

A Capitol Achievement

2010 ANNUAL REPORT

The future looks brighter
for clean water and fish
in California thanks to an
uncommon alliance and
award-winning legislation.





“Since my early days as Board Chairman, I believed Sustainable Conservation would transform entire industries while solving California’s most pressing environmental problems. With the passage of our landmark law, that day has come.”

– Russell Siegelman, Board Chairman

Dear Friends,

When I became Board Chairman in 2002, I believed Sustainable Conservation would transform entire industries while solving major environmental issues in ways that make good business sense. At the time, many felt my belief to be more of a dream because Sustainable Conservation had yet to come into its own.

I believed the “dream” because I saw the power of Sustainable Conservation’s model of collaboration, the determination and talent of its leadership, and the commitment on the part of its expanding base of supporters. Many years later that dream is realized – with the fruition of a 14-year effort that culminated in the passage of landmark legislation, Senate Bill 346, that promotes clean water and healthy wildlife on an international scale.

The legislation resulted from a deep and lasting partnership between Sustainable Conservation, the brake industry, government agencies and other environmental advocates. Sustainable Conservation’s role as the honest broker among potentially conflicting interests was tested over the years. Under our leadership, though, the alliance prospered. In fact, many people familiar with California politics say they have never seen a more cohesive coalition of business and environmental interests. If there was ever an example of how to effect environmental and business change, this was it.

As proud as I am of SB 346, Sustainable Conservation realizes that creating a truly sustainable California requires a lot more work. Addressing the challenges ahead, like a changing climate and vanishing species, will require harnessing the power of the private sector to forge creative solutions. These challenges require a leader who can drive technological and business innovation, as well as deliver on-the-ground results. An organization that has the proven talent and track record to take on difficult tasks in ways that no one else can.

Spearheading SB 346 is just one example of how Sustainable Conservation delivers. That’s why I’m proud to serve on its board, and continue to believe its unique brand of environmental problem-solving – and the team that makes it possible – deserve your support.

Sincerely,

Russell Siegelman
Board Chairman





Each time drivers step on their brakes, small amounts of copper are released into the environment and end up in waterways. Brakes account for up to 60% of all copper in urban storm water runoff statewide.

“This landmark law enhances water quality and the health of aquatic species like endangered California salmon, whose ability to detect predators and find their spawning grounds is severely impaired by copper.”

– Michael Endicott, Resource Sustainability Advocate, Sierra Club California



The biggest news of 2010 isn't very big at all. It's actually a fish ... salmon.

Once the stuff of legends – the first California explorers depicted them as choking streams in massive migrations – salmon populations in the state have hit rock bottom.

Countless baby salmon hatched roughly three years ago in secluded mountain streams whose waters empty into the Sacramento-San Joaquin Delta. Since then, the tiny fish slinked great distances – some hundreds of miles – from their quiet birthplaces through the delta to the Golden Gate, slipping unnoticed by bustling Bay Area cities to mature in the nutrient-rich waters of the Pacific.

In 2010, a caravan of now-adult salmon numbering in the tens of thousands began their arduous trip back up the Delta to start families of their own – and stave off extinction.

A Perilous Homecoming

Major obstacles to their migration included fishing, shallower and warmer streams due to diversions, sediment that clogs waterways and buries critical spawning habitat, and invasive species that prey on and compete with salmon for resources. Surprisingly, the brakes on our cars were, too – something that connects nearly all of us to their plight.

Every time you step on your brakes, small amounts of copper residue are deposited on roadways and wind up in waterways like the San Francisco Bay – liquid highways along which these imperiled fish travel. California drivers use their brakes hundreds of millions of times a day, so the cumulative impact of copper is severe. Once dissolved in water, copper can impair salmon's ability to detect predators and find their way back to spawning streams, two essential requirements if they're to rebound.

2010, though, was a year of hope. After more than 14 years of leading a diverse public-private alliance and groundbreaking science, Sustainable Conservation celebrated the passage of our landmark legislation, Senate Bill 346. It will virtually eliminate copper in brake pads sold in California and throughout North America.

Promoting clean water to help the state's endangered salmon thrive again is just the beginning ...



“Sustainable Conservation’s focus on an equitable solution with resolute but realistic time frames made this legislation possible, with the support of the brake industry.”

– Bob Peters, Chief Engineer, Akebono Brake Corporation



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STRONG INDUSTRY

Support for a Vital Industry

The brake business is tough ... thin profit margins, unpredictable prices for raw materials, fierce competition on an international scale. You might think that an aggressive law like Senate Bill 346 that rewrites the rules for this multi-billion-dollar industry would raise its ire. Think again.

Setting the Standard

Sustainable Conservation’s bill requires manufacturers to reduce the use of copper in brake pads sold in California to no more than 5% by 2021 and no more than 0.5% by 2025. Yet it benefits everyone in the brake business.

That’s because all manufacturers will have to play by the same rules in developing copper-free alternatives. That way, companies can’t unfairly undercut the rest of the industry by selling less-expensive brakes containing copper or other harmful ingredients. SB 346 also gives the industry adequate time and flexibility to make the transition smoothly.

“Manufacturers want a healthy planet just like anyone, but fixing the problem also required taking the health of the industry into account,” says Bob Peters, Chief Engineer at Akebono Brake Corporation. “Making sure we’re all accountable to the same standards was critical in forging a truly sustainable solution.”

The icing on the cake? Because California represents 12% of the global brake market – and manufacturers don’t make different brakes for each state, instead using common formulations for the North American market – Sustainable Conservation’s law means copper-free brakes for the entire continent.

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To ensure Senate Bill 346 was based on sound science, Sustainable Conservation oversaw years of comprehensive air, surface water and marine studies with top scientists.

“Sustainable Conservation led the auto industry, government agencies and elected officials to prevent copper pollution at its source. This is a significant cost-saver for state and local pollution control.”

–Alexis Strauss, Water Division Director, US Environmental Protection Agency (Region 9)



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Relief for Cash-Strapped Cities

The poster child for how Sustainable Conservation’s law benefits cities is San Diego (pictured). It faces some of the strictest limits on copper pollution in all of California. By helping cities avoid potentially billions of dollars in new water treatment plants and expensive fines for not meeting water-quality standards, Senate Bill 346 enables local governments throughout the state to redirect much-needed funds to other critical needs.

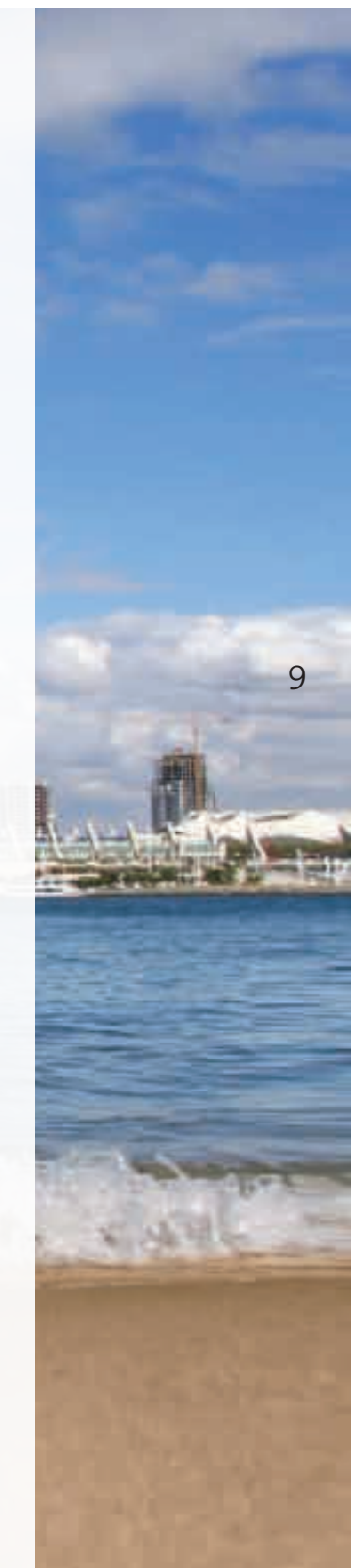
“City budgets are tighter than ever before, and we need to ensure we’re spending money wisely and at the right time,” explains Ruth Kolb, the City of San Diego’s Storm Water Program Manager. “The source reduction this new law requires will help San Diego, and every city across the state, make that happen.”

Stopping Pollution Before It Starts

A key strategy to restore once-healthy California waterways is to prevent pollution in the first place, instead of trying to clean it up once it has escaped into rivers and streams. After-the-fact cleanup can be nearly impossible to achieve and is expensive.

“The US Environmental Protection Agency is working with state and local governments to clean up California’s rivers, bays and coastline,” states Alexis Strauss, Water Division Director for the US EPA (Region 9). “SB 346 allows us to protect water quality and marine life by avoiding pollution from the outset.”

SB 346 also ensures new brake materials that replace copper will be safe for salmon, other aquatic wildlife and drivers.



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Influenced by Sustainable Conservation's bill, Washington State also passed legislation requiring copper reductions in brakes – with similar bills introduced in New York, Rhode Island, Oregon and Maryland.

“With Sustainable Conservation serving as the honest broker, we established a rare bipartisan consensus in Sacramento to protect the environment and give the industry the flexibility to develop safe, effective alternatives.”

– California Senator Christine Kehoe (D-San Diego)



The Sustainable Conservation Difference

Passing Senate Bill 346 into law underscores the power of Sustainable Conservation's approach to solving California's most pressing environmental problems: collaboration over confrontation, tangible results over politics.

Under our leadership during the last 14 years, a first-of-its-kind alliance of brake manufacturers, storm water agencies and environmental advocates came together to address the impacts of copper on water quality and wildlife.

Sustainable Conservation led the partners in completing rigorous studies to understand the copper problem fully and ensure the solution was based on sound science. With active involvement from all parties, the group developed award-winning legislation that promotes clean water and healthy wildlife, and gives the brake industry the time and flexibility to develop brakes that are safe both for the environment and drivers. The new law also helps cities and government agencies meet crucial clean-water standards more quickly and cost-effectively.

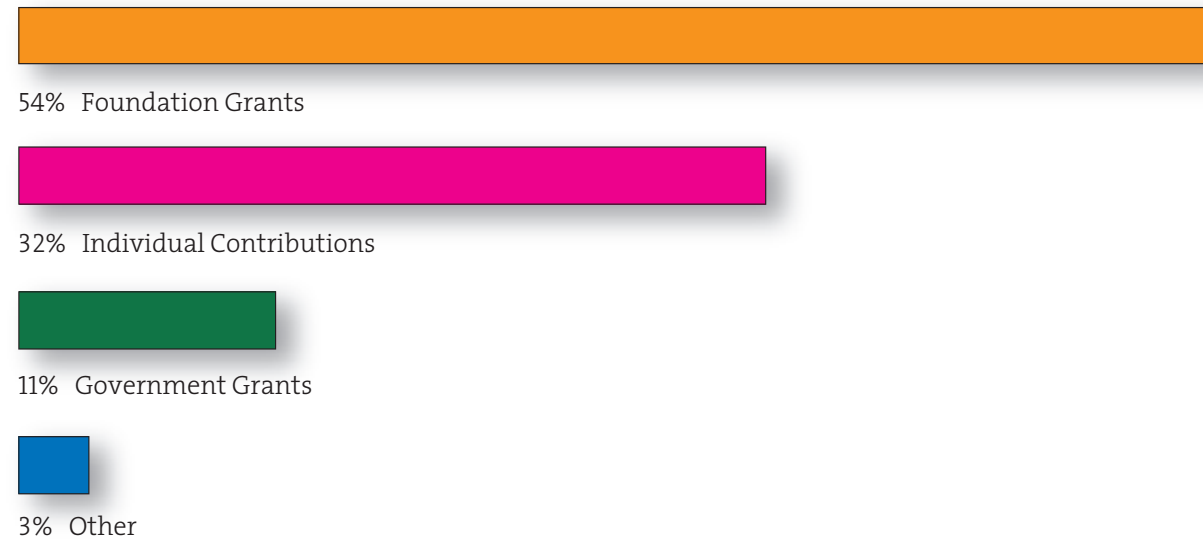
Legislation Everyone Can Support

The Sustainable Conservation-led alliance to pass SB 346 proves that when environmental, business and government leaders focus on common goals, California can enact effective policy that works for all. That's why our bill received rare bipartisan support – passing the State Assembly 70-3 and Senate 31-6 – and is regarded by many to be one of the most important environmental bills of 2010.

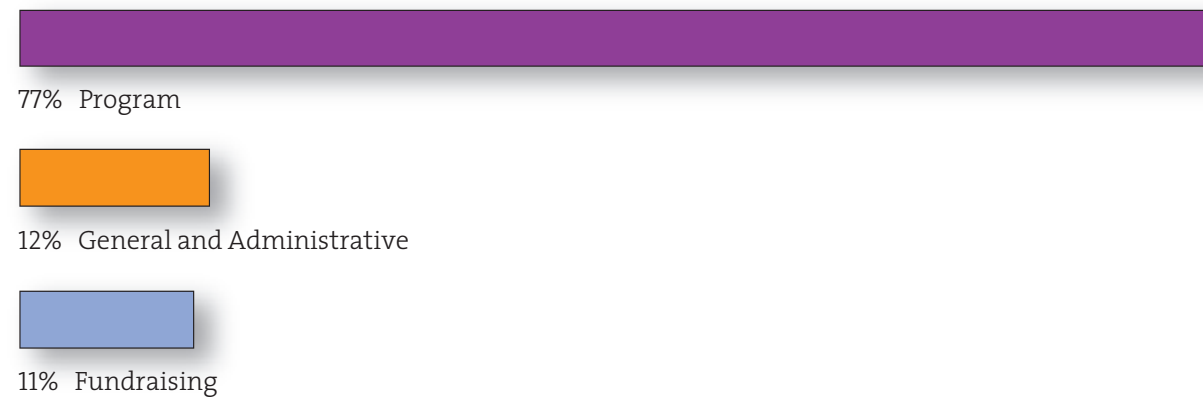


Sustainable Conservation Policy Director J. Stacey Sullivan, Executive Director Ashley Boren and State Senator Christine Kehoe at the Capitol in Sacramento.

Support and Revenue



Expenses



Statement of Activities

| | |
|----------------------------------|---------------------|
| Foundation Grants | \$ 1,442,751 |
| Individual Contributions | \$ 868,524 |
| Government Grants | \$ 290,572 |
| Other | \$ 77,940 |
| Total Support and Revenue | \$ 2,679,787 |
| | |
| Program | \$ 2,140,151 |
| General and Administrative | \$ 325,977 |
| Fundraising | \$ 297,774 |
| Total Expenses | \$ 2,763,902 |
| | |
| Net Assets Beginning of Year | \$ 2,652,652 |
| Net Assets End of Year | \$ 2,658,424 |
| Change in Net Assets | \$ 5,772 |

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Since 1993, Sustainable Conservation has partnered with the private sector to find environmental solutions that make business sense. Our healthy climate, clean air and water, and abundant wildlife initiatives produce lasting benefits for California.

Political Powerhouse

Protecting California's water and wildlife via Senate Bill 346 was possible thanks to the keen political skills and grit of Sustainable Conservation Policy Director J. Stacey Sullivan.

Stacey came to the organization in 2009 following a 12-year career as a committee consultant in the California State Assembly. During his time at the Capitol, Stacey helped shape key policy concerning the California Environmental Quality Act, water management, sustainable agriculture and land-use planning.



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Sustainable Conservation Policy Director and
veteran of California politics, J. Stacey Sullivan.