
EXHIBIT 3

COASTAL CONSERVANCY

Project Summary
April 22, 1999

SAN PABLO BAY WATERSHED RESTORATION STUDY

File No. 99-020
Project Manager: Dick Wayman

RECOMMENDED ACTION: Authorization to enter into a Feasibility Cost-Sharing Agreement with the U.S. Army Corps of Engineers and to disburse funds to the Corps to conduct the first year of a planned three-year comprehensive study of environmental restoration needs and opportunities in the San Pablo Bay watershed.

LOCATION: San Pablo Bay and its watershed, including portions of Marin, Sonoma, Napa, Solano, and Contra Costa counties (Exhibit 1).

PROGRAM CATEGORY: San Francisco Bay Conservancy

ESTIMATED COST: First Year (through September 1999)

Conservancy (cash)	\$ 200,000
Conservancy & partner organizations (in-kind)	200,000
U.S. Army Corps of Engineers	<u>400,000</u>
TOTAL:	\$ 800,000

Total, three-year study

Conservancy & partner organizations (cash)	\$1,305,000
Conservancy & partner organizations (in-kind)	1,305,000
U.S. Army Corps of Engineers	<u>2,610,000</u>
TOTAL:	\$5,220,000

The Conservancy's \$200,000 cash contribution for the first year of the proposed study would derive from the Habitat Conservation Fund.

The three-year budget for the study provides an opportunity to match Corps funds with local contributions for a wide range of prospective projects. By entering the agreement the Conservancy would not be obligated to provide the full level of funding identified in the three-year budget. The Conservancy would retain the ability to terminate the contract with a 30-day notice,

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or to slow the pace of the study if local participation is less than expected.

PROJECT SUMMARY: The proposed agreement would provide for a comprehensive analysis of needs and opportunities for ecological restoration in the San Pablo Bay Watershed, together with technical, planning, and design analyses that would lead to the implementation of specific projects. A detailed account of the study's objectives, rationale, and budget is presented in a Corps-approved Project Study Plan (Exhibit 2).

The study would be conducted by the Corps in collaboration with the Conservancy and local governments, nonprofit organizations, special interest groups, landowners, and others interested in the long-term ecological health of the San Pablo Bay watershed.

The study would enable local partners to obtain reports that evaluate specific restoration opportunities. A principal purpose of these reports would be to increase funding opportunities to implement the targeted projects. In particular, the reports may enable the Corps to provide federal funding for up to 75 percent of costs to implement projects included in the study; without the reports, Corps funding would not be available.

Local project advocates are expected to contribute to the study's 50 percent local-share cost requirement. If outside funding for the study is not forthcoming, the Conservancy may terminate or reduce the scope of the study before its completion, thereby releasing the Conservancy from further financial obligation.

The project area contains vast amounts of valuable wildlife habitat and restorable wetlands. The ecology of the region is threatened, however, by encroaching urbanization, and there is an urgent need to determine how to provide for urban and business needs while protecting and improving the natural environment.

The proposed study follows the collaborative efforts of many organizations, and the wide body of information produced by these efforts will be incorporated into the study. The proposed study enjoys widespread support from a variety of organizations and individuals, and it aligns well with the goals of the San Francisco Bay Conservancy Program.

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STAFF

RECOMMENDATION: Staff recommends that the State Coastal Conservancy adopt the following Resolution pursuant to Sections 31160-31164 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed two hundred thousand dollars (\$200,000) to the U.S. Army Corps of Engineers for the first phase of preparation of the San Pablo Bay Watershed Study, and further authorizes the Executive Officer of the Conservancy to enter into an agreement with the Corps, and related agreements with other interested parties, for the preparation of that study.”

Staff further recommends that the Conservancy adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that the proposed project is consistent with the purposes and goals set forth in Chapter 4.5 of Division 21 of the Public Resources Code.”

STAFF DISCUSSION:

Project Description: If authorized, the Conservancy would enter into a three-year agreement with the U.S. Army Corps of Engineers to identify potential ecological restoration opportunities in the San Pablo Bay watershed and provide the technical, planning, and design analyses needed to foster project development. Completion of the proposed study would enable the use of federal funds to help implement projects identified in the study.

A Project Study Plan (“PSP”) (Exhibit 2) for the proposed study was recently approved by the Corps. This PSP describes, in detail, the proposed study’s objectives, rationale, and

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budget. The more salient components of the PSP are discussed below.

The PSP has been designed to foster a collaborative effort among the Corps, the Conservancy, and the many municipal bodies, special-interest groups, landowners, and other organizations and individuals that have a stake in the future of the watershed. Although the Conservancy would be the nominal “non-federal sponsor” of the study, the Conservancy would work closely with local stakeholders to ensure widespread participation in the study and a comprehensive assessment of the watershed’s needs.

Two of the proposed study’s principal objectives are to identify specific projects that could contribute to the ecological restoration of the watershed and to perform the initial technical analyses and design studies needed for implementation of the projects. The Conservancy and its partners would solicit contributions from project advocates in order to meet the 50 percent cost-share required by the Corps for the study.

Study tasks are discussed in detail in Chapter 3 of the PSP. They are summarized below:

Public Involvement and Education

Public meetings, workshops, and briefings will be held to identify restoration opportunities, coordinate restoration efforts, and to inform the public of restoration needs and opportunities.

Technical, Planning, and Design Review and Analysis

The goal of this task is to provide the analyses necessary to identify and prioritize restoration opportunities. As part of the task there will be an extensive review and consolidation of existing studies and collected data.

Clarification of Restoration Parameters

This task will involve the evaluation of restoration parameters associated with dredged material reuse, levee construction and relocation, and reclaimed wastewater use—topics particularly relevant to the San Pablo Bay watershed.

Specific Restoration Opportunities

As mentioned above, specific restoration opportunities will be identified, analyzed, and designed. The PSP calls for a flexible approach that will allow projects to be added to the study as it progresses.

The project will be scheduled so that the usefulness of work conducted in each of the first two years of the study does not entirely depend on work scheduled for the following year or years. Therefore, if the Conservancy should choose to terminate the study before the end of the three-year schedule, work done for the study will still be available to contribute to the greater effort to restore the environment of the San Pablo Bay watershed.

Project Financing: Preparation of the San Pablo Bay Watershed Restoration Study requires the Conservancy to enter into a three-year Feasibility Cost-Sharing Agreement with the Corps by which the Corps would provide 50 percent of the required funding and the Conservancy and its partners would provide the remaining 50 percent. At least half of the funding provided by the Conservancy and its local partners would be made in cash, while the remainder could be provided as in-kind services.

The projected budget for the three-year study is as follows:

First Year (through September 1999)

Conservancy (cash)	\$ 200,000
Conservancy & partner organizations (in-kind)	200,000
U.S. Army Corps of Engineers	<u>400,000</u>
TOTAL:	\$ 800,000

Second Year (through September 2000)

Conservancy & partner organizations (cash)	\$ 530,000
Conservancy & partner organizations (in-kind)	530,000
U.S. Army Corps of Engineers	<u>1,060,000</u>
TOTAL:	\$2,120,000

Third Year (through September 2001)

Conservancy & partner organizations (cash)	\$ 575,000
Conservancy & partner organizations (in-kind)	575,000
U.S. Army Corps of Engineers	<u>1,150,000</u>
TOTAL:	\$2,300,000

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Total, three-year study

Conservancy & partner organizations (cash)	\$1,305,000
Conservancy & partner organizations (in-kind)	1,305,000
U.S. Army Corps of Engineers	<u>2,610,000</u>
TOTAL:	\$5,220,000

A detailed projected budget is provided in Chapter 4 of the PSP (Exhibit 2).

The required cash contribution (\$200,000) for the first year of the study would be provided by the Conservancy from the Habitat Conservation Fund. The Conservancy added \$200,000 for this project to the fund's project priority list in February 1999. In-kind contributions for the first year would be provided by the Conservancy (including staff time and expenses) and partner organizations.

For the second and third years of the study, the Conservancy and its partners, in particular the San Pablo Baylands Partnership and the Bay Institute, would solicit contributions from the large number of agencies and organizations that are interested in developing projects in the watershed but lack sufficient funding for design and/or implementation. Potential contributors would benefit if their projects were included in the study because upon the study's completion the projects would become eligible for Corps funding of up to 75 percent of their implementation costs.

All or the great majority of local-share contributions for the second and third years of the study are expected to come from local project advocates. Any additional Conservancy contributions would require approval of the Conservancy's governing board.

At its own discretion, the Conservancy may terminate its cost-share agreement with the Corps with 30 days notice. Therefore, if the Conservancy and its partners are unable or unwilling to provide the required cost share for the second or third year of the study, the Conservancy may terminate the agreement or reduce its scope without further financial obligation. The pace of the study's schedule may also be slowed to allow more time to bring prospective partners into the effort.

Site Description: For the purposes of this project, the San Pablo Bay watershed is defined as the area from the line between Point San Pedro in

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Marin County and Point San Pablo in Contra Costa County to the Carquinez Bridge and all drainage within this area emptying into San Pablo Bay (see Exhibit 1). The catchment area of San Pablo Bay is approximately 810 square miles (520,000 acres), and the surface area of the bay is approximately 90 square miles (60,000 acres).

The San Pablo Bay watershed is among the richest ecosystems of the American West. It contains vast amounts of valuable wetlands and other wildlife habitats that are threatened by encroaching development, pollution, and other problems.

In the federal Clean Water Action Plan to protect the nation's aquatic environment, the San Pablo Bay watershed has been designated as the highest restoration priority because of its high value, high risk, and high opportunity.

Large tracts of historical baylands, diked and tidal, remain in the San Pablo Bay watershed, particularly along the perimeter of the bay and along Sonoma Creek and the Petaluma and Napa rivers. The predominant use of the diked baylands is for grazing and crop production, and some contain important seasonal wetlands. Approximately one-half of the diked baylands are publicly owned, principally by wildlife agencies, military agencies, and special-purpose agencies such as flood-control districts.

Urbanized and industrial areas in the watershed are growing, so there is a potential for further habitat losses and increased pollution and a need for more flood control, recreational opportunities, and ways to use or dispose of wastewater.

A more detailed description of the value of and threats to the area is provided in Chapter 1 of the PSP (Exhibit 2).

Project History: This project follows the long-term efforts of a wide variety of organizations and individuals dedicated to the ecological restoration of the San Pablo Bay watershed. Efforts that are particularly noteworthy are described below:

The San Pablo Baylands Partnership is a program designed to enlist landowners and residents in an effort to protect and enhance wildlife habitats and agriculture around the bay. It is a collaborative project of Save San Francisco Bay Association and the consulting firm Camp Dresser & McKee, Inc., with principal sponsorship of the San Francisco Bay Regional Water Quality Control Board.

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The North Bay Forum, sponsored by the U.S. Environmental Protection Agency, is designed to coordinate wetlands and watershed resource management and regulation and solve regulatory problems. Since 1992, the forum has conducted regular meetings and workshops for landowners and government entities.

The San Francisco Bay Area Wetlands Ecosystem Goals Project is a cooperative effort among local, state, and federal agencies to establish a long-term vision for a healthy and sustainable baylands ecosystem within the San Francisco Estuary. The project's recent report, *Baylands Ecosystem Habitat Goals*, provides an overview of the history, problems, and restoration opportunities of the San Pablo Bay watershed.

The San Francisco Bay Joint Venture is a partnership of public agencies, environmental organizations, business representatives, and agricultural interests working together to protect and improve fish and wildlife habitats in the San Francisco Bay watershed. The joint venture is a product of the North American Waterfowl Management Plan, an international agreement designed to protect wetland habitat and increase wetland wildlife populations.

The Coastal Conservancy has sponsored or otherwise participated in all of the above efforts. Significant projects along San Pablo Bay in which the Conservancy is a major partner include the Hamilton Field restoration, the Sonoma Baylands wetlands restoration, the Napa-Sonoma Marsh restoration, and the Napa River Flood Management Project.

PROJECT SUPPORT: This project is supported by, among others, the Bay Institute, the San Francisco Bay Joint Venture, Save San Francisco Bay Association, and the Sonoma County Water Agency.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION: The proposed project would be undertaken pursuant to Chapter 4.5 of Division 21 of the Public Resources Code (Sections 31160-31164), which directs the Conservancy to address the resource and recreational needs of the San Francisco Bay Area in a coordinated, comprehensive, and effective way.

Under Section 31162, the Conservancy may undertake projects that will help to achieve specified goals for the San Francisco

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Bay Area Conservancy Program. Consistent with Section 31162, the project will help to protect, restore, and enhance natural habitats and connecting corridors, watersheds, scenic areas, and other open-space resources of regional importance; to assist in the implementation of the San Francisco Bay Plan; and to promote, assist, and enhance projects that provide open space and natural areas that are accessible to urban populations for recreational and educational purposes.

Consistent with Section 31163, the project will involve the cooperation of local governments, nonprofit organizations, and other interested parties in identifying and adopting long-term resource and outdoor recreational goals for the San Francisco Bay area.

CONSISTENCY WITH
CONSERVANCY'S
PROGRAM GUIDELINES:

The project is consistent with the Conservancy's screens and criteria for project priority assessment, adopted in 1993, in the following respects:

Screen One: The project enjoys widespread public support, its geographic scope covers a major region of San Francisco Bay, and without the Conservancy's participation the project will not proceed.

Screen Two: The principal purpose of the project is to enhance wetlands and watershed habitats.

Screen Three:

Urgency: The project is the direct outgrowth of long-term collaborations of agencies, private organizations, and individuals. If the project does not proceed now, the existing collaborative momentum will be lost and currently available funding opportunities may disappear.

Economic Benefits: The project will incorporate economic benefits, such as those involved with flood control and farmland protection, in its review and design of habitat restoration.

Multi-Issue: The project involves many issues, including wetlands restoration, habitat protection, flood control, public recreation, and farmland protection.

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Leverage: Fifty percent of project costs will be met by the Corps, and significant contributions are expected from local interests.

Local Assistance: The project has achieved strong local support, and will be able to continue only if that support is followed by local financial and in-kind assistance.

CONSISTENCY WITH
SAN FRANCISCO

BAY PLAN: The project is supported by the following policies of the San Francisco Bay Plan adopted by the San Francisco Bay Conservation and Development Commission in 1969, as amended:

Fish and Wildlife: “[T]o the greatest extent feasible, the remaining marshes and mudflats around the Bay...should be maintained.” “Specific habitats that are needed to prevent the extinction of any species, or to maintain or increase any species that would provide substantial public benefits, should be protected, whether in the Bay or on the shoreline behind dikes.”

Water Quality: “To the greatest extent feasible, the Bay marshes...should be maintained and, whenever possible, increased.”

Marshes and Mudflats: “Marshes and mudflats should be maintained to the fullest possible extent to conserve fish and wildlife and to abate air and water pollution.”

COMPLIANCE

WITH CEQA: The project is statutorily exempt from the provisions of the California Environmental Quality Act because it involves only feasibility or planning studies for possible future actions, as indicated in 14 California Code of Regulations Section 15262. Upon approval, staff will file a Notice of Exemption.