

# **California Department of Fish and Wildlife**

## **Summary of Stakeholder Input and Proposed Next Steps**

### **December 18, 2019**

#### **Introduction**

California is the nation's most populous state. California is also home to a greater diversity of species and ecosystems than anywhere else in the United States. It is a global biodiversity hotspot. Yet, the state's biodiversity is disappearing at one of the highest rates in the country. California is the international leader on climate change. We can also be the international leader on biodiversity, conservation, and natural resource climate resiliency.

One challenge is that the scale and pace of restoration is not meeting the increasing effects of climate change, wildfire, drought, flooding, escalating human-wildlife conflict, and ultimately species extinction. Permitting is contributing to this challenge. Restoration project permitting, including the permits issued by the California Department of Fish and Wildlife (Department or CDFW), exists in a regulatory framework that avoids and minimizes risk to species and habitat, but can result in piecemeal conservation. It is time to change the focus on risk avoidance to a focus on increasing restoration action at a larger scale and at a faster pace.

Over the course of 2018-19, many of you approached the Department separately or in small groups to discuss improvements to our processes. The Department wants to share with you our thinking on reforms to help make our work "better, stronger, and faster." We would like your feedback on improvements to our processes.

These CDFW improvements align with Natural Resources Agency Secretary Crowfoot and Governor Newsom's interest in increasing the pace and scale of restoration so that California leads the nation in efforts around climate change, resiliency, and biodiversity. These Department-centric improvements should be viewed as a first step – a momentum builder – that must fit within Secretary Crowfoot's larger initiative for truly "Cutting the Green Tape" in 2020. We hope today is a moment for sharing, for learning, for action, and for some celebration in effecting change.

#### **Overview of Discussions That Connect Us Today**

Many of you have shared your ideas with CDFW about how we can more effectively do our work. This portion of the document outlines those discussions.

First, the Department operates a suite of restoration grant programs – some old, some newer. These include both federally and state-funded programs that allocate up to \$65 million annually for multi-benefit watershed and habitat restoration and protection efforts statewide. See sidebar illustration Figure A for a summary of programs and project and investment totals.

The Department's long-running Fisheries Restoration Grant Program (FRGP) incorporates a statutorily created Peer Review Committee (PRC) to advise on priorities and granting

decisions. This group approached the Department and Director at the end of 2017 about process improvements. The Department broadened that group and spent much of 2018 in discussions to identify a suite of reforms to our granting processes. These participants defined themselves and the dialogue as the Restoration Leaders Committee (RLC).

In 2018, the Department engaged in a “Lean 6 Sigma” review on FRGP processes, including solicitation, proposals, review, and grant development. At that time, the entire process was taking an average of 480 days. Because of what we learned from the Lean 6 Sigma review, the CDFW team revised the process to reduce processing time from 480 days to 240.

**Figure A. CDFW Grant Programs**



Specifically, CDFW is implementing the following process improvements for FRGP.

- Solicitations will be released in March with the Director announcing awards in November within the same calendar year.
- The grant proposal process has been revised to initiate early coordination.
- The Proposal Solicitation Notice (PSN) has been better aligned with the federal funding source.
- Linear processes are now parallel to reduce wait times.
- The technical review process has been streamlined and the number of in-person meetings have been reduced.
- The time allotted for field visits has been cut to 45 days from 110 days.
- The new process allows inclusion of any input from the Peer Review Committee.
- Preparation of Mitigated Negative Declarations will occur in parallel to other processes.
- The time allotted for grant agreements at CDFW's Business Office has been cut in half, from 90 days to 45.

The Lean 6 Sigma on FRGP opened our eyes. From there, the RLC has identified many additional improvement options.

Second, over the course of 2018-19, some of the same organizations participating in the RLC began inquiring about moving the needle on restoration for species recovery at a regional level. The question that emerged was whether CDFW can re-organize itself in a multi-disciplinary manner to avoid separation between regional staff and program staff by creating “task forces” or “strike teams” to do more restoration. We think the answer to that question is a resounding yes.

Also, other organizations asked how the Department can improve environmental permitting. These conversations tended to occur within a singular focus such as those most interested in Regional Conservation Investment Strategies, those completing Safe Harbor Agreements, those finalizing Natural Community Conservation Plans, or those really focused on permitting mechanisms like Consistency Determinations by CDFW on federal biological opinions for restoration. These isolated discussions do not lend themselves to a broader more holistic dialogue and they inhibit the Department's ability to effectively communicate its serious interest in doing something more comprehensive.

For example, the 2018-19 Budget Act gave CDFW a unique budget augmentation of \$30M and 30 staff positions for three years. As some of you are aware, we transparently assigned positions for species trend monitoring and status reviews and dedicated one position to support existing landscape conservation planning efforts, one position to conduct fine-scale connectivity analyses for high priority regions, and one position to lead our biodiversity initiative.

That modest augmentation has produced good results in short order such as:

- Development of conservation strategies for Mojave ground squirrel, Sierra Nevada red fox, willow flycatcher, great gray owl, and Lahontan cutthroat trout;
- 10 additional species reviews of CESA-listed species;
- Execution of a new Natural Community Conservation Plan;
- A first-ever approved Regional Conservation Investment Strategy;
- An updated habitat connectivity database for transportation planning; and,
- 38 Habitat Restoration Enhancement Act (HREA) project approvals since July 2018.

We want to do more, which is a segue to another communication point.

Some of you may know that the budget augmentation came with a statutory assignment to complete a “service-based budget” review of CDFW's budget. That review is well underway. The Department hired Deloitte, which had conducted a similar State Parks' budget review. The Department convened an extensive External Advisory Committee, of which some of you are members. The Department has essentially completed the data analytics on service standards, cost estimates, staffing requirements, revenue structure, and other business tasks. This is a powerful and

unprecedented data set of activities CDFW performs to meet its mission. This data will inform future decisions on budget and operational changes.

Finally, AB 1282 and wildlife connectivity. AB 1282 (Mullin, 2017) established a Transportation Permitting Task Force, which is required to report recommendations to the Legislature. The goal of the effort is to develop processes for early engagement on transportation projects; establish reasonable deadlines for permit approvals; and, provide for greater certainty of permit approval requirements. CDFW is a charter member. The group has used tools like Lean 6 Sigma to review various aspects of processes. The AB 1282 experience has given CDFW ideas that are transferrable to our thinking about large wildlife connectivity partnerships with transportation as well as with you as restoration leaders.

Sometimes the same organization has been present in all these disparate discussions, sometimes not. Today's convening harnesses the power in us all sitting down together at the same time to find harmony, synergy, and understanding around the benefit in linking all this activity into something more holistic.

### **CDFW's Proposed Improvements, Commitments, and Concepts**

#### 1. Restoration Grants

The Department proposes the following improvements, commitments, and concepts related to our restoration granting efforts. CDFW will continue to implement efficiencies in our granting programs that we learned from the FRGP Lean 6 Sigma results, which reduced grant processing time in half. Efficiencies and improvements in FRGP-processing will be carried over to the granting programs of Proposition 1, Proposition 68, and Greenhouse Gas Reduction funding, including changes to the way the Department internally communicates to develop and execute grants. Each year CDFW will pick a discrete topic for Lean 6 Sigma or similar process review. In 2020, CDFW will review the FRGP permitting process to identify efficiencies. Future reviews will include topics such as grant agreement template development, data management, and the proposal scoring and review process.

CDFW will also evaluate internal administrative oversight processes to implement changes that better align with the budget flexibility, amendment processes, and engineering requirements of real-world restoration project management. CDFW will continue to work with the RLC to evaluate our restoration grant program efforts and expand the committee to include a larger, more diverse representation of restoration leaders from around the state.

In late 2018, the RLC proposed 18 changes on how we do business. Figure B outlines the Department's commitment to these changes.

<b>Figure B. Proposed RLC Recommendations and CDFW Commitment</b>	
<b>Recommendation</b>	<b>Commitment</b>
1) Continue the RLC, including participation from CDFW Program Managers.	Yes. Agree. Set a schedule.
2) ...articulate measurable and science-based Program Goals; communicate Program Goals widely....	Yes. Watershed Restoration Grants Branch will continue to work with stakeholders and regions to refine priorities and goals for grant programs.
3) ...should not only fund project performance monitoring, but also articulate how the grant-funded projects are accomplishing Program Goals, and assess species trends, fund monitoring, etc.	Agree with spirit. Recommend topic for more RLC discussion.
4) Continue to fund regional restoration planning or conceptual restoration planning in priority conservation regions as eligible grant...	Yes. Added new language to current Prop 1/68 PSN.
5) Approve limited budget and scope changes without a formal amendment	CDFW currently working to revise guidance on minor budget changes and formal amendments.
6) Publish transparent rules setting forth what does and does not require a grant amendment.	Yes. CDFW will post guidance on amendments and policies by Spring 2020.
7) Utilize federally negotiated indirect cost recovery agreements (NICRA) for determining indirect costs.	Yes. New Indirect Policy for Prop 1/68 announced October 2019.
8) Accept and review concept proposals (pre-proposals) on a quarterly cycle to increase alignment between CDFW priorities and grant submissions.	Concept phase rolled into GHG Program as pilot in 2019 Wetlands solicitation.
9) Simplify the full proposal application using a format like the State Coastal Conservancy or others....	Have begun discussions with sister agencies for information gathering.
10) Increase public outreach and notification to target local-scale applicants prior to release of Proposal Solicitation Notices.	Yes. Improved communication methods. Also agree to hold at least one workshop annually focused on specific priority/ecosystem/geography.
11) Rank all proposals using a transparent scoring system and publish score for all proposals when grant decisions are announced.	Yes. CDFW implementing transparent scoring system. Reviews shared with applicants on request and accessing feasibility for publishing all scores.
12) Facilitate CEQA compliance for CDFW-funded projects to the maximum extent legally and financially possible.	Yes, but. CDFW will propose a pilot to create programmatic CEQA coverage for aspects of Proposition 1/68 funding.

13) Update the FRGP manual to reflect current, state-of-the-art restoration methods, and identify other habitat, watershed and design references to support projects.	Yes. Recently, published list of 12 Alternative Manuals for use with grant programs.
14) Improve the integration of the Proposition 1 funding for salmonid projects with the FRGP program.	Synergy is endorsed. Coordination can be increased. Operating two funding paths allows FRGP and Prop 1 to maintain their respective programmatic intents.
15) Determine when and to what extent it is appropriate for CDFW engineers to dictate project design relative to grantee-hired engineers and landowners/managers.	Yes. Outlined in Prop 1/68 PSN. CDFW will continue to develop and publicly share guidance on roles and responsibilities of engineering elements within each grant program.
16) Develop guidelines defining appropriate reviewers, roles of reviewers and review processes for proposal and design phase review. Specifically, develop guidelines for engineer involvement in proposal review and project design review.	See above.
17) Explicitly define when and to what extent an engineer is required to develop project designs, recognizing the successful track record and cost-effectiveness of certain non-engineered project types for habitat restoration.	Yes. Continuing to develop and outline in Prop 1/68 PSN for new grant programs.
18) Recognize the benefits of the design-build approach for restoration projects; and consider this approach viable under its grant programs.	Needs further RLC discussion.

## 2. Increased Restoration and Testing an Idea

The Department proposes the following improvements, commitments, and concepts related to leveraging granting efforts with regional partnerships to increase restoration. Thousands of critical watershed restoration needs exist throughout California with a potential price tag in the billions of dollars. The current model at the Department of simultaneously funding geographically disparate projects across the state often leaves individual proponents on their own to recreate the permitting and restoration infrastructure wheel. Focusing select annual granting efforts on a watershed scale and within a specific region could allow CDFW to leverage resources to deliver a suite of projects moving shoulder to shoulder to provide a greater ecological benefit. CDFW can utilize partnerships with you to develop a sequential and logical approach to mapping the funding priorities statewide over the next several years. This includes partnering with other agencies and funding institutions to target large-scale restoration projects.

In addition to projects mentioned above, as part of the approved FY 18/19 budget, the Department received funding to implement measures that address salmon

conservation and population declines. The Department is currently in year two of an assessment to improve key Department programs and activities contributing to the recovery of Coho Salmon and fisheries along the North Coast. These findings are helping drive our energy to increase restoration, and as the monitoring and evaluations continue, will help to validate the efficacy and prioritize the implementation of future recovery actions.

Thanks to discussions with some of the conservation organizations participating today, we propose to test partnerships with the restoration community in Humboldt, Mendocino, Del Norte, Sonoma, and Marin counties to see if we can fundamentally change how the Department implements grants, permits restoration activities, and monitors progress. To be clear, this test is not at the expense of funding and restoration work elsewhere. Rather, we want to explore the risks and the rewards of organizing an initiative in one specific region that covers the full lifecycle of restoration from funding through ground-breaking. If it works, then we could apply the idea elsewhere.

Much effort and funding has been spent to restore habitat for salmon and steelhead in coastal watersheds from San Diego to Del Norte counties. In the last 20 years, a considerable portion of grant funds have been spent to restore and protect our North Coast watersheds. North Coast watersheds are significant and unique, because they (1) have the most listed anadromous species in the state, (2) have the only watersheds where steelhead and both species of salmon occur, and (3) currently provide the most salmon and steelhead fishing opportunities.

However, little focus has been given to concentrating funds and effort to accelerate restoration activities for demonstrating appreciable improvements in specific areas. Similarly, CDFW can modernize our own organizational structure to form teams assigned to targeted areas to shepherd restoration from conception to completion. We are planning a focused Proposition 1 grant cycle to provide up to \$24M for habitat restoration projects targeting specific watersheds, including the Lagunitas, Russian, Mendocino (Coast), and South Fork Eel. These four areas have important similarities—they are essential to recovery of several listed stocks of salmon and steelhead; they have considerable habitat restoration and enhancement potential; and, they have well-organized, dedicated restoration partners.

This is a test. But it can also be a complement to the statewide, multi-priorities approach of Prop 1 and other restoration grant programs in CDFW. While still being finalized, focused funding would be prioritized for projects that support: (1) priorities identified through the Salmon Habitat Restoration Priorities (SHaRP) and Priority Action Coho Team (PACT), (2) fish and wildlife connectivity, (3) target species in Areas of Conservation Emphasis (ACE) or the State Wildlife Action Plan (SWAP), and (4) a yet-to-be-determined suite of restoration projects that do not need engineering review. Focus on these watersheds will also synchronize nicely with the current efforts of the Salmon Monitoring Program. As initial efforts get underway, the Department will work with an advisory committee made up of RLC members to conduct workshops that develop recommendations for priority efforts during subsequent funding years.

### 3. Streamlining Our Own House

The Department proposes the following improvements, commitments, and concepts related to our own permitting. This category requires special attention. For many years, many of you have approached the Department with proposed changes to our planning efforts and our own permitting processes for restoration. Legislation has added to our tools in the last several years with new laws, such as the Coho HELP Act (A.B. 1961, which sunset in 2017), the Habitat Restoration Enhancement Act (A.B. 2193), and the Regional Conservation Investment Strategy program (A.B. 2087).

This section of the CDFW presentation paper draws careful lines. Some permitting efficiency ideas that are specific to CDFW have been under discussion for a year or more with some representatives participating today. In some cases, CDFW has already begun to implement changes. In other cases, CDFW has collaboratively worked with partners on concepts and shared goals with to pursue additional improvements. For those items still “under development,” additional permitting improvement discussions can be placed into the broader “Cutting Green Tape” initiative that Secretary Crowfoot is leading. This careful attention to implementing the CDFW-centric changes that are already underway while placing further developments into the bigger initiative will minimize confusion and eliminate the potential for duplicative conversations in early 2020.

A good example of a shared goal that requires further discussion is this one. For close to 20 years, CDFW's FRGP has institutionalized a programmatic approach to CEQA, based upon the program's singular focus on salmon recovery in coastal watersheds throughout California. Somehow and someday this programmatic environmental permitting model can be applied to other department grant programs to provide:

1. Improved permitting efficiencies for multiple restoration projects performing similar types of restoration;
2. Projects more in line with Department vision/mission;
3. A concerted focus on critical watersheds identified by CDFW and stakeholders; and,
4. Efficiencies to cost and timeframe of projects, both in terms of clearer guidance for developing proposals that better align with program objectives, and projects leveraging a consolidated permitting effort.

CDFW wishes to replicate a similar CEQA coverage strategy for projects funded under other grant programs. We need to foster a collaborative dialogue with you to best shape this commitment. Ideas could include how to conceptualize restoration within different aspects of the California Endangered Species Act, including the nexus between restoration and management approvals. Other ideas include working with you to understand the restoration link to existing CEQA exemptions for small restoration projects and actions by regulatory agencies to protect natural resources.

CDFW will also create permitting strike teams that focus solely on restoration activities. These teams will work to support restoration leaders in their project development by providing early project consultation, holding permitting workshops, and incorporating



the use of existing programmatic permitting options. The Department wants to increase, not decrease, the use of these types of options. Examples include programmatic CEQA, general agreements for specific restoration actions, the Habitat Restoration Enhancement Act (HREA), Safe Harbor Agreements (SHA), Voluntary Local Program, Regional Conservation Investment Strategies (RCIS) Program, Natural Community Conservation Planning (NCCP) Program, and Conservation and Mitigation Banking Program. On other big-ticket concepts the Department, working with Sustainable Conservation, has agreed to approach federal biological opinions for restoration with a creative solution involving Fish and Game Code 2081 (a) and regional memorandums.

We envision a process with the restoration community that charts out something like an annual work plan for interfacing with a permitting strike team to complete restoration. It is feasible to forecast on an annual basis the quantity of projects that might be processed through general agreements, HREA, and SHA. The partnership would then oversee making it happen. CDFW is close to launching a hiring effort to create a senior staff person to be responsible for oversight of restoration permitting.

Similarly, the Department proposes a partnership in 2020 with RCIS proponents and interested parties. Recently, almost 100 RCIS practitioners met at a symposium hosted by The Nature Conservancy to review and plan for more RCIS success. CDFW just approved the very first RCIS, the Santa Clara Regional Conservation Investment Strategy. Up to four more RCIS are poised for possible approval by the summer of 2020 – Yolo, East Bay, Mid-Sacramento Valley, and Antelope Valley. Another batch of up to three more strategies are being drafted in Monterey, San Bernardino, and Santa Cruz. The Department-stakeholder partnership on RCIS in 2020 will also involve the use of a pilot period in 2020 to develop mitigation credit agreements (MCA), which can then be used to revise and complete the program's MCA guidelines and template. Finally, CDFW is involved in the preparation of nine NCCPs with a goal of completing these nine in the next 2-3 years.

Collectively, the Department proposes some form of "tracking" system that allows us to work with you over 2-3 years using these concepts, monitoring the data, and quantifying how this broader more holistic partnership with you all equates to increasing the scale and pace of restoration.