

Report to the Director of the California Department of Fish and Wildlife Final Recommendations for Improving the CDFW's Granting Programs January 3, 2019

Background

In January of 2018, the Director of the Department of Fish and Wildlife (CDFW) convened a group of CDFW staff and habitat restoration leaders to solicit input on CDFW's grant program. Director Bonham requested that the restoration leaders work with CDFW Grant Program staff to develop recommendations for improving the efficiency and effectiveness of CDFW's granting program. During the spring of 2018, CDFW conducted a survey of the restoration leaders to obtain input on the types of issues that should be addressed to improve CDFW's grant program.

Director Bonham reconvened the group on May 31, 2018, and the group agreed to organize an ad hoc committee to respond to the Director's request. To efficiently respond to Director Bonham's request and address the issues identified in the survey referenced above, the restoration leaders divided into three subcommittees: 1) Grant program priority setting; 2) Grant administration, process, and policy; and 3) Permitting, CEQA compliance, and engineering review.

The subcommittees met throughout the summer of 2018 to draft recommendations, and the leaders of the various subcommittees worked together to integrate these recommendations into eighteen recommendations described on the following pages. The first recommendation is to continue the ad hoc Committee during 2019 to refine and build upon these recommendations and provide guidance for implementing any grant improvement program decisions made by the Director.

The habitat restoration leaders that participated in the Ad Hoc Committee and its three subcommittees included.

John Cain, American Rivers
Matt Clifford, Trout Unlimited
John Carlon, River Partners
Julie Fair, American Rivers
Darren Mierau, California Trout
Jayme Ohlaver, California Trout
Freddy Otte, City of San Luis Obispo
Julie Rentner, River Partners
Monty Schmitt, The Nature Conservancy
Steph Wald, CreekLands formerly Central Coast Salmon Enhancement

General Recommendation

1. **Continue the Ad Hoc Committee, including participation from CDFW Program Managers through June 30, 2019, to provide guidance on how to implement the near-term recommendations below and to further develop draft recommendations for implementing some the longer-term ideas described herein.**

Grant Program Priority Setting Recommendations

2. **Each CDFW Grant Program should articulate measurable and science-based Program Goals and Priority Actions; communicate Program Goals and Priority Actions widely amongst external agency partners, NGO restoration partners, and science partners; and revise Program Goals and Priority Actions using a transparent and collaborative process over time.**
3. **Each CDFW Grant Program should not only fund project performance monitoring, but also articulate how the grant-funded projects are accomplishing Program Goals. To do this, CDFW must:**
 - a) **commit to assessing the status and trends of listed wildlife populations across the state and share these data proactively with external agency partners, NGO restoration partners and science partners;**
 - b) **create an adequate and consistent funding base to staff science-based monitoring programs in priority watersheds throughout the state;**
 - c) **develop a science-based plan for assessing the success of the millions of dollars of restoration grant funds being invested in recovery; and**
 - d) **monitor grant programs related to strategic implementation priorities identified by region or by species.**
4. **Continue to fund regional restoration planning or conceptual restoration planning in priority conservation regions an eligible grant expenditure.**

Grant Administration, Process, and Policy Recommendations

5. **Delegate additional authority to CDFW grant management to approve limited budget and scope changes without a formal amendment (see detailed recommendations).**
6. **Publish transparent rules setting forth what does and does not require a grant amendment.**
7. **Utilize federal accounting rules and federally negotiated indirect cost recovery agreements (NICRA) for determining which indirect costs are reimbursable.**
8. **Accept and review concept proposals (pre-proposals) on a quarterly cycle to increase alignment between CDFW priorities and grant submissions.**
9. **Simplify the full proposal application using a format similar to the State Coastal Conservancy or the National Fish and Wildlife Foundation application and use it for all grant programs.**
10. **Increase public outreach and notification to target local scale applicants prior to release of PSNs**
11. **Rank all proposals using a transparent scoring system and publish score for all proposals when grant decisions are announced.**

Permitting, CEQA Compliance, and Engineering Review Recommendations

- 12. Facilitate CEQA compliance for CDFW-funded projects to the maximum extent legally and financially possible.**
- 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.**
- 14. Improve the integration of the Prop 1 funding for salmonid projects with the FRGP program.**
- 15. Determine when and to what extent it is appropriate for CDFW engineers to dictate project design relative to grantee-hired engineers and land owners/managers.**
- 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.**
- 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.**
- 18. Recognize the benefits of the design-build approach for restoration projects and consider this approach viable under its grant programs.**

Detailed Recommendations and Rationale

- 1. Continue the Ad Hoc Committee, including participation from CDFW Program Managers through June 30, 2019, to provide guidance on how to implement the near-term recommendations below and to further develop draft recommendations for implementing some the longer-term ideas described herein.**

Rationale: The Ad Hoc Committee has been an excellent opportunity for CDFW staff to work together with the grantee community to identify opportunities to improve CDFW grant programs. Although this three-month collaboration has already developed several actionable recommendations described below, the effort has only scratched the surface. More work is discussion is necessary to both implement these actionable recommendations and develop additional recommendations necessary to improve CDFW's grant programs. Ad Hoc members have identified several promising innovations that need more discussion and analysis before they can be crafted into actionable recommendations. Some of these innovations would be most efficiently implemented as part of a more comprehensive program that integrates several recommendations. The Ad Hoc Committee needs more time to develop additional recommendations necessary to significantly improve DFW's grants program.

Grant Program Priority Setting

- 2. Each CDFW Grant Program should articulate measurable and science-based Program Goals and specific conservation Priority Actions for each CDFW region; communicate Program Goals and Priority Actions widely amongst external agency partners, NGO restoration partners, and science partners; and revise Program Goals and Priority Actions using a transparent and collaborative process over time.** Currently, Program Goals and Priority Actions are mostly general and not aligned with funding levels. For example – “Protect and Restore Coastal Wetland Ecosystems” is one of six priorities of the Watershed Restoration Grant Program. With funds available today and into the future, a tiny fraction of this priority can be accomplished. Greater specificity in goal-setting (be it geographic, species-driven, spatially-derived or other approaches) would allow the broader restoration community to be able to focus energies at the most important actions to be undertaken with precious few resources available. CDFW holds more data and knowledge about these needs than any other agency or organization in California, however many local experts can contribute to deepening CDFW's understanding of needs and realities. Thus, more specific Program Goals and Priority Actions should be based CDFW analyses and informed by regional staff and stakeholders. Ultimately, Program Goals and Priority Actions should be SMART (specific, measurable, achievable, relevant to goal, and timebound). At a minimum, Program Goals and Priority Actions should be specific and measurable (i.e. “restore floodplain habitat for juvenile salmon along Central Valley Rivers that is inundated for at least 14 days every three years; or “remove highest priority fish passage barriers in target watersheds as identified in XXX plan by the year 2030”). Program Goals and Priority Actions should be integrated with other conservation programs in California, and so the following specific actions should be taken:

- a. CDFW should provide a venue and resources for CDFW Regional Staff and Restoration Partners to assist Grant Program Managers in developing and prioritizing more specific Program Goals and Priority Actions for their region.

Rationale: Priority actions will vary across the state depending on ecoregions and their primary stressors to habitat function, T&E wildlife presence/diversity, and the realities of implementation (political support, willing landowners, partner agencies for long term management, etc.). CDFW Regional staff and Restoration Partners (conservation orgs, RCDs, Federal partners, etc.) have strong understanding of the realities and priority actions in their region. CDFW Program staff and CDFW Regional staff can collaborate with Restoration Partners to identify priority actions that are SMART, consistent with the authorizing legislation and timelines, and that are highly likely to yield positive outcomes for wildlife. By creating a venue (perhaps even just a series of regional web-meetings to look at maps and prioritized lists together) to share their perspectives on priority actions, the priority-setting process would be much more transparent for all involved. This increased engagement and transparency would empower CDFW staff and grantees to more effectively work together to design, permit, and finance projects that advance CDFW Program Goals.

- b. CDFW Grant Program Managers should crosswalk Program Goals and Priority Actions for each Region with existing and overlapping conservation plans and programs.

Rationale: Overlapping local, state and federal conservation planning initiatives have developed sound science and priorities for wildlife recovery across California over the past 30 years or more. Some are enumerated here, but this list is not comprehensive. CDFW Grant Programs should articulate how their Program Goals and Priority Actions are aligned with and support these overlapping and complimentary efforts. Doing so would allow grantees to better identify appropriate funding partnerships to get large projects underway, and to better conceive and design projects that draw on best available science. This cross-walking should be described in grant program solicitations or guidelines.

Central Valley: California Department of Water Resources Conservation Strategy, Appendix L; CALFED Multi-Species Recovery Plan; NOAA – Recovery Plan for Sacramento River Winter –run Chinook, Central Valley Spring-run Chinook, and Central Valley steelhead; Recovery Plan for the Upland Species of the San Joaquin Valley; Central Valley Joint Venture Implementation Plan; San Joaquin River Fisheries Management Plan; CVPIA goals and objectives; etc.

Coast: The CDFW Steelhead Restoration and Management Plan for California (CDFW 1996); CDFW Recovery Strategy for California Coho Salmon (CDFW 2004); Southern California Steelhead Recovery Plan NOAA Final Version: January 2012; South-Central California Steelhead Recovery Plan NOAA Final: December 2013; Recovery Plan for Evolutionarily Significant Unit of Central California Coast Coho Salmon Final Plan September 2012 (CCC Plan); Recovery Plan for the Evolutionarily Significant Unit of Southern Oregon/Northern California Coast Coho Salmon Public Final: September 2014 (SONCC Plan); Coastal Multispecies Final Recovery Plan, North

Central California Coast Recovery Domain: California Coastal Chinook Salmon, Northern California Steelhead, Central California Coast Steelhead NOAA: October 2016; etc.

- c. Provide resources for CDFW Grant Program Managers to cultivate communication and partnerships with other grant program managers for comparable or complimentary habitat restoration programs external of CDFW and participate in larger planning venues such as Joint Ventures and formal habitat Partnerships.

Rationale: CDFW Grant Programs operate in a complex resource management context in California where multiple state and federal agencies plan, fund, and regulate land use and habitat restoration actions. There is tremendous opportunity to leverage these larger planning efforts to achieve measurable outcomes for wildlife by aligning CDFW priorities with others, and encouraging other non-CDFW efforts to align with CDFW's priorities. One excellent opportunity to do this alignment is at the existing conservation planning venues such as the USFWS-led Joint Ventures, the Central Valley Salmon Habitat Partnership, Watershed groups, and conservation and recovery working groups (such as the Yellow-billed Cuckoo Working Group). CDFW already sends staff to many of these venues. Program Goals should be shared in these venues and updated based on interaction with these partners.

CDFW Grant Program Managers also need the resources and the directive to reach out to Program Managers of other habitat restoration programs to compare priorities and identify opportunities for partnership. In some instances, partnership can yield administration efficiencies in Program Management and project vetting (such as the collaboration of the USFWS and USBR on CVPIA implementation, or the collaboration of NMFS and CDFW on FRGP). It also can assist CDFW Grant Managers to better prioritize grant-funded actions in light of other agency investment (for example, perhaps DWR will be funding considerable action to increase streamflows in a certain geography, in such instance, perhaps CDFW would identify this action as a lower priority).

- d. CDFW Grant Program Managers should provide a public setting to review and comment on prioritized Program Goals and Priority Actions in each CDFW region, prior to solicitation, and modify priorities based on feedback.

Rationale: Transparency in priority-setting is critical to the long-term success of CDFW Grant Programs. When interested parties are encouraged to engage in priority-setting, they become vested in the outcomes of the program and are more likely to participate actively in keeping the program funded. Public review opportunities should be provided in each eligible CDFW Region for every CDFW Grant Program. Results from public engagement should be reflected directly in the prioritized actions in CDFW Grant Program solicitations.

Articulating the CDFW Program Goals and Priority Actions with greater detail will assist prospective grantees in formulating projects that meet the CDFW's goals and save time and money in proposal

review. Greater specificity will also likely increase habitat restoration outcomes as grantees will be more able to tailor project work towards CDFW goals earlier in the project development process than currently possible. CDFW will be better able to advance its conservation objectives if it grantees and other granting agencies understand CDFW Program Goals and Priority Actions. By providing a common articulation of needs, the larger conservation community can more effectively support continued funding for CDFW grant programs and leveraged funding of priority actions within other complimentary programs.

Lastly, clearly articulating Program Goals and Priority Actions will enable CDFW to track progress and make course corrections when necessary. Currently, it is difficult to describe if the investments made through any CDFW Program have accomplished their objective, because the objectives are generally not clear or specific enough to measure. While we fully appreciate the challenges of ecological restoration and the constantly moving target of wildlife population recovery, it is important for the health and longevity of CDFW funding programs to report out on their successes and shortcomings.

3. Each CDFW Grant Program should not only fund project performance monitoring, but also articulate how the grant-funded projects are accomplishing Program Goals. To do this, CDFW must:

- a) commit to assessing the status and trends of listed wildlife populations across the state and share these data proactively with external agency partners, NGO restoration partners and science partners;
- b) create an adequate and consistent funding base to staff science-based monitoring programs in priority watersheds throughout the state;
- c) develop a science-based plan for assessing the success of the millions of dollars of restoration grant funds being invested in recovery; and
- d) monitor grant programs related to strategic implementation priorities identified by region or by species.

Rationale: Project effectiveness monitoring is a standard and necessary step in restoration practice, but monitoring data describing the status and trends of listed wildlife populations are also necessary to understand if the successful projects are changing status and trends over time as they are expected to. Bond funds require project timeframes of 5 years or less typically. This is not enough time for grantees to monitor and understand the ecological effects of restoration actions. Outside of bond funds, monitoring funds are scarce, which means we often don't know exactly how our wildlife populations are doing (i.e. ambient conditions). CDFW holds the greatest capacity (incredible staff) to collect important restoration performance and ambient wildlife population data. We recommend that CDFW allow grant programs to fund the development of experimental programs (with specific hypotheses, objectives, locations, and partners) to examine ecological conditions, evaluate limiting factors, model potential alternative actions, and refine implementation approaches based on data analyses, and peer-reviewed and published results for regions or watershed where such analysis has not been completed. Such experimental programs should involve CDFW staff to the maximum extent possible. It is important to bring all of the monitoring data together in the form

of an annual summary report to track progress toward desired ecological outcomes so that CDFW and the broader conservation community can determine whether the overall investment in restoration is effective.

4. Continue to fund regional restoration planning or conceptual restoration planning in priority conservation regions an eligible grant expenditure.

Rationale: The Restoration Partners of the Priorities-setting subgroup have identified that there is no better structure to build consensus around restoration actions and launch successful projects at scale in a coordinated framework than to prepare a concept plan that sets out common science, common understanding of the limiting factors to wildlife recovery, and common project ideas for a watershed, eco-region, or river reach for the larger watersheds of California. Such plans would not yield site-specific permits, or even require CEQA, so they are currently not eligible for CDFW funding.

Grant Administration, Process, and Policy

5. Confirm that CDFW grant management staff has the ability to approve the following budget and grant management changes without a formal amendment, and incorporate them into all grant administration as standard best practices

- a. Consolidate budget line items to the maximum degree possible when formulating grant agreements. This provides grantees flexibility to make minor, reasonable changes to the budgets stated in the original proposal to reflect changed circumstances. For example, if the proposal budget has \$2500 for mileage, \$827.35 for lodging, and \$652 for air fare, consolidate this into a single line: \$3979.35 for “travel.” Similarly, if the proposal budget proposes spending \$450,000 on construction contracts including \$50,000 on fine grading, \$300,000 on mass grading, and \$100,000 on structures, consolidate this into a single construction line item.

Rationale: The budgets in grant proposals tend to be fairly detailed, because of the need to show reviewers there is a solid basis for the proposed costs, but they are generally written early in the life of the project and 2-3 years or more before funds are actually spent. At the project implementation stage, this level of detail becomes counterproductive because it creates overly rigid budgets that are difficult time consuming for CDFW and grantees to administer. The rigidity can make it difficult for grantees to most efficiently manage the project to adapt to the realities of project implementation. For example, if bids come in higher fine grading and lower for mass grading, applicants should have the latitude to reallocate budget originally slated for a lawyer or an engineer. As long as the project applicant is achieving the deliverables promised within the overall personal budget, it shouldn't matter what category of personnel is completing the work.

The grant agreement stage is the proper time to consolidate proposal budgets into grant agreement budgets that will bind the grantee. Many state and federal agencies provide this

flexibility in their grant agreements, and CDFW has already implemented this approach to a good degree in at least some programs. It should be standard practice for all grant agreements budgets to consolidate budget line items to the maximum degree reasonable. This more flexible approach will save time for CDFW and Grantee staff who currently spend many hours trying to manage the project and associated accounting to meet the detailed provision of a detailed proposal budget.

- b. In personnel and travel budgets, allow unlimited amounts to be moved among line items, so long as the total budget is not exceeded. This is a more specific variation of item 2(a), above. If the grant agreement budget has \$3,000 for the Grant Administrator, \$6,000 for the Project Manager, and \$15,000 for the staff scientist, allow the grantee to invoice more for the Grant Administrator and less for the other two positions, so long as the total amount invoiced comes out to \$24,000.

Rationale: Same as above in 2(a). In addition, this will save CDFW and Grantee staff large amounts of time managing, in many cases relatively small amounts of funding. Personnel and travel budgets are generally a small part of the total budget. Why spend hours making sure a relatively small amount is spent only according to individual line items? If the grantee is achieving project deliverables, it shouldn't matter how they are allocating funding within their personnel and travel budgets to achieve those deliverables.

- c. At the discretion of the CDFW grant manager, allow up to 10% of the total project budget to be moved among any line items, without an amendment. Existing CDFW policy allows 10% of the grant award amount to be moved among line items within the operating budget without a formal amendment, up to a maximum of \$25,000. On a \$200,000 grant, this provides ample flexibility, but it is overly constraining on a \$2,000,000 grant. Some agencies (e.g., NOAA, USDA, DWR, CDFA, and SCC) allow transfer of up to 10% of the total project budget – including costs funded by other grant sources and match. This would provide greater flexibility than the current rule, while still ensuring a project could not be substantially changed without undergoing an amendment process. In addition, we propose eliminating the \$25,000 cap, which has unduly limited the ability of larger projects to respond to changed circumstances. Finally, we propose funds could be moved among any line items in the budget – including between personnel and operating budgets – within the 10% limit.
- d. Allow grantees to access a relatively small contingency amount – either within project budgets or in a separate contingency fund – to address unforeseen circumstances that threaten projects. Allow grant applicants to include an amount of up to \$10,000 (regardless of grant size) in their proposal budgets as a contingency to deal with project needs that were not foreseen at the proposal stage, and require costs that are not provided for in the project budget. Some kind of process would be necessary to access the contingency – i.e. the grantee would have to make a showing that the cost is necessary and appropriate for the project. Alternatively, a separate contingency fund could be created for each grant cycle, and would be available to all grantees upon a showing of need (this was the former practice under the FRGP program).

Rationale: Due to the long time delay between a grant proposal and actual implementation (typically two years), it is not unusual for relatively small items to arise that were not anticipated in the original grant budget. A common example might be additional permit requirements. Often these cannot be handled by moving funds within the existing budget, because they

represent new line items. This can threaten the implementation of the entire project, even though the amount involved is quite small relative to the total project cost. Although creating contingencies carries the risk of having unspent funds that must be returned to the funding source, these risks can be managed by keeping the amounts small and placing a deadline on the ability to access them. On the other hand, the costs of not having contingencies in place to deal with changed circumstances can be very large – at best, they require many hours of unfunded grantee time to resolve. At worst, they cause projects to be canceled and grant funds returned.

6. Publish transparent rules setting forth what changes do and do not require a grant amendment.

Rationale: Other than the 10% line item rule described above, it is often unclear whether certain changes – e.g., to personnel, or to a project schedule – do or do not require a formal grant amendment. Moreover, there is a great deal of inconsistency among grant managers in this area. Whatever guidelines the Department does adopt regarding grant amendments, they should be clear and made available to grantees so they can plan accordingly and know what to expect.

7. Utilize federal accounting rules and federally negotiated indirect cost recovery agreements (NICRA) for determining which indirect costs are reimbursable. Specifically, CDFW should accept federal indirect cost recovery rules promulgated by the Office of Management and Budget (OMB) for all applicants that have a negotiated indirect cost recovery agreement (NICRA) with the IRS (up to a cap or not?). All costs not classified as indirect by the NICRA or De minimis rule are by definition “direct” costs. For example, rent (occupancy) for employees billing to a project are not generally considered indirect costs by the IRS and are therefore direct costs eligible for reimbursement as direct costs. All other grantees subject to 10% De minimis rate. 2 CFR 200, Subpart E, Section 200.414(f) specifies that any non-Federal entity that has never received a negotiated indirect cost rate may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. The one modification that could be made to the federal rules would be a cap on the allowable indirect recovery rate.

Rationale: The most important reason to adopt the federal rules is so that they could eventually serve as the single standard adopted by all state grant programs, or barring that, one standard for all departments within the California Natural Resources Agency. Currently, different state grant programs promulgate different indirect cost recovery rules. This results in grantees spending inordinate amount of time managing grants from different agencies, often times for the same project, to different indirect cost recovery rules.

The Internal Revenue System is far more expert than the accounting departments at individual state agencies when it comes to preventing grantees from excessively charging the government for indirect costs. It is not just about the total indirect cost percent, but which categories are eligible. The IRS have worked-out a clear and logical system for identifying eligible indirect cost rates, which should serve as the single standard for calculating indirect costs for state grants. The Department of Finance has issued guidance allowing agencies to utilize the NICRA and some state agencies such as

DWR and SCC already accept the NICRA with a cap of 15% on *all* direct costs. CDFW's Environmental Enhancement Fund grant program accepts NICRA with a soft cap of 25%.

CDFW's current rules for proposition 1 allow for a 20% indirect cost rate, but only on personnel and expenses excluding occupancy (rent). Unlike the NICRA, it does not allow indirect cost recovery on occupancy or contracts. Although for-profit sub-contractors can charge market rates that are much higher than non-profit rates under this arrangement, the non-profit grantees are unable to get reimbursed for their federally recognized indirect costs.

Most non-profit organizations that get federal grants have a NICRA which obligates them to use the same indirect cost recovery accounting rules for all grants – federal, state, local, and private. When state grants don't allow reimbursement for indirect costs covered by the NICRA, non-profit organizations cannot simply collect less revenue to cover their indirect costs as determined by the NICRA. Rather, they are legally obligated to fundraise from private sources to cover these unpaid indirect costs. Non-profit organizations generally bill at well below the market rate for work performed and rely on private contributions to develop project partnerships, concepts, and proposals. Forcing them to fundraise to pay for reasonable indirect costs imposes an unreasonable burden on a sector that is indispensable to CDFW's

Lastly, adopting the federal standard would reduce the accounting burden for CDFW and Grantee. Instead of carefully tracking expenses to determine which are eligible for reimbursement as indirect costs under different grant programs with different rules, CDFW and Grantee staff can track these expenses under one set of rule. CDFW staff would not need to verify what expenses are eligible indirect or direct costs. Instead, this is negotiated by the IRS and verified by an annual audit of the grantee, which can be shared with CDFW.

- 8. Accept and review pre-proposals on a quarterly cycle to increase alignment between CDFW priorities and grant submissions.** Pre-proposals should be a maximum of five pages with no more than three pages of text, one page reserved for the budget, and one page for maps and graphics. All pre-proposals should follow a standard template that emphasizes a description of the proposed action, GPS coordinates, and the anticipated conservation outcomes. Proposals submitted by the last day of the quarter will be reviewed and scored by regional and program staff for consistency with regional priorities. If DFW has not developed specific regional priorities, existing documents such as the Wildlife Action Plan that generally outline DFW objectives will substitute. All pre-proposals (or all pre-proposals that meet a minimum threshold) are eligible to submit full proposals. If DFW develops regional priorities that are more specific than the Wildlife Action Plan or other general documents, then DFW can choose to disqualify applicants from moving to the full proposal process if the pre-proposal scores below the mean of all proposals submitted.

Rationale: Proposal writing is time and resource intensive for prospective grantees. Reviewing lengthy and complex proposals is time intensive for the CDFW review team. Very complex proposal requirements can also have the effect of limiting response from the eligible applicant pool because resources are not available to the prospective grantee (perhaps a small city or a new watershed

conservation coalition) to provide the required level of detail or design of a full proposal, thus fewer good project ideas make it into consideration for funding. All of these reasons support simplification of the proposal process, and insertion of a step whereby CDFW Program Managers can provide helpful feedback to prospective grantees. While it is not possible to evaluate project merit without detailed budgets and designs, it is possible to provide feedback at an earlier stage in the project development process to discourage prospective grantees from spending resources on a complex proposal for an action that is not a high priority in the Region or for the CDFW. Most of the various state Conservancies and some WCB Programs have adopted a grant program schedule of rolling pre-proposal submittal, feedback from Program Managers, and invitation for full proposal submittal.

9. Simplify the full proposal application using a format similar to the State Coastal Conservancy or the National Fish and Wildlife Foundation application and use it for all grant programs.

Rationale: The existing proposal format is extremely burdensome for the applicants. Questions are redundant, and the web base user interface is unnecessarily challenging. The output from the web based interface is clunky and difficult to share with third parties making it difficult to convert the results into a proposal that could be funded by another granting agency. Frequent changes in the application format make it unnecessarily difficult to revise and resubmit a previously unsuccessful proposal. SCC and NFWF run excellent grant programs with a much more accessible grant application form.

10. Increase public outreach and notification to target local scale applicants prior to release of PSNs

11. Rank all proposals using a transparent scoring system and publish score for all proposals when grant decisions are announced.

Permitting, CEQA Compliance, and Engineering Review

12. Facilitate CEQA compliance for CDFW-funded projects to the maximum extent legally and financially possible. This could include developing additional programmatic approaches for CEQA compliance and/or more regularly acting as CEQA lead agency for individual projects (particularly for programs outside FRGP). Specifically, CDFW should further evaluate each of the following approaches for providing CEQA compliance for funded restoration projects:

- a. Develop a programmatic EIR for all restoration grant programs or a subset of programs (e.g. that apply to salmonid restoration, meadows or others).
- b. Develop programmatic MND approaches for specific project types such as meadow restoration or salmonid projects. This could involve issuing one MND for a suite of similar projects in each round.
- c. Agree to serve as the CEQA lead for individual projects funded under CDFW grant programs beyond FRGP. This should include evaluating CDFW's responsibility for authorizing/implementing projects relative to other state agencies, and working with these agencies to identify a clear CEQA pathway for grant-funded projects.

- d. Adopt a strategy for developing CEQA documents in which the grantee prepares the studies and drafts CEQA documents and then CDFW provides review and approval. This is how the Regional Water Boards typically comply with CEQA, at least at the MND level.
- e. Enact policy changes to allow grant program funds to be used for CDFW staff time to complete CEQA documents.

Rationale: Developing efficient and consistent CEQA pathways for CDFW-funded projects will advance good projects and reduce costly delays in determining lead agencies and required levels of review for individual projects. For CDFW-funded projects, CDFW is frequently both a funder and regulator, which are significant roles when determining the lead agency under CEQA. (CEQA Guidelines Section 15367). As both a funder and a regulator, CDFW arguably has more responsibility for carrying out projects than other agencies that only have regulatory authority, such as the Regional Water Quality Control Boards. Furthermore, many small projects that are exempt from CEQA under Section 15333 require a determination that is based on an evaluation of the project's impacts to special status species, making CDFW better suited to make this determination than other non-wildlife oriented state agencies.

To date with Prop 1 funded projects, CDFW has been hesitant to accept the role of CEQA lead agency due to capacity constraints, given the volume and diversity of projects funded and the fact that Prop 1 funds cannot currently be used to fund CDFW staff time for CEQA compliance. This is understandable, but this reluctance to accept the role of CEQA lead or actively work to define a clear CEQA pathway for Prop 1 CDFW-funded projects, contributes to significant project delays as grantees must work with multiple agencies to determine the CEQA lead over and over on a project by project basis. Without CDFW's proactive leadership, many good projects necessary to advance CDFW's mission will advance much more slowly. If CDFW could evaluate and articulate pathways for when they will accept the role of CEQA lead for CDFW-funded projects at the program level, it will alleviate the need to make these determinations repeatedly at the project level and will expedite CEQA overall for grant-funded projects.

CDFW has evaluated the possibility of developing a programmatic MND for CEQA for projects funded under Prop 1 and has determined that it is infeasible due to the wide variety of projects funded. However, other opportunities to efficiently and effectively comply with CEQA for CDFW projects may exist and should be evaluated. CDFW has indicated that they have evaluated some of these other options, but this evaluation and rationale has not been communicated to grantees. Other agencies have successfully implementing the various options presented above for complying with CEQA. More proactive and creative problem solving by CDFW could enable CDFW to help grantees more cost effectively implement good projects that are necessary to restore the resources that CDFW is charged with conserving.

- 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.** This process should be regularly communicated to applicants (e.g., at CAC meetings), should include other manuals that applicants put forth, and should utilize partners to develop content for the manual.

Rationale: Grantees indicated that the current FRGP manual precludes important project types like beaver dam analogs, large wood installation, and process-based restoration more generally. CDFW indicated they are aware of the need to update the FRGP manual. They are planning to update the manual and are interested in developing a process for grantees to reference other manuals for project types not included in the FRGP manual. Grantees/partners are willing to help provide content for the manual to expedite the updating process.

- 14. Improve the integration of the Prop 1 funding for salmonid projects with the FRGP program.** This could include evaluating potential benefits and clarifying how state grant funds, including Prop 1 funds, could be used for big-picture recovery planning and monitoring, where FRGP funds are currently lacking.

Rationale: There may be an opportunity to better integrate Prop 1 salmonid-focused projects and FRGP. The Prop 1 statute (CWC 79737) notes that funds under Prop 1 can be used for FRGP projects with a priority on coastal waters. It may be possible to include Prop 1 salmonid projects under FRGP to allow these projects to fit under the programmatic MND for CEQA and other regional permits. Prop 1 funded anadromous fisheries projects currently provide match for federal funds under the FRGP program. There has been a question of whether Prop 1 funds could free up more funding for big-picture recovery planning and monitoring, where other funds are currently lacking, but CDFW has not provided a clear and transparent analysis to answer this question. A clear answer to this question would allow CDFW and its partners to better understand how they can work together to fund the recovery planning necessary to prioritize and advance projects needed to recover anadromous fish species.

- 15. Determine when and to what extent it is appropriate for CDFW engineers to dictate project design relative to grantee-hired engineers and land owners/managers.** In the context of engineer involvement and CDFW engineers' review, CDFW should evaluate shared responsibility and liability internally and/or with partners and formally articulate 1) project roles and responsibilities between CDFW and grantees (and their partners/subcontractors), and 2) risk and liability between CDFW and grantees (and their partners/subcontractors).

Rationale: A lack of clarity regarding the proper role of CDFW engineers has sometimes created conflict between CDFW engineers and the engineers that grantees hire to design and stamp projects, and conflict between CDFW engineers and land owners/managers. This has resulted in costly delays. This lack of clarity stems from the belief that CDFW is ultimately responsible for project success and liability, when in fact the responsibility is shared with project partners, landowners, and project engineers/contractors. For example, it is problematic for a CDFW engineer's review to trump a project engineer's decisions, when the project engineer will ultimately carry the liability for the project. There is a similar parallel when CDFW funds projects on federal land and the CDFW engineer's review trumps the federal agency's decisions, although the federal agency is ultimately responsible for the long-term success of the project.

Many other state grant programs delegate the responsibility for engineering design to grantees. The CNRA River Parkways Program, the DWR Urban Streams Program, the State Coastal Conservancy, and other grant programs do not attempt to change designs or overrule the project engineer on a case by

case basis. These programs may provide engineering guidelines and review designs for consistency with guidelines, but they do not attempt to dictate design, particularly late in the design process.

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. CDFW should consider the following recommendations for developing this guidance:

- a. Better define roles for reviewers, especially engineering reviewers, during the proposal review phase. At a minimum, engineering review should be constrained to engineering questions (versus budget, etc.).
- b. CDFW engineering reviewers should be licensed to practice engineering in California and practice within their area of expertise (e.g., geology, construction budgeting, etc.).
- c. Publish design review guidance for each stage of project development: conceptual designs, technical (engineered) designs, and final designs. The evaluation of the design concept is only appropriate at the concept design stage. At the technical design and implementation stages, CDFW engineering review should be restricted to evaluating engineering aspects of the project, not reevaluating the design concept (or requiring redesign).
- d. CDFW engineering reviewers should be assigned to a project for the duration of the project design and implementation phases (versus having a change in engineers midway through a project).
- e. Work with partners to develop and implement a system of documenting decisions and approvals made at each design development phase. CDFW engineers should document their process with specific projects so that if/when staffing changes happen, grantees do not have to start over with a new engineer.
- f. CDFW leadership should explicitly clarify that the CDFW engineer is not the ultimate authority in developing project designs. The opinions of project partners, other agencies, scientists, land managers and the project engineer are also important. CDFW should evaluate the respective roles, responsibilities and liability among CDFW and partners, and clearly define the role and authority of the CDFW engineer accordingly.

Rationale: Improved clarity about CDFW's engineering requirements would make their expectations transparent to grantees, removing ambiguity and subjectivity that costs grantees significant time and money in the proposal and design development processes. The CDFW engineers' involvement in review of grant proposals and project designs is unique among state grant-making agencies. CDFW engineers' opinions are given a disproportionate weight relative to 1) other proposal reviewers; and 2) other project stakeholders including project engineers, land managers/owners and other agency staff and scientists. Disproportionate authority during proposal review has resulted in disqualifying projects that would otherwise have scored well. Disproportionate authority during project design review has caused major project redesigns at inappropriate project phases (e.g., asking for re-evaluation of design concepts at the implementation phase), which wastes budgets and causes major project delays. This ultimately complicates and delays grant budgets and timelines and negatively affects the overall Watershed Restoration Grants program. Project partners welcome and value CDFW engineer review, but evaluation of design concepts at later stages of projects has caused considerable financial and scheduling setbacks for projects. Disproportionate authority during project design review has also caused contention with

project engineers over liability and landowners/managers over responsibility for long term project success.

In addition, grantees have experienced project setbacks due to CDFW engineering staff changes, where a new CDFW engineer is assigned to a project midway and re-opens previously closed issues. This points to the current subjectivity of individual engineering review and the need for standardized guidance about CDFW engineer review and improved documentation of process. Improved documentation could help eliminate problems associated with reevaluating design concepts later in the process.

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. Specifically, CDFW should further evaluate each of the following approaches for clarifying when and to what extent an engineer is required to develop project designs:

- a. Specify specific techniques where engineer involvement is not needed.
- b. Formalize a process to address engineering involvement where uncertainty exists. We suggest formalizing a process in which an engineer is required to be included on the initial project team to evaluate the need for engineering, but an engineer's stamp is not necessarily required on the ultimate design. The engineer could provide a letter describing this involvement and evaluation to satisfy the requirements of the Business and Professions Code. If this option is selected, this process should be described in the Grant Guidelines and/or PSN.
- c. Use qualified, licensed contractors to assure project risk management (in place of engineer's stamp).

Rationale: Certain project types (e.g., meadow restoration) have a demonstrated a track record of success without having projects be developed by engineers, providing considerable cost-savings. In previous Prop 1 proposal solicitation rounds, numerous projects were disqualified for funding due to lack of engineered designs or budget/planning to develop engineered designs, without these expectations/requirements being articulated in the PSN/Grant Guidelines. The need to develop engineered designs, particularly engineer-stamped designs, is a significant budget consideration and should be clearly articulated in the grant guidance documents to inform proposal development. Although CDFW has worked to address this issue, the most recent Prop 1 Watershed Restoration Grants Guidelines still included considerable ambiguity about this requirement, which could allow for subjective interpretation.

18. Recognize the benefits of the design-build approach for restoration projects and consider this approach viable under its grant programs. This should be conveyed to CDFW engineering staff.

Rationale: Under the design-build approach, the same firm designs and builds a project. Because the same firm is involved in both phases, less design development is typically required. Generalized designs (i.e. 65% design) are constructed in the field according the judgement of an experienced professional, precluding the need to develop more detailed design documents or time-intensive technical specifications. This provides considerable efficiency and cost savings. To-date, grantees have received feedback that these types of projects are "not funded by CDFW" from engineering staff. Because these

projects are less expensive, more projects can be accomplished with the same amount of state funding. CDFW should recognize this and communicate it with their engineer staff.