



## On-the-Ground Results





## Dear Friends,

This last year saw remarkable growth for Sustainable Conservation, including a 30 percent increase in our budget and staff. Our on-the-ground results brought national and international public recognition – and even more demand for us to expand our work.

Thanks to our loyal supporters, new friends, and dedicated partners, Sustainable Conservation finds practical ways for businesses to operate profitably AND protect the environment. Our innovative approach engages private landowners and businesses with environmental advocates and regulators in collaboration, rather than rivalry. It is often slow and challenging work, and typically our role is behind-the-scenes management of a complex project, so we are especially pleased to receive California’s highest award for environmental protection from Governor Schwarzenegger (see page 13).

We are proud to share with you some of our tangible results in this 2004 annual report. From a vineyard operator in Mendocino County to a farmer in the San Joaquin Valley, from the horticultural industry to auto recyclers, Sustainable Conservation’s collaborative approach is opening up a future for California where healthy businesses and healthy ecosystems thrive together.

As Sustainable Conservation continues to grow, we have the opportunity to leverage our solutions to transform business practices across entire industries. Given the severity of the problems we’re addressing, we simply have no choice but to rise to the challenge and expand in a strategic, focused way. In all of our program areas, we are looking to strengthen capacities in the industries or localities we serve and to expand our work from “early adopters” to the mainstream.

Clearly, we could not have responded to the surging demand for our services without your generous support. We extend our sincere appreciation to each of you – the individuals, foundations, corporations, government agencies, and other partners who believe in our approach and support private-sector conservation that is truly sustainable.

Warmest Regards,

Russell Siegelman  
Board Chairman

Ashley Boren  
Executive Director



Upper left photo: Ashley Boren, Executive Director (left) and Russell Siegelman, Board Chairman  
Photo by: Kris Timken

Lower left photo: Red-tailed Hawk  
Photo by: Elkhorn Slough Foundation

*“A healthy ecology is the basis  
for a healthy economy”*

**Claudine Schneider**  
Former U.S. Congresswoman



Sustainable  
Conservation  
builds bridges  
across the  
private, public,  
and non-profit  
sectors to solve  
environmental  
problems.



## Restoration on Private Lands

Goldeneye Winery's The Narrows Vineyard in Mendocino County features 52 acres of prized Pinot Noir grapes thriving along a stream that winds down into the Anderson Valley. Last spring, with the harvest approaching, a culvert that allows the stream to flow under the vineyard's main entrance threatened to collapse, and operations manager Bob Nye had to move quickly.

"We feel that being good stewards of the land is very important," says Nye. "We didn't want to just put in a culvert ourselves without guidance regarding the protection of the fish habitat." But the trucks and farm equipment needed to reach the vines for harvesting, and Nye was concerned about potential delays of complying with environmental regulations.

So Nye turned to Patty Madigan of the Resource Conservation District (RCD) of Mendocino County, the local agency tasked with allocating federal funds for soil and water conservation projects. Madigan had good news: "one-stop regulatory shopping" available through Sustainable Conservation's Partners in Restoration permit coordination program on the Navarro River, which is a joint venture between Sustainable Conservation, the RCD, and U.S. Department of Agriculture's Natural Resources Conservation Service (NRCS).

Sustainable Conservation created the Partners in Restoration program in 1998 in the Elkhorn Slough Watershed, a 44,000-acre coastal wetland that empties into Monterey Bay. Local strawberry farmers were losing topsoil at an alarming rate due to erosion, and the runoff was damaging the Slough – an incredibly rich ecosystem that is home to some 250 species of birds and hundreds of other animals (including seven endangered or threatened species).

Sustainable Conservation's Carolyn Remick, a former regulatory compliance consultant, explains, "Unfortunately, the permitting process was the barrier to getting conservation work completed." To simplify the process for farmers who sought to reduce agricultural runoff and protect the Slough, Sustainable Conservation, the local RCD, and the NRCS forged a series of agreements with a half-dozen government entities to provide specifications for ten conservation practices. This yielded a package of bulk permits that were available to participating landowners willing to follow the permit stipulations.

In the first five years, landowners completed 46 projects to capture agricultural erosion, stabilize gullies, and protect eroding stream banks. Based on that success, Sustainable Conservation began working with other coastal RCDs to replicate the program in San Luis Obispo, Marin, Humboldt, Santa Cruz, San Diego, and Mendocino counties. And even then, additional areas wanted the program.

Sustainable Conservation staff realized they could not meet this tremendous – and exciting – demand with the existing program structure, since it takes about two years to set up each new program. So, the team created a training program for RCD and NRCS staff around the state to develop local capacity to build and manage a local program. That's an outcome we can all raise a glass to.



Upper left photo: Fountain on the grounds of the Goldeneye Winery  
Photo by: Goldeneye Winery

Upper right photo: Patty Madigan, Navarro Watershed Coordinator,  
Mendocino County Resource Conservation District  
Photo by: Linda MacElwee, Navarro Watershed Working Group

Lower left photo: Pinot Noir Wine from Goldeneye Winery  
Photo by: Goldeneye Winery



## **RESTORATION ON PRIVATE LANDS**

We help land owners be good stewards of the environment by facilitating restoration projects and species protection.

### **PROJECTS:**

**Partners in Restoration** simplifies a complex permitting process to make it faster, easier, and cheaper for private landowners to restore the natural resources on their land.

**Integrated Watershed Restoration Project** is our first large-scale permitting coordination project facilitating restoration projects throughout Santa Cruz County.

**Landowner Assurances for Habitat Restoration** works with private property owners to reward them for enhancing habitat and contributing to the recovery of endangered species.

**Ponds** ensures that both fish and farms have the water they need to survive.



This Page:  
Upper left photo: Mark Ahlem, Manager, Charles Ahlem Ranch  
Photo by: Susan Corlett

Facing Page:  
Bottom right photo: Conservation tillage on the Charles Ahlem Ranch  
Photo by: Kristen Hughes

*Farmers can reduce dust pollution up to 86 percent and reduce fuel costs up to 74 percent.*

## Sustainable Agriculture

When third-generation Fresno-area dairy farmer Mark Ahlem accepted Sustainable Conservation's challenge to try a more environmentally-friendly approach to planting feed corn, he was focused on a different kind of "green." Ahlem was looking for ways to reduce costs and increase crop yields.

Sustainable Conservation was looking for a way to reduce particulate air pollution in California's San Joaquin Valley, where air quality is a serious public health concern. One in six Fresno children suffers from asthma, and dust from soil tillage is a major contributor to particulate matter in the air.

Sustainable Conservation partnered with Ahlem to demonstrate "conservation tillage," an innovative farming technique that requires fewer tractor passes to prepare soil for planting. This cuts air pollution by reducing dust (up to 86 percent) and diesel emissions. It helps the farmers by reducing fuel expenses (up to 74 percent) and reducing labor expenses.

Although widely used in the Midwest and elsewhere, conservation tillage is used on less than two percent of cropland in California's Central Valley. So Sustainable Conservation set out to demonstrate to California dairy producers the advantages of using conservation tillage for cultivating dairy forage crops. Ahlem committed 16 acres to the trial, and dairyman Andy Zylstra committed 20 acres. Jeff Mitchell, Cropping Systems Specialist at UC Davis and leading expert in conservation tillage, also joined the project.

The trial started with spring planting in 2004 and is continuing this year. Last year's results showed that because the streamlined process required less time between plantings, dairy farmers will likely be able to grow three crops per year instead of the usual two. Ahlem is pleased with the results and intends to continue the experiment for at least two more years.

In addition to lower expenses, reduced air pollution, and a potential increase in yields, new state regulations designed to keep manure and other agricultural waste out of groundwater will give farmers another compelling reason to try the technique. Dairy producers need to dispose of an average of 120 pounds of manure per day per cow – without harming water quality. By planting three crops per year instead of two, Ahlem believes dairy farmers will be able to apply more nutrient-rich manure to their fields as fertilizer without fouling ground water – or running afoul of the new regulations.

Already Sustainable Conservation has begun recruiting farmers for 12 new sites throughout the San Joaquin Valley to demonstrate the value of conservation tillage. Our goal is to make conservation tillage the predominate system of tillage in the California's Central Valley.

### **SUSTAINABLE AGRICULTURE**

We promote the adoption of innovative farming practices so that farmers can protect the environment, boost their bottom line, and keep their land.

#### **PROJECTS:**

**Conservation Tillage** is a farming technique that can save farmers money, improve water quality, and reduce dust and diesel emissions that contribute to the severe problem of air pollution in California's Central Valley.

**Dairies Project** facilitates the widespread adoption of innovative agricultural technology. We find solutions that benefit both farm economics and the environment.

**Wastewater to Wetlands** encourages food processors to create constructed wetlands as a unique solution that treats water, provides habitat, and offers outdoor recreation opportunities for their communities.





## Sustainable Business

California is being invaded by little (and not so little) green aliens.

Hundreds of “invasive” non-native plants species are spreading beyond the bounds of their invitation, threatening native ecosystems. Invasive species of plants and animals are now considered the second most serious threat to biodiversity (after habitat destruction), and the effects are financially devastating as well: \$137 billion a year nationally.

Invasive plants compete with natives for precious resources (light, water, nutrients), provide food and shelter for pests, alter soil chemistry, and can push native species to the brink of extinction. Highly flammable invasive plants like Blue Gum Eucalyptus increase fire risk in some areas. Invasive plants can also choke streams and rivers – changing the character of waterways, causing flooding, and threatening fish and bird species.

Although the damage is well defined, the invaders themselves are not. Sustainable Conservation is working with horticulture experts at the root of the problem – to identify which non-native plants are “invasive” (and under what conditions) and then prevent the sale of these plants in areas where they will cause problems.

At the simplest level, an invasive plant is one that propagates beyond where it is being cultivated (through seeds, birds, or roots) and significantly damages the natural ecosystem. However, a plant may be invasive in certain areas and/or under certain conditions, but otherwise may be benign. Sustainable Conservation and our partners are developing workable definitions and solutions.

“The horticultural industry views itself as a green industry and wants to do the right things,” says Sustainable Conservation Associate Director Sarah Connick. “All the stakeholders agree invasives are a serious issue, and they’re ready to take action.”

With initial funding from the Seaver Institute, Sustainable Conservation convened a high-level forum last June to explore the problem and the barriers to solving it. Participants represented nurseries, retailers, gardeners, environmental groups, and state agencies. The group dubbed itself the California Partnership for Preventing Invasive Plant Introductions through Horticulture (whew!) and committed to transforming California’s third-largest agricultural industry through collaboration – not regulation.

“For years people have been saying this is something we need to sit down and talk about, but no one has done anything about it,” says Nicholas Staddon, of Monrovia, a major Southern California plant wholesaler. “Sustainable Conservation has been very successful at bringing these groups to the table.”



Upper left photo: Nicholas Staddon, Director of New Plant Introduction for Monrovia Growers  
Photo by: Monrovia Growers

Upper right photo: Elkhorn Slough, near Monterey, California  
Photo by: Jeff Raifsnider, USDA-NRCS

Lower left photo: Song Sparrow  
Photo by: Elkhorn Slough Foundation

*Invasive eucalyptus trees fueled  
California's Oakland/Berkeley Hills fire that  
destroyed thousands of homes in 1991.*



## **SUSTAINABLE BUSINESS**

We stop pollution at the source by working proactively with business and regulatory agencies to solve problems through cooperation, rather than litigation.

### **PROJECTS:**

**Auto Recycling Project** uses pragmatic stakeholder education and partnerships to reduce the environment impact of the 1.5 million cars that end their useful life every year in California.

**Brake Pad Partnership** works collaboratively with industry, stormwater managers, water quality regulators, and other environmental groups to understand whether wear debris from car brakes is contributing to urban runoff water quality problems. This program is a model for how emerging environmental issues can be addressed by working together rather than fighting in the courtroom.

**Invasive Plants Project** works with diverse stakeholders to prevent the sale of invasive plants that harm ecosystems.



Sustainable Conservation received the **2004 Governor's Environmental and Economic Leadership Award** for the Partners in Restoration Program. Clockwise from left: A. G. Kawamura, Secretary, California Department of Food and Agriculture; Brian Leahy, Executive Director, California Association of Resource Conservation Districts; Michael Chrisman, Secretary, California Resources Agency; Daniel Mountjoy, Area Resource Conservationist, Natural Resources Conservation Service; Jim Branham, Undersecretary, California Environmental Protection Agency; Chuck Bell, State Conservationist, Natural Resources Conservation Service; Carolyn Remick, Program Director for Restoration on Private Lands, Sustainable Conservation; Ashley Boren, Executive Director, Sustainable Conservation. Photo by: California EPA

The **2004 Governor's Environmental and Economic Leadership Award**, the State of California's highest environmental honor, was presented to Sustainable Conservation at an awards ceremony on December 1, 2004. Under the Watershed and Ecosystem Restoration category, Sustainable Conservation received this award for our Partners in Restoration Program in a highly competitive process.

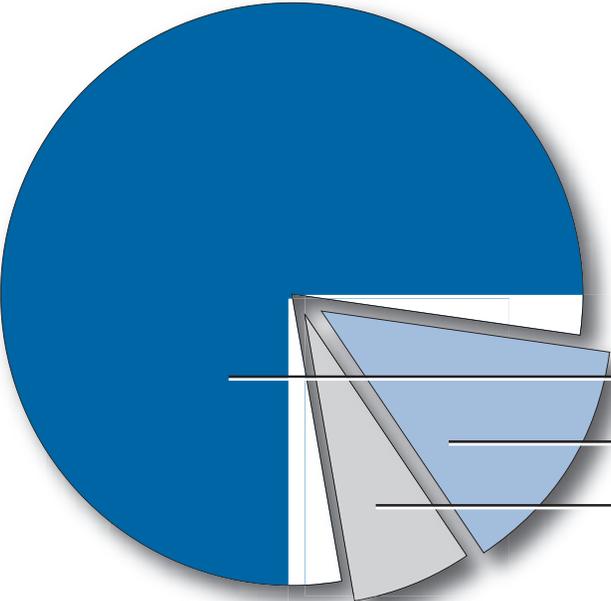
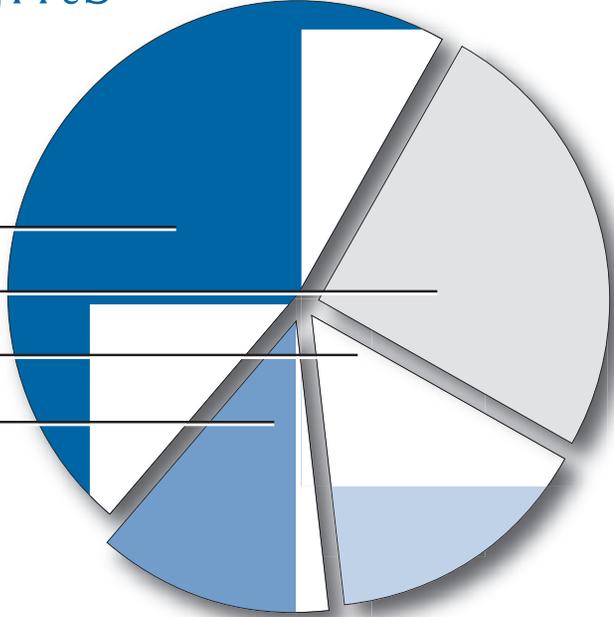
This award recognized Sustainable Conservation's Partners in Restoration program for our effective strategy to restore, enhance, and improve California's watersheds, while promoting sustainable economic progress. Partners in Restoration provides a one-stop permit review process which reduces bureaucratic hurdles for farmers and ranchers implementing watershed conservation projects.



# 2004 Financial Highlights

### Support and Revenue

Foundation Grants	48%
Government Grants	24%
Contributions	15%
Client Services	13%



### Expenses

Program	80%
General and Administrative	13%
Fundraising	7%

Upper left photo: Goldeneye Winery Vineyard  
Photo by: Goldeneye Winery

Upper right photo: Egret  
Photo by: Elkhorn Slough Foundation

## Statement of Activities and Changes in Net Assets

Government Grants	\$ 509,433
Foundation Grants	990,223
Contributions	319,125
Client Services	268,013
Other	1,470
<b>Total Support and Revenue</b>	<b>\$ 2,088,264</b>
Program	\$ 1,227,597
General and Administrative	209,439
Fundraising	105,464
<b>Total Expenses</b>	<b>\$ 1,542,500</b>
<b>Increase in Net Assets</b>	<b>\$ 545,764</b>
Net Assets at Beginning of Year	\$ 739,108
Net Assets at End of Year	\$ 1,284,872

For a complete financial report audited by Crosby & Kaneda, Certified Public Accountants, please contact Sustainable Conservation.

### Charity Navigator Gives Sustainable Conservation Four Stars \* \* \* \*

America's premier independent non-profit evaluator, Charity Navigator, awarded Sustainable Conservation with a four-star rating, their highest endorsement.

Visit Charity Navigator ([www.charitynavigator.org](http://www.charitynavigator.org)) and enter the keywords "Sustainable Conservation" to see the full report.



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Lower right photo: Sea Otter  
Photo by: Elkhorn Slough Foundation



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*“We must collectively protect our planet  
or collectively we will lose it.”*

**Frank Boren**  
Co-Founder, Sustainable Conservation

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