

COASTAL CONSERVANCY

Staff Recommendation

June 29, 2006

MILL CREEK IMPLEMENTATION PHASE I

File No. 06-061

Project Manager: Deborah Hirst

RECOMMENDED ACTION: Authorization to disburse up to \$1,000,000 to Smith River Alliance, Inc. for the implementation of salmonid habitat restoration and enhancement projects and erosion control and monitoring work in the Mill Creek Unit of Del Norte Coast Redwoods State Park.

LOCATION: Southeast of Crescent City, Del Norte County

PROGRAM CATEGORY: Watersheds and Resource Enhancement

EXHIBITS:

Exhibit 1: Project Location Map: Mill Creek Acquisition

Exhibit 2: Project Site Overview

Exhibit 3: Large Woody Debris Comparison

Exhibit 4: East Fork and West Branch Mill Creek Features

Exhibit 5: Powder House Creek Culvert Photo

Exhibit 6: Culvert Repair Location Map

Exhibit 7: Department of Fish and Game Negative Declaration
for the 2006 Fisheries Restoration Grant Program and
Notice of Determination

Exhibit 8: Letters of Support

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31220 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of an amount not to exceed one million dollars (\$1,000,000) to Smith River Alliance, Inc. to implement a

MILL CREEK IMPLEMENTATION PHASE I

watershed and resource enhancement project on the Mill Creek property in Del Norte County, subject to the following conditions:

1. Prior to the disbursement of funds, Smith River Alliance shall submit for the written approval of the Conservancy's Executive Officer a work program, budget, names of any contractors it intends to employ for the project and a signage plan acknowledging the Conservancy and Proposition 50 funding.
2. The grantee shall implement the applicable requirements of the Negative Declaration (attached as Exhibit 7 to the accompanying staff recommendation), adopted on June 12, 2006 by the California Department of Fish and Game for the 2006 Fisheries Restoration Grant Program.
3. The grantee shall obtain appropriate permits and authorization of sufficient duration to perform the work on Department of Parks and Recreation property prior to construction."

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 authorization is consistent with the purposes and objectives of Chapter 5.5 of Division 21 of the Public Resources Code.
2. The proposed authorization is consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 24, 2001.
3. The Conservancy has independently reviewed the Mitigated Negative Declaration prepared and adopted by the Department of Fish and Game and concurs there is no substantial evidence that the project, as mitigated, will have a significant effect on the environment, as defined in 14 California Code of Regulations Section 15382.
4. There is no evidence before the Conservancy that the project will have a potentially adverse effect, either individually or cumulatively, on wildlife resources as defined under California Fish and Game Code Section 711.2.
5. The Conservancy has on the basis of substantial evidence rebutted the presumption of adverse effect contained in 14 California Code of Regulations Section 753.5 (d) regarding the potential for adverse effect on wildlife resources as defined under California Fish and Game Code Section 711.2.
6. Smith River Alliance Inc. is a nonprofit organization organized under Section 501(c)(3) of the Internal Revenue Code and its purposes are consistent with Division 21 of the Public Resources Code."

MILL CREEK IMPLEMENTATION PHASE I

PROJECT SUMMARY:

Staff recommends the Conservancy authorize the disbursement of up to \$1,000,000 to Smith River Alliance, Inc. (SRA) for the implementation of salmonid habitat restoration and enhancement projects and erosion control and monitoring work in the Mill Creek Acquisition of Del Norte Coast Redwoods State Park.

The 25,000 acre Mill Creek property was acquired by Save the Redwoods League in June 2002 in part with Conservancy funding, and subsequently transferred to the California Department of Parks and Recreation (DPR) for inclusion in the Redwood National and State Park (Exhibit 1). Mill Creek is a tributary to the Smith River and has been identified by the Department of Fish and Game as a key watershed for the protection and restoration of Coho salmon populations. However, the legacy of decades of commercial timber harvest on the property, with a resulting network of roads, skid trails and creek crossings presents a management and restoration challenge for DPR. The proposed project will address some of these issues, and will complement ongoing restoration projects funded by other agencies.

Specifically, the proposed Mill Creek implementation project will include three components. The first component involves the installation of approximately 20 large woody debris (LWD) structures instream along four miles of the East Fork of Mill Creek (Exhibit 2). The LWD structures will provide juvenile salmonids refuge from predators, create water-cooling shade and promote formation of deeper streambed pools for spawning. Past resource management practices removed instream woody debris that is now understood to be critical habitat. Without implementation of this project, it would take an estimated 40 years of riparian corridor regrowth for natural accumulation of trunks, branches and rootballs to meet this current habitat need (Exhibit 3 and 4).

The second component of the project will improve stream crossings and replace damaged or undersized culverts with ones sufficiently sized to withstand 100-year storm events in the Mill Creek and Rock Creek watersheds. The 13 sites the project will address are the highest risk structures identified through DPR's geomorphic assessment and Storm Patrol observations funded by the Wildlife Conservation Board (WCB). The prescriptions for the sites entail excavating the crossings, removing and disposing of the existing culverts, installing higher capacity culverts with a headwall on stream grade and within the stream alignment. The culvert at Powder House Creek will be removed and replaced with an 80-foot vehicle bridge in order to restore 1.25 miles of upstream habitat beyond the site (Exhibit 5). The project includes installation of grade control weirs to facilitate juvenile salmonid passage. These projects will be performed by contractors working under the supervision of the DPR.

In conjunction with culvert replacement and the fish barrier removal, the third component of the project will provide two consecutive years of Storm Patrol work from November through April 2006-07 and 2007-08. Two teams of two people each will clear inboard ditches and culverts to prevent debris from blocking drainage during the storm season over 189 miles of old haul roads in the Mill and Rock Creek watersheds (Exhibit 6).

MILL CREEK IMPLEMENTATION PHASE I

Each team will operate with a four wheel drive vehicle equipped with hand tools. A tractor with front end loader and backhoe attachments is available as needed for emergency support. Daily monitoring records will detail patrol routes, location of failure sites, volume of material removed and method of removal. Patrol data from 2004-06 on failures and debris removal will be used to target Storm Patrol activities where the highest risks have occurred. The 13 culverts to be addressed through the Mill Creek implementation project were also identified as problem sites through Storm Patrol observation in the preceding seasons. Conservancy funding for the Storm Patrol component of the project is crucial as the existing WCB funding for this function has been exhausted.

The Grantee:

Smith River Alliance, Inc. is a 501(c)(3) corporation with the mission of providing for the long-term protection, restoration, and stewardship of natural resources in the Smith River watershed. SRA will work in cooperation with DPR to implement the project, continue the multi-agency efforts of the Mill Creek Advisory Committee and further the goals of the Mill Creek Property Interim Management Recommendations (2002). SRA is particularly well suited to conduct the project based on 26 years of experience in the Smith River basin and the leadership role it plays in regional coastal salmonid protection and restoration. DPR and SRA have worked collaboratively to secure \$3.5 million in funds from the WCB to conduct road decommissioning, erosion control, reforestation and habitat restoration and enhancement in Mill Creek. SRA has also managed \$503,000 in funding from the Coastal Conservancy, Department of Fish and Game and the Wildlife Conservation Board for previous projects in Del Norte County.

Site Description:

The Mill Creek property consists of approximately 25,000 acres (40 mi²) of mountainous forestland located three miles southeast of Crescent City in Del Norte County (Exhibit 1). The property has elevations ranging from 200 to 2,400 feet and includes tributaries from the Rock Creek and Mill Creek watersheds. The majority of the property is covered by early-successional mixed conifer and broadleaf forest as a result of timber harvesting which began in the 1850's. However, approximately 200 acres of old growth redwoods in five distinct stands remain on the property. To the north and west of the property lie Jedediah Smith Redwoods State Park and Del Norte Coast Redwoods State Park, and to the east is the Smith River National Recreation Area of the Six Rivers National Forest. A large expanse of forest owned by Green Diamond Resource Company, a private industrial timber company (formerly Stimson Timber), borders Mill Creek to the south.

Stimson Timbers' former mill site is the only developed area of the property (Exhibit 2). The site consists of three deteriorated metal-sided buildings and a functional office building currently being utilized by DPR. The sole vehicular access to the former mill site and the Mill Creek property as a whole is via Hamilton Road which is controlled by a locking gate just east of its juncture with Highway 101.

MILL CREEK IMPLEMENTATION PHASE I

A significant aspect of the site's former logging operations is a network of nearly 200 miles of logging roads with more than 1000 culverts, inboard ditches and cross drains. Impacts of resource extraction and historical road system maintenance on the property are at the heart of Mill Creek's urgent restoration and enhancement needs.

Mill Creek is a tributary to the Smith River, the nation's largest designated Wild and Scenic River system. The Smith River is highly prized for its Coho salmonid spawning habitat and its status as the sole un-dammed, freely flowing river in California. The Mill Creek watershed provides spawning and rearing habitat for five species of salmonids and also provides the strongest run of Coho salmon in the Smith River watershed. The East Fork of Mill Creek is characterized by a relatively steep valley with a bedrock controlled channel which limits the meander of the creek and the creation of pools in the hard bedrock. The West Branch of Mill Creek by comparison, has a wider area of lateral movement and less exposed bedrock at stream bottom. The West Branch benefits from the presence of some in-stream large woody debris and greater opportunity for attractive spawning pools to form (Exhibit 3 and 4).

Hobbs, Wall & Company established a logging operation at Mill Creek in 1920 following a history of timber harvesting on the property that stretches back to the 1850's. Subsequent owners logged the vast majority of old growth redwoods between the 1940's and the year 2000. Current cover consists of early-successional mixed coniferous and broadleaf forest. As a result of the loss of late-successional conifer forest, natural recruitment of large woody debris into the creeks has dwindled. Shade producing riparian vegetation has also been lost due to the disruption of the ecosystem. Erosion of soil and large gravel into the creeks has been among the long-lasting impacts of logging roads and road building practices over the past decades.

Project History:

The proposed project draws from a considerable history of previous Conservancy involvement in planning and funding to support salmonid habitat and watershed restoration goals at Mill Creek. In 2002, the Conservancy contributed \$5,000,000 towards Save-the-Redwoods League's \$60,000,000 acquisition of the 25,000 acre property, and authorized \$100,000 for development of the Mill Creek Property Interim Management Recommendations (2002). The plan recommended actions in four main areas: 1) erosion control; 2) forest restoration; 3) aquatic and terrestrial habitat protection and restoration; and 4) public access and use.

As a requirement of the transfer of the property from Save-the-Redwood League to DPR, the Mill Creek Advisory Committee was created, which includes representatives of Save-the-Redwood League, the Conservancy, WCB, Fish and Game, and the County of Del Norte. The purpose of the advisory committee is to advise DPR on the development and implementation of interim and long-term management plans or a General Plan for the Property consistent with the primary goal for the Property. This goal is the restoration of later seral forest characteristics and associated natural functions that maximize benefits to the salmonid species of its streams, and wildlife associated with the late seral forest. DPR

MILL CREEK IMPLEMENTATION PHASE I

and the advisory committee partners are pursuing funding from multiple sources in order to implement projects to restore the site’s habitat values. Significant financial support has already been secured for other restoration activities on the property from the following sources:

- Fish and Game - \$1.25 million to decommission high-priority failing logging roads and \$200,000 for salmonid monitoring;
- WCB - \$3.5 million for erosion control, reforestation, instream restoration and habitat enhancement;
- DPR - \$1 million for a full road inventory and erosion-risk prioritization,
- Regional Water Quality Control Board - \$550,000 for road decommissioning and heavy equipment operator training,
- Save the Redwood League - \$350,000 for forest management and \$70,000 for road decommissioning; and
- California Conservation Corps - \$25,000 for forest fuel reduction and forest management;

Additional grants are pending with DFG, FEMA and other sources of Proposition 40 and 50 funding to be used for related projects.

PROJECT FINANCING:

Coastal Conservancy	\$1,000,000
DPR	<u>55,638</u>
Total Project Cost	\$1,055,683

Conservancy funds for this project are expected to derive from the Conservancy’s FY2004 appropriation from Proposition 50 (the “Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002”). Proposition 50 authorizes the use of these funds for the purpose of protecting coastal watersheds through projects undertaken pursuant to the Conservancy’s enabling legislation (Division 21 of the Public Resources Code) to acquire, restore or protect water and land resources (Water Code Section 79570). Replacement of defective culverts and placement of large wood debris will restore stream function and the associated land resources in the Mill Creek watershed. Storm Patrols will protect and identify future sites which may require restoration and enhancement.

MILL CREEK IMPLEMENTATION PHASE I

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

The proposed 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 resource protection. Chapter 5.5, Division 21 of the Public Resources Code authorizes the Conservancy to undertake coastal habitat restoration projects or award a grant for a project if the project reduces contamination of waters within the Coastal Zone or protects fish and wildlife habitat within coastal watersheds and coastal waters. The proposed project will meet these goals by restoring riparian areas, reducing sedimentation and improving habitat for anadromous fish in two coastal draining watersheds in Del Norte County

Consistent with Section 31220(a), the proposed project will enhance and restore anadromous fish habitat, manage sediment, and protect water quality in two coastal draining watersheds. Staff has consulted with the State Water Resources Control Board to ensure consistency with Chapter 3 of Division 20.4 of the Public Resources Code and Section 79507 of the Water Code (the Watershed, Clean Beaches, and Water Quality Act).

Consistent with Section 31220(b)(6), the proposed project will protect and restore coastal watershed lands by reducing sediment flow, increasing spawning habitat and removing a fish passage barrier for anadromous fish in riparian areas of two coastal draining watersheds.

Pursuant to Section 31220(c), the proposed project will include a monitoring and evaluation component and is consistent with the watershed plans adopted by the County of Del Norte (General Plan 1.C, 1.C.2, 1.C.4 and 1.C.5). The project is consistent with Section 2.3 of the North Coast Regional Watershed Initiative Chapter of the State Water Planning Strategic Plan (North Coast Regional Water Quality Control Board, February 2005).

CONSISTENCY WITH CONSERVANCY'S STRATEGIC PLAN GOALS & OBJECTIVES:

Consistent with **Goal 5 - Objective A and B**, the proposed project will provide for the restoration and enhancement of coastal habitat and habitat corridors for the Mill Creek watershed, tributary to the Smith River, spawning habitat for five species of salmonids.

Consistent with **Goal 6 - Objective A, B and C**, the proposed project will provide for the prevention of sediment flow into the East Fork of Mill Creek, the enhancement of water quality and the restoration of the coastal watershed.

CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA & GUIDELINES:

The proposed project is consistent with the Conservancy's Project Selection Criteria and

MILL CREEK IMPLEMENTATION PHASE I

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:** Support for the project is high among Advisory Committee partners and the fishing community. Public access has been of particular interest and DPR has committed \$30,000 in funding to support increased access. Letters of support are included in Exhibit 8.
4. **Location:** The proposed project location falls outside the coastal zone in this section of Del Norte County near Crescent City. The project meets the criteria of being of benefit to coastal resources for anadromous fish from the Mill Creek and Rock Creek watersheds, both tributaries to the wild and scenic designated Smith River. The project area consists of two coastal draining watersheds that provide habitat for more than 20 endangered and threatened species in addition to Coho.
5. **Need:** Conservancy funding is necessary to continue the planned restoration of this watershed. Funding from multiple partners is needed to ensure that the state's investment in the acquisition of the property for Coho salmon habitat preservation is maintained and without Conservancy funding this project would not go forward.
6. **Greater-than-local interest:** The Mill Creek project is of state-wide interest due to the importance of the Smith River tributaries for five species of salmonids and the spawning habitat provided on the Mill Creek property. Mill Creek provides a corridor between large stretches of protected land to the north, east and west and is being managed with the input of local, state and federal agency representatives.

Additional Criteria

7. **Urgency:** There is a pressing need to continue the Storm Patrol efforts previously funded by the WCB to ensure the sites of high erosion risk identified by the DFG's geomorphic and road assessment are monitored and storm event damage is averted through spot restoration.
8. **Resolution of more than one issue:** The project includes elements that will both improve and maintain water quality through the reduction of erosion, and improve fish habitat by the placement of large woody debris and removal of barriers to fish passage.
9. **Leverage:** The Conservancy's contribution to this project is leveraged by funding

MILL CREEK IMPLEMENTATION PHASE I

from many agencies for different components, as discussed in the “Project History” section above.

10. **Readiness:** SRA and DPR have begun multiple efforts in Mill Creek to address the primary actions recommended by the Advisory Committee and the Mill Creek Property Interim Management Recommendations (2002) and have the capacity and readiness to conduct the proposed project.
11. **Realization of prior Conservancy goals:** See “Project History” above.
12. **Cooperation:** There is a highly effective working relationship in place between SRA and DPR and the project is a product of the cooperation of agency and nonprofit partners in the Mill Creek Advisory Committee.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The Mill Creek property is located more than 1000 feet from the mean high tide line (the Coastal Zone) and is, therefore, outside the jurisdiction of Del Norte’s Local Coastal Program. The proposed project is consistent with the Del Norte County’s General Plan. The General Plan includes policies for the protection of anadromous fisheries resources, enhancement of habitat for endangered species and improvement of roads and drainages at risk of causing increased sediment, decreased water quality and habitat loss in the County (GP 1.C, 1.C.2, 1.C.4 and 1.C.5).

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

The proposed project is consistent with the Mill Creek Property Interim Management Recommendations (2002) which is the management plan for this watershed area. The project is similar to those implemented through the Five County Plan, funded in part by the Coastal Conservancy, for instream habitat restoration and erosion control projects in Del Norte, Humboldt, Trinity, Siskiyou and Mendocino counties.

Section 2.3 of the North Coast Regional Watershed Initiative Chapter of the State Water Planning Strategic Plan includes the Smith River watershed in this Watershed Management Area (North Coast Regional Water Quality Control Board, February 2005). Mill Creek is a part of the Smith River watershed which is recognized as one of the more pristine in the North Coast Region. The watershed is not listed as an impaired water body under the Clean Water Act Section 303 (d), however, all of the rivers in the Watershed Management Area (WMA) fall within Ecological Significant Units in which Coho salmon are listed as a threatened species. The proposed project will reduce sediment and prevent erosion during storm events in addition to enhancing and restoring habitat for salmonid spawning and rearing consistent with the WMA plan.

MILL CREEK IMPLEMENTATION PHASE I

COMPLIANCE WITH CEQA:

The Department of Fish and Game developed a Negative Declaration (ND) for projects funded through the FY2005-06 Fisheries Restoration Grant Program. For the proposed Mill Creek Implementation project, two separate projects are included in the ND. These two projects are the East Fork Mill Creek Instream Habitat Improvement Project and the Mill Creek Acquisition Culvert Repair and Sediment Reduction Project. The Statements of Work for both projects are attached to this report (Exhibit 7a & b).

DFG found that all potentially significant impacts associated with the funded projects, including the habitat restoration and improvements in the proposed Mill Creek projects, would be avoided or mitigated below a level of significance under CEQA (Exhibit 7a&b). DFG approved the ND and a Notice of Determination June 7, 2006 (Exhibit 7f). The ND addresses all of the anticipated environmental effects of the funded projects by providing mitigation measures for the various types of projects that would be implemented through the State. These measures include use of accepted protocols for avoiding impacts to species of concern known to occur in the general vicinity of the projects. The lists of State and Federally-listed threatened and endangered species of concern for the Mill Creek projects were generated from DFG's Natural Diversity Database (Exhibit 7c&d). DPR will be evaluating the location of large woody debris structures for their potential affect on species prior to implementation. Surveys have been done for botanical resources and sensitive wildlife surveys will be conducted, if needed, to assure the no take standard for the projects.

DFG prepared specific Statements of Work for the Mill Creek culvert repair and the instream habitat improvements based on the application submitted for the Mill Creek project. The Mill Creek Culvert Repair and Sediment Reduction project includes removing and replacing failed and undersized culverts in the Mill Creek and Rock Creek watersheds. The culvert replacement sites include a fish barrier removal and 80-foot bridge installation at Powder House Creek. The East Fork Mill Creek Instream Habitat Improvement project involves the construction of approximately 28 large woody debris structures along Mill Creek to provide refugia and spawning habitat for salmonids. The Statement of Work for the project includes additional structures that will be funded through another grant with DPR. The monitoring and spot maintenance work of the Storm Patrol is considered a minor activity that is exempt from CEQA, pursuant to 14 California Code of Regulations 15301.

The measures required to avoid impacts to biological resources for the Mill Creek projects based on the respective Statements of Work include the following: work instream will be restricted to June 15 through October 31; fish relocation and dewatering activities will be restricted to June 15 through October 31 to minimize the presence of anadromous fish in the stream. DFG personnel will be notified and given appropriate time to supervise the implementation of the water diversion plans at wetted stream crossings and to oversee the safe removal and relocation of salmonids and other fish life from the project area. Engineering plans for the 80-foot pre-cast cement bridge will be submitted to DFG including plans for channel construction and specific details on water

MILL CREEK IMPLEMENTATION PHASE I

diversion and fish relocation. The project will follow the National Marine Fisheries Service (NMFS 2001) Guidelines for Salmonid Passage at Stream Crossings and DFG criteria for fish passage as described in the Third Edition, Volume II, Part IX, February 2003, of the *California Salmonid Stream Habitat and Restoration Manual*. In addition, all road upgrading or decommissioning will be done in accordance with the Handbook for Forest and Ranch Roads, (PWA, 1994c) and the *California Salmonid Stream Habitat Restoration Manual*, Third Edition, Volume II, Part X, January 2004. No work will be conducted on the project until appropriate permits are obtained (Exhibit 7a&b).

SRA and DFG's Contract Manager will inspect the work sites before, during and after completion of the project action to ensure that all necessary mitigation measures to avoid impacts are properly implemented. Cultural and archaeological resources are not known to be present on the property. Any historical or archaeological resources discovered on the site will be reported to the appropriate agencies and the approved avoidance procedures will be followed. The Mitigation Measures, Monitoring and Reporting Program adopted by DFG for the proposed project is provided (Exhibit 7e).

Staff concurs with the DFG finding, based on independent review of the ND, the Statements of Work including the Natural Diversity Database listing for the proposed projects and the proposal submitted to the Fisheries Restoration Grant Program. Staff recommends that the Conservancy find that the Mill Creek Implementation project, including the instream improvement and culvert replacement project components, does not have a potential for a significant effect on the environment as defined under 14 California Code of Regulations, Section 15382, or on wildlife resources, as defined under Fish and Game Code, Section 711.2. Upon approval, staff will file a Notice of Determination for the Mill Creek Implementation project.