcommittee's work plan and set priorities for the coming year. Also, he said that, while progress has been made in a number of areas of the WLS work plan, in other areas, most notably with respect to mitigation protocol, progress has been stalled. Co-Chair Bungarz had requested that agency staff work on this latter issue, also a purpose of these staff discussions. A third focus of these discussions will be to address the previously expressed WLS interest in establishing a better dialogue with the Ecosystem Restoration Subcommittee. **Trott** said that the discussions may result in having key program and agency managers, including, perhaps, Patrick Wright, attend a future WLS

meeting to discuss ideas for future WLS work and WLS relationships with other BDPAC subcommittees.

**Tom Zuckerman**, Central Delta Water Agency commented that WLS is a public stakeholder subcommittee of the BDPAC and it is important to recognize the relationship. The committee does not report directly to CALFED staff; subcommittees are advisory to the BDPAC and are not under the direction of agency staff.

**Margit Aramburu** with the Delta Protection Commission suggested that WLS review the subcommittee's mission, with input from CALFED staff, and the committee as a whole review it. **Tom Zuckerman** said that he could think of two instances (unrelated to the WLS subcommittee) where CALFED staff said "we don't want you to be saying this to BDPAC". This was offensive to him; he said that subcommittees should not be censored or controlled by staff.

**Jay Chamberlin** asked for ideas on how the WLS can be re-energized. Chamberlin pointed out that staff has tried not to be aggressive in directing the WLS, instead, deferring to non-agency stakeholders to take the lead. Jay said that staff have ideas on potential work of the Subcommittee, but is not willing to take the lead.

**Margit Aramburu** suggested that the subcommittee participate in shaping the WLS grant program (Prop. 50, ERP 20 million).

**Trott** responded that the WLS framework of recommendations for a working lands PSP were forwarded to the ERP via BDPAC a year ago, but that progress reports from ERP staff have not yet indicated how the WLS recommendations are being incorporated.

**Tom Zuckerman** noted that the subcommittee is anxious that these funds do not get swallowed up by the larger Proposition 50 PSP in such a way that they do not result in a demonstration of the working landscape approaches recommended by WLS. He said that he is also concerned that actions will be taken by ERP without consulting WLS further. He suggested that WLS ask for a status report on the development of a working landscape PSP.

**Jay Chamberlin** noted that at the most recent meeting of the ERP Subcommittee, **Diana Jacobs** reminded that Subcommittee about that source of PSP funds, and that there was considerable interest among WLS members about the PSP. Chamberlin noted that there will be a report on the PSP at the next ERP Subcommittee meeting on January 13, 2004. **Margit Aramburu** noted that the subcommittee will also discuss stranded assets such as Prospect Island and Liberty Island at that meeting. Jay said that he and or **Dan Ray** are willing to provide the WLS subcommittee an update at its next meeting as well.

**Dave Zezulak**, Dept of Fish and Game suggested that another option could be a joint meeting between the two subcommittees. **Margit Aramburu** said that WLS should have a position on the PSP before any joint meetings. It should also review its previous

recommendation. (Note: The WLS made recommendations on the WLS funds in May 2003; they are available on the WLS web site at:

[http://calwater.ca.gov/BDPAC/Subcommittees/WorkingLandscapes/BDPAC\\_WorkingLandscapes\\_Draft\\_FrameworkPSP\\_5-22-03.pdf](http://calwater.ca.gov/BDPAC/Subcommittees/WorkingLandscapes/BDPAC_WorkingLandscapes_Draft_FrameworkPSP_5-22-03.pdf).)

**Olen Zirkle** with Ducks Unlimited noted that as a veteran of many PSP's, he is concerned that if this effort is combined or consolidated with other efforts that its purpose could be lost or diluted. He suggested that WLS make it clear that they want to see a **specific** WLS PSP.

**Jeannie Blakeslee**, Department of Conservation, felt it important the working lands PSP consider the system as a whole and that multiple benefits can be generated.

**Margit Aramburu** was concerned with the instance of The Nature Conservancy's acquisition of Staten Island in the Delta, which was categorized, after the fact, as a project that contributed towards ERP's wildlife-friendly agriculture goals.

**Jay Chamberlin** said that by definition a working landscape proposal will have multiple benefits, but the effort should not be diluted. **Jeannie Blakeslee** agreed, but asked that language be sought that is consistent with, and to the degree possible, integrates the goals of the other WLS program elements.

**Jay Chamberlin** noted that the Subcommittee had made a sound package of recommendations on what a wildlife-friendly agriculture PSP should look like, and that we need to synchronize those with the ERP's work on the PSP.

### 3. Agency Reports

**California Department of Food and Agriculture (CDFA).** **Ken Trott** reported that CDFA has released a joint memo with the Resources Agency calling for the two agencies working together towards common goals. He said that CDFA is viewing this as a positive development that is consistent with the Governor's principles. **Trott** noted that towards this purpose, CDFA has held three tours with Agency Secretaries. He noted that these have been successful and are being recognized by participants as effective venues to increase agency collaboration. He reported that CDFA has also been participating in a series of meetings with NRCS, along with staff from US EPA, Resources Agency, SWRCB, ARB, and DPR to improve collaboration on addressing critical resource problems. The current focus of these meetings is on dairies.

**Casey Walsh Cady** reported that the Governor's Environmental and Economic Leadership Awards were awarded the previous night (December 1). There were a number of working lands award winners, including River Partners, Sustainable Conservation, Prather Ranch, and the Imperial County Farm Bureau.

**Delta Protection Commission** – **Margit Aramburu** reported that the Commission will be updating its Delta land use plan. She also reported that Ed Thompson is now

California's new director for American Farmland Trust. She said that in the absence of an AFT California director, the Commission's work on a farmland protection strategy came to a standstill. She said that she hopes to work with Thompson to reenergize the Commission's farmland effort. She reported that the Commission is also doing a study of recreation in the Delta, which will include agro-tourism. Finally, she reported that the Delta Resource Conservation and Development Council (RC&D, as distinguished from RCDs, or resource conservation districts) has filed its incorporation papers and has a pending application with USDA for funding. She said that John Meek was elected as the RC&D's founding president. (Meek is also the San Joaquin County RCD's president.) (If interested in being on the mailing list for the RC&D or the Commission, contact **Margit Aramburu**.)

**Tom Zuckerman** asked if the Commission's studies would look at Assemblywoman Wolk's concerns about development impacts in the Delta. **Aramburu** said that this would be addressed as a separate issue.

#### **California Bay Delta Authority (CBDA)**

**Jay Chamberlin** reported that the California Association of Resource Conservation Districts held their annual conference in November at San Luis Obispo where they gave a special service award to Patrick Wright, Executive Director of the CBDA. **Chamberlin** noted that Wright was honored for his support of RCD's through the CALFED Bay-Delta Program. The CBDA Water Use Efficiency PSP has been reintroduced with proposals due on January 11 (see the CALFED web for details). **Chamberlin** reported that 55 proposals have been submitted for the Ecosystem Restoration Program monitoring PSP. **Ken Trott** added that he and **Jay Chamberlin** have been meeting with Lin Brooks, NRCS' Assistant State Conservationist for Northern California, to see how a WLS PSP could work with NRCS' programs and funding. It appears that coordination with NRCS at the regional or county level may be the best avenue for CALFED to pursue.

**California Department of Fish and Game** – Nothing to report.

(It was agreed to move a few items forward on the agenda to accommodate member schedules.)

#### **4. USDA Conservation Partnership and NRCS Farm Bill Conservation Programs: Accomplishments in 2003-2004**

**Luana Kiger** with NRCS gave an update on NRCS' operations and accomplishments in the past year. She noted that NRCS works with both private and non-federal public landowners. She said that NRCS also assists other federal agencies with land management activities if there is an agreement in place and the assistance provided does not duplicate the federal agency's own capability. NRCS administers the RC&D program that was previously mentioned, which works with local government and businesses and other stakeholders to form a local council to work on regional economic development tied with natural resource conservation and management. **Kiger** said that, of course, NRCS also administers a number of Farm Bill conservation programs and

highlighted the Wetland Reserve Program (WRP). She distributed a recent map of California showing WRP acreage protected and restored. She pointed out that data is aggregated on the map. She said that while WRP easement location information is available, individual easement contract language is not, due to landowner confidentiality commitments. She noted that there is no funding cap on WRP, but that there is an acreage cap.

**Kiger** stressed that NRCS typically works through, and is often co-located with, RCDs. She said that while more than 80 percent of the state is covered by RCDs, there are new districts still forming. **Ken Trott** mentioned as an aside, that California is one of the only states without a Resources Conservation Commission to serve as a coordinating body between state agricultural, environmental and resources agencies, NRCS and RCDs. He said that California's commission was inactivated in the late 1970s when Governor Brown opted not to fill commission vacancies. According to **Trott**, the California Association of Resource Conservation Districts, as well as NRCS State Conservationist, Chuck Bell, believes that it should be re-activated to again serve as a coordinating body for a three-way state conservation partnership.

**Burt Bundy**, Sacramento River Conservation Area Forum, commented that the watersheds are grouped hydrologically and not on political or geographical boundaries, which can be problematic. **Luana Kiger** emphasized that the watersheds being used by NRCS across the country are designated by the Hydrologic Unit Code (HUC), a standard designation that is based on hydrology, not political boundaries.

Kiger described the Conservation Security Program (CSP), which is part of the most recent Farm Bill Program, authorized in 2002. She said that this program was begun with pilot watersheds last year and has now been opened to growers nationwide, with five watersheds in California having been selected. She noted that the CSP have three tiers of participation with the maximum annual grower payment for the most demanding tier of CSP participating being \$45,000. Kiger reported that the average landowner payment in the first year of CSP has been \$16,000 in the western states and \$10,000 nationwide. In general, she reported, farmers are not achieving the maximum payment levels of conservation performance yet. She said to help growers prepare for the CSP, NRCS offices will host local workshops this winter and mail out flyers to provide details on CSP; growers in the approved watersheds will be able to sign-up later this spring.

Kiger observed that the 2002 Farm Bill has been a success for California, bringing in more funding for conservation. She announced that, while conservation program appropriations have not yet been approved in Congress, NRCS has been given the go-ahead to release a portion of the expected appropriations based the recent versions of the omnibus budget bill. She said that she expects that the final approved appropriation will be higher than the "pre-appropriation." She noted that the recent version of the omnibus budget bill had lower appropriation amounts than were authorized in the 2002

Farm Bill, but that the amounts for technical assistance were higher than the year before.

Kiger discussed the relatively new Technical Services Provider Program (TSP), which certifies non-NRCS individuals or organizations to provide technical assistance to clients receiving Farm Bill conservation assistance. (She distributed a brochure on TSP.) She gave as an example the qualification of the California Waterfowl Association as a TSP in California. She said there have also been groups that have become certified to work nationally. Kiger explained that there is a limit on how much NRCS can reimburse a TSP provider, but that a farmer using a TSP is free to supplement the NRCS payment, if necessary to secure the right TSP for the job. Kiger pointed out that a TSP, while not an NRCS employee, but nevertheless abide by NRCS standards and rely on NRCS's Field Office Technical Guide (FOTG) for the selection of best management practices. (The FOTG is a list of approximately 300 USDA tested and approved conservation practices.)

Several Subcommittee members expressed interest in learning more about the TSP program, perhaps at the next Subcommittee meeting.

**Luana Kiger** reported on a program for which she is responsible, the small watershed program. She said that this program primarily addresses flood control, and to a lesser extent, water quality. She pointed to an example of the program's use in Santa Rosa, California. She described how the City recently requested Small Watershed Program assistance to re-open a local creek to natural flooding processes, after 50-years of a concrete-lined channel approach to flood control. Community values had changed and an open channel was now considered an asset. **Ken Trott** mentioned that Subcommittee staff had also tried to secure Lin Brooks, Assistant State Conservationist for Field Operations large parts of Northern California, for today's agenda. Trott said that Brooks was unable to attend, but had been asked to brief the Subcommittee on his area's approach to NRCS strategic planning, and the potential for his planning approach to further improved collaboration and funding coordination between NRCS and CALFED. He said that Brooks has also offered to host a WLS meeting in Red Bluff to showcase local efforts and projects. Kiger offered her help in arranging to have NRCS Assistant State Conservationists for Field Operations come to Sacramento for future meetings, as well, there are three who cover the geographic solution area for CALFED.

##### **5. Payment-In-Lieu-of-Taxes (PILT) Work Group Recommendations -**

**Trott** reported that the Work Group had been tasked by the Subcommittee to work on recommendations to address the Payment-In-Lieu-of-Taxes (PILT) issue. He reported that the Work Group has reached consensus on a first round of recommendations. He said that the recommendations were e-mailed to the WLS e-mail list on November 23 for review, and that they are now ready for the Subcommittee to review, approve and forward to the BDPAC for consideration and action, as appropriate.

The recommendations focus specifically on the existing PILT systems and formulas, and emphasize the importance of bringing forward workable solutions. The workgroup's recommendations are:

1. The State Budget should list state PILT payments owed to local governments as a distinct line item in the budget.
2. The CBDA recommend that the state legislature consistently approve authorization for PILT payments to local governments for CALFED acquisitions.
3. The CBDA recommend that all CALFED agencies pay valid assessments pursuant to the California Constitution Article XIID on lands they acquire.
4. The CBDA recommend that the Governor work with California Congressional leaders and the federal Administration toward full PILT payment authorization by Congress.
5. The CBDA support federal legislation calling for full payment of PILT to local governments.
6. Recognition by BLM and Congress that CALFED acquisition projects meet the existing regulatory definition of water projects qualifying for PILT payments. Alternatively, call for an amendment to the BLM PILT regulations to specifically recognize CALFED projects as qualifying for PILT.
7. The CBDA should author and support legislation or regulations to amend the state process for calculating PILT to include a regular periodic readjustment of the PILT payment amount, similar to the practice used by the federal government in calculating PILT payments. This would eliminate the concern that once a property is acquired by the state, the PILT payment is locked in perpetuity, without consideration of the changing values of similar properties.

Other recommendations considered by the Work Group, but **not offered for the Subcommittee's approval** at this time, either due to infeasibility or the need for further study includes:

1. Support or propose federal legislation to require full PILT payments for federal acquisitions.
2. Support legislation to extend PILT payment requirements to other state land acquisition programs where acquisitions have net adverse impacts on local tax revenues;
3. Frame next level of PILT research questions and recommend CALFED Science Program funding of PILT research to document extent and geography of land acquisition impacts on local tax revenues and adequacy of PILT payments.
4. Set aside project-specific funds to provide limited term payments to local governments to offset local economic impacts of acquisition projects.

**Aramburu** suggested that language in recommendations two and three be clarified as CALFED itself does not acquire land, but CALFED agencies do. Trott said that recommendations two and three would be amended to reflect her suggestions.

**Bundy** reported that as a member of the Work Group he supports the recommendations and will be taking them to the Sacramento River Conservation Area Forum Board meeting later in the day for their consideration and concurrence. He added that the SCRCAF has wanted to undertake this kind of detailed recommendation but lacked information. He also thanked Ken Trott, Vicki Newlin, Tina Cannon and John Hoffman, a PILT expert with the Regional Council of Rural Counties, for their perseverance on this issue.

## **6. Farm Bill Conservation Appropriations in 2004 – 2005 and Beyond and Future Farm Bill Funding**

The Subcommittee had a teleconference organized by Leland Swenson (Subcommittee participant and executive Director of the Community Alliance for Family Farmers) with Jim Miller, staff member of the Minority Budget Committee, and Tom Bius, National Farmers' Union lobbyist on Farm Bill issues who has worked on both the House and Senate staff, as well as staff to Senator Tom Daschle. Mr. Bius and Mr. Miller were asked to brief the Subcommittee on current year Farm Bill conservation program appropriations, likely trends in future appropriations for the Farm Bill, and how the 2007 Farm Bill is shaping up.

### **Tom Bius:**

When times get tough, conservation programs are often the first to take a hit and we saw that this year when the Conservation Security Program (CSP) was a primary target. The CSP has been implemented, but appropriations are at a much lower level than was authorized in the 2002 Farm Bill. Senator Harkin had envisioned a program that would reach out to traditional and non-traditional commodities to generate environmental benefits. The trend in the Farm Bill towards generating environmental benefits began in the 1990's with CRP and CSP was championed as a culmination of that trend. However, funding for the program has been stalled on at least a few occasions. For example, a funding cap was installed to limit the program to a demonstration in its first year. Funds earmarked for CSP were also re-appropriated to Florida's hurricane disaster response. With the second appropriation, caps were installed again. This proves the point that when Congress cuts, conservation, research and rural development are the typical targets.

A battle is looming ahead with the Nation's record deficit. Congress will probably scale back spending, yet a big chunk of the federal budget is off-limits, such as military spending, homeland security, and social security. Within agricultural programs, certain areas are also off limits, such as food and nutrition spending. This leaves other programs, such as the Farm Bill's Conservation Title, energy and rural development to take disproportionate shares of the cuts.

As far as the 2007 Farm Bill is concerned, WTO agreements and the budget deficit will dictate funding available for farm conservation programs. The likely adverse impact of WTO trade agreements is unfortunate for agriculture because, while agriculture makes up only 10 percent of U.S. international trade, the agreements will affect policy

governing the other 90 percent, as well. With the trend towards achieving environmental benefits in recent Farm Bills, hopefully Congress will be thinking of the myriad other benefits that agriculture provides the American public, besides trade balance, when it considers the 2007 Farm Bill.

**Jim Miller:**

Current appropriations for this fiscal year expect to be wrapped up next week. The trend in agricultural spending points towards rather substantial budget cuts. Appropriation proposals for the 2005 Farm Bill programs show that funding is likely to be down by \$1.3 billion over 2004. If there is to be an increase, it would likely be in food safety and homeland security.

Farm Bill appropriations proposed would result in reductions in the following programs. These reductions are from levels authorized in 2002 Farm Bill:

Wetland Reserve Program	38%
Environmental Quality Incentive Program	20%
Wildlife Habitat Incentive Program	50%
Rural Development	77%
Bio-energy	33%

Mr. Miller said that Senator Judd Gregg (R-NH) is the new Senate Budget Committee Chairman, whose Committee will be reviewing Farm Bill entitlements, nutrition and other agricultural programs. There will also be a new chair of the Senate Committee on Appropriations.

The President is likely to call for cuts in agricultural spending that may be in the range of \$2 billion per year. The Budget Committee will design the overall funding guidelines for the appropriations process, and is likely to include a request for spending reductions, but some programs will be off the table, such as social security, Medicare, defense and homeland security.

If you assume that we have a \$320 – \$400 billion deficit each year into the future, draconian cuts for agriculture will be required even if we only try to cut the deficit in half over the next 5 years. And, the deficit is likely to grow due to ongoing high levels of military spending and the accumulation of interest on mounting debt. In the first year of the new Farm Bill, 2008, it should be expected that existing levels of funding may need to be cut by 20 percent to achieve deficit reduction objectives. Therefore, it will be difficult to write a new farm bill and expect gains for conservation, nutrition and rural development unless the pie is made bigger. The agricultural community will have to figure out how to come to speak with one voice if a bigger pie is to be made, rather than compete with each other for a shrinking pie.

Mr. **Miller** and Mr. **Bius** answered questions from the Subcommittee.

**Q** - What are the implications for California if the new USDA Secretary Nominee, Governor (of Nebraska) Johanns is confirmed?

**Bius** - The new Secretary will need to understand the importance of California agriculture. The Farmers Union does not like the race to the bottom perpetuated by recent trade agreements. And, no state has lost more than California from the opening of new markets through trade liberalization. Cheap food, lower labor and health costs, lax environmental standards and currency manipulation make it hard for U.S., and particularly California, growers to compete. For the first time, the US will have an agricultural trade deficit; following the trend in manufacturing.

**Miller** - ... take a wait and see attitude. The new Ag Secretary has limited ability to influence agricultural policy. The Whitehouse typically calls the shots and is another spokesman for the Administration.

**Q** - How can California influence the 2007 Farm Bill?

**Bius** – California’s agricultural and environmental communities will need to work together in approaching and working with its Congressional delegation. We will end up losing if the farm bill discussions turn into a “food fight” between commodities. If Congress sees divided and competing agricultural interests, it will be easy for them to do less. The 2002 Farm Bill was an example of this (i.e., the battles between Farm Bureau and Farmers Union contributed to lower appropriations, notwithstanding the fact that the debate took place during a time of budget surplus. California is in a unique position to provide leadership on a national scale. All sectors of agriculture need to work together, coalitions need to be tightened; this may be more difficult in the future.

For example the President insisted on paying for weather-related disaster relief in Florida, in part from cuts made to the Conservation Security Program. The 2002 Farm Bill was the “greenest” Farm Bill ever, but then cuts were made to those “green” programs. This inhibits the further development of relationships and building of trust. One cannot pass a farm bill these days without the support of urban/suburban legislators. Ag’s influence has diminished; so there is a real need to work together and develop relations with new partners.

This marked the end of the conference call, Mr. Miller and Mr. Bius were thanked for their time.

The Subcommittee reacted to the discussion with an agreement over the difficulty of the task ahead.

## **7. Public Comment**

None offered.

**8. Next meeting date and agenda** - Tentatively, January 6, 2005 was set as the next WLS meeting date. Items for the agenda include update on Working Landscapes PSP and perhaps further information on the NRCS Technical Services Provider Program.