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ANNUAL REPORT 2002

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## DEAR FRIENDS,

No one ever said that protecting the environment was a simple job. In California and throughout the country we're facing problems that grow increasingly complex; increases in global climate change, polluted runoff from streets and farms, and losses of habitat and biodiversity are all compounding at a time when the depressed economic climate has left businesses, governments, and non-profit organizations with reduced resources.

Making our air cleaner, water purer, and land better protected will require the best and most innovative efforts from diverse sectors such as government agencies, private corporations, academia, and non-profits. This is why Sustainable Conservation is doing what it does best: bringing these groups together.

It seems obvious that partnerships—sharing in both the work and the reward—are an effective method of solving common problems. Yet this is often overlooked when the environment is the issue. Over a decade ago, Sustainable Conservation recognized the power of partnerships and made such collaboration the cornerstone of what we do. If you're reading this, you are one of many valuable partners in a worthwhile and ongoing project; I'm pleased to share a year of accomplishments with you, because you helped to make every success possible.

That you are reading this report shows that you, like our project partners whose words you'll read in this Annual Report, understand the role we must all play in protecting the environment. Why? Because the environment is everyone's business. But there's a more heartfelt reason.

Every one of us has a vested interest in protecting the planet. For now, for ourselves. For the future, for our loved ones to grow up in. Thanks to you, we're leading the way with innovative, pragmatic solutions that both benefit the environment at large and preserve economic opportunities.

Thank you for your continued support of Sustainable Conservation.

Sincerely,



ASHLEY DUERFF  
Executive Director



*“Sustainable Conservation has worked tirelessly to build bridges with our businesses that others have burned.”*

Mike Marsh, Western United Dairymen

The idea of sustainability—balancing the financial bottom line of business with concern for the environmental impacts—is more complicated than some early enthusiasts imagined. Business, government, and non-profit organizations have seldom worked together to tackle environmental problems; all too often, they've worked at cross purposes. Sustainable Conservation was founded to change that.

Sustainable Conservation's approach goes beyond just strategic thinking and strategic partnerships, but blends both. As a result, our approach directs actions and resources practically and effectively, leading to better results for the environment we all share.

We are committed to finding new ways to address serious environmental problems; we engage businesses and private landowners in new types of voluntary conservation. We've made it our task to understand the barriers to environment-friendly decisions as well as uncover the incentives. We look at all the elements that shape the decisions and then we bring together those who can help craft solutions.

All this can produce serious change. When a local government identified copper debris from automobile brake pads as a possible pollutant of San Francisco Bay, Sustainable Conservation forged a partnership between local businesses, government agencies, and community activists. This coalition approached brake pad manufacturers with a cooperative initiative and they agreed to include additional environmental considerations in their product design process.

When we learned that the tangle of regulatory processes was preventing farmers from reducing the erosion of their lands into the biologically rich Elkhorn Slough, we devised an innovative program that worked with local watershed groups to streamline the installation of conservation projects. This encouraged—rather than blocked—conservation.

During 2002 our partnerships continued to grow, though we all faced new challenges, even while embracing new opportunities. As you read more about our partners and the progress we are making together, you'll see how Sustainable Conservation can succeed where others have failed.

*“Without Sustainable Conservation we would lose our focus. Sustainable Conservation keeps us moving forward and helps us to see our goals.”*

*Kelly Moran, TDC Environmental, LLC - Representing the Bay Area Stormwater Management Agencies Association*



## Auto Recycling

Sustainable Conservation's engagement with the auto recycling industry helped us find low-cost or no-cost answers to the problem of polluted runoff—and cost is a vital consideration in a business where profit margins continue to shrink.

In 2002, the Auto Recycling project delivered a training video and fact sheets for auto dismantlers. These materials illustrated how to protect storm water and reduce hazardous runoff. Available in English and Spanish, these resources spoke to site owners and their employees in clear, concise language. Our partners in the auto recycling industry have helped us to distribute the videos and fact sheets to their members. Also, through their work with us, these partners have developed their own environmental stewardship program for their members—Partners in the Solution.

The Auto Recycling project is also working to remove mercury switches from a wide range of automobiles. Mercury is a highly toxic substance: a single gram of mercury—the amount found in the hood and trunk switches of most cars—can contaminate an entire 25-acre lake. When auto dismantlers crush cars for scrap metal, that mercury goes straight into our waters, harming humans and wildlife. Even though this project has just begun, we're already seeing tremendous results.

## Brake Pad Partnership

Sustainable Conservation's Brake Pad Partnership has brought together industry, government, and community groups to research the potential environmental impacts of brake pad debris shed through normal wear. As much as we enact change in the field, a large part of our conservation work lies in setting the stage by creating dialogue between key stakeholders.

During 2002, the members of the Brake Pad Partnership, led by Project Manager Sarah Connick, developed and completed a detailed work plan for technical investigations necessary to understand the transport and fate of automobile wear debris in the environment; the Partnership also secured funding for those investigations.

Working together, the diverse partners solidified the technical approach to understanding the fate and transport of brake pad wear debris in the environment and its potential impact on water quality. This approach involves a set of interlinked environmental modeling, monitoring, and laboratory testing investigations. These investigations will answer whether copper from brake pad wear debris is a significant source of the copper impairment affecting the South San Francisco Bay.

As a result of this work and a proposal based on the investigations proposed, SusCon's Brake Pad Partnership was awarded funding from the California State Water Resources Control Board to conduct the tests to determine how brake pad debris disperses in the air and storm water runoff and affects water quality. In fall 2003, the Partnership will initiate these studies and convene a Scientific Advisory Team to guide this important technical work.

## Partners In Restoration

Sustainable Conservation's Partners In Restoration (PIR) program takes a new look at environmental stewardship—and finds ways to help private landowners care for the environment. We cut the "red tape" and make it easier to get technical assistance as well as eliminate the fees for permits to install conservation projects. Our unique approach has preserved habitats and reduced soil erosion in watersheds throughout California. This effort has enlisted dozens of landowners throughout the state—each of them a partner in our effort to promote stewardship of our natural resources.

2002 saw us complete the implementation of permit coordination programs in three additional watersheds in California. Motivated by this opportunity, landowners are or soon will be implementing voluntary erosion control and stream bank restoration projects in Morro Bay, the Salinas River Valley, and the Navarro River watershed in Mendocino County in addition to the Elkhorn Slough Watershed where the program was piloted. In the coming year, we will be working to bring PIR programs to the coastal watersheds of Marin County, the troubled waters of Humboldt County, and the watersheds of Santa Cruz County.

In the last year, we also launched a program to train representatives from local watershed groups across the state to implement PIR programs in their communities. Partners from Alameda and San Diego counties took part in our first training. This will help institutionalize our new and innovative tool as well as allow a larger number of communities throughout California to utilize the techniques we developed in our successful pilot projects.

## Dairies

In the hopes of making a difference in the top dairy state in the nation, Sustainable Conservation combined our industry experience with economics, the latest scientific research, and groundbreaking technology. By offering dairy farmers and regulators a wide variety of solutions to the industry's most urgent problems, we provided farmers with solid economic incentives for improving the environment. Through our partnerships with dairy producers, 2002 was a year of tremendous growth for our Dairies program.

Last year, Sustainable Conservation led the way in enabling the adoption of methane digesters by dairy farmers, helping them manage manure in an environmentally friendly way. This groundbreaking work included the implementation of a \$15 million state grant program for methane digester installation, the largest program of its kind in the U.S. The initiative also included the passage of AB 2228, a California law that allows for "net metering" of methane digesters. (Net metering is an allowance by utilities that enables an electric meter to run in reverse when a farm's digester produces more energy than the farm uses.) As a result of our efforts, nearly a dozen methane digesters will be installed on farms statewide in the coming months.

Our Dairies project also created a nationally recognized demonstration project in the City of Sacramento to evaluate the effectiveness of composting dairy manure with municipal "green" waste (grass clippings, leaves, etc).

# Other Projects

## Strategic Planning

Throughout 2002, Sustainable Conservation's Board and staff worked to create a Strategic Plan that spells out the core strategies and specific goals that Sustainable Conservation will pursue over the next five years. As part of our planning process, we interviewed representatives from other environmental organizations, current and potential partners, funders, government officials, business leaders, and many others. Then, we used what we learned to inform our work.

Sustainable Conservation has grown from a start-up to a leader in bridging the gaps between the private, public, and environmental sectors for long-term solutions. As we achieve the goals in our five-year Strategic Plan, SusCon will expand our focus to new industries, strengthen our relationships and improve our effectiveness with our current partners, increase our funding support and media presence, and grow into regions outside of California.

## Branding

*Sustainable Conservation got a makeover in 2002!*

As 2002 drew to a close, Sustainable Conservation selected a new logo and new slogan that we have now incorporated into its stationery, new brochure, and Web site. Check out [www.suscon.org](http://www.suscon.org) and let us know what you think.

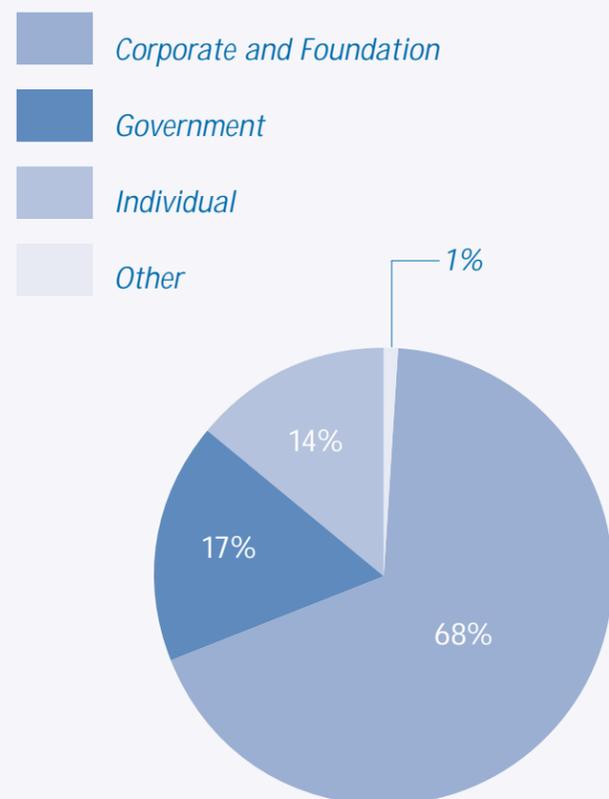
We hope this new look will promote our work to a wider audience and help people identify Sustainable Conservation as the unique and effective organization it is.

Sustainable Conservation is a 501(c)(3) organization and contributions are tax-deductible.

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# Statement of Financial Position

## REVENUE 2002



## EXPENSES 2002

