

Background

California voters passed Proposition 1, The Water Quality, Supply, and Infrastructure Improvement Bond Act of 2014, on November 4, 2014. Proposition 1 added Section 79731 to the California Water Code, authorizing the state to issue bonds, and the legislature to appropriate the proceeds, for multibenefit water quality, water supply, and watershed protection and restoration projects for the watersheds of the state. The bond measure included an allocation of \$25 million for the Sierra Nevada Conservancy (SNC). The SNC has coordinated with other Proposition 1 funding agencies to maximize the investment of bond funds in the Region.

The Fiscal Year (FY) 2015-16 state budget included an appropriation of \$10 million to be awarded over two fiscal years. At the June 2015 Board meeting, the Board approved the Sierra Nevada Conservancy Proposition 1 FY 2015-16/2016-17 Grant Guidelines. Under those guidelines, SNC administered three rounds of proposal submission and review. Over those three rounds, SNC received 69 proposals requesting \$19,285,972 for the \$10,000,000 in available funding. A total of 32 Proposition 1 grants for \$9,881,830 were authorized by the Board.

The FY 2017-18 state budget included an appropriation of \$8 million, to be awarded over two fiscal years. At the June 2017 Board Meeting, the Board approved the Sierra Nevada Conservancy Proposition 1 Fiscal Year (FY) 2017-18/2018-19 Grant Guidelines. The SNC released a request for proposals on June 20, 2017, with a pre-application deadline of September 1, 2017, and a full application deadline of November 1, 2017.

SNC received 32 full applications totaling \$8,956,972. The applications included 18 Category One (site improvement) projects and 14 Category Two (planning) projects. After the evaluation process, 23 applications totaling \$6,955,458 in requests scored above the 80-point threshold for possible funding.

At the March 2018 meeting, the Board authorized the award of \$2,964,338 to 15 projects. The remaining eight projects that scored above the 80-point threshold were held from recommendation until required due diligence and CEQA compliance were complete. Staff is recommending seven projects totaling \$3,491,121 for authorization at the June meeting. CEQA compliance on the one remaining project that scored above the threshold is underway, and it may be recommended to the Board at a future meeting.

In summary, since the initiation of SNC's Proposition 1 Grant Program, the total value of grant requests received was \$28,242,944 for the \$18,000,000 in available funding. SNC plans to administer one more competitive grant round for Proposition 1. If the Board authorizes the grants being recommended at this meeting, a total of 54 Proposition 1 grants for \$16,337,289 will have been authorized as follows:

- 38 projects in the Mt. Lassen Area
 - 8 in the North Subregion
 - 15 in the North Central Subregion
 - 15 in the Central Subregion

- 16 projects in the Mt. Whitney Area
 - 11 in the South Central Subregion
 - 3 in the East Subregion
 - 2 in the South Subregion
- 34 are Category One Implementation Projects, 20 are Category Two Planning Projects

Please note that when projects cross county or Subregion boundaries, they are attributed to the primary county or Subregion for the purposes of this report.

Current Status

Of the 23 projects that scored above the 80-point threshold in the latest grant round, 15 were authorized at the March 2018 Board meeting. SNC staff is currently completing grant agreements for all awarded projects. Of the remaining eight projects, CEQA compliance is complete on seven projects, and is still underway on one project.

Staff currently recommends adoption of necessary CEQA findings and authorization of grants for seven projects totaling \$3,489,472.

Please see [Exhibit A](#) for links to CEQA documentation.

Mt. Lassen Area Projects Recommended for Funding

Project #1003: Sagehen Forest Project: A Watershed Improvement and Forest Health Initiative

University of California, Berkeley - Regents

Category One Site Improvement Project - \$496,338

The Sagehen Experimental Forest, north of Truckee in Nevada and Sierra Counties, lies within the upper Little Truckee River watershed and is cooperatively managed by the University of California, Berkeley (UCB); the landowner, Tahoe National Forest (TNF); and the U.S. Forest Service Pacific Southwest Research Station. Over three years, the Sagehen Forest Project will conduct prescribed low-intensity broadcast burning on a minimum of 973 acres and up to 1,500 acres, completing a previously funded SNC forest health thinning prescription. Prescribed burn treatments will protect and increase future water supply and quality for both the ecosystem and downstream water users in the Truckee and Feather River watersheds; improve key reproductive and foraging habitat for wildlife; enhance carbon storage; and increase forest resiliency and resistance to destructive wildfire, climate change, disease, and insect infestation. The Little Truckee also diverts water to Sierra Valley, thereby ensuring predictable water flows for agricultural use.

CEQA Compliance: This project required the SNC, as Lead Agency, to conduct an Initial Study and prepare a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program.

- To access the complete application package, [click here](#).
- To access the Initial Study and Mitigated Negative Declaration, [click here](#).
- To access the Mitigation Monitoring and Reporting Program, [click here](#).
- To access the Notice of Determination, [click here](#).

Project #1012: Little Grass Valley Reservoir Watershed Protection
Plumas County Fire Safe Council

Category One Site Improvement Project - \$500,000

This 480-acre forested project area is located two miles north of La Porte, Plumas County, on the Plumas National Forest, and encompasses the Little Grass Valley Reservoir. The reservoir is within the Wildland Urban Interface surrounding the federally recognized Community at Risk of Little Grass Valley, is fed by the South Fork of the Feather River and flows to Lake Oroville. This project, over a two-year period, will use hand and mechanical thinning to treat hazardous fuels on a minimum of 480 acres and expand into an additional 770 acres if funds, time, and conditions allow. Project partners include the U.S. Forest Service and the Upper Feather River Stewardship Coalition. In addition to protecting rural communities and their water source, this project will limit extreme ecological impacts from future wildfires and increase watershed storage capacity.

CEQA Compliance: This project required the SNC, as Lead Agency, to conduct an Initial Study and prepare a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program.

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Project #1032: Butterfly Twain Fuels and Forest Health Project
Plumas County Fire Safe Council

Category One Site Improvement Project - \$500,000

The Plumas County Fire Safe Council, in partnership with Plumas National Forest, has prioritized 454.9 acres of Wildland Urban Interface (WUI) for forest health thinning treatments within the larger 4,641-acre project area on the Mt. Hough Ranger District of the Plumas National Forest. The priority acres include Butterfly Creek, a tributary to Spanish Creek and the North Fork of the Feather River, which supports key features within Butterfly Valley – a unique wildland urban interface landscape with private homes, cultural resources, rare wetland plants and several sensitive wildlife species. The hand and mechanical thinning treatments on the 454.9 acres will result in reduced extreme fire risk and conditions that will allow regular underburning by Plumas National

Forest. Successful treatment will contribute to a forest resistant to catastrophic fire, with defensible space around the WUI community, and decreased groundwater demands – safeguarding the unique wetland areas of the project and benefitting downstream water users throughout the state of California.

CEQA Compliance: This project required the SNC, as Lead Agency, to conduct an Initial Study and prepare a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program.

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Project #1045: Improving Landscape and Watershed Health through Restoring Fire Regimes in Lassen Volcanic National Park

**Sierra Institute for Community and the Environment
Category One Site Improvement Project - \$494,783**

The Sierra Institute for Community and Environment, working in partnership with Lassen Volcanic National Park, will complete preparations on 1,795 acres for eventual prescribed burning in the southeast corner of the park. The project will reduce fuel loading through a range of fuels reduction strategies around park infrastructure, inholdings, and along existing roads and trails in three strategic locations. The long-term goals of this project are to enhance connectivity of areas that have low- to moderate-severity fire regimes and mitigate the risk of future landscape-scale high-severity fire. This will enable the National Park Service to manage prescribed or wildland fire for resource and watershed benefits across the headwaters of the North Fork of the Feather River. This project was developed by the South Lassen Watershed Group, and will serve as an anchor for subsequent work downstream to protect the Warner Valley WUI, US Forest Service lands, California Department of Fish and Wildlife's Warner Valley Wildlife Area, as well as hundreds of private landholders throughout the valley.

CEQA Compliance: This project required the SNC, as Lead Agency, to conduct an Initial Study and prepare a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program.

- To access the complete application package, [click here](#).
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Mt. Whitney Area Projects Recommended for Funding

Project #1016: Lakes Basin Hazardous Fuels Reduction Project

Mammoth Lakes Fire Safe Council

Category One Site Improvement Project - \$500,000

Project partners include the Inyo National Forest, Mammoth Lakes Fire Protection District, the town of Mammoth Lakes, and the Mammoth Community Water District. Over a two-to-three-year period, the project will complete fuels reduction on a minimum of 406 acres and up to 632 acres on Inyo National Forest land adjacent to many valuable recreational and water resources. The project intends to utilize a combination of mechanical and hand thinning and will implement fuel breaks, roadside and campground fuels reduction, forest restoration, and a small amount of meadow aspen release treatments. All slash will be masticated and spread on site, piled for later burning, or removed through public fuelwood cutting. These activities will protect public infrastructure, recreational access, and forest and watershed resources. The project lies within the headwaters of Mammoth Creek which provides municipal water to the town of Mammoth Lakes and flows into the Owens River, a significant source of water for the City of Los Angeles.

CEQA Compliance: This project required the SNC, as Responsible Agency, to review the Mitigated Negative Declaration approved with Mammoth Lakes Fire Protection District as Lead Agency.

- To access the complete application package, [click here](#).
- To access the Initial Study and Negative Declaration, [click here](#).
- To access the Notice of Determination, [click here](#).

Project #1030: South Fork Mokelumne Watershed Restoration

Calaveras Healthy Impact Product Solutions, Inc.

Category One Site Improvement Project - \$500,000

The project will treat 217 acres of hazardous fuels and restore forest health on Bureau of Land Management (BLM) property in northern Calaveras County in the Wildland-Urban Interface near the town of Railroad Flat. These activities are the implementation of a Category Two grant awarded by SNC in 2016 which allowed for the completion of NEPA and CEQA on the larger 1,100-acre BLM parcel. The Project is one of seven contiguous fuels-management projects designed to stop the spread of wildfire up the steep slopes of the South Fork Mokelumne River canyon while increasing forest resiliency to wildfire, drought, and disease. Calaveras Healthy Impact Product Solutions is partnering with BLM and the Calaveras-Amador Forestry Team to complete the Project. Once implemented, the project will increase downstream water supply, protect the upper watershed from catastrophic fire, and restore public forestland to a more resilient state. The South Fork Mokelumne River flows into Pardee and Comanche Reservoirs, owned and operated by East Bay Municipal Utilities District.

CEQA Compliance: This project required the SNC, as Lead Agency, to conduct an Initial Study and prepare a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program.

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Project #1033: Cabbage Patch Restoration Project
Upper Mokelumne River Watershed Authority
Category One Site Improvement Project - \$500,000

The Cabbage Patch Restoration Project will use hand thinning and mastication to reduce wildfire threat, increase stand and tree health and vigor, accumulate and retain snowpack, and provide high-quality wildlife habitat across 1,219 acres within the Stanislaus National Forest. The SNC portion of this project funds the restoration of 314 acres and leverages U.S. Forest Service Community Forest Landscape Restoration funding to treat the remaining 905 acres. SNC funds will also be used towards a community workshop to assist local forest industry contractors to prepare competitive work proposals. Developed collaboratively with the Amador-Calaveras Consensus Group, the project is part of the larger 14,065-acre Hemlock Landscape Restoration Project, which in turn is a component of the even larger Cornerstone Collaborative Forest Landscape Restoration Program (390,904 acres). These restoration activities in the Mokelumne River watershed may provide greater water yields for downstream beneficiaries that include local water agencies and the East Bay Municipal Utility District. This project also aids new scientific research that quantifies the hydrologic benefits of forest restoration in the Sierra Nevada.

CEQA Compliance: This project required the SNC, as Responsible Agency, to review the Initial Study and Mitigated Negative Declaration approved with the Upper Mokelumne River Watershed Authority as Lead Agency.

- To access the complete application package, [click here](#).
- To access the Initial Study and Negative Declaration, [click here](#).
- To access the Notice of Determination, [click here](#).

Attachments

- [Exhibit A: Table of Recommended Projects](#)
- [Map of Project Locations](#)
- [Recommended Project Details \(Project Description, Maps, and CEQA Documents\)](#)

Next Steps

Upon Board approval, staff will file all necessary adopted CEQA documentation and prepare agreements for each authorized grant. Staff will continue to work with project

proponents to complete compliance requirements for the additional project that scored above the threshold, and depending on successful completion of all requirements, may bring this project to the Board for authorization at a future meeting. Remaining appropriated Proposition 1 funds will return to the fund and be available to the SNC for future grant awards.

Recommendation

Staff recommends the Board:

(a) approve findings concurring with the Negative Declarations and authorize the Executive Officer to file Notices of Determination as a Responsible Agency for the Lakes Basin Hazardous Fuels Reduction Project (SNC1016) and the Cabbage Patch Restoration Project (SNC1033); and

(b) make findings that there is no substantial evidence that the Sagehen Forest Project – A Watershed Improvement and Forest Health Initiative (SNC1003), Little Grass Valley Watershed Protection Project (SNC1012), the South Fork Mokelumne River Watershed Restoration Project (SNC1030), the Butterfly Twain Fuels and Forest Health Project (SNC1032), and the Improving Landscapes and Watershed Health through Restoring Fire Regimes in Lassen Volcanic National Park Project (SNC1045), with mitigation measures, may have a significant effect on the environment and adopt the Initial Study / Mitigated Negative Declarations and related Mitigation Monitoring and Reporting Programs; authorize the Executive Officer to file Notices of Determination as a Lead Agency on these projects; and direct staff to maintain in the SNC office the record of proceedings upon which this decision is based; and

(c) authorize a grant award to each of the projects listed above and in Agenda Item VII - Exhibit A for the amounts recommended by staff, and further authorize the staff to enter into the necessary agreements to move forward with these projects.