

Because the Environment Is Everyone's Business





Dear Friends

LETTER FROM THE BOARD CHAIRMAN AND EXECUTIVE DIRECTOR

No doubt, 2006 saw the emergence of a new attitude toward the environment. Thanks to our loyal supporters, new friends and dedicated partners, business and government began to see environmental challenges as opportunities for creative action. From Wal-Mart's sustainability initiative to California's climate change legislation to the millions of dollars going into renewable energy, we're witnessing a dramatic shift that lines up perfectly with Sustainable Conservation's philosophy and innovative work. For 13 years, we have pioneered creative, collaborative solutions to pressing environmental problems. We're proud that our ahead-of-the-curve work with the dairy industry on biofuels has advanced California's renewable energy industry to the point that the state's largest private utility – PG&E – has committed to powering homes and businesses with dairy manure. We've also drawn attention to the important role individual landowners play in expanding healthy habitat for wildlife across the state. And, we're delighted that California's horticultural industry has partnered with us on the PlantRight campaign to prevent introductions of invasive plants, which are costly to control and threaten biodiversity. As always, we couldn't have done it without you.

Sustainable Conservation is known for uniting key stakeholders from diverse sectors to forge balanced solutions.

With sincere thanks,

Russell Siegelman
Board Chairman

Ashley Boren
Executive Director



2006 Achievement Highlights

Addressed climate change through the adoption of renewable energy strategies that enabled California dairies to generate renewable electricity from cow manure – significantly reducing their greenhouse gas emissions and energy costs. As a result of these efforts, 15 methane digesters are now operating, which will help divert more than 500,000 tons of manure. The digesters generate enough energy to run 3,000 homes, as well as offset more than \$2 million in energy costs to dairy farmers each year. Building on groundwork laid by Sustainable Conservation, PG&E will soon be powering the equivalent of up to 50,000 California homes with “cow power.” This first-of-a-kind project provides a new model for producing climate-friendly, renewable energy that results in economic benefits for California agriculture (see pages 6-7).

Protected biodiversity by launching our PlantRight campaign to educate the horticultural industry about the threats of invasive plants in California – and their safe alternatives. Through participation in PlantRight, industry leaders and conservation groups have agreed on more than 20 invasive plant species to phase out of stores and nurseries. A massive educational campaign is currently underway in the horticultural industry and will expand to include the public in early 2008 (see pages 10-11). Invasive species are the second greatest threat to biodiversity following habitat destruction. While only a small percentage of plants become a big problem, invasive species cost California more than \$85 million annually to eradicate and control.

Reduced air pollution and cut farmers’ costs by expanding “conservation tillage” methods in California’s Central Valley – which involve less damaging and less costly soil cultivation. In one year, we increased our demonstration program from two farms and 16 acres to eight farms and 3,000 acres throughout the San Joaquin Valley. Influenced by Sustainable Conservation’s targeted outreach, and extensive media coverage of our and our agricultural partners’ work, there are now more than 80,000 acres under a variety of conservation tillage methods in California. Statewide, the practice could potentially cut dust pollution from farms by more than 85% and save millions in fuel costs each year.

Improved water quality and expanded our hallmark permit coordination program across more than 2 million acres in San Luis Obispo and Santa Barbara counties to keep sediment out of waterways and enhance habitat. Since 1998, and with the help of the Natural Resources Conservation Service and Resource Conservation Districts statewide, this program has simplified a complex permitting process to make it faster, easier and cheaper for landowners to restore the natural resources under their care. In one small Monterey County watershed alone, nearly 50 projects have reduced erosion by 50% and prevented enough dirt from spilling into the ecologically rich Elkhorn Slough to fill a 170-mile line of pick-up trucks. Our program now covers nearly 60 California watersheds in 19 counties from Humboldt to San Diego.

Sustainable Agriculture

PROMOTING THE ADOPTION OF INNOVATIVE FARMING PRACTICES SO FARMERS CAN PROTECT THE ENVIRONMENT, BOOST THEIR BOTTOM LINES AND KEEP THEIR LAND.

The Promise of “Cow Power”

It may not smell like gold, but cow manure certainly started to look like it this year. For almost a decade, Sustainable Conservation and our dairy industry partners have pioneered the use of methane digesters on California farms – simple technology for converting cow waste into energy. Our work has resulted in the implementation of 15 digesters around the state that generate enough electricity to power 3,000 homes and offset more than \$2 million in energy costs to farmers each year. We’ve also continued removing regulatory, market and knowledge barriers – and building partnerships with key environmental, transportation, agricultural and government groups to accelerate adoption of this powerful technology. Building on our success, PG&E announced plans to power the equivalent of up to 50,000 homes in California with methane generated from cow manure. This exciting project, the first of its kind in the US, provides a new model for producing renewable, climate-friendly energy that results in significant economic benefits for California agriculture.

“PG&E’s work in biogas is yet another example of our commitment to delivering clean, climate-friendly energy to customers. Sustainable Conservation’s leadership role was vital in bringing biogas to market.”

– Fong Wan, PG&E’s Senior Vice President of Electric Resource Development

SUSTAINABLE AGRICULTURE PROJECTS

BIOFUELS – combats climate change and supports California agriculture with renewable, environmentally friendly fuels derived from plants, cow waste and other organic material.

DAIRIES – facilitates the widespread adoption of innovative agricultural technologies that benefit both the environment and farm economy.

CONSERVATION TILLAGE – saves farmers money, improves water quality and reduces diesel emissions that contribute to air pollution in California’s Central Valley.

CHALLENGE

Each year, California dairy cows produce more than 65 billion pounds of waste and 100,000-plus tons of methane – a potent greenhouse gas – contributing to climate change.

OPPORTUNITY

Sustainable Conservation’s unique dairy partnerships helped farmers convert methane into electricity and natural gas, combating climate change and reducing their energy costs.

Restoration on Private Lands

HELPING LANDOWNERS BE GOOD STEWARDS OF THE ENVIRONMENT BY FACILITATING RESTORATION PROJECTS AND SPECIES PROTECTION.

A New Breed of Species Protection

After a century of decline, Mark Twain’s celebrated jumping frog got a second chance on life in 2006. Sustainable Conservation penned a momentous Safe Harbor Agreement to bring the threatened California red-legged frog back from the brink – with the help of the US Fish and Wildlife Service and Cottonwood Creek Watershed Group operating in Tehama and Shasta counties. This unique, region-wide agreement opened the door for area landowners to restore vital habitat across the 603,000-acre watershed by protecting them from potential land-use restrictions when the frogs and other important wildlife come bounding back. With more than half of California’s 300-plus imperiled animals and plants living on private land, the Safe Harbor Agreement represents a big win for wildlife and conservation-minded landowners.



“Thanks to Sustainable Conservation and the agreement we now have in place, it’s no longer a question of protecting my land or the special animals living on it. I get to do both.”

– Chuck Lema, Cottonwood Creek landowner



RESTORATION ON PRIVATE LANDS 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.

LANDOWNER ASSURANCES – rewards private property owners for enhancing habitat and contributing to the recovery of endangered species.

INTEGRATED WATERSHED RESTORATION PROGRAM – streamlines permitting on private and public land throughout Santa Cruz County to enhance wildlife and habitat.

PONDS – ensures that both fish and farms have the water they need to survive.



CHALLENGE

California red-legged frog populations have plummeted even after Endangered Species Act protection, and remaining habitat on private lands is disappearing fast.

OPPORTUNITY

Sustainable Conservation and our project partners developed a Safe Harbor Agreement that encourages area landowners to restore frog habitat by providing the legal assurance that their conservation efforts won’t result in restrictions or fines.

Sustainable Business

STOPPING POLLUTION AT THE SOURCE BY WORKING PROACTIVELY WITH BUSINESS
TO SOLVE PROBLEMS THROUGH COOPERATION, RATHER THAN LITIGATION.

Keeping Invasive Plants in Check

Sustainable Conservation launched the PlantRight outreach campaign this year to educate California's horticultural industry about the threat of invasive plants – in partnership with a pioneering group of plant growers and retailers, environmentalists, academics, gardeners and government regulators. This diverse team of experts agreed on a list of more than 20 plants known to be invasive – but are still available through California's horticultural trade – and is asking the industry not to grow, sell or promote these problem plants. Through PlantRight (www.PlantRight.org), Sustainable Conservation and our partners used this list to promote alternatives that behave well in the garden – and trim the more than \$85 million California spends each year on combating the invasives problem.



“Sustainable Conservation is addressing an important global problem with an effective local solution – one which supports the industry in making responsible decisions.”

– Jennifer Chandler, landscape architect and PlantRight steering committee member



SUSTAINABLE BUSINESS PROJECTS

PLANTRIGHT – brings together diverse stakeholders to prevent the spread of invasive plants through California's horticultural industry.

BRAKE PAD PARTNERSHIP – works collaboratively with industry, water quality agencies and other environmental groups to understand whether debris from vehicle brake pads is negatively impacting the state's coastal waterways.

AUTO RECYCLING – uses pragmatic stakeholder education and partnerships to reduce the environmental impacts of the nearly 2 million cars that end their useful lives every year in California.



CHALLENGE

Invasive plants contribute to the decline of almost 50% of all endangered and imperiled species in the US. California alone spends more than \$85 million annually to combat invasives.

OPPORTUNITY

Sustainable Conservation launched its PlantRight campaign to educate California's horticultural community about what it can do to stop plant invasions before they start.

Thank You

SUSTAINABLE CONSERVATION PARTNERS

PARTNERS

Sustainable Conservation extends our sincere gratitude to our dedicated partners.

Alameda County Resource Conservation District
Alameda Countywide Clean Water Program
Alnus Consulting
American Farmland Trust
American Nursery and Landscape Association
American Society of Landscape Architects, Northern California Chapter
AQUA TERRA Consultants
Aquarium of the Pacific
Association of Bay Area Governments
Association of Landscape Design Professionals
Atmospheric and Environmental Research, Inc.
Audubon California
Bay Area Open Space Council
Bay Area Stormwater Management Agencies Association
Biodiesel Industries
BiRite Food Service

Brake Manufacturers Council – Product Environmental Committee
Cachuma Resource Conservation District
CALFED Bay-Delta Program
California Agricultural Commissioners and Sealers Association
California Air Resources Board
California Association of Nurseries and Garden Centers
California Association of Resource Conservation Districts
California Cattlemen’s Association
California Climate Action Registry
California Coastal Commission
California Coastal Conservancy
California Dairy Campaign
California Dairy Quality Assurance Program
California Department of Fish and Game
California Department of Food and Agriculture
California Department of Transportation
California Energy Commission

California Environmental Dialogue
California Environmental Protection Agency
California Farm Bureau Federation
California Invasive Plant Council
California Landscape Contractors Association
California Native Plant Society, Santa Cruz County Chapter
California Resources Agency
California Rice Commission
California Roundtable on Agriculture and the Environment
California State Floral Association
California State University, Fresno
California State Water Resources Control Board
CALSTART
Center for Energy Efficiency and Renewable Technology
Central Coast Regional Water Quality Control Board
Central Coast Resource Conservation and Development Council
Central Valley Bird Club

Central Valley Joint Venture
Central Valley Regional Water Quality Control Board
City of Oceanside
CLEAN South Bay
Clemson University
Coastal San Luis Resource Conservation District
Contra Costa County Department of Public Works
Contra Costa County Resource Conservation District
Cotton Growers and Ginners Association
Cottonwood Creek Watershed Group
E2 – Environmental Entrepreneurs
East Lake County Resource Conservation District
East Merced Resource Conservation District
Ecological Solutions, Inc.
Elkhorn Slough Foundation
Environmental Defense
Erb Institute for Global Sustainable Enterprise, University of Michigan
Extengine Transport Systems
Friends of Marsh Creek Watershed
Geomatrix

Glenn County Resource Conservation District
Great Valley Center
Grower-Shipper Association
Hilmar Cheese
Humboldt County Resource Conservation District
Huntington Botanical Gardens
Inland Empire Utilities Agency
Los Angeles Regional Water Quality Control Board
Marin County Resource Conservation District
Mattole Restoration Council
Mendocino County Resource Conservation District
Merced County Department of Public Works
Merced County Resource Conservation District
Milk Producers Council
Mission Resource Conservation District
Monrovia Growers
Monterey County Resource Conservation District
Morro Bay National Estuary Program
National Fish and Wildlife Foundation
National Marine Fisheries Service

Natural Resources Defense Council
The Nature Conservancy
North Coast Regional Water Quality Control Board
Olsen-EcoLogic Engine Testing Laboratories
Pacific Coast Producers
Peninsula Open Space Trust
Point Reyes National Seashore – National Park Service
PRBO Science
Process Profiles
RCM Digesters
Redwood Community Action Agency
Resource Landowners Coalition
RIDNIS – University of California, Davis
Sacramento Municipal Utilities District
Sacramento River Partners
San Diego County
San Diego Regional Water Quality Control Board
San Francisco Estuary Institute
San Francisco Estuary Project
San Francisco Bay Regional Water Quality Control Board
San Joaquin Valley Air Pollution Control District

San Luis Obispo County
San Mateo County Farm Bureau
San Mateo County Resource Conservation District
Sand County Foundation
Santa Barbara County
Santa Barbara Resource Conservation District
Santa Cruz County
Santa Cruz County Resource Conservation District
Sierra Club
Sonoran Joint Venture
State of California Auto Dismantlers Association
Tennessee Valley Authority
UC Cooperative Extension
UC Cooperative Extension, Contra Costa Master Gardeners Program
UC Cooperative Extension, Davis
UC Cooperative Extension, Kearney Agricultural Center
UC Cooperative Extension, Riverside
UC Cooperative Extension, Stanislaus
UC Cooperative Extension, Tulare
UC Davis

UC Davis Arboretum
UC Santa Cruz Arboretum
University of Washington
Upper Salinas-Las Tablas Resource Conservation District
URS Corporation
US Army Corps of Engineers
US Department of Agriculture, Natural Resources Conservation Service
US Department of Interior
US Environmental Protection Agency
US Fish and Wildlife Service
US Geological Survey
Ventura County Resource Conservation District
West Lake County Resource Conservation District
Western United Dairymen
Yamagami’s Nursery
Yolo County Resource Conservation District

Because you, our supporters, are very important to us, the preceding list was developed with great care and attention. We sincerely apologize for any errors and ask that you contact us at (415) 977-0380 x307 so we may correct our records.

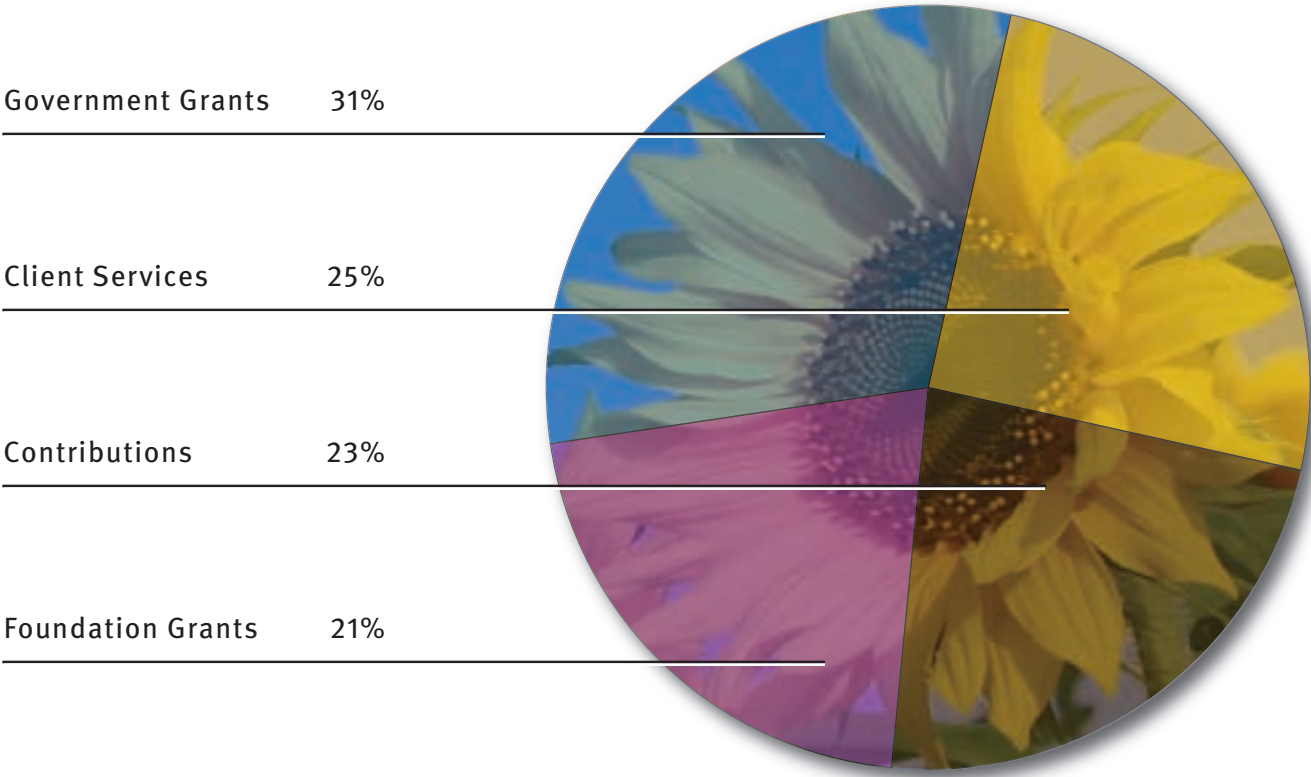


Charity Navigator Gives Sustainable Conservation Top Honors, Again

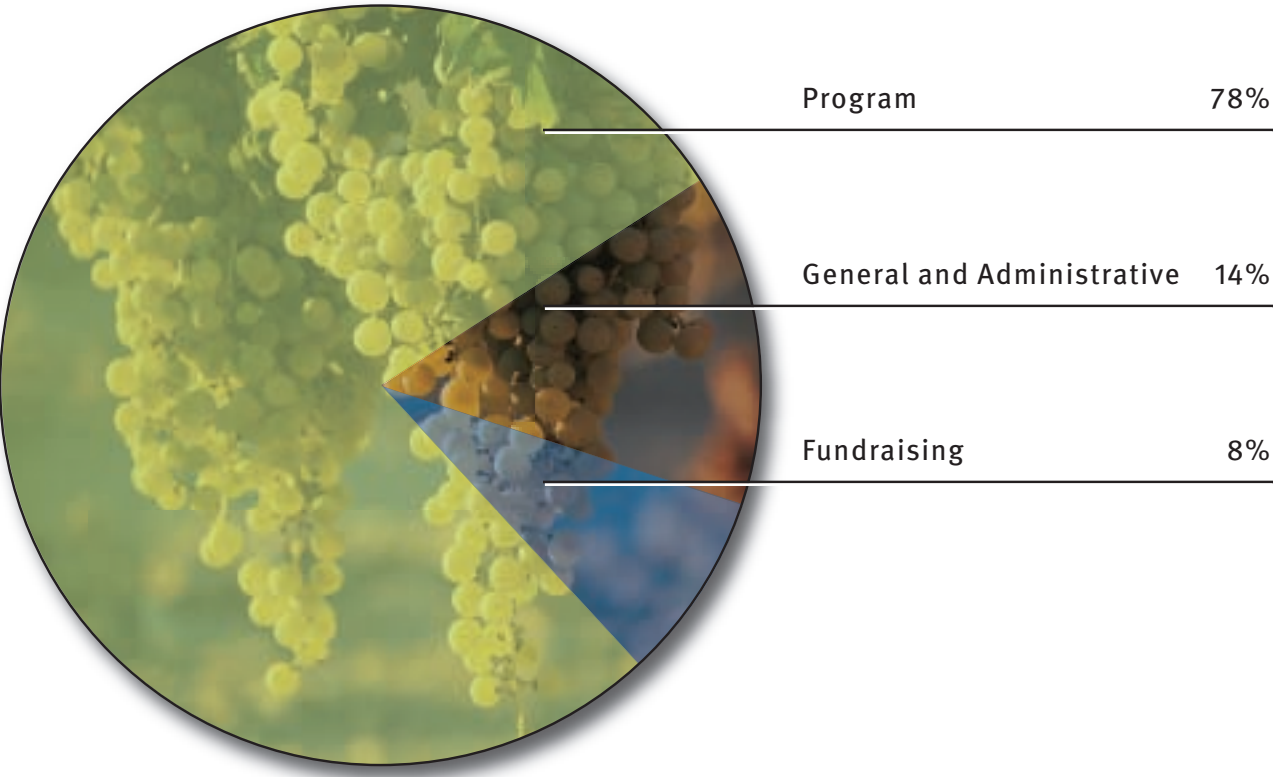
America’s premier independent non-profit evaluator, Charity Navigator, awarded Sustainable Conservation a four-star rating – their highest endorsement – for the third consecutive year. Visit Charity Navigator (www.charitynavigator.org) and enter “Sustainable Conservation” to find out more.



Support and Revenue



Expenses



Statement of Activities

Government Grants	\$ 648,046
Foundation Grants	429,650
Contributions	468,785
Client Services	523,339
Total Support and Revenue	\$ 2,069,820
Program	\$ 1,873,822
General and Administrative	327,428
Fundraising	182,230
Total Expenses	\$ 2,383,480
Net Assets at Beginning of Year	\$ 1,178,417
Net Assets at End of Year	864,757
Increase in Net Assets	(\$ 313,660)

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



“The supreme reality of our time is...the vulnerability of our planet.”
– John F. Kennedy

BOARD OF DIRECTORS
Chuck Ahlem
Chris Buchbinder
John Dawson
Steve Gross
Laura Hattendorf, Co-Founder, Secretary
Winston Hickox
Chip Koch
Cynthia Hunter Lang
Richard Morrison, Treasurer
Tina Quinn, Co-Founder
Russell Siegelman, Board Chairman
Mark Valentine



98 Battery Street, Suite 302, San Francisco, CA 94111 Phone: (415) 977-0380 Email: suscon@suscon.org www.suscon.org

NONPROFIT ORG
US POSTAGE
PAID
SAN FRANCISCO, CA
PERMIT #735

ADVISORY BOARD
David Anderson
Deborah Anderson
Michael Bean
Paul Betancourt
Frank Boren, Co-Founder
Louis Calcagno
Ralph Cavanagh
Mike Chrisman, Ex-Officio
Laurie Dachs
Kenneth Dickerson
Dan Emmett
Bob Epstein
Michael Fischer
Charlene Harvey
Jennifer Hernandez
Kristine Johnson
Richard Kelley
Don Kennedy
Bob Kirkwood
Felicia Marcus
Doug McGeoghegan
Jerry Meral
Dennis Murphy
Mary Nichols
Wendy Pulling
Karen Ross
Gregory Rosston
Barton H. "Buzz" Thompson, Jr.
Stanley Van Vleck
Henry Wendt
Arthur Wu
Kneeland Youngblood

STAFF
Ashley Boren, Executive Director
Ladi Asgill, Project Manager
Robyn Carliss, Development Associate
Joseph Choperena, Project Manager
Sarah Connick, Associate Director, Programs
Susan Corlett, Director of Development and Communications
Allen Dusault, Program Director
Thom Fowler, Office Administrator
Lakesha Gage, Bookkeeper
Trudy Ingram, Project Manager
Alex Karolyi, Development and Communications Manager
Terri Kempton, Project Manager
Susan Kester, Project Manager
Seth Lancaster, Project Manager
Erik Schmidt, Project Manager
Pamela Sergio, Director of Human Resources and Administration
Lisa Thompson, Project Manager
Tim Vendlinski, Program Director

