A NOTE FROM OUR PRESIDENT:

Fifteen years ago, Environment Now was established to address the deterioration of California’s natural environment and the systemic failures that allow it to happen. From the outset, Environment Now’s model of change included acting locally, taking a stand, and finding solutions. Today, our programs and partners continue to prove that this three-pronged model effectively protects and restores California’s ecosystems.

Acting locally in 2004, Environment Now’s partners protected thousands of acres of California forests from destructive logging practices. By fighting individual timber sales that are disguised as fire reduction programs, Sequoia ForestKeeper and the John Muir Project have countered the federal “Healthy Forests Initiative” with good science and precedent setting litigation. These groups and their colleagues in California are advancing toward a model of public forest management focused on ecosystem restoration. They continue to fight for the responsible management of the Sequoia National Monument and to protect the landmark Sierra Nevada Framework, a set of land management policies developed during the Clinton Administration that favor restoration over extraction.

Taking a stand led Environment Now to the Sacramento-San Joaquin River Delta in support of our partner, the California Water Impact Network, to force action to address the deteriorating water quality in the hub of California’s water supply system. Increased diversion pumping and reduced flows through the Delta have resulted in sea water intrusion from the San Francisco Bay and have concentrated other pollutants in the Delta, leading to serious water quality problems and a precipitous decline in ecosystem health in this critical water body. In the Sierra Nevada, our forest partners are standing up to the U.S. Forest Service, leveraging a federal judge’s opinion that the Forest Service has a conflict of interest in its timber sales operations. The Forest Service both decides how to log our National Forests, and earns revenue for every tree it sells, calling into question its impartiality in balancing timber interests with the needs of recreation and ecosystem preservation.

Environment Now continues to seek local solutions that have national and global significance. Thanks to the Coalition for Clean Air and the Natural Resources Defense Council, the ports of Los Angeles and Long Beach, the third-largest port complex in the world, are on a path toward responsible environmental management. This path includes plugging ships into electric power in port, converting dockside tractors to operate on clean fuels, and making the port a better neighbor. As a result of Santa Monica Baykeeper’s long battle to protect public health and the environment, The City of L.A. will also solve its chronic sewer spills and upgrade its massive sewer system over the next ten years.

In 2004, Environment Now engaged in battles of national scope and significance to stand up for California. In the coming years, expect Environment Now to remain steadfast in its principles. We will continue to seek aggressive strategies to protect California’s forests, hold polluters responsible, and correct the systemic causes of environmental deterioration.

Kevin Wells
President
Though Environment Now’s program partners earned major achievements in 2004, the external threat to California’s forests increased. More pressure will come from the “Healthy Forests Initiative”, which calls for massive commercial logging in the name of fire prevention. The misleading initiative actually increases fire risk and proposes the demise of the Sierra Nevada Framework, a science-based plan that took a decade of public input to create and allowed logging but emphasized ecosystem protection.

On private forestlands, the outlook is equally dire. California’s largest owner of timberland is starting to convert 70% of its 1.5 million-acre holdings to biologically sterile tree plantations through clear cutting. This strategy will result in less biodiversity, more fires, poorer water quality, and less water supply.

A high note in 2004 was Governor Schwarzenegger’s signing of a bill creating the long-needed Sierra Nevada Conservancy. The range has been under increasing threat from unsustainable logging, over-grazing, air pollution, water development, and unprecedented population growth. Two of the primary goals of the conservancy are to support environmental preservation and preserve working landscapes from development.

**ACHIEVEMENTS**

The following selected accomplishments of 2004 are representative of our partners’ work in the Sierra Nevada and on the North Coast of California.

**SEQUOIA FORESTKEEPER DEFEATS THREE SALVAGE-LOGGING PROJECTS IN PRECIOUS SEQUOIA NATIONAL FOREST**

The Forest Service took advantage of the Sequoia National Forest’s McNally fire of 2002 to propose salvage logging projects totaling 400 million board feet of timber. *Sequoia ForestKeeper* led the fight against three sales (see chart, opposite page) in the fire area on the basis that the Forest Service proceeded without the cumulative impact analysis required by law. At the end of 2004, the Sequoia ForestKeeper forced the Forest Service to withdraw two of the sales while the third, the Sherman Pass project, was revised to retain double the number of large trees for wildlife habitat.

**RED STAR SALVAGE PROJECT IN TAHOE NATIONAL FOREST DEFEATED**

*The John Muir Project*’s (JMP) litigation program also scored significant victories this year. The precedent-setting judgment in the Red Star salvage logging case in the Tahoe National Forest resulted in blocking a 450-acre Forest Service project in a pristine, roadless area of the forest. The court concluded that the Forest Service had ignored several scientific studies when it approved the project, and that the project would likely increase the risk of severe fire.

**NEW SCIENTIFIC RESEARCH PROVES POST-FIRE VITALITY OF CALIFORNIA’S FORESTS**

In 2004, Chad Hanson of JMP discovered “epicormic sprouting,” in which trees considered dead show new life by regrowing from a charred crown, on severely burned white fir trees. In addition, he discovered three species of woodpecker that appear to rely on burned forests for foraging, including the “black-backed woodpecker.” These first-ever discoveries prove the ecosystem value of fire and undermine efforts to permit wholesale logging of fire-affected regions. JMP also used the media effectively to expose the Forest Service for overstating the impact of fire on spotted owl nesting sites and advocate for true scientific management of our forestlands.

**ONGOING ACTIVITIES**

On the North Coast, more than 85% of the rivers are listed as “impaired” under the Clean Water Act and the native salmon species that spawn in these rivers have been pushed to the edge of extinction. The culprit in the destruction of this magnificent resource is irresponsible logging. In 2001, the *Environmental Protection Information Center* (EPIC) brought a lawsuit claiming that logging companies are no different than any other industry and should be regulated by the Clean Water Act. Last year a judge agreed for the first time that these companies must indeed obtain permits for pollution, including sedimentation, running off their property. EPIC is now moving forward with the main claims of its suit charging Pacific Lumber with violations of the act for each day it discharged pollution into Bear Creek without the required permits. The trial is expected to begin in the summer of 2005.
Of the available 138 million board feet and 23,000 acres in the three proposed sale areas, less than 9 million board feet and 2,400 acres will be cut—an reduction in planned cut of over 90%.

PROGRAM OBJECTIVES
End commercial logging on public lands
Promote sustainable forest management on private lands
Last year the Pew Oceans Commission found America’s coastal waters to be in crisis and called for immediate intervention to stop further degradation – a daunting task given that more than half of the country’s population lives in coastal counties. A positive step came in 2004 when Governor Schwarzenegger pledged to fulfill California’s role in protecting our oceans. Also, funding was secured for planning new Marine Protected Areas along the California coast, which will serve as underwater national parks for the preservation of ecosystems, the fishing economy, and recreation. In Los Angeles, Proposition O passed with a remarkable 76% of voters in favor, and will provide $500 million to filter trash and pollutants from stormwater. More California cities must follow LA’s lead to meet the challenge of growth.

Environment Now’s concern for the coast began over a decade ago when we launched the first waterkeeper organization in Southern California, the Santa Monica Baykeeper. Soon after, we focused our coastal strategy on the development of a picket line of keepers along the entire Southern California coast. Today there are five regional keepers who act as guardians of our coastal waters from Baja to Point Conception.

**ACHIEVEMENTS**

The following selected accomplishments of 2004 are representative of our partners’ work on the California Coast.

**SANTA MONICA BAYKEEPER SETTLES SEWAGE CASE AGAINST CITY OF LA**

The Santa Monica Baykeeper settled one of the longest-running and largest sewage cases in U.S. history in August when the City of Los Angeles agreed to upgrade its dilapidated sewer system. The Baykeeper originally brought the suit in 1998, alleging at least 20,000 spills, all violations of the federal Clean Water Act. The final settlement calls for replacement of at least 488 miles of sewer lines in the 6,000-plus mile system. Additionally, the city will clean 2,800 miles of sewer lines every year. The final price tag will be $2 billion, not including the $5.6 million in legal fees spent by the city and outside attorneys in an effort to deny the documented problems in its sewer system.

**HALACO CLOSES SMELTING FACILITY AT ORMOND WETLANDS**

Another long-running pollution battle ended positively this year when Halaco – one of Southern California’s worst coastal polluters– shut down its smelting facility in the Ormond Wetland in Oxnard. The shutdown was the result of a lawsuit brought in 2001 by the Santa Barbara Channelkeeper and its allies as well as regulatory pressure. Halaco dumped over a million gallons of toxic waste onto unlined slag piles in one of the few remaining coastal wetlands in California. Decades of such dumping resulted in a huge, 20-acre slagheap that leaches copper, lead, ammonia, and even radioactive thorium into the wetland. The Channelkeeper vowed not to rest until the property has been properly cleaned up and reverted to wetland.

**ORANGE COUNTY COASTKEEPER PROTECTS AREAS OF SPECIAL BIOLOGICAL SIGNIFICANCE**

Due to the advocacy of the Orange County Coastkeeper, the State Water Quality Control Board scrapped plans to eliminate the strict regulations prohibiting discharges of pollution into Areas of Special Biological Significance (ASBS). Thousands of such discharges statewide currently pollute our most precious coastal ecosystems. Thanks to Coastkeeper and their allies, these discharges remain illegal and enforcement can begin in earnest.
LANDMARK DECISION Upholds the Power of Water Boards
In December, a state appellate court upheld the ability of San Diego’s Regional Water Quality Control Board to impose stormwater runoff regulations. San Diego Baykeeper, California Coastkeeper and NRDC (Natural Resources Defense Council) were interveners in the case on behalf of the Regional Board. The ruling by the 4th District Court of Appeal rejected the arguments of the San Diego Building Industry Association, which contended that urban runoff restrictions adopted in 2001 exceeded the state’s authority under the federal Clean Water Act. This ruling is expected to influence the outcome of several similar lawsuits. For example, the Los Angeles Regional Water Quality Control Board is facing five pending lawsuits challenging similar clean water standards enacted by the board.

SAN DIEGO REGIONAL WATER BOARDADOPTS NEW DISCHARGE PERMIT FOR SOUTH SAN DIEGO BAY POWER PLANT
San Diego Baykeeper and its partners convinced the San Diego Regional Water Quality Control Board to adopt an improved permit for the South Bay Power Plant (SBPP), which is owned and operated by Duke Energy. The renewed permit sets more stringent discharge limits and requires a monitoring program for the facility. The SBPP has operated on San Diego Bay for over 40 years, predating many of the regulations that govern today’s power plants, which require cleaner, safer and more efficient operations.

INTEGRATED PEST MANAGEMENT ADOPTED IN VENTURA
From the fertile fields of the Oxnard Plain to the verdant groves of Ojai, Ventura is an agricultural county. 44% of the county’s land area is devoted to agriculture, and as a result, pesticides, herbicides and other agrotoxins are the major pollution concern for the Ventura Coastkeeper. Coastkeeper raised awareness with their white paper Agritoxins: Ventura County’s Toxic Time Bomb, and was instrumental in the City of Ventura’s Integrated Pest Management plan adopted this year. The plan will reduce the impact of pesticide use by the Ventura agricultural industry. Ventura County and other cities are likely to adopt a similar approach.

ONGOING ACTIVITIES
Through a partnership with the Coastal Conservancy, Environment Now administers wetland recovery programs throughout Southern California. These programs enable local, community-based organizations to plan and implement wetland restoration projects. Recent projects included monitoring water quality, restoring habitat through the removal of non-native invasive plants, restoring stream banks for better riparian function, removing culverts to “daylight” creeks, removing trash, and educating the public on the value of our wetlands. This work complements the California Coastkeeper Alliance’s kelp reforestation effort in the near-shore ocean.

Coastal Program
Little Corona in Orange County, an Area of Special Biological Significance.
California’s efforts to clean the air have been fantastically successful. After 20 years of progress in reducing air pollution in Southern California, pollution began to rise again in 2002. But the problem has grown much more difficult. More cars and trucks are driving more miles on average than ever before as our region sprawls into the deserts. Though automobile tailpipe emissions are cleaner, fuel economy has not advanced since the 1970’s. Federal sources of air pollution, such as the airports and seaports, cannot be regulated by Californians, and the other major point sources of pollution, such as power plants, are already highly regulated.

Environment Now and our partners have focused our work on one very common, yet pernicious toxic: diesel exhaust. In 1997 we targeted this pollutant with the launch of our Dump Dirty Diesel Project because diesel vehicles present a health risk and contribute to air pollution in a proportion far in excess of their number. They produce a quarter of the basin’s smog-generating nitrogen oxides and two-thirds of the health-impairing particulate pollution from on road sources. The state estimates that diesel exhaust contributes to an estimated 2,900 premature deaths, 3,600 hospital admissions, 240,000 asthma attacks and respiratory symptoms and 600,000 lost workdays yearly. Further, an estimated 16,000 Californians will develop lung cancer over their lifetime as a result of diesel exhaust exposure.

Environment Now and our partners have had a string of court victories since the Dump Dirty Diesel Project was launched six years ago. The U.S. Supreme Court, however, finally broke this run in 2004 with two adverse decisions.

ACHIEVEMENTS

The following selected accomplishments of 2004 are representative of our partners’ work to clean our air.

PORT OF LA’S CHINA SHIPPING EXPANSION BECOMES A STANDARD

During 2004, our program partners, the Coalition for Clean Air and the Natural Resources Defense Council published two reports focusing on pollution generated by America’s ports. The first released, Harboring Pollution: The Dirty Truth about U.S. Ports, provides an overview of policy and mitigation recommendations and assesses efforts to control pollution at the ten largest U.S. container ports. The follow-up report, Harboring Pollution: Strategies to Clean Up U.S. Ports, offers detailed technical recommendations for pollution mitigation.

NEW STATE LAW REQUIRES MEXICAN TRUCKS TO MEET CA EMISSION STANDARDS

In June, the U.S. Supreme court sided with the Bush administration in allowing Mexican trucks access to the entire United States, where previously they had been limited to the border zone, without requiring them to meet U.S. emission standards. Our partner, the Natural Resources Defense Council, was a party to this suit and managed to turn this federal judicial defeat into a state legislative victory. Recently Governor Schwarzenegger signed a bill authored by Assemblymember Fran Pavley into law requiring Mexican trucks to meet federal emission standards when operating in California. If left unregulated, Mexican trucks would have added 50 tons of smog-generating nitrogen oxides to the air every day in the Los Angeles Basin and substantially increased disease-causing particulate matter.
A FIGHT FOR THE FLEET RULES

In April, the U.S. Supreme Court found that six local district rules, aimed at replacing diesel with natural gas vehicles in public fleets, are equivalent to “standards” under the Clean Air Act and thus preempted since only the federal government can set vehicle standards. The court did leave the door open for a further court challenge. However, the state’s Air Resources Board may apply to the U.S. Environmental Protection Agency for a waiver from preemption under the act, and forgo a legal challenge. In just the few years since the rules were adopted more than 5,000 clean fuel transit and school buses, street sweepers, and trash and other trucks have replaced highly polluting diesel vehicles.

ONGOING ACTIVITIES

Our ports program is now expanding to the north. A proposed massive expansion project will triple the size of the Stockton port and bring more than 130 additional vessels per year and more than 8,500 diesel truck trips per day. Residents and local organizations concerned with public health issues, traffic and other community disruptions and marine habitat impacts joined with the Natural Resources Defense Council to file suit against this unsustainable project.

In violation of California law, the port and its commissioners approved the expansion project without meaningful pollution mitigation measures despite projections of vastly increased levels of toxic diesel exhaust, smog-forming chemicals and other contaminants. The port also failed to assess other environmental impacts of the project adequately or to consider less polluting alternatives, as required by the California Environmental Quality Act.

Last year two new power plants came on line in Mexicali, Baja California with the bulk of their output planned for delivery to California markets. Since these plants are located in an area that has not attained Clean Air Act standards – the Imperial Valley – their operation will only exacerbate regional pollution in both the U.S. and Mexico. Frustrated by the fact that the plants were out of reach of U.S. environmental law, the Border Power Plant Working Group with support from Environment Now identified the transmission lines that bring the power into this country as a leverage point. The working group filed suit against the Department of Energy claiming that its environmental assessment of the two transmission lines was inadequate. Last year the judge hearing the matter concurred and ordered the department to prepare a new assessment in accordance with the National Environmental Policy Act.
While hydrogen technology continues to advance, industry is reluctant to embrace it citing a lack of fueling infrastructure. Vehicle manufacturers are reluctant to commit significant resources to the development of either hydrogen internal combustion or fuel cell vehicles without the necessary fueling stations in place. And, of course, energy companies are just as hesitant to develop a fueling infrastructure without a waiting fleet of hydrogen vehicles.

Environment Now’s energy program – Energy Independence Now – has focused on integrating hydrogen fuel cell technology into California’s and, ultimately, America’s transportation system. We focused on hydrogen because it is non-polluting, renewable, and its use would reduce our dependence on foreign oil.

ACHIEVEMENTS

The following accomplishment of 2004 is representative of our work towards energy independence.

GOVERNOR LAUNCHES HYDROGEN HIGHWAY INITIATIVE

In April, Governor Schwarzenegger signed an executive order creating the partnership for the California Hydrogen Highways Network, a system of 150 to 200 hydrogen-fueling stations along interstate highways throughout the state. As envisioned, Hydrogen Highways will be completed by 2010 at a price of $90 million, a cost borne by energy companies, automakers, high tech firms, and other private companies. In addition to its air quality, public health, and international security implications, this investment will secure California’s place as the worldwide leader in development of a hydrogen economy.

During 2004, Environment Now’s partner, Energy Independence Now played an integral role in the development of the preliminary blueprint for the Hydrogen Highway Network. The blueprint, targeted for completion in January of 2005, will include a survey of existing and planned hydrogen stations and fleets, web-based station information and location guide and a strategy to expand the Hydrogen Highways Partnership.
Create action-oriented solutions to catalyze a rapid transition to a clean, renewable hydrogen economy in California.
California’s freshwater is over-allocated. As a result, competition for existing and newly developed water sources is growing among the three demand sectors: agriculture, urban users, and the environment. As we move into the 21st Century, this competition will only increase as California’s population continues to burgeon and as global warming alters the state’s precipitation regime. Without a strong advocacy effort to protect our rivers and aquifers from over-extraction of water, our ecosystems will be the loser in this competition.

In California, 80% of our developed water supply is used for agriculture. The largest water supplier in the state, the federal Bureau of Reclamation’s Central Valley Project, distributes almost 20% of our agriculture water, most of it on a long-term contractual basis. Over the next few years, these contracts are up for renewal on subsidized terms that favor inefficient water consumption. We anticipate that the bureau, with the blessing of the Bush administration, will propose to continue delivering the same amount, and in some cases, even more water to the districts for the same rates - rates heavily subsidized by taxpayers.

While agriculture is locking in long-term water at sweetheart rates, the current political climate has emboldened private landowners to elevate their “water rights” to “property rights.” Thus if drought or other circumstances preclude delivery of full allotments, the rights holder can claim a “taking” and sue the delivering agency for the cost of the undelivered water. In essence, the taxpayer will be indemnifying the farms and private agencies against natural drought. If this move to privatization prevails, it could lead to even less water for the environment because it would be too expensive to leave in the rivers.

In Southern California, we face unique issues given the distance over which we draw the bulk of our water. We depend on three major systems supplemented by local sources: the State Water Project’s California Aqueduct, the Department of Water and Power’s Los Angeles Aqueducts, and the Metropolitan Water District’s Colorado Aqueduct. Existing sources have reached their limits. Only through innovative projects, such as conservation and recycling efforts, will we be able to maintain our lifestyle, sustain expected growth and protect the environment.

ACHIEVEMENTS

The following accomplishment of 2004 is representative of our work to protect water for California’s environment.

ENVIRONMENTAL WORKING GROUP EXPOSES FEDERAL WATER SUBSIDIES

With support from Environment Now, the Washington, D.C. based Environmental Working Group (EWG) made a big splash in California water politics in 2004 with a 16-month investigation into Central Valley Project (CVP) water subsidies. The study was released as the Interior Department is negotiating the aforementioned contracts with Central Valley water districts that could lock up millions of acre-feet of water for up to 40 years.

EWG found that in 2002, the average price for irrigation water from the Central Valley Project was less than 2 percent what Los Angeles residents pay for drinking water, one-tenth the estimated cost of replacement water supplies, and about one-eighth what the public pays to buy its own water back from farmers to restore California rivers, streams and estuaries, including the the Sacramento-San Joaquin River Delta. Such buybacks, under the Environmental Water Act, are designed to meet priority ecosystem needs, but given these pricing inequities, result in huge farm subsidies.

The study is the first to name individual recipients of federal water subsidies in California, information previously hidden from the public by state law. It confirms that large agribusiness operations, not the small family farmers whom federal water projects were intended to benefit, are reaping a windfall from taxpayer-subsidized cheap water. In 2002, 10 percent of Central Valley Project farms took 67 percent of the irrigation water, each receiving an average subsidy of $349,000, based on market rates for replacement water. The 25 largest farms accounted for more than 13 percent of CVP irrigation water, each receiving a subsidy worth $1 million each. By comparison, all Central Valley Project farms together received an average subsidy of just over $7,000.
PROGRAM OBJECTIVES

Maintain a safe, scientifically-determined water volume in the natural environment to protect California ecosystems.
OUR MISSION

Environment Now’s mission is to be an active leader in creating measurably effective environmental programs to protect and restore California’s environment.

Since inception, our focus has been on critical issues near to the hearts of Californians and our founders: preservation of coasts and forests, and reduction of air pollution and urban sprawl. Our ultimate goal is to restore the balance and health of California’s ecosystems. We believe that this goal is achievable through an intelligent combination of enforcement of existing laws, and application of technology and process improvements to eliminate unsustainable practices.

OPERATING CHARTER

Because Environment Now is small, we are able to respond quickly to issues and assume risk where larger foundations cannot. We think of ourselves as the “SWAT team” of the environment and live by this principle. We bring an entrepreneurial approach to building grassroots groups and campaigns with actionable, achievable goals. We also seek to create leverage within all of our programs through means such as capacity building in our partner organizations, setting legal precedents, demonstrating the viability of sustainable alternatives, and creating best management practices. Environment Now’s active, forward leaning approach to working with our partners creates more effective working relationships, and ultimately more successful outcomes.

All grants made by Environment Now relate to specifically identified projects, which are almost always based in California.

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