

COASTAL CONSERVANCY

Staff Recommendation
June 30, 2004

**BIG CANYON CREEK RESTORATION PROJECT
FINAL DESIGN, ENVIRONMENTAL REVIEW, AND PERMITTING**

File No. 02-104
Project Manager: Trish Chapman

RECOMMENDED ACTION: Authorization to disburse up to five hundred thousand dollars (\$500,000) to the City of Newport Beach to prepare final design and engineering plans, an environmental review document, and permit applications for the Big Canyon Creek Restoration Project.

LOCATION: Big Canyon Creek, Newport Beach, Orange County (Exhibit 1)

PROGRAM CATEGORY: Resource Enhancement

EXHIBITS

- Exhibit 1: Project Location and Site Map
 - Exhibit 2: Conceptual Restoration Plan
 - Exhibit 3: Letters of Support
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RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31251-31270. of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed five hundred thousand dollars (\$500,000) to the City of Newport Beach (City) to prepare final design and engineering plans, an environmental review document, and permit applications for the Big Canyon Creek Restoration Project, subject to the condition that prior to the disbursement of any funds, the City shall submit for the review and approval of the Executive Officer of the Conservancy a detailed work program, project budget, schedule and the names and qualifications of any subcontractors to be employed for these tasks.”

Staff further recommends that the Conservancy adopt the following findings:

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

1. The proposed project is consistent with the purposes and criteria set forth in Chapter 6 of the Public Resources Code (31251-31270) regarding enhancement of coastal resources.
 2. The proposed project is consistent with the guidelines and criteria set forth in the Conservancy's Project Selection Criteria and Guidelines adopted on January 24, 2001."
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PROJECT SUMMARY:

The proposed project will enable the City of Newport Beach to complete the planning and environmental review required to make the Big Canyon Restoration Project ready for implementation. The proposed project is a Tier 2 priority on the Southern California Wetlands Recovery Project (WRP) Work Plan.

Big Canyon Creek is a tributary to Upper Newport Bay, one of the highest quality tidal salt marshes in Southern California. The canyon, which is immediately adjacent to the bay, was once a functioning complex of wetland and other habitats. Big Canyon Creek has been severely degraded over several decades due to increased urbanization in the watershed. The creek suffers from loss of habitat diversity, excess erosion and sedimentation, inadequate drainage systems and resultant flooding, infestations of non-native invasive plants, and contaminated urban runoff. Degraded conditions in Big Canyon also adversely affect Upper Newport Bay through excessive sediment loading from erosion, degraded water quality from urban runoff, and periodic destruction of public trails and educational facilities from flooding.

The conceptual restoration plan for Big Canyon Creek involves the following elements (Exhibit 2):

- Restore historic tidal flows and five acres of tidal wetlands, mudflats and associated habitats at the mouth of Big Canyon by relocating Back Bay Drive and removing fill material from several locations;
- Restore a natural complex of and transitions between Bay channels, tidal wetlands, riparian, freshwater marshes, wet meadows and other habitats in Big Canyon;
- Remove dredge spoils and invasive non-native plants;
- Develop sustainable non-structural filtration methods to improve water quality in Big Canyon Creek and Upper Newport Bay;
- Repair flood damage and enhance flood protection; and
- Improve public access.

For the proposed project, the City will prepare final design and engineering plans, an environmental review document, and permit applications to ready the project for implementation. With funding from the State Water Resources Control Board, the City will also prepare a baseline water quality evaluation in order to design a series of non-structural water treatment components in Big Canyon. The City anticipates that restoration will begin in 2006. Funding for project construction is anticipated from the Wildlife Conservation Board (WCB).

The City of Newport Beach is the property owner of the lower Big Canyon Creek watershed. It is an active partner with the County of Orange, California Department of Fish and Game, and

numerous other agencies and community organizations in the management and restoration of Upper Newport Bay. The City has made restoration of Big Canyon a high priority and partnered with Community Conservancy International (CCI) on preparation of the conceptual restoration plan. The City has experience in designing, permitting, and undertaking construction projects, including habitat restoration at Castaways Park, and it is well-qualified to undertake the proposed project.

Site Description: Big Canyon Creek is a key tributary to Upper Newport Bay that drains a two-square-mile, urbanized watershed on the southeast side of the Bay in the City of Newport Beach. The 70-acre project area covers the lower portion of Big Canyon between the Bay and Jamboree Road. The project area includes the City's Big Canyon Nature Park and is partially within the Upper Newport Bay State Ecological Reserve. The project area includes the lower 0.6 miles of Big Canyon Creek, which are unchannelized.

Big Canyon Creek once supported a functioning complex of wetlands and upland habitats, including estuarine, mudflats, salt marsh, brackish and freshwater marsh, riparian woodland, and coastal sage scrub. Today, tidal circulation was been cut-off from the creek mouth, the vegetation is dominated by non-native plant species, the ponds are choked with cattails, and unfiltered urban runoff drains through the creek into Upper Newport Bay. Repeated flooding events, particularly during the 1997 El Nino storms, have caused enormous damage to Big Canyon, destroyed habitat and public access, and resulted in significant public costs for road repair and debris removal. The mouth of Big Canyon Creek is severely constricted, draining into the Bay through three 15-inch culverts. The location of the raised roadbed of Back Bay Drive and a cement dam constructed above it prevent both historic tidal flow and creek flow. Terraces of infertile and saline soils remain barren or are dominated by invasive, non-native species. Despite its degradation, Big Canyon Creek still supports a variety of upland and wetland habitats and provides habitat for 16 endangered and special status bird and plant species.

Big Canyon is a primary public access point for Upper Newport Bay and is visited by many thousands of visitors and school groups annually. There is currently one short nature trail through the lower portion of the project area. Damaged boardwalks remain off limits, and interpretive kiosks are old and degrading. The parking lot and portable toilets were constructed in the tidal wetlands area and are subject to regular damage due to storm and tidal action.

Upper Newport Bay is the largest functioning full tidal wetland in southern California. The California Department of Fish and Game (DFG) manages 752 acres of the upper bay as an ecological reserve that provides valuable habitat for a diverse array of migratory and resident birds, fish, vertebrates, invertebrates and plants. The threatened and endangered species that use the bay include the salt marsh bird's beak, brown pelican, California black rail, light-footed clapper rail, western snowy plover, California least tern, coastal California gnatcatcher, and Belding's savannah sparrow. The principal threat to fish and wildlife habitat in Upper Newport Bay is from excessive inputs of sediment and nutrients. As a result, open water and subtidal habitats are being converted to mudflats and marsh.

Project History:

Restoration of Big Canyon has been a priority for resource agencies working at Upper Newport Bay for many years. In the mid-1980s, serious sewage spills into the Bay via Big Canyon resulted in coordination between the Orange County Sanitation District, the City, DFG and the U.S. Fish and Wildlife Service. In 1989, DFG included Big Canyon restoration in their

management plan for the Bay. However, DFG has not had the resources to pursue the project. In the late 1990s, the U.S. Army Corps of Engineers (ACOE) prepared a reconnaissance study for Upper Newport Bay. This study identified Big Canyon as one of the watersheds impacting the Bay through inputs of sediment and urban runoff, but the ACOE's subsequent Ecosystem Restoration Project focuses solely on the Upper Bay and its San Diego Creek tributary.

In February 2002, CCI submitted a proposal to the Coastal Conservancy to undertake technical studies and to prepare a restoration plan for Big Canyon as part of the Southern California Wetlands Recovery Project (WRP). In October 2002, the Conservancy awarded CCI a \$167,000 grant to prepare a conceptual restoration plan for Big Canyon. The City of Newport Beach contributed an additional \$110,000 to this planning effort. The conceptual restoration plan was completed in April 2004.

The proposed project will be undertaken in coordination with several other planning and restoration projects currently underway in the Bay and its watershed. These include the Upper Newport Bay Ecosystem Restoration Project, a \$38 million project headed by the ACOE that will remove approximately 2.1 million cubic yards of sediment from the bay in order to improve tidal circulation and enhance wetland habitats. Proposition 12 (2000) directed the Conservancy to be the steward of up to \$13 million for the Ecosystem Restoration Project. In addition, the ACOE, in partnership with the County, is preparing a Watershed Management Plan for the San Diego Creek watershed that includes a major focus on erosion and sediment transport within the watershed. In 2000, the Conservancy and the County completed a related enhancement plan for the lower San Diego Creek watershed. This enhancement plan looked at habitat, water quality, and recreation issues, with specific recommendations to reduce downstream sedimentation. The Conservancy has also contributed \$500,000 to restoration along Serrano Creek, a tributary to San Diego Creek, which will significantly reduce sediment input to the Upper Newport Bay.

PROJECT FINANCING:

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| Coastal Conservancy | \$ 500,000 |
| CA Regional Water Quality Control Board | 200,000 |
| City of Newport Beach | 80,000 |
| City of Newport Beach (in-kind) | <u>\$ 20,000</u> |
| Total Project Cost | \$ 800,000 |

The proposed project will be funded primarily by the Coastal Conservancy, the California Regional Water Quality Control Board (Santa Ana Region) and the City of Newport Beach. Staff anticipates that the Conservancy's contribution will be funded with monies appropriated to the Conservancy from Proposition 40, the "California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Act of 2002." Allowable uses under this Act include restoration, and protection of land and water resources. The proposed project will restore and enhance Big Canyon Creek, a coastal watershed, and will further efforts of the WRP to acquire, restore, and enhance coastal wetland and coastal watersheds in Southern California. The project is included on the WRP Work Plan. Proposition 40 also requires that the Conservancy give priority to grant projects with matching funds. The proposed project is supported by the commitment of the Regional Water Quality Control Board and the City of Newport Beach to provide substantial matching contributions.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

Conservancy funding of the Big Canyon Creek Restoration Project – Final Design, Environmental Review, and Permitting would be undertaken pursuant to Chapter 6 of the Conservancy's enabling legislation, Public Resources Code Sections 31251-31270.

Pursuant to Section 31251, the Conservancy may award grants to public agencies to enhance coastal resources that have lost natural or scenic value because of natural or human-induced events. The proposed project will enhance coastal resources that have been severely degraded by facilitating the restoration of wetland and riparian habitat along Big Canyon Creek, enhancing habitat connections between Big Canyon and Upper Newport Bay, and improving the quality of water entering Upper Newport Bay. The project will also facilitate enhancement of habitats along a portion of the Bay's perimeter.

Section 31252 provides that the area proposed for enhancement be identified as requiring public action to resolve existing or potential resource protection problems. Consistent with Section 31252, the City of Newport Beach's Local Coastal Program calls for the preservation of environmentally sensitive habitat areas, including Big Canyon and Upper Newport Bay. This requires public action.

Consistent with Section 31253, the amount of proposed Conservancy funding for this project was determined by the total amount of funding available for coastal resource enhancement projects, the fiscal resources of project partners, and the urgency of the project relative to other eligible coastal resource enhancement projects. In addition, in recommending funding of this project, staff has also considered the factors typically used to determine project eligibility and priority as described in detail in the "Consistency with Conservancy's Project Selection Criteria and Guidelines" section, below.

CONSISTENCY WITH CONSERVANCY'S STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):

Consistent with **Goal 5 Objective A**, the proposed project will facilitate the restoration and enhancement of coastal wetland habitat and will further the goals of the Southern California Wetlands Recovery Project.

Consistent with **Goal 5 Objective C**, the proposed project will result in the removal of invasive species and replacement with native vegetation.

Consistent with **Goal 6 Objective A**, the proposed project will finalize plans to restore and enhance a coastal watershed.

Consistent with **Goal 6 Objective B**, the proposed project will assist in the improvement of water quality in Big Canyon Creek and facilitate efforts to meet water quality standards in Upper Newport Bay.

**CONSISTENCY WITH CONSERVANCY'S
PROJECT SELECTION CRITERIA & GUIDELINES:**

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines adopted January 24, 2001, in the following respects:

Required Criteria

1. **Promotion of the Conservancy's statutory programs and purposes:** See the "Consistency with Conservancy's Enabling Legislation" section above.
2. **Consistency with purposes of the funding source:** See the "Project Financing" section above.
3. **Support of the public:** The restoration of Big Canyon Creek is supported by the federal, state, and local agencies and nonprofit partners working to protect and enhance Upper Newport Bay. This includes the City of Newport Beach, the County of Orange, the California Department of Fish and Game, the U.S. Fish and Wildlife Service, Regional Water Quality Control Board (Santa Ana Region), the volunteer Newport Bay Naturalists and Friends, Orange County Conservation Corps, Sea and Sage Audubon, and numerous other conservation organizations. The conceptual restoration plan was developed with input from agency and public stakeholders. The project was selected by the 17 state and federal agency partners of the WRP for inclusion on the WRP Work Plan. Support letters are provided in Exhibit 3.
4. **Location:** The project area is located within the coastal zone in the City of Newport Beach, County of Orange.
5. **Need:** For several years, federal, state, and local agencies have recognized the need to restore the Big Canyon area, but have not had the funding or capacity to undertake the project. The City has now taken the lead on the project and secured funding from a variety of local sources, but additional funds are still needed. Without Coastal Conservancy funding, the City will not be able to undertake the project.
6. **Greater-than-local interest:** The proposed project will benefit the Upper Newport Bay ecosystem. Upper Newport Bay comprises the largest functioning saltmarsh ecosystem in southern California. The bay provides valuable habitat for a diverse array of migratory and resident birds, fish, vertebrates, invertebrates and plants. Several threatened and endangered species use the bay and perimeter uplands. Preservation and enhancement of the Upper Newport Bay ecosystem, including Big Canyon, is a critical element of the WRP Regional Strategy for recovery of Southern California's coastal wetlands.

Additional Criteria

7. **Resolution of more than one issue:** The proposed project will address several issues including habitat restoration, water quality, flood management, and public access for recreation and education.
8. **Leverage:** See the "Project Financing" section above.
9. **Readiness:** The City is ready to undertake the final planning and design and the preparation of CEQA documents, permit applications, and construction documents immediately. Upon

completion of this phase of the project, the City anticipates moving directly into project construction with funding from the Wildlife Conservation Board.

10. **Realization of prior Conservancy goals:** See “Project History” above.

11. **Cooperation:** The proposed project will be undertaken as a cooperative effort of the City and CCI. Several other agencies including the County, DFG, U.S. Fish and Wildlife Service, the Regional Water Quality Control Board, ACOE, Coastal Commission and the Newport Bay Naturalists will also participate in the project.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The City of Newport Beach’s Local Coastal Program designates Upper Newport Bay and the lower reach of Big Canyon as environmentally sensitive areas (ESA), and ESA Policy 1 states that these areas should be preserved and protected. ESA Policy 4 states that the City shall continue to work with state and local partners to address sedimentation problems in the Bay. The proposed project will facilitate restoration of Big Canyon Creek, which will also enhance Upper Newport Bay by reducing inputs of sediment, nutrients, and other contaminants, and increasing the quality of wetland and upland habitats in the Bay’s ecosystem. Therefore, the proposed project is consistent with the goals and objectives of the LCP.

COMPLIANCE WITH CEQA:

The proposed project will only involve preparation of planning documents for possible future actions and is therefore statutorily exempt from the provisions of the California Environmental Quality Act, pursuant to 14 California Code of Regulations Section 15262. Consistent with that section, the project will consider environmental factors through preparation of an environmental review document and permit applications. Recommended changes to avoid, reduce or mitigate environmental impacts will be integrated into the final construction and engineering documents. Upon approval, staff will file a Notice of Exemption for this project.