

California Bay-Delta Public Advisory Committee Working Landscapes Subcommittee

Recommendation

Framework for Project Development and Selection May 22, 2003

Introduction

THE CHALLENGE: THE PRIVATE LANDOWNER AS A BAY-DELTA PROGRAM PARTNER.

The Bay-Delta Program is an unprecedented partnership effort between state and federal agencies to restore ecological health and improve water management. The effort is launching the largest, most comprehensive water management program in the world. The lands included in the Bay-Delta Program's Solution Area include mostly private lands. Bay-Delta Program agencies understand that it is imperative that there be a willing participation, indeed collaboration, of private landowners and local governments in implementing the Bay Delta Program. However, "[m]any landowners and local communities are concerned that they may be prevented from continuing to farm, ranch, or provide flood control on or near land preserved or enhanced [by CALFED] for habitat conservation purposes." (CALFED Bay-Delta Program *Local Partnerships Planning Process*. March 7, 2002.) Specifically, private landowners and local communities have expressed reservations with the Bay-Delta Program over the following issues:

1. Inadequate funding to support landowner-led restoration;
2. Threat of regulation, particularly by state and federal Endangered Species Acts (ESAs);
3. Costs, time and complexity of permit compliance;
4. Lack of coordination among state and federal regulatory and funding agencies;
5. Inflexible approach to ecosystem restoration and agriculture;
6. Adverse impacts on agriculture from ecosystem restoration;
7. Need for science and monitoring to document private versus public restoration; and,
8. Adverse impacts on local government revenues from ecosystem restoration.

THE RESPONSE: THE WORKING LANDSCAPE. As stated, the Bay-Delta Program recognizes both the value and necessity of positive partnerships with landowners and local governments to accomplish Bay-Delta Program goals. The Bay-Delta Program *Local Partnerships Planning Process* white paper states that "an approach that provides stakeholders with incentives and support, and assists them with bureaucratic and regulatory burdens, has the potential to result in a much greater level of success in returning ecological health to the Bay-Delta region." Specifically, the white paper goes on to state that

"CALFED agencies will take a flexible approach to habitat restoration and enhancement on agricultural lands that keeps agricultural land in production and in private ownership wherever possible [and] makes use of a 'conservation toolbox,' relying on a variety of programmatic

strategies and proven best management practices to promote working landscapes that are profitable for agriculture and beneficial for wildlife... The working landscape approach will be demonstrated through projects with producers that are representatives of their regions.”

The term, *working landscape*, can mean many things to many people; it is a subjective term. However, for the purposes of this proposal, the term represents a concept or vision of the Working Landscapes Subcommittee that has been defined in the proposed December 5, 2002 Subcommittee Description (Appendix C), as follows:

“A working landscape is a place where agriculture and other natural resource-based economic endeavors are conducted with the objective of maintaining the viability and integrity of its commercial and environmental values. On a working landscape, both private production, as well as public regulatory decisions account for the sustainability of families, businesses and communities, while protecting and enhancing the landscape’s ecological health. The working landscape is readily adaptable to change according to economic and ecosystem needs.

With respect to CALFED, a working landscape is both an objective and a means to achieve it. A working landscape is efficiently managed largely by private agricultural landowners and managers who are supported and encouraged to manage their lands in ways that fulfill CALFED goals, allowing them to pursue ecological health goals while yielding economic returns on investments, and generating tax revenues that support their local governments.”

AN OPPORTUNITY: MAKING THE WORKING LANDSCAPE WORK. Funding to develop and demonstrate the working landscapes approach to Bay-Delta Program implementation is available from a variety of sources within and outside of the Bay-Delta Program (e.g., the 2002 Farm Bill). Proposition 50, enacted by voters in 2002, provides a unique funding opportunity. Proposition 50 (Chapter 7) earmarks \$180 million for Ecosystem Restoration Program (ERP) projects. Of that amount, “not less than \$20 million is directed for projects that assist farmers in integrating agricultural activities with ecosystem restoration.” The following proposal includes recommendations for the use of the \$20 million of Proposition 50 funds, as well as other Proposition 50 and state and non-state funds that are available, or that can be leveraged, to implement a working landscape strategy to accomplish ERP and other Bay-Delta Program goals.

General Recommendations:
Implementing a Bay-Delta Program Working Landscapes Strategy

To support a working landscapes approach to Bay-Delta Program implementation, the Working Landscapes Subcommittee recommends the following:

1. OFFER A FOCUSED ERP PROPOSAL SOLICITATION PROCESS (PSP) FOR WORKING LANDSCAPES. An anticipated approach to the Bay-Delta Program ERP project funding is to release a series of targeted Program Solicitations for ecosystem restoration actions. The Subcommittee recommends that one such solicitation be released to call for projects that embody the *working landscapes* approach to achieving ERP milestones. Qualified peer reviewers familiar with

agricultural practices, as well as ecosystem restoration should evaluate proposals solicited under the focused PSP.

2. ADOPT A WORKING LANDSCAPE APPROACH FOR ALL BAY-DELTA PROGRAM ELEMENTS. The Bay-Delta Program, through the use of Proposition 50 and other funding sources, should actively support a *working landscape* approach to Bay-Delta Program implementation across all pertinent program elements. This approach is based on locally developed and directed projects that foster positive partnerships with private landowners, land managers and local communities, and that achieve Bay-Delta Program goals and objectives.

3. TARGET LANDSCAPE SCALE “OPPORTUNITY AREAS.” The funding available through Proposition 50 working landscape projects is limited. The Subcommittee, therefore, recommends that it support projects in areas where there are high ecosystem, natural resource and agricultural values to protect or restore. The Subcommittee refers to these as “opportunity areas.” They are also areas where resource and ecosystem values are threatened or degraded, or both. Further, they are areas where significant restoration and conservation investment by Bay-Delta Program or others has already been made, local capacity and momentum has been established, work is ongoing, and the potential for success is high. Finally, these areas are of “landscape scale”; i.e., typically made up of multiple landowners and communities that share common resource concerns, watersheds or land management practices.

4. DEVELOP FLEXIBLE PROGRAM SOLICITATIONS. Bay-Delta Program solicitation guidelines should include enough flexibility to recognize the variety of local conditions including, but not limited to, land ownership, the breadth and extent of coordination of resource management activities, the capacity to develop and implement projects, and existing efforts.

5. PROVIDE ADEQUATE TECHNICAL AND REGULATORY ASSISTANCE. The Bay-Delta Program agencies should assure adequate staff and coordination of staff to provide scientific, technical and regulatory assistance to expedite the implementation and monitoring of Bay-Delta Program-supported projects.

6. LEVERAGE NON-BAY-DELTA PROGRAM FUNDING. The Bay-Delta Program’s programs and implementing agencies, both state and federal, should actively seek out, develop and implement co-funding and leveraging opportunities that support the *working landscapes* approach and further Bay-Delta Program implementation.

Recommendations for a Focused Working Landscapes PSP

OFFER A FOCUSED ERP PSP: The proposed project development and selection process should aim to support projects that *directly assist farmers and ranchers* to integrate agricultural activities with ecosystem restoration. (Refer to the Bay-Delta Program ERP Stage 1 Implementation Plan and the milestones of the Bay-Delta Program’s Multiple Species Conservation Strategy.) The intent of the proposed focused ERP PSP is to target three to five landscape scale “opportunity areas” within which one or more projects would be selected. In general, the highest priority for funding should be given to projects that enable agricultural producers and their communities to improve aquatic and terrestrial habitats and natural processes to support stable, self-sustaining populations of diverse and valuable plant and animal species, and addresses the largest number of the following intentions:

1. Rely on locally-based collaborations that aim to integrate and harmonize ERP goals with agricultural practices and economic sustainability.
2. Improve the viability and sustainability of landowners’ use of their lands.
3. Enhance local economic conditions via value-added land and water improvements.
4. Generate *multiple benefits* by addressing one or more of the following resource objectives: wildlife habitat; water quality; water supply and conveyance infrastructure and management; levee integrity; floodplain protection and management
5. Make full use of the variety of conservation policies, programs and practices that currently exist by compiling and offering a *conservation tool box*, customized at the project level to assist landowners and communities meet Bay-Delta Program goals. (See Appendix A for a sampling of the kinds of tools and outcomes expected to derive from the “*tool box*.”)
6. Address ecosystem restoration goals on a landscape scale; examples of landscape scale projects might include a watershed group or a Conservation Reserve Enhancement Program area.
7. Build on past restoration investments that further Bay-Delta Program ERP goals and objectives.
8. Use Bay-Delta Program funds to leverage federal state and other conservation funds, such as U.S. Department of Agriculture’s (USDA) Farm Bill conservation program funds.
9. Employ science-supported monitoring and adaptive management to define the current and future role of working landscapes in meeting Bay-Delta Program ecosystem restoration and water quality objectives.
10. Demonstrate effective permit assistance to landowners participating in ecosystem restoration on their lands.
11. Provide protection to landowners, and to the extent possible, neighboring landowners, who participate in on-farm ecosystem restoration (e.g., opportunity area-based biological opinions, Safe Harbor, DFG Voluntary Local Program, (Senate Bill 231), Habitat Conservation Plans, etc.)

APPROACH TO IMPLEMENTATION OF FOCUSED ERP PSP. The following recommended approach builds on the policies and processes previously set forth by the Bay-Delta Program (e.g., ERP Proposal Solicitation Process, Stage 1 Implementation Plan and milestones).

1. Target “Opportunity Areas” from within the Bay-Delta Program’s Solution Area

The focused PSP should target a limited number of opportunity areas within Bay-Delta Program ERP regions for planning and implementation project grants. The Subcommittee recommends that one or more projects be funded from a variety of the Bay-Delta Program regions. Investment in a region should be based on the existence of prior investment, ERP restoration priorities, the existence of organizing entities, and transferability.

2. A Two-Part Proposal Solicitation for Both Planning and Implementation Projects

In order to improve projects and provide project proponents with the necessary resources to develop promising projects, the Subcommittee recommends providing support up-front to local groups. Therefore, the PSP proposal should include both planning and development grants in the \$10,000 to \$50,000 range, as well as larger implementation grants.

Planning grants should be short-duration grants with the expectation that they will lead to implementation proposals. One purpose of the planning grant component is to build capacity of developing local organizations, such as watershed groups, in order to help prepare these organizations for submittal of full proposals for implementation projects. A second purpose is to provide greater access to the ERP PSP process by minority, low-income, Tribal and other traditionally under-served communities.

Also, within the planning grant category would be “adaptive management” grants, where concepts for addressing landowner issues (e.g., adjacent landowner impacts) could be tested with an initially smaller grant, followed by full implementation under a second, potentially larger proposal that incorporated the lessons learned.

Under this proposal, applicants with project implementation proposals ready to submit, and who have the capacity to implement their projects, would proceed directly to the implementation grant component of the PSP. In either type of grant, it is proposed that the process start with the submission of conceptual proposals. Approved concepts would then be approved to proceed with fully developed project proposals.

As recommended, the PSP process would proceed as follows.

a. ***Solicit concept proposals of approximately two to three pages in length.***

Pre-solicitation outreach to local groups, including grower-based groups should be conducted by the California Department of Food and Agriculture, Department

of Conservation and Department of Fish and Game in collaboration with the USDA.

- b. ***Direct applicants of approved concepts to submit fully developed project proposals for evaluation.*** Evaluation should be conducted by reviewers convened by the ERP including the Department of Fish and Game, Department of Food and Agriculture, Department of Conservation and the USDA. The evaluation team should have expertise in both ecosystem restoration and agriculture. (See Appendix B for proposed criteria that could be used in evaluating project concepts and full proposals.)
- c. ***Award project planning and implementation grants.***

From the proposals, the Subcommittee recommends that one or more opportunity areas from throughout the ERP regions, projects be selected for planning and implementation funding. The two-stage process (i.e., concept and full proposals) should minimize the potential wasted time on unpromising proposals; provide local groups the support they may need to fully develop projects and partnerships; support the development of scientifically-sound monitoring and evaluation programs; and, maximize opportunities for projects that achieve the Working Landscape Subcommittee's objectives.

3. Favor Co-Funded Projects that Leverage other State and Federal Funds

Funds allocated under this process should be used, to the maximum extent possible, to leverage other federal, state or local program funding streams whose purposes are consistent with the Subcommittee's vision and mission (see Appendix C, *Subcommittee Description*). Examples of such opportunities include, but are not limited to: USDA's Farm Bill conservation programs, which include funds for cost-share on the installation of conservation practices, technical assistance for planning, and acquisition of easements; U.S. Department of Interior Fish and Wildlife Service non-regulatory incentive programs; Department of Water Resource's Flood Protection Corridor Program; Department of Conservation's Resource Conservation District, watershed and agricultural land conservation easement programs; nonprofit organization foundation funds; etc. In-kind contributions should be accepted as local matches in order to encourage local organization and landowner contributions to projects.

Appendix A: Examples of Potentially Funded Projects and Practices

Consistent with the previously stated objectives for the proposed focused ERP Working Landscapes PSP, projects that employ a “conservation tool box” approach should be favored for funding under this process. A tool box approach is one that makes use of a variety of site-appropriate conservation tools to accomplish multiple purposes and generate multiple public benefits. To illustrate, following are several examples of the intended type and scale of landowner/manager actions.

- a) Native riparian habitat enhancement
- b) Floodplains and bypasses as working landscape features
- c) Water quality improvement (e.g., riparian buffer strips)
- d) Native upland, aquatic and terrestrial habitat and habitat corridors
- e) Fish screens and fish passages
- f) Participate in regulatory assistance and/or permit streamlining programs to facilitate affirmative steps to restore habitat; e.g., DFG Voluntary Local Program for ESA provisions and private conservation planning (Senate Bill 231), federal ESA Safe Harbor provisions, and biological opinions under the Bay-Delta Program’s Multiple Species Conservation Strategy.
- g) Actions to avoid or mitigate impacts on adjacent landowners from restoration on participating lands
- h) Agricultural land conservation easements
- i) Adaptive management through scientifically sound monitoring of the effectiveness of conservation actions
- j) New market development to capitalize on the added value of project benefits (e.g., agri-tourism, hunting, flood protection, wildlife viewing, carbon credits, etc.)
- k) Field practices and farm management improvements that help enhance ecosystem function.

Appendix B: Proposed Working Landscapes PSP Ranking Criteria

The Subcommittee recommends that the proposed local projects be evaluated and ranked based on the degree to which they fulfill Bay-Delta Program ERP goals and as many of the following proposed criteria as possible:

- a) The proposed project will demonstrate a working landscape approach where agricultural activities are integrated with ecosystem restoration;
- b) Ultimate use of the funds supports the conservation work of owners of privately held working farms and ranches;
- c) Provides multiple public benefits and contributes to other Bay-Delta Program goals;
- d) Leverages additional cost-share funding from private, non-profit, and/or public sources;
- e) Project development, direction and implementation are supported by local involvement;
- f) Scientific planning, performance evaluation, (including measurable outcomes) and adaptive management is a project component;
- g) Qualified technical expertise is brought to bear on project planning, implementation and monitoring, as appropriate;
- h) The geographic scale of the project is appropriate to deliver cumulative conservation benefits on multiple agricultural operations;
- i) Evidence of ability to acquire needed permits and/or other regulatory approvals is demonstrated;
- j) Project outcomes are transferable to other lands in the region or state;
- k) Project addresses its potential impacts on neighboring landowners;
- l) Project benefits are “durable”; i.e., investments in improvements occur on lands that are protected from conversion to non-working landscape uses by long term land use restrictions;
- m) Conservation actions result in environmental improvements that are economically feasible; local land use and conservation policies are supportive of project sustainability, etc.;
- n) Project demonstrates the use of regulatory assurances to protect landowners from ESA liability by the use of tools such as DFG’s Voluntary Local Program, Safe Harbor, and biological opinions in exchange for habitat enhancement;
- o) Applicant has a record of success, demonstrates adequate organizational capacity to successfully carry out proposed project, and/or otherwise demonstrates that proposed project can be successfully implemented with grant funding, leveraged funds and in-kind services and materials; and,
- p) Project provides benefits to minority, low-income, Tribal or other traditionally under-served communities.