

COASTAL CONSERVANCY

Staff Recommendation
November 9, 2006

**PERMIT COORDINATION FOR SAN LUIS OBISPO AND
SANTA BARBARA COUNTIES**

File No. 06-085-01
Project Manager: Tim Duff/Trish Chapman

RECOMMENDED ACTION: Authorization to disburse up to \$100,000 to Sustainable Conservation to develop and implement a permit coordination program to encourage the implementation of voluntary water quality and habitat improvement projects on private lands in San Luis Obispo and Santa Barbara Counties.

LOCATION: Santa Barbara and San Luis Obispo Counties

PROGRAM CATEGORY: Watershed Restoration

EXHIBITS

Exhibit 1: Project Location Map

Exhibit 2: Draft List of Conservation Practices

Exhibit 3: 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 up to one hundred thousand dollars (\$100,000) to Sustainable Conservation to develop permit coordination programs for the implementation of voluntary water quality and habitat improvement projects on private lands in Santa Barbara and San Luis Obispo Counties, subject to the condition that prior to the disbursement of any funds for the project, Sustainable Conservation shall submit for the review and approval of the Executive Officer of the Conservancy a work program, schedule, and budget for the project, and shall demonstrate that adequate funds are available from other sources to complete the project.”

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 Public Resources Code Section 31220, regarding the protection and restoration of water quality and habitats in coastal watersheds.
2. The proposed project is consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 24, 2001.
3. The proposed project is consistent with local watershed management plans and water quality control plans.
4. Sustainable Conservation is a nonprofit organization existing under Section 501(c)(3) of the U.S. Internal Revenue code, whose purposes are consistent with Division 21 of the Public Resources Code.”

PROJECT SUMMARY:

The proposed project would provide a grant to Sustainable Conservation to develop permit coordination programs for Santa Barbara and San Luis Obispo Counties. The purpose of a permit coordination program is to reduce the duration, cost, and complexity of the regulatory review process for restoration projects, and thus encourage the implementation of voluntary water quality and habitat improvement projects on private lands throughout the two counties.

Under the proposed program, regulatory agencies will enter into programmatic agreements with the Natural Resources Conservation Service (NRCS) and the local Resource Conservation Districts (RCDs) to approve approximately 19 specific standardized conservation practices that will improve habitat (aquatic and terrestrial) and soil stability on farms, ranches, and other rural properties (Exhibit 2). The practices selected for coverage under the permit coordination program include both upslope and instream work. The conservation practices are relatively small in size, have demonstrated a net environmental benefit, and are usually performed for erosion control or restoration in and around waterways. These practices were selected based on the recommendations outlined in relevant watershed assessment and enhancement plans as well as their general understanding of landowner needs and resource concerns in the two counties.

Agencies expected to permit the catalogue of pre-approved conservation practices include:

- U.S. Fish and Wildlife Service (USFWS)
- National Marine Fisheries Service (NMFS)
- U.S. Army Corps of Engineers (USACE)
- California Department of Fish and Game (CDFG)
- California Coastal Commission
- Regional Water Quality Control Board – Region 3 (RWQCB)
- Santa Barbara County
- San Luis Obispo County

Many landowners in the two counties have avoided projects altogether in the past due to the permitting challenges. As a result, the permit coordination programs are expected to be hugely valuable in expanding the potential for restoration work on private lands in the region. Sustainable Conservation estimates that the permit coordination programs will result in approximately 10-15 projects per year being implemented in San Luis Obispo County and 5-10 projects per year in Santa Barbara County.

As part of the proposed project, the Sustainable Conservation will work with the NRCS and local RCDs to complete and submit the permit applications to the regulatory agencies; meet with community groups to inform them of the program; and shepherd the permits through the final process.

Sustainable Conservation has worked with the NRCS and local RCDs in several other areas of the coast to develop similar permit coordination programs. These efforts have resulted in a significant increase in the implementation of restoration projects on private lands. Sustainable Conservation has the experience and working relationships with regulatory agencies to undertake this project efficiently and effectively.

Site Description: The project area consists of all the watersheds in Santa Barbara and San Luis Obispo Counties. There are 74 species found in this region that are listed as threatened or endangered under the State and Federal Endangered Species Acts, and an additional 173 species considered to be rare or species of concern. Key listed species include steelhead trout, tidewater goby, red-legged frog, and western snowy plover. Non-urban land uses in the watersheds include orchards and row crops, timber harvest, rural residential, extensive road infrastructure, cattle grazing, and parks and recreation.

Project History: Sustainable Conservation has worked with the Conservancy throughout California to increase the efficiency of the permit application process for habitat restoration projects. Similar programs at Elkhorn Slough, in Morro Bay and on the Navarro River have proven highly effective, and have resulted in many more project proposals, and projects completed more expeditiously than would have been the case had permit applications been drafted and filed on a case by case basis. Initial permit coordination programs focused on individual watersheds. Based on the success of those programs, Sustainable Conservation is now developing programs on a County or regional basis.

In 2001, the Conservancy Board authorized funds for the preparation of a watershed enhancement plan for San Luis Obispo Creek which was completed in 2002. In 2003, the Board authorized disbursement of \$285,000 to the Coastal San Luis Resource Conservation District to plan and implement erosion control projects and to prepare a watershed enhancement and flood management plan for Arroyo Grande Creek that was completed in 2005. Conservancy funds have been used to implement erosion control and habitat enhancement projects recommended in these plans, as well as in other watersheds in the two counties.

PROJECT FINANCING:

Coastal Conservancy	\$100,000
Regional Water Quality Control Board (Guadalupe Oil Field Settlement Water Quality Trust Grant)	<u>466,000</u>
Total Project Cost	\$566,000

The expected source of Conservancy funds is an appropriation to the Conservancy from the “California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Fund” (Proposition 40). These Proposition 40 funds are available for grants to public agencies and nonprofit organizations for acquisition, development, restoration and associated planning and

permitting costs for the protection and restoration of water resources, specifically including clean beaches, watershed protection and water quality projects (Public Resources Code Section 5096.650(c)(s)). They were appropriated to the Conservancy to fund watershed protection projects pursuant to Chapter 5.5 to the Conservancy's enabling legislation (Public Resources Code Section 31220). Proposition 40 also requires the Conservancy to give priority to grant projects with matching funds (Public Resources Code Section 5096.651). The Regional Water Quality Control Board is providing \$466,000 to the project via a Guadalupe Oil Field Settlement Water Quality Trust Grant administered by the National Fish and Wildlife Foundation. The Conservancy would contribute approximately 18% of the total project funding.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

This project would be undertaken pursuant to Chapter 5.5 (Section 31220) of the Conservancy's enabling legislation, Division 21 of the Public Resources Code, regarding watershed restoration projects. Consistent with Section 31220(a), the proposed program would streamline public and private efforts to improve coastal water quality. Staff has consulted with the State Water Resource 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, the Clean Beaches Program established by the Watershed, Clean Beaches, and Water Quality Act.

The Permit Coordination Program for Santa Barbara and San Luis Obispo Counties is consistent with Section 31220(b) in that it will result in a program designed to improve watershed restoration. Section 31220(b)(2) authorizes the Conservancy to award grants for projects that protect or restore fish and wildlife habitat within coastal and marine waters and coastal watersheds, expressly including permit coordination projects for watershed restoration. Section 31220(b)(4) authorizes the Conservancy to award grants for projects that will reduce erosion and sedimentation of coastal watersheds.

Consistent with Section 31220(c), the project is consistent with local watershed management plans and water quality control plans adopted by the State Water Resources Control Board and Regional Water Quality Control Boards (see the "Consistency with Local Watershed Management Plan/State Water Quality Control Plan" section below). There is no Integrated Watershed Management Program for the project area. Also consistent with Section 31220(c), the project includes a monitoring and evaluation component.

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

Once implemented, the permit coordination program will provide technical assistance to landowners to construct watershed restoration projects that would ordinarily not occur due to the existing difficulties and costs associated with obtaining permits for environmentally beneficial projects. By increasing the number of watershed restoration projects undertaken, the permit coordination program will result in:

- Improved riparian habitat corridors – Goal 5 Objective B
- Removal of invasive species – Goal 5 Objective C
- Improved fish passage and other watershed restoration – Goal 6 Objective A

- Improved water quality – Goal 6 Objective B
- Improved agricultural practices – Goal 7 Objective B

**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 proposed project is supported by private landowners, regulatory agencies, and resource conservation groups. The following agencies have indicated support and have committed staff time to pursuing the project: the U.S. Army Corps of Engineers, the U.S. Fish and Wildlife Service, the National Marine Fisheries Services, the California Department of Fish and Game, the Regional Water Quality Control Board, the Coastal Commission, and the Counties of Santa Barbara and San Luis Obispo. Support letters are provided in Exhibit 3.
4. **Location:** The project area covers the watersheds in Santa Barbara and San Luis Obispo Counties, both within and outside of the coastal zone. This includes several watersheds that drain into the Channel Islands National Marine Sanctuary.
5. **Need:** Currently the time, cost, and complexity of obtaining permits for watershed restoration projects act as strong disincentives to private landowners. The magnitude of water quality and species issues can not be solved solely through projects on public land. Permit coordination mechanisms are needed to encourage and facilitate the implementation of environmentally beneficial projects on private land.
6. **Greater-than-local interest:** The permit coordination program developed by this project will serve to improve water quality and riparian and aquatic habitat. This will benefit several listed species, the Channel Islands National Marine Sanctuaries, and other coastal resources.

Additional Criteria

7. **Resolution of more than one issue:** A county-wide permit coordination program will reduce regulatory delays, provide "one-stop" regulatory and technical assistance support, and reduce disincentives (fees and complex permitting reviews) for landowners wanting to voluntarily improve their lands. With the expected increase in voluntary participation, the program should result in greater protection of riparian habitats, improved fish passage, improved water quality and the removal of non-native species, among other potential benefits.
8. **Leverage:** See the "Project Financing" section above.

9. **Readiness:** Sustainable Conservation has completed similar programs in several coastal areas around the state and can begin the proposed project immediately.
10. **Realization of prior Conservancy goals:** The proposed project would promote implementation of restoration and management measures by private landowners in several watersheds where the Conservancy has invested considerable funding, including Morro Bay, the Santa Maria and Santa Ynez River watersheds, the Gaviota Coast, and the Carpinteria watershed. By facilitating projects in these areas, the proposed project will help to realize the Conservancy's efforts to preserve and restore the coastal resources in these areas.
11. **Cooperation:** The proposed project is a cooperative effort of federal, state, and local regulatory agencies, the Natural Resources Conservation Service, three Resource Conservation Districts, and private landowners.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

By coordinating with regulatory agencies, local governments, nonprofit organizations, and landowners to develop mechanisms to facilitate the implementation of watershed restoration projects, the proposed project is consistent with the resource protection policies listed in the Santa Barbara County Local Coastal Program (LCP) and the San Luis Obispo County LCP.

The Santa Barbara County LCP discusses the impacts of land use on streams and riparian habitat, particularly through erosion and excess sediment loads. Policies 9-37 through 9-43 restrict development activities to protect streams and riparian habitat. The types of actions that will be covered under the permit coordination program are consistent with the objectives of these policies to reduce erosion and subsequent sediment impacts on stream corridors.

The San Luis Obispo County LCP has policies related to Coastal Watersheds (CW) and Environmentally Sensitive Habitats (ESHA) that pertain to the proposed project. The proposed project will promote private activities that directly address CW Policy 12 ("Agricultural practices shall minimize erosion and sedimentation through accepted management practices that aid soil conservation...") and 14 ("Proper soil conservation techniques and grazing methods shall to the maximum extent feasible be employed in accordance with the 208 water quality standards adopted by the California Water Quality Control Board."). In addition, the project will further the objectives of ESHA Policy 7 and 20 which call for the protection, preservation, and restoration of environmentally sensitive habitats and coastal streams, respectively.

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

The development of a permit coordination program is consistent with the goals of the Santa Maria River Estuary Enhancement and Management Plan. This plan calls for several steps to improve habitat and reduce erosion into the river and estuary consistent with the practices that would be covered under the permit coordination program. The plan specifically states implementation will require a partnership of private landowners and agency stakeholders and that agency stakeholders may be able to assist in implementation by developing a permit streamlining approach.

The Morro Bay Comprehensive Conservation and Management Plan (CCMP) developed by the Morro Bay National Estuary Program identifies permit coordination as a priority action for

several key strategies identified in the plan. Strategies which would be furthered by implementation of a permit coordination project include: SED-4) Supply the technical and financial assistance to landowners to implement Best Management Practices (BMPs) on their land; SED-5) Supply the technical and financial assistance to landowners to implement creek restoration projects (including re-establishing floodplains and meander patterns) in Los Osos and Chorro Creeks; SED-7) Provide incentives for landowners to encourage implementation of BMPs for erosion control and sediment retention; and NUT-3) Implement agricultural management measures that are successful at reducing nutrient levels.

The Upper Salinas Watershed Action Plan specifically identifies creation of a permit coordination program as a goal to encourage voluntary restoration efforts by private landowners. Projects implemented under the program would also help address other goals of the plan focused on reducing erosion and improving water quality and habitat.

The San Luis Obispo Creek Watershed Enhancement Plan calls for implementation of a number of types of projects within the watershed including: stream bank stabilization, removal of exotic species, fish passage improvements, and implementation of agricultural best management practices. All of these types of projects would be facilitated by the proposed permit coordination programs.

The Arroyo Grand Creek Erosion, sedimentation and Flooding Alternatives Study prepared by the Coastal San Luis Resource Conservation District identifies erosion control projects throughout the Arroyo Grande watershed. The proposed programs would facilitate implementation of these projects and is therefore consistent with the plan.

Because it will facilitate the restoration of fish and wildlife habitat in coastal watersheds and wetlands, including habitat for the federally-listed steelhead, the proposed project is also consistent with the Water Quality Control Plan for the Central Coastal Basin (adopted by the Regional Water Quality Control Board Central Coast Region in 1994 and reviewed every three years) in that it will further the following beneficial use objectives: estuarine habitat; wildlife habitat; rare, threatened, or endangered species; migration of aquatic organisms; spawning, reproduction, and/or early development.

COMPLIANCE WITH CEQA:

Preparation of the San Luis Obispo and Santa Barbara Counties Permit Coordination Program involves only data gathering, planning, and feasibility analyses for possible future actions and is thus statutorily exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to 14 Cal. Code of Regulations Section 15262. Staff will file a Notice of Exemption upon approval.