

**Project Selection Process
for Implementation of the Long-Term
Ecosystem Restoration Plan
Draft - 8/4/99**

Introduction

The Restoration Coordination Program began its transition to long-term implementation in 1999. The transition from early ecosystem restoration to long-term implementation involves moving from a very broad solicitation and implementation of ecosystem projects, characteristic of the 1997 and 1998 solicitations, to an increasingly focused implementation plan moving toward implementation of the long-term Ecosystem Restoration Program (ERP). The Ecosystem Restoration Plan provides the framework for implementing ecosystem restoration projects.

In 1999, the public solicitation for ecosystem restoration projects included increased specificity in the form of focused actions, most of which were contained in the ERP Stage 1 Actions. Future solicitations for projects are expected to be increasingly focused, with every project approved making measurable progress toward implementation of the long-term plan. The key to development of a systematic and logical approach to implementation of the long-term plan depends on the refinement and development of annual priorities that are consistent with the implementation of Stage 1 and the long-term plan.

Proposed Revised Project Selection Process

The proposed revision to the project selection process is primarily driven by the need to transition from broad ecosystem restoration activities characteristic of the early ecosystem restoration program to very focused ecosystem restoration activities which are included in the long-term Ecosystem Restoration Plan. In developing a revised process it became apparent that for administrative success the process needed to be both predictable and timely. The process as it is proposed is an annual cycle based on the federal fiscal year. The process also needs to have clear annual priorities, and be able to show the linkage that ties individual projects to the ERP and overall CALFED plan.

In addition to transitioning from early ecosystem restoration to the implementation of the long-term plan, many individuals and stakeholders raised concerns about the process that has been used in the past to select ecosystem restoration projects. The concerns and issues raised by the public and stakeholders will be incorporated in the review and modification of the project selection process. The revised project selection process is intended to address and incorporate the following issues and concerns raised by stakeholders and the public:

"The process should be 'transparent'." The CALFED ecosystem restoration project selection process is complex. There have been substantial questions and concerns raised regarding the process. Generally individuals want a better understanding of who makes decisions, how the decisions are made, and what the decisions are based upon. In reviewing and modifying the project selection process a clearer definition of process and the respective roles of each step will be made. Linkages will be explained among the overall program, the long-term ecosystem restoration plan and the project selection process.

"Project selection should be conducted in a public forum." Many individuals believe that decision making for ecosystem restoration projects needs to be conducted in a public forum, and that even preliminary recommendations such as those which came from the Integration Panel need to be made in public. In reviewing and modifying the project selection process several actions are being considered to address this concern. CALFED is proposing that for each funding cycle, the initial funding recommendation be formulated in the public forum of the Ecosystem Roundtable. Project review that occurs prior to the Ecosystem Roundtable meeting will result in written information on a project by project basis. Scientific review of ecosystem projects will be conducted more like a scientific peer review rather than the Technical Review Panel and Integration Panel process which resulted in scoring of projects and a funding recommendation. Science panel and staff reviews will advance with the proposal to the Ecosystem Roundtable, and will form the basis for recommending a preliminary funding package.

"Local governments, adjacent property owners and other interested parties should be given the opportunity to be engaged early in the process." Many individuals have been critical of the compressed time line for project selection. Revisions to the process include establishing an annual funding cycle to correspond to the federal fiscal year, with decisions on project selection being made concurrent with the beginning of the fiscal year. This will allow a more systematic approach to project selection. The public, local governments and stakeholders will be engaged in the process at the onset, including opportunities to contribute to the annual priorities and work plans which define the type of projects that will be selected, and opportunities to consider and provide comments on projects which are being considered for funding.

The proposed revised project selection process consists of three primary components: definition of priorities, solicitation of proposed projects and selection of projects.

Definition of Priorities. The definition of clear annual priorities is the foundation and first step in the annual ecosystem restoration implementation process. According to the proposed implementation process, annual priorities are developed in the first quarter of the year prior to the year being funded. For example, FY 2001 priorities will be developed in the first quarter of FY 2000. Annual priorities are based on the goals and programmatic actions contained within the ERP combined with public, agency, and stakeholder input, policy decisions and the CALFED solution principles. Annual priorities must be sufficiently detailed to form the basis for project selection. As we move into implementation of the long-term plan, every project approved should make

measurable progress toward its implementation. These implementation actions are described in ERP Stage 1 Actions and Stage 1A Bundles. Stage 1A Bundles geographically represent implementation actions for not only the ERP but other CALFED programs (e.g. Water Quality and Watershed Management). The public will be provided with the opportunity to provide input on the annual priorities each year during their development.

Solicit Proposals. An annual solicitation process focused on annual and long-term priorities will be held in the second quarter of each fiscal year. Broad notification would be made and a closing date identified. A public pre-submittal workshop will be held to discuss the annual priorities and the process for project selection.

Proposals can be submitted outside the solicitation period. These proposals would be held, processed and considered as part of the following solicitation period. A standard proposal submittal package would be made available. This package would identify minimum requirements for proposal submittal and the process for project selection. New annual priorities would be made available at the beginning of each second quarter to guide potential applicants in the type of projects being sought.

Select Projects. An annual solicitation process focused on annual and long-term priorities will be held for the purpose of identifying potential ecosystem restoration projects. Once proposals are received, they will be given an administrative review to determine that they are complete and responsive to the solicitation. Proposals which do not meet specified minimum requirements will be returned at this step and not considered for funding.

Proposals will next be subjected to a concurrent review by an independent science panel and CALFED staff. A large pool of independent scientists and technical experts who have appropriate expertise will be developed to provide independent peer review of the proposals. Each proposal will be evaluated by 3-5 scientists or technical experts. It is anticipated that non-agency scientists will be paid for this activity. Proposals will be evaluated on their individual merit when compared to evaluation criteria and annual priorities as opposed to being compared against one another.

CALFED staff will review the proposals and provide information as to the proposal's potential ability to meet ERP short and long-term objectives, and review the administrative and non scientific proposal components. Both the scientific and staff review will result in narrative information as to the merit of the proposed project. This information would be advanced with the proposal to the Ecosystem Roundtable for consideration of funding.

Potential projects may also be identified as directed programs by the CALFED Ecosystem Roundtable or Policy Group, or by providing funding to a next phase of an already funded project. Decisions regarding the preliminary funding package would be made by the Ecosystem Roundtable in a public forum. The Ecosystem Roundtable's role is to consider the staff and scientific information and provide policy input into the

selection process. The Ecosystem Roundtable will consider and compare all potential projects and their relative ability to meet the annual priorities. As has been done in the past, the Roundtable recommendation will be forwarded to the Bay-Delta Advisory Council and Policy Group. Policy Group will make the final recommendation to the Secretary for Resources and Secretary of Interior for approval.

FY 2000 Priorities and Project Selection

The first step toward project selection for FY 2000 involves development of priorities. The priorities should identify desired outcomes through project actions in the first year of Stage 1 implementation. Draft FY 2000 priorities will be presented to the Ecosystem Roundtable and the public to seek input on ERP priorities for the coming year. A public workshop will be held on August 31, 1999 to discuss the priorities outlined. Upon completion of the FY 2000 priorities, projects can then be identified which meet those priorities. Projects for FY 2000 are expected to be selected primarily from proposals remaining from the 1999 solicitation. FY 2000 priorities may also be met by developing new directed programs or identifying subsequent funding needs for previously approved projects.

It is anticipated that CALFED may receive \$30 to \$45 million for ecosystem restoration projects for FY 2000. It is expected that recommendations for the FY 2000 ecosystem restoration projects will be made, in part, by October of this year in time for FY 2000 funds.

salmon including spring-run and winter-run chinook. The bypass appears to be particularly valuable habitat for the Sacramento splittail. It is hypothesized that the seasonal nature of the habitat serves the needs of native species and can provide a competitive advantage over non-native introduced species.

The bypass also appears to be an important link in the estuarine food chain. During periods of high flows, the bypass is a primary pathway for organic carbon to the estuary, a pathway that does not affect drinking water supplies.

The goal of the project is to complete an analysis of alternative ways to increase the frequency and duration of Yolo Bypass flooding while maintaining agricultural production and without encroaching on flood capacity. The approach is to design and implement a series of adaptive experiments to expand or enhance seasonal shallow-water habitats in the Yolo Bypass and near Delta floodplain. Habitat creation in the Yolo Bypass presents one of the best opportunities for ecosystem restoration because large areas of habitat can potentially be created at relatively small cost while retaining the flood management functions of the bypass.

CALFED will evaluate proposed projects based on their ability to:

- Maintain the flood flow capacity of the bypass
- Establish local government, agricultural, stakeholder, and agency support
- Link with previously conducted efforts or is a continuation of a successfully implemented project
- Provide an opportunity to develop the project as an adaptive experiment including conceptual models, testable hypotheses, and comprehensive monitoring
- Contribute to resolution of some of the ecological uncertainties related to the ecological value of season shallow-water habitat.

Cache Creek Mercury Source Control. Mercury-bearing ores are found throughout the upper Cache Creek watershed. These ore deposits are associated with geothermal springs and historic mines, both of which provide pathways for mercury to enter Cache Creek. Organic forms of mercury (including methylmercury) can be easily taken up into the food chain by aquatic insects. Mercury is monitored in the basin by Yolo County, Regional Water Quality Control Board, U.S. Geological Survey, and the U.S. Fish and Wildlife Service.

Monitoring in 1997 indicated that highly elevated mercury levels were present in several sub-drainages between Clear Lake and Rumsey. For example, Harley Gulch, Davis Creek and Bear Creek exhibited high mercury levels, presumably from known mercury mine sites or a stream draining a mercury mining zone.

The approach is to collaborate with ongoing investigations and the County of Yolo to identify known mercury contamination sources that could be subject to remediation through adaptive intervention. This effort would be consistent with the Cache Creek Resources Management Plan and the Cache Creek Improvement Program.

CALFED will evaluate proposed projects based on their ability to:

- Establish local government, stakeholder, and public support
- Link with previously conducted efforts or is a continuation of a successfully implemented project
- Provide opportunities to develop projects as an adaptive experiments including conceptual models, testable hypotheses, and comprehensive monitoring
- Contribute to resolution of some of the ecological uncertainties related to mercury in the aquatic environment.

Implement Actions within the Integrated Water Management Bundle

The Ecosystem Restoration Program emphasis is on:

- Initiating an Ecosystem Science Program
- Supplementing existing monitoring, assessment, and research programs
- Develop a long-term plan for in-stream flows
- Environmental water purchases
- Watershed Management.

Projected costs to implement the proposed ecosystem restoration projects in the Integrated Water Management Bundle are \$83 million in 2000 and \$90.5 million in 2001.

Ecosystem Science Program. Design and implementation of the Ecosystem Science Program is a very important component of the overall Ecosystem Restoration Program. The science program is needed to support the adaptive management component of the ERP. The science program will include an expert science panel, scientific workshops, direction for focused research efforts, data assessment, and a means by which to inject current scientific finding into the management process.

CALFED will evaluate proposed projects based on their ability to:

- Coordinate with the Comprehensive Monitoring, Assessment, and Research Program
- Establish support of the scientific community, stakeholders, and participating agencies
- Design and implement scientific workshops and seminars.

Supplement Existing Monitoring Programs. The Ecosystem Restoration Program will be implemented using adaptive management. Each action will be evaluated individually and as part of an integrated whole. Effective monitoring is a major component of a science-based adaptive management program.

Substantial monitoring is presently funded in the Bay-Delta system. Resource agencies and permit holders fund approximately \$22 million each year. CALFED supports the development of a comprehensive monitoring program. The program is not yet finalized, but reasonable estimates of cost are about \$30 million a year for the ecosystem monitoring component.

CALFED will evaluate proposed projects based on their ability to:

- Integrate with the proposed Comprehensive Monitoring, Assessment, and Research Program
- Provide an mechanism to evaluate projects as adaptive experiments including conceptual models, testable hypotheses, and comprehensive monitoring
- Contribute to resolution of some of the ecological uncertainties related to the Bay-Delta ecosystem.

Develop a Long-term Plan for In-stream Flows. The allocation of water for in-stream flow is one of the most contentious actions proposed by the Ecosystem Restoration Program. Because the plan calls for obtaining water from willing sellers and new supplies, it will be costly. At present, there is inadequate scientific consensus as to how in-stream flow needs for a broad range of ecological processes and functions should be determined. Hydrologic models are not available and comprehensive strategies cannot yet be developed.

The approach is to formulate a science-based method to determine in-stream flow needs for ecological processes, habitats, and species and to develop the modeling tools necessary to support a comprehensive ecological water management strategy. The management strategy will be firmly rooted in adaptive management. Water acquisition is described in the Environmental Water Purchase section.

CALFED will evaluate proposed projects on the ability to:

- Provide an opportunity to develop projects as adaptive experiments including conceptual models, testable hypotheses, and comprehensive monitoring
- Contribute to resolution of some of the ecological uncertainties related to instream flows and the requirements of ecological processes, habitats, and species.

Environmental Water Purchases. The volume and timing of streamflows in the Central Valley have been substantially altered. Wetted habitat area has been reduced and environmental cues and migration flows have diminished. Flow fluctuations due to dam and power operations strand and kill young fish. Reduced flows often result in elevated water temperatures. The Ecosystem Restoration Program has identified the need to augment flows on streams tributary to the Delta by about 400,000 acre-feet annually.

The approach is to acquire water for flow augmentation on a willing seller basis. The approach include the acquisition of water rights, developing surface and groundwater storage, developing conjunctive use of groundwater, funding water conservation and purchasing water on the spot market or purchasing options. Each of these tools or opportunities will be required to reach the long-term objective of streamflow augmentation.

CALFED will evaluate proposed projects based on their ability to:

- Establish support of local governments
- Provide long-term water supplies to augment existing flows
- Provide water at ecologically important times
- Provide an opportunity to exchange water to improve ecological conditions or flows
- Provide an opportunity to develop projects as adaptive experiments including conceptual models, testable hypotheses, and comprehensive monitoring.

Watershed Management. Watershed management actions can shift the timing of flows, increase base flows, and reduce peak flows. Healthy watersheds are a key to providing the flows and the types of habitats required by aquatic and terrestrial species. Integrating watershed management and restoration actions into the overall approach to improve ecosystem health is a key element to the success of the program.

CALFED will evaluate proposed projects based on their ability to:

- Improve coordination and assistance including a broad array of collaborators comprised of landowners, local groups, and all levels of government
- Develop monitoring protocols and apply adaptive management processes including a comprehensive element that will be compatible with the IEP monitoring effort in the Delta
- Improve and expand watershed education and public outreach including training to stewardship groups regarding watershed evaluation and monitoring, and implementation techniques
- Improve watershed stewardship by establishing demonstration sited for floodplain wetland restoration, and riparian corridor redevelopment including exotic species removal
- Link with previously conducted efforts or is a continuation of successfully implemented watershed projects
- Contribute to resolution of some of the ecological uncertainties related to restoring watershed health.

Provide subsequent phase funding for ecosystem restoration projects that have received previous funding.

CALFED has previously funded many ecosystem restoration projects were funded in phases. Many of these projects are ongoing or nearing completion. The strategy is to fully review the results of the earlier phases of multi-part projects to assess their technical or scientific merits, determine if project implementation is consistent with annual priorities and implementation of the long-term plan, and provide next phase or development funding if appropriate.

Projected costs to implement future phases for projects that submitted proposals in the 1999 proposal solicitation is \$56 million.

Agricultural issues.

Productive agricultural lands and practices have a tremendous influence on natural habitats in the Bay-Delta watershed. Protecting and enhancing agricultural lands for wildlife purposes is an important part of the CALFED Program. The continuation of agricultural practices on restoration lands such as preserves or wildlife refuges protects these areas from urban development, maintains agricultural use and infrastructure and provides wildlife benefits. Over two-thirds of agricultural land affected by the CALFED Restoration Coordination Program to date have been maintained to some degree in agricultural use, either framed or grazed.

Agricultural issues which would benefit from additional information include projects which answer remaining questions regarding conversion of agricultural lands for ecosystem restoration, identification of potential third party impacts, and identification of additional opportunities to protect agricultural land use and promote environmentally friendly farming practices.