

COASTAL CONSERVANCY

Staff Recommendation
January 18, 2018

ELKHORN SLOUGH TIDAL MARSH RESTORATION

Project No. 12-014-02
Project Manager: Rachel Couch

RECOMMENDED ACTION: Authorization to disburse up to \$500,000 to the Elkhorn Slough Foundation to augment a Conservancy grant of \$1,000,000, authorized on December 3, 2015, for restoration of tidal wetlands and connected uplands in Elkhorn Slough, Monterey County.

LOCATION: Elkhorn Slough, Monterey County

PROGRAM CATEGORY: Resource Enhancement

EXHIBITS

- Exhibit 1: [Project Location and Maps](#)
Exhibit 2: [December 3, 2015 Staff Recommendation](#)
Exhibit 3: [Addendum to Mitigated Negative Declaration](#)
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RESOLUTION AND FINDINGS:

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 authorizes disbursement of an additional five hundred thousand dollars (\$500,000) to the Elkhorn Slough Foundation (“ESF”) to augment the December 3, 2015 authorization for funding of restoration of tidal wetlands and connected uplands in Elkhorn Slough. Prior to disbursement of the additional funds, the grantee shall submit for the review and written approval of the Executive Officer of the Conservancy a revised work program, schedule and budget, and the names and qualifications of any additional contractors to be employed in carrying out 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 remains consistent with Chapter 6 of Division 21 of the Public Resources Code, regarding enhancement of coastal resources.
 2. The proposed project remains consistent with the current Conservancy Project Selection Criteria and Guidelines.
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3. The Elkhorn Slough Foundation is a nonprofit organization existing under section 501(c)(3) of the U.S. Internal Revenue Code, and whose purposes are consistent with Division 21 of the Public Resources Code.”

PROJECT SUMMARY:

Staff recommends that the Conservancy augment its December 2, 2015 authorization (Exhibit 2) to disburse an additional \$500,000 to the Elkhorn Slough Foundation (“ESF”) to complete restoration of tidal marsh ecosystem, including connected uplands, located in Elkhorn Slough, Monterey County (Exhibit 1). ESF, in partnership with the California Department of Fish and Wildlife (“CDFW”) and the Elkhorn Slough National Estuarine Research Reserve (“ESNERR”), is undertaking restoration of at least 61 acres of tidal wetland habitat at Minhoto-Hester marsh, in the southern area of Elkhorn Slough, through placement of sediment to raise subsided land to the elevation necessary to enable formation of tidal marsh. The project includes monitoring the restored tidal wetlands.

Between the land to be restored to tidal marsh and existing farmland is approximately 35 acres of former agricultural land. ESF’s goal is to restore the entire 35 acres to native grassland habitat; the restored habitat will continue to serve as a buffer between the farmland and restored tidal marsh. As part of this project, ESF will restore 5 acres of that land to grassland habitat and, as a temporary measure, plant perennial forbes on the remaining 30 acres. At a future time, ESF will convert the 30 acres to native grassland and restore an additional 112 acres in Elkhorn Slough to tidal marsh.

With the proposed augmentation, the ESF will complete the construction phase of the restoration project. Because it is an innovative pilot project involving pioneering the use of sediment to raise the Elkhorn marsh plain, the process of bringing the project to construction included a significant learning curve. Permitting delays and bids that exceeded estimated costs resulted in a funding gap, necessitating this augmentation request. Restoring this area of Elkhorn Slough to tidal marsh will result in several ecosystem-wide benefits including: reduced tidal erosion; increased sea-level rise resilience; improved water quality; increased carbon sequestration; and improved ecosystem function. The project includes a robust monitoring component that will enable understanding of the extent to which the project is sequestering additional carbon in wetland soils, and thus reducing greenhouse gases. Stormwater entering the slough will be better managed through the restoration of adjacent agricultural lands to native grasslands. An interpretive display on the project and outreach to disadvantaged communities of Castroville, Pajaro, Las Lomas, and Springfield are included in the project. The project will directly benefit these communities through protection and enhancement of their fishing and recreation opportunities in the slough. Education and outreach about the slough to these communities occurs through the Elkhorn Slough Visitors’ Center.

Site Description: See Exhibit 2.

Project History: The project is the outcome of an ecosystem based management initiative that began in 2004. The Elkhorn Slough Tidal Wetland Project (“TWP”) has engaged over 100 scientists, agency staff, and elected officials in planning and implementing activities for the restoration of the physical processes that support the long-term vitality of the slough’s estuarine habitats. Conservancy staff has participated on the Strategic Planning Team for the TWP.

In 2008, the Conservancy secured a \$200,000 grant from the U.S. Environmental Protection Agency and added \$100,000 of its own funds for planning the Parsons Slough Wetland Restoration Project, which included investigating sediment addition as a method to restore tidal marsh in the slough. This information helped lead to the current project proposal. In 2012, the Conservancy provided \$600,000 in funds for the planning phase of this project, which was the highest priority project identified in the TWP Strategic Plan in 2007. The planning project included preparation of 30% designs, environmental analysis and permit application documents.

In 2015, the Conservancy was awarded and then authorized \$1,000,000 in USFWS National Coastal Wetland Conservation Program funds for the construction phase of the project. The augmentation will provide the final funds to complete this innovative pilot project.

The Conservancy was contacted by ESF staff in late summer of 2017 when it became clear that permitting delays and higher cost estimates would necessitate more time and funding to complete the project. The funds were requested through the Proposition 1 application process.

PROJECT FINANCING:

This authorization

Coastal Conservancy	\$500,000
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Previous authorization

Coastal Conservancy (USFWS grant)	\$1,000,000
Wildlife Conservation Board	\$936,000
CA Department of Fish and Wildlife	\$2,876,725
Project Total	\$5,312,725

The anticipated source of Conservancy funds is an appropriation to the Conservancy from the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1, Water Code § 79700 et seq.). Funds appropriated to the Conservancy derive from Chapter 6 (commencing with § 79730) and may be used “for multi-benefit water quality, water supply, and watershed protection and restoration projects for the watersheds of the state” (Section 79731). Section 79732 identifies specific purposes of Chapter 6. The proposed project will achieve several of these purposes, including the following: protect and restore aquatic, wetland, and migratory bird ecosystems, including fish and wildlife corridors (§ 79732 (a)(4)); protect and restore coastal watersheds, including, but not limited to, bays, marine estuaries, and nearshore ecosystems (§ 79732 (a)(10)); assist in the recovery of endangered, threatened, or migratory species by improving watershed health and coastal wetland restoration (§ 79732 (a)(12)). The proposed project will restore tidal marsh and connected uplands, which will enhance ecosystem function of Elkhorn Slough.

As required by Proposition 1, the proposed project provides multiple benefits. The project will restore salt marsh and grassland habitat; sequester carbon; and improve water quality through restoring tidal function and reducing erosion.

In accordance with Section 79707(b), which requires agencies to prioritize “projects that leverage private, federal, or local funding or produce the greatest public benefit”, this project leverages private and local funding and in-kind contributions. As shown above, CDFW, the Wildlife Conservation Board, and USFWS will provide a total of \$4,812,715 in matching funds. In-kind contributions of staff time and materials to the project will be provided by ESF in the amount of \$50,000, CDFW in the amount of \$10,500, and Santa Cruz Public Works Department in the amount of \$15,000. The project was reviewed and subsequently recommended for funding through a competitive grant process under the Conservancy’s *Proposition 1 Grant Program Guidelines* adopted in June 2015 (Prop 1 Guidelines) (See § 79706(a)). The proposed project meets each of the evaluation criteria in the Prop 1 Guidelines as described in further detail in this “Project Financing” section, the “Project Summary” section and in the “Consistency with Conservancy’s Project Selection Criteria & Guidelines” section of this staff recommendation.

CONSISTENCY WITH CONSERVANCY’S ENABLING LEGISLATION:

The proposed project remains consistent with the Conservancy’s enabling legislation as described in the December 3, 2015 staff recommendation (Exhibit 2).

CONSISTENCY WITH CONSERVANCY’S 2018 STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):

The Conservancy adopted a new Strategic Plan since the 2015 authorization. The project is consistent with the new plan as follows:

Consistent with **Goal 6, Objective B** of the Conservancy’s 2018-2022 Strategic Plan, the proposed project will restore and enhance 66 acres of coastal habitats, including coastal wetlands and intertidal areas.

Consistent with **Goal 6, Objective G** of the Conservancy’s 2018-2022 Strategic Plan, the project will improve water quality to benefit coastal and ocean resources.

Consistent with **Goal 6, Objective H** of the Conservancy’s 2018-2022 Strategic Plan, the project will support the recovery of the southern sea otter.

Consistent with **Goal 8, Objective C** of the Conservancy’s 2018-2022 Strategic Plan, the project is an adaptation pilot project that will experiment with an innovative technique of sediment addition to wetlands to reduce hazards from sea level rise and extreme storm events, and protect natural resources and maximize public benefits.

CONSISTENCY WITH CONSERVANCY’S PROJECT SELECTION CRITERIA & GUIDELINES:

The project remains consistent with the Conservancy’s Project Selection Criteria and Guidelines as described in the December 3, 2015 staff recommendation (Exhibit 2).

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The project remains consistent with the policies of the North Monterey County Local Coastal Program.

COMPLIANCE WITH CEQA:

The project remains consistent with CEQA as described in the December 3, 2015 staff recommendation (Exhibit 2), which discusses the *Elkhorn Slough Tidal Marsh Restoration Mitigated Negative Declaration* (MND) adopted by CDFW on August 27, 2015. In September 2017, CDFW prepared an addendum (Exhibit 3) to the MND to present more detail regarding the experimental component of the project, which is referred to as the “Fill Study.” The additional detail addresses the location of, and the activities that will be done in, the 1-acre Fill Study Area, including placement of dredged sediment in a “wet” area, *i.e.*, an area that remains open to full tidal influence during project work rather than first being isolated from tidal action. The MND contemplated that placement of sediment in wet areas would occur in a different location than the Fill Study Area. The addendum concludes, however, that all of the potential impacts of fill placement in a wet area were described, analyzed, and mitigated in the MND. Thus, the additional detail described in the addendum does not constitute a project change that triggers the need for a subsequent or supplemental mitigated negative declaration pursuant to the CEQA Guidelines at 14 Cal. Code Regs. § 15162. Further, there are no changes in circumstances under which the project will be undertaken, and no new information, that would trigger the need for a subsequent or supplemental mitigated negative declaration pursuant to § 15162. Accordingly, no further actions under CEQA are required.