

COASTAL CONSERVANCY

Staff Recommendation
September 14, 2023

CHORRO CREEK FLOODPLAIN RESILIENCE PLANNING

Project No. 23-050-01
Project Manager: Timothy Duff

RECOMMENDED ACTION: Authorization to disburse up to \$1,110,000 to the Coastal San Luis Resource Conservation District to prepare plans, permit applications, and environmental review documents for increased flooding resilience along lower Chorro Creek in the Morro Bay watershed in San Luis Obispo County.

LOCATION: Chorro Creek, lower Morro Bay watershed, San Luis Obispo County.

EXHIBITS

Exhibit 1: [Project Location Maps](#)

Exhibit 2: [Project Photos](#)

Exhibit 3: [Project Letters](#)

RESOLUTION AND FINDINGS

Staff recommends that the State Coastal Conservancy adopt the following resolution and findings.

Resolution:

The State Coastal Conservancy hereby authorizes a grant of an amount not to exceed one million one hundred ten thousand dollars (\$1,110,000) to the Coastal San Luis Resource Conservation District (“the grantee”) to prepare plans, permit applications, and environmental review documents for increased flooding resilience along lower Chorro Creek in the Morro Bay watershed in San Luis Obispo County (the “project”).

Prior to commencement of the project, the grantee shall submit for the review and written approval of the Executive Officer of the Conservancy (Executive Officer) the following:

1. A detailed work program, schedule, and budget.
2. Names and qualifications of any contractors to be retained in carrying out the project.

Findings:

Based on the accompanying staff recommendation and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization is consistent with Chapter 3 of Division 21 of the Public Resources Code, regarding climate change.
 2. The proposed project is consistent with the current Conservancy Project Selection Criteria.
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STAFF RECOMMENDATION

PROJECT SUMMARY:

Staff recommends the Conservancy authorize a \$1,110,000 grant to the Coastal San Luis Resource Conservation District (RCD) to prepare plans, permit applications and environmental review documents for increased flooding resilience along lower Chorro Creek (the “project”) in the Morro Bay watershed in San Luis Obispo County (Exhibit 1). This past winter, homes, roads, and farmland along the lower reaches of the creek experienced severe flooding highlighting the urgent need for this resilience work (Exhibit 2).

Two thirds of freshwater surface flow in the Morro Bay watershed drains through Chorro Creek. While the Chorro valley floodplain has historically accommodated these flows, residential and agricultural land uses have constrained the creek’s capacity leading to excessive flooding in the lower creek. Current climate change impacts, including sea level rise and increased storm intensity are exacerbating this problem. Restricting flows onto the creek’s floodplain has also resulted in accelerated sedimentation into Chorro Creek and the Morro Bay National Estuary that further reduces the surrounding community’s resilience to big storm events, especially when combined with high tide surges. Homes, farmland, public roads and bridges are vulnerable to the resulting flood impacts, including roads that provide the only access to lower income communities living in nearby mobile home parks.

Increased sediment deposition into the Chorro Creek estuary also degrades estuarine and freshwater spawning and rearing habitat for the federally listed South-Central California Coast steelhead. As sediment fills the estuary, coastal wetlands are lost to terrestrial habitats impacting the survival of other sensitive species including California red-legged frog and tidewater goby.

The proposed project will identify opportunities to increase floodplain resilience in the lower Chorro Creek watershed by assessing the creek’s floodplain capacity and identifying effective nature-based solutions to increase floodplain capacity such as land acquisition, floodplain restoration, and best land use management practices. Several conceptual design alternatives will be developed and evaluated before a preferred alternative is selected by the community. The preferred alternative will likely include a combination of techniques (e.g. land acquisition and floodplain restoration) with one or more specific restoration sites identified for the development of detailed design plans and environmental review and permit documents. While it is anticipated that the RCD’s Chorro Flats property will likely present one of the best

opportunities for floodplain restoration, private land will also be evaluated for acquisition from willing sellers and future restoration potential.

Property owners, including those living in low-income communities, have indicated their support and willingness to participate in the proposed project. Their input will be solicited throughout the process via a robust community engagement program to include meetings, workshops and design charrettes, and field tours. The goal of the planning effort is to identify projects that will benefit residents through increased flood protection that will reduce impacts to their homes, farmland, and public infrastructure, including roads and bridges. The project will seek support from the community, including interested Tribes, and will result in plans for nature-based solutions that can be advanced to the construction stage. In addition, it is expected that the floodplain resilience project will reduce sediment flows to the estuary, improve water quality, and protect critical habitat for sensitive species.

Site Description: The project area includes approximately 950 acres of the lower Chorro Creek watershed containing public and private land, including farmland, public infrastructure, and residential neighborhoods (Exhibits 1 and 2). California State Parks owns land within the Morro Bay National Estuary in the lower reach of the project area. South Bay Boulevard extends over a bridge crossing Chorro Creek that links together the communities of Los Osos and Morro Bay. The bridge and the areas connected by it are highly susceptible to flooding during major storm events. Adjacent to and upstream of South Bay Boulevard is the 120-acre Chorro Flats property owned and managed by RCD. This property was acquired and restored with Conservancy funding over 30 years ago and presents opportunities for additional floodplain restoration. Bordering Chorro Flats to the north is Quintana Road and the disadvantaged and flood-prone communities of Bay Pines Mobile Home Park and Chorro Creek Road, both of which suffered devastating and repeated flooding during the 2023 storm events. The upper reach of the project area includes privately owned farm and grazing land, transected by a leveed Chorro creek.

Grant Applicant Qualifications: The Conservancy has had a 30-plus year partnership with the RCD working on land acquisition and restoration projects in the Morro Bay watershed, including acquisition and restoration projects on Chorro Creek and, more recently, on Los Osos Creek. RCD staff and its board have maintained a consistent presence in the region and have a long record of successfully completing projects, managing property interests, and ensuring maintenance of improvements funded by the Conservancy. The staff and board continue to demonstrate the capacity to effectively develop and implement high priority projects and to administer grants from the Conservancy and other state and federal agencies.

CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA:

The proposed project is consistent with the Conservancy's Project Selection Criteria, last updated on September 23, 2021, in the following respects:

Selection Criteria

1. Extent to which the project helps the Conservancy accomplish the objectives in the Strategic Plan.

See the “Consistency with Conservancy’s Strategic Plan” section below.

2. Project is a good investment of state resources.

This project provides benefits to Californians by providing planning to increase floodplain resilience in the lower Chorro Creek watershed and protect underserved and excluded communities from flooding. The proposed project is the first step in a process benefitting local residents through increased flood protection that will reduce impacts to their homes, farmland, and public infrastructure, including roads and bridges. In addition, the floodplain resilience project is expected to ultimately reduce sediment flows to the estuary, improve water quality, and protect critical habitat for sensitive species.

3. Project includes a serious effort to engage tribes. Examples of tribal engagement include good faith, documented efforts to work with tribes traditionally and culturally affiliated to the project area.

Through past projects, the RCD staff has built strong relationships with local tribes. RCD staff will build on these relationships by engaging local tribal representatives early in the planning process and inviting them to participate in the technical advisory committee. Participating tribes will be granted the opportunity to provide guidance on tribal priorities and concerns in the development of project alternatives, and input on the technical approach and management of the project.

4. Project benefits will be sustainable or resilient over the project lifespan.

The project is a key component within the broader context of increased coastal resilience within the region and aligns with California's Climate Adaptation Strategy which prioritizes the acceleration of nature-based solutions as a way to strengthen climate resilience, improve water quality and storage, enhance wildlife habitat and biodiversity, sequester carbon, and buffer floods. Specifically, the project aligns with Goal B. Increasing Landscape Connectivity and establishing Climate Refugia. The project will assess opportunities to reconnect historic floodplain, riparian and wetland habitat, increasing habitat resilience for sensitive species and increasing climate resilience for adjacent public infrastructure and communities.

5. Project delivers multiple benefits and significant positive impact.

Once implemented the project will provide multiple benefits including enhancing resiliency to climate change and sea level rise by restoring coastal creek and riparian habitats, reducing Impacts from flood events for landowners and public infrastructure, and reducing sediment flows to the estuary which will improve water quality and protect critical habitat for sensitive species.

6. Project planned with meaningful community engagement and broad community support.

As described in the Project Summary above, the project will include a robust community engagement program to solicit landowner and tribal input through meetings, workshops, field trips and participation in a technical advisory committee.

PROJECT FINANCING

Coastal Conservancy	\$1,110,000
Morro Bay National Estuary Program	<u>\$30,000</u>
Project Total	\$1,140,000

Conservancy funding for this authorization is anticipated to come from an appropriation from the Greenhouse Gas Reduction Fund (GGRF) to the Conservancy for the Climate Ready program for purposes of nature-based projects that address sea level rise (Budget Act of 2022, as amended by AB 178, Chapter 45, Statutes of 2022). The Greenhouse Gas Reduction Fund Investment Plan and Communities Revitalization Act (Health and Safety Code (HSC) Sections 39710 – 39723) requires that GGRF funds be used to (1) facilitate the achievement of reductions of GHG emissions consistent with the Global Warming Solutions Act of 2006 (HSC sections 38500 *et seq*), and (2) to the extent feasible, achieve other co-benefits, such as maximizing economic, environmental and public health benefits and directing investment to disadvantaged communities (HSC section 39712(b)). The Global Warming Solutions Act of 2006 sets forth (among other things) certain GGRF funding priorities (HSC section 38590.1). The California Legislature has also appropriated GGRF funds to the Conservancy to protect communities and natural resources from sea level rise (The Budget Act of 2022, as amended by AB 179, Chapter 249, Statutes of 2022).

The California Air Resources Board (CARB) has adopted guidelines that establish program goals that agencies must achieve with their GGRF funds. Consistent with the CARB 2018 Funding Guidelines, the proposed project will help the Conservancy meet its GGRF program goals because the project will:

- Facilitate GHG emission reductions (which includes carbon sequestration) and further the purposes of AB 32 and related statutes;
- Benefit Priority Populations (disadvantaged communities, low-income communities, or low-income households); and
- Maximize economic, environmental, and public health co-benefits to the State.

The proposed project will meet these objectives by planning projects to restore coastal wetlands and floodplain habitats that will increase carbon sequestration; investing in a disadvantaged community, including engaging tribes to enable Tribal stewardship and practices as part of the project; reducing flooding and associated economic impacts; and protecting natural lands. The proposed project is also consistent with this funding source because it will reduce the impacts of sea level rise on communities and natural resources.

In-kind services from associated planning projects in the project area, which will support the proposed project, will have an estimated value of \$85,000.

Unless specifically identified as “Required Match,” the other sources of funding and in-kind contributions described above are estimates. The Conservancy does not typically require matching funds or in-kind services, nor does it require documentation of expenditures from other funders or of in-kind services. Typical grant conditions require grantees to provide any funds needed to complete a project.

CONSISTENCY WITH CONSERVANCY’S ENABLING LEGISLATION:

The proposed project will be undertaken pursuant to Section 31113 of Chapter 3 of Division 21 of the Public Resources Code, which authorizes the Conservancy to address the impacts and potential impacts of climate change on resources within the Conservancy’s jurisdiction (Section 31113(a)). The project is located in the coastal zone. Section 31113(b) and (c) authorizes the Conservancy to award grants to nonprofit organizations and public agencies to undertake projects that reduce greenhouse gas emissions and address extreme weather events, sea level rise, flooding, and other coastal hazards that threaten coastal communities, infrastructure, and natural resources. Section 31113(d) requires the Conservancy, to the extent allowed, to prioritize projects that maximize public benefits, use natural infrastructure in coastal communities to help adapt to climate change, and accomplish one of several purposes, including preserving and enhancing coastal wetlands and natural lands.

Consistent with these requirements, the proposed project will: provide multiple public benefits as described in “Consistency with Conservancy’s Project Selection Criteria” section above; evaluate options and develop plans for nature-based solutions to increase resilience to flooding and sea level rise in the project area; and improve downstream water quality and habitat conditions.

Pursuant to Section 31111, the Conservancy may fund plans and feasibility studies.

CONSISTENCY WITH CONSERVANCY’S [2023-2027 STRATEGIC PLAN](#) GOAL(S) & OBJECTIVE(S):

Consistent with **Goal 1.1 Commit Funding to Benefit Systemically Excluded Communities**, the proposed project will improve environmental conditions within a disadvantaged community and improve resiliency to sea level rise.

Consistent with **Goal 3 Objective 3.2 Restore or Enhance Habitats**, the proposed project will plan for the restoration or enhancement of habitats including subtidal habitats, wetlands, and riparian.

Consistent with **Goal 4 Objective 4.1 Sea Level Rise Adaptation Projects**, the proposed project will plan for the protection of coastal resources and increase the resiliency of the natural and built environments to the impacts of sea level rise.

CEQA COMPLIANCE:

The proposed preparation of plans, environmental review documents, and permit applications is statutorily exempt from review under the California Environmental Quality Act pursuant to Title 14 California Code of Regulations, section 15262, in that it would involve only planning studies and feasibility analyses for possible future actions that have not yet been approved or funded. The project is also categorically exempt under Section 15306, which exempts basic data collection and resource evaluation activities that will not result in disturbance to an environmental resource.

Environmental factors will be considered in the studies undertaken pursuant to this authorization.

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