



Air Resources Board



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TO: Gabe Tiffany
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FROM: Cynthia Marvin, Chief
Transportation and Toxics Division

DATE: March 25, 2015

SUBJECT: GREENHOUSE GAS REDUCTION FUND: CALIFORNIA DEPARTMENT
OF FISH AND WILDLIFE EXPENDITURE RECORD FOR FISCAL YEAR
2014-15 – DELTA AND COASTAL WETLAND RESTORATION

Thank you for submitting the final expenditure record (attached) on behalf of the California Department of Fish and Wildlife (DFW) on March 23, 2015, to satisfy the requirements of Senate Bill 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012) for expenditures from the Greenhouse Gas Reduction Fund (Fund). We appreciate the iterative consultation process with DFW staff on the development of this record to support expenditures from the Fund for the Delta and Coastal Wetland Restoration Program.

This memorandum documents that Air Resources Board (ARB) staff concurred on March 23, 2015 that the attached record is consistent with the statutory requirements of Government Code Section 16428.9 and with ARB's expectations, as documented in the August 6, 2014 final ARB *Interim Guidance to Administering Agencies on Expenditure Record and Fiscal Procedures*.

The DFW Expenditure Record for Fiscal Year 2014-15, along with this memorandum, will be published on the ARB Cap-and-Trade Auction Proceeds website at: www.arb.ca.gov/auctionproceeds.

If you have any questions concerning this memorandum, please call me at (916) 324-0062 or via email at Cynthia.Marvin@arb.ca.gov.

Attachment

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

Greenhouse Gas Reduction Fund: Expenditure Record

Fiscal Year: 2014-15

Delta and Coastal Wetland Restoration

(1) A description of each expenditure proposed to be made by the state agency pursuant to the appropriation.

<input type="checkbox"/> Agency that will administer funding	<ul style="list-style-type: none">▪ Department of Fish and Wildlife
<input type="checkbox"/> Amount of proposed expenditure and appropriation reference	<ul style="list-style-type: none">▪ The total expenditure is \$25 million (\$21.1 million for grants; \$3.4 million for state operations, including 17 positions), per Items 3600-001-3228 and 3600-101-3228 of the Budget Act of 2014 (Chapter 25, statutes of 2014). This funding will be split between three project types: (1) delta and coastal wetlands; (2) mountain meadow habitat restoration projects; (3) wetland restoration and water use efficiency on DFW lands. The distribution of the funds to the three project types will depend on the proposals received from prospective grantees through competitive solicitations.
<input type="checkbox"/> Intended recipients	<ul style="list-style-type: none">▪ Public agencies▪ Recognized tribes▪ Non-profit organizations
<input type="checkbox"/> Project category	<ul style="list-style-type: none">▪ Wetlands and watershed restoration; Delta and coastal wetlands
<input type="checkbox"/> Type of projects that will be eligible for funding	<ul style="list-style-type: none">▪ Delta and coastal wetland restoration and enhancement projects that demonstrate net GHG emission reductions through increased carbon sequestration, integrate water conservation, flood protection and community safety, habitat restoration and connectivity for salmon and coastal fisheries, and enhance climate change readiness in Delta and coastal wetlands, rivers and estuaries across the State.
<input type="checkbox"/> Process for selecting projects for funding	<ul style="list-style-type: none">▪ Competitive solicitation, evaluation and selection of projects according to program guidelines. Project proposals will be evaluated by department staff and external GHG experts.▪ Allocation to grantees (public agencies recognized tribes, non-profit organizations) based on award by the Department.

(2) A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.

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| <p>□ How the expenditure is reflected in the three-year Investment Plan</p> | <ul style="list-style-type: none">▪ AB 1532 requires that GGRF moneys be appropriated in a manner that is consistent with the three-year Investment Plan. The 2013 “Cap-and-Trade Auction Proceeds Investment Plan” recommends funding ecosystem management projects for their ability to sequester carbon, as well as their co-benefits to human health and the environment. In addition, Appendix B of the Investment Plan specifically describes the types of wetland restoration projects, including Delta wetlands, that will be funded by expenditures under this program. Therefore, the expenditures covered by this record are consistent with the Investment Plan and align with the priorities expressed in the Plan.▪ The First Update to the Climate Change Scoping Plan, released in May 2014, identified key strategies and recommendations to continue reducing GHG emissions and achieve the goals and purposes of AB 32. The recommended actions for the natural resources sector include wetland restoration and research related to measuring carbon sequestration potential. |
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(3) A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

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| <p>□ Expected time frame when reductions will be achieved and how expenditure will maintain GHG reductions</p> | <ul style="list-style-type: none">▪ The goal of this grant program is to fund wetland restoration or enhancement projects for the purpose of achieving net GHG reductions.▪ In order to be deemed complete and eligible for consideration of funding, project proposals are required to include a clear description of the predicted net GHG emission reductions that will be achieved through project implementation.▪ Carbon sequestration and net GHG reductions are expected to begin within one to three years of successful project implementation. It is anticipated that the emission reductions will be maintained for at least 25-50 years, assuming the absence of events that lead to unintended reversals.▪ The reductions will be quantified through monitoring and research activities. Monitoring may help to ensure long-term reductions, if it leads to identification of reversal risks and subsequent implementation of actions to address those risks.▪ Project proponents are expected to implement best management practices. These may vary depending on type of restoration action, landscape characteristics, and planned use of the area, and will play an important role in ensuring long-term sustainability of the restored sites. |
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(4) A description of how the state agency considered the applicability and feasibility of other nongreenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

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| <p><input type="checkbox"/> Expected co-benefits, particularly environmental, economic, public health and safety</p> | <ul style="list-style-type: none">▪ Wetland restoration projects provide the co-benefits of protecting and improving water quality through filtration and pollution reduction; enhanced water storage through the replenishment of groundwater aquifers; and enhanced biodiversity by providing essential habitat for many species of fish and wildlife, some of which are endangered or threatened. These wetland values have been recognized through federal and state laws to reduce further losses, including protection against floods and sea level rise.▪ This restoration will also achieve important objectives tied to protection and enhancement of anadromous fisheries (species that migrate from the ocean to spawn in freshwater) and improve habitat connectivity and migration for salmon and steelhead, as well as wetland and estuary-dependent wildlife.▪ Wetland restoration projects also provide positive economic impacts from increased opportunities for recreation, including hunting and fishing.▪ Improved water quality.▪ Projects that provide recreational access to clean and safe public places can improve cardio health.▪ Creates and enhances opportunities for subsistence or commercial fishing and/or hunting. |
| <p><input type="checkbox"/> Disadvantaged community benefits, if applicable, as defined in ARB guidelines</p> | <ul style="list-style-type: none">▪ Contracts and grants for restoration projects may create jobs for local residents.▪ Reduced flood risk to adjacent communities. |
| <p><input type="checkbox"/> Percentage of total funding that will be expended for projects that benefit disadvantaged communities, per ARB guidelines</p> | <ul style="list-style-type: none">▪ Consideration of projects that benefit disadvantaged communities will be a component of the competitive selection process. Projects will be evaluated in accordance with ARB's interim guidance for potential benefits to disadvantaged communities. |
| <p><input type="checkbox"/> How the project will support other AB 32 objectives</p> | <ul style="list-style-type: none">▪ These projects will support the goals of AB 32 by providing additional environmental and economic co-benefits for California. The projects will be consistent with the 2013 |

(see below)

California Water Action Plan, which includes restoring important wildlife habitat and species while helping the state's water systems and environment become more resilient. Furthermore, highlighting the connection between climate, water, and ecosystem benefits to wildlife and humans, restoring and creating wetlands to guard against flood risks and to enhance water supplies and quality are also identified as needed actions in the *Safeguarding California: Reducing Climate Risk update to the 2009 California Climate Adaptation Strategy*.

- This program will stimulate job creation through contracts and grants related to delta and coastal wetland habitat restoration projects.
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(5) A description of how the state agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 35800) of the Health and Safety Code.

Approach that will be used to document net GHG reductions before and after project completion. Include citations for references that support methodology.

- Project proponents will calculate the net GHG reductions from wetland projects using a methodology approved by the Air Resources Board (ARB).
 - A methodology is currently in development for California deltaic and coastal wetland restoration, and will be part of the American Carbon Registry and provides a potential approach. (<http://americancarbonregistry.org/carbon-accounting/carbon-accounting>).
 - CDFW will coordinate with ARB to estimate net GHG reductions using standardized methodologies with ARB's concurrence. Calculations will be reviewed by agency staff and ARB for consistency with State GHG reduction efforts.
 - CDFW will work closely with ARB to refine GHG reduction methodologies and estimates for wetlands projects to ensure that only projects with net GHG reductions and/or sequestration are funded with GGRF monies.
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Type of information that will be collected to document project results, as described in ARB guidelines

- To determine the job creation benefits, CDFW will compile data, including: number of job-years provided, average wages and benefits, the number of people who completed job training or received industry-recognized certifications, and residence location of job/training recipients.
 - To determine GHG reductions, CDFW will collect data on project location, baseline GHG emissions and carbon conditions, restoration activities, GHG flux as a result of the project, expected project life, and other data as specified in ARB's guidelines.
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	<ul style="list-style-type: none">▪ CDFW will collect data on project success in achieving co-benefits, such as providing essential habitat for species of fish and wildlife; protecting and improving water quality through filtration and pollution reduction; and enhanced water storage through the replenishment of groundwater aquifers.
<input type="checkbox"/> How the agency will report on program status	<ul style="list-style-type: none">▪ The agency will provide regular updates on expenditures, project status, and benefits in reports prepared according to ARB guidelines. At a minimum, the reports will include expenditure amounts, current estimates of net GHG emission reductions or net carbon sequestration, and quantification of other applicable co-benefits.
