Exhibit 2: Priority Conservation Area Grant Program Call for Proposals

BayArea Plan

Priority Conservation Area Grant Program

Competitive Grants Guidelines and Call for Proposals

May 2013

Coastal Conservancy

In cooperation with

Association of Bay Area Governments

Metropolitan Transportation Commission

INTRODUCTION

Background

The Priority Conservation Area (PCA) Grant Program is a pilot program initiated by the Metropolitan Transportation Commission (MTC). The PCA program is split into two elements:

1. **North Bay Program** (Marin, Napa, Solano and Sonoma Counties)**:** This program is managed by the four North Bay county congestion management agencies separately from this call for proposals, building on their PCA planning and priorities carried out to date. MTC has made $5 million of federal funds available.
2. **Peninsula, South Bay, and East Bay Counties Program** (Alameda, Contra Costa, San Francisco, San Mateo and Santa Clara Counties)**:** This Program is administered by the State Coastal Conservancy (SCC) in partnership with MTC and Association of Bay Area Governments (ABAG). MTC has made $5 million of federal funds available which will be combined with additional funding provided by SCC, and is the subject of this call for proposals.

Program Goals

The goal of the PCA Program is to support Plan Bay Area by preserving and enhancing the natural, economic and social value of rural lands amidst growing population across the Bay Area, for residents and businesses. These values include globally unique ecosystems, productive agricultural lands, recreational opportunities, healthy fisheries, and climate protection (mitigation and adaptation), among others. Proposed projects should protect or enhance resource areas or habitats, provide or enhance bicycle and pedestrian access to open space/parkland resources, or support the agricultural economy of the region.

Plan Bay Area

The PCA Program is a component of Plan Bay Area, the integrated long-range transportation and land-use/housing plan for the San Francisco Bay Area. It includes the Bay Area's Regional Transportation Plan, which MTC updates every four years, and ABAG's demographic and economic forecast, which is updated every two years.

Plan Bay Area grew out of The California Sustainable Communities and Climate Protection Act of 2008 (California Senate Bill 375, Steinberg), which requires each of the state's 18 metropolitan areas — including the Bay Area — to reduce greenhouse gas emissions from cars and light trucks. The law requires that the Sustainable Communities Strategy promote compact, mixed-use commercial and residential development. To meet the goals of SB 375 more of the future development is planned to be walkable and bikable and close to public transit, jobs, schools, shopping, parks, recreation and other amenities.

Plan Bay Area emphasizes growth in nearly 200 locally identified Priority Development Areas (PDAs) along the region's core transit network, and accommodates 100 percent of new growth within existing urban growth boundaries and urban limit lines. It also emphasizes protection for the region's agricultural, scenic and natural resource areas, including Priority Conservation Areas. The nearly 200 adopted PDAs are existing neighborhoods nominated by local jurisdictions as appropriate places to concentrate future growth that will support the day-to-day needs of residents and workers in a pedestrian-friendly environment served by transit. A key part of the PDA strategy is to move away from an unplanned "project-by-project" approach to growth, toward the creation of complete communities that meet the needs of existing and new residents and workers.

Priority Conservation Areas

PCAs comprise over 100 regionally significant open spaces about which there exists broad consensus for long-term protection, but which face nearer-term development pressures. They are a mechanism for implementing Plan Bay Area, where they are central to the character and economy of many communities, and they ensure that Plan Bay Area considers farmland and resource areas in keeping with Senate Bill 375. The PCAs and PDAs complement one another: promoting compact development within PDAs takes development pressure off the region's open space and agricultural lands; in contrast to past trends that saw the outward expansion of urban growth in the region and spillover growth in surrounding regions. For decades communities throughout the Bay Area have protected farmland, open space and natural resources using urban growth boundaries and other policies and investment strategies. Because urban growth boundaries and related growth controls constrain the amount of geography available for development, they not only protect valuable open space, they also help ensure that future development will assume a more compact pattern than in past decades.

PCAs are areas of regional significance that have broad community support and an urgent need for protection. These areas provide important agricultural, natural resource, historical, scenic, cultural, recreational, and/or ecological values and ecosystem functions. Knowing the region's land conservation priorities promotes collaboration and investment in these areas that are critical to the region's quality of life and ecological diversity.

ABAG is responsible for reviewing requests and designating PCAs, as well as PDAs. In the fall of 2007, local governments, public agencies, and nonprofit organizations nominated over 100 areas for consideration as PCAs. Nominations were reviewed by ABAG staff, a review panel, regional committees, and local governments. Recommendations were based on the three nomination criteria: level of consensus, regional significance, and urgency for protection. The ABAG Executive Board adopted a set of PCAs on July 17, 2008. An interactive map of PCAs is available at: *www.bayareavision.org/pca/*. Note that PCA designations will continue to be updated, and grant applications that may not currently fit into the PCA framework will be considered.

Proposed projects should protect or enhance resource areas or habitats, provide or enhance bicycle and pedestrian access to open space/parkland resources, or support the agricultural economy of the region.

Competitive Grant Opportunities

The State Coastal Conservancy (SCC) in cooperation with Metropolitan Transportation Commission (MTC) and Association of Bay Area Governments (ABAG) is pleased to issue a call for proposals focused on the Priority Conservation Areas (PCAs). The SCC is a state agency whose vision is of a beautiful, restored, and accessible coast. The San Francisco Bay Area Conservancy is a program of the SCC and is focused within the nine-county Bay Area on protecting regionally-significant lands, restoring habitats for wildlife, providing regional trails, and connecting urban populations to natural areas.

PCA Program Grant Funding Available

A total of $5 million of federal transportation funding is available from MTC for this program. In addition, SCC may provide up to $2.5 million in state resource bond funds to augment the program and match the federal funds. Grants will range from $100,000 to $1 million given the size of the funding pot. Higher grant amounts may be approved for an extraordinary project of regional significance.

Geographic Scope

Projects must be located in the Counties of Alameda, Contra Costa, San Francisco, San Mateo, or Santa Clara. Multi-county projects are allowed and encouraged.

Application Submittal

All interested applicants are to submit to SCC a Letter of Interest for the competitive grant program. An evaluation committee of SCC, MTC, ABAG, and Moore Foundation staff will review the Letters of Interest, and may contact applicants for more details and project clarifications. Based upon its review, the evaluation committee will select a limited number of applicants with the most promising projects and invite them to continue the application process by submitting a more detailed proposal for further evaluation.

All Letters of Interest and Proposals (if invited) must be submitted via email to Amy Hutzel at ahutzel@scc.ca.gov. Attachments to emails cannot be larger than 5 MB.

Eligible Projects

Eligible projects meet the screening criteria (below), address the goals of the PCA program (described in the introduction), and consist of the following activities:

1. **Planning activities:** Planning associated with the program goals: natural resource protection or enhancement, public access to open space and parklands, and support for the region's agricultural economy.
2. **Pedestrian and Bicycle Facilities/Infrastructure:** Pedestrian and bicycle trails, on-road bicycle facilities, sidewalks, bicycle infrastructure, pedestrian and bicycle signals, pedestrian and bicycle bridges, traffic calming, lighting and other safety related infrastructure, improvements to trails to improve accessibility for people with disabilities, and conversion and use of abandoned rail corridors for pedestrians and bicyclists.
3. **Visual Enhancements:** Construction of turnouts, overlooks and viewing areas.
4. **Habitat/Environmental Enhancements:** Vegetation management practices in transportation rights-of-way, reduce vehicle-caused wildlife mortality or to restore and maintain connectivity among terrestrial or aquatic habitats, mitigation of transportation project environmental impacts funded through the federal-aid surface transportation program.
5. **Protection (Land Acquisition or Easement) or Enhancement of Natural Resources, Open Space or Agricultural Lands:** Parks and open space, staging areas or environmental facilities; or natural resources, such as listed species, identified priority habitat, wildlife corridors, watersheds, or agricultural soils of importance. Land acquisition projects must involve willing sellers.

While listed as an eligible activity, the federal transportation funds cannot be spent on land acquisition or enhancement except as described under the other eligible project types. To fund these types of projects, a funding exchange must be arranged. See the details on Page 6 regarding funding exchanges.

Screening Criteria

Proposed projects must meet the following criteria and will be ranked on how well they meet these criteria:

- **PCA designation:** The project must be in or connect to at least one PCA. If a project isn't in or doesn't connect to a PCA, the applicant will need to file an application with ABAG requesting a PCA designation, if invited to submit a full proposal. Applicants do not need to request a PCA designation as part of the letter of intent, but the area must meet the qualifications for PCA designation. An interactive map of PCAs is available at: *http://www.bayareavision.org/pca/*. To learn more about the eligibility and criteria for PCA designation, see the 2007 Nomination Guidelines for Priority Conservation Area Designation, at *http://www.bayareavision.org/initiatives/PDFs/FOCUS_PCA_NominationMaterials_Final.pdf*
- **Regional Significance:** Indicators of regional significance include a project's contribution to goals stated in regional habitat, agricultural or open space plans, such as the Conservation Lands Network at *www.bayarealands.org/reports/,* countywide plans, bicycle/pedestrian plans, or ABAG's PCA designations. Projects should serve a greater-than-local need.
- **Open Space Protection in Place:** The project should link to or be located in an area protected from development by policy (e.g. zoning or urban growth boundaries) or by public land ownership. Land acquisition or easement projects are permitted in areas without open space protection in place.
- **Match:** There is a 3:1 minimum match requirement for PCA funds. (Every $1 of federal PCA program funds requires a $3 match of other funds). Also to meet federal requirements, applicants are required to provide a match from non-federal sources not less than 11.47 percent of the total project costs. The remainder of the 3:1 match requirement can be from any source (including federal funds). Applicants are encouraged to have a 3:1 match secured or pending and must have at least 2:1 match secured or pending when submitting a Letter of Interest, with a plan to achieve a 3:1 match. SCC state bond funds can count towards the match, but award of SCC funds through this grant program should not be assumed in calculation of the match. Match can include staff time spent on the project. Prior grant awards on fully funded project elements cannot count toward the match.

Timeline: Application and Review Process

Date	Activity
May 1, 2013	SCC, with MTC and ABAG, issues this Call for Proposals.
May 20, 2013, 1 to 3 pm Mountain View May 23, 2013, 1 to 3 pm Oakland	Workshops for potential applicants
July 19, 2013 at 5 pm	Deadline for Letters of Interest to SCC
September 6, 2013	Evaluation Committee completes review of Letters of Interest and selects applicants to submit detailed proposals
November 15, 2013 at 5 pm	Deadline for selected proposals to SCC for further evaluation
November 15, 2013	Deadline for invited proposals to submit new PCA nomination to ABAG, if necessary
December 20, 2013	Evaluation Committee completes review of proposals and recommends grant awards
February/March 2014	SCC Board considers approval of the PCA grant awards
March/April 2014	MTC amends Transportation Improvement Program (TIP) to approve federal funding[1] to projects
June/July 2014	Earliest date for start of project planning and preliminary engineering activities.
TBD	Start of construction is dependent on resolution of design, environmental review, right of way, and other issues.

1 Subsequent to MTC approval no federal funds may be expended until the U.S. Federal Highway Administration authorizes the project sponsor's use of funds ("obligation"). This is the final approval step for federal funds. Complete request for authorization is due to Caltrans no later than February 1, 2016.

- **Meets Program Goals:** Projects need to meet one of the following program goals:
  - Protects or enhances "resource areas" or habitats as defined in California Government Code Section 65080.01.
  - Provides or enhances bicycle and pedestrian access to open space/parkland resources. Notable examples are the San Francisco Bay Trail and Bay Area Ridge Trail systems.
  - Supports the agricultural economy of the region.

In addition to the criteria above, the committee will consider other factors in ranking projects, including quality of the proposal, cost effectiveness, partnerships, support for the project, capability of the project partners to implement the project, and geographic distribution of grant funds. Also SCC criteria will be applied to determine state bond fund matches as listed in Attachment A.

Funding Exchanges

In addition to the grant criteria above, project requests and the eligibility constraints of the PCA federal funding will need to be considered. For example, land acquisition or enhancement projects that fall outside of categories 1-4 are not eligible for federal funds. Therefore, project applicants would need to identify more flexible funding that can be exchanged for the federal transportation funds. For example, if a local city, county, or congestion management agency has more flexible local or state funding that is being used for a transportation project, the local agency could instead agree to spend its own funds on the land acquisition or enhancement project and use the federal transportation funds offered through the PCA program on the transportation project. SCC, MTC, and ABAG encourage applicants to collaborate and develop proposed funding exchanges in order to include this project category in the program.

Eligible Applicants

Local governments (cities, towns, and counties), congestion management agencies, tribes, water/utility districts, resource conservation districts, park and/or open space districts, land trusts and other land/resource protection nonprofit organizations in Alameda, Contra Costa, San Francisco , San Mateo, and Santa Clara Counties are invited to apply. Applicants are strongly encouraged to collaborate and partner with other entities on project applications. Partnerships are necessary with cities, counties, congestion management agencies, or other public agencies that have master agreements with Caltrans, in order to access federal transportation funds. The public agency is responsible for meeting all requirements and regulations associated with the use of federal funds and is accountable for implementing and delivering the project. Successful grant recipients will work with Caltrans to meet federal-aid requirements in order to receive federal funds for the project.

Environmental Clearance: Project sponsors are to comply with the requirements of the California Environmental Quality Act (CEQA) and the National Environmental Protection Act (NEPA). The use of these grant funds triggers the need for CEQA and NEPA review.

APPLICATION PROCESS

The PCA Grant Program will follow a two-step application and evaluation process that will be overseen by an evaluation committee consisting of staff from SCC, MTC, ABAG, and the Moore Foundation.

Step One: All interested applicants must submit a Letter of Intent not to exceed three pages that includes the following:

- Identify the project title, name of applicant (must be an eligible applicant), project manager, and contact information.
- Name the project partners and supporters.
- Describe the proposed project, its regional significance, and how it meets the program goals (protects or enhances resource areas or habitats, provides or enhances bicycle and pedestrian access to open space/parkland resources, or supports the agricultural economy of the region).
- Describe how the project falls within at least one of the five eligible activities. If the project only falls within activity #5, describe the potential for a funding exchange.
- Indicate which PCA(s) the project is in or touches. If the project is not in or does not touch a PCA, indicate whether the area meets the eligibility criteria for PCA designation, including local support for PCA designation.
- Describe status of CEQA and NEPA review.
- Identify the total budget for the project, the amount of grant funding requested, and the secured and pending matching funds.
- Attach a map of the project area and a photo if appropriate (does not count towards the three-page limit).

Step Two: The evaluation committee will review all Letters of Interest and contact applicants, as needed, for additional information, clarification, or modification. The evaluation committee will identify a small number of projects and invite these applicants to submit a more formal proposal for further evaluation. The more formal proposal will include: Applicant Information, Project Information, Project Description, Scope of Work and Budget, Schedule, Additional Questions, and Maps and Photos.

Regional Workshops

SCC, MTC, and ABAG will host two workshops to provide prospective applicants with an overview of the Plan Bay Area Priority Conservation Area Grant Program. Following grant approval, MTC and SCC will host a project funding and delivery workshop in early 2014 to familiarize grant recipients with their requirements.

May 20, 2013, 1pm to 3 pm
Mountain View Community Center
201 South Rengstorff Avenue
Mountain View, CA 94040

May 23, 2013, 1 pm to 3 pm
Oakland State Building, Room 11
1515 Clay Street
Oakland, CA 94612

Contact People

Applicants are encouraged to contact the following people if there are questions about the grant program or wish to discuss potential project ideas in advance of submitting a letter of intent.

- **General Information:** Amy Hutzel, SCC, ahutzel@scc.ca.gov or 510.286.4180
- **Federal Transportation Funds, Funding Exchanges, and Applicant Eligibility:** Craig Goldblatt, MTC, cgoldblatt@mtc.ca.gov or 510.817.5837
- **Priority Conservation Area Designation:** Laura Thompson, ABAG, laurat@abag.ca.gov or 510.464.7935

Photo Aknowledgements
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APPENDIX A

Transportation Improvement Program Inclusion and Resolution of Local Support

After SCC approves the PCA Program grant awards, MTC must approve the use of federal funds. To do so, MTC must receive a completed project application from the grantee through its Funding Management System, in order to include the project in the Transportation Improvement Program (TIP). A project may not obtain federal funding until it has been added to the TIP. Federal funding is available once the TIP amendment is approved by US Federal Highway Administration. Federal applicants work with Caltrans to ensure that all federal requirements are met leading to a final approval called "obligation." Then applicants can expend federal funds which will be reimbursed by Caltrans/Federal Highway Administration. Additionally, the sponsor must submit a board adopted resolution of local support. For more information and questions, contact Craig Goldblatt at 510.817.5873.

Additional SCC Criteria

The SCC will use additional evaluation criteria when determining whether to provide state bond funds for a project. Projects will need to advance the Goals and Objectives in the SCC's 2013-2018 Strategic Plan, which is available here: *www.scc.ca.gov/2013/03/19/strategicpla/*. Projects will also be evaluated using these Project Selection Criteria and Guidelines to determine SCC funding awards:

Required Criteria

- Promotion of the Conservancy's statutory programs and purposes
- Consistency with purposes of the funding source
- Support from the public
- Location (must benefit coastal, ocean resources, or the San Francisco Bay region)
- Need (desired project or result will not occur without Conservancy participation)
- Greater-than-local interest
- Sea level rise vulnerability (Consistent with Executive Order S-13-08, for new projects located in areas vulnerable to future sea level rise, planning shall consider a range of sea level rise scenarios for the years 2050 and 2100 in order to assess project vulnerability and, to the extent feasible, reduce expected risks and increase resiliency to sea level rise).

Additional Criteria

- Urgency (threat to a resource from development or natural or economic conditions; pressing need; or a fleeting opportunity)
- Resolution of more than one issue
- Leverage (contribution of funds or services by other entities)
- Conflict resolution
- Innovation (for example, environmental or economic demonstration)
- Readiness (ability of the grantee and others to start and finish the project timely)
- Realization of prior Conservancy goals (advances previous Conservancy projects)
- Return to Conservancy (funds will be repaid to the Conservancy, consistent with the Conservancy's long-term financial strategy)
- Cooperation (extent to which the public, nonprofit groups, landowners, and others will contribute to the project)
- Minimization of Greenhouse Gas Emissions (project design and construction methods include measures to avoid or minimize greenhouse gas emissions to the extent feasible and consistent with the project objectives)
- Vulnerability from climate change impacts other than sea level rise (project objectives, design and siting consider and address vulnerabilities from climate change impacts other than sea level rise)

Additional SCC Process

Applicants that receive state bond funds in addition to federal transportation funds will need to enter into a grant agreement with SCC, provide a board resolution authorizing execution of the grant agreement, and meet other grant conditions (provision of a workplan, budget, and schedule, proof of insurance, landowner agreements if needed, proof of permits, a sign plan, etc.). The SCC Board will consider and approve a set of projects in February or March of 2014 for MTC and SCC funding. Projects may need to return to the SCC Board for specific funding authorizations, particularly if CEQA has not been completed by the beginning of 2014. SCC will act as a responsible agency under CEQA and make CEQA findings. Funding will be provided on a reimbursement basis, generally with 10% withheld until successful completion of the project.