

COASTAL CONSERVANCY

Staff Recommendation

May 26, 2016

POTRERO CREEK RESTORATION DESIGNS

Project No. 16-011-01

Project Manager: Tom Gandesbery

RECOMMENDED ACTION: Authorization to disburse up to \$117,500 to Trout Unlimited for preparation of designs and permit applications for fish passage improvements on Potrero Creek, a tributary to the Carmel River, Monterey County.

LOCATION: Monterey County.

PROGRAM CATEGORY: Integrated Marine and Coastal Resources

EXHIBITS

Exhibit 1: [Location Map](#)

Exhibit 2: [Project Figures and Maps](#)

Exhibit 3: [Photos](#)

Exhibit 4: [Project Letters](#)

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Section 31220 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of up to one hundred and seventeen thousand five hundred dollars (\$117,500) from the Carmel River Settlement fund to Trout Unlimited (TU) to prepare designs and permit applications for the removal of fish migration barriers and habitat restoration on Potrero Creek, subject to the condition that prior to the disbursement of funds, TU shall submit for review and approval by the Executive Officer of the Conservancy the following:

1. A work program including a schedule and budget for the project;
2. The names and qualifications of all contractors to be employed for the project;
3. Evidence that TU has sufficient rights to access the project site for purposes of undertaking the project.

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:

1. The proposed authorization is consistent with Chapter 5.5 of Division 21 of the Public Resources Code, regarding resource enhancement.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
3. TU is a nonprofit organization existing under section 501(c)(3) of the U.S. Internal Revenue Code, and its purposes are consistent with Division 21 of the Public Resources Code.”

PROJECT SUMMARY:

Trout Unlimited (TU) proposes to design and prepare permit applications for fish passage improvements to Potrero Creek, a tributary to the Carmel River in Monterey County. Potrero Creek is the first tributary available to steelhead migrating up the Carmel River from the ocean and contains some of the best intact and protected steelhead spawning and rearing habitat within the watershed. However, modifications to the creek near the confluence with the Carmel River have made it nearly impossible for adult steelhead to migrate up the creek to the high quality habitat further upstream (Exhibit 2).

The 2014 *Assessment Of Steelhead Passage Barriers In Portions Of Four Tributaries To The Carmel River* (Barriers Assessment), prepared by the Monterey Peninsula Water Management District, identified the lower 0.25 miles of the creek as a significant fish passage barrier. This portion of the creek runs through a residential golf course community owned by Quail Lodge. The steep, narrow channel lacks tree cover and natural stream features resulting in high water temperatures and challenging fish passage. Just upstream, the creek passes under the Carmel Valley Athletic Club (CVAC) parking area through a large culvert and then a smaller culvert under a one-lane road. Both of these culverts present nearly impassable barriers to migrating fish during most flows.

TU will develop conceptual plans for restoring creek habitat on the Quail Lodge property and modifying the CVAC culverts. TU will then develop draft engineering designs and prepare permit applications. Once a design is completed, TU plans to write and submit these projects for implementation funding under the California Department of Fish and Wildlife Fisheries Restoration Grants Program in Spring of 2017. It is anticipated that the design will involve installing small rock and wood structures within the Quail property and replacing or retrofitting the culverts on the CVAC property. Fish passage through culverts is one fairly well-studied and understood aspect of fisheries restoration. TU will employ commonly used models and approaches in its designs.

TU has extensive experience working to remove barriers to fish migration in coastal California streams and has administered numerous grants related to salmonid habitat restoration. For example, TU successfully completed a large multi-river assessment of watershed hydrology and determination of in-stream flows in four systems from the Mattole River to the Pajaro River. That project was funded by the Conservancy in 2008 and was successfully concluded in 2013.

TU is also wrapping up Conservancy-funded work on in-stream flow studies on coastal creeks in Humboldt, Sonoma, San Mateo, and Santa Clara Counties.

Site Description: Potrero Creek flows generally south to north with the confluence of the creek and the Carmel River approximately 4 miles from the Pacific Ocean. Although relatively small in size (5.2 sq miles), the creek provides spawning and rearing habitat for steelhead in normal and wet years. Ownership of this stream lies in the hands of 3 entities: Quail Lodge and Golf Club, CVAC and the Santa Lucia Conservancy (SLC), a nonprofit land trust. (See Exhibit 2) The first half mile of the creek flows through the Quail Lodge golf course community in which homes and greenways are built along the banks of the Creek. Prior to the current development the area was used for farming and ranching. The creek then passes through and under CVAC property; CVAC is a private tennis and pool club. Upstream of CVAC, the creek enters SLC's property and into the 20,000 acre Santa Lucia Preserve. The permanently protected lands administered by SLC are located within a residential community known as the Santa Lucia Preserve. Created in the early 1990's, the Preserve's development design permanently protected 18,000 acres of the 20,000 acre "Rancho San Carlos" to ensure that its "ecological, scenic, and scientific values were sustained." SLC owns or manages over 90% of the Potrero Creek watershed, supporting several miles of well-shaded, spring-enhanced creek habitat with deep perennial pools (Exhibit 2).

Project History: The steelhead fishery of the Carmel River has been in decline for decades, due to a confluence of factors, but most prominently due to subsurface water withdrawals. The local municipal water purveyor, California American Water Company, as well as other riparian water users, have drawn down the subsurface flows along the mainstem of the River. In addition, tributaries such as Potrero Creek have been damaged by decades of ranching and development activities. In addition, illegal diversions and past flood control practices have severely altered the habitat of the river, its banks, and tree over-story. The Carmel River Task Force has identified efforts to enhance steelhead habitat or restore access to habitat as a high priority, and the proposed project is one of a number of proposed projects designed to address the loss of fish habitat within the Carmel River watershed. Trout Unlimited became aware of the potential for restoration of Potrero Creek after reviewing the 2014 Barriers Assessment and approached the Conservancy in December 2015 about potentially funding the planning phase of this project.

PROJECT FINANCING

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|----------------------------|------------------|
| Coastal Conservancy | \$117,500 |
| Project Total | \$117,500 |

The anticipated source of funds for the project is the Carmel River Settlement Account, which consists of funds paid by California American Water Company (CAW) pursuant to a settlement agreement with the National Marine Fisheries Service concerning alleged Endangered Species Act violations. The settlement requires CAW to pay \$11.2 million over a seven-year period. Originally these funds were managed by the California Department of Fish and Wildlife (CDFW), but were subsequently transferred to the Conservancy for disbursement. The settlement funds can only be used to improve habitat conditions for, and production of, South-Central California Coast (SCCC) steelhead, or otherwise aid in the recovery of SCCC steelhead in the

Carmel River watershed. In addition, these funds can only be expended for mitigation of impacts from well-pumping and water withdrawals by CAW. One effect of CAW's water withdrawals is the loss of access to rearing habitat in the lower Carmel River, because it dries up in the summer. The proposed project will improve access to other spawning and rearing habitat in the river's lowest tributary and will thereby help mitigate the impacts of CAW's withdrawals on steelhead. Therefore, the proposed project is consistent with the funding source.

The agreement for the disbursement of the settlement funds also directs that the Conservancy also attempt to "maximize the value of the funds by seeking cash or in-kind matching contributions from fund recipients or non-State, third party project partners whenever possible." Under the proposed project, the landowners, Quail Lodge and CVAC, support the proposed project and have committed to provide staff time and assistance to this project, at an estimated cost of \$7,950. Moreover, as it has for similar projects, TU expects to eventually fund the implementation of this project with a grant from the Fisheries Restoration Grant Program (FRGP) administered by CDFW.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

The proposed project will be undertaken pursuant to Chapter 5.5 of the Conservancy's enabling legislation, Division 21 of the Public Resources Code (PRC); in particular, Chapter 5.5, PRC Section 31220, regarding integrated coastal and marine resources protection.

PRC Section 31220(a) authorizes the Conservancy to undertake a project or award a grant for coastal watershed and living marine resources protection and restoration projects that meet one or more of the criteria of Section 31220(b). The proposed project will help achieve the objectives of the following subsections: (b)(2) protect and restore fish and wildlife habitat within a coastal watershed; (b)(6) restore sensitive watershed lands and (b)(7) reduce the impact of population pressures on the coastal resources caused by water withdrawals. The proposed project will help achieve these objectives by restoring the creek channel, removing barriers to fish passage and adding vegetative buffers to protect water temperatures within Potrero Creek.

Consistent with §31220(a), staff has consulted with the State Water Resources Control Board and the Central Coast Regional Water Quality Control Board in the development of the project to ensure consistency with PRC Section 30915 concerning protection and restoration of water quality of coastal waters.

As Section 31220(c) requires, the proposed project is consistent with the Water Quality Control Plan (Basin Plan) prepared by the regional water quality control board as discussed in detail below under "Consistency with Local Watershed Management Plan/State Water Quality Control Plan," and will include monitoring data as part of the draft permit and design development.

CONSISTENCY WITH CONSERVANCY'S 2013 STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):

Consistent with **Goal 5, Objective C** of the Conservancy's 2013-2018 Strategic Plan, the proposed project will develop plans to preserve and enhance coastal watersheds and floodplains within the Carmel River Watershed.

**CONSISTENCY WITH CONSERVANCY'S
PROJECT SELECTION CRITERIA & GUIDELINES:**

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines, last updated on October 2, 2014, in the following respects:

Required Criteria

1. **Promotion of the Conservancy's statutory programs and purposes:** See the "Consistency with Conservancy's Enabling Legislation" section above.
2. **Consistency with purposes of the funding source:** See the "Project Financing" section above.
3. **Promotion and implementation of state plans and policies:** The proposed project is consistent with the following plans and policies:
 - The project implements the *California Water Action Plan* (California Natural Resources Agency, California Environmental Protection Agency, and California Department of Food and Agriculture, 2014), which includes goal number 4: protect and restore important ecosystems by improving rearing habitat for SCCC steelhead.
 - The project is consistent with CDFW's 2005 *California Wildlife Action Plan*, which sets forth goals for the Central Coast region that include protecting sensitive species and important wildlife habitat and restoring anadromous fish populations.
 - The project implements a recovery objective identified for the Carmel River bio-geographic group in NMFS' 2013 SCCCS Recovery Plan specifically, to "...restore suitable habitat conditions and characteristics to support all life history stages of viable [steelhead] populations..." Recovery Objective 6.2 (Page 6-2).
4. **Support of the public:** The proposed project is supported by NMFS, the Carmel River Watershed Conservancy, the Santa Lucia Conservancy, the Monterey County Resource Conservation District and others. (See Exhibit 4, Project Letters). In addition the Conservancy has received a support letter from State Senator William Monning.
5. **Location:** The proposed project is located south east of the City of Carmel-by-the-Sea and outside the Coastal Zone. The area is within a coastal-draining watershed.
6. **Need:** Trout Unlimited does not have the financial capacity to undertake this project on its own. Without the Conservancy's support, the project will not occur.
7. **Greater-than-local interest:** SCCC steelhead is a federally threatened species and the Carmel River population has been identified as one of the highest priorities for recovery. The proposed project will enhance spawning and rearing habitat for SCCC steelhead.
8. **Sea level rise vulnerability:** The proposed project is located well inland at an elevation of 10-100 feet above sea level. Therefore, the project is not vulnerable to rising sea levels. However as sea levels rise, the creek will remain an important tributary to the lagoon, which is expected to move upstream (adjust) as ocean levels rise.

Additional Criteria

9. **Urgency:** SCCC steelhead populations are at historically low numbers in the Carmel River and several years of drought have exacerbated the adverse conditions caused by over-pumping of the river's water. Immediate steps are needed to help steelhead survive until CAW's over-pumping of the river stops, which is estimated to be at least three to four years from now.
10. **Readiness:** TU is ready to start work on the project immediately; it anticipates that the design work will be completed within one year of the approval of this proposed grant and implementation within three years of the start of work.
11. **Realization of prior Conservancy goals:** This project complements several other projects the Conservancy has funded to improve habitat in the Carmel River including restoration of the south arm of the lagoon, removal of the San Clemente Dam, floodplain restoration east of Highway 1 and placement of large woody debris in the lagoon.
12. **Cooperation:** TU is working with the land owners Quail Lodge, CVAC and the Santa Lucia Conservancy to undertake the project.
13. **Minimization of greenhouse gas emissions:** The proposal is for design and permitting work so GHG emissions will be limited to a few automobile trips to survey the site. Once the project is fully designed and funded, TU or CDFW (depending upon which funding process is used) will prepare an environmental review in compliance with CEQA which will address GHG emissions by the implementation of the project, for example from construction activities.

CONSISTENCY WITH LOCAL WATERSHED MANAGEMENT PLAN/ STATE WATER QUALITY CONTROL PLAN:

Projects undertaken pursuant to Public Resource Code Section 31220(b)(1) –(6) must be consistent with the following, if available and relevant: Integrated Watershed Resource Management Programs (IWRMP); local watershed management plans; and water quality control plans, adopted by the state and regional water boards.

The proposed project is consistent with the *Monterey Peninsula, Carmel Bay, and South Monterey Bay IWRMP*, November 2007 (*Monterey IRWMP*), the scope of which includes the Carmel River. In particular, the proposed project is consistent with the following objectives within the Environment Protection and Enhancement Goal: “protect and enhance sensitive species and their habitats in the regional watersheds,” and “minimize adverse effects on biological and cultural resources . . . when implementing strategies and projects”. *Monterey IRWMP* at page 4-4. It is also consistent with the regional priority of promoting the steelhead run (*Monterey IRWMP* at page 6-2) and with the Draft 2014 Update of the *Monterey IRWMP*, Objective EV-1 “Protect and enhance sensitive species and their habitats in the regional watersheds; promote the steelhead run.” (page 8-4).

The *Water Quality Control Plan for the Central Coastal Basin*, March 2016 (*Water Quality Plan*), adopted by the Regional Water Quality Control Board, designates several beneficial use objectives for the Carmel River, including cold fresh water habitat and habitat for rare, threatened or endangered species. The proposed project will help to ensure survival of SCCC

steelhead, a threatened species that require cold fresh water habitat, and is thus consistent with the *Water Quality Plan*'s identified beneficial uses.

COMPLIANCE WITH CEQA:

The proposed project is statutorily and categorically exempt from the California Environmental Quality Act. Title 14 California Code of Regulations (CCR) Section 15262 sets forth a statutory exemption from the requirement to prepare an environmental impact report or negative declaration in the preparation of feasibility and planning documents for future actions that have not yet been approved or funded, provided that environmental factors are considered. 14 CCR Section 15306 exempts basic data collection and resource evaluation activities that do not result in serious or major disturbance to an environmental resource. The proposed project entails preparation of feasibility and planning documents as well as data collection and resource evaluation activities. These activities will inform potential future actions on the Quail Lodge and CVAC properties that have not yet been approved or funded. The proposed project will not have an impact on environmental resources, and environmental factors will be considered during implementation of the proposed project. Accordingly, the proposed project is exempt from CEQA.

Upon approval, staff will file a Notice of Exemption for the project.