

COASTAL CONSERVANCY

Staff Recommendation
February 15, 2024

RANCHO CAÑADA FLOODPLAIN RESTORATION

Project No. 16-023-03
Project Manager: Rachel Couch

RECOMMENDED ACTION: Authorization to disburse up to \$16 million, including \$10 million in grant funds from the National Fish and Wildlife Foundation, to the Monterey Peninsula Regional Park District to implement the Rancho Cañada Floodplain Restoration Project, a multi-benefit floodplain restoration project along approximately 1-mile of the lower Carmel River in Monterey County.

LOCATION: Palo Corona Regional Park, Monterey County (Exhibit 1)

EXHIBITS

- Exhibit 1: [Project Location Maps](#)
 - Exhibit 2: [Site Photos](#)
 - Exhibit 3: [Overview of Project Design](#)
 - Exhibit 4: [June 1, 2023 Staff Recommendation](#)
 - Exhibit 5: [Project Letters](#)
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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 sixteen million dollars (\$16,000,000) to Monterey Peninsula Regional Park District (“the grantee”), including \$10 million in grant funds from the National Fish and Wildlife Foundation, to implement the Rancho Cañada Floodplain Restoration Project, a multi-benefit floodplain restoration project along approximately 1-mile of the lower Carmel River in the Rancho Cañada Unit of the Palo Corona Regional Park in Monterey 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.
5. Evidence that the grantee has entered into an agreement sufficient to enable the grantee to implement, operate, and maintain the project on that portion of the project site not owned by the grantee.

Prior to commencement of construction, the grantee shall demonstrate that the portion of the project that will take place on land not owned by the grantee is protected by a recorded agreement sufficient to protect the public interest in 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 5.5 of Division 21 of the Public Resources Code, regarding Integrated Marine and Coastal Resources.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria.

STAFF RECOMMENDATION

PROJECT SUMMARY:

Staff recommends the Conservancy authorize a grant of an amount not to exceed \$16,000,000, including \$10 million in grant funds from the National Fish and Wildlife Foundation, to Monterey Peninsula Regional Park District (District) to implement the Rancho Cañada Floodplain Restoration Project (project), a multi-benefit floodplain restoration project to restore riverine processes, improve riparian and aquatic habitat, and increase community resilience to environmental stressors such as flooding and drought. The project will restore approximately 40 acres of floodplain along an approximately one-mile section of the lower Carmel River in the Rancho Cañada Unit of Palo Corona Regional Park, Monterey County (Exhibit 1). Conservancy staff partnered with the District to develop the project and are a key part of the project implementation team.

The project site suffers from the lasting effects of past land uses that focused on either agricultural productivity or commercial recreational opportunities and resulted in the Carmel River becoming highly constrained by riprap and disconnected from its historic floodplain (Exhibit 2). These land use decisions, together with a high demand of water for domestic or irrigation uses, have severely impaired the river's health and its riparian habitats. The natural

hydrologic and geomorphic processes that are responsible for maintaining river health are not currently functioning in a sustainable manner. The river is disconnected from its floodplains by near vertical banks that rise as high as 15 feet above the channel which prevent recruitment of new riparian vegetation on the historic floodplain. This disconnection also led to the overall simplification of the river corridor, limiting the ability of the river to create and sustain complex, diverse habitats for sensitive species like steelhead and California red-legged frog. In addition, the deeply incised river channel led to lowering of the water table, further impacting successful recruitment of riparian trees.

Changes to upstream sediment transport processes, resulting from both the removal of the San Clemente Dam and a series of major fires over the past 5 years, can be addressed through this project. In its current form significant sediment loads coming from the upper watershed will slowly begin to fill and aggrade the river through this low-gradient reach, further simplifying aquatic habitats as well as creating an elevated flood risk for neighboring communities. The project would address this risk by lowering the floodplain surrounding the river and providing a safe place for the river to fan out and deposit sediment without impacting flood elevations relative to present-day conditions. These lowered and gradually sloping floodplains would also provide more space for the river and floodwaters to move, building resilience to varying future hydrology with climate change.

The proposed project is particularly important for the federally threatened south-central California coast steelhead. Human impacts on the river from dams and other migration barriers, water withdrawals, and development of the floodplain have drastically impacted the river's ability to support steelhead and other aquatic and riparian species. Restoration of the floodplain will provide more diverse habitats in this reach of the river, increased riparian habitat food sources, and slow-water refuge for fish during high flow events. A functioning floodplain and re-established riparian habitat will also benefit numerous other aquatic and terrestrial species.

The project consists of restoring a 1-mile section of the Carmel River by resetting the river conditions and allowing natural processes to resume (Exhibit 3). Approximately 3,200 linear feet of riprap will be removed to restore natural geomorphic processes (such as scour, deposition, and meander migration). Over 650,000 cubic yards of sediment will be excavated, which will lower the existing disconnected floodplains so that annual inundation can recur. Backwater channels and alcoves will be created within the new floodplain surfaces to create areas that will inundate at winter base flows, recreating critical areas of quiet water that will be available to aquatic species. The project also includes the addition of wood features in the floodplains, backwater channels, and margins of the river to create cover and habitat complexity. In-channel gravel will be added to raise the water surface elevation upstream, helping push water into new floodplains. In addition, three existing bridges will be removed, eliminating a safety hazard and providing additional space for the Carmel River to migrate. Rather than exclusively recreating specific habitat features, the design approach is to restore the underlying processes that allow the river to "heal itself" as much as possible, with the restoration project providing a reset that allows this to occur.

One new pedestrian bridge will be constructed as part of the project. The new bridge location was informed by channel meander migration modeling to select a location with minimal expected meander in order to not impact river function. The project site is within Palo Corona Regional Park, and the new bridge is critical for its continued recreational park functions and will also provide emergency services with access to 4,500 acres of Palo Corona Regional Park front ranch and backcountry areas.

Site Description: The Carmel River watershed encompasses 255 square miles with the main stem of the Carmel River flowing 36 miles from its headwaters in the Ventana Wilderness through the Carmel River Valley into the Pacific Ocean at Carmel River State Beach (Exhibit 1). The lower 16 miles of the river, in which the Rancho Cañada site is located, is the most developed part of the watershed.

The lower reaches of the Carmel River once had large floodplains and emergent marshes (illustrated on Spanish mission-era maps) but were lost when ranchers and farmers began developing the land to maximize planting and grazing. Since the late 1800s the lower River has been channelized, woody debris removed, gravel and sand has been mined, and various bridges and other structures constructed within the channel - all of which has constrained the river to a narrow and inhospitable course. In the 1960s, agriculture at Rancho Cañada was replaced by a 36-hole golf course. Subsequently, attempts were made to straighten the river and, at least one massive bank armoring project took place.

The project site is mostly on that portion of the former Ranch Cañada Golf Club property purchased by the District, which is approximately 185 acres in size and spans both banks of the Carmel River. The District maintains the former Rancho Cañada Golf Club clubhouse on the property as its offices, and the facility also functions as a visitor's center and trailhead for the public's access to the larger Palo Corona Regional Park (Exhibit 1). Immediately downstream of the District's property is the remainder of the former Rancho Cañada Golf Club property, which is now the 60-acre Rancho Cañada Village property (RCV), for which residential development has been proposed. The Carmel River's riparian zone extends onto the RCV property, and the proposed RCV development includes dedication of the riparian zone to the District. The project site includes approximately 0.5-1 acre of the RCV property.

The District's Rancho Cañada unit has paved and unpaved golf cart paths and four footbridges within the property that span the Carmel River and currently provide limited public access to the Carmel River. This former golf course is planted in non-native grasses and shrubs interspersed with native oaks and cottonwoods, as well as non-native dead and dying pines. The Carmel River, which runs through the center of the property, is a major natural feature of the property. Mature trees form a gallery forest along the riverbanks. The riparian corridor is identified as a FEMA floodway and the 100-year floodplain extends over much of the property. Immediately up- and downstream of the Rancho Cañada properties is a mix of residential and commercial development. In addition to the straightening and the hardening of the banks, the River has suffered from channel incision (downcutting) due to a deficit of certain kinds of sediment trapped by upstream dams. This has left high banks along much of the channel so that the river can only access the floodplain in very high flows.

Several conservation properties surround Rancho Cañada properties, including Joyce Stevens Monterey Pine Forest Preserve, Jacks Peak County Park, the Santa Lucia Preserve, Point Lobos State Park, and the larger portion of Palo Corona Regional Park, making the property an important connector for riparian and upland species and their habitats.

Grant Applicant Qualifications: The District was created in 1972 and has acquired or helped to acquire 24 parks and open spaces throughout the Monterey Peninsula. As the landowner for the proposed project, the District has been intimately involved in the project planning since its inception. Working with the Conservancy and other members of the Project team, the District will select a qualified construction contractor, and will be responsible for oversight and management of implementation, including construction, for the duration of the Project. The District has successfully managed 15 state and federal grants in excess of \$18 million over the past 10 years, including the acquisition of the property to be restored. District staff will manage, maintain, and monitor the project over the long term.

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.

The proposed project is consistent with and implements the state's policies and goals related to riverine and fisheries restoration and builds on past and existing projects and investments by the Conservancy, and other state agencies in the restoration of riparian habitat in the Carmel River watershed. The restoration design was developed in consultation with a Technical Advisory Committee made up of riparian restoration experts from federal, state, and local agencies as well as non-governmental organizations. The engineering approach proposed has demonstrated success throughout the west coast. Finally, in addition to state funding, the project funding includes at least \$10 million in federal funding.

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.

The project has been the subject of extensive outreach to local stakeholders, including tribal groups for which the Carmel Valley is their ancestral home. In May of 2022 outreach letters were sent to all known tribal contacts. Two tribes responded and requested consultation and monitoring during construction as well as cultural sensitivity training. Follow-up calls were made to several more tribal representatives which are detailed in the project's 2022 Cultural Resources Technical Report. Engagement with these tribes will continue during the

construction phase of the project. In addition, the District has an ongoing relationship with one tribal representative related to cultural use of riparian plants and has consulted with her on the proposed plant palette for site restoration.

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

The project will restore natural fluvial processes and will create up to 40 acres of new floodplain which will enhance sediment storage and aquifer replenishment. The restored floodplain will be within a designated “process area” of the park in which existing park infrastructure (e.g. restrooms, paved trails) will be removed and replaced elsewhere in the park in order to let the river move laterally. A significant replanting of native vegetation is proposed but the Project will also rely on natural recruitment of certain shrub and tree species (e.g. Cottonwood). The project is designed to be self-mitigating and, with the exception of a new pedestrian bridge, will require no maintenance.

5. Project delivers multiple benefits and significant positive impact.

The proposed project implements a recovery action identified for the Carmel River biogeographic group in the National Marine Fisheries Service’s 2013 South-Central California Coast (SCCC) Steelhead Recovery Plan. Specifically, the priorities for the Carmel River include, “Develop and implement stream bank and riparian corridor restoration plan”. The project will also benefit public access at the site by removing three aging pedestrian bridges and constructing a new bridge that will provide opportunities for loop trail hikes at the site.

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

In 2019, the District and the Conservancy initiated a robust stakeholder and community outreach program to develop goals and objectives for the project site. The Conservancy also formed a technical advisory committee consisting of representatives from the District, US Fish and Wildlife Service, National Oceanic and Atmospheric Administration’s National Marine Fisheries (NOAA Fisheries), California Department of Fish and Wildlife, Regional Water Quality Control Board, California State University Monterey Bay, Trust for Public Land, Monterey Peninsula Water Management District, and Trout Unlimited. In 2022, conceptual designs were presented to the public in a community meeting, after outreach to a variety of groups in Carmel Valley. The project has been identified as a priority by the Carmel River Task Force. The Carmel Valley community has shown great interest in the development of the Rancho Cañada unit of Palo Corona Regional Park, including restoration of the floodplain.

PROJECT FINANCING

Coastal Conservancy	\$6,000,000
National Fish and Wildlife Foundation (via a grant to the Conservancy)	\$10,000,000
Anticipated Additional Funding (see below)	\$16,145,715
Project Total	\$32,145,715

Conservancy funding for the proposed project is anticipated to come from two sources. \$5,000,000 of Conservancy funding is anticipated to come from a Fiscal Year 2022/23 appropriation from the General Fund to the Conservancy for the purpose of “urgent sea level rise adaptation and coastal resilience needs using nature-based solutions or other strategies” (Budget Act of 2022, SB 154 as amended by the Budget Act of 2023, SB 101). These funds are available for the purposes described in Section 52 of Chapter 258 of the Statutes of 2021, which include coastal resilience projects and restoration of coastal habitats. The proposed floodplain restoration project is consistent with these purposes.

\$1 million of Conservancy funds is anticipated to come from the Carmel River Settlement Account (“Account”) within the Conservancy’s Coastal Trust Fund. The Account consists of funds paid by California American Water Company (CAW) pursuant to a settlement agreement with NOAA Fisheries concerning alleged Endangered Species Act violations. The settlement required CAW to pay \$16.7 million over a twelve-year period. The settlement funds can only be used to improve habitat conditions for, and production of, 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 project will restore winter and spring rearing habitat for juvenile SCCC Steelhead and provide a refuge during high flow events and will thereby help mitigate the impacts on SCCC Steelhead from CAW’s water withdrawals. Therefore, the proposed project is consistent with the funding source.

\$10 million in funds will come from a National Fish and Wildlife Foundation (NFWF) grant awarded to the Conservancy in October of 2023 from NFWF’s National Coastal Resilience Fund, which receives federal funds pursuant to the Inflation Reduction Act.

As indicated above, some of the project funding is still pending. The Coastal Conservancy and the District are working together to apply for additional state and federal funding for the project. The Conservancy has submitted applications to NOAA’s Transformational Habitat Restoration and Coastal Zone Management grant programs, and the District has submitted a grant request to the Wildlife Conservation Board. Other grant funding will be pursued if needed.

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 Chapter 5.5 of the Conservancy's enabling legislation, Division 21, Public Resources Code (PRC), Section 31220, regarding integrated coastal and marine resources protection.

PRC Section 31220(a) authorizes the Conservancy to undertake 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 Section 31220(b) subsections: (b)(2) protect and restore fish and wildlife habitat within a coastal watershed; (b)(6) restore sensitive watershed lands; (b)(7) reduce the impact of population pressures on the coastal resources; and (b)(8) provide for coastal access compatible with resource protection and restoration objectives. The proposed project will help achieve these objectives by restoring critical floodplain habitat for steelhead and other aquatic species.

Consistent with Section 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 Chapter 3 (commencing with Section 30915) of Division 20.4 of the Public Resources Code concerning the Clean Beaches grant program.

As Section 31220(c) directs, 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". The project team has coordinated with regional board staff during the design process and secured a water quality certification from the Regional Water Board for the project.

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

Consistent with **Goal 3.2 Restore and Enhance Habitats**, the proposed project will restore approximately 40 acres of riparian and floodplain habitat along the lower Carmel River.

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

Projects undertaken pursuant to Public Resource Code Section 31220 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 2019 (Monterey IRWMP), the scope of which includes the Carmel River. In particular, the proposed project is consistent with objective WQ-1 in Table 3-2: "WQ-1 Improve inland surface water quality for environmental resources (e.g. steelhead)..." (Page 3-6); and, with goal CSE-2 in the Plan's goals related to Coastal and Streamside Erosion, which states that the goal is to "identify opportunities to restore natural stream function, including meandering, in the lower 15 miles of the Carmel River ... (Page 3-7).

The Water Quality Control Plan for the Central Coastal Basin (2019), adopted by the Regional Water Quality Control Board, designates several beneficial use objectives for the Carmel River, including cold freshwater habitat, habitat for migration of aquatic species, spawning and rearing habitat, and habitat for rare, threatened, or endangered species. The proposed project

will enhance the Carmel River channel to the benefit of all these water quality objectives and is thus consistent with the Plan's identified beneficial uses.

CEQA COMPLIANCE:

In June 2023, the Conservancy adopted CEQA findings and a statement of overriding considerations regarding the proposed project's environmental effects after independently reviewing and considering the State Water Quality Control Board Statewide Restoration General Order for Clean Water Act Section 401 Water Quality Certification and Waste Discharge Requirements for Restoration Projects Statewide – Order No. WQ 2022-0048-DWQ (Order) and accompanying Consolidated Final Restoration Projects Statewide Order Programmatic Environmental Impact Report (PEIR) along with the project specific analysis for the proposed project. The project's environmental effects and mitigation measures are discussed in greater detail in the June 1, 2023 staff report (Exhibit 4). Since that authorization, there have been no project changes, new information, or changed circumstances that trigger the need for additional CEQA review. Accordingly, no further action under CEQA is necessary for the proposed authorization.