

## **Background**

When the needs of the Sierra Nevada Region were being identified during the creation of the Conservancy (SNC), it was expected that SNC would be a mechanism to attract and distribute more state resources to a historically under-represented area. Although the area of the Region comprises more than 25% of the state and produces multiple benefits, including more than 60% of California's developed water supply, as of 2004 it was calculated that the area only received about 1% of the state's financial resources.

In 2006, the voters of California passed Proposition 84, which allocated \$54 million directly to SNC (1% of the total \$5.38 billion). Approximately \$3.9 billion in grants has been awarded to date. The SNC has administered almost all of its allocation. Other agencies administering Proposition 84 funds invested a total of \$141 million which increases the total amount invested to date in SNC Region from Proposition 84 to 5%.

In 2014, Proposition 1 was passed allocating \$25 million to the SNC (0.3% of the total \$7.54 billion). While these water bond investments in the Region have been helpful, the amounts they represent in perspective to the totals of each bond indicate a declining trend. In order to affect a positive change in this trend, SNC staff has been actively coordinating with other state agencies to increase investment in the Region.

## **Current Status**

### **Proposition 1**

The SNC has strategically narrowed the focus of its current \$25 million Proposition 1 grant program to concentrate on forest health projects that align and support the Watershed Improvement Program (WIP). Many types of projects that would normally be considered for funding by the SNC, like stream and meadow restoration, have been specifically identified for significant support through Proposition 1 grant programs funded by the California Department of Fish and Wildlife (CDFW) and the Wildlife Conservation Board (WCB). These two agencies were allocated \$485 Million from Proposition 1 and will be administering those funds through competitive grant programs until approximately 2025.

The staff has been meeting regularly with representatives from CDFW, WCB, the California Natural Resources Agency (CNRA), and other state conservancies to coordinate and review Grant Program Guidelines and proposed projects competing for Proposition 1 Bond funds. The first round of CDFW's Proposition 1 watershed grants was disappointing, as approximately 4% of the awards were in the Sierra Nevada. The CDFW 2016 Draft Proposal Solicitation includes specific references to the WIP Regional Strategy, forest health, and projects developed in collaboration with the SNC. We are optimistic that the next round proves more productive for our Region.

Proposition 1, Chapter 7, also allocated \$810 million to the California Department of Water Resources (DWR) to be distributed formulaically among the states' watersheds through Integrated Regional Water Management Plans (IRWMP). The Sierra Nevada Region includes all or part of several state watershed areas making it eligible to compete for a portion of \$139.5 million, including the Mountain Counties overlay, which was allocated \$13 million. Much of these funds will be used to support water conveyance and storm water management projects. The SNC staff has been coordinating with IRWM managers and Regional partners to elevate the importance of identifying forest and watershed health projects that are eligible for inclusion in funding plans.

#### Greenhouse Gas Reduction Funds (GGRF)

California is generating billions of dollars annually through the state's Cap and Trade Carbon Market. It is fair to say that just about every agency in the state has probably considered or is strategizing approaches to claim a portion of the revenues generated through this program. To date, auction proceeds of \$3.5 billion have funded \$2.614 billion in programs and events. The majority of the revenue (\$2.195 billion) has been directed towards Transportation and Sustainable Communities programs. An additional \$319 million has been allocated to fund Clean Energy and Energy Efficiency programs, and \$100 million has been allocated for Natural Resources and Waste Diversion Programs. The latter of these amounts represents the most likely source to help fund projects aligned with the WIP and SNC programs. The Region has successfully secured approximately \$18.5 million of GGRF grants - \$9.6 million administered by CAL FIRE and approximately \$8.9 million in grants from CDFW. The Governor's proposed budget increased the allocation to CAL FIRE and CDFW and could provide additional resources for Sierra projects.

The SNC staff is participating on the Natural and Working Lands workgroup to develop language for the required triennial AB32 Scoping Plan Update, which will guide future allocations of GGRF. The SNC is also working with the California Air Resources Board (CARB), CDFW, The Governor's Office of Planning and Research (OPR), CAL FIRE, the Strategic Growth Council, CalRecycle, and the CNRA on several different fronts to make a compelling case for investing more GGRF to restore forest and watershed health as an efficient and reliable way to reduce greenhouse gas emissions. The SNC is well-positioned and prepared to assist in administering GGRF money throughout the Region.

#### State Agency Funding Coordination

The SNC staff continues to meet regularly with other state agencies exploring opportunities to direct funds into the Region. Recent successful efforts include coordination with the Department of Housing and Community Development (HCD) to facilitate expenditure of \$71 million granted to California by the U.S. Housing and Urban Development Agency. (Detailed information included in [Agenda Item VI.d.](#))

Staff has assisted the California Department of Parks and Recreation (CDPR), Off Highway Vehicle (OHV) Division to educate Regional partners, and identify projects and

grant applicants who can compete for funds from an annual grant program to restore watershed lands impacted by unauthorized OHV use. National Forests in the Sierra Nevada Region have been very successful in securing multiple grants to help restore and maintain trails and manage OHV usage.

To the extent possible, staff coordinates with partners to assist them in competing for CAL FIRE State Responsibility Area (SRA) funds when they become available. There is a significant amount of money accumulating in this fund and much of it will ultimately be spent in the forested communities of the Sierra Nevada. Recent updates indicate that \$5.4 million of SRA funds have been invested in the Region to date.

Several other state agencies administer funds to support a range of activities aligned with the mission of the SNC and the WIP. The SNC staff meets regularly with representatives from CDPR Division of Boating and Waterways, CalRecycle, Department of Conservation, Visit California, and the Regional Water Quality Control Boards to introduce potential projects and partners from the Region and identify potential funding sources.

#### Other Funding Coordination and Technical Assistance

The SNC staff works diligently to identify and monitor a broad range of potential funding sources to leverage investments made by the SNC and other State agencies. As previously reported to the Board, SNC staff maintains a Calendar of upcoming grants and prepares regular Funding Research Memos that are distributed throughout the Region and available on our website. The memos list current grant and loan opportunities for projects and programs that are aligned with the SNC mission and the WIP, such as: Grants for Tribes and Tribal Entities, Land Acquisition Funding, Environmental Education Funding, Recreation and Tourism Development, Habitat Restoration and Preservation, CEQA/NEPA Funding, Fuel Reduction on Public and Private Land, and Abandoned Mine Lands Remediation. Sources of available funds include several federal agencies, public utilities, foundations, corporations, and nonprofit organizations.

Staff also facilitates grant-writing workshops throughout the SNC Region to help increase and improve grant writing capacity.

#### Next Steps

Staff will continue to coordinate with other state agency representatives and discuss opportunities to increase funding levels in the Sierra Nevada Region.

#### 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.**