

DRAFT MEETING SUMMARY

Working Landscapes Subcommittee California Bay-Delta Public Advisory Committee September 4, 2003, 1:00 am – 5:00 pm

California Department of Food and Agriculture, Room A-447

Subcommittee web site:

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

1. Introductions

Introductions were made. **Denny Bungarz** called for corrections to the May 22, 2003 meeting summary. **Ken Trott** with CDFA said that in reviewing his notes of the July meeting summary, it was unclear whether the work plan priorities adopted by the Subcommittee included Goal IIIB (coordination with Farm Bill program funding) as a high priority for Year 4. By consensus, the Subcommittee agreed that the July meeting summary be amended to add Goal IIIB as one of the Subcommittee's action priorities for Year 4.

2. Co-Chairs Report

Bungarz announced that co-chair Ryan Broddrick had a conflict and would be unable to attend today's meeting. **Bungarz** noted that the California Bay-Delta Authority's (CBDA) first meeting was held August 14, 2003. Patrick Wright noted that much of the first meeting of the CBDA was taken up with "housekeeping" chores that were necessary in establishing this new state bureaucracy. In other actions, the CBDA approved a small group of ERP projects, approved the program plans, and appointed Sam Luoma as CBDA's Lead Scientist, though he subsequently announced his resignation from that position. The next Bay Delta Public Advisory Committee (BDPAC) meeting is scheduled for September 11, 2003. Tom Zuckerman felt that the CBDA Authority members were searching for a role, and that it would be a challenge to keep them focused on larger, big picture issues related to implementation of CALFED. Wright said that CBDA staff will be attempting to help focus Authority members on budget, program balance and overall implementation. Bungarz noted that at the CBDA meeting both he and Ryan Broddrick spoke about the efforts of Working Landscapes and that there is significant interest on the part of the Authority in WLS issues.

3. Agency Reports

California Department of Conservation (DOC). **Dennis O'Bryant** announced that the CDBA has funded a 3-year watershed coordinator grant program, which will be open to RCD's as well as local non-profits and special districts. The DOC is currently conducting workshops soliciting information on how the program should be implemented. He said the two issues that have come up most often include how to geographically define the watershed in terms of the grant program and how to ensure cooperation within a watershed. They are on a fast track for funding and hope to award grants in January.

CA Department of Fish and Game (DFG)

Dave Zezulak announced that the Environmental Water Account EIR/EIS is being circulated and comments are due soon.

California Bay-Delta Authority (CBDA). In addition to his comments on the CBDA meeting, Patrick Wright announced that the CALFED staff is discussing the possibility of holding a session or workshop on the big picture issues relative to water transfers and economic impacts. This idea was supported by many Subcommittee members.

CA Department of Food and Agriculture (CDFA).

Ken Trott announced that CDFA, at the request of a State Water Plan update (Bulletin 160) work group dealing with water transfers and land retirement, had prepared a paper that attempted to define the *working landscapes* approach to conservation. Trott emphasized that the paper, which also laid out the advantages and challenges of a working landscapes strategy, was strictly a CDFA perspective, although it was mostly consistent with the Subcommittee's work to-date. **Tina Cannon** expressed her concerns that there might be some confusion as to whether the Bulletin 160 paper was a product of the Subcommittee or CDFA. Trott reiterated that it was a paper prepared as a CDFA perspective at request of the DWR work group for their internal use.

Trott also reported that CDFA prepared a paper to the Governor's Environmental Goals and Policies Report that outlined the nature of, and challenges facing California agriculture.

Finally, Trott announced that Dennis Albani has joined the Department as Deputy Secretary.

4. Analysis of Payment of In-Lieu Taxes

Patrick Wright prefaced this agenda item by saying that last year he was approached by UC Berkeley's School of Public Policy to engage graduate students in a study that would address a real life problem. He said that he suggested that they work on documenting the issues surrounding the payment (and non-payment) of state and federal in-lieu taxes. Wright introduced graduate students, Kellyx Nelson and Bryan Ehlers, who, along with two other students were the primary researchers on the project. Wright complimented them on their efforts, which he said went well beyond the requirements of the project.

Wright requested that the Subcommittee follow up on some of the outstanding issues that the students were unable to address. Nelson and Ehlers presented their draft findings and recommendations on the payment of in-lieu taxes in northern California counties.

The team interviewed 23 individuals for this study as well as talking to the federal Office of Management and Budget. The issue of the nonpayment of in-lieu taxes arises when lands are acquired by public agencies for habitat purposes. When the land goes out of private property, local taxes are not paid; however there is a mechanism for county governments to recoup the lost revenue through payments in-lieu of taxes (PILT). Federal and state governments have different processes for recouping the payments.

On the federal side, the Bureau of Land Management (BLM) controls the payment of PILT payments. BLM uses several sources of data, including the population of an area, to compute an annual payment and develop an authorization level which is then forwarded to Congress. Congress then makes an appropriation. Congress typically

provides 100% of BLM's request. The problem is that BLM's request the past several years has been only 40-60% of what their formula calculates should be paid.

Nelson and Ehlers clarified some misconceptions surrounding federal PILT:

- A) Federal PILT **does** account for inflation;
- B) Congress is not obligated to appropriate the full authorized amount; and,
- C) Congress is not responsible for calculating the amount of the payments due.

On the state side, the process is somewhat different. County governments annually submit a request to the Department of Fish and Game (DFG) based on the amount they are losing. DFG then sends the request to the Legislature. Historically the State has made 100% payments, however in the last two years they have been unable to make any payments due to the State's poor fiscal situation.

When asked if the Wildlife Conservation Board (WCB) also participates in the DFG PILT payments, Wright and Nelson responded that the state PILT universe only includes DFG, not WCB.

Ehlers and Nelson also presented their team's recommendations relating to legislation and funding. Potential alternative funding might include:

- A) Permanent funding for California in the Federal PILT act;
- B) CALFED Budget include funds for payment of fees and in-lieu taxes;
- C) Consider alternate funding county level grants at present value (in lieu of in-lieu taxes; or receive funds up front in the acquisition of property); and,
- D) Endowment or multi-year payments by land purchaser (This could greatly affect purchasing price of land)

Tom Zuckerman noted that special districts such as levy districts are also having difficulty receiving payments for levee maintenance.

In terms of outreach, the students recommend scheduling meetings in the affected communities and increase CALFED's presence by establishing a local liaison. They also recommend measure performance by outcome or output rather than input or attendance. The Subcommittee discussion potential follow-up including:

- Analyze impact of CALFED ROD implementation vis-à-vis PILT
- Explore practices that can help to make CALFED a PILT model for other state and federal agencies; and,
- Collect data on past and ongoing acquisitions and resultant impacts on local tax revenues.

Wright recommended that the Subcommittee consider taking the students' report to the next level in the form of a recommendation that PILT dollars be included in the state and congressional authorization for CALFED. Nelson cautioned that it probably would not be feasible to change the federal formula for PILT. Wright suggested that a small work group of the Subcommittee be convened to study the issue further and recommend next steps.

5. Working Landscapes and Science

At its last meeting the Subcommittee recommended that a memo be prepared for review that would then be sent to the Bay Delta Public Advisory Committee (BDPAC)

requesting that the California Bay Delta Authority's newly named Independent Science Board (ISB) include a specialist in socio-economics. **Margit Aramburu** had agreed to prepare a draft memo, which she now circulated for review. The Subcommittee reiterated its support for this recommendation, but requested that the memo be revised to provide the basis purpose of the request. **Action item: The Subcommittee recommended that the memo be amended to articulate the Subcommittee's vision for a social scientist/economist more clearly in terms of expected fields of emphasis and responsibility, and that the Subcommittee's Co- Chairs review and approve the revised memo before transmitting it to the Bay Delta Public Advisory Committee.**

Hank Wyman suggested that the Subcommittee consider recommending that the CBDA ISB also include a soil scientist. Wright asked the Subcommittee to review the Independent Science Board initial membership list and provide feedback to the Authority of additional fields of expertise that it feels are needed. Wright also noted that the Authority is developing a finance plan for all CBDA programs, and that the plan will be developed by a panel of economists, including several agricultural economists. Discussion on this topic was tabled to a meeting in the future.

As a follow-up to the July meeting, Dave Zezulak announced that he has had some preliminary discussions with staff at the US Geological Survey on issues related to science and wildlife friendly agriculture. There will be another meeting on the third week of September. He has also had discussions with the California Waterfowl Association and the CA Rice Commission relative to rice and wildlife. Zezulak said that he will be working with Tom Zuckerman and others to develop a science-based proposal. This will be an item for follow-up at the next meeting.

5) Landowner Assurances and Mitigation

Walsh noted that *landowner assurances* was incorrectly added as part of this agenda item. She said that at the last meeting the Subcommittee developed work plan priorities for Subcommittee action in Year 4. One of priorities was the formation of a work group to develop a CALFED impact mitigation protocol; the first steps would be a look back exercise of CALFED impacts to date on agricultural resources. Ken Trott reported that the workgroup lead by DOC's Jeannie Blakeslee, had begun its efforts via e-mail correspondence. Dennis O'Bryant noted that the outset the workgroup worked on building consensus on the date they should look back to: either 1994 (the signing of Bay-Delta Accord) or 2000 (the signing of the CALFED ROD). The work group also discussed which funding sources should be included in the look-back. Patrick Wright suggested that both time frames should be analyzed as well as all of the different funding sources. O'Bryant said that Blakeslee was also beginning work on the applicability of the Land Evaluation and Site Assessment (LESA) model as an agricultural impact assessment tool for CALFED projects. There were some concerns that the LESA model was primarily designed to address urban conversion and may not adequately capture impacts related to habitat and restoration. Tina Cannon suggested, and the Subcommittee concurred, that a presentation and discussion on the LESA model be scheduled for a later Subcommittee meeting.

6) Working Landscapes Proposal Solicitation Process

Dan Ray reported that CALFED Ecosystem Restoration Program staff are planning to release a series of calls for proposals in the coming year, one of which will be devoted to *working landscapes* projects. A schedule for the PSPs has not been released yet. The

first call will focus on previously funded projects. Before the WLS call is released, however, Ray mentioned that there needs to be a focused discussion on how to cooperate with USDA on the more effective use of each agency's funds to meet mutual *working landscape* goals. He cautioned that timing of the release of the Working Landscapes PSP will depend on working out cooperation with USDA. Wright said that the December meeting of the CBDA would be when ERP would seek approval for the *working landscapes* PSP.

Patrick Wright cautioned that the *working landscape* PSP should not use all of the available funds in the first call as CALFED should have the chance to learn and adjust from the first call. He also suggested that the Subcommittee's chairs weigh in with USDA soon as it take a great deal of work and time to achieve the level of cooperation desired in spending the CALFED *working landscape* funding. Hank Wyman cautioned that Congress has set many of the parameters under which NRCS must work and those need to be appreciated in defining areas for cooperation. He said that federal agencies at the national level tend to resist state NRCS attempts to customize Farm Bill programs on an individual state basis. Ronda Lucas also suggested that the USDA NRCS Field Office Technical Guides be recognized as an excellent resource upon which to base coordination, as they are flexible, localized and scientifically sound.

Todd Manley offered NCWA's assistance to work with NRCS. Tom Zuckerman suggested that federal agency input into the PSP be requested. Wright suggested that a schedule of agencies offering conservation funds be developed, along with a matrix or description of the different USDA programs and their respective decision-making processes and schedules. Ben Wallace agreed and added that USDA program authorities should also be evaluated to ascertain what key CALFED objectives, such as monitoring, cannot be supported by USDA funds and find ways to complement and match funds support these activities.

Casey Walsh Cady asked how WLS can help get the word out on the *working landscapes* PSP in advance. She mentioned that there have also been some preliminary discussions on how we can assist WLS proponents with developing conceptual models, as well as how we can best spread the word to potential proponents. Wright suggested using existing agency schedules for outreach.

Walsh Cady handed out a staff paper on integrating science into Working Landscapes PSP. She asked that members review the paper for discussion and feedback at the October meeting.

7) Public Comment

None offered.

8) Date and Agenda for Next Meeting

The next meeting will be on Thursday, October 2nd, 2003 at 9:00 A.M., location to be announced. Walsh announced that staff has scheduled an informational presentation on Fish Friendly Farming to be made at that meeting. The meeting was adjourned at 12:00 P.M.

Attendance List

Denny Bungarz, Co-Chair, Chair, Glenn County Board of Supervisors
Patrick Akers, California Department of Food and Agriculture
Margit Aramburu, Delta Protection Commission

Chris Beale, Resource Law Group/California Bay-Delta Authority
Sarah Beamish, Natural Heritage Institute
Randy Beckwith, Dept. Water Resources
Burt Bundy, Sacramento River Conservation Area Forum
Brad Burkholder, California Department Fish and Game
Paul Buttner, CA Rice Commission
Casey Walsh Cady, California Department of Food and Agriculture
Tina Cannon, Department of Fish and Game
Jay Chamberlin, CA Resources Agency
Bryan Ehlers, Government School of Public Policy, University of California, Berkeley
Dale Garrison, US Fish and Wildlife Service
Renee Hawkins, Law Group/California Bay-Delta Authority
Ed Horton, Placer County Water Agency
Eugenia Laychak, California Bay-Delta Authority
Ronda Lucas, California Farm Bureau Federation
Todd Manley, Northern California Water Association
Anjanette Martin, Colusa Basin Drainage District
Marlyce Myers, The Nature Conservancy
Kellyx Nelson, Governmental School of Public Policy, University of California, Berkeley
Dennis O'Bryant, Dept. Of Conservation
Elizabeth Patterson, California Department of Water Resources
Dan Ray, California Bay-Delta Authority
Ken Roberts, Sierra Resource Strategies
Bernice Sullivan, Friant Water Users Association
Ken Trott, California Department of Food and Agriculture
Patrick Wright, California Bay Delta Authority
Hank Wyman, CARCD
Dave Zezulak, California Department of Fish and Game
Dave Visher, Visher Consulting