

COASTAL CONSERVANCY

Staff Recommendation
September 14, 2023

VILLA CREEK ESTUARY RESTORATION

Project No. 23-048-01
Project Manager: Timothy Duff

RECOMMENDED ACTION: Authorization to disburse up to \$2,000,000 to the California Department of Parks and Recreation to restore 5 acres of habitat in and around the Villa Creek Estuary, San Luis Obispo County.

LOCATION: Villa Creek Estuary, Estero Bluffs State Park, 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 two million dollars (\$2,000,000) to the California Department of Parks and Recreation (“the grantee”) to restore 5 acres of habitat in and around the Villa Creek estuary, San Luis Obispo County.

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.
3. A plan for acknowledgement of Conservancy.

4. Evidence that all permits and approvals required to implement the project have been obtained.

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 5.5 of Division 21 of the Public Resources Code, regarding integrated coastal and marine resource protection.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria.

STAFF RECOMMENDATION

PROJECT SUMMARY:

Staff recommends the Conservancy authorize a \$2,000,000 grant to the California Department of Parks and Recreation (State Parks) to restore the Villa Creek Estuary located within Estero Bluffs State Park on the northern San Luis Obispo County coast (Exhibit 1). The project will improve the estuary's hydrology, enhance habitat for numerous listed species, and protect the area from rising sea levels by restoring 5 acres of wetland, estuarine habitat, and other habitat areas to accommodate higher tidal flows and reduce the impact of storm surges.

Over the last several decades the estuary has been severely impacted by past farming, grazing, grading, and mining practices that have fragmented and damaged the site's wetland habitat and refugia for sensitive species (Exhibit 2). Legacy materials, including riprap, an abandoned dirt road, and fill materials, limit the estuary's natural geomorphic processes. The result is an ecosystem with artificially compacted and elevated habitat, constrained from natural geomorphic processes that would otherwise capture tidal surges. In addition, higher sea levels threaten to create brackish water environments farther upstream where they would not naturally occur leading to impacts to the creek's freshwater riparian areas.

The proposed restoration entails the removal of over 15,000 cubic yards of dirt and rock fill from wetland and estuarine habitats and recontouring the creek to improve the lagoon's ecological conditions via improved marine and freshwater flows through the estuary and its associated wetlands (Exhibit 2). Allowing the creek to meander and flow in an unobstructed manner will permit lagoon breaching to migrate to different locations over time. Up to ten large wood structures will be installed to enhance local scour and habitat complexity and increase velocities and associated sediment transport in locations where backwater channels join the main channel. These structures will also enhance habitat for rearing anadromous fish by increasing local scour and providing cover from predators. Five acres of native grassland, palustrine wetland, saltwater marsh, riparian, coastal scrub, and coastal dune habitats that occur in and around the estuary will be restored. Restoring the estuary's ecosystem function will enhance habitat and reestablish refugia for listed species including South Central California Coast steelhead, California red legged frog, tidewater goby, southwestern pond turtle, and western snowy plover.

In addition to State Parks, the project team includes the California Conservation Corps, Creek Lands Conservation, and the Cayucos Land Conservancy. The project has also received support from the Upper Salinas-Las Tablas Resource Conservation District, the Land Conservancy of San Luis Obispo and upstream landowners in the Villa Creek watershed. The State Parks's Associate State Archaeologist contacted all of the tribes on the Native American Heritage Commission contact list for San Luis Obispo County. One tribe expressed concern about the earthwork and requested tribal monitoring that State Parks has agreed to fund. This tribe submitted a letter of support for the project (See Exhibit 3). Following completion of the project State Parks staff will continue to work with the community, including local nonprofit groups and the adjacent upstream landowner, to identify future upstream restoration opportunities.

Site Description: The Villa Creek Estuary is located within the northwest boundary of Estero Bluffs State Park located adjacent to and upcoast of the town of Cayucos (Exhibits 1 and 2). The 355-acre park includes over three miles of coastline and consists of a grassland-dominated coastal terrace and rocky cliffs. The estuary has been altered by past farming, grading, and mining practices which have left riprap, a road, and fill materials.

The park features rocky inter-tidal areas, small dunes, wetlands, low bluffs, and coastal terraces punctuated by several perennial and intermittent streams and contains a pocket cove and beach at the confluence of Villa Creek and the Pacific Ocean. The diverse shoreline communities provide habitat for a vast array of species, including, foraging seabirds, nesting shorebirds, endangered plants, threatened and endangered aquatic species (fish, amphibians, and reptiles), sea mammals, small mammals, and many invertebrate species.

The area is characterized by a Mediterranean climate with cool, wet winters and warm, dry summers moderated by coastal fog. This property is distinctly influenced by the immediate proximity to the coast and the historical use of the land for grazing. While grazing has not occurred on the property for the past 20 years, grazing does currently occur along the creek on adjacent property to the north.

Grant Applicant Qualifications: California State Parks administrative staff is experienced in managing large state grants. The San Luis Obispo Coast District natural resources staff has a wealth of experience planning and implementing restoration projects on the central coast, including on the Santa Maria River, San Antonio and Nacimiento Rivers, Santa Rosa Creek, Pismo Creek, and Arroyo Grande Creek. Together they are well positioned to successfully manage the proposed restoration project.

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:

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.

The proposed project is a good investment of state resources because it will contribute to meeting the state’s biodiversity goals as outlined in the Strategic Land Acquisition section of the Governor’s 30 x 30 Executive Order. The project will protect state- and federally-listed species including South-Central California Coast Steelhead, California red legged frog, tidewater goby, southwestern pond turtle, and western snowy plover. The project has the support of local and state agencies and legislators (Exhibit 3). In addition, the project will be funded with mitigation funds from private utility companies (see Project Financing section, below)

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

This project is designed to be self-sustaining without additional mitigation or intensive maintenance. By removing excess fill material and recontouring the estuary the project will improve the lagoon’s ecological conditions and natural functions via improved marine and freshwater flows through the estuary and its associated wetlands.

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

The project was planned with community participation and is supported by several groups and individuals including Upper Salinas-Las Tablas Resource Conservation District, the Land Conservancy of San Luis Obispo, Cayucos Land Conservancy, upstream landowners in the Villa Creek watershed and the Salinan Tribe. See letters of support in Exhibit 3.

PROJECT FINANCING

Coastal Conservancy	<u>\$2,000,000</u>
Project Total	\$2,000,000

The anticipated source of funding for the proposed project is an appropriation to the Conservancy of mitigation funds required pursuant to the State Water Resources Control Board’s “Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling” (Once Through Cooling or OTC Policy). The statewide policy was adopted in 2010 requiring power generating facilities to stop using once-through cooling (OTC) technology. The Policy requires that mitigation payments assessed against power plants for use of OTC technology be used to support “mitigation projects directed toward increases in marine life associated with the state’s marine protected areas in the geographic region of the facility.” Under the 2016 Memorandum of Understanding (MOU) between the State Water Resources Control Board (SWRCB), Conservancy and California Ocean Protection Council, mitigation funds paid under the Once-Through Cooling Policy may be used by the Conservancy to fund wetland restoration, subject to consultation with the State Water Resources Control Board about specific projects to be funded. The SWRCB has concurred that the proposed project is an appropriate use of these funds.

The proposed project will meet the goals of the program by restoring wetlands around the Villa Creek Estuary and improving water quality in the region including within State Marine

Protected Areas in Cambria, Morro Bay and Point Buchon (Diablo Canyon) by restoring tidal connectivity. The project will also provide additional environmental benefits to the state, including restoration of transitional habitats that will improve sea level rise resiliency.

Approximately \$310,000 will be contributed in-kind by California Department of Parks and Recreation for project management, plant propagation and maintenance, monitoring, and water quality sampling equipment.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

Conservancy participation in the proposed project is consistent with Chapter 5.5, Integrated Coastal and Marine Resources Protection (Section 31220) of the Conservancy's enabling legislation, Division 21 of the Public Resources Code. Section 31220(a) authorizes the Conservancy to undertake a project or award grants for coastal watershed projects that meet one or more criteria of Section 31220(b). Consistent with Section 31120(b), the proposed project will (1) restore fish and wildlife habitat within coastal and marine waters and coastal watersheds (Section 31120(b)(2)), by restoring the Villa Creek Estuary; and (2) reduce the impact of population and economic pressures on coastal and marine resources (Section 31120(b)(7)) by removing rip rap, a road, and fill material.

Consistent with Section 31220(a), staff has consulted with the State Water Resources Control Board in the development of the project to ensure consistency with Chapter 3 (commencing with Section 30915) of Division 20.4 of the Public Resources Code.

Consistent with Section 31220(c), the project is consistent with local watershed management plans and water quality control plans adopted by the State Water Resources Control Board and Regional Water Quality Control Boards (see the "Consistency with Local Watershed Management Plan/State Water Quality Control Plan" section below), and has a monitoring and evaluation component included in the project.

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 design integrated the community's interests and concerns, and once completed will improve environmental conditions within a disadvantaged community and improve resiliency to sea level rise.

Consistent with **Goal 1.4 Workforce Development**, the California Conservation Corps will assist with revegetation of the site.

Consistent with **Goal 3.2 Restore or Enhance Habitats**, the proposed project will restore five acres of land identified in regionally led and scientifically based planning efforts to protect high quality resources and increase habitat.

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

Projects undertaken pursuant to Chapter 5.5 of Public Resources Code Division 21 (Section 31220) must be consistent with local watershed management plans, if available, and with water quality control plans, adopted by the state and regional water boards. Restoration of Villa Creek furthers the San Luis Obispo County Integrated Regional Water Management Plan, Ecosystem and Watershed Goal, Objective 2, to preserve, enhance, restore, and conserve riparian corridors and natural creek and river systems through wetland restoration, natural floodplains, riparian buffers, conservation easements, and other mechanisms. The proposed restoration project in the Villa Creek watershed is consistent with this objective. The proposed restoration project is also consistent with the Water Quality Control Plan for the Central Coast Basin (2019), and specifically addresses the following beneficial uses: wildlife habitat, estuarine habitat, and rare, threatened, or endangered species.

CEQA COMPLIANCE:

The project is categorically exempt from review under CEQA pursuant to Title 14 of the California Code of Regulations Section 15333 (Small Habitat Restoration Projects). The project is limited in size and scope, and will not exceed five acres. Consistent with Section 15333(a), the project will maintain, restore, enhance, and protect habitat for fish, plants, and wildlife, including endangered, rare, or threatened species. There are no known hazardous materials at or around project sites that may be disturbed or removed, as mandated by Section 15333(b). In addition, as required by Section 15333(c), the project will not result in impacts that are significant when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.

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