

Exhibit A

STATE COASTAL CONSERVANCY

Project Summary
May 19, 1989

PALCO MARSH ENHANCEMENT

File No. 85-63

Project Managers: Liza Riddle and Karyn Gear

REQUESTED ACTION: Approval of the Palco Marsh Enhancement Plan and authorization to disburse an amount not to exceed \$900,000 to the City of Eureka to implement the plan.

LOCATION: Approximately one hundred acres on the shoreline of Humboldt Bay, City of Eureka, Humboldt County (Exhibit 1).

PROJECT CATEGORY: Resource Enhancement

ESTIMATED COST: State Coastal Conservancy \$900,000

PROJECT SUMMARY: Palco Marsh, one of the most significant marshes in the City of Eureka, offers an unparalleled opportunity for wetland enhancement and the creation of new public access to the shoreline. The Conservancy has been actively involved in the Palco Marsh project since 1985, when it provided \$610,000 to the City of Eureka for the purchase of the marsh and its adjacent uplands. At that time, the property was owned by Pacific Lumber Company, which generously sold its property to the City for half its appraised value.

Recognizing Palco Marsh as a rare example of the salt, brackish, and riparian habitats that once fringed Humboldt Bay, the Conservancy's 1985 authorization also included \$30,000 for a plan to restore and enhance these habitats. The proposed Palco Marsh enhancement project also includes extensive public access improvements to take advantage of its unique setting on an urbanized shoreline with spectacular views of Humboldt Bay and its mix of coastal industry and natural habitats.

The proposed project will restore and enhance salt, brackish and freshwater marshes, riparian areas, and grassy uplands. The marsh's current habitat value is extremely low, primarily due to poor tidal circulation and the retention of large quantities of stormwater runoff during the winter months. Wildlife use at the marsh is surprisingly low, both in terms of numbers and species diversity. The proposed project will result in expanded and higher quality resting and foraging habitat for herons, egrets, gulls, and the hundreds of migratory waterfowl and shorebirds that depend on Humboldt

Bay's wetlands during their spring and fall migrations to and from the Arctic Circle and South America.

Access trails will be constructed along the shoreline and on an abandoned road within the Palco marsh complex, allowing visitors to enjoy the sights and sounds of the marsh and Humboldt Bay. Other improvements include signs, benches, and two small parking areas to encourage visitation to the marsh. The Del Norte Street parking area at the northern edge of the marsh will also provide parking for a new public fishing pier that was approved by the Wildlife Conservation Board on May 11, 1989.

The estimated project cost is \$900,000. In light of the significant construction costs and the City's inability to share in these costs, the project does not include restoration of a five-acre paved area which may be restored at a future date, perhaps providing mitigation for an off-site development project. Approval of this project will result in a total Conservancy investment in the Palco Marsh acquisition and enhancement project of \$1,510,000. Of that amount, up to \$275,000 will be returned to the Conservancy if a six-acre area purchased using the 1985 authorization and designated for coastal dependent industrial development is leased or sold by the City of Eureka. That parcel is not included in the Palco Marsh enhancement project.

At its completion, the Palco Marsh resource enhancement project will create significant new habitat, enhance approximately 86 acres of wetland, and provide an unequalled, natural waterfront experience for local residents and visitors to the Humboldt Bay area.

STATE COASTAL CONSERVANCY

Staff Recommendation
May 19, 1989

PALCO MARSH ENHANCEMENT

File No. 85-63
Project Managers: Liza Riddle and Karyn Gear

STAFF
RECOMMENDATION:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31251-31270 of the Public Resources Code:

"The State Coastal Conservancy hereby approves the Palco Marsh Enhancement Plan described in the accompanying staff report and contained in Exhibit 7, and directs staff to forward the Enhancement Plan to the California Coastal Commission for review pursuant to Section 31258 of the Public Resources Code.

The Conservancy further authorizes the disbursement of an amount not to exceed nine hundred thousand dollars (\$900,000) to the City of Eureka to implement the plan, subject to the following conditions:

Prior to the disbursement of any funds for construction, the Grantee shall submit for the review and approval of the Executive Officer of the Conservancy:

- a. Final construction drawings and bid specifications;
- b. A detailed work program, project budget and timeline, and a list of all subcontractors to be used for implementation of the enhancement plan; and
- c. Evidence that the Grantee has obtained all permits and approvals required to implement the enhancement plan."

Staff further recommends that the Conservancy adopt the following findings based upon the accompanying staff report:

"The State Coastal Conservancy hereby finds that:

1. The proposed project is consistent with the purposes and criteria set forth in Chapter 6 of the Public Resources Code (31251-31270) regarding enhancement of coastal resources;
2. The proposed project is consistent with the guidelines and criteria set forth in the Conser-

vancy's Coastal Resource Enhancement Program Announcement;

3. The project area is identified in the City of Eureka Local Coastal Program as requiring public action to resolve existing or potential resource protection problems; and
4. The Conservancy has reviewed the City's initial study and Negative Declaration for the Palco Marsh Enhancement Plan attached as Exhibit 6 and finds that there is no evidence that the project will have a significant effect on the environment, as defined in 14 California Code of Regulations Section 15382."

STAFF DISCUSSION:

Site Description-

Palco Marsh is located on the eastern shoreline of Humboldt Bay, at the southern edge of the City of Eureka (Exhibit 1: Project Location). Del Norte Street is its northern boundary, Vigo Street and the newly constructed Bayshore Shopping Mall are the southern boundaries, Felt Street and Broadway (U.S. Highway 101) are its eastern boundaries, and Humboldt Bay is the western boundary of the project site. Railroad tracks divide the project area into three sections: the Palco Marsh complex; the Del Norte Street peninsula; and a filled and paved area which contains two large drying sheds, remnants of Pacific Lumber Company's operation (Exhibit 2: Existing Conditions). A fourth area, known as "Parcel Four", located on the shoreline just west of Bayshore Mall, was acquired as part of the Palco Marsh Acquisition Project in 1985, but is not included as part of this wetland enhancement project.

Through a series of natural and human-induced events, the resources of Palco Marsh have suffered a gradual loss of natural and scenic values. During the mid 1800s, the entire project area was probably saltmarsh fringed by a narrow band of shallow tidal flats. By 1870, most of the area south of Vigo Street had been diked and drained for use as pastureland. The completion of the Northwest Pacific Railroad in 1901 restricted, but did not eliminate, tidal flows from Humboldt Bay to the marsh. By 1927, much of the area west of the railroad had been filled and was used for industrial activities. Since 1944, numerous small fills have encroached on Palco Marsh and most of the agricultural land in the vicinity has been converted to industrial and commercial uses.

Today, the Palco Marsh complex contains a remarkably diverse collection of habitat types. The marsh is located on a gently sloping terrace that gradually rises from sea level at the bay shore to approximately ten feet above sea level

at the eastern boundary of the site. This gradual elevation change creates a transition of habitat types from mudflat at the bay shoreline, to saltmarsh dominated by saltgrass east and west of the railroad tracks, to an extensive zone of brackish marsh, and finally a large freshwater marsh with water parsley and dense stands of cattails. A fringe of mature riparian trees (primarily alders and willows) separates the marsh from Felt Street and Broadway at the eastern edges of the project area.

These diverse habitat types should provide habitat for large numbers and a wide variety of wildlife species. However, none of the habitat types are receiving the amount of use by wildlife that one would expect, given the proximity of Palco Marsh to Humboldt Bay, the diversity of wildlife in the area, and the general scarcity of these habitats in the Humboldt Bay region.

The saltmarsh area receives greater use by birds than the other habitats at Palco Marsh. Shorebirds, herons, egrets, gulls, and very limited numbers of waterfowl use this area for feeding and resting. Green-winged teal historically used this area for feeding, but are seldom present now, suggesting that changes in the marsh have reduced the invertebrate food source for this species. Similarly, shorebirds such as sandpipers, marbled godwits, and phalaropes are conspicuously absent.

The brackish marsh is used almost exclusively by snowy and common egrets, great blue herons, and black crowned night herons. The lack of open water in this area has eliminated its use by shorebirds and waterfowl.

The freshwater marsh area has virtually no open water area and as a result, receives almost no use by waterfowl. There is a significant population of marsh wrens, and some of the larger waders (common egrets and great blue herons) use this area for roosting. Raptors, including redtailed hawks, cooper's hawks, kestrels, and black-shouldered kites, feed on voles and other rodents in this area.

The four-acre Del Norte Street Peninsula borders Humboldt Bay and is separated from the Palco Marsh complex by a drainage channel. This grassy peninsula was created by placing fill in a former saltmarsh, probably many years ago. An open drainage ditch makes access to this area difficult but not impossible, as evidenced by the many trails that criss-cross the peninsula. The ruins of a wooden fishing pier in Humboldt Bay are visible at the foot of Del Norte Street.

A five-acre paved area at the southern end of the Palco Marsh complex contains two large pole shed buildings, remnants of Pacific Lumber Company's operation.

Project History- Palco Marsh has long been an area of concern to many public agencies. In 1980, the Corps of Engineers designated the site as an "Area of Importance" because of its importance to the functioning of the Humboldt Bay ecosystem. The Corps determined that the destruction or alteration of this area should be prohibited because of its biological productivity, the habitat it provides for waterfowl, herons, and egrets, its storm and floodwater storage functions, and its archaeological sensitivity. The Coastal Commission included the marsh on its list of priority public acquisition sites, and the City of Eureka Local Coastal Program specifically recommends Palco Marsh for public acquisition and enhancement.

In 1985, Pacific Lumber Company agreed to sell Palco Marsh and its surrounding uplands to the City of Eureka for half its appraised fair market value. In October 1985, the Conservancy approved the Palco Marsh project, and provided a grant of \$610,000 to the City of Eureka for acquisition of the Palco Marsh complex, the Del Norte Street Peninsula and shoreline, the five-acre filled area previously used for drying lumber, and Parcel Four, consisting of approximately six acres on the shoreline west of Bayshore Mall and zoned for coastal dependent industrial development. The Conservancy agreed that the City has ten years to develop Parcel Four. If it is leased or sold by the City, up to \$275,000 of the acquisition grant will be reimbursed to the Conservancy. If this area is not developed by 1995, the City will dedicate an open space easement over this area and it will be managed as part of the Palco Marsh project. Following acquisition, the City recorded an open space easement over the entire project area (exclusive of Parcel Four) and an open space lease with over the submerged tidelands in favor of the Conservancy.

The Conservancy also provided a grant of \$30,000 to the City of Eureka for the preparation of a resource enhancement plan. The Palco Marsh enhancement plan (Exhibit 7) was prepared with the active participation of the Department of Fish and Game, Coastal Commission, U.S. Fish and Wildlife Service, and many local government and private conservation groups, and is described below and summarized in Exhibit 3.

Project Description- The primary goals of the Palco Marsh enhancement plan are to enhance wildlife habitat at Palco Marsh by improving tidal circulation, removing exotic vegetation, and creating new deepwater habitat; and to provide new public access to the shoreline and marsh by constructing access trails, parking areas, and signs. The Palco Marsh Enhancement Plan is attached as Exhibit 7, and summarized in Exhibit 3.

Marsh Enhancement

The Palco Marsh enhancement plan proposes several actions to improve tidal circulation and reduce stormwater retention in the salt and brackish marshes. These include dredging existing channels that have filled with sediment, installing new drainage pipes with larger capacity at a lower elevation, and installing two water control structures--an inverted siphon and an adjustable weir--to allow a range of water management options.

A 1.5-acre open water area will be created in the southeast corner of the freshwater marsh which is currently choked with cattails. The pond will be "L" shaped, approximately 100 feet at its widest point, with several island areas. It will be bordered on three sides by an eight to ten foot wide dike with an adjustable weir to adjust the pond's water depth between three and seven feet.

The City has been negotiating with Southern Pacific Railroad to acquire a small triangular marsh located between an abandoned railroad spur and the railroad right of way. Its acquisition is not a part of this authorization. If the City acquires it, the railroad triangle will be excavated and restored as part of the Palco Marsh Enhancement Project. New channels will be excavated and as needed, salt marsh vegetation will be replanted.

Willows and alders will be planted along Felt and Del Norte Streets to provide a screen and natural buffer between the marsh and roadways and commercial developments. Riparian vegetation will also be planted along the Del Norte Street peninsula and in scattered locations on the north side of Vigo Street.

The four most invasive exotic species that decrease wildlife habitat values at Palco Marsh--pampas grass, common reed, scotch broom, and french broom--will be removed. Removal of each of these species requires special care and is described in great detail in the Palco Marsh Enhancement Plan.

The Palco Marsh Enhancement Plan recommends removing all paving and fill at the drying shed area at the southern boundary of the site and restoring this site as a freshwater marsh. In light of the proposed project's significant construction costs and the City's inability to share in these costs, the Palco Marsh Project currently does not include restoration of this five-acre area. It may be restored at a future date, perhaps providing mitigation for a development project. However, a portion of the paved area will be used for a 22 space parking lot, and approximately forty feet of paving south of the parking area will be removed and planted with riparian vegetation to buffer the Palco Marsh project area from Bayshore Mall.

Public Access Improvements

Palco Marsh's unique setting is an ideal location for comprehensive public access improvements. It is situated in the most urbanized city on California's north coast, and existing informal access trails and abandoned roads provide logical locations for improved trails that will not impact fragile resources. In addition to these physical characteristics, Palco Marsh also offers visitors a unique opportunity to experience and learn about an array of wetland resources--mudflats, salt, brackish, and fresh marshes, and riparian swamps --and to see and hear the birds and mammals that depend on these habitats.

A network of trails will take visitors from one end of the marsh to the other, with ample opportunities to relax and enjoy the marsh on benches placed along the trails. A walk out on the Del Norte Street Peninsula, which will be increased in height using dredge spoils from the marsh enhancement project, will offer views of the marsh, as well as Humboldt Bay, the Eureka waterfront, and the North Spit with its dunes and lumber mills.

The Conservancy funded improvements at Palco Marsh will be further complemented by the reconstruction of the Del Norte Street Fishing Pier, a Wildlife Conservation Board project. The pier will be constructed at the foot of Del Norte Street, and pier visitors will use the parking area constructed at the edge of Palco Marsh. The juxtaposition of these two public recreational amenities--Palco Marsh and Del Norte Street Pier--will draw additional visitors to each area.

Monitoring

The Palco Marsh Enhancement Plan outlines a monitoring program for marsh hydraulics, vegetation (species and density), invertebrate populations, wildlife, and vectors. These parameters will be monitored prior to construction and for at least four years following construction to evaluate project success and to provide guidance for management of the marsh.

Management

The City of Eureka has recorded an open space easement over the Palco Marsh area, and has agreed to maintain the marsh as part of its City park system. The wetland enhancement and public access improvements were designed for ease of operation and should require very limited maintenance. The City will need to maintain the inverted siphon tidal exchange improvements, and may need to adjust the freshwater wetland weir depending on the results of the monitoring program.

PROJECT COST
AND FINANCING:

The Palco Marsh Enhancement project improvements will cost approximately \$900,000. Approval of this project will result in a total Conservancy investment in the Palco Marsh acquisition and enhancement project of \$1,510,000, including \$610,000 for acquisition costs, \$30,000 for planning costs, and \$900,000 for implementation costs. Of that amount, up to \$275,000 will be returned to the Conservancy if Parcel Four, purchased using the 1985 authorization and designated for coastal dependent industrial development, is leased or sold by the City of Eureka. That parcel is not included in the Palco Marsh enhancement project.

LOCAL SUPPORT:

Since its inception, this project has received widespread interest and support. Legislators, state and federal resource agencies, and others support the Palco Marsh Enhancement project. Letters of support are contained in Exhibit 5. Late-arriving letters will be hand-carried to the meeting.

CONSISTENCY WITH
CONSERVANCY
LEGISLATION:

This resource enhancement project is undertaken pursuant to Chapter 6 of the Conservancy's enabling legislation, Public Resources Code Sections 31251-31270.

Consistent with Section 31251, the Palco Marsh Enhancement Project will result in improved resource management and will enhance the natural and scenic character of the marsh. Palco Marsh has suffered a loss of habitat values as a result of human and natural causes. Development in and around the marsh has diminished wetland acreage, poor tidal circulation has decreased the its vegetation and wildlife diversity, and floodwater impoundment has transformed saltmarsh to brackish and freshwater marsh. The proposed improvements, including dredging, installation of water control structures, and revegetation, will improve Palco Marsh's natural values. The proposed access improvements will increase visitation to the marsh.

Consistent with Section 31252, the project site has been identified in the City of Eureka Local Coastal Program as requiring public action to resolve resource protection problems.

Consistent with Section 31253, the level of Conservancy funding for this project has been determined through consideration of the total amount of funding available for resource enhancement projects, the relative urgency of the project, and the availability of other funding sources.

CONSISTENCY WITH
CONSERVANCY'S
PROGRAM GUIDELINES:

This project is consistent with Conservancy Resource Enhancement Program guidelines for the following reasons:

1. **Significance:** Palco Marsh is one of the most significant wetlands on the Eureka shoreline. It provides a rare example of the diverse wetlands that once fringed Humboldt Bay. The Palco Marsh Enhancement Project will enhance these habitats, and provide unequalled public access opportunities.
2. **Comprehensiveness:** The Palco Marsh Enhancement Project is comprehensive in scope; all habitats at the project site, including fresh, brackish and salt marshes, riparian zones, and grassy uplands will be enhanced and new public access facilities will be provided. A comprehensive monitoring program will provide guidance for management of the marsh and useful information for future Conservancy resource enhancement projects.
3. **Readiness to Act:** The City of Eureka approved the Palco Marsh Enhancement at its May 4, 1989 meeting (Exhibit 4: City of Eureka Resolution) and is prepared to implement the plan immediately. The resolution will be hand-carried to the meeting.
4. **Management:** The Palco Marsh Enhancement Project will be managed and maintained by the City of Eureka or its contractors.
5. **Cooperation and Support:** The Palco Marsh Project has been widely supported since its inception in 1985. The Coastal Commission, Fish and Wildlife Service, Department of Fish and Game, and local entities such as the local Audubon, Sierra Club, and Native Plant Society, have been active in the development of the enhancement plan, and support its implementation.

LOCAL COASTAL
PLAN POLICIES:

The Palco Marsh Enhancement Project is consistent with the following City of Eureka Local Coastal Program Policies:

1. "The biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes. . . shall be maintained and, where feasible, restored. . . ."
2. "Environmentally sensitive habitat areas within the City of Eureka's coastal zone shall include. . . Wetlands and estuaries, including that portion of Humboldt Bay within the City's jurisdiction, riparian areas, and vegetated dunes."

3. "Environmentally sensitive habitat areas shall be protected against any significant disruption of habitat values."
4. "Among permissible wetland restoration projects. . . is the Palco Marsh restoration and enhancement project."

CONSISTENCY
WITH CEQA:

The City of Eureka filed an initial study and proposed negative declaration for the Palco Marsh Enhancement Project on September 16, 1988 (Exhibit 6). The proposed negative declaration found that impacts of the project would be beneficial or insignificant. The City received comments from the Native American Heritage Commission regarding the possibility of encountering previously undetected cultural resources while constructing the Palco Marsh Enhancement Project. The City of Eureka will mitigate any potential impacts to cultural resources by complying with Section 7050.5 of the Health and Safety Code and Sections 5097.94 and 5097.98 of the Public Resources Code, which outline procedures to be followed in the event of the discovery of cultural resources or human remains. The City also received comments from the California Coastal Commission, Department of Fish and Game, Department of Transportation, and the Humboldt County Department of Public Health. None of these agencies raised any significant issues regarding the Palco Marsh Enhancement Project. Staff has reviewed the City's mitigated Negative Declaration and the comments submitted, and recommends that the Conservancy concur with the City's finding that, with the addition of changes in the project to ensure compliance with these statutes, the project will not have a significant adverse effect on the environment.

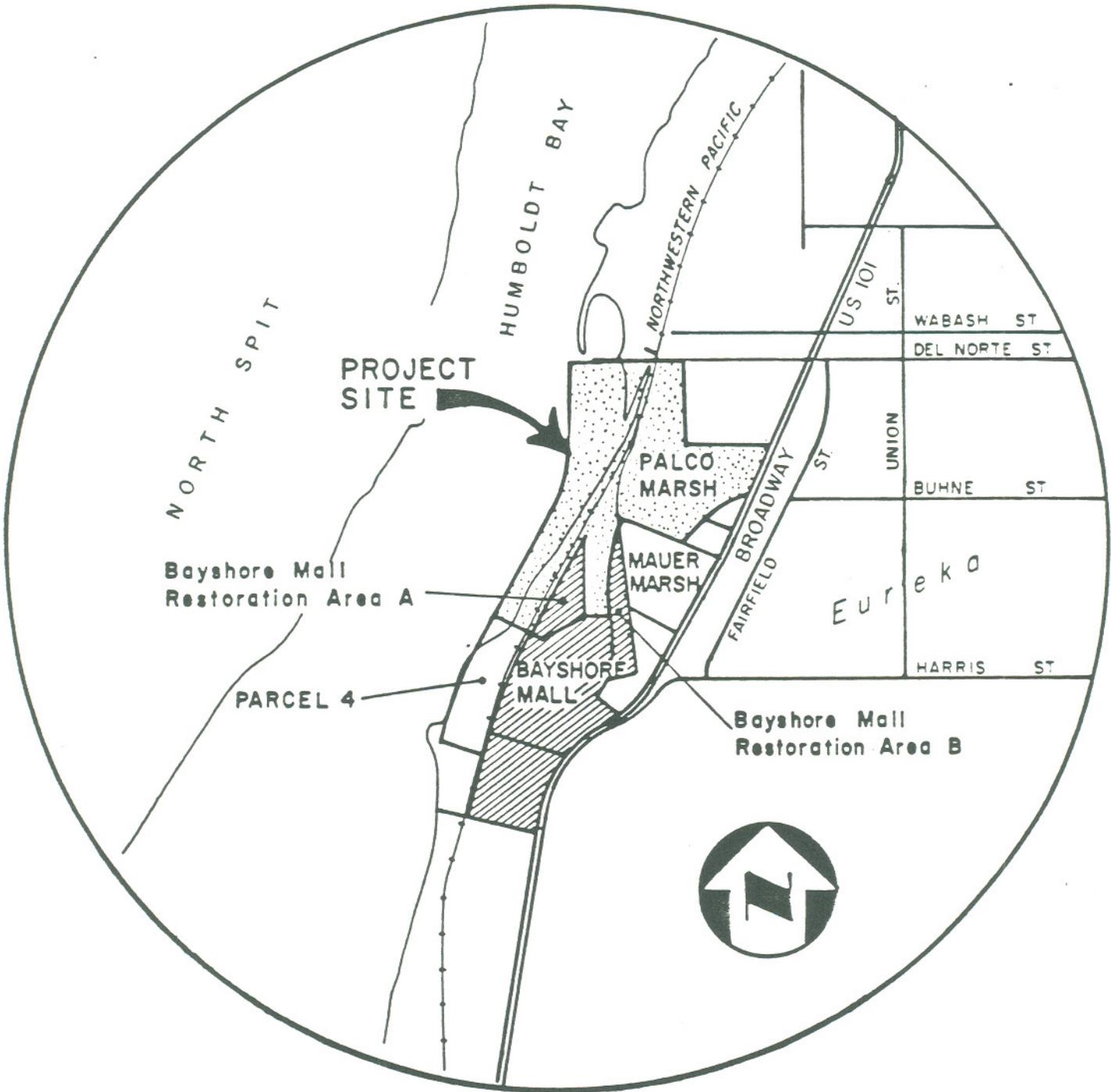
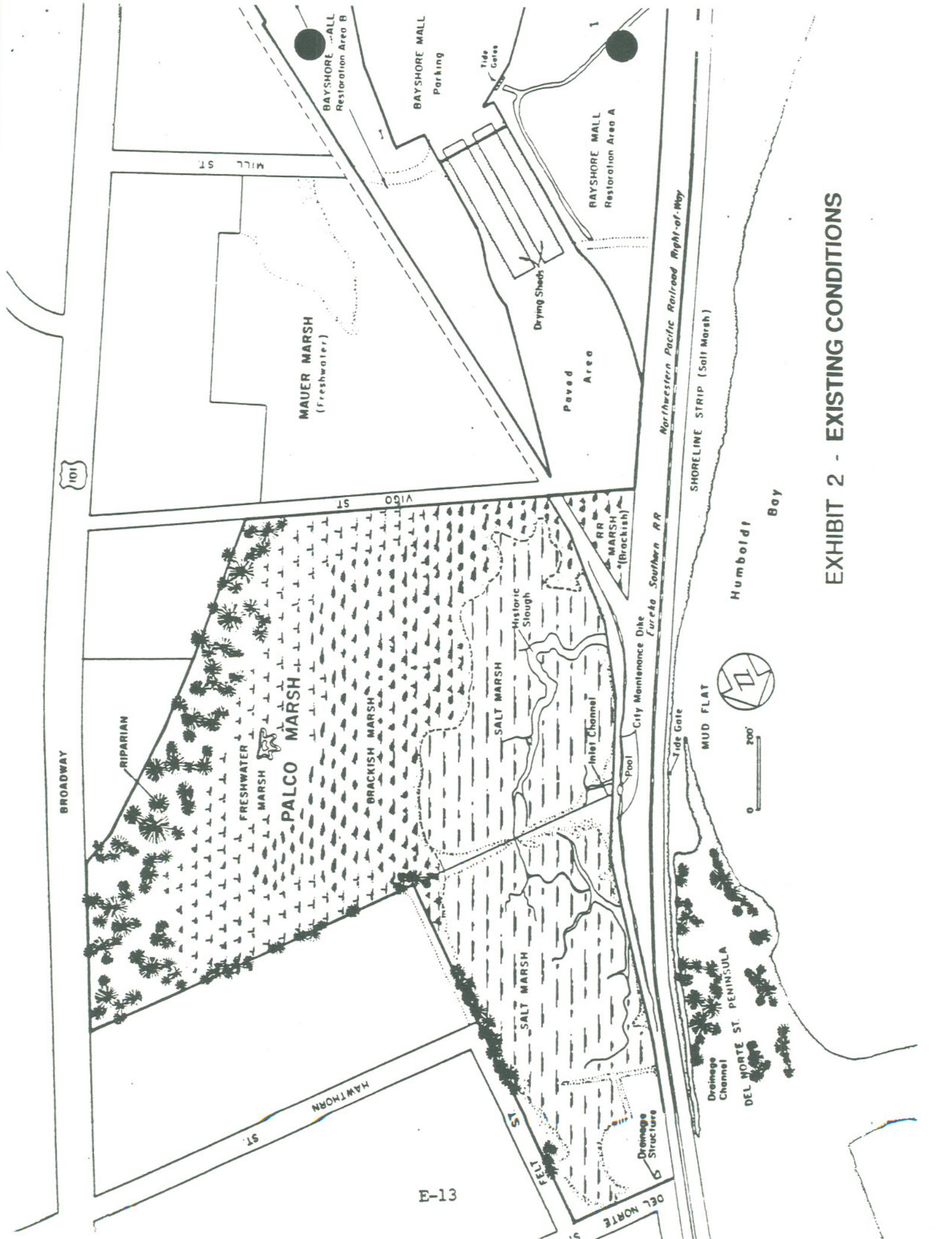


EXHIBIT 1 - REGIONAL LOCATION



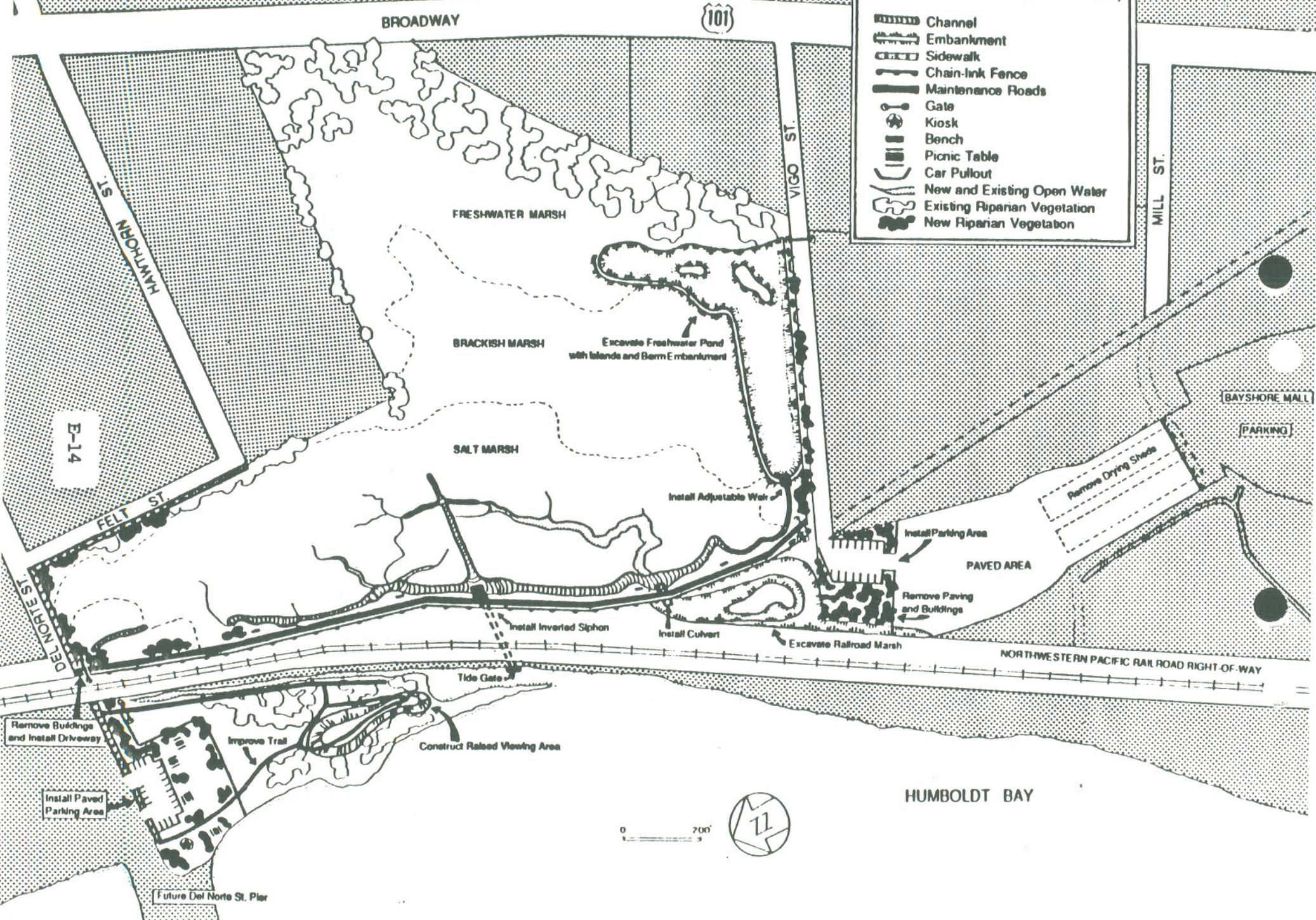
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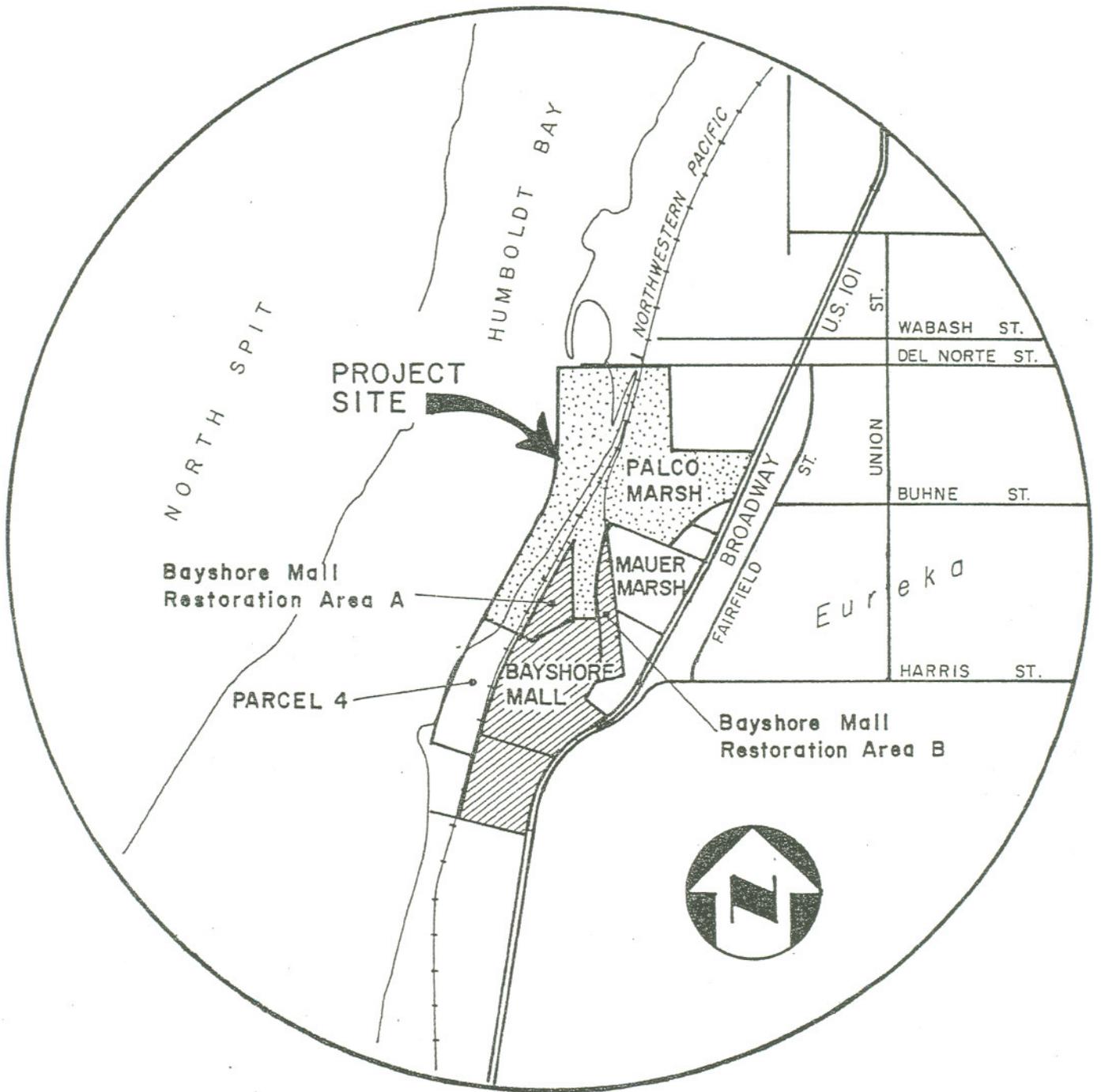
EXHIBIT 2 - EXISTING CONDITIONS

EXHIBIT 3 - PALCO MARSH ENHANCEMENT PLAN

KEY TO ENHANCEMENT PLAN (All are new additions except where noted)

-  Channel
-  Embankment
-  Sidewalk
-  Chain-link Fence
-  Maintenance Roads
-  Gate
-  Kiosk
-  Bench
-  Picnic Table
-  Car Pullout
-  New and Existing Open Water
-  Existing Riparian Vegetation
-  New Riparian Vegetation





PROJECT SITE LOCATION