

COASTAL CONSERVANCY

Staff Recommendation

November 30, 2023

EEL RIVER DAM REMOVAL COMMUNITY PLAN

Project No. 18-027-03

Project Manager: Michael Bowen

RECOMMENDED ACTION: Authorization to disburse up to \$250,000 to CalWild for preparation of a community plan and conceptual project designs to ameliorate changes resulting from the potential decommissioning and removal of the Potter Valley Project hydroelectric facility in Lake and Mendocino counties.

LOCATION: Lake Pillsbury and Van Arsdale Reservoir in Lake and Mendocino County, respectively.

EXHIBITS

Exhibit 1: [Project Location Map](#)

Exhibit 2: [Project Images](#)

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 hundred and fifty thousand dollars (\$250,000) to CalWild (“the grantee”) for preparation of a community plan and conceptual project designs to ameliorate changes resulting from the potential decommissioning and removal of the Potter Valley Project hydroelectric facility in Lake and Mendocino counties.

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. Evidence that the grantee has prepared a fully formulated strategy for community engagement and has secured commitments for a sufficient level of community participation in the engagement to enable the grantee to implement the project successfully.

Findings:

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

1. The proposed authorization is consistent with Chapters 3 and 5.5 of Division 21 of the Public Resources Code regarding greenhouse gas emissions and natural resource enhancement, respectively.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria.
3. CalWild is a nonprofit organization organized under section 501(c)(3) of the U.S. Internal Revenue Code.

STAFF RECOMMENDATION

PROJECT SUMMARY:

Staff recommends that the State Coastal Conservancy authorize a grant of an amount not to exceed two hundred and fifty thousand dollars (\$250,000) to CalWild to prepare a community plan and conceptual project designs to ameliorate changes resulting from the potential decommissioning and removal of the Potter Valley Project hydroelectric facility in Lake and Mendocino counties.

The Potter Valley Project is a hydroelectric facility located on the upper mainstem Eel River. Since 1908 it has provided the benefits of hydroelectricity and water diversions from the Eel River to the Russian River watershed. Since construction of the facility, some communities have come to depend on benefits the project provides them. The Potter Valley Irrigation District and Sonoma and Mendocino County water users have received on average 160,000 acre feet of water a year free of charge for more than a century. A lake-based recreational industry of approximately 400 summer cottages and associated uses have built up around Lake Pillsbury, providing an important economic contribution to Lake County. There are five campgrounds, two group campgrounds, two paved boat ramps, and a resort at the lake. The Lake Pillsbury Resort operates a marina with rentals, boat slips, and supplies.

However, these benefits came at a substantial cost to the water quality and available salmon habitat of the Eel River. The dams blocked more than 150 miles of high-quality spawning and rearing habitat and converted an extensive oak savannah into what is now a frequently eutrophic reservoir. For most of its operating history, flows released below the dams were

limited to whatever leaked past or through the aging structures, and protection of fishery resources below the dams was an afterthought.

But time has passed, and the project has fallen into disrepair. Hydroelectric generation has ceased, and rather than reinvest in seismic upgrades or other capital improvements, Pacific Gas & Electric (PG&E) has announced plans to decommission and remove the facility's two dams (Cape Horn and Scott Dam) and all appurtenant infrastructure by 2028.

Decommissioning of this historic facility will help recover state and federally listed salmon species, but it will also bring significant and difficult changes to Lake and Mendocino County communities: water diversions for agriculture will be reduced, lake-based recreation will cease, and conversion of the lake to a riverine environment will eliminate an historically important source of water for wildland firefighting. These changes are some of the reasons that certain stakeholders in both counties have expressed ardent opposition to the modification or removal of the Potter Valley hydroelectric facility. Nonetheless, it seems apparent that the hydroelectric facility will be decommissioned.

In order to outline a vision for future management of the project area, including habitat restoration and public access opportunities, CalWild has proposed this project to develop a community-driven plan. With professional facilitation, CalWild will convene stakeholders, tribes, PG&E, and other pertinent interests to develop a vision, community plan, project list, and conceptual project designs for habitat restoration, public access and wildfire preparedness features to be implemented in the event of the removal of dams on the Eel River.

Ideas considered for development in the plan include, but are not limited to:

1. Revegetation of the reservoir footprint and instream habitat restoration projects for the exposed river channel;
2. Non-motorized boat launches and take outs for recreational and whitewater rafting opportunities in the Upper Eel River;
3. Trail construction and improvement for hiking, mountain bike use, equestrian activity, and planning for potential authorized and unauthorized motorized vehicle access to the newly restored project footprint;
4. Camping facilities along the restored river channel; and
5. Offsite pond construction for helicopter dipping for wildland firefighting.

Since decommissioning discussions began, conversations about the future of the Upper Eel River watershed have largely been limited either to the topics of fishery restoration or future water diversions through the Potter Valley Project tunnel into the Russian River. National Marine Fisheries Service (NMFS), Sonoma Water, Round Valley Indian Reservation, CalTrout, the Potter Valley Irrigation District, PG&E, and a few others have been parties to these conversations, but other tribes with interests in the area and stakeholders such as the Lake County Board of Supervisors and nearby communities have not participated. There is a real danger that, should the likely decision be taken to remove the dams, Lake County (the 10th

most economically disadvantaged county in the state) will experience even more hardship as recreational revenues deriving from the Lake Pillsbury local economy will disappear.

The proposed plan provides an opportunity to identify new recreational, fire resilience, habitat conservation, water management, and economic development opportunities for Lake and Mendocino counties. The proposed plan would be developed by bringing together communities which have been marginalized by the current processes to develop a shared vision for improvements and restoration. Projects identified in this plan would be guided by a collaboratively developed vision that directly benefits the region's economic activity. This vision, plan and ultimately projects, would also create new opportunities and experiences to draw tourists—and their dollars—to the area. Prior to commencing the proposed project, CalWild will prepare a strategy for community engagement and obtain commitments from stakeholders and stakeholder groups to participate in development of the community plan.

Site Description: Nestled at the base of Snow and Hull mountains, and surrounded by the Mendocino National Forest, the valley that formed Lake Pillsbury and made for an excellent headwaters reservoir and hydroelectric facility, is separated from the Russian River watershed by a narrow ridge, which in turn facilitated development of the inter-basin transfer of water. It also offers recreational opportunities that could flourish in a post-dam era.

The project area is approximately 5,000 acres and is rugged and remote. The valley floor not inundated by the reservoir is oak woodland, while the river corridor and surrounding mountains are heavily forested with Douglas fir.

The Eel River enters the Pacific Ocean approximately 14 miles south of Eureka, California, and is the third largest river system in California, with a watershed encompassing approximately 3,684 square miles within the counties of Colusa, Glenn, Humboldt, Lake, Mendocino, and Trinity. The total watershed contains approximately 3,448 miles of streams.

Once California's third-largest salmonid fishery, the Eel River today is an impaired waterway under the Clean Water Act with a dwindling fishery suffering from the presence of two dams in its upper drainage, blocking salmonids from returning to 150 miles of spawning grounds. It is a spectacularly beautiful area of fir forests, oak chaparral, and riparian corridors.

The project site is predominantly in Lake County, California's 10th most economically disadvantaged county. Lake County is an economically disadvantaged region which struggles with all the challenges that typically affect the underserved. Approximately 1,470 people live in a single housing development adjacent to Lake Pillsbury, but many businesses rely on visitors attracted by the lake and opportunities to mountain bike, ride off-highway vehicles (OHVs), camp, hunt, and fish.

Grant Applicant Qualifications: CalWild, founded in 1976 as the California Wilderness Coalition, has received scores of grant awards over the years from varying sources, each with reporting and accounting requirements. CalWild's finance staff anticipate no difficulty in administering a Conservancy grant. CalWild has staff who have coordinated similar types of stakeholder

processes previously and will hire an experienced local project manager to oversee the facilitation consultants who will lead the community encounters.

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.

It is probable that dam removal will bring at least temporary economic dislocation to Lake County. The project could facilitate the creation of new recreational and economic development opportunities for Lake and Mendocino Counties, as well as wildfire resilience and fisheries and habitat restoration projects. These projects would reduce the dislocation and economic privation that would otherwise be suffered by the area and its low-income residents. A modest investment in community planning now could yield significant returns in economic activity, wildfire resilience and fish and wildlife habitat. The project is feasible and reasonable in cost.

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.

Local US Forest Service officials and former Robinson Rancheria Tribal Chairman (and now Lake County Supervisor) EJ Crandell recommended that CalWild reach out to, at a minimum, the Yuki and Pomo peoples as represented by the Round Valley Indian Tribes (a confederation of seven tribes, including the Yuki), Habematolel Pomo of Upper Lake, and the Robinson Rancheria Pomo Indians of California. CalWild is seeking meetings with those three governments now.

CalWild's intention with this phase of tribal engagement is not to be transactional by simply offering a fully-developed proposal and seeking their support. Instead, CalWild seeks tribal input on the importance of the Eel River, the possibility of dam removal, what the Tribes would like to see occur in the watershed above Scott Dam, and recommendations regarding other tribes and/or stakeholders that we should contact. CalWild will use their input to shape and refine the project so that each tribe is a beneficiary of the effort.

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

The dams and any associated benefits they once provided will likely be gone within ten years. What will remain for the future with respect to water supply, wildfire resilience, recreational opportunities and more will depend on what the communities of the Upper Eel can identify and

develop to replace the historic infrastructure. Restoration of the Upper Eel for species resilience, with a strong focus on public access and the recreational values the area provides, will be key to the future success of this plan.

The plan developed through this process should serve as a map and blueprint for many future projects benefiting the region ecologically, economically, culturally, and recreationally. While not an enforceable mandate, the fact that the plan will be constructed with such broad participation is likely to make it politically potent for many years to come. The plan and conceptual designs will incorporate climate change projections and sustainability and resilience will be a planning goal.

5. Project delivers multiple benefits and significant positive impact.

The project will chart a course for habitat restoration, recreational opportunities, and fire management and resilience in the post-dam footprint. By focusing on the historically marginalized communities of rural Lake and Mendocino counties, the project will increase equity and environmental justice in the context of project decommissioning.

Restoration options would likely include reforestation of oak savannah and riparian corridors, thereby providing carbon sequestration benefits.

Camping facilities near the current Lake Pillsbury are not accessible for people with disabilities. Improved access for people with disabilities would facilitate outdoor recreation and wildlife watching tourism. Similarly, the Eel River lacks much public access for swimming, fishing, boating, and other purposes. Providing a number of universally accessible access points to the Eel would amplify recreational opportunities in the region.

The existing lakes provide a convenient water supply for firefighting in this wildfire prone region. Currently, in cases of fire, helicopters scoop water out of the lakes for distribution to active fires. Accordingly, the construction of one or more ponds or tanks for helicopter dipping has been recommended by the US Forest Service in the event of dam removal.

A herd of over 100 native tule elk roam the shores of Lake Pillsbury. In addition to fencing the former reservoir site to exclude unauthorized OHV use, the Gravelly Valley once re-exposed could be restored in such a way as to benefit the growing herd. Potentially, a part of the area formerly covered by the lake could become a tule elk preserve, serving both as enhanced habitat for wildlife and a driver of wildlife watching tourism.

Non-motorized trails in the nearby Snow Mountain Wilderness have suffered severely from a lack of maintenance due to inadequate federal funding for the Mendocino National Forest. This plan would help highlight opportunities to assist the US Forest Service to ensure that popular hiking and horseback routes near Pillsbury, like the Bloody Rock Trail that accesses the Eel River and provides delightful camping opportunities near the stream, receive proper maintenance at long last.

There are opportunities to build new non-motorized trails near Pillsbury that can connect the camping areas in Gravelly Valley to the Eel River and the Snow Mountain Wilderness. Lake

County Supervisor Crandell, for example, recommended rebuilding the indigenous trade route that once ran the full length of the Eel River and Rice Fork Eel River. He advised starting by re-purposing a closed PG&E road that runs from Scott Dam to near Van Arsdale. Redevelopment of the trail would provide a beautiful outdoor recreation opportunity and could potentially connect with the Great Redwood Trail being planned now to follow the mainstem Eel through this reach of the river.

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

Discussions about the future of the Potter Valley Project have divided along lines of those who support maintaining the facility and those who support its complete removal. As a result, dialogue has been somewhat polarized. As the inevitability of decommissioning increases, those who historically opposed removal of the project have become further marginalized. CalWild has received expressions of support for this planning effort from a wide variety of local groups and elected officials supporting and opposing decommissioning efforts, reflecting the need to engage in a more comprehensive and inclusive planning effort for the project area. Supporters of the proposed planning project include:

- California Trout
- Friends of the Eel River
- Lake County Supervisor Bruno Sabatier (District 2, Clear Lake)
- Lake County Supervisor EJ Crandell (District 3, Eel River watershed)
- Mendocino County Supervisor John Haschak (District 3, Eel River watershed)
- Mendocino National Forest Supervisor Wade McMaster
- Pepperwood Preserve (experts in fire resilience and post-fire restoration)
- State Senator and Senate President Mike McGuire
- U.S. Representative Jared Huffman (District 2)
- U.S. Representative Mike Thompson (District 4)
- U.S. Senator Alex Padilla’s staff
- Sierra Club Redwood Chapter
- Tuleyome
- Willits City Councilmember Madge Strong
- Willits Environmental Center

PROJECT FINANCING

Coastal Conservancy	\$250,000
CalWild (other grant sources)	\$220,900
Project Total	\$470,900

Conservancy funds are anticipated to come from the FY 2022/23 appropriation from the General Fund to the Conservancy for the purpose of urgent sea level rise adaptation and coastal resilience needs. (The Budget Act of 2022, SB 154, as amended by the Budget Act of 2023, SB

101). These funds are available as described in Section 52 of Chapter 258 of the Statutes of 2021, which sets forth a detailed description of the purposes of the coastal resilience funds, including projects that protect coastal watersheds and increase the resilience of coastal ecosystems to climate change impacts. The proposed project is consistent with this funding source because it will prepare a community plan and conceptual designs for enhancement of more than 5,000 acres of the headwaters of a coastal watershed that includes numerous wildlife corridors, an important Pacific salmon spawning and rearing river, and diverse habitat types at a relatively high elevation that will facilitate climate migration of native species. Further, in selecting this project for a grant, the Conservancy has considered its Strategic Plan, the State Agency Sea Level Rise Action Plan, geographic areas of vulnerability, disadvantaged communities, and opportunities for federal financial support.

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:

Consistent with Division 21 of the Public Resources Code, Chapter 3, Section 31113(b) and 31113(c), the Conservancy may award grants to nonprofit organizations for projects within its jurisdiction that reduce emissions of greenhouse gases, prioritizing those that conserve biodiversity and provide recreational opportunities. The project is within the Conservancy’s jurisdiction as it is a project that will improve and protect coastal and marine water quality and habitats, as discussed below.

This project will facilitate reduction of greenhouse gas emission by contributing to evaluation of the project site and development of alternatives for the reservoir site. The Potter Valley Project has ceased producing relatively clean hydroelectric power, but the remaining water storage facility continues to be a net greenhouse gas producer, a dilemma that the proposed dam removal and this plan seek to address. Reservoirs are net carbon emitters due to their propensity to host carbon dioxide- and methane-producing microbes which consume decomposing natural materials at the bottom of these artificial lakes. The byproduct of this phenomenon is emission of greenhouse gases, particularly methane and carbon dioxide, which bubble up to the reservoir’s surface and enter the atmosphere.

The project will facilitate conservation of biodiversity by presenting project alternatives that will provide higher levels of resilience for natural communities and restore access for coastal salmon to higher level elevation streams with cooler temperatures. The project site is highly subject to climate change related impacts, such as increased stream temperatures, flashier hydrographs, and increased frequency and intensity of wildfires, all of which threaten a variety of coastal resources downstream, including Pacific salmon populations and the fishing communities that depend upon them. The proposed plan will also increase carbon

sequestration through forest restoration and expand outdoor recreational opportunities in the region for the public to enjoy.

Consistent with Division 21 of the Public Resources Code, Chapter 5.5, Section 31220, the Conservancy may undertake projects in order to “improve and protect coastal and marine water quality and habitats.” While far from the coast, the upper Eel River plays a profound role in the overall water quality and health of the broader Eel River watershed. Among other things, the project will: 1) reduce contamination of waters within the coastal zone by reducing sediment inputs such as blue green algae discharges from the reservoir; 2) protect and restore fish and wildlife habitat within coastal waters and watersheds by reopening more than 300 miles of high elevation, high quality habitat; 3) Reduce threats to coastal and marine fish and wildlife by reducing sediment sources and increasing sediment storage capacity in the newly restored floodplain; 4) Reduce unnatural erosion and sedimentation of coastal watersheds and contribute to the reestablishment of natural erosion and sediment cycles by restoring connectivity between the river and floodplain while also working to reduce sediment inputs from upstream.

As described in greater detail in “Consistency with Local Watershed Management Plan...”, below, CalWild and Conservancy staff have consulted with staff at the North Coast Regional Water Quality Control Board and explored pilot projects intended to help the State achieve sediment load goals for the Eel River watershed.

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

Consistent with **Goal 1.1, Commit Funding to Systemically Excluded Communities**, the proposed project will direct funding and attention to an area that is neither a beneficiary of the original project goals of power production and water delivery, nor a beneficiary of the proposed removal for the purpose of salmon recovery. Instead, the rural and low-income disadvantaged communities of Lake County have benefited from the temporal existence of Lake Pillsbury as a recreational facility. As described above, a significant recreational economy has built up around that feature, but is now destined to decline absent alternative use planning. For the first time in more than 100 years, Lake and eastern Mendocino Counties will be the focus of this planning effort.

Consistent with **Goal 1.3, Support Meaningful Engagement by Systemically Excluded Communities**, the project will engage lesser served and less resourced communities, tribes, and local governments of the Upper Eel watershed.

Consistent with **Goal 2.5, Recreation Facilities and Amenities**, the proposed project will plan for multiple public access and recreation projects in the Upper Eel watershed, a highly popular but relatively undeveloped vacation destination.

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

The project is consistent with the *Water Quality Control Plan for the North Coast Region* ([Basin Plan](#)).

The Basin Plan identifies existing beneficial uses for the hydrologic subareas encompassed by the Potter Valley Project including a variety of designations tailored to the protection and enhancement of Pacific salmon populations, as well as recreation, agriculture, and other uses. The project will facilitate enhancement of these beneficial uses through future restoration and recreation projects.

Reopening of this historic habitat and improvement of the water quality of the Upper Eel River by reducing the eutrophication increasingly prevalent due to higher carbon dioxide and temperature levels is also consistent with the Basin Plan's goals for the Upper Eel River.

CEQA COMPLIANCE:

The project consists of feasibility and planning studies for possible future actions that have not yet been approved or funded, and data collection and resource evaluation activities that will not result in a serious or major disturbance to an environmental resource. The project is therefore statutorily exempt from CEQA pursuant to 14 California Code of Regulations Section 15262 and categorically exempt pursuant to 14 California Code of Regulations Section 15306.

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