

COASTAL CONSERVANCY

Staff Recommendation
November 21, 2024

INTEGRATED WATERSHED RESTORATION PROGRAM PHASE 7

Project No. 03-063-06
Project Manager: Hilary Hill

RECOMMENDED ACTION: Authorization to disburse up to \$1,000,000 to the Resource Conservation District of Santa Cruz County for the Integrated Watershed Restoration Program to conduct planning and to prepare designs and permit applications for at least four high-priority watershed restoration projects in San Mateo, Santa Cruz, and Monterey Counties.

LOCATION: Coastal watersheds in San Mateo, Santa Cruz, and Monterey Counties

EXHIBITS

Exhibit 1: [Project Location Map](#)

Exhibit 2: [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 dollars (\$1,000,000) to the Resource Conservation District of Santa Cruz County (“the grantee”) for the Integrated Watershed Restoration Program to conduct planning and to prepare designs and permit applications for at least four high-priority watershed restoration projects in San Mateo, Santa Cruz, and Monterey Counties (“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 5.5 of Division 21 of the Public Resources Code, regarding integrated coastal and marine resources protection.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria.

STAFF RECOMMENDATION

PROJECT SUMMARY:

Staff recommends the Conservancy authorize a \$1,000,000 grant to the Resource Conservation District of Santa Cruz County (RCD-SC) for Phase 7 of the Integrated Watershed Restoration Program (IWRP) in San Mateo, Santa Cruz, and Monterey counties. The RCD-SC will sub-grant to the San Mateo Resource Conservation District and Resource Conservation District of Monterey County, and together, the three RCDs will conduct planning and prepare designs and prepare permit applications for at least four multi-benefit watershed restoration projects to support the recovery of listed species and water quality improvement (“the project”).

IWRP is a highly successful program that has a proven track record of effective and coordinated watershed restoration on the Central Coast. IWRP’s unique model brings staff of federal, state, and local resource agencies and conservation partners together in a Technical Advisory Committee (TAC) to identify high-priority watershed restoration projects, and to provide technical input on the preparation of designs and environmental compliance documents. The IWRP TAC includes U.S. Fish and Wildlife Service, National Oceanic and Atmospheric Administration, California Department of Fish and Wildlife, California Coastal Commission, Regional Water Quality Control Boards, and County Planning and Water Resources departments. By coordinating with the agencies involved with permitting, funding, and implementing of watershed restoration projects, IWRP facilitates prioritization of projects with the greatest impact; development of high-quality restoration designs; and reduced project development costs due to the coordination with funding and permitting entities. The planning phase of restoration projects is often a bottleneck for funding, with construction funding often more readily available than planning funding. Thus, IWRP helps to create and sustain a pipeline of high impact projects that are ready to apply for construction funding, to meet conservation priorities on the Central Coast. Over the past decade, the Conservancy’s cumulative investment of \$10.4 million in IWRP for the designs and permits of projects (through IWRP Phases 1-6) has leveraged over \$67 million in implementation investment to complete over 200 restoration projects (Exhibit 1).

Legacy land use impacts, historic resource management, on-going urban and agricultural development, and public works infrastructure have significantly altered natural processes on the Central Coast. These factors, combined with a myriad of climate change impacts, such as increased drought, fire, flooding and sea level rise require action to restore ecological health and resilience. IWRP’s multi-benefit restoration projects are designed to improve ecosystem

function and restore critical habitats for federally- and state-listed species such as salmonids and amphibians. Typical IWRP projects include sediment reduction, fish passage improvement, streamflow improvement, and wetland and lagoon restoration. The proposed authorization for IWRP Phase 7 will build on the success of previous phases and enable the RCDs to prepare designs and permit applications for four high-priority restoration projects in San Mateo, Santa Cruz, and Monterey counties. CEQA will be completed on a project-by-project basis by the RCDs or local agency. The following are examples of projects for this next phase of IWRP:

- **Gazos Creek Streamflow Improvement (San Mateo County):** This project will advance a priority recommendation from the 2003 Gazos Creek Watershed Assessment and Enhancement Plan to improve water conservation, instream flow, and off-stream water storage at a surface water diversion in lower Gazos Creek used by the Mushroom Farm. The project will assess existing infrastructure, including a 5-acre-foot pond, identify opportunities for improvements, and develop draft designs for improvements to protect streamflow for coho salmon and other wildlife in Gazos Creek.
- **Lower Scott Creek Restoration Planning (Santa Cruz County):** Scott Creek is considered the most important stream in the Santa Cruz Mountains for supporting a sustained run of coho salmon and also supports steelhead trout and critical habitat for red legged frogs, western pond turtles, tidewater gobies, and other sensitive wildlife. This project will complete 65% design and environmental review for identified restoration actions along 1.5 miles of Scott Creek at Swanton Pacific Ranch to improve instream habitat complexity and floodplain connectivity.

In addition to the design and permitting work for four high-priority restoration projects such as these, the proposed authorization will also support continued coordination of the IWRP TAC and piloting recommendations from California Natural Resources Agency's Cutting the Green Tape Initiative.

Site Description: The project area for IWRP stretches across three counties: from the coastal watersheds in San Mateo County, through rural and urban Santa Cruz County, and down the Monterey County coastline to the rugged drainages along the Big Sur coast.

Within San Mateo County, coastal streams descend from the steep, highly erodible Montara and Santa Cruz Mountain ranges, and drain into small coastal lagoons and/or directly into the Pacific Ocean. Land use along the San Mateo County coast includes urban development in the incorporated towns of Pacifica and Half Moon Bay, irrigated agriculture along the coastal terraces and bluffs, and grazing and forestry in the grasslands and woodlands. Erosion from aging dirt roads and land use, loss of riparian habitat, and fish passage barriers are key issues in these watersheds addressed by IWRP projects.

Santa Cruz County consists of seven primary watersheds and a number of smaller, but high priority, watersheds that all drain from the steep Santa Cruz Mountains into the Monterey Bay National Marine Sanctuary. The urban centers of the cities of Santa Cruz, Capitola, and Watsonville are located on the San Lorenzo River, Soquel Creek, and Lower Pajaro River tributaries and Watsonville Sloughs respectively, and have channelized the streams to varying

degrees. Other land uses in the watersheds include orchards and row crops, timber harvest, rural residential, extensive road infrastructure, cattle grazing, and parks and recreation.

The majority of Monterey County drains through one watershed, the 4,600 square mile Salinas River watershed. The Salinas River watershed and the Pajaro River watershed are dominated by agricultural land uses and private lands, and also support sub-populations of South-Central California Coast Steelhead that are a major recovery priority for National Marine Fisheries Service. In the southern portion of the county, the Carmel River watershed has extensive fisheries restoration efforts occurring, and the Big Sur coast has a number of coastal watersheds that drain from the steep and largely undeveloped rocky Santa Lucia Mountains.

The three-county project area is home to a wealth of aquatic and riparian special status species, including federally- and state-listed frogs (California red-legged and foothill yellow-legged), salamanders (Santa Cruz long-toed and California tiger), snakes (San Francisco garter), and birds (marbled murrelet, among others), plus a wide variety of other flora and fauna. The project area supports the state- and federally-endangered Central California Coast Coho Salmon, and the federally threatened Central California Coast and South-Central California Coast Steelhead.

Grant Applicant Qualifications: RCD-SC has a proven track record of successfully administering prior phases of IWRP funded by the Conservancy since 2003, including, managing subawards to San Mateo RCD and Monterey RCD since 2008. Beyond IWRP, the RCD-SC manages approximately \$2 million of grant funds each year, many through bond-funded grant awards from State agencies. In 2020, the Conservancy awarded RCD-SC a \$1.3M “Regional Forest and Fire Capacity Program” (RFFCP) grant, administratively modeled after IWRP. Similar to past IWRP grants, the RCD-SC served as the central administrator and coordinator of four central coast RCDs (San Mateo, Monterey County, and Upper-Salinas Las Tablas) to deliver a regionally coordinated forest health capacity building program. Through IWRP and now the RFFCP, the RCD-SC has demonstrated the capacity to successfully and efficiently administer regional programs across multiple partners.

The RCDs of San Mateo County and Monterey County have successfully managed IWRP subawards as well as other large grants from NOAA Coastal Resilience for the Butano Channel Restoration and Resiliency Project and from Wildlife Conservation Board grants for Arundo eradication on the Salinas River in Monterey County. Through these projects, the RCDs of San Mateo County and Monterey County have demonstrated their capacity for successful project development, management and implementation.

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.

IWRP is a unique approach to providing comprehensive, coordinated watershed restoration and can be used as a model throughout the state. To date in the IWRP program, every design dollar contributed by the Conservancy has resulted in over six dollars of implementation funding contributed by federal, state, and local agencies, and private parties. IWRP projects advance statewide goals to protect sensitive species and habitats, safeguard water quality, and steward and protect natural and working landscapes.

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

IWRP projects will be designed to be resilient to climate change impacts such as flashier storm and runoff events as well as periods of increased drought and temperatures. Further, the projects will be designed to actually lessen the severity of those impacts on the special status species and ecosystem health.

4. Project delivers multiple benefits and significant positive impact.

IWRP watershed restoration projects are designed to resolve multiple resource issues and provide multiple benefits including resolving fish passage, habitat improvement, erosion control, and water quality improvements. IWRP projects restore the function and structure of watershed systems to result in healthier and resilient ecosystems and benefit the recovery of endemic, rare, and listed species.

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

The IWRP TAC is a foundational component of IWRP. When IWRP was developed in 2003, the concept of trust-based, interagency collaboration for identifying, prioritizing and designing restoration actions was still in its infancy and although this type of collaboration has become more common, IWRP still stands out as a model process. Federal, state, and local resource agencies and conservation partners serve on the TAC to proactively engage in conservation, have a voice in the direction of the program, and see their respective organization’s goals for resource protection being implemented. The resounding feedback from TAC members over the last 20+ years is that IWRP has a unique and enduring value for making sustainable conservation work happen. The ongoing engagement of the IWRP TAC member agencies demonstrates the broad commitment to sustaining the IWRP process and the conservation outcomes it generates over the long-term.

PROJECT FINANCING

Coastal Conservancy	\$1,000,000
Department of Conservation	\$741,200
Wildlife Conservation Board	\$10,000
Project Total	\$1,751,200

Conservancy funding for this augmentation 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” (The Budget Act of 2022, SB 154, as amended by the Budget Act of 2023, SB 101). The coastal resilience funds are available as described in Section 52 of Chapter 528 of the Statutes of 2021, which sets forth a detailed description of the purposes of the coastal resilience funds, including coastal resilience projects along the coast including coastal wetlands and watersheds, beaches, dunes, bluffs, bays, fisheries, and other wildlife; restoration of coastal habitat, estuary conditions, uplands, and forest habitat; and Climate Ready projects. The proposed project is consistent with this funding source as it will conduct planning for four projects that will restore coastal or coastal watershed habitats and build ecological resilience to the impacts of climate change on the Central Coast.

The Department of Conservation is providing match funding to RCD-SC for their work in the Lower Scott Creek watershed and the San Mateo RCD has secured funding from the Wildlife Conservation board for their work in the Gazos Creek watershed. While these are matching funds for the design portion of the projects, the intent is for the project proponents to use this design funding to leverage implementation monies. To date, the IWRP program has successfully leveraged Conservancy funding at average rate of six dollars to every Conservancy dollar.

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:

This project will be undertaken pursuant to Chapter 5.5 (Section 31220) of the Conservancy's enabling legislation, Division 21 of the Public Resources Code, regarding Integrated Coastal and Marine Resources Protection. Section 31220(a) authorizes the Conservancy to improve and protect coastal marine water quality and habitats through coastal watershed and coastal habitat projects. Section 31220(b) authorizes the Conservancy to award grants to projects that meet one or more of the criteria within that section. Consistent with Section 31220(b)(2),(3),(4), and (6), the project will facilitate restoration of fish habitat within coastal watersheds, reduction of the threats to coastal anadromous fish, reduction of unnatural erosion, and restoration of riparian areas and other sensitive watershed lands by identifying and designing projects that will modify fish passage barriers, reduce excessive sedimentation from poorly maintained rural roads, and restore riparian, wetland, and aquatic habitats.

Consistent with Section 31220(a), staff has consulted with State Water Resources Control Board (SWRCB) in development of the project to ensure consistency with the Clean Beaches Program, 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 (See “Consistency With Local Watershed Management Plan/State Water Quality Control Plan,” section below). The project does not include a monitoring component as defined in Section 31220(c) because the project does not include funds for construction.

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

Consistent with **Goal 3.2 Restore or Enhance Habitats**, the proposed project will conduct planning for watershed restoration projects in San Mateo, Santa Cruz, and Monterey Counties, including enhancement of anadromous fish habitat.

Consistent with **Goal 3.4 Cut Green Tape**, the proposed project will implement interagency coordination to accelerate permitting of watershed restoration projects.

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

The proposed IWRP projects are located in areas with Integrated Regional Watershed Management (IRWM) Plans for the following regions: 1) Bay Area; 2) Santa Cruz; and 3) Greater Monterey County. The goals with which IWRP projects will be consistent within each respective IRWM region are as follows:

- Bay Area IRWM (includes San Mateo County) goals to Promote Environmental, Economic and Social Sustainability; Improve water supply reliability and quality; Protect and improve watershed health and function; Improve Regional Flood Management; and Create, protect, enhance and maintain environmental resources and habitats.
- Santa Cruz IRWM goals to Maintain and improve regional surface and groundwater quality to protect beneficial uses; Improve the condition of riparian and aquatic ecosystems to support the native species, watershed functions, and regional water needs; and Reduce flood hazards and manage stormwater runoff through cost-effective policies and projects that enhance natural hydrologic function and protect communities.
- Greater Monterey County IRWM goals to Protect and improve surface, groundwater, estuarine, and coastal water quality; Protect, enhance, and restore the ecological resources while respecting the rights of private property owners; Promote regional communication, cooperation, and education regarding water resource management; and Adapt the region's water management approach to deal with impacts of climate change using science-based approaches, and minimize the regional causal effects.

The project is also consistent with the Water Quality Control Plan for the Central Coast Basin (Santa Cruz and Monterey Counties) and San Francisco Bay Basin (San Mateo County). The proposed project will assist in the Central Coast Water Boards' vision for Healthy Aquatic Habitats and sustainable land management that achieve healthy watershed functions and the San Francisco Bay Water Board's watershed management approach to water quality protection.

CEQA COMPLIANCE:

The proposed project is statutorily exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Section 15262, because it involves only feasibility and planning studies for possible future actions not yet funded by the Conservancy. Consistent with Section 15262, the project will consider

environmental factors in the plan development and permit applications. The project is also categorically exempt from CEQA pursuant to Section 15306 because it involves data collection and resource evaluation activities that do not result in a serious or major disturbance to an environmental resource.

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